

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF PANDA ECO SYSTEM BERHAD (“PANDA” OR THE “COMPANY”) DATED 8 NOVEMBER 2023 (“ELECTRONIC PROSPECTUS”)

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

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("Bursa Securities") website at www.bursamalaysia.com ("Website").

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, M & A Securities Sdn Bhd ("M&A Securities"), or Acclime Corporate Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and Panda take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 8 November 2023 and will close at 5.00 p.m. on 15 November 2023.

In the event the Closing Date is extended, Panda will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date.

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

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

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

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



PANDA ECO SYSTEM BERHAD

No 28, 28-1, 30, 30-1, 32-1 and 34-1, Jalan PPM13
Plaza Pandan Malim Business Park, 75250 Melaka, Malaysia
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Email: enquiry@pandasoftware.my

www.panda-eco.com

PANDA ECO SYSTEM BERHAD

PROSPECTUS



PANDA ECO SYSTEM BERHAD

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

PROSPECTUS

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

- (I) PUBLIC ISSUE OF 109,286,800 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:
- 33,559,400 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 42,774,200 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND
 - 32,953,200 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;
- (II) OFFER FOR SALE OF 61,810,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.16 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Sponsor, Underwriter and Placement Agent



M & A SECURITIES SDN BHD
(Registration No. 197301001503 (15017-H))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Bursa Securities has approved our admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities. This Prospectus has been registered by Bursa Securities. The approval of the listing and quotation for our entire enlarged share capital on the ACE Market of Bursa Securities and registration of this Prospectus, should not be taken to indicate that the Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment. Bursa Securities is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 173.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

This Prospectus is dated 8 November 2023

Our Directors, Promoters and Selling Shareholder (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M & A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

Investors should note that they may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

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

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 13 July 2023. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, 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 Prospectus. The valuation utilised for the purpose of the Listing (as defined herein) should not be construed as an endorsement by Bursa Securities, on the value of the subject assets.

The Securities Commission Malaysia ("**SC**") had vide its letter dated 17 July 2023 taken note that our Company is exempted from the Bumiputera equity requirement for public listed companies as our subsidiaries, namely Panda Software and Rexbridge (as defined herein) are companies with Malaysia Digital Status (as defined herein).

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of the prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the Securities Commission Malaysia. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with Bursa Securities are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with Bursa Securities shall prevail.

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

- (a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

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

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Events	Indicative date
Issuance of this Prospectus/Opening of Application	8 November 2023
Closing of Application	15 November 2023
Balloting of Application	17 November 2023
Allotment/Transfer of IPO Shares to successful applicants	24 November 2023
Date of Listing	27 November 2023

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under "Definitions" commencing from page vii.

All references to "Panda" and "Company" in this Prospectus are to Panda Eco System Berhad (Registration No: 202201028635 (1474332-M)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal place (for percentages) or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites do not form part of this Prospectus.

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FORWARD-LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (a) Demand for our products and services;
- (b) Our business strategies and future growth opportunities including those of our major customers;
- (c) Our future plans;
- (d) Our future earnings, cash flows and liquidity; and
- (e) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) The economic, political and investment environment in Malaysia; and
- (b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

"KK Computer"	: KK Computer Sdn Bhd (Registration No. 199701026999 (442497-A), a wholly-owned subsidiary of Panda
"Panda" or "Company"	: Panda Eco System Berhad (Registration No. 202201028635 (1474332-M))
"Panda Group" or "Group"	: Panda and our subsidiaries, collectively
"Panda Software"	: Panda Software House Sdn Bhd (Registration No. 200901011049 (854073-K)), a wholly-owned subsidiary of Panda
"Rexbridge"	: Rexbridge Sdn Bhd (Registration No. 201401030716 (1106802-H)), a wholly-owned subsidiary of Panda
"020 Digital"	: 020 Digital Sdn Bhd (Registration No. 202001021320 (1377640-W)), a wholly-owned subsidiary of Panda

GENERAL:

"ACE Market"	: ACE Market of Bursa Securities
"Acquisition of Panda Software"	: Acquisition by Panda of the entire equity interest of Panda Software from Loo Chee Wee and Tay Kheng Seng for a total purchase consideration of RM4,721,000 which was wholly satisfied by the issuance of 472,100,000 new Shares to Goldcoin Capital (a company nominated by Loo Chee Wee and Tay Kheng Seng to receive the new Shares) at an issue price of RM0.01 per Share and was completed on 1 September 2023
"Acquisition of KK Computer"	: Acquisition by Panda of the entire equity interest of KK Computer from Loo Chee Wee, Tay Kheng Seng, Bong Kok Choo and Tay Li Li for a total purchase consideration of RM221,000 which was wholly satisfied by the issuance of 22,100,000 new Shares to Goldcoin Capital (a company nominated by Loo Chee Wee and Tay Kheng Seng to receive the new Shares), Bong Kok Choo and Tay Li Li at an issue price of RM0.01 per Share and was completed on 1 September 2023
"Acquisition of Rexbridge"	: Acquisition by Panda of the entire equity interest of Rexbridge from Loo Chee Wee, Tay Kheng Seng, Wong Khai Meng and Loo Siau Sun for a total purchase consideration of RM479,000 which was wholly satisfied by the issuance of 47,900,000 new Shares to Goldcoin Capital (a company nominated by Loo Chee Wee and Tay Kheng Seng to receive the new Shares), Wong Khai Meng and Loo Siau Sun at an issue price of RM0.01 per Share and was completed on 1 September 2023

DEFINITIONS (*Cont'd*)

"Acquisition of 020 Digital"	: Acquisition by Panda of the entire equity interest of 020 Digital from Loo Chee Wee, Tay Kheng Seng and Keow Yih Yun for a total purchase consideration of RM198,000 which was wholly satisfied by the issuance of 19,800,000 new Shares to Goldcoin Capital (a company nominated by Loo Chee Wee and Tay Kheng Seng to receive the new Shares) and Keow Yih Yun at an issue price of RM0.01 per Share and was completed on 1 September 2023
"Acquisitions"	: Collectively, Acquisition of Panda Software, Acquisition of KK Computer, Acquisition of Rexbridge and Acquisition of 020 Digital
"Act"	: Companies Act 2016, as amended from time to time and any re-enactment thereof
"ADA"	: Authorised Depository Agent
"Adviser" or "Sponsor" or "Underwriter" or "Placement Agent"	: M&A Securities
"Application Form(s)"	: Printed application form(s) for the application of our IPO Shares accompanying this Prospectus
"Application(s)"	: Application(s) for IPO Shares by way of Application Form(s), Electronic Share Application(s) or Internet Share Application(s)
"ATM"	: Automated teller machine
"B2B"	: Business-to-business
"BNM"	: Bank Negara Malaysia
"Board"	: Board of Directors of Panda
"Bursa Depository" or "Depository"	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"CAGR"	: Compound annual growth rate
"CCC"	: Certificate of completion and compliance
"CDS"	: Central Depository System
"CDS Account"	: Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Central Depositories Act" or "SICDA"	: Securities Industry (Central Depositories) Act 1991, as amended from time to time and any re-enactment thereof
"CMSA"	: Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof

DEFINITIONS (Cont'd)

"Constitution"	: Our constitution
"COVID-19"	: Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
"CRM"	: Customer relationship management
"CTS"	: Customer technical support
"Depository Rules"	: Rules of Bursa Depository and any appendices thereto, as amended from time to time
"Director(s)"	: An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act and Section 2(1) of the CMSA
"EBIT"	: Earnings before interest and tax
"EBITDA"	: Earnings before interest, tax, depreciation and amortisation
"Electronic Prospectus"	: Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application(s)"	: Application(s) for IPO Shares through a Participating Financial Institution's ATM
"Eligible Person(s)"	: Collectively, the eligible Director(s), employee(s) and person(s) who have contributed to the success of our Group who are eligible to participate in the Pink Form Allocations
"EPS"	: Earnings per share
"E-Tech IT"	: E-Tech IT Sdn Bhd (Registration No. 199701009758 (425254-X))
"F&B"	: Food and beverage
"FMCG"	: Fast-moving consumer goods
"FPE"	: 6-month financial period(s) ended/ending 30 June, as the case may be
"FYE"	: Financial year(s) ended/ending 31 December, as the case may be
"Goldcoin Capital"	: Goldcoin Capital Sdn Bhd (Registration No. 202201035217 (1480914-W))
"Goldcoin Pavilion"	: Goldcoin Pavilion Sdn Bhd (Registration No. 201301022414 (1052243-X))
"Government"	: Government of Malaysia
"GP"	: Gross profit
"HQ"	: Headquarters
"ICT"	: Information and communications technology

DEFINITIONS (Cont'd)

"IFRS"	: International Financial Reporting Standards
"IMR" or "PROVIDENCE"	: Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A)), our Independent Market Researcher
"IMR Report"	: Independent Market Research Report titled "Retail Management Solutions Industry in Malaysia and Retail Industries in Malaysia, Indonesia and the Philippines" dated 20 October 2023
"Initial Public Offering" or "IPO"	: Our initial public offering comprising the Public Issue and Offer for Sale
"Internet Participating Financial Institution(s)"	: Participating financial institution(s) for Internet Share Application(s) as listed in Section 16.6
"Internet Share Application(s)"	: Application(s) for IPO Shares through an online share application service provided by Internet Participating Financial Institution(s)
"IPO Price"	: Issue/Offer price of RM0.16 per Share under our Public Issue and Offer for Sale
"IPO Share(s)"	: Issue Share(s) and Offer Share(s), collectively
"Issue Share(s)"	: New Share(s) to be issued under the Public Issue
"Issuing House"	: Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
"IT"	: Information technology
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities, as amended from time to time
"Listing"	: Listing of and quotation for our entire enlarged share capital of RM23,104,893 comprising 671,187,000 Shares on the ACE Market
"LPD"	: 10 October 2023, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	: M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"Malaysian Public"	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia, but excluding Panda Group's Directors, substantial shareholders and persons connected or associated with them (as defined in the Listing Requirements)
"Market Day"	: Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"MASB"	: Malaysian Accounting Standards Board

DEFINITIONS (*Cont'd*)

"MCO"	: The nationwide Movement Control Order implemented by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
"Malaysia Digital Status"	: Malaysia Digital Status (formerly known as MSC Malaysia Status)
"MDEC"	: Malaysia Digital Economy Corporation Sdn Bhd (Registration No. 199601016995 (389346-D)) (formerly known as Multimedia Development Corporation Sdn Bhd), an agency under the Ministry of Communications and Digital Malaysia
"MFRS"	: Malaysian Financial Reporting Standards
"MIDA"	: Malaysian Investment Development Authority
"MITI"	: Ministry of Investment, Trade and Industry Malaysia
"MSC"	: Multimedia Super Corridor
"MSC Malaysia Status"	: Status of MSC Malaysia
"MyIPO"	: Intellectual Property Corporation of Malaysia
"NA"	: Net assets
"NBV"	: Net book value
"NRP"	: National Recovery Plan
"Nukleus Ventures"	: Nukleus Ventures Sdn Bhd (Registration No. 201501026187 (1151510-D))
"Offer for Sale"	: Offer for sale of 61,810,000 Offer Shares by our Selling Shareholder at our IPO Price
"Offer Share(s)"	: 61,810,000 existing Share(s) to be offered by our Selling Shareholder pursuant to the Offer for Sale
"Participating Financial Institution(s)"	: Participating financial institution(s) for Electronic Share Application(s) as listed in Section 16.5
"PAT"	: Profit after tax
"PBT"	: Profit before tax
"PE Multiple"	: Price-to-earnings multiple
"PERKESO"	: Social Security Organisation
"Pink Form Allocations"	: Allocation of 42,774,200 Issue Shares to Eligible Person(s), which forms part of our Public Issue
"Promoters"	: Collectively, Goldcoin Capital, Loo Chee Wee and Tay Kheng Seng
"Prospectus"	: This prospectus dated 8 November 2023 in relation to our IPO

DEFINITIONS (Cont'd)

"Public Issue"	: Public issue of 109,286,800 Issue Shares at our IPO Price
"R&D"	: Research and development
"ROC"	: Registrar of Companies
"Rules of Bursa Depository"	: Rules of Bursa Depository, as amended from time to time and any re-enactment thereof
"SC"	: Securities Commission Malaysia
"Selling Shareholder"	: Goldcoin Capital, who is undertaking the Offer for Sale
"Settlement Agreement"	: Settlement agreement dated 28 February 2022 entered into between KK Computer (as the transferor), and Tay Kheng Seng and Bong Kok Choo (as the transferees) in relation to the transfer of the 1st floor of a 3-storey terraced shop office building to Tay Kheng Seng and Bong Kok Choo as dividend-in-specie and together with cash payment of RM70 to them as full and final settlement of the total dividend of RM0.2 million declared by the board of directors of KK Computer to, amongst others, Tay Kheng Seng and Bong Kok Choo on 19 February 2022, which was completed on 28 February 2022
"Share Registrar"	: Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
"Share(s)"	: Ordinary share(s) in Panda
"SOP"	: Standard operating procedures
"Specified Shareholder(s)"	: Goldcoin Capital, Loo Chee Wee, Tay Kheng Seng, Bong Kok Choo, Loo Siau Sun and Tay Li Li
"Tripartite Agreement"	: Tripartite agreement dated 28 February 2022 entered into between Panda Software (as the transferor), Tay Kheng Seng and Loo Chee Wee, and Goldcoin Pavilion (as the transferee) in relation to the transfer of 1 freehold land and building and 4 investment properties (which are a unit of 1 1/2-storey cluster factory, 2 units of intermediate 2-storey shop offices, an intermediate 3-storey shop office and an intermediate 2-storey terrace house) to Goldcoin Pavilion as dividend-in-specie and as full and final settlement of the total dividend of RM4.5 million declared by the board of directors of Panda Software to Tay Kheng Seng and Loo Chee Wee on 19 February 2022, which was completed on 28 February 2022
"UK"	: United Kingdom
"Underwriting Agreement"	: Underwriting agreement dated 20 October 2023 entered into between our Company and our Underwriter for the purpose of our IPO
"USA"	: United States of America

DEFINITIONS (*Cont'd*)

CURRENCIES AND UNITS:

"RM" and "sen" : Ringgit Malaysia and sen respectively

"sq ft" : Square feet

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TECHNICAL GLOSSARY

This glossary contains an explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry usage of these terms:

"Customer(s)"	:	Unless otherwise specified, customers refer to our Group's customers which include retail stores, retail store suppliers, F&B service providers and/or customers in other industries including trading and manufacturing industries
"E-invoice Financing"	:	Electronic invoice financing, a solution that enables digitalisation of invoice financing process
"Financial institution"	:	Financial institutions comprise banks and non-bank financial institutions who provide financial services involving the provision of credit, loans and investment products and services as well as facilitation and/or management of money and assets
"Grocery retailer(s)"	:	Grocery retailers include hypermarkets, supermarkets and mini-markets
"HQ Centralised Management, Store Operations and Financial Management solution"	:	A solution under our Group's Retail Management Eco-system that is designed for management and monitoring of business operations and daily activities of a network of retail stores, management of POS, and management of financial information
"IT hardware"	:	Hardware that enable network connectivity, data storage and facilitation of retail management solutions. Examples include IT network and data storage equipment, POS equipment, computers and printers
"Module(s)"	:	Modules offered under each of our Group's retail management solution
"Omni-channel Engagement solution"	:	A solution under our Group's Retail Management Eco-system that facilitates the management of retailers' marketing and sales channels. The solution enables CRM, management of e-commerce platforms, mobile applications and digital content as well as management of delivery assignments for orders made through e-commerce platforms
"POS"	:	A point-of-sale is a place where a customer executes the payment for goods or services
"POS equipment"	:	Point-of-sale equipment, which refers to equipment used in retail stores to perform sales transactions. These equipment include barcode scanners, printers and payment terminals
"Retail chain store operator(s)"	:	A company involved in the management and operation of more than 1 retail store
"Retail consumer"	:	Customers of retail stores
"Retail Management Eco-system"	:	Our Group's suite of retail management solutions which support retail operational processes such as point-of-sales management, customer relationship management, e-commerce platform management, supply chain management, management of information on store operations, inventory and warehouse management as well as financial and accounting management

TECHNICAL GLOSSARY (*Cont'd*)

"Retail management software"	:	Includes both in-house developed and third-party software utilised in our Group's retail management solutions
"Retail management solution(s)"	:	A combination of retail management software and IT hardware. The retail management solutions offered under our Group's Retail Management Eco-system, and includes the HQ Centralised Management, Store Operations and Financial Management solution, Omni-channel Engagement solution and xBridge B2B solution
"Retailer(s)"	:	A company or enterprise involved in the management and operation of retail store(s)
"Service hub(s)"	:	Our Group's premises for housing Business Development and Project Delivery as well as Customer Technical Support personnel tasked to serve customers in the respective state
"SKU(s)"	:	Stock keeping unit(s)
"xBridge B2B solution"	:	A solution under our Group's Retail Management Eco-system that enables electronic document exchange between retailers and their suppliers

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Residential address	Nationality/ Profession	Gender
Yap Chee Kheng	Independent Non-Executive Chairman	33, Jalan 7/149K Sri Petaling 57000 Kuala Lumpur	Malaysian/ Director	Male
Loo Chee Wee	Executive Director/ Chief Executive Officer	J-4407, Taman Maju 77000 Jasin Melaka	Malaysian/ Director	Male
Tay Kheng Seng	Executive Director/ Chief Technology Officer	148, Bukit Beruang Height 75450 Melaka	Malaysian/ Director	Male
Dato' Leanne Koh Li Ann	Independent Non-Executive Director	48, Jalan Selangor 46050 Petaling Jaya Selangor	Malaysian/ Director	Female
Chan Kam Chiew	Independent Non-Executive Director	29, Bukit Kiara Residences Jalan Sri Hartamas 1 50480 Kuala Lumpur	Malaysian/ Director	Male
Siew Suet Wei	Independent Non-Executive Director	19, Jalan Tempua 7 Bandar Puchong Jaya 47100 Puchong Selangor	Malaysian/ Director	Female

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Chan Kam Chiew	Chairman	Independent Non-Executive Director
Dato' Leanne Koh Li Ann	Member	Independent Non-Executive Director
Siew Suet Wei	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Siew Suet Wei	Chairperson	Independent Non-Executive Director
Dato' Leanne Koh Li Ann	Member	Independent Non-Executive Director
Chan Kam Chiew	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Leanne Koh Li Ann	Chairperson	Independent Non-Executive Director
Chan Kam Chiew	Member	Independent Non-Executive Director
Siew Suet Wei	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES	:	Wong Youn Kim (MAICSA 7018778) SSM Practising Certificate No.: 201908000410 <i>(Chartered Secretary and Chartered Governance Professional, Fellow of the Malaysian Institute of Chartered Secretaries and Administrators and Master of Corporate Governance)</i> Lim Li Heong (MAICSA 7054716) SSM Practising Certificate No.: 202008001981 <i>(Chartered Secretary, Malaysian Institute of Chartered Secretaries and Administrators)</i> Level 5, Tower 8, Avenue 5, Horizon 2 Bangsar South City 59200 Kuala Lumpur Telephone: +603-2280 6388
REGISTERED OFFICE	:	Level 5, Tower 8, Avenue 5, Horizon 2 Bangsar South City 59200 Kuala Lumpur Telephone: +603-2280 6388
HEAD OFFICE	:	28, 28-1, 30, 30-1, 32-1 and 34-1, Jalan PPM13 Plaza Pandan Malim Business Park 75250 Melaka Telephone: +606-332 3966 Facsimile: +606-332 3566
EMAIL ADDRESS AND WEBSITE	:	Website: https://panda-eco.com Email address: info@pandasoftware.my
AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING	:	Crowe Malaysia PLT (201906000005) (LLP0018817-LCA) & AF 1018 52, Jalan Kota Laksamana 2/15 Taman Kota Laksamana, Seksyen 2 75200 Melaka Partner-in-charge: Piong Yew Peng <i>(Chartered Accountant, Member of the Malaysian Institute of Accountants and Fellow of CPA Australia)</i> Approval No: 03070/06/2025(J) Telephone: +606-282 5995
SOLICITORS FOR OUR LISTING	:	Olivia Lim & Co 41-3, Plaza Damansara Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur Telephone: +603-2011 1386

1. CORPORATE DIRECTORY (*Cont'd*)

ISSUING HOUSE AND SHARE REGISTRAR : **Tricor Investor & Issuing House Services Sdn Bhd**
(Registration No. 197101000970 (11324-H))

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone: +603-2783 9299

INDEPENDENT MARKET RESEARCHER : **Providence Strategic Partners Sdn Bhd**
(Registration No. 201701024744 (1238910-A))

67-1, Block D, Jaya One
Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya
Selangor

Person-in-charge: Melissa Lim Li Hua
(*Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia*)

Telephone: +603-7625 1769

ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT : **M & A Securities Sdn Bhd**
(Registration No. 197301001503 (15017-H))

45-11, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone: +603-2284 2911

LISTING SOUGHT : ACE Market

SHARIAH STATUS : Approved by Shariah Advisory Council of SC

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2. PROSPECTUS SUMMARY

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

2.1 PRINCIPAL DETAILS OF IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

	Public Issue		Offer for Sale		Total	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
Malaysian Public ⁽²⁾	33,559,400	5.0	-	-	33,559,400	5.0
Pink Form Allocations	42,774,200	6.4	-	-	42,774,200	6.4
Private placement to selected investors	32,953,200	4.9	61,810,000	9.2	94,763,200	14.1
	109,286,800	16.3	61,810,000	9.2	171,096,800	25.5

Enlarged number of Shares upon Listing	671,187,000
IPO Price per Share	RM0.16
Market capitalisation upon Listing (based on our IPO Price and enlarged number of Shares upon Listing)	RM107,389,920

Notes:

- (1) Based on our enlarged share capital of 671,187,000 Shares after our IPO.
- (2) 16,779,700 Shares will be set aside for Bumiputera public investors.

Further details of our IPO are set out in Section 4.

In compliance with the Listing Requirements, our Specified Shareholders' entire shareholdings after IPO will be held under moratorium for 6 months from the date of our admission to the ACE Market. Thereafter, our Specified Shareholder's shareholdings amounting to 45.0% of our share capital will remain under moratorium for another 6 months. Our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of its shares held under moratorium upon expiry of the second 6 months period.

The ultimate shareholders of Goldcoin Capital, namely Loo Chee Wee and Tay Kheng Seng have also undertaken not to sell, transfer or assign their shareholdings in Goldcoin Capital during the moratorium period.

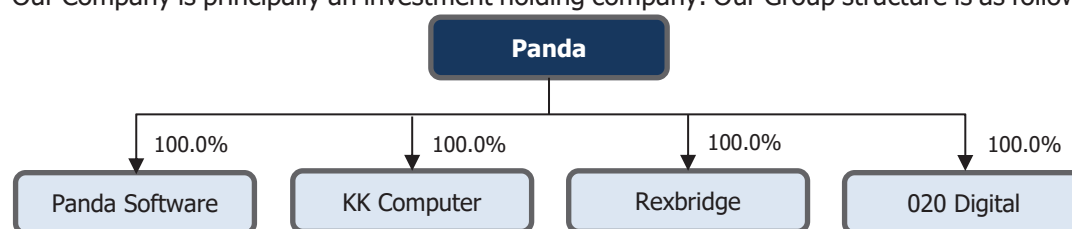
Further details on the moratorium on our Shares are set out in Section 3.2.

2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

Our Company was incorporated in Malaysia under the Act on 4 August 2022 as a private limited company under the name of Panda Eco System Sdn Bhd. On 2 March 2023, we converted into a public limited company and adopted our present name.

2. PROSPECTUS SUMMARY (Cont'd)

Our Company is principally an investment holding company. Our Group structure is as follows:



Through our subsidiaries, we are principally involved in the development, customisation, implementation and integration of our Retail Management Eco-system. In addition, we are involved in the trading of third-party software, trading of IT hardware as well as software customisation, implementation and integration of process control and automation solutions.

Our Group's business model is depicted in the diagram below:

Business segments	Retail Management Eco-system development, customisation, implementation and integration	Other businesses
Solutions	- HQ Centralised Management, Store Operations and Financial Management - Omni-channel Engagement - xBridge B2B	- Trading of third-party software - Trading of IT hardware - Software customisation, implementation and integration of process control and automation solutions
Revenue model	One-off - Software license fee - Project implementation charges - Outright sale of IT hardware - Training fee Recurring - Software license maintenance fee - Subscription fee - Cloud server management service fee	One-off - Outright sale of IT hardware and third-party software licence fee - Project customisation and implementation fee Recurring - Support maintenance fee
Customer segments	- Retailers particularly: - Grocery retail stores including hypermarkets, supermarkets and mini-markets - Convenience stores - General merchandise retailers including houseware and kitchenware retailers and departmental stores - Specialty stores such as stationery and baking ingredient product stores - Retail product suppliers - F&B service providers - Companies in other industries including trading and manufacturing industries (for the trading of third-party software and IT hardware, and software customisation, implementation and integration of process control and automation solutions)	

For FYE 2019 to 2022 and FPE 2023, we implemented our Retail Management Eco-system for a cumulative 1,377 retail stores operated by approximately 137 retailers throughout Malaysia (of which over 110 are retail chain store operators). In addition, we implemented our Retail Management Eco-system for 2 retail stores in Batam, Indonesia and a retail store in Brunei in 2016 and 2021 respectively. Since July 2023, we have begun implementing our Retail Management Eco-system for 1 retail store for a grocery retail chain in Indonesia. Revenues from Indonesia and Brunei contributed between 0.01% to 1.1% of our total revenues for the FYE 2019 to 2022 and FPE 2023. Meanwhile, our xBridge B2B solution, which is one of the solutions in our Retail Management Eco-system that facilitates document exchange between retailers and their suppliers, has been subscribed by approximately 2,760 suppliers in Malaysia as at FPE 2023.

2. PROSPECTUS SUMMARY (Cont'd)

Our Group's principal market is in Malaysia where we generated our revenue for FYE 2019 to 2022 and FPE 2023.

The breakdown of our Group's revenue according to business segments and revenue model for FYE 2019 to 2022 and FPE 2023 are as follows:

	FYE 2019		Audited				Unaudited			
			FYE 2020		FYE 2021		FYE 2022		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Retail Management Eco-system	11,266	84.6	12,702	77.5	14,598	73.0	14,310	68.2	5,888	66.3
• HQ Centralised Management, Store Operations & Financial Management solution ⁽¹⁾										
• One-off	8,777	65.9	9,611	58.6	10,869	54.4	9,866	47.0	3,602	40.6
• Recurring	2,489	18.7	3,091	18.9	3,729	18.6	4,444	21.2	2,286	25.7
	370	2.8	1,314	8.0	2,447	12.2	3,144	15.0	1,455	16.4
• xBridge B2B solution										
• One-off	234	1.8	372	2.3	226	1.1	274	1.3	118	1.3
• Recurring	136	1.0	942	5.7	2,221	11.1	2,870	13.7	1,337	15.1
	396	3.0	1,041	6.3	1,374	6.9	1,365	6.5	571	6.4
• Omni-channel Engagement solution										
• One-off	366	2.8	731	4.4	625	3.1	441	2.1	134	1.5
• Recurring	30	0.2	310	1.9	749	3.8	924	4.4	437	4.9
	1,269	9.6	1,299	8.0	1,545	7.7	2,046	9.7	889	10.0
Others										
• Outright sale of IT hardware and third-party software										
• One-off	1,062	8.0	1,075	6.6	1,309	6.5	1,797	8.5	652	7.3
• Recurring	207	1.6	224	1.4	236	1.2	249	1.2	237	2.7
	10	<0.1	39	0.2	39	0.2	117	0.6	80	0.9
• Software customisation, implementation and integration of process control and automation solutions										
• One-off	10	<0.1	39	0.2	39	0.2	117	0.6	80	0.9
	13,311	100.0	16,395	100.0	20,003	100.0	20,982	100.0	8,883	100.0

Note:

- ⁽¹⁾ Includes sales of IT hardware and third-party software associated with the solutions offered by our Group. Further details of our Group and our business model are set out in Sections 6 and 7.

2. PROSPECTUS SUMMARY (Cont'd)

2.3 INTERRUPTIONS IN BUSINESS

Our Group has not experienced any interruption that had significant effect on our operations during the past 12 months preceding LPD. The impact of the COVID-19 pandemic on our Group's business operations and financial performance are as summarised below:

2.3.1 Impact of the COVID-19 pandemic and the resulting MCO on our Group

We serve the retail industry, particularly grocery retailers, most of whom were allowed to operate during all of the MCOs as they were providing essential services. As such, our Business Development & Project Delivery, B2B Operation, CRM & E-stores Operation departments could continue to carry out the implementation and integration of our Retail Management Eco-system even throughout the MCO periods that were imposed by the Government in 2020 and 2021. Nonetheless, we faced minor delays of less than a week in obtaining approvals from the police to travel interstate for customers with operations outside of Kuala Lumpur and Selangor. Meanwhile, our Software Development Engineering personnel, were working from home until 3 May 2020 after receipt of approval from MITI to return to work in office, whilst our other employees from other departments worked from home. Despite working from home, our Software Development Engineering personnel could continue to carry out the development, customisation and enhancement of retail management software.

Malaysia entered into the "Transition to Endemic" phase since 1 April 2022, and "Endemic" phase since 1 May 2022. Since then, all restrictions limiting the number of employees in a workplace have been uplifted and all of our employees have been able to return to office.

2.3.2 Impact on our supply chain

We experienced minor delays of not more than 2 months in obtaining certain IT hardware from our suppliers due to global shortage in semiconductor chips since 2020. This led to delays in the implementation of our projects, some of which were up to 2 months. However, our business operations were not materially impacted by the disruption in our supply chain. Since the implementation of MCO in March 2020 and up to LPD, we have neither experienced any cancellation of purchase orders from our customers, nor any delay in the delivery of our solutions which resulted in late delivery claims and/ or penalties enforced against us.

2.3.3 Impact on our financial performance

Our Group's financial performance for the FYE 2020 and 2021 were not materially impacted by both the COVID-19 pandemic and the imposition of MCOs. Despite the COVID-19 pandemic, our revenue grew from RM13.3 million in FYE 2019 to RM16.4 million in FYE 2020, and further grew to RM20.0 million in FYE 2021, mainly as a result of increase in demand for our Retail Management Eco-system.

Further details on the impact of COVID-19 and our measures to commence and continue operations are set out in Section 7.16.

2.4 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and future growth is built on the following competitive strengths:

- (a) We have a comprehensive range of retail management solutions under our Retail Management Eco-system, namely HQ Centralised Management, Store Operations and Financial Management, Omni-channel Engagement and xBridge B2B. Our comprehensive range of retail management solutions allows us to offer our customers the convenience of sourcing all retail management solutions from a single solution provider. In addition, we are able to leverage on our existing customer base to cross-sell our solutions, thereby allowing our Group to further increase our revenue generation;

2. PROSPECTUS SUMMARY (*Cont'd*)

- (b) We have the capability to in-house develop retail management software as all the retail management software utilised in our Retail Management Eco-system are developed in-house, and our software used for the financial management module can be integrated with third-party software. As most of the software used are developed in-house, we are not reliant on third-party supplier(s) to perform software enhancements and updates as well as launch new solutions that are in line with market trends. This enables our Group to not only promptly perform software enhancements and updates but also launch new retail management solutions to meet market trends in a timely manner;
- (c) Our Retail Management Eco-system offers a variety of benefits to our customers such as:
 - (i) **Ease of access** – The cloud-based retail management solutions (i.e. Omni-channel Engagement and xBridge B2B solutions) enables remote accessibility (as it can be accessed from any location, within or outside the customers' premises) and cross-platform and multi-device responsiveness (as it is responsive across multiple operating systems and devices allowing it to be used on any device such as desktops, tablets and smartphones);
 - (ii) **Modularity** – all of our retail management solutions can be integrated seamlessly with other solutions under the Retail Management Eco-system. This will enable our customers to progressively add-on new modules in line with their business growth;
 - (iii) **Integrate-ability** – Our Retail Management Eco-system has the flexibility to be integrated with third-party software and IT hardware, which will enable our customers to streamline their operations as their existing or new third-party software and IT hardware can be seamlessly integrated with our Retail Management Eco-system;
 - (iv) **Dedicated and responsive after-sales support services** – Our Group has a CTS department which aims to respond within 2 to 24 hours depending on the urgency and/or criticality of the issue/incident; and
- (d) Our Group is led by an experienced and technically strong management team. Our Group's Promoter and Executive Director/ Chief Executive Officer, Loo Chee Wee, has a wealth of banking experience and an in-depth understanding of retail operations. Meanwhile, our Group's Promoter and Executive Director/ Chief Technology Officer, Tay Kheng Seng, has the relevant knowledge, expertise and experience in software development, implementation and integration of IT software and hardware, as well as IT social network connections in the industry. Both of our Executive Directors are supported by a team of experienced key senior management with the requisite skills, knowledge and expertise across a range of business activities, from operations (i.e. Business Development & Project Delivery and CTS) to finance and procurement.

Further details of our competitive strengths are set out in Section 7.15.

2. PROSPECTUS SUMMARY (Cont'd)

2.5 BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth and create long-term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 36 months from the date of our Listing:

- (a) We intend to develop cloud-based modules under our HQ Centralised Management, Store Operations and Financial Management solution, and expand our solution offerings under our Retail Management Eco-system. Cloud-based modules refer to solutions that can be accessed over the Internet. These cloud-based modules are implemented using cloud-based infrastructure hosted by third-party cloud service providers;
- (b) We intend to expand our workforce and operational facilities to facilitate our business expansion in Malaysia. As such, we plan to undertake the following:
 - (i) Expansion of our CTS department in Melaka by gradually recruiting 20 additional CTS engineers by end of 2025;
 - (ii) Expansion our HQ by acquiring a new property to be established as our new HQ in order to cater for the expansion of our workforce, particularly our CTS and Software Development Engineering department. In addition, part of the new HQ will be utilised as a training centre to provide software training services to our customers;
 - (iii) Establishing additional service hubs in Kuala Lumpur and Penang to respond to issues of our customers situated at the Central and Northern regions of Peninsular Malaysia more efficiently as well as expanding workforce in existing service hubs in Johor Bahru, Sabah and Sarawak to scale up our business operations; and
- (c) We plan to regionally expand our geographical footprint in other countries within the ASEAN region, namely Indonesia and the Philippines. As such, we plan to establish 2 new service hubs, where Indonesia and the Philippines will each have 1 service hub, by 2025. In tandem with our expansion, we also intend to establish a local business development team each for Indonesia and the Philippines, which we will be gradually recruiting them from 2024 onwards.

Further details of our business strategies are set out in Section 7.18.

2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

- (a) We are dependent on our Executive Directors and key senior management for the continued success and business growth of our business. The loss of our Executive Directors or any of our key senior management without suitable and timely replacement could have a material impact on our competitiveness, business and operations;
- (b) We are dependent on our experienced and skilled personnel for the success of our Group. Being in an industry with high requirements for technical competency, our future success is mainly dependent on our ability to attract, hire and retain qualified and experienced technical personnel to support our business operations. Failure in such recruitment or retention may adversely affect our business operations and financial conditions;

2. PROSPECTUS SUMMARY (Cont'd)

- (c) Our future profitability and financial performance depend on our ability to secure new orders from existing and new customers as we charge a one-off or recurring revenue model for our Retail Management Eco-system. Our business and financial performance may be adversely affected if we were to lose any of our customers, particularly our major customers, and are unable to secure orders from new customers or additional orders from existing customers in a timely manner;
- (d) We may not be able to successfully execute our business strategies as the implementation of our business strategies may be influenced by several factors beyond our control, including but not limited to, such changes in economic, social and political environment in Malaysia and countries we intend to expand into. Any failure or delays in managing or executing our business growth strategies may adversely affect our business prospects and financial performance;
- (e) We are exposed to external data and cyber-security breaches and failure to protect proprietary information as well as customers' information may result in the termination of contract by customer as well as exposure to legal action by the customer for breach of confidentiality of information captured through our Retail Management Eco-system and stored on their infrastructure, which in turn may adversely affect our Group's business and financial performance;
- (f) We may not be able to adequately protect our ownership rights of our Retail Management Eco-system and/or we may inadvertently infringe on ownership rights of third-party software. This may subsequently result in the risk of third-party in challenging our Group's intellectual property rights or legal action taken against us, which may lead to disruption in our business operations and may adversely affect our financial performance; and
- (g) Our insurance coverage may not be sufficient to cover losses and/or liabilities that may arise during our business operations. In the event we were to incur a substantial liability for which we are not fully-insured, this may adversely affect our Group's business operations and financial performance.

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Yap Chee Kheng	Independent Non-Executive Chairman
Loo Chee Wee	Executive Director/Chief Executive Officer
Tay Kheng Seng	Executive Director/Chief Technology Officer
Dato' Leanne Koh Li Ann	Independent Non-Executive Director
Chan Kam Chiew	Independent Non-Executive Director
Siew Suet Wei	Independent Non-Executive Director
Key senior management	
Bong Kok Choo	Business Development Director of KK Computer
Loo Siau Sun	Business Development Director of Rexbridge
Keow Yih Yun	Business Development Director of 020 Digital
Wang Chia Boon	General Manager
Ku Kai Xiang	Finance Controller

Further details of our Directors and key senior management are set out in Section 5.

2. PROSPECTUS SUMMARY (Cont'd)

2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

Name	Place of incorporation/ Nationality	⁽¹⁾ Before IPO			⁽²⁾ After IPO		
		Direct		Indirect	Direct		Indirect
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Goldcoin Capital	Malaysia	529,029,800	94.2	-	-	467,219,800	69.6
Loo Chee Wee	Malaysian	-	-	(3)529,029,800	(3)94.2	-	-
Tay Kheng Seng	Malaysian	-	-	(3)(4)539,527,200	(3)(4)96.0	(3)467,219,800	(3)69.6
						(3)(4)(5)478,217,200	(3)(4)(5)71.3

Notes:

(1) Based on our share capital of 561,900,200 Shares before our IPO.

(2) Based on our enlarged share capital of 671,187,000 Shares after our IPO.

(3) Deemed interested by virtue of his shareholdings in Goldcoin Capital pursuant to Section 8(4) of the Act.

(4) Deemed interested by virtue of his spouse's shareholdings pursuant to Section 59(11) of the Act.

(5) Assuming his spouse will fully subscribe for her entitlements under the Pink Form Allocations.

Please refer to Section 5.1.2 for further details of the shareholders of Goldcoin Capital. In addition, further details of our Promoters and substantial shareholders are set out in Section 5.1.

2.9 UTILISATION OF PROCEEDS

The gross proceeds to be raised by our Company from the Public Issue of RM17.5 million shall be utilised in the following manner:

Utilisation of proceeds	RM'000	%	⁽¹⁾ Estimated timeframe for utilisation
R&D of new solutions	2,712	15.5	Within 36 months
Business expansion			
• Regional expansion in ASEAN countries	1,890	10.8	Within 36 months
• Establishing additional service hubs and expanding workforce in existing service hubs in Malaysia	2,634	15.1	Within 24 months
Expansion of CTS department	1,680	9.6	Within 24 months
HQ expansion	3,000	17.2	Within 36 months
Working capital	2,833	16.2	Within 24 months
Estimated listing expenses	2,736	15.6	Within 1 month
Total	17,485	100.0	

2. PROSPECTUS SUMMARY (Cont'd)**Note:**

(1) From the date of our Listing.

There is no minimum subscription to be raised from IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.9.

2.10 FINANCIAL HIGHLIGHTS**2.10.1 Combined statements of comprehensive income**

The following table sets out the financial highlights based on our combined statements of comprehensive income for FYE 2019 to 2022 and FPE 2022 to 2023:

	Audited				Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	13,311	16,395	20,003	20,982	8,883	10,800
GP	8,043	9,654	11,352	11,650	5,033	6,380
Other income	312	718	2,010	411	346	138
PBT	6,791	8,125	10,430	8,472	3,318	3,745
PAT	6,697	6,871	7,900	7,048	2,672	2,745
GP margin (%) ⁽¹⁾	60.4	58.9	56.8	55.5	56.7	59.1
PBT margin (%) ⁽²⁾	51.0	49.6	52.1	40.4	37.4	34.7
PAT margin (%) ⁽²⁾	50.3	41.9	39.5	33.6	30.1	25.4
EPS (sen) ⁽³⁾	1.0	1.0	1.2	1.1	0.4	0.4

Further details on the financial information are set out in Sections 12 and 13.

Notes:

(1) Calculated based on GP over revenue.

(2) Calculated based on PBT or PAT over revenue.

(3) Calculated based on our PAT divided by enlarged share capital of 671,187,000 Shares after our IPO.

There were no exceptional items during the financial years/period under review. Our audited combined financial statements for the past financial years/period under review were not subject to any audit qualifications.

2.10.2 Pro forma combined statements of financial position

The following table sets out a summary of the pro forma combined statements of financial position of our Group to show the effects of the Acquisitions, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma statements of financial position as set out in Section 14.

		I	II	III
	As at 30 June 2023	After Acquisitions	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
Assets				
Total non-current assets	2,527	2,527	2,527	2,527
Total current assets	14,780	14,780	32,265	30,183
Total assets	17,307	17,307	34,792	32,710
Equity and liabilities				
Share capital	(1)-	5,619	23,104	22,231
Invested capital	380	-	-	-
Merger reserve	-	(5,239)	(5,239)	(5,239)

2. PROSPECTUS SUMMARY (Cont'd)

		I	II	III
	As at 30 June 2023	After Acquisitions	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
Retained profits	13,978	13,978	13,978	12,769
Total equity	14,358	14,358	31,843	29,761
Total non-current liabilities	340	340	340	340
Total current liabilities	2,609	2,609	2,609	2,609
Total liabilities	2,949	2,949	2,949	2,949
Total equity and liabilities	17,307	17,307	34,792	32,710
No. of Shares in issue ('000)	(2)-	561,900	671,187	671,187
NA	14,358	14,358	31,843	29,761
NA per Share (RM)	71,790	0.03	0.05	0.04

Notes:

- (1) Representing RM5.
- (2) Representing 200 Shares.

2.11 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy. It is our intention to pay dividends to shareholders in the future, however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition, restrictive covenants in our borrowing documents and any other factors considered relevant by our Board.

During FYE 2019 to 2022, FPE 2023 and up to LPD, we declared and paid the following dividends to shareholders of the respective subsidiaries:

	Audited					Unaudited
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023	1 July 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	6,697	6,871	7,900	7,048	2,745	NA
Dividend declared	5,840	4,750	11,601	(1)4,741	1,000	-
Dividend paid	5,840	250	16,101	(1)4,741	1,000	-
Dividend payout ratio ⁽²⁾ (%)	87.2	69.1	146.8	67.3	36.4	-

Notes:

NA Not applicable as we did not prepare financial statements from 1 July 2023 up to LPD.

- (1) Includes dividends declared and paid by Panda Software and KK Computer in respect of FYE 2022 amounting to RM4.7 million for Tay Kheng Seng, Loo Chee Wee and Bong Kok Choo. The dividends were distributed in specie by way of transfer of investment properties to Goldcoin Pavilion, Tay Kheng Seng and Bong Kok Choo on 28 February 2022. The remaining dividend amounting to RM10,530 was paid in cash to Tay Li Li and RM35 was paid in cash each to Tay Kheng Seng and Bong Kok Choo respectively.

- (2) Computed based on dividends declared over PAT for each financial year/period.

Further to the above, from LPD and up to our Listing, our Group does not intend to declare and pay any dividend. Further details of our dividend policy are set out in Section 12.16.

3. APPROVALS AND CONDITIONS**3.1 APPROVALS AND CONDITIONS****3.1.1 Bursa Securities**

Bursa Securities had, vide its letter dated 13 July 2023, approved our admission to the Official List of the ACE Market, the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	Submit the following information with respect to the moratorium on the Specified Shareholders to Bursa Depository: (i) Name of shareholders; (ii) Number of Shares; and (iii) Date of expiry of the moratorium for each block of Shares.	Complied
(b)	Confirm that approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
(c)	The Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon;	Complied
(d)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
(e)	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Panda on the first day of Listing;	To be complied
(f)	In relation to the Public Issue to be undertaken by Panda, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of placees who become substantial shareholders of Panda arising from the Public Issue, if any.	To be complied
(g)	Panda/M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Panda to the Official List.	To be complied

3. APPROVALS AND CONDITIONS (*Cont'd*)

3.1.2 SC

Our Listing is an exempt transaction under Section 212(8) of the CMA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 17 July 2023 taken note that our Company is exempted from the Bumiputera equity requirement for public listed companies ("**Bumiputera Equity Requirement**").

Our subsidiaries, namely Panda Software and Rexbridge were awarded the MSC Malaysia Status by MDEC on 29 April 2010 and 9 April 2015 respectively, which were subsequently replaced by Malaysia Digital Status on 4 July 2022, and were the major contributor to our Group's after tax-profit for FYE 2019 to FYE 2022 and FPE 2023. 84.3%, 86.7%, 81.9%, 78.8% and 78.6% of our Group's total revenue were contributed by Panda Software and Rexbridge in FYE 2019 to 2022 and FPE 2023, respectively. Accordingly, our Company is exempted from complying with the Bumiputera Equity Requirement.

Nevertheless, if we undertake subsequent proposals involving:

- (a) a transfer of our listing status to the Main Market of Bursa Securities; or
- (b) any acquisition which results in a significant change in our business direction or policy,

we must submit such application to the SC under the Bumiputera Equity Requirement for a reassessment.

The Shariah Advisory Council of SC had, vide its letter dated 31 October 2023 classified our Shares as shariah-compliant based on our audited combined financial statements for FYE 2022.

3.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders as follows:

- (a) The moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (b) Upon expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.0% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight line basis) of those Shares held under moratorium.

3. APPROVALS AND CONDITIONS (Cont'd)

Details of our Specified Shareholders, namely Goldcoin Capital, Bong Kok Choo, Loo Siau Sun and Tay Li Li and their Shares which will be subject to the abovesaid moratorium, are set out below:

Specified Shareholders	Shares under the First 6-Month Moratorium		Shares under the Second 6-Month Moratorium		Year 2		Year 3	
	(1)No. of Shares	(2)%	(1)No. of Shares	(2)%	(1)No. of Shares	(2)%	(1)No. of Shares	(2)%
Goldcoin Capital	467,219,800	69.6	302,034,150	45.00	201,356,100	30.00	100,678,050	15.00
Bong Kok Choo	(3)10,997,400	1.7	-	-	-	-	-	-
Loo Siau Sun	(3)7,685,000	1.1	-	-	-	-	-	-
Tay Li Li	(3)1,605,000	0.2	-	-	-	-	-	-
Total	487,507,200	72.6	302,034,150	45.00	201,356,100	30.00	100,678,050	15.00

Notes:

- (1) After Offer for Sale.
- (2) Based on the enlarged share capital of 671,187,000 Shares after our IPO.
- (3) Including their entitlements under the Pink Form Allocations.

The moratorium has been fully accepted by our Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the abovementioned Specified Shareholders to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

The ultimate shareholders of Goldcoin Capital, namely Loo Chee Wee and Tay Kheng Seng have also undertaken not to sell, transfer or assign their shareholdings in Goldcoin Capital during the moratorium period.

4. DETAILS OF OUR IPO**4.1 OPENING AND CLOSING OF APPLICATION PERIOD**

The Application period will open at 10.00 a.m. on 8 November 2023 and will remain open until 5.00 p.m. on 15 November 2023. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative date
Issuance of this Prospectus/ Opening of Application	8 November 2023
Closing of Application	15 November 2023
Balloting of Application	17 November 2023
Allotment/Transfer of IPO Shares to successful applicants	24 November 2023
Date of Listing	27 November 2023

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

4.3 DETAILS OF OUR IPO**4.3.1 Listing scheme****(a) Public Issue**

A total of 109,286,800 Issue Shares, representing approximately 16.3% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(i) Malaysian Public

33,559,400 Issue Shares, representing 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 16,779,700 Issue Shares made available to public investors; and

(bb) 16,779,700 Issue Shares made available to Bumiputera public investors.

(ii) Eligible Persons

42,774,200 Issue Shares, representing approximately 6.4% of our enlarged share capital, are reserved for our Eligible Persons under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.2.

(iii) Private placement to selected investors

32,953,200 Issue Shares, representing approximately 4.9% of our enlarged share capital, are reserved for private placement to selected investors.

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

The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM5,619,005 comprising 561,900,200 Shares to RM23,104,893 comprising 671,187,000 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

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4. DETAILS OF OUR IPO (Cont'd)

(b) Offer for Sale

A total of 61,810,000 Offer Shares, representing approximately 9.2% of our enlarged share capital, are offered by our Selling Shareholder to selected investors by way of private placement at our IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus.

The details of our Selling Shareholder and its relationship with our Group are as follows:

Name/Address	Relationship with our Group	⁽¹⁾ Before IPO		Offer Shares offered		After IPO	
		No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%
Goldcoin Capital/ 28-1 & 30-1, Jalan PPM 13 Plaza Pandan Malim Business Park 75250 Melaka	Promoter and substantial shareholder	529,029,800	94.2	61,810,000	11.0	467,219,800	69.6

Notes:

- (1) After completion of the Acquisition but before our IPO.
- (2) Based on our share capital of 561,900,200 Shares before our IPO.
- (3) Based on our enlarged share capital of 671,187,000 Shares after our IPO.

Our Selling Shareholders shall bear all expenses such as placement fee and miscellaneous fees estimated at approximately RM0.3 million relating to the Offer Shares. The Offer Shares are not underwritten by our Underwriter.

Further details of our Selling Shareholder, who is also our Promoter and substantial shareholder can be found in Section 5.1.

(c) Listing

Upon completion of our IPO, our Company's entire enlarged share capital of RM23,104,893 comprising 671,187,000 Shares shall be listed on the ACE Market.

4. DETAILS OF OUR IPO (Cont'd)**4.3.2 Pink Form Allocations**

We have allocated 42,774,200 Issue Shares under the Pink Form Allocations to Eligible Persons as follows:

Category	No. of Eligible Persons	Aggregate no. of Issue Shares allocated
Eligible Directors	4	800,000
Eligible employees	68	25,363,000
Persons who have contributed to the success of our Group	110	16,611,200
	182	42,774,200

Entitlements which are not accepted by certain Eligible Persons will be re-allocated among the Eligible Persons at the discretion of our Board.

(a) Allocation to eligible Directors

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group. Loo Chee Wee (our Executive Director and Chief Executive Officer) and Tay Kheng Seng (our Executive Director and Chief Technology Officer) have opted not to participate in the Pink Form Allocations as they are already our substantial shareholders held through Goldcoin Capital, which is undertaking the Offer for Sale.

Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares allocated
Yap Chee Kheng	Independent Non-Executive Chairman	200,000
Dato' Leanne Koh Li Ann	Independent Non-Executive Director	200,000
Chan Kam Chiew	Independent Non-Executive Director	200,000
Siew Suet Wei	Independent Non-Executive Director	200,000
		800,000

(b) Allocation to our eligible employees (including Directors of our subsidiaries)

The criteria of allocation to our eligible employees (as approved by our Board) are based on, among others, the following factors:

- (i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) The number of shares allocated to our eligible employees are based on their seniority, position, length of service and respective contribution made to our Group as well as other factors deemed relevant to our Board; and
- (iii) Full time employee of at least 18 years of age.

4. DETAILS OF OUR IPO (Cont'd)

Included in the allocation to our eligible employees are the proposed allocations to:

(i) Director of our subsidiary

Name	Designation	No. of Issue Shares allocated
Wong Khai Meng	Director of Rexbridge	500,000
		500,000

(ii) Key senior management

Name	Designation	No. of Issue Shares allocated
Bong Kok Choo ⁽¹⁾	Business Development Director of KK Computer	500,000
Loo Siau Sun ⁽¹⁾	Business Development Director of Rexbridge	500,000
Keow Yih Yun ⁽¹⁾	Business Development Director of 020 Digital	500,000
Wang Chia Boon	General Manager	500,000
Ku Kai Xiang	Finance Controller	500,000
		2,500,000

Note:

⁽¹⁾ They are the Directors of our subsidiaries.

(c) Allocation to persons who have contributed to the success of our Group

Persons who have contributed to the success of our Group include business associates, suppliers and customers, whom are not related parties to our Group.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us (i.e. our customers or suppliers, which may have been favourable to our Group and contributed to the success of our Group), length of their relationship with us and the level of contribution and support to our Group (i.e. transactions volume with us).

4.3.3 Placement and underwriting arrangements

Our Underwriter will underwrite 76,333,600 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 32,953,200 Issue Shares from the Public Issue and 61,810,000 Offer Shares available for application by selected investors will not be underwritten and will be placed out by our Placement Agent.

Any of our Issue Shares not subscribed by the Malaysian Public or Pink Form Allocations shall be subject to the following clawback and reallocation provisions:

- If any Issue Shares allocated to the Malaysian Public are undersubscribed, the balance portion will be allocated for excess application by Eligible Persons, subject to public spread requirements being met. Likewise, any Issue Shares not taken up under the Pink Form Allocations, will be allocated to the Malaysian Public;
- After (a) above, the remaining portion will be made available for application by way of private placement to selected investors to be identified; and
- Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement. Our Board will ensure that any excess IPO Shares will be allocated in a fair and equitable manner.

The clawback and reallocation shall not apply in the event of over-application of the Issue Shares allocated to the Malaysian Public and Pink Form Allocations.

4. DETAILS OF OUR IPO (Cont'd)**4.3.4 Minimum and over-subscription**

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as set out in the Listing Requirements or as approved by Bursa Securities.

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Directors.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market.

In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly, whereby in addition to our liability to repay such monies, our officers (i.e. our Directors, secretary or executive officer) shall be jointly and severally liable to repay such money with interest at the rate of 10.0% per annum or at such other rate as may be prescribed by the SC from the expiration of that period.

As at LPD, save as disclosed in Section 4.3.2, to the extent known to our Company:

- (a) there are no substantial shareholder(s), Directors or key senior management of our Company who have indicated to our Company that they intend to subscribe for the IPO Shares; and
- (b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of the IPO Shares.

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

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

Details	No. of Shares	RM
Share capital		
As at the date of incorporation	200	5
Issued pursuant to the Acquisitions	561,900,000	5,619,000
As at the date of this Prospectus	561,900,200	5,619,005
To be issued under our Public Issue	109,286,800	17,485,888
Enlarged share capital upon our Listing	671,187,000	23,104,893

Our Offer for Sale will not have any effect on our share capital.

As at the date of this Prospectus, we have only one class of shares, being ordinary shares, all of which rank equally amongst one another.

Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Issue Shares.

4. DETAILS OF OUR IPO (Cont'd)

Our Offer Shares rank equally in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meetings in person or by proxy or by other duly authorised representative. On a poll, every shareholder present in person or by proxy or other duly authorised representative shall have one vote for each ordinary share held.

4.5 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

- (a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;
- (b) To gain recognition through our listing status to enhance our reputation and to retain and attract new, skilled employees from the retail management solutions industry and the retail industries in Malaysia, Indonesia and the Philippines;
- (c) To provide an opportunity for the Malaysian Public, including Eligible Persons to participate in our equity; and
- (d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4.6 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (a) Our pro forma NA per Share of RM0.04, calculated based on our pro forma NA after our IPO and utilisation of proceeds as at 30 June 2023 of approximately RM29.8 million and enlarged share capital of 671,187,000 Shares upon Listing;
- (b) The PE Multiple of our IPO Price of approximately 15.2 times based on our EPS for FYE 2022 of approximately 1.05 sen, calculated based on our PAT for FYE 2022 of RM7.0 million and our enlarged share capital of 671,187,000 Shares upon Listing;
- (c) Our historical financial track record as follows:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	13,311	16,395	20,003	20,982	10,800
GP	8,043	9,654	11,352	11,650	6,380
Other income	312	718	2,010	411	138
PAT	6,697	6,871	7,900	7,048	2,745

- (d) Our competitive strengths as set out in Section 7.15; and
- (e) Our business strategies and prospects as set out in Sections 7.18.

4. DETAILS OF OUR IPO (Cont'd)

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 before deciding to invest in our Shares.

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 671,187,000 Shares upon Listing, our total market capitalisation will be RM107.4 million.

4.8 DILUTION

Dilution is the amount by which our IPO Price exceeds our pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	RM
IPO Price	0.16
Pro forma NA per Share as at 30 June 2023 after Acquisitions but before our IPO	0.03
Pro forma NA per Share as at 30 June 2023 after Acquisitions, IPO and utilisation of proceeds	0.04
Increase in pro forma NA per Share attributable to existing shareholders	0.01
(Decrease) in pro forma NA per Share to our new public investors	(0.12)
(Decrease) in pro forma NA per Share as a percentage of our IPO Price	(75.0%)

Further details of our pro forma NA per Share as at 30 June 2023 is set out in Section 14.

Save as disclosed below, there is no substantial disparity between our IPO Price and the average effective cash cost per Share paid by our Promoters, substantial shareholders, Directors and key senior management and/or persons connected with them since our incorporation up to the date of this Prospectus:

Shareholders	(1)No. of Shares received	(2)Total cash cost	Average effective cash cost per Share
		RM	RM
Goldcoin Capital	529,029,800	280,105	0.0005
Bong Kok Choo	10,497,400	28,500	0.0027
Loo Siau Sun	7,185,000	18,000	0.0025
Keow Yih Yun	5,940,000	30,000	0.0051
Tay Li Li	1,105,000	3,000	0.0027
Wong Khai Meng	8,143,000	20,400	0.0025
Total	561,900,200	380,005	

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

- (1) Issued under the Acquisitions and 200 subscriber shares.
- (2) Based on their respective cash investments and divestments (if any) in Panda Software, KK Computer, Rexbridge and 020 Digital and since its incorporation and up to the date of this Prospectus.

Save as disclosed above and the Pink Form Allocations to our eligible Directors and key senior management, there has been no acquisitions or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

4.9 UTILISATION OF PROCEEDS**4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM17.5 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	⁽¹⁾Estimated timeframe for utilisation
R&D of new solutions	(a)	2,712	15.5	Within 36 months
Business expansion				
• Regional expansion in ASEAN countries	(b)	1,890	10.8	Within 36 months
• Establishing additional service hubs and expanding workforce in existing service hubs in Malaysia	(b)	2,634	15.1	Within 24 months
Expansion of CTS department	(c)	1,680	9.6	Within 24 months
HQ expansion	(d)	3,000	17.2	Within 36 months
Working capital	(e)	2,833	16.2	Within 24 months
Estimated listing expenses	(f)	2,736	15.6	Within 1 month
Total		17,485	100.0	

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

Notes:

- (1) From the date of our Listing.

(a) R&D of new solutions**Development of cloud-based modules for our Retail Management Ecosystem**

Presently, our HQ Centralised Management, Store Operations and Financial Management solution is implemented using our customers' on-premises infrastructure while our xBridge B2B and Omni-channel Engagement solutions are implemented using cloud-based infrastructure.

4. DETAILS OF OUR IPO (Cont'd)

The development activities of our cloud-based modules will comprise:

- (i) the development of software features, design, web and app-based retail modules;
- (ii) integration with other cloud-based modules and hardware; and
- (iii) prototyping and testing of these features and modules.

As at LPD, we are in midst of carrying out the abovementioned development activities. We estimate that the entire development process will take approximately 36 months and we intend to gradually introduce the cloud-based modules in stages to the market from the 4th quarter of 2025 onwards and eventually phase out the existing on-premise infrastructure in our implementation.

E-invoice Financing

Apart from the development and migration to cloud-based modules of our Retail Management Eco-system, our Group also plans to develop a new solution for digitalisation of invoice financing process, which will be known as E-invoice Financing. Invoice financing is generally used by our customers' suppliers to leverage on unpaid sales invoices to obtain short-term financing from financial institutions and the invoice financing process is generally paper-based. With the introduction of the E-invoice Financing solution, suppliers can digitally create, organise, verify and share their invoices with other requisite supporting documents for financing such as purchase orders and goods receipt notes. These digitalised documents can then be accessed by the relevant financial institutions easily and instantly.

Further, as the invoices have been created using the E-invoice Financing solution, financial institutions will be reassured that these invoices are genuine, as these e-invoices can only be generated through 3-way document matching, with the details of the supplier's invoice matched to the corresponding goods receipt notes and purchase orders. This would in turn simplify the financial institutions' assessment and evaluation of the invoice financing application. Based on our internal research, we have identified 3 other solution providers providing e-invoice financing solutions in Malaysia. However, we do not have information on their solutions relating to market presence/size, user industry, and other technical specifications, to analyse the comparability of the 3 providers' solutions against those of our Group.

We have begun the planning and software design of this new solution and we expect to launch the new solution by 4th quarter of 2023.

In order to support the development of the abovementioned cloud-based infrastructure migration and E-invoice Financing solutions, we have recruited 3 Software Development Engineering personnel since May 2023 and we will be gradually recruiting up to 16 additional Software Development Engineering personnel from the 4th quarter of 2023 onwards.

Although our existing Software Development Engineering department has already begun carrying out the development activities for both the cloud-based modules and E-invoice Financing solutions, we will require additional Software Development Engineering personnel to fully focus on the abovementioned development activities so that the existing personnel can focus on the customisation and enhancement of our existing solutions. Further, as mentioned in Sections 7.18.2 and 7.18.3, we expect to expand locally and internationally and will thus require more Software Development Engineering personnel to cater for the growth in demand for our Retail Management Eco-system.

4. DETAILS OF OUR IPO (Cont'd)

We intend to use recruitment platforms such as AJobThing, MYFutureJobs and JobStreet to hire personnel as we have generally not faced difficulty in doing so in the past. The salaries of these additional Software Development Engineering personnel over the next 36 months are estimated to be RM2.7 million, which will be fully funded via the gross proceeds from our Public Issue.

Please refer to Section 7.18.1 for further details.

(b) Business expansion

We plan to expand our business to increase our geographical footprint in new regional markets in the following manner:

(i) Regional expansion in ASEAN countries

Presently, our principal market is Malaysia. In terms of our foreign presence, we have implemented our Retail Management Eco-system for 2 retail stores in Batam, Indonesia and a retail store in Brunei in 2016 and 2021 respectively. In 2023, we have also secured a project to implement our Retail Management Eco-system for 1 retail store for a grocery retail chain in Indonesia. Revenues from Indonesia and Brunei contributed between 0.01% to 1.1% of our total revenues for FYE 2019 to 2022 and FPE 2023. We chose to expand our market in Indonesia as we have already implemented our Retail Management Eco-system for 2 retail stores in Batam, Indonesia and we recognise the potential to expand our presence in the retail management solutions industry in Indonesia.

We also chose the Philippines as a market to expand into after conducting preliminary internal research, which was based on our market observations made through a combination of:

- (aa) feedback from a retail management solution provider who has made headways into the Philippines, since it began offering accounting and payroll systems to the Philippines market since 2007; and
- (bb) market information gathered from another industry player as well as a business associate from the retail industry in the Philippines.

Based on the foregoing observations and feedback, we gained insight on the types of retail management solutions available in the Philippines market, their price range, as well as the requirements and costs involved for setting up a local company in the Philippines. On this basis, retailers in the Philippines appear to be receptive to new retail management solutions, and there is market potential of our Group's Retail Management Eco-system which is relatively more affordable than the solutions used by retail stores in the Philippines, which are of a higher price range. Based on the foregoing, our Group recognised the potential of venturing into the Philippines market. For avoidance of doubt, save for the foregoing, we have not undertaken any other steps to further establish the feasibility of our retail management solutions in the Philippines.

We have chosen to focus on other geographical regions for expansions compared to Brunei as, in comparison, Brunei has less market potential in view of the lower population due to the smaller size of the nation, as compared to Indonesia and Philippines. Additionally, it would be a more strategically reasonable choice to service and support the Brunei market through the service hubs in Sabah and/or Sarawak due to their proximity.

4. DETAILS OF OUR IPO (Cont'd)

Our Group plans to establish 2 new service hubs in ASEAN countries, where Indonesia and the Philippines will each have 1 new service hub, by 2025. This will enable our Group to better penetrate as well as localise our software in the respective markets with our physical presence in the targeted countries.

A total of RM1.9 million is estimated to be required for the setup of these 2 new service hubs, and this amount is expected to be funded entirely from the gross proceeds from our Public Issue, over a period of 36 months from the date of our Listing. The breakdown of the costs are as follows:

Description	Estimated cost
	RM'000
• Setup costs	
- Rental for 36 months	252
- Administrative costs such as license application (i.e. business licences), utilities setup	100
- Computers and other office equipment	200
• Local staff costs comprising 36 months salaries of 1 business development team each for Indonesia and Philippines, where each team comprises a manager and 3 executives	1,188
• Advertising and marketing expenses	150
Total	1,890

Setup costs

RM0.6 million of the gross proceeds from our Public Issue will be used to set up the new service hubs in the Philippines and Indonesia which include offices rental for 36 months, administrative related expenses such as license application (i.e. business licences), utilities setup, as well as the purchases of computer and office equipment. As at LPD, we have surveyed for offices to rent in Makati, the Philippines and Jakarta, Indonesia, but have yet to identify any to rent. We plan to rent offices for our service hubs with an approximate built-up area of 850 sq ft, with rental costs of RM3,500 per month for each office based on prevailing market rental rates in the same vicinity.

Local staff costs

We expect to establish a local business development team for each regional service hub, which we will be gradually recruiting them from 2024 onwards. The total cost required is estimated at RM1.2 million, being 36 months of staff costs (i.e. salaries, allowances, medical and other related expenses) for both teams. This amount is expected to be entirely funded out of the gross proceeds from our Public Issue and is accordingly expected to be utilised over a period of 36 months after of our Listing.

Advertising and marketing expenses

In line with the establishment of physical presence in the targeted countries, we also intend to increase our Group's brand recognition and awareness by allocating RM150,000 of the gross proceeds from our Public Issue for advertising and promotion activities, which are mainly intended for participation in exhibitions such as Smart Digital Retail, the Philippine Edition in Manila, the Philippines and Retail & Solution Expo Indonesia 2024 in Jakarta, Indonesia, as well as online marketing through website and social media platforms.

4. DETAILS OF OUR IPO (Cont'd)

Please refer to Section 7.18.3 for further details.

(ii) Establishing additional service hubs and expanding workforce in existing service hubs in Malaysia

We presently service our customers through 4 principal locations, namely Kuala Lumpur, Johor, Sabah and Sarawak, and plan to expand our office in Kuala Lumpur and establish an office in Penang over the period of 24 months. Currently, the customer service and support to the customers from central and northern region are provided remotely by the CTS team based in our HQ.

With our expansions in Kuala Lumpur and Penang, we will be able to respond to issues of our customers situated at the Central and Northern regions of Peninsular Malaysia (which includes the states of Perak, Kedah, Penang, Kuala Lumpur, Selangor and Negeri Sembilan) more efficiently. Additionally, our Group believes that our reach to potential customers in the new regions will be improved and eventually broaden our market share in Malaysia.

The total costs required for the setup is estimated at RM2.6 million, as follows:

Description	Estimated cost
	RM'000
Rental of 2 offices (for 24 months)	180
Purchase of office equipment	150
Staff cost (for 24 months)	
- Central region of Peninsular Malaysia comprising of a Business Development & Project Delivery team of 1 manager and 8 executives;	960
- Northern region of Peninsular Malaysia comprising of a Business Development & Project Delivery team of 1 manager and 4 executives; and	576
- Additional headcount for East Malaysia and Johor where comprises a total of 8 CTS project executives	768
Total	2,634

The above expansion costs include staff costs of 24 months for the establishment of 2 Business Development & Project Delivery teams who will be responsible for the implementation of Retail Management Eco-system and provision of solutions support to new and existing customers located in the abovementioned regions.

With the ongoing growth and development of our business, we also intend to expand our workforce in existing service hubs located in Johor Bahru, Sabah and Sarawak by recruiting 8 additional CTS project executives, of which 2 based in Johor Bahru, 3 based in Sabah and 3 based in Sarawak, to scale up our business operations.

As at LPD, we are in the midst of identifying suitable locations for the rental of the new service hubs and we expect to commence the business operations of the new service hubs in Kuala Lumpur and Penang by 1st quarter of 2024 and 2nd quarter of 2024 respectively. As at LPD, we have recruited 1 CTS project executive in Sabah in August 2023 and the remaining 7 additional CTS project executives for existing service hubs located in Johor Bahru, Sabah and Sarawak are expected to be recruited by 4th quarter of 2024.

4. DETAILS OF OUR IPO (Cont'd)

The total costs above are expected to be funded entirely from the proceeds raised from our Public Issue.

Please refer to Section 7.18.2 for further details.

(c) Expansion of CTS department in Melaka

Our Group's core value in securing and retaining our customers is to deliver continuous software assistance to our customers. As such, we intend to gradually increase our headcount by employing additional 20 CTS engineers by end of 2025 particularly for our CTS department to support our expansion in operations in line with our future business growth. As at LPD, we have recruited 4 CTS engineers. To this end, we intend to use recruitment platforms such as JobStreet, MYFutureJobs and AJobThing to hire personnel as we have generally not faced difficulty in doing so in the past. The additional CTS engineers will be stationed at our HQ in Melaka.

We estimated that the staff costs for 24 months for these additional employees are estimated at RM1.7 million based on past hiring costs, and will be funded entirely via gross proceeds from our Public Issue. These costs mainly include salaries, allowances, staff benefits, medical expenses and other related expenses for the additional CTS engineers.

Please refer to Section 7.18.2 for further details.

(d) HQ expansion

As at LPD, our Group operates mainly in our existing HQ located at Plaza Pandan Malim Business Park, Melaka. Our existing HQ comprises rented premises which have a total built-up area of 8,977 sq ft and currently accommodate a total of 89 employees. Due to space constraints in our current HQ, existing staff are sharing workstations. We plan to hire a total of 32 additional employees (16 Software Development engineers and 16 CTS engineers) to cater for our business expansion as our existing staff force may not be sufficient to sustain our business growth.

In view of our growing workforce, space constraints above and plans to expand regionally, we intend to acquire a new property to be established as our new HQ to cater for the expansion of CTS and expanded Software Development Engineering departments which can accommodate additional workstations for both the current and additional employees. Pending the completion of our HQ expansion, we will consider converting existing meeting room space in our current HQ, temporarily renting an additional office within the vicinity and/or the implementation of work-from-home arrangements to manage the space constraints for the 32 additional employees to be hired. As at LPD, we have yet to identify an office within the vicinity to rent. Additionally, as we are still able to manage the space constraints as at LPD, in light of the fact that some of our employees are travelling to customers' premises for project implementation, we have not begun practicing work-from-home arrangements. Please refer to Sections 4.9.1(c) and 7.18.2(a) for further details on the expansion of our CTS department in Melaka.

In addition to the above, the new HQ will have a training centre to provide software training services to our customers. Currently, we conduct the training remotely or at our customers' office.

Please refer to Section 7.18.2(b) for the expected timeframe and key milestones for the acquisition of our new HQ and its construction.

4. DETAILS OF OUR IPO (Cont'd)

As at LPD, our Group is in the midst of identifying a suitable property for this purpose. We intend to identify a suitable property to be acquired by end of the 1st half of 2024. The approximate size and usage of each area in the intended new HQ are as follow:

Area	Usage	Estimated area size sq ft
Workstation and offices	Working space for all employees based in new HQ including directors and key senior management which can fit approximately for 170 persons	15,100
Meeting and training rooms	Rooms for team discussion, presentation to our customers and training to our employees as well as customers	3,150
Staff welfare facilities	Resting space for our employees where comprise of social hub, pantry, rest rooms, mother's room and prayer's rooms	4,150
Storage room	Storage rooms to safeguard POS equipment, IT hardware and peripherals	1,300
Server & network room	Secured server room to safeguard our own on-premises server	500
Reception and guest waiting area	Reception area to welcome guests and potential customers	800
Total		25,000

Based on property listings as surveyed by management, the cost of acquiring property which fits our needs as above, located in Ayer Keroh, Melaka, is estimated to be approximately RM8.4 million, of which we will allocate RM3.0 million of the proceeds raised from our Public Issue to finance the acquisition of the property and the balance is to be funded through our internal generated funds and/or bank borrowings. The construction and interior design works of the new HQ will cost approximately an additional RM2.5 million and will be funded via our internally-generated funds and/or bank borrowings.

Upon completion of the acquisition, we expect that the construction and interior design works shall take up to 24 months to complete. Upon our relocation to the new HQ, we will terminate our tenancy for all our current HQ rented from our Executive Directors (details of which are further set out in Section 10.1). Please refer to Section 7.18.2 for further details.

Any shortfall from the funds required above will be funded through our internal generated funds and/or bank borrowings.

4. DETAILS OF OUR IPO (Cont'd)**(e) Working capital**

Our Group's working capital requirements are expected to increase in tandem with the expected growth in scale of our business. We have allocated approximately RM2.8 million from our gross proceeds raised from Public Issue to supplement our working capital over 24 months from the date of our Listing. The general working capital details are set out in the table below:

Description	Estimated cost RM'000
Purchase of IT hardware ⁽¹⁾ required by customers	2,593
Advertising and promotion activities in Malaysia, being mainly participation costs in exhibitions, online advertisements as well as branding marketing activities	240
Total	2,833

Note:

- (1) Consists of POS equipment and peripherals to be packaged together with our Retail Management Eco-system.

(f) Estimated listing expenses

An amount of RM2.7 million or representing approximately 15.6% from our IPO proceeds is allocated to meet the estimated expenses of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

Estimated listing expenses	RM'000
Professional fees ⁽¹⁾	1,600
Underwriting, placement and brokerage fees	506
Fees to authorities	68
Printing, advertising fees and contingencies ⁽²⁾	562
Total	2,736

Notes:

- (1) Includes advisory fees for, amongst others, our Principal Adviser, solicitors, reporting accountants, IMR, Internal Control Reviewer and Issuing House.
- (2) Other incidental or related expenses in connection with our IPO.

Any variations from the amounts budgeted above, save for item (e) being working capital and the acquisition of property under item (d), shall be adjusted towards or against, as the case may be, the proceeds allocated for our working capital requirements. Any further shortfall will be funded via our internally generated funds. Where applicable and required under Rule 8.24 of the Listing Requirements, we will seek shareholders' approval for any material variation to the intended utilisation of proceeds.

4.9.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM9.9 million which will accrue entirely to our Selling Shareholder and we will not receive any of the proceeds.

The Selling Shareholder shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.3 million.

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

4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION

4.10.1 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association or Issuing House.

4.10.2 Placement fees

Our Placement Agent will place out a total of 32,953,200 Issue Shares and 61,810,000 Offer Shares to selected investors.

We will pay our Placement Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Placement Agent will be paid by our Selling Shareholder.

4.10.3 Underwriting commission

Our Underwriter has agreed to underwrite 76,333,600 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 2.5% of our IPO Price multiplied by the number of Shares underwritten.

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 76,333,600 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.3.

The salient terms in the Underwriting Agreement are as follows:

4.11.1 Conditions precedent

- (a) The obligations of our Underwriter under the Underwriting Agreement are conditional upon:
 - (i) the Underwriting Agreement having been duly executed by all the parties to the Underwriting Agreement and duly stamped;
 - (ii) there having been on or prior to the last date for acceptance and receipt of application for the subscription of the Issue Shares or such other later date as our Company and our Underwriter may agree upon ("**Closing Date**"), any events that is likely to result in any material adverse change in the condition (financial or otherwise) of our Company or our subsidiaries, which is material in the context of our Public Issue from that set forth in our Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the reasonable opinion of our Underwriter, which makes any of the representations and warranties contained in the Underwriting Agreement untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in the Underwriting Agreement;

4. DETAILS OF OUR IPO (Cont'd)

- (iii) the delivery to our Underwriter:
 - (aa) prior to the date of the registration of our Prospectus, a copy certified as a true copy by an authorised officer of our Company of all the resolutions of the Directors and the shareholders in general meeting (if required) approving the Underwriting Agreement, the Prospectus, our Public Issue and authorising the execution of the Underwriting Agreement and the issuance of our Prospectus; and
 - (bb) a certificate, in the form or substantially in the form contained in the Underwriting Agreement, dated the date of our Prospectus signed by duly authorised officers of our Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Section 4.11.1(a)(ii).
- (iv) our Prospectus being in the form and substance satisfactory to our Underwriter;
- (v) the delivery to our Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from our Directors as our Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group;
- (vi) our Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;
- (vii) our Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;
- (viii) there is no investigation, directions or actions by any judicial, governmental or regulatory authority in relation to our Listing or in connection with our Group which is still subsisting or unresolved to the satisfaction of our Underwriter;
- (ix) our Company having complied and that our Public Issue is in compliance with the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;
- (x) our Company having fully complied with all the conditions which are required to be complied with prior to the issuance of our Prospectus or the Closing Date imposed by Bursa Securities in respect of our Public Issue and our Listing;
- (xi) the acceptance for registration by Bursa Securities of our Prospectus and such other documents as may be required in accordance with the CMSA in relation to our Public Issue and the lodgement of the Prospectus with the Companies Commission of Malaysia on or before its release under our Public Issue;

4. DETAILS OF OUR IPO (Cont'd)

- (xii) Bursa Securities has agreed and approved in principle on or prior to the Closing Date to the admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of our Company on the ACE Market having approved our Prospectus and if such approvals shall be conditional, all conditions thereto being in terms acceptable to our Underwriter on or prior to the Closing Date being reasonably satisfied and such approval not being withdrawn, revoked, suspended, terminated or lapsed and that such listing and quotation shall be granted 3 clear Market Days after the submission to Bursa Securities of the relevant documents including the receipt of confirmation from the Bursa Depository confirming that the securities accounts of all successful applicants have been duly credited and our Issuing House has confirmed that the notices of allotment have been despatched to entitled holders;
 - (xiii) our Prospectus having been issued within 1 month of the date of the Underwriting Agreement or within such extended period as may be determined by our Underwriter;
 - (xiv) the issue of our Issue Shares having been approved by Bursa Securities and any other relevant authorities and the shareholders of our Company in a general meeting and such authorisation has not been withdrawn, revoked, suspended, terminated or lapsed; and
 - (xv) all necessary approvals and authorisation required in relation to our Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect.
- (b) If any of the conditions set out in Section 4.11.1(a) is not satisfied by the Closing Date, our Underwriter shall be entitled to terminate the Underwriting Agreement and in that event, except for the liability of our Company for the payment of costs and expenses as provided in the Underwriting Agreement incurred prior to the termination and any claims pursuant to the Underwriting Agreement, there shall be no further claims by our Underwriter against our Company, and the parties shall be released and discharged from their respective obligations under the Underwriting Agreement provided that our Underwriter may at its discretion with respect to its obligations waive compliance with any of the provisions of Section 4.11.1(a).

4.11.2 Termination/lapse of agreement

- (a) Notwithstanding anything contained in the Underwriting Agreement, our Underwriter may by notice in writing to our Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:
 - (i) there is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of our Underwriter within such number of days as stipulated by our Underwriter in writing to our Company or as stipulated in the notice informing our Company of such breach or by the Closing Date, whichever is earlier; or
 - (ii) there is withholding of information which is required to be disclosed "by" or "to" our Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days as stipulated by our Underwriter in writing to our Company or as stipulated in the notice informing our Company of such breach which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our Public Issue, or the distribution or sale of the Issue Shares; or

4. DETAILS OF OUR IPO (Cont'd)

- (iii) there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of our Company or our Group; or
- (iv) there shall have occurred, happened or come into effect any of the following circumstances:
 - (aa) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
 - (bb) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents),

which, (in the reasonable opinion of our Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Company or our Group, the success of our Public Issue, or the distribution or sale of our Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

- (v) there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of our Underwriter within such number of days as stipulated by our Underwriter in writing to our Company or as stipulated in the notice informing our Company of such breach or by the Closing Date, whichever is earlier.
- (b) In the event of termination pursuant to Section 4.11.2(a)(i) to (iii), the respective parties to the Underwriting Agreement shall, save and except for any antecedent breach, be released and discharged from their obligations under the Underwriting agreement whereupon the Underwriting Agreement shall be of no further force or effect subject to the following:
- (i) the liability of our Company for the payment of costs and expenses as provided in the Underwriting Agreement incurred prior to or in connection with such termination shall remain;
 - (ii) the liability of our Company for the payment of the underwriting commission as provided in the Underwriting Agreement shall remain; and
 - (iii) subject thereto, our Company shall return any monies paid without interest thereon to our Underwriter within 3 Market Days of the receipt of such notice of termination from our Underwriter,

provided that our Underwriter may at its discretion waive compliance with or modify any of the provisions of this section without prejudice to its powers, rights and remedies under the Underwriting Agreement.

4. DETAILS OF OUR IPO (Cont'd)

- (c) In the event that the Underwriting Agreement is terminated pursuant to Section 4.11.2(a)(iv), our Underwriter and our Company may confer with a view to defer the Public Issue by amending its terms or the terms of the Underwriting Agreement and may enter into a supplemental underwriting agreement accordingly, but neither our Underwriter nor our Company shall be under any obligation to enter into a new or fresh agreement.

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, among others, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.

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

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

	Place of incorporation/ Nationality	⁽¹⁾ Before IPO			⁽²⁾ After IPO		
		Direct		Indirect		Direct	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Goldcoin Capital	Malaysia	529,029,800	94.2	-	-	467,219,800	69.6
Loo Chee Wee	Malaysian	-	-	(3)529,029,800	(3)94.2	-	-
Tay Kheng Seng	Malaysian	-	-	(3)(4)539,527,200	(3)(4)96.0	-	-
						(3)467,219,800	(3)69.6
						(3)(4)(5)478,217,200	(3)(4)(5)71.3

Notes:

- (1) Based on our share capital of 561,900,200 Shares before our IPO.
- (2) Based on our enlarged share capital of 671,187,000 Shares after our IPO.
- (3) Deemed interested by virtue of his shareholdings in Goldcoin Capital pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his spouse's shareholdings in our Company pursuant to Section 59(11) of the Act.
- (5) Assuming his spouse fully subscribes for her entitlements under the Pink Form Allocations.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Company.

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

5.1.2 Profiles of Promoters and substantial shareholders

The profiles of Loo Chee Wee and Tay Kheng Seng who are also our Directors are set out in Section 5.2.2.

(a) Goldcoin Capital

Goldcoin Capital was incorporated in Malaysia on 22 September 2022 under the Act as a private limited company. Goldcoin Capital is an investment holding company. As at LPD, the issued share capital of Goldcoin Capital is RM5 comprising 200 ordinary shares. The directors and shareholders of Goldcoin Capital and their respective shareholdings in Goldcoin Capital are as follows:

Name	Designation	Nationality	Direct		Indirect	
			No. of shares	%	No. of shares	%
Loo Chee Wee	Director	Malaysian	100	50.0	-	-
Tay Kheng Seng	Director	Malaysian	100	50.0	-	-

As at LPD, Goldcoin Capital does not have any interest in other companies other than Panda.

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

5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings in our Company since our incorporation are as follows:

Name	As at incorporation			⁽¹⁾ After Acquisitions			⁽²⁾ After IPO		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Pang Nam Ming	200	100.0	-	-	-	-	-	-	-
Goldcoin Capital	-	-	-	(3)529,029,800	(3)94.2	-	467,219,800	69.6	-
Loo Chee Wee	-	-	-	-	-	(4)529,029,800	-	-	(4)467,219,800
Tay Kheng Seng	-	-	-	-	-	(4)(5)539,527,200	-	-	(4)(5)(6)478,217,200
						(4)(5)96.0			(4)(5)(6)71.3

Notes:

- (1) Based on our share capital of 561,900,200 Shares before our IPO.
- (2) Based on our enlarged share capital of 671,187,000 Shares after our IPO.
- (3) Including 200 subscriber shares which are transferred to Goldcoin Capital.
- (4) Deemed interested by virtue of his shareholdings in Goldcoin Capital pursuant to Section 8(4) of the Act.
- (5) Deemed interested by virtue of his spouse's shareholdings pursuant to Section 59(11) of the Act.
- (6) Assuming his spouse fully subscribes for her entitlements under the Pink Form Allocations.

5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company. There is no arrangement of which may, at a subsequent date, result in a change in control of our Company.

5.1.5 Amounts or benefits paid or intended to be paid or given to our Promoters and substantial shareholders

Save for the issuance of our Shares as disclosed in Section 6.1, dividends paid as disclosed in Section 12.16, and aggregate remuneration and benefits paid or proposed to be paid for services rendered to our Group in all capacities as disclosed in Section 5.2.4, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

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

5.2 DIRECTORS

5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

			⁽¹⁾ Before IPO				⁽²⁾ After IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Yap Chee Kheng	Independent Executive Chairman/ Malaysian	Non-	-	-	-	-	(6)200,000	(6)<0.1	-	-
Loo Chee Wee	Executive Director and Chief Executive Officer/ Malaysian		-	-	(3)529,029,800	(3)94.2	-	-	(3)467,219,800	(3)69.6
Tay Kheng Seng	Executive Director and Chief Officer/ Technology Malaysian		-	-	(3)(4)539,527,200	(3)(4)96.0	-	-	(3)(4)(5)478,217,200	(3)(4)(5)71.3
Dato' Leanne Koh Li Ann	Independent Executive Director/ Malaysian	Non-	-	-	-	-	(6)200,000	(6)<0.1	-	-
Chan Kam Chiew	Independent Executive Director/ Malaysian	Non-	-	-	-	-	(6)200,000	(6)<0.1	-	-
Siew Suet Wei	Independent Executive Director/ Malaysian	Non-	-	-	-	-	(6)200,000	(6)<0.1	-	-

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

Notes:

- (1) Based on our share capital of 561,900,200 Shares before our IPO.
- (2) Based on our enlarged share capital of 671,187,000 Shares after our IPO.
- (3) Deemed interested by virtue of his shareholdings in Goldcoin Capital pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his spouse's shareholdings pursuant to Section 59(11) of the Act.
- (5) Assuming his spouse fully subscribes for her entitlements under the Pink Form Allocations.
- (6) Assuming that they will fully subscribe for their entitlements under the Pink Form Allocations.

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

5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

(a) Yap Chee Kheng

Yap Chee Kheng, a Malaysian, aged 50, is our Independent Non-Executive Chairman. He was appointed to our Board on 20 January 2023.

He graduated from the University of Southern Queensland, Australia with a Bachelor of Business in 1996. He subsequently was accepted as a Chartered Financial Analyst ("CFA") from the CFA Institute, USA (formerly known as the Association for Investment Management and Research) in 1999.

Upon graduation, he began his career with Ban Hin Lee Bank Berhad (presently under the CIMB Group Holdings Berhad group of companies) as a Credit Officer in May 1996. During his tenure there, he was responsible for assisting in screening loan requests and evaluating clients' financial information and risk ratios.

He left Ban Hin Lee Bank Berhad and subsequently joined United Overseas Bank (Malaysia) Bhd as Assistant Manager in March 2000. During his tenure there, he assisted in managing the credit processing department and loan application approvals. In February 2002, he was promoted to Assistant Vice President where he oversaw the operational activities of the credit processing department.

In April 2002, he resigned from United Overseas Bank (Malaysia) Bhd and incorporated PNL Business Services Sdn Bhd, a company involved in financial and management consultancy services, where he assumed his present position as Director. He subsequently incorporated Tian An Trading Sdn Bhd, a company involved in the wholesale, import and distribution of food and beverages, in March 2009 and assumed his present position as Managing Director. He presently oversees and manages the day-to-day business operational activities of both companies.

Yap Chee Kheng has no family relations with any of the Directors or substantial shareholders of our Group.

As at LPD, he also sits on the board of several private limited companies as disclosed in Section 5.2.3(a).

(b) Loo Chee Wee

Loo Chee Wee, a Malaysian, aged 53, is our Promoter, substantial shareholder, Executive Director/Chief Executive Officer. He was appointed to our Board on 20 January 2023 and assumed the role as our Chief Executive Officer. Loo Chee Wee is in charge of planning and executing long-term objectives for our Group, managing our sales and marketing activities including identifying markets and business opportunities and approaching potential customers, and managing and maintaining key customer relationships.

He graduated from Stockton University, USA (formerly known as Richard Stockton State College) with a Bachelor of Arts (Computer Science) and Bachelor of Arts (Finance) in 1992.

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

He began his career in August 1993 when he joined Ban Hin Lee Bank Berhad (presently under the CIMB Group Holdings Berhad group of companies) as Credit Analyst. As Credit Analyst, he was responsible for assisting in screening loan requests and evaluating clients' financial information and risk ratios. In December 1994, he was promoted to Head of Credit of the Melaka branch, where he was in charge of overseeing and managing the credit department as well as recommending loan applications for approval. He was subsequently transferred to the Miri Branch in October 1996 where he was designated as Assistant Branch Manager. During his tenure there, he oversaw and monitored the daily business operational activities and managed employees based at the Miri branch office. In December 1997, he assumed the position of Relief Assistant Branch Manager for the Central and Southern regions of Peninsular Malaysia (including Kuala Lumpur, Selangor, Negeri Sembilan, Melaka and Johor). As a Relief Assistant Branch Manager, he was tasked to assume the functional responsibilities as an interim Assistant Branch Manager of branch offices in the Central and Southern regions of Peninsular Malaysia. In August 2000, he resigned from Ban Hin Lee Bank Berhad.

In September 2000, he joined Jasin Shopping Centre Sdn Bhd (his family-owned company) as Manager and was later promoted to Director in September 2003. During his tenure there, he was in charge of overseeing the daily operational activities of the company's grocery retail outlet including management of supply chain and inventory levels, overseeing IT functions, monitoring of financial performance and cashflow as well as developing sales and marketing strategies.

In May 2001, he set up Fimmex Trading Sdn Bhd, a company involved in the trading of consumable products and was appointed as Director. He later sold his equity interest in Fimmex Trading Sdn Bhd and resigned as a Director in February 2003.

Through his experience in Jasin Shopping Centre Sdn Bhd, Loo Chee Wee saw an opportunity to develop a retail management solution that was tailored for grocery retailers. As such, in February 2003, he left his role as Director in Fimmex Trading Sdn Bhd to set up KC Software House, a partnership, with our Executive Director and Chief Technology Officer, Tay Kheng Seng. He was responsible for the business development and marketing of solutions in KC Software House, and contributed to the development of our retail management solution by providing his insights on the needs and requirements of grocery retailers. The business of KC Software House was gradually transferred to Panda Software from 2009, and the business partnership of KC Software House ceased in June 2011. Loo Chee Wee was appointed as Executive Director of Panda Software in April 2009 where he focused on the business development of the company. At the same time, he took on a non-executive director role in Jasin Shopping Centre Sdn Bhd until his resignation in October 2022. Loo Chee Wee also co-founded Rexbridge in August 2014 and 020 Digital in July 2020.

Loo Chee Wee is the brother of Loo Siau Sun, our Business Development Director of Rexbridge.

As at LPD, he also sits on the board of several private limited companies as disclosed in Section 5.2.3(b).

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

(c) Tay Kheng Seng

Tay Kheng Seng, a Malaysian, aged 55, is our Promoter, substantial shareholder, Executive Director/Chief Technology Officer. He was appointed to our Board on 20 January 2023 and assumed the role of Chief Technology Officer. Tay Kheng Seng is in charge of managing and leading the Software Development department which is responsible for the software development and maintenance of our Group's Retail Management Eco-system. He also communicates with relevant departments to provide solutions for feedback received from customers.

He graduated from University Sains Malaysia with a Bachelor of Applied Science in 1993.

Upon graduation, he began his career with Likom Computer System Sdn Bhd as Production Engineer in October 1993. During his tenure there, he was involved in the management and maintenance of machinery and equipment as well as enhancement of operational efficiency in terms of production workflows and spaces. He left Likom Computer System Sdn Bhd in June 1994 and subsequently joined Aiwa Electronics (Malaysia) Sdn Bhd as Officer, Purchasing Department in July 1994, where he was responsible for the sourcing and procurement of raw materials. He left Aiwa Electronics (Malaysia) Sdn Bhd in June 1997.

In August 1997, he co-founded KK Computer as its Managing Director with his spouse, Bong Kok Choo. KK Computer was then involved in the trading of IT hardware and third-party software. In February 2003, he co-founded KC Software House, a business partnership, with Loo Chee Wee, and was instrumental in the development of our retail management solutions. The business of KC Software House was gradually transferred to Panda Software from 2009, and the business partnership of KC Software House ceased in June 2011. Tay Kheng Seng was appointed as Executive Director of Panda Software where he continued to be in charge of the development of our Retail Management Eco-system. He also co-founded Rexbridge in August 2014 and 020 Digital in July 2020.

Tay Kheng Seng is the spouse of Bong Kok Choo, our Business Development Director of KK Computer and the brother of Tay Li Li, our Specified Shareholder.

As at LPD, he also sits on the board of several private limited companies as disclosed in Section 5.2.3(c).

(d) Dato' Leanne Koh Li Ann

Dato' Leanne Koh Li Ann, a Malaysian, aged 50, is our Independent Non-Executive Director. She was appointed to our Board on 20 January 2023. She is a member of the Chartered Tax Institute of Malaysia and the International Fiscal Association.

She graduated from the Australian National University, Australia with a Bachelor of Commerce and a Bachelor of Laws in April 1997. Upon her graduation, she chambered with Lee Hishammuddin Allen & Gledhill (formerly known as Lee Hishammuddin) ("**LHAG**") and she was called to the Malaysian Bar in February 1998. She worked as a Legal Assistant in the litigation department and the corporate department at LHAG until February 2000, when she resigned from LHAG and took a break from her career.

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

In June 2000, she joined KPMG Tax Services Sdn Bhd as Tax Consultant. She was promoted to Executive Director and Partner of the company in May 2006. She has over 20 years of experience in providing corporate tax advisory services for domestic and international transactions, including mergers and acquisitions, inbound and outbound investments, initial public offerings and cross border turnkey construction contracts. Her portfolio of clients included a wide range of public listed companies and multinational corporations in various industries including those in automotive, real estate investments trust, property development and construction, oil and gas, freight and shipping, ports, industrial manufacturing, food and beverages, hospitality, plantation, securities companies, and banking and financial services. In July 2020, she resigned from KPMG Tax Services Sdn Bhd and took a break from her career.

In September 2020, she joined Mah-Kamariyah & Philip Koh ("**MKP**") as Partner in the legal firm's corporate, merger and acquisition department where she provided advice on tax related matters in corporate and mergers and acquisitions as well as advice on insolvency, corporate and commercial restructurings. In January 2023, she resigned from MKP.

As at LPD, she is a director of DL Partners Sdn Bhd, which provides business management consultancy services in relation to mergers and acquisition, corporate reorganisation, financial restructuring, capital fundraising via debt and equity, arrangement of financing for acquisitions, strategic business consulting and tax advisory. In addition, she is an Independent Non-Executive Director of Engtex Group Berhad and Inta Bina Group Berhad, both of which are listed on the Main Market of Bursa Securities.

Dato' Leanne Koh Li Ann has no family relations with any of the Directors or substantial shareholders of our Group.

As at LPD, she also sits on the board of several private limited companies as disclosed in Section 5.2.3(d).

(e) **Chan Kam Chiew**

Chan Kam Chiew, a Malaysian, aged 58, is our Independent Non-Executive Director. He was appointed to our Board on 20 January 2023. He qualified as a Certified Public Accountant and is a member of the Malaysian Institute of Certified Public Accountants ("**MICPA**"). He is also a member of the Malaysian Institute of Accountants ("**MIA**"), the Institute of Corporate Directors Malaysia and the MFRS Application and Implementation Committee of the MASB.

He began his career with Peat Marwick (now known as KPMG PLT ("**KPMG**")) in Malaysia as Audit Assistant in December 1984. He then served in KPMG San Francisco office in USA from September 1991 to April 1993. Upon his return to Malaysia, he was promoted to Audit Manager of KPMG in May 1993. Subsequently, he became a partner in the Assurance services of KPMG in Malaysia from October 1998 until his retirement in December 2020.

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

He has more than 36 years of experience in providing audit and business advisory services to a wide range of public listed companies and multinational corporations in various industries, which included those in automotive, real estate investment trust, property development and construction, oil and gas, electronics and information technology, freight and shipping, industrial manufacturing, food and beverages, retail and consumer and banking and financial services. In addition to statutory audits, he had led various engagements that included initial public offerings and reverse takeovers and mergers, local and cross border acquisitions, financial due diligence reviews, as well as provided financial advisory services and review of policies and procedures.

He had served on the Board of MASB for 2 terms from May 2012 to April 2018. He had also served as a member and chaired a few working groups of MASB. He was an examiner for the Regulatory and Financial Reporting Framework examination for the MICPA.

At present he is the Group Finance Director of Can-One Berhad and Box-Pak (Malaysia) Berhad, both of which are listed on the Main Market of Bursa Securities.

He is also an Independent Non-Executive Director of Kerjaya Prospek Group Berhad and LGMS Berhad, both of which are listed on the Main and ACE Markets of Bursa Securities, respectively.

Chan Kam Chiew has no family relations with any of the Directors or substantial shareholders of our Group.

As at LPD, he also sits on the board of several private limited companies as disclosed in Section 5.2.3(e).

(f) **Siew Suet Wei**

Siew Suet Wei, a Malaysian, aged 55, is our Independent Non-Executive Director. She was appointed to our Board on 20 January 2023.

She graduated from the Institute of Chartered Secretaries and Administrators, UK in February 1993. In July 1995, she was admitted as an elected Associate of the Institute of Chartered Secretaries and Administrators. Subsequently, she was admitted as an elected Fellow of the Institute of Chartered Secretaries and Administrators in October 2016 with the designation of Chartered Secretary and Chartered Governance Professional by The Chartered Governance Institute, UK.

She began her career with Secfin Sdn Bhd as a Junior Corporate Secretarial Assistant in May 1989. During her tenure there, she was responsible for assisting the company secretary in handling secretarial related matters such as ensuring compliance with the Companies Act 1965. In August 1990, she resigned from Secfin Sdn Bhd and joined Skyvest Services Sdn Bhd as Secretarial Assistant in September 1990. In July 1992, she was promoted to Senior Secretarial Assistant. During her tenure there, she was responsible for providing advisory services to local and overseas clients for secretarial related matters to ensure compliance with the Companies Act 1965 and Listing Requirements.

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

In April 1993, she resigned from Skyvest Services Sdn Bhd and joined Glomac Berhad (formerly known as Glomac Sdn Bhd, a company presently listed on Main Market of Bursa Securities) as Company Secretary. During her tenure there, she was in charge of all corporate secretarial matters of the Glomac group of companies as well as private companies held by its directors and shareholders. In April 2008, she was promoted to Company Secretary cum Investor Relations Manager. In December 2009, she resigned from Glomac Berhad and joined ACFL Corporate Services Sdn Bhd as Executive Director in the same month. During her tenure there, she was responsible for providing leadership and strategic directions for the company as well as product and business development, ensuring company profitability, providing corporate secretarial services to a portfolio of clients, including listed companies on Bursa Securities.

In November 2011, she resigned from ACFL Corporate Services Sdn Bhd and started her own firm, Cosec Solutions & Services (a sole proprietorship), where she was in charge of handling and providing corporate secretarial services to a portfolio of clients including companies listed on Bursa Securities. In January 2014, Cosec Solutions & Services ceased operations and its clients were transferred to Accoris Advisory Sdn Bhd, where she assumed the position as the Managing Director.

Siew Suet Wei has no family relations with any of the Directors or substantial shareholders of our Group.

As at LPD, she does not sit on the board of any other private limited companies save as disclosed in Section 5.2.3(f).

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

5.2.3 Principal business performed outside our Group

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to LPD:

(a) Yap Chee Kheng

Company	Principal activities	Position	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Accoris Consulting Sdn Bhd	Accounting, bookkeeping and auditing activities, and tax consultancy	Shareholder	-	-	15.0	-
Fintree Capital Sdn Bhd	Financial consultancy services, activities of investment holding, business management and consultancy services	Director/Shareholder	1 April 2022	-	-	(1)75.0
Maxim Code Sdn Bhd	Export and import of a variety of goods, activities of holding companies, buying, selling, renting and operating of self-owned or leased real estate-residential buildings	Director/Shareholder	13 August 2019	-	100.0	-
Midas Parade Sdn Bhd	Construction, property development and agricultural	Shareholder	-	-	25.0	-
Nanyang Vision Sdn Bhd	Sale by commission agents	Director/Shareholder	8 December 2003	-	60.0	-
PNL Business Services Sdn Bhd	Providing financial management, consulting services and investment holding	Director/Shareholder	5 April 2002	-	32.0	-

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

Company	Principal activities	Position	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
PNL Capital Sdn Bhd	Providing financial management, consulting services and investment holding	Director/Shareholder	21 July 2008	-	33.3	-
PNL Trading Sdn Bhd	General trading, investment holding and providing financial and management consultancy services	Director/Shareholder	10 May 2004	-	32.0	-
PNL Venture Sdn Bhd	Property investment, providing financial and management consultancy services	Director/Shareholder	23 April 2010	-	33.3	-
Rising Salute Sdn Bhd	Property investment holding	Director/Shareholder	16 December 2016	-	33.3	-
Scenic Summit Sdn Bhd	Property investment holding	Director/Shareholder	19 September 2016	-	33.3	-
Subang Industry Park Sdn Bhd	Property investment holding	Director/Shareholder	24 July 2008	-	-	(2)100.0
Succes Brand Holdings Sdn Bhd	Trading in food products and beverages	Director/Shareholder	18 February 2013	-	50.0	-
TA Brands Sdn Bhd	Retail sale of any kind of food product over the internet, export and import of other food products and wholesale of other foodstuffs	Director/Shareholder	17 May 2021	-	-	(3)100.0
Tian An Trading Sdn Bhd	Wholesale of other foodstuffs	Director/Shareholder	4 March 2009	-	46.4	-
Urban Fiesta Sdn Bhd	Property investment holding	Director/Shareholder	4 December 2015	-	33.3	-

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

Company	Principal activities	Position	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Warna Kencana Sdn Bhd	Property investment, general trading based online platform	Director/ Shareholder	26 October 2015	-	50.0	-
Westfield Holdings Sdn Bhd	Property and investment holding	Director/ Shareholder	22 May 2015	-	100.0	-
Westfield Ventures Sdn Bhd	Property investment holding	Director/ Shareholder	12 March 2012	-	-	(1)50.0
Past involvement						
BEP Connect Sdn Bhd	Dissolved on 9 October 2020. Prior to dissolution, the company was principally involved in retail sale of any kind of product over the internet and by mail order, and export and import of other food products	Director/ Shareholder	21 February 2020	9 October 2020	33.3	-
Bridge Equity Partners Berhad	Dissolved on 9 October 2020. Prior to dissolution, the company was principally involved in advisory services, asset/portfolio management and business management consultancy services	Director/ Shareholder	28 November 2019	9 October 2020	50.0	-
Cloverchip Sdn Bhd	Property investment holding	Director	4 December 2015	19 November 2020	-	-
Era Pelita Sdn Bhd	Dissolved on 4 September 2023. Prior to dissolution, the company was principally involved in property investment holding	Director/ Shareholder	1 October 2015	4 September 2023	33.3	-

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

Company	Principal activities	Position	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
K Global Food Sdn Bhd	Dissolved on 5 July 2021. Prior to dissolution, the company was principally involved in wholesale of other foodstuffs, retail sale of food, beverages and tobacco products via stalls or markets, and export and import of other food products	Director/ Shareholder	28 November 2019	5 July 2021	55.0	-
K. Seng Corporation Berhad (listed on Main Market of Bursa Securities)	Investment holding for its subsidiaries and its group of companies are primarily engaged in the manufacturing and trading of stainless steel related products	Non-Independent Non-Executive Director/ Shareholder	13 August 2021	23 February 2023	<0.1	-
Natural Ideas Sdn Bhd	Dissolved on 9 June 2023. Prior to dissolution, the company was principally involved in property investment and investment holdings	Director/ Shareholder	3 September 2013	9 June 2023	-	(1)100.0
NY Services	Provision of business management and consultancy services. Expired on 28 September 2019	Sole proprietor	10 April 2002 (first date of entry) 27 September 2008 (second date of entry after first business expiry date)	28 September 2019	-	-
Pedoman Pesaka Sdn Bhd	Dissolved on 8 May 2019. Prior to dissolution, the company was dormant	Director/ Shareholder	17 June 2013	8 May 2019	33.3	-

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

Company	Principal activities	Position	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
PNL Land Sdn Bhd	Dissolved on 9 June 2023. Prior to dissolution, the company was principally involved in property investment holding	Director/Shareholder	3 August 2009	9 June 2023	-	⁽¹⁾ 100.0
Union Brother Sdn Bhd	Export and import of other foodstuffs	Director	1 October 2019	1 June 2020	-	-

Notes:

- (1) Deemed interested by virtue of his shareholdings in PNL Business Services Sdn Bhd pursuant to Section 8(4) of the Act.
- (2) Deemed interested by virtue of his shareholdings in PNL Trading Sdn Bhd pursuant to Section 8(4) of the Act.
- (3) Deemed interested by virtue of his shareholdings in Tian An Trading Sdn Bhd pursuant to Section 8(4) of the Act.

(b) Loo Chee Wee

Company	Principal activities	Position	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Asia Retaillab Sdn Bhd	Supplying supermarket equipment, merchants, general traders and commission agents; wholesale and distribution of packaging and printing materials that related to foodstuffs; and carrying on online retailing of products and services, and activities relating to e-commerce on business to business and business to customer	Shareholder	14 June 2017	Resigned as director on 7 February 2020	18.0	-

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

Company	Principal activities	Position	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Emerging Spirit Resources Sdn Bhd	Growing of oil palm (estate)	Shareholder	-	-	(2) -	-
E-Tech IT	Distributor of ICT products as well as ICT solutions and services	Shareholder	-	-	-	(1)11.1
Fresh N Convenient Retail (Merlimau) Sdn Bhd ⁽³⁾	Operation of supermarkets	Shareholder	6 February 2007	Resigned as director on 7 November 2022	24.0	-
Fresh N Convenient Retail (Rembau) Sdn Bhd ⁽³⁾	Operation of supermarkets	Shareholder	2 December 2004	Resigned as director on 7 November 2022	22.0	-
Fresh N Convenient Retail (Tangkak) Sdn Bhd ⁽³⁾	Operation of supermarkets	Shareholder	-	-	25.0	-
Goldcoin Capital	Investment holding in Panda	Director/Shareholder	22 September 2022	-	50.0	-
Goldcoin Pavilion	Investment holding in E-Tech IT and Nukleus Ventures as well as holding of properties	Director/Shareholder	15 July 2013	-	50.0	-
Jasin Shopping Centre Sdn Bhd ⁽³⁾	Dealing in business of supermarkets and property investment holding	Shareholder	15 September 2003	Resigned as director on 28 October 2022	10.8	-

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

Company	Principal activities	Position	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Jasiya Development Sdn Bhd ⁽³⁾	Construction of buildings	Shareholder	17 May 2005	Resigned as director on 6 September 2023	21.7	-
Nukleus Ventures	Activities of employment of placement agencies; computer programming activities (i.e. cloud-based accounting software for small business owners and freelancers)	Shareholder	-	-	-	(1)30.0
Trinity Trees Sdn Bhd	Wholesale on vegetables	Shareholder	-	-	20.0	-
U Setia Sepadu (M) Sdn Bhd	Property investment holding	Director/ Shareholder	18 May 2018	-	25.0	-
Past involvement						
KCY Development Sdn Bhd ⁽³⁾	Dissolved on 27 April 2021. Prior to dissolution, the company was principally involved in development of building projects for own operation (i.e. for renting of space in these buildings)	Director/ Shareholder	29 March 2006	27 April 2021	33.3	-
KCY Holdings Sdn Bhd ⁽³⁾	Loan financing, real property, building contractors and housing developers	Director	28 April 2006	28 October 2022	-	-
Union-Unity Corporation Sdn Bhd ⁽³⁾	Inactive. Previously a construction contractor	Director	24 April 2006	21 August 2023	-	-

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

Notes:

- (1) Deemed interested by virtue of his shareholdings in Goldcoin Pavilion pursuant to Section 8(4) of the Act.
- (2) He holds 200 preference shares in the company.
- (3) These companies are part of his family businesses.

Loo Chee Wee's directorships above are in companies without any active operations, and are investment holding companies holding property or shares in companies. For companies where he solely has shareholdings, he is not involved in the operations, and only holds a minority stake as a silent investor. As such, these involvements do not affect his commitment of time towards our Group.

(c) Tay Kheng Seng

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Asia Retaillab Sdn Bhd	Supplying supermarket equipment, merchants, general traders and commission agents; wholesale and distribution of packaging and printing materials that related to foodstuffs; and carrying on online retailing of products and services, and activities relating to e-commerce on business to business and business to customer	Shareholder	-	-	18.0	-
Emerging Resources Sdn Bhd	Spirit Growing of oil palm (estate)	Shareholder	-	-	(2)-	-
E-Tech IT	Distributor of ICT products as well as ICT solutions and services	Shareholder	-	-	-	(1)11.1

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

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Goldcoin Capital	Investment holding in Panda	Director/Shareholder	22 September 2022	-	50.0	-
Goldcoin Pavilion	Investment holding in E-Tech IT and Nukleus Ventures as well as property investment holding	Director/Shareholder	15 July 2013	-	50.0	-
Nukleus Ventures	Activities of employment of placement agencies; computer programming activities (i.e. cloud-based accounting software for small business owners and freelancers)	Shareholder	-	-	-	(1)30.0
Octolux Technologies Sdn Bhd	Trading of electronic products (e.g. LED lighting products)	Shareholder	-	-	5.7	-
Paku Pakis Leisure Resort Sdn Bhd	Homestay	Director/Shareholder	17 June 2013	-	33.3	-
Trinity Trees Sdn Bhd	Wholesale on vegetables	Shareholder	-	-	20.0	-
U Setia Sepadu (M) Sdn Bhd	Property investment holding	Director/Shareholder	18 May 2018	-	25.0	-
Past involvement						
Albalink World Sdn Bhd	Dissolved on 31 March 2021. Prior to dissolution, the company was principally involved in retail sale	Director	20 June 2011	31 March 2021	-	-

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

Notes:

- (1) Deemed interested by virtue of his shareholdings in Goldcoin Pavilion pursuant to Section 8(4) of the Act.
- (2) He holds 200 preference shares in the company.

Tay Kheng Seng's directorships above are in companies without any active operations (save for Paku Pakis Leisure Resort Sdn Bhd which operations are carried out by his siblings), and are investment holding companies holding property or shares in companies. For companies where he solely has shareholdings, he is not involved in the operations, and only holds a minority stake as a silent investor. As such, these involvements do not affect his commitment of time towards our Group.

(d) Dato' Leanne Koh Li Ann

Company	Principal activities	Position	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
DL Partners Sdn Bhd	Business management consultancy services	Director/Shareholder	8 July 2021	-	33.3	-
Engtex Group Berhad (listed on Main Market of Bursa Securities)	Investment holding of its subsidiaries which are mainly involved in manufacturing of steel related products	Independent Non-Executive Director	28 May 2021	-	-	-
Inta Bina Group Berhad (listed on Main Market of Bursa Securities)	Investment holding of its subsidiaries which are mainly involved in construction	Independent Non-Executive Director	3 January 2022	-	-	-

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

Company	Principal activities	Position	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Past involvement						
ETA World Group Berhad	Industrial property builder	Independent Non-Executive Director	11 November 2021	31 December 2021	-	-
KPMG Ventures PLT	Investment holding in business consultancy services	Partner	14 November 2016	1 July 2020	-	-

(e) Chan Kam Chiew

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Biz Link Property Sdn Bhd	Business of property development	Shareholder	-	-	10.0	-
DL Partners Sdn Bhd	Business management consultancy services	Director/Shareholder	11 November 2022	-	33.3	-
Kerjaya Prospek Group Berhad (listed on Main Market of Bursa Securities)	Investment holding of companies involved in the construction of high-end commercial and high-rise residential buildings, property development and manufacturing of lighting and kitchen solutions	Independent Non-Executive Director	12 May 2021	-	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
LGMS Berhad (listed on ACE Market)	ICT system security, investment holding and computer facilities management activities	Independent Non-Executive Director	21 Sept 2021	-	-	-
Well Chip Group Sdn Bhd	Investment holding of companies involved in pawnbroking business	Director	28 June 2023	-	-	-
Past involvement						
Baig Hills Sdn Bhd	Real estate activities with own or leased property	Director/Shareholder	19 May 2014	29 February 2020	45.0	-
Jimbaran Holdings Sdn Bhd	Dissolved on 31 March 2021. Prior to dissolution, the company was principally involved in investment holding of companies involved in the provision of consultancy services	Director/Shareholder	9 June 2008	31 March 2021	51.0	-
KPMG PLT	Accounting firm	Partner	27 December 2016	31 December 2020	-	-
KPMG Ventures PLT	Investment holding in business consultancy services	Partner	14 November 2016	1 January 2021	-	-
Tam & Associates PLT	Accounting firm	Partner	2 January 2021	1 March 2022	-	-

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

(f) Siew Suet Wei

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholdings held	
					Direct	Indirect
Present involvement						
Accoris Advisory Sdn Bhd	Provision of corporate secretarial, business consultancy and management services	Director/ Shareholder	16 December 2011	-	100.0	-
Accoris Consulting Sdn Bhd	Accounting, bookkeeping and auditing activities and tax consultancy	Shareholder	-	-	15.0	-

Past involvement

Cosec Solutions & Services	Secretarial services and business management services. Expired on 27 January 2020	Sole proprietor	14 November 2011	27 January 2020	-	-
Training Choice Sdn Bhd	Dissolved on 13 November 2020. Prior to dissolution, the company was principally involved in providing outsourcing services and facilities	Director	28 June 2012	13 November 2020	-	-

As at LPD, the directorships of our Directors in other companies are in compliance with Rule 15.06 of the Listing Requirements as our Directors do not hold more than 5 directorships in public listed companies on Bursa Securities.

Save as disclosed in Section 11, the involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Further, the involvement of our Executive Directors in those business activities does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the day-to-day operations of those business activities. Such business activities do not require their involvement on a daily basis as these business activities are managed by the respective management. Our Executive Directors are of the view that although they are involved in other businesses as set out above, these are companies without active operations. Therefore, their involvement in those business activities does not require a significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

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

5.2.4 Directors' remuneration and benefits

The remuneration of our Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. The Director's fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 15.3 for further details.

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2021 to 2023 are as follows:

	Directors' fees	Salaries	Bonuses	Other emolument	Total
			RM'000		
FYE 2021 (Paid)					
Loo Chee Wee	-	360	-	69	429
Tay Kheng Seng	-	407	8	77	492
FYE 2022 (Paid)					
Loo Chee Wee	120	360	106	72	658
Tay Kheng Seng	120	408	90	77	695
FYE 2023 (Proposed)					
Yap Chee Kheng	(1)-	-	-	-	-
Loo Chee Wee	(2)10	525	(3)135	127	797
Tay Kheng Seng	(2)10	525	(3)135	127	797
Dato' Leanne Koh Li Ann	(1)-	-	-	-	-
Chan Kam Chiew	(1)-	-	-	-	-
Siew Suet Wei	(1)-	-	-	-	-

Notes:

- (1) The Independent Non-Executive Directors' fees will be determined upon the date of our Listing. Such Directors' fees will be subject to shareholders' approval at a general meeting pursuant to Section 230 of the Act.

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

- (2) Directors' fees paid to Loo Chee Wee and Tay Kheng Seng in January 2023 by Panda Software. Moving forward, no Directors' fees will be paid to Tay Kheng Seng and Loo Chee Wee. They will be remunerated by salaries and other emoluments instead.
- (3) The bonuses for FYE 2023 are estimated based on prior year bonus levels, and are subject to further determination upon the conclusion of FYE 2023. Our bonuses paid for FYE 2023 are expected to be determined on a similar basis as FYE 2022, which is based on our Group's and the individual's performance, and is commensurate to their salary increments. For avoidance of doubt, the quantum of estimated bonuses for FYE 2023 is higher than FYE 2022 due to their salary increments in 2023. Such bonuses, if any, will be determined at a later date based on the individual's performance as well as our Group's performance, and will be subject to recommendation of our Remuneration Committee and the approval by our Board.

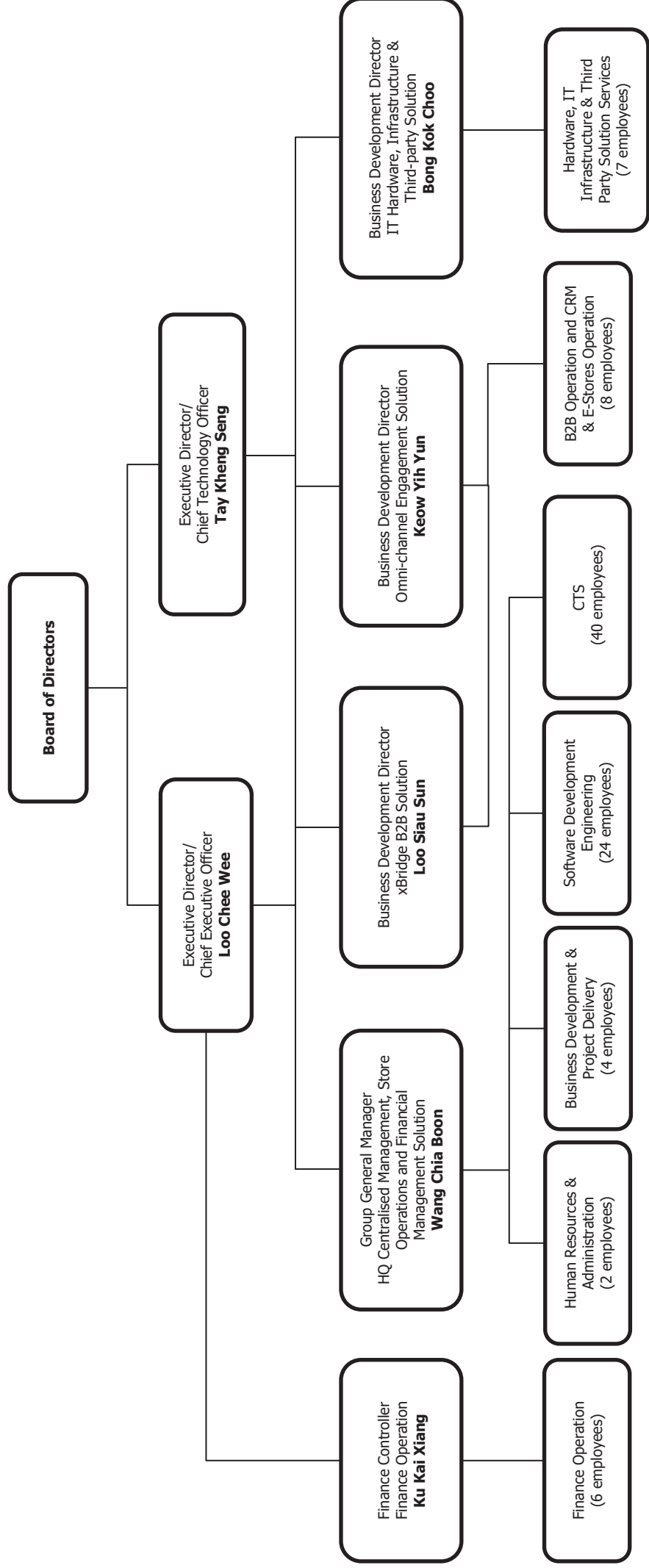
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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3 KEY SENIOR MANAGEMENT

5.3.1 Management structure

As at LPD, the management reporting structure of our Group is as follows:



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

Our human resources function has been historically managed by the sole employee together with our General Manager, which has been sufficient. In May 2023, we recruited an additional manager for the department, and intend to further recruit 2 more executives by end of 2023 to better support our Group as we continue to grow. In February 2023, we have started to advertise the 2 available positions via recruitment platform (i.e. AJobThing). However, we have yet to identify any suitable candidates for the said position as at LPD. In this regard, the human resources function will continue to be supported by our General Manager and Human Resources Manager until the suitable candidates have been recruited. For avoidance of doubt, these additional employees to be hired for our Human Resources & Administrative department do not form part of the additional 32 employees in relation to the HQ expansion plan disclosed in Section 4.9.1(d), which comprise 16 Software Development engineers and 16 CTS engineers.

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

5.3.2 Key senior management shareholdings

The shareholdings of our key senior management in our Company before and after our IPO, save for Loo Chee Wee and Tay Kheng Seng, which are disclosed in Section 5.2.1, assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

	⁽¹⁾ Before IPO			⁽²⁾ After IPO		
	Designation/ Nationality	Direct	Indirect	Direct	Indirect	
Name		No. of Shares	%	No. of Shares	%	No. of Shares
Bong Kok Choo	Business Development Director of KK Computer/ Malaysian	10,497,400	1.8	-	-	(3)1.7
Loo Siau Sun	Business Development Director of Rexbridge/ Malaysian	7,185,000	1.3	-	-	(3)1.1
Keow Yih Yun	Business Development Director of 020 Digital/ Malaysian	5,940,000	1.1	-	-	(3)1.0
Wang Chia Boon	General Manager/ Malaysian	-	-	-	-	(3)<0.1
Ku Kai Xiang	Finance Controller/ Malaysian	-	-	-	-	(3)<0.1

Notes:

- ⁽¹⁾ Based on our share capital of 561,900,200 Shares before our IPO.
- ⁽²⁾ Based on our enlarged share capital of 671,187,000 Shares after our IPO.
- ⁽³⁾ Assuming he/she fully subscribes for his/her respective entitlements under the Pink Form Allocations.

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

5.3.3 Profiles of key senior management

Save for the profiles of Loo Chee Wee and Tay Kheng Seng, which are set out in Section 5.2.2, the profiles of the other key senior management of our Group are as follows:

(a) Bong Kok Choo

Bong Kok Choo, a Malaysian, aged 52, is the Business Development Director of KK Computer. She oversees our Integrated Technology Services department and our Procurement Office, and is in charge of handling procurement, liaising with vendors, customer training and relationship management, primarily for the IT hardware, infrastructure and third-party solutions purchased.

She completed a Bookkeeping – Intermediate Stage course with the Budi Institute, Malaysia in 1994. In 2020, she began pursuing her Bachelor of Accounting at Open University, Malaysia and is expected to graduate by 2026.

Upon graduating from secondary school in 1989, she began her career with Syarikat Chong Trading as an Account and Admin Clerk in July 1990, where she was responsible for handling accounting and administrative tasks, managing inventory as well as providing after-sales support services. In April 1993, she left Syarikat Chong Trading and joined Likom Computer System Sdn Bhd as Clerk in the same month. During her tenure there, she handled administrative functions as well as assisted the engineering department in the application for International Organisation for Standardisation (ISO) certification.

In December 1995, she resigned from Likom Computer System and subsequently joined Hakata Communication Sdn Bhd as Secretary in January 1996, where she was responsible for handling administrative tasks, including organising schedules, and managing payroll and staff databases. In January 1997, she was promoted to Head of Account and Admin department, where she was in charge of overseeing the Account and Administrative Department of the company, and payroll processing. She resigned from Hakata Communication Sdn Bhd in September 1997.

In August 1997, she co-founded KK Computer with her spouse, Tay Kheng Seng and in October 1997, she assumed the position as Director of Finance and Administration of KK Computer, where she assisted in managing the administrative functions of the company, handling customer complaints and maintaining customer and supplier relationships. In December 2009, she was subsequently redesignated to her present position as Business Development Director of KK Computer.

Bong Kok Choo is the spouse of Tay Kheng Seng, our Executive Director, and the sister-in-law of Tay Li Li, our Specified Shareholder.

As at LPD, she does not sit on the board of any other companies.

(b) Loo Siau Sun

Loo Siau Sun, a Malaysian, aged 51, is our Business Development Director of Rexbridge. She is responsible for the overall operations of the xBridge B2B solution, which includes developing and executing business development growth plans, establishing and implementing standard business operating processes.

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

She graduated with a Bachelor of Science in Information Systems & Computer Science from Stockton University, USA (formerly known as Richard Stockton College of New Jersey) in 1995.

She began her career with Gateway Malaysia Sdn Bhd as Data Analyst in November 1995 and was promoted to Test Engineer in November 1996. In June 1997, she assumed the position of Manufacturing Engineer, and was subsequently promoted to Senior Engineer in January 2000. During her tenure in Gateway Malaysia Sdn Bhd, she was responsible for the development and testing of software applications and systems, managing IT infrastructure, and developing new strategies for improving operational efficiency. In September 2001, she resigned from Gateway Malaysia Sdn Bhd and took a break from her career.

In February 2002, she resumed her career when she joined Teknion Furniture Systems (Malaysia) Sdn Bhd as IT Support Specialist, where she led a team in managing the company's network system and infrastructure, performing troubleshooting on IT systems, liaising with IT service providers, rolling out new IT projects and improvement plans, establishing and ensuring compliance of relevant IT policies and procedures as well as conducting training for employees. In November 2003, she resigned from Teknion Furniture Systems (Malaysia) Sdn Bhd and took a break from her career.

She resumed her career in April 2004, where she joined APM Automotive Holdings Berhad (presently listed on the Main Market of Bursa Securities) as Assistant Manager – Group IT. During her tenure there, she was responsible for developing and managing the group's IT requirements, providing functional support for enterprise resource planning as well as liaising with customers and suppliers.

In September 2007, she left APM Automotive Holdings Berhad and joined Auric Pacific (M) Sdn Bhd as Management Information System Manager in October 2007. In Auric Pacific (M) Sdn Bhd, she oversaw the IT functions and led a team in developing management information systems related procedures, standards, and policies. She resigned from Auric Pacific (M) Sdn Bhd in June 2012.

In the same month, she joined DSG Malaysia Sdn Bhd (a subsidiary of DSG International (Thailand) PLC, a company listed on the Stock Exchange of Thailand) as Business Applications Manager, South East Asia, where she was in charge of overseeing and managing a team in handling the management and improvement of critical business applications. In January 2014, she was promoted to IT Manager, South East Asia. During her tenure there, she was in charge of overseeing the IT department, managing all aspects of the design and deployment of corporate information systems, and managing IT infrastructure and business applications. She resigned from DSG Malaysia Sdn Bhd in February 2017 and subsequently took a break from her career.

She resumed her career when she joined Amway (Malaysia) Sdn Bhd as Head of IT, Malaysia & Singapore in October 2017. During her tenure there, she was in charge of managing the implementation of ERP solutions and spearheading other local IT initiatives. She left Amway Malaysia Sdn Bhd in April 2018 and took a break from her career.

In January 2020, she resumed her career and joined Rexbridge Sdn Bhd, where she assumed her present position as Business Development Director of Rexbridge.

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

Loo Siau Sun is the sister to Loo Chee Wee, our Executive Director/Chief Executive Officer.

As at LPD, she does not sit on the board of any other companies.

(c) Keow Yih Yun

Keow Yih Yun, a Malaysian, aged 39, is our Business Development Director of 020 Digital. She is in charge of overall operations of the Omni-channel Engagement solution, which includes developing and executing business development growth plans, establishing and implementing standard business operating processes.

She graduated with a Bachelor of Science in Human Psychology from the Liverpool John Moores University, UK in 2008.

She began her career with Carlson Marketing Group Sdn Bhd (which has been presently acquired by Aimia Proprietary Loyalty Sdn Bhd) as Customer Service and Operation Executive in July 2008. During her tenure there, she was responsible for identifying and liaising with vendors and suppliers for reward fulfilments, handling procurement of supplies, as well as providing customer sales support services. In May 2009, she was transferred to the Business Management Department and assumed the position of Account Executive, where she undertook marketing consultancy projects which involved liaising with media agencies and analysing clients' competitors and their marketing activities and strategies. She was promoted to Assistant Account Manager and subsequently to Account Manager in April 2011 and January 2012, respectively. Through her career progression, she was gradually made to be in charge of developing and managing marketing campaigns, negotiating with vendors and suppliers, as well as developing new partnership opportunities for clients. In April 2013, she was promoted to Account Manager - Brands, where she was responsible for overseeing and leading the loyalty rebranding projects. She resigned from Aimia Proprietary Loyalty Sdn Bhd in October 2014.

In November 2014, she joined Star Solutions (M) Sdn Bhd as Campaign Manager, where she was in charge of managing and overseeing marketing campaigns for various companies.

In May 2016, she resigned from Star Solutions (M) Sdn Bhd and joined The Food Purveyor Sdn Bhd (formerly known as Village Grocer Holdings Sdn Bhd) as Marketing Operations Manager in June 2016. In November 2016, she was redesignated to Marketing Manager. During her tenure there, she was spearheaded the launch of a digital loyalty application, managed marketing, branding, advertising, promotional, public relations and events related activities for the group. She left The Food Purveyor Sdn Bhd in January 2019.

She subsequently joined Panda Software as Business Development Director (CRM) in March 2019. In January 2021, she was redesignated as Business Development Director (020 Digital), which is her present position.

Keow Yih Yun does not have any relations with any of our Directors or substantial shareholders.

As at LPD, she does not sit on the board of any other companies.

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

(d) Wang Chia Boon

Wang Chia Boon, a Malaysian, aged 49, is our Group's General Manager. He works with our Chief Executive Officer and Chief Technology Officer in planning the overall organisational strategy, maintaining the business sustainability, and overseeing the day-to-day operations in developing business growth opportunities for the Company. He manages company targets for several departments, working with the department heads of CTS, Software Development Engineering, Business Development and Project Delivery teams to deliver their business goals. He is also leading our Group's human resources and administrative functions.

He graduated from the University of Portsmouth, UK with a Bachelor of Science (Honours) in Computing in 1998.

He began his career at Sunway College Sdn Bhd as a lecturer in September 1998 where he lectured for computer science degree courses and supervised the students' final-year projects. In December 1999, he left Sunway College Sdn Bhd and in the same month, he joined Star Cruises Sdn Bhd as IT Officer (Acting IT Manager), where he managed the full-site of IT-related functions, which included the IT infrastructure, network, hospitality solution, membership system, and the management information system of fleet IT. In December 2000, his contract ended and he subsequently left Star Cruises Sdn Bhd.

In January 2001, he joined Shell Services International Sdn Bhd (a subsidiary of Shell group of companies) as Integrated Management Group Technical Lead-Remote Access Services (RAS), where he provided global IT support in telecommunication, remote access, and Microsoft client-server services to Shell group with system environment scope comprising over 110,000 users.

He was subsequently transferred to Shell Information Technology International Sdn Bhd (a subsidiary of the Shell group of companies) with a promotion in January 2004. He assumed the role of Group Infrastructure Development Engineer-Remote Access Services. During his tenure there, he was in charge of collecting, processing and analysing business unit requirements, planning, technical specification design, and implementation of system architecture/framework for remote access services.

In February 2007, he was promoted as Business Application Management Specialist of Shell Malaysia Trading Sdn Bhd (a subsidiary of the Shell group of companies), where he managed the functional design, application management, and end-to-end service delivery of the Shell Downstream Terminal Automation System implemented in the Shell depots in Middle East, South East Asia and Oceania.

In March 2012, he was promoted and transferred to Shell Business Centre Sdn Bhd (a subsidiary of the Shell group of companies), where he assumed the Global IT Service Manager position. During his tenure there, he oversaw the service delivery of cloud-based services known as Shell SharePoint & Most Confidential SharePoint Services to internal and external users of the Shell group. He left Shell Business Centre Sdn Bhd in March 2017 and took a career break.

In May 2020, he resumed his career when he joined Panda Software and assumed his present role as General Manager.

Wang Chia Boon does not have any relations with any of our Directors or substantial shareholders.

As at LPD, he does not sit on the board of any other companies.

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

(e) Ku Kai Xiang

Ku Kai Xiang, a Malaysian, aged 34, is our Group's Finance Controller. He is in charge of handling all finance related matters of our Group including treasury and cash flow planning, tax planning and internal corporate reorganisation.

He graduated with a Bachelor of Accounting (Honours) from the Multimedia University, Malaysia in July 2012. He was admitted as a Chartered Accountant of MIA in February 2022.

He began his career in Intel Corporation in June 2012 as Financial Analyst. During his tenure there, he was responsible for the preparation of financial statements, reconciliations as well as processing of intercompany settlements, transactions and loans. In January 2013, he resigned from Intel Corporation and joined Ernst & Young (Melaka) as Audit Assistant in March 2013. In October 2014, he was subsequently promoted to Senior Associate. In Ernst & Young (Melaka), he audited private and public companies in accordance with the relevant accounting standards. In January 2015, he left Ernst & Young (Melaka) and took a study break.

In July 2015, he resumed his career and joined Cheng & Co Quality Sdn Bhd (Melaka) as Senior Business Consultant providing business consulting services to small-medium enterprises. In March 2016, he was transferred to Cheng & Co (Batu Pahat) and was promoted to Branch Manager. During his tenure there, he was in charge of overseeing and managing the audit, tax advisory, secretarial and accounting departments of the branch. In December 2016, he resigned from Cheng & Co (Batu Pahat).

In January 2017 until April 2019, he worked freelance in providing property management services to property investors. In May 2019, he co-founded CSM Management, a partnership, where he provided business advisory services which involved setting up standard operational procedures, planning and executing joint ventures as well as planning and implementing marketing strategies and digitalisation initiatives. The business of CSM Management expired in May 2020 and he subsequently joined NeedsBridge Advisory Sdn Bhd as Senior Consultant in November 2020. During his tenure in NeedsBridge Advisory Sdn Bhd, he was involved in conducting business consulting. In January 2021, he resigned from NeedsBridge Advisory Sdn Bhd. In February 2021, he joined our Group as Finance Manager and redesignated to Finance Controller in March 2023.

Ku Kai Xiang does not have any relations with any of our Directors or substantial shareholders.

As at LPD, he does not sit on the board of any other companies.

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

5.3.4 Principal business performed outside our Group

Save as disclosed in Section 5.2.3 and below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group within the last 5 years up to LPD.

The involvement of our key senior management in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in those business activities does not require a significant amount of time as they are not involved in the day-to-day operations of those business activities, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

(a) Ku Kai Xiang

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholding held	
					Direct	Indirect

Present involvement

Nil

Past involvement

CSM Management	Provision of management services. Partnership expired on 8 May 2020	Partner	9 May 2019	8 May 2020	-	-
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(b) Keow Yih Yun

Company	Principal activities	Position held	Date of appointment	Date of resignation/ cessation	% of shareholding held	
					Direct	Indirect

Present involvement

Nil

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

Company	Principal activities	Position held	Date of appointment	Date of resignation/cessation	% of shareholding held	
					Direct	Indirect
Past involvement						
Nova Gas	Liquefied petroleum gas trading. Partnership expired on 20 October 2020	Partner	8 August 2018	20 October 2020	-	-
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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

5.3.5 Key senior management remuneration and benefits

The remuneration of our key senior management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key senior management (save for our Directors which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2022 and 2023 are as follows:

	⁽¹⁾ Remuneration band	
	FYE 2022 (Paid)	⁽²⁾ FYE 2023 (Proposed)
	RM'000	
Bong Kok Choo	150 - 200	150 - 200
Keow Yih Yun	150 - 200	150 - 200
Ku Kai Xiang	100 - 150	100 - 150
Loo Siau Sun	150 - 200	200 - 250
Wang Chia Boon	250 - 300	250 - 300

Notes:

- (1) The remuneration for key senior management includes salaries, bonuses, allowances and other emoluments.
- (2) The bonuses for FYE 2023 are not included. Such bonuses, if any, will be determined at a later date based on the individual's performance as well as our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.

5.4 BOARD PRACTICE

5.4.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) to understand shareholders' expectations and contribute to the development of strategies in their best interest to enhance shareholder value;
- (b) to set the business direction of our Company, and to evaluate whether the businesses are properly managed;
- (c) to identify the principal risks and key performance indicators of our Company's businesses and ensuring that appropriate systems are implemented and steps are taken to manage these risks;
- (d) to review the adequacy and the integrity of our Company's risk management framework, internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (e) to review the development of succession planning framework and talent development of our Company and consider the potential successors of our Directors and key senior management;

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

- (f) to review and approve annual budget and projection submitted by our management;
- (g) to ensure that financial information of our Group are fairly reported and conform with the relevant regulations including acceptable accounting policies, and approve financial results for announcement to Bursa Malaysia on quarterly and annual basis;
- (h) to oversee corporate governance and compliance matters;
- (i) to monitor the implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business;
- (j) to monitor the implementation of investor relations programme or shareholder communication policy for our Company;
- (k) to set corporate values and clear lines of responsibility and accountability that are communicated throughout our Company;
- (l) to monitor the operations of our Company to determine if they are conducted prudently within the framework of laws and policies;
- (m) to ensure high standards of ethics and corporate behaviour in the conduct of business; and
- (n) to review on an annual basis, the performance of our Board and key senior management in addressing our Group's material sustainability risks and opportunities.

In accordance with our Constitution, an election of Directors shall take place each year. At the first Annual General Meeting ("**AGM**") of our Company, all the Directors shall retire from office, and at the AGM in every subsequent year, 1/3 of the Directors for the time being or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires whether adjourned or not.

As at LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

Name		Designation	Date of appointment as Director	Date of expiration of the current term of office in AGM	Tenure in office as at LPD
Yap Chee Kheng		Independent Non-Executive Chairman	20 January 2023	At the 2023 AGM of our Company	Less than 1 year
Loo Chee Wee		Executive Director/Chief Executive Officer	20 January 2023	At the 2023 AGM of our Company	Less than 1 year
Tay Kheng Seng		Executive Director/Chief Technology Officer	20 January 2023	At the 2023 AGM of our Company	Less than 1 year
Dato' Leanne Koh Li Ann		Independent Non-Executive Director	20 January 2023	At the 2023 AGM of our Company	Less than 1 year
Chan Kam Chiew		Independent Non-Executive Director	20 January 2023	At the 2023 AGM of our Company	Less than 1 year

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

Name	Designation	Date of appointment as Director	Date of expiration of the current term of office in AGM	Tenure in office as at LPD
Siew Suet Wei	Independent Non-Executive Director	20 January 2023	At the 2023 AGM of our Company	Less than 1 year

The members of our Board are set out in Section 5.2.

5.4.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 8 March 2023. The members of our Audit and Risk Management Committee as at LPD are as follows:

Name	Designation	Directorship
Chan Kam Chiew	Chairman	Independent Non-Executive Director
Dato' Leanne Koh Li Ann	Member	Independent Non-Executive Director
Siew Suet Wei	Member	Independent Non-Executive Director

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its oversight responsibilities. Our Audit and Risk Management Committee has full access to internal and external auditors who in turn have access at all times to the Chairman of our Audit and Risk Management Committee.

The key duties and responsibilities of our Audit and Risk Management Committee include, amongst others, the following:

Financial Reporting

- (a) to monitor the integrity of and review our Group's financial statements, annual reports and accounts, and quarterly results and annual financial statements of our Company and our Group with management and external auditors, prior to the approval by our Board of Directors.

In respect of the above, our Audit and Risk Management Committee shall (i) liaise with our Board of Directors and key senior management; (ii) meet at least twice (2) a year with our Company's external auditors; and (iii) consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and give due consideration to any matters that have been raised by our Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors; and

- (b) to propose best practices on disclosure in financial results and annual report of our Company in line with the principles set out in the Malaysian Code on Corporate Governance, other applicable laws, rules, directives and guidelines.

External Auditors

- (a) to recommend and consider the appointment and/or re-appointment of the external auditor, the audit fee and/or remuneration and the terms of engagement of the external auditor and any question of resignation or dismissal;
- (b) to discuss with the external auditor before the audit commences, the nature and scope of the audit and reporting obligations;

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

- (c) to assess the performance, capability, suitability, objectivity and independence of the external auditors, and their audit opinion; and
- (d) to review the observations arising from the audits, and any matter the auditor may wish to raise, as well as to assess the assistance given by the employees of our Company to the external auditor.

Internal Audit Function

- (a) to review the system of internal controls including financial, operational, compliance, information technology controls and risk management processes;
- (b) to review and approve the internal audit plan including its adequacy of scope, functions, independence, competency and resources of the internal audit function;
- (c) to review the results of the internal audit findings and management's response, and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- (d) to review the effectiveness of the internal audit function, including the ability, competency and qualification of the internal audit team and/or outsourced internal auditors (if any) to perform its duties; and
- (e) to recommend any appointment or termination of senior staff members of the internal audit function.

Risk Management

- (a) to review the principal risks of our Group and recommend an appropriate risk management framework and policies for our Group to mitigate/manage such risks;
- (b) to assess the quality, effectiveness and efficiency of our internal controls and advise our Board on setting appropriate policies on internal control;
- (c) to review and deliberate on reports on significant risk findings and recommendations;
- (d) to determine the level of risk tolerance and actively identify, assess and monitor key business risks;
- (e) to ensure that our Board conducts an annual review and periodic testing of our internal control and risk management; and
- (f) to review our Audit and Risk Management Committee's reporting and the statement with regard to the Statement on Internal Control and Risk Management of our Group for inclusion in the Annual Report for the relevant financial year and report the same to our Board.

Other Matters

- (a) to consider any related party transactions and conflict of interest situation that may arise within our Company or Group; and
- (b) to oversee the implementation of the whistleblowing policy and procedures of our Group

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

5.4.3 Nomination Committee

Our Nomination Committee was established on 8 March 2023. The members of our Nomination Committee as at LPD are as follows:

Name	Designation	Directorship
Siew Suet Wei	Chairperson	Independent Non-Executive Director
Dato' Leanne Koh Li Ann	Member	Independent Non-Executive Director
Chan Kam Chiew	Member	Independent Non-Executive Director

Our Nomination Committee undertakes, amongst others, the following functions:

- (a) to review the criteria to be used in the recruitment of Director and senior management;
- (b) to review the re-appointment and re-election process of Directors having due regard to their performance and ability to continue to contribute to our Board in the light of knowledge, skills and experience required;
- (c) to formulate Fit and Proper Policy and to ensure that all Directors fulfil the fit and proper criteria and for conducting assessments of the fitness and properness of candidates to be appointed onto our Board and Directors who are seeking for re-election; and
- (d) to assess and make recommendations to our Board with regard to any appointment of Directors.

5.4.4 Remuneration Committee

Our Remuneration Committee was established on 8 March 2023. The members of our Remuneration Committee as at LPD are as follows:

Name	Designation	Directorship
Dato' Leanne Koh Li Ann	Chairperson	Independent Non-Executive Director
Chan Kam Chiew	Member	Independent Non-Executive Director
Siew Suet Wei	Member	Independent Non-Executive Director

Our Remuneration Committee undertakes, amongst others, the following functions:

- (a) to review and make recommendations to the respective Board of Directors of our Group on the remuneration policies and packages of Executive Directors, Chief Executive Officer and key senior management of our Group;
- (b) to review and make recommendations to the respective Board of Directors of our Group on Director's fees and other remuneration of non-executive directors and independent directors linking the level of remuneration to their level of responsibilities and contribution to our respective Board of Directors; and
- (c) to review policy governing the remuneration of Directors as well as policies governing remuneration and promotion of key senior management of our Group annually.

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

5.5 RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there are no family relationships (as defined under Section 197 of the Act) or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at LPD:

- (a) Loo Chee Wee, who is our Promoter, substantial shareholder, Specified Shareholder, Executive Director and Chief Executive Officer, is the brother of Loo Siau Sun;
- (b) Tay Kheng Seng, who is our Promoter, substantial shareholder, Specified Shareholder, Executive Director and Chief Technology Officer, is the brother of Tay Li Li and spouse of Bong Kok Choo;
- (c) Loo Siau Sun, who is our Specified Shareholder and Business Development Director of Rexbridge, is the sister of Loo Chee Wee;
- (d) Tay Li Li, who is our Specified Shareholder and Procurement Manager, is the sister of Tay Kheng Seng and sister-in-law of Bong Kok Choo; and
- (e) Bong Kok Choo, who is our Specified Shareholder and Business Development Director of KK Computer, is the spouse of Tay Kheng Seng and sister-in-law of Tay Li Li.

5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements entered into between our Company with any Directors, or between any companies within our Group with any key senior management.

5.7 DECLARATIONS FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (a) in the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;
- (b) disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) in the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) in the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) in the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;

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

- (f) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (h) has any unsatisfied judgment against him.

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR COMPANY

Our Company was incorporated in Malaysia under the Act on 4 August 2022 as a private limited company under the name of Panda Eco System Sdn Bhd. On 2 March 2023, we converted into a public limited company and adopted our present name.

Our Company is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD. Through our subsidiaries, we are principally involved in development, customisation, implementation and integration of our Retail Management Eco-system. Please refer to Section 7.1 for detailed information of our Group's history.

As at LPD, our issued share capital is RM5,619,005 comprising 561,900,200 Shares, which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative share capital RM
4 August 2022	200	RM5/ Subscriber's share	5
1 September 2023	561,900,000	RM5,619,000/ Consideration for the Acquisitions	5,619,005

As at LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will increase to RM23,104,893 comprising 671,187,000 Shares.

6.2 DETAILS OF THE ACQUISITIONS

In preparation for our Listing, we have undertaken the Acquisitions. On 21 February 2023, we entered into the following agreements:

- (a) a conditional share sale agreement to acquire 100,000 ordinary shares representing the entire equity interest in Panda Software, being all the shares legally and beneficially owned by Loo Chee Wee and Tay Kheng Seng, for a purchase consideration of RM4.7 million which was satisfied by the issuance and allotment of 472,100,000 new Shares to Goldcoin Capital (a company nominated by Loo Chee Wee and Tay Kheng Seng to receive the new Shares) at an issue price of RM0.01 each;
- (b) a conditional share sale agreement to acquire 60,000 ordinary shares representing the entire equity interest in KK Computer, being all the shares legally and beneficially owned by Loo Chee Wee, Tay Kheng Seng, Bong Kok Choo and Tay Li Li, for a purchase consideration of RM0.2 million which was satisfied by the issuance and allotment of 22,100,000 new Shares to Goldcoin Capital (a company nominated by Loo Chee Wee and Tay Kheng Seng to receive the new Shares), Bong Kok Choo and Tay Li Li at an issue price of RM0.01 each;
- (c) a conditional share sale agreement to acquire 120,000 ordinary shares representing the entire equity interest in Rexbridge, being all the shares legally and beneficially owned by Loo Chee Wee, Tay Kheng Seng, Wong Khai Meng and Loo Siau Sun, for a purchase consideration of RM0.5 million which was satisfied by the issuance and allotment of 47,900,000 new Shares to Goldcoin Capital (a company nominated by Loo Chee Wee and Tay Kheng Seng to receive the new Shares), Wong Khai Meng and Loo Siau Sun at an issue price of RM0.01 each; and

6. INFORMATION ON OUR GROUP (Cont'd)

- (d) a conditional share sale agreement to acquire 100,000 ordinary shares representing the entire equity interest in 020 Digital, being all the shares legally and beneficially owned by Loo Chee Wee, Tay Kheng Seng and Keow Yih Yun, for a purchase consideration of RM0.2 million which was satisfied by the issuance and allotment of 19,800,000 new Shares to Goldcoin Capital (a company nominated by Loo Chee Wee and Tay Kheng Seng to receive the new Shares) and Keow Yih Yun at an issue price of RM0.01 each.

The purchase considerations for the Acquisitions were determined based on the total unaudited NA of our Group as at 31 December 2021 (as this basis was agreed by the shareholders prior to the issuance of audited financial statements for FYE 31 December 2021), and the weightages as tabulated below, on a willing-buyer willing-seller basis:

Company	Weightage based on NA			Weightage based on PAT			Total
	NA as at 31 December 2021 (RM)	(B) Weightage (%)	(C) = (A) x (B) (1)Value attributable (RM)	PAT for FYE/FPE ⁽⁵⁾ 31 December 2021 (RM)	(D) Weightage (%)	(E) = (A) x (D) (1)Value attributable (RM)	(C) + (E) (1)Purchase Consideration (RM)
Panda Software	⁽²⁾ 4,629,147	24.7	1,388,000	⁽⁴⁾ 6,023,834	59.3	3,333,000	4,721,000
KK Computer	⁽³⁾ 341,263	1.8	103,000	⁽⁵⁾ 214,727	2.1	118,000	221,000
Rexbridge	302,363	1.6	91,000	⁽⁴⁾ 701,949	6.9	388,000	479,000
020 Digital	348,203	1.9	104,000	170,587	1.7	94,000	198,000
Total	5,620,976 (A)	30.0	1,686,000	7,111,097	70.0	3,933,000	5,619,000

Notes:

- (1) Rounded to nearest thousand.
- (2) After adjusting for dividend of RM4.5 million.
- (3) After adjusting for dividend of RM0.2 million.
- (4) After a downward adjustment of RM0.9 million for Panda Software which comprise bonuses paid, dividend income, gain on disposal of other investments, impairment loss on investment properties, rental income and term loan interest, and an upward adjustment of RM0.1 million for Rexbridge which comprise bonuses paid and commission expenses, being the exclusion of certain items of income and expenses as agreed amongst our shareholders, for purposes of determining the weightage.
- (5) After a downward adjustment of RM0.1 million for KK Computer, being the exclusion of 4-months financial results from 1 September 2020 to 31 December 2020 for FPE 31 December 2021 due to change in the company's financial year end from 31 August to 31 December, as agreed amongst our shareholders, for purposes of determining the weightage.

6. INFORMATION ON OUR GROUP (Cont'd)

Details of the Acquisitions with respect to each of our subsidiaries are as follows:

(a) Acquisition of Panda Software

Vendor of Panda Software	Shareholdings in Panda Software		Purchase consideration	No. of Shares issued
	No. of shares acquired	% of share capital		
			RM	
Loo Chee Wee	50,000	50.0	2,360,500	-
Tay Kheng Seng	50,000	50.0	2,360,500	-
Goldcoin Capital ⁽¹⁾	-	-	-	472,100,000
	100,000	100.0	4,721,000	472,100,000

Note:

- (1) A company nominated by Loo Chee Wee and Tay Kheng Seng to receive the new Shares as consideration for the Acquisition of Panda Software.

(b) Acquisition of KK Computer

Vendor of KK Computer	Shareholdings in KK Computer		Purchase consideration	No. of Shares issued
	No. of shares acquired	% of share capital		
			RM	
Loo Chee Wee	14,250	23.75	52,488	-
Tay Kheng Seng	14,250	23.75	52,488	-
Bong Kok Choo	28,500	47.5	104,974	10,497,400
Tay Li Li	3,000	5.0	11,050	1,105,000
Goldcoin Capital ⁽¹⁾	-	-	-	10,497,600
	60,000	100.00	221,000	22,100,000

Note:

- (1) A company nominated by Loo Chee Wee and Tay Kheng Seng to receive the new Shares as consideration for the Acquisition of KK Computer.

(c) Acquisition of Rexbridge

Vendor of Rexbridge	Shareholdings in Rexbridge		Purchase consideration	No. of Shares issued
	No. of shares acquired	% of share capital		
			RM	
Loo Chee Wee	40,800	34.0	162,860	-
Tay Kheng Seng	40,800	34.0	162,860	-
Wong Khai Meng	20,400	17.0	81,430	8,143,000
Loo Siau Sun	18,000	15.0	71,850	7,185,000
Goldcoin Capital ⁽¹⁾	-	-	-	32,572,000
	120,000	100.0	479,000	47,900,000

6. INFORMATION ON OUR GROUP (Cont'd)**Note:**

- (1) A company nominated by Loo Chee Wee and Tay Kheng Seng to receive the new Shares as consideration for the Acquisition of Rexbridge.

(d) Acquisition of 020 Digital

Vendor of 020 Digital	Shareholdings in 020 Digital		Purchase consideration	No. of Shares issued
	No. of shares acquired	% of share capital		
			RM	
Loo Chee Wee	35,000	35.0	69,300	-
Tay Kheng Seng	35,000	35.0	69,300	-
Keow Yih Yun	30,000	30.0	59,400	5,940,000
Goldcoin Capital ⁽¹⁾	-	-	-	13,860,000
	100,000	100.00	198,000	19,800,000

Note:

- (1) A company nominated by Loo Chee Wee and Tay Kheng Seng to receive the new Shares as consideration for the Acquisition of 020 Digital.

The Acquisitions were completed on 1 September 2023. Thereafter, Panda Software, KK Computer, Rexbridge and 020 Digital became our wholly-owned subsidiaries.

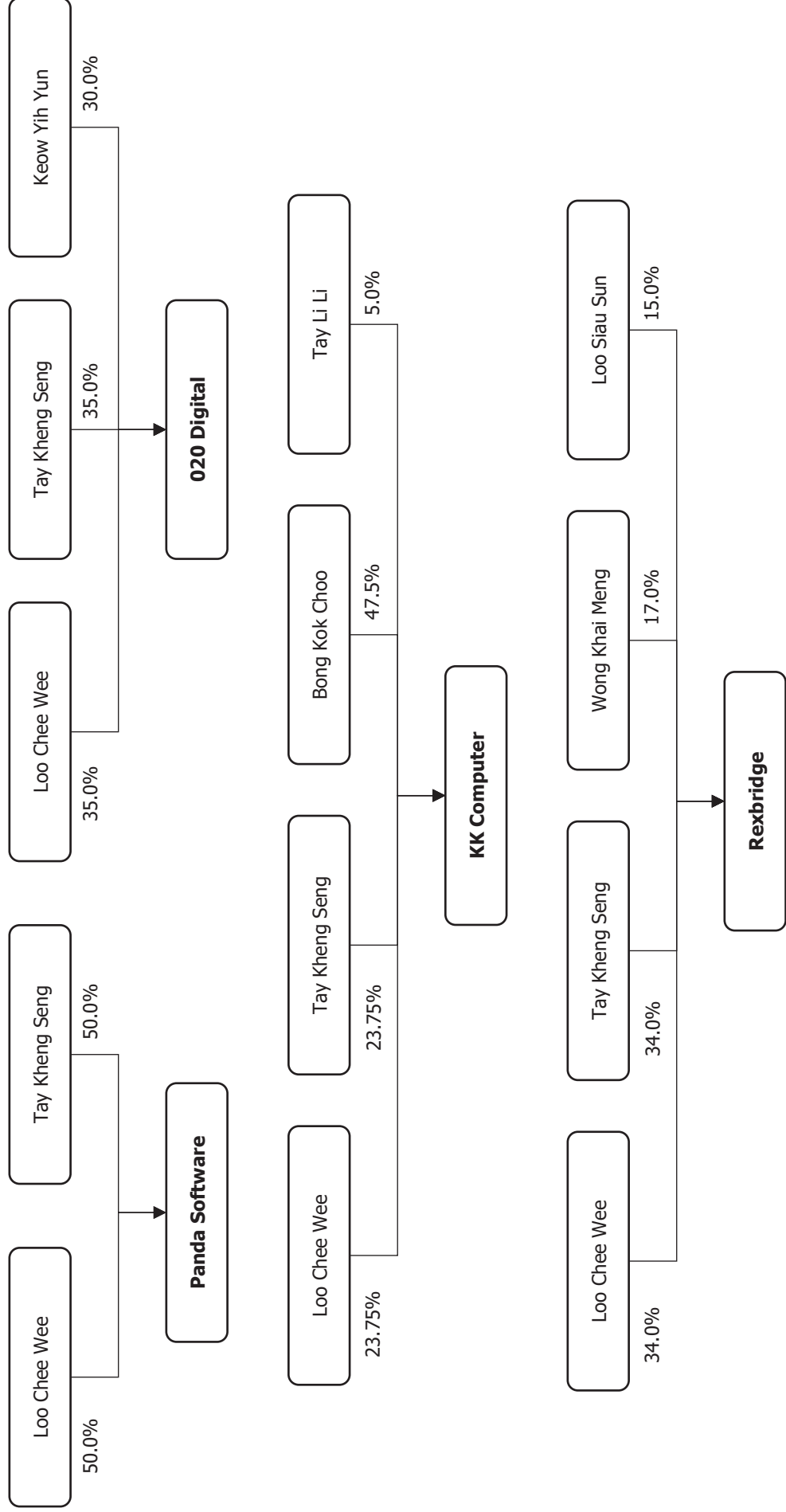
The new Shares issued under the Acquisitions rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

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6. INFORMATION ON OUR GROUP (Cont'd)

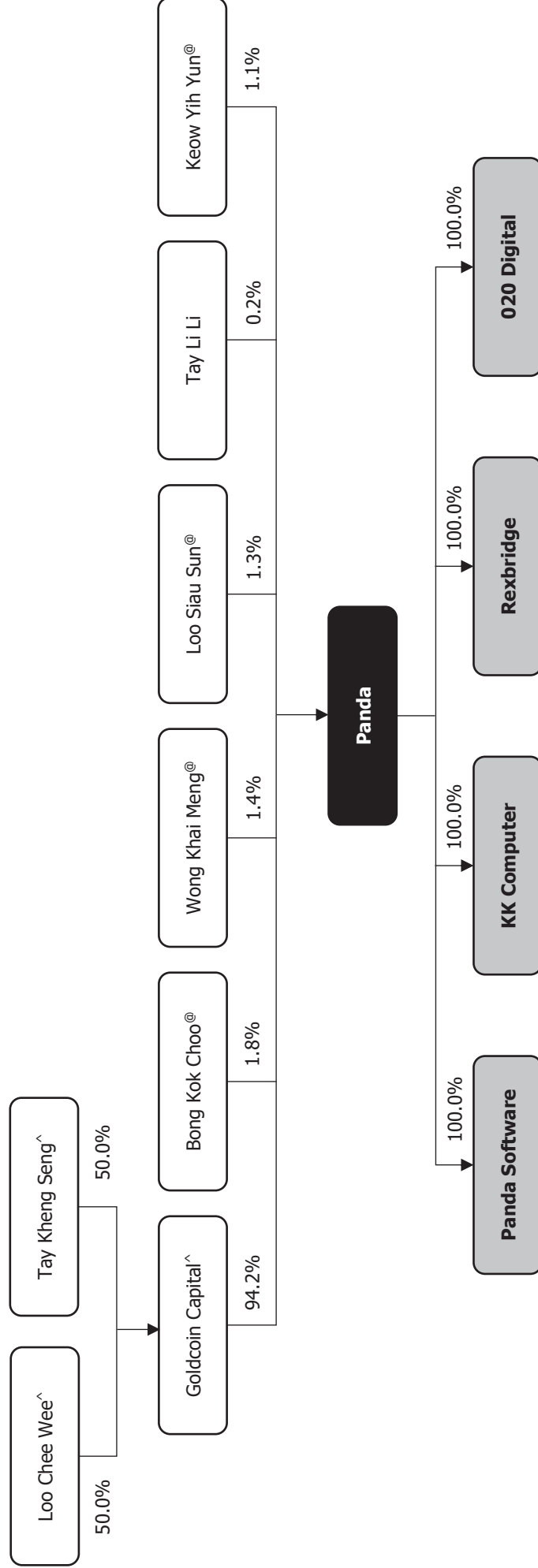
6.3 GROUP STRUCTURE

Before the Acquisitions



6. INFORMATION ON OUR GROUP (Cont'd)

After Acquisitions but before our IPO



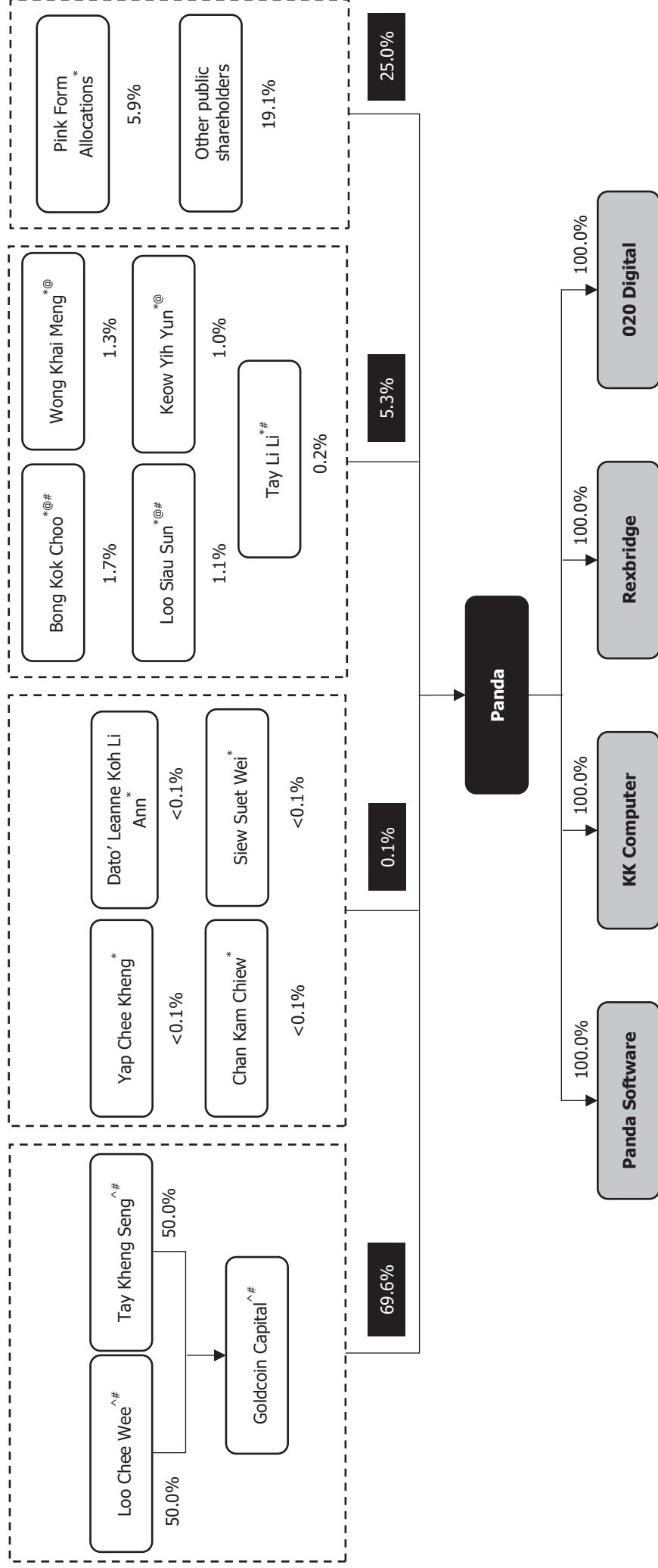
Notes:

^ Relates to Promoters.

@ Relates to Directors of our subsidiaries.

6. INFORMATION ON OUR GROUP (Cont'd)

After the Acquisitions and our IPO



Notes:

- [^] Relates to Promoters.
- [#] Relates to Specified Shareholders.
- ^{*} Assuming full subscription of Pink Form Allocations by all the Eligible Persons.
- [@] Relates to Directors of our subsidiaries.

6. INFORMATION ON OUR GROUP (Cont'd)

6.4 SUBSIDIARIES

Details of our subsidiaries as at LPD are summarised as follows:

Company / Registration Number	Date / Place of incorporation	Principal place of business	Issued share capital RM'000	Effective equity interest %	Principal activities
Panda Software / 200901011049 (854073-K)	20 April 2009 / Malaysia	Malaysia	100	100.0	To provide software development, customisation, implementation and integration of IT solutions as well as IT solutions support, maintenance and training for the use of IT solutions (HQ Centralised Management, Store Operations and Financial Management Solution); and
KK Computer / 199701026999 (442497-A)	11 August 1997 / Malaysia	Malaysia	60	100.0	- Trading of IT hardware as well as to provide IT technical support and maintenance - Trading of IT hardware and software as well as to provide IT technical support and maintenance; and - To provide software development, customisation, consultancy and business development for IT solutions (IT Hardware, Infrastructure & Third-party Solution)
Rexbridge / 201401030716 (1106802-H)	28 August 2014 / Malaysia	Malaysia	120	100.0	To provide software development, customisation, consultancy and business development for IT solutions (xBridge B2B Solution)
020 Digital / 202001021320 (1377640-W)	30 July 2020 / Malaysia	Malaysia	100	100.0	To provide software development, customisation, consultancy and business development for IT solutions (Omni-channel Engagement Solution)

Details of the share capital of our subsidiaries are set out in Section 15.2.

As at LPD, we do not have any associated company.

6. INFORMATION ON OUR GROUP (Cont'd)

6.5 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2019 to 2022, FPE 2023 and up to LPD:

- (a) Tripartite Agreement dated 28 February 2022 entered into between Panda Software (as the transferor), Tay Kheng Seng and Loo Chee Wee (both as the "**Panda Software Shareholders**"), and Goldcoin Pavilion (which is a company jointly controlled by the Panda Software Shareholders) (as the transferee) in relation to the transfer of 1 freehold land and building and 4 investment properties (which are a unit of 1 1/2-storey cluster factory, 2 units of intermediate 2-storey shop offices, an intermediate 3-storey shop office and an intermediate 2-storey terrace house) to Goldcoin Pavilion as dividend-in-specie and as full and final settlement of the total dividend of RM4.5 million declared by the board of directors of Panda Software to the Panda Software Shareholders on 19 February 2022 ("**Panda Software Dividend**"). Upon execution of the Tripartite Agreement, the Panda Software Dividend was fully paid by Panda Software to the Panda Software Shareholders and the Tripartite Agreement was completed on 28 February 2022. Further details are set out in Sections 10.1 and 12.16;
- (b) Settlement Agreement dated 28 February 2022 entered into between KK Computer (as the transferor), and Tay Kheng Seng and Bong Kok Choo (both as the "**KK Computer Shareholders**" and as the transferees) in relation to the transfer of the 1st floor of a 3-storey terraced shop office building to the KK Computer Shareholders as dividend-in-specie and together with cash payment of RM70 to the KK Computer Shareholders as full and final settlement of the total dividend of RM0.2 million declared by the board of directors of KK Computer to, amongst others, the KK Computer Shareholders on 19 February 2022 ("**KK Computer Dividend**"). Upon execution of the Settlement Agreement, the KK Computer Dividend was fully paid by KK Computer to the KK Computer Shareholders and the Settlement Agreement was completed on 28 February 2022.

For avoidance of doubt, on 28 February 2022, an interim single tier dividend of RM210,600 for FYE 2022 was paid to the 3 shareholders of KK Computer, namely Tay Kheng Seng (47.5%), Bong Kok Choo (47.5%) and Tay Li Li (5.0%). Part of the dividend amounting to RM200,000 was settled by way of transfers of the abovementioned property to Tay Kheng Seng and Bong Kok Choo. The remaining dividend amounting to RM10,530 was paid in cash to Tay Li Li and RM35 was paid in cash each to Tay Kheng Seng and Bong Kok Choo respectively. For avoidance of doubt, as Loo Chee Wee only became a shareholder on 1 August 2022, he was not entitled to dividend in respect of FYE 2022.

Further details are set out in Sections 10.1 and 12.16;

- (c) Conditional share sale agreement dated 21 February 2023 between our Company, Loo Chee Wee and Tay Kheng Seng for the Acquisition of Panda Software, which was completed on 1 September 2023;
- (d) Conditional share sale agreement dated 21 February 2023 between our Company, Loo Chee Wee, Tay Kheng Seng, Bong Kok Choo and Tay Li Li for the Acquisition of KK Computer, which was completed on 1 September 2023;
- (e) Conditional share sale agreement dated 21 February 2023 between our Company, Loo Chee Wee, Tay Kheng Seng, Wong Khai Meng and Loo Siau Sun for the Acquisition of Rexbridge, which was completed on 1 September 2023;

6. INFORMATION ON OUR GROUP (Cont'd)

- (f) Conditional share sale agreement dated 21 February 2023 between our Company, Loo Chee Wee, Tay Kheng Seng and Keow Yih Yun for the Acquisition of 020 Digital, which was completed on 1 September 2023; and
- (g) Underwriting agreement dated 20 October 2023 between our Company and M&A Securities for the underwriting of 76,333,600 Issue Shares for an underwriting commission of 2.5% of the IPO Price multiplied by the number of Issue Shares underwritten.

6.6 PUBLIC TAKE-OVERS

During the last financial year and the current financial year up to LPD, there were:

- (a) No public take-over offers by third parties in respect of our Shares; and
- (b) No public take-over offers by our Company in respect of other companies' shares.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.7 MAJOR APPROVALS AND LICENCES

As at LPD, there are no major approvals, licences and permits issued to our Group in order for us to carry out our operations save for those pertaining to the general business requirements as disclosed below:

No.	Licencee	Issuing authority	Date of issue/ Date of expiry	Nature of approval/ licence content	Equity and/or major conditions imposed	Compliance status
(a)	020 Digital	Melaka Historic City Council	11 May 2023/ 3 March 2024	Business/ advertisement licence To license 020 Digital's premises as an administrative office at 28, Jalan PPM 13, Plaza Pandan Malim Business Park, 75250 Melaka	Nil	-
(b)	KK Computer	Melaka Historic City Council	6 October 2023/ 10 November 2024	Business/ advertisement licence To license KK Computer's premises for sale, repair, computer service and accessories and signboard at 28-1 & 30-1, Jalan PPM 13, Plaza Pandan Malim Business Park, 75250 Melaka	Nil	-
(c)	Panda Software	Melaka Historic City Council	25 October 2022/ 18 January 2024	Business/ advertisement licence To license Panda Software's premises as an administrative office at 30, Jalan PPM 13, Plaza Pandan Malim Business Park, 75250 Melaka	Nil	-
(d)	Panda Software	Melaka Historic City Council	11 May 2023/ 3 February 2025	Business/ advertisement licence To license Panda Software's premises as an administrative office at 32-1, Jalan PPM 13, Plaza Pandan Malim Business Park, 75250 Melaka	Nil	-

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue/ Date of expiry	Nature of approval/ licence content	Equity and/or major conditions imposed	Compliance status
(e)	Rexbridge	Melaka Historic City Council	6 February 2023/ 3 February 2024	Business/ advertisement licence To license Rexbridge's premises as an administrative office at 34-1, Jalan PPM 13, Plaza Pandan Malim Business Park, 75250 Melaka	Nil	-
(f)	Panda Software	Penampang District Council	5 January 2023/ 31 December 2023	Business licence To license Panda Software to undertake computer tools and equipment business such as: • computer related services; • software development in information technology; and • software product and services, at Lot 5, Block B, Lintas Jaya Uptownship, Penampang, Sabah	Nil	-
(g)	Panda Software	Sarawak State Government, Kuching District	6 April 2023/ 17 May 2024	Trading licence To license Panda Software's premises for IT services at 3rd Floor, Lot 13011, Kuching Central Land District, 28, Galacity, Jalan Tun Jugah, 93350 Kuching, Sarawak	Nil	-

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Date of issue/ Date of expiry	Nature of approval/ licence content	Equity and/or major conditions imposed	Compliance status
(h)	Panda Software	Kuala Lumpur City Hall (Licensing and Business Development Department)	5 May 2023/ 4 May 2024	Business licence To license Panda Software's premises as a management office at 16-05, Tower B, Vertical Business Suite II, Avenue 3, Jalan Kerinchi, Bangsar South, 59200 Kuala Lumpur	The employees in the premises must at all times be at least 50.0% citizens and any non-citizens must have valid work permit.	Complied. Panda Software does not have non-citizen employees.

There are no major conditions imposed by the business licences pursuant to the Local Government Act 1976 that will have material effect on our Group's business operations.

In addition, our subsidiaries, namely Panda Software and Rexbridge have obtained the Malaysia Digital Status, which exempts us from complying with the Bumiputera equity requirement for public listed companies pursuant to the Regulatory FAQs for Bumiputera Equity Requirements for Public Listed Companies issued by the SC. Details of these certificates are disclosed below:

No.	Licencee	Issuing authority	Effective date or		Equity and/or major conditions imposed	Compliance status
			Date of issue/ Date of expiry	Nature of approval/ licence		
(a)	Panda Software	Ministry of Finance Malaysia and MITI	29 April 2010/ Not applicable	Malaysia Digital Status	(i) Ensure that at all times at least 15% of the total number of employees (excluding support staff) of the company shall be "knowledge workers" ⁽²⁾ who shall be recruited, employed and/or appointed solely for the purpose of undertaking the qualifying activities; and	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Licencee	Issuing authority	Effective date or		Nature of approval / licence	Equity and/or major conditions imposed	Compliance status
			Date of issue/	Date of expiry			
(b)	Rexbridge	Ministry of Finance Malaysia and MITI	9 April 2015/ Not applicable		Malaysia Digital Status	(ii) Inform MDEC of any change in the equity structure or shareholding structure of the company, or such other changes that may affect the direction or operation of the company. MDEC must be informed of any change before steps are taken to effect such change.	Complied ⁽¹⁾
						(i) Ensure that at all times at least 15% of the total number of employees (excluding support staff) of the company shall be "knowledge workers" ⁽²⁾ who shall be recruited, employed and/or appointed solely for the purpose of undertaking the qualifying activities; and	Complied
						(ii) Inform MDEC of any change in the equity structure or shareholding structure of the company, or such other changes that may affect the direction or operation of the company. MDEC must be informed of any change before steps are taken to effect such change.	Complied ⁽¹⁾

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

Notes:

- (1) On 5 April 2023, we have obtained clarification from MDEC whereby our subsidiaries are only required to notify MDEC via its portal within 1 month from the date of such change in the equity or shareholding structure of our subsidiaries ("**Change**"). Subsequently on 20 September 2023, our subsidiaries, namely Panda Software and Rexbridge, respectively have notified MDEC on the Change pursuant to the completion of the Acquisitions on 1 September 2023 via MDEC's portal as well as via email to MDEC.
- (2) Pursuant to the Guidelines on Transition of MSC Malaysia to Malaysia Digital issued by MDEC, a "knowledge worker" is an individual who holds one of the following:
 - (a) tertiary qualification from an institution of higher learning (in any field); or
 - (b) diploma in ICT, engineering, technology or specialised certification plus at least 2 years' relevant experience in a field that is a heavy user of technology; or
 - (c) professional, executive, management and technical work categories in ICT enabled services i.e. ICT/information systems professionals, finance/accounting, business administration, engineering, medical, legal, and also includes:
 - (i) foreign workers with knowledge-based skills that are not prevalent in Malaysia and required by company with Malaysia Digital Status; or
 - (ii) workers who are utilised for their creative talent to produce value-added creative work for company with Malaysia Digital Status.

As at LPD, our Group has obtained all the required approvals, licences and permits for our business operations. Our Group is not dependent on any major approvals and licences which could materially affect our business and profitability. Our Group is also not dependent on our Malaysia Digital status as we do not rely on it for purposes of our operations.

6. INFORMATION ON OUR GROUP (Cont'd)

6.8 TRADEMARKS

As at LPD, our Group owns the following trademarks:

Trademarks	Trademark No.	Registered Owner	Class/Description	Status	Place of registration	Validity period
	TM2021003189	020 Digital	Class 35/-(1)	Registered	Malaysia	4 February 2021 to 4 February 2031
	TM2022011356	Panda Software	Class 9/-(2)	Registered	Malaysia	6 May 2022 to 6 May 2032
	TM2022011466	KK Computer	Class 9/-(3)	Registered	Malaysia	9 May 2022 to 9 May 2032
	TM2020029914	Panda Software	Class 9/-(2)	Published on 31 August 2023(4)	Malaysia	-
	TM2021022015	Rexbridge	Class 35/-(5)	Published on 21 September 2023(4)	Malaysia	-

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) Administration of consumer loyalty programs; administration of customer loyalty and incentive schemes; organisation and management of customer loyalty programmes; administration of loyalty programmes involving discounts or incentives; organisation, operation and supervision of loyalty and incentive schemes; promoting the goods and services of others by means of a loyalty rewards card scheme; sales promotion through customer loyalty programmes; providing customer loyalty discount codes for promotional purposes.
- (2) Application software for mobile telephones; downloadable software applications apps; downloadable cloud computing software; file sharing software; mobile application software; operating and user instructions for computer software stored in digital form.
- (3) Computer hardware and software.
- (4) Pursuant to both notices of acceptance issued by MyIPO dated 29 August 2023 (Panda Software) and 15 September 2023 (Rexbridge), notification of registration of trademark will be issued if no opposition to the registration of trademark is received by MyIPO within 2 months and 2 weeks from the date of publication of the acceptance of application for the registration of the trademark.
- (5) Providing business information via a website; providing marketing information via websites; data processing; inventory management of parts and components for manufacturers and suppliers; business management in the field of transport and delivery services; advisory and consultancy services relating to the procurement of goods for others; procurement services for others purchasing goods and services for other businesses; social media marketing; online advertising; online marketing.

We are not dependent on the trademarks listed above as they pertain only to our image, which can be reasonable modified if needed. Our business and profitability are directly contributed by our experienced Executive Directors, key senior management, technical personnel involved in software development, project implementation, business development and after-sales support services and others as outlined in Section 7.15. We do not foresee any material impact to our Group's business and profitability in the event of non-approval for renewal of the trademarks. Our Group has the intention to register these trademarks in the Philippines and Indonesia, which we plan to expand our presence in the retail management solutions industry.

6.
INFORMATION ON OUR GROUP (Cont'd)

Additionally, our retail management software is not patentable, as its core functions mainly enable retailers to perform day-to-day operational process effectively and to enhance customer experiences. We take advantage of open-source frameworks in our solution development for quicker and smoother integration, which may also be done by other software developers. Further, patent applications can be lengthy, and our software is frequently updated every few months, which may affect the patent application process. We have therefore focused our resources and business knowledge on keeping up with technological advancements and industry trends, instead of patenting our software. Nonetheless, our in-house developed software is proprietary to us and protected under the Copyright Act 1987. Further, we have taken firm measures to protect our source codes from infringement. The original source codes are stored on a hard drive, secured by multiple backups and password protection, which are only accessible by Tay Kheng Seng, our Executive Director/Chief Technology Officer. The most recent versions of the source code are hosted on GitHub (a version control system to keep track of every modification to our source code and to maintain a single version of our proprietary software), with security protocols in place that meet the International Auditing and Assurance Standards Board (IAASB) International Standards on Assurance Engagements (ISAE) 3000 and 3402. Github's information security management system has also been certified with the ISO/International Electrotechnical Commission (IEC) 27001:2013 standards, and only Loo Chee Wee, our Executive Director/Chief Executive Officer and Tay Kheng Seng have the full access to all source codes in GitHub.

Since incorporation and up to LPD, we have not experienced any instances where our retail management software had been infringed by third-parties and/or instances where our retail management software had infringed on intellectual property rights held by third-parties.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.9 PROPERTY, PLANT AND EQUIPMENT

6.9.1 Properties owned by our Group

As at LPD, our Group does not own any property.

6.9.2 Properties rented by our Group

The summary of the material properties rented by our Group as at LPD are set out below:

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Built-up area (sq ft)	Date of CCC	Period of tenancy/ Rental per annum
(a)	28, Jalan PPM 13 Plaza Pandan Malim Business Park 75250 Melaka	Loo Chee Wee and Tay Kheng Seng (related parties)/ 020 Digital ⁽¹⁾	An office unit located on the ground floor of a 2- storey shop office/ Our HQ	1,496.2	1 June 2015	1 March 2022 to 29 February 2024 (with an option to renew for another 2 years)/ ⁽³⁾ RM19,200
(b)	28-1 & 30-1, Jalan PPM 13 Plaza Pandan Malim Business Park 75250 Melaka	Loo Chee Wee and Tay Kheng Seng (related parties)/ KK Computer	2 office units located on the 1st floor of a 2-storey shop office/ Our HQ ⁽²⁾	2,992.4	1 June 2015	1 November 2023 to 31 October 2025 (with an option to renew for another 2 years)/ RM14,400
(c)	30, Jalan PPM 13 Plaza Pandan Malim Business Park 75250 Melaka	Loo Chee Wee and Tay Kheng Seng (related parties)/ Panda Software	An office unit located on the ground floor of a 2- storey shop office/ Our HQ	1,496.2	1 June 2015	1 November 2023 to 31 October 2025 (with an option to renew for another 2 years)/ ⁽³⁾ RM21,600

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Built-up area (sq ft)	Date of CCC	Period of tenancy/ Rental per annum
(d)	32-1, Jalan PPM 13 Plaza Pandan Malim Business Park 75250 Melaka	Loh Chee Ming/ Panda Software	An office unit located on the 1st floor of a 2-storey shop office/ Our HQ	1,496.2	1 June 2015	1 February 2022 to 31 January 2024 (with no option for renew)/ (4)RM6,000
(e)	34-1, Jalan PPM 13 Plaza Pandan Malim Business Park 75250 Melaka	Tan Bee Hua/ Rexbridge	An office unit located on the 1st floor of a 2-storey shop office/ Our HQ	1,496.2	1 June 2015	1 January 2022 to 31 December 2023 (with an option to renew for another 2 years)/ (4)RM7,200
(f)	Lot 5, Block B, 2nd Floor Lintas Jaya Uptownship Jalan Lintas 88300 Kota Kinabalu Sabah	Ting Sieng Hing/ Panda Software	An office unit located on the 2nd floor of a 3-storey shop office/ Office	120.0	27 June 2008	1 September 2023 to 31 August 2024 (with no option for renew)/ RM14,400
(g)	Room 10 of 3rd Floor Lot 13010 to Lot 13011 (Sublot 28-29) Block 16 Kuching Central Land District 28-29 Galacity Jalan Tun Jugah 93350 Kuching Sarawak	Unique N.Y. Enterprise/ Panda Software	An office unit located on the 3rd floor of a 4-storey intermediate shophouse/ Office	202.0	10 May 2021	1 May 2022 to 30 April 2024 (with no option for renew)/ RM19,200
(h)	16-05, Tower B Vertical Business Suite II Avenue 3, Bangsar South City No. 8, Jalan Kerinchi 59200 Kuala Lumpur	Cheng & Co Global Advisory Sdn Bhd ⁽⁵⁾ / Panda Software	An office unit located on the 16th floor of a 32-storey (above 5 floors of podium) business suite/ Office	882.0	14 July 2015	1 October 2023 to 30 June 2024 (with no option for renew)/ RM12,000

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) Panda Software is also occupying the same premises via a sub-tenancy agreement dated 1 June 2022 entered into between 020 Digital and Panda Software for the period from 1 June 2022 to 31 December 2023 at the rental of RM1,000 per month.
- (2) In line with the growth of our workforce in 2016, we first set up our HQ in Plaza Pandan Malim Business Park, Melaka to cater for such business expansion with these 2 shoplots. Further details on our HQ expansion since 2016 are set out in Section 7.1.
- (3) Despite being the same built-up area, the difference in rentals was due to the physical condition of the properties, where item (c) had existing renovations useful to our Group.
- (4) Despite being the same built-up area, the difference in rentals was due to negotiations with the landlords, who are non-related parties to our Group.
- (5) Being a related party via Wong Khai Meng (our shareholder and the Director of Rexbridge), who is the Chief Executive Officer of CC International Berhad, which is the holding company of Cheng & Co Global Advisory Sdn Bhd, the main tenant of the property. Wong Khai Meng is also the director and shareholder of VitalProp Sdn Bhd, which is the landlord of the said property. The main tenant rented the premises from VitalProp Sdn Bhd. Further details on such related party transaction are set out in Section 10.1.

The properties rented by our Group are not in breach of any other land use conditions and/or are in compliance with current statutory requirements, land rules or building regulations or by laws, which will have material adverse impact on our operations as at LPD.

6.9.3 Acquisition of properties

Our Group has not acquired nor entered into any agreements to acquire any properties during FYE 2019 to 2022, FPE 2023 and up to LPD.

6.9.4 Material machinery

Our Group does not have any material machinery as at LPD.

6. INFORMATION ON OUR GROUP (Cont'd)**6.9.5 Material capital expenditures and divestitures****(a) Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures (including interests in other corporations) made by us for FYE 2019 to 2022, FPE 2023 and up to LPD:

	At cost					1 July 2023 up to LPD
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023	
Capital expenditures	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Office equipment	67	⁽¹⁾ 141	51	74	60	34
Renovation	55	⁽¹⁾ 203	-	83	14	-
Motor vehicles	-	10	-	-	17	⁽²⁾ 297
Hostel equipment	21	-	-	-	-	-
Furniture, fittings and equipment	12	62	1	27	-	-
Solar photovoltaic system	-	-	-	84	-	-
Total	155	416	52	268	91	331

Notes:

⁽¹⁾ Mainly relates to renovation costs as well as purchase of office equipment, furniture and fittings for our HQ in Plaza Pandan Malim Business Park, Melaka.

⁽²⁾ Relates to purchase of motor vehicle for business travelling purposes.

The above capital expenditures were financed by internally generated funds. Our capital expenditures are mainly driven by our business growth as well as for replacement purposes.

(b) Material capital divestitures

Save for the divestitures disclosed below, there were no other capital divestitures (including quoted shares) made by us for FYE 2019 to 2022, FPE 2023 and up to LPD:

	At cost					1 July 2023 up to LPD
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023	
Capital divestitures	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land and building	-	-	-	⁽¹⁾ 350	-	-
Motor vehicles	4	-	-	-	10	-
Furniture, fittings and equipment	-	-	-	51	-	-
Office equipment	-	-	-	88	-	-
Investment properties	-	-	-	⁽¹⁾ 4,943	-	-
Renovation	-	-	-	29	-	-
Other investments (quoted shares) ⁽²⁾	299	211	3,064	-	31	-
Total	303	211	3,064	5,461	41	-

6. INFORMATION ON OUR GROUP (Cont'd)

Notes:

(1) The freehold land and building, and investment properties were divested in the following manner:

- (a) a freehold land and building, and 4 investment properties to Goldcoin Pavilion (which was nominated by Tay Kheng Seng and Loo Chee Wee to accept the transfer) pursuant to a tripartite agreement dated 28 February 2022 between Panda Software, Tay Kheng Seng, Loo Chee Wee and Goldcoin Pavilion; and
- (b) an investment property to Tay Kheng Seng and Bong Kok Choo pursuant to a settlement agreement dated 28 February 2022 between KK Computer, Tay Kheng Seng and Bong Kok Choo.

These freehold land and building, and investment properties were divested as they were not part of our core business. Further details are set out in Sections 6.5(a), 6.5(b), 10.1 and 12.16.

(2) Being disposal of quoted shares at fair value.

Save for the freehold land and building, investment properties as well as other investments divested as set out above, the capital divestitures were carried out in the ordinary course of business as part of the periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or obsolete or surpassed their useful lives.

As at LPD, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1, we do not have any material capital expenditures and divestitures currently in progress.

6.9.6 Material plans to construct, expand or improve our facilities

Save for the proposed utilisation of proceeds from our Public Issue to finance the capital expenditure as set out in Section 4.9.1, our Group does not have any other immediate plans to construct, expand or improve our facilities as at LPD.

6.10 RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS

The following is an overview of the major laws, regulations, rules and requirements governing the conduct of our Group's business which may materially affect our business operations:

(a) Local Government Act 1976 ("LGA")

The LGA and the by-laws of the respective local councils and authorities set out the requirements to obtain business and signage licences. Every licence or permit granted by the local authority may be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor.

Pursuant to the LGA, a person who fails to exhibit or produce his licence on the licensed premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both.

As at LPD, our Group holds valid business licences for all the premises occupied for its business.

6. INFORMATION ON OUR GROUP (Cont'd)**(b) Guidelines on MSC Malaysia Financial Incentives (Service Incentive – Income Tax Exemption) ("Guidelines")**

The Government, through MDEC, may award Malaysia Digital Status to eligible companies. Companies awarded with the Malaysia Digital Status will be entitled to the incentives, rights and privileges provided for under the bill of guarantees, subject to continued adherence to the criteria. To apply for the Malaysia Digital Status, a company must be incorporated under the Act, resident in Malaysia, proposing to carry out one or more of the Malaysia Digital Status promoted activities as listed in the Guideline, and has not, prior to the date of application, been granted any tax exemption by the Government in respect of income from any activity.

The Malaysia Digital Status granted may be withdrawn if a company is unable to comply with any applicable conditions and/or applicable legislations. In any case, if the aforesaid status is withdrawn, there will be no material impact to our Group.

Our subsidiaries, namely Panda Software and Rexbridge, were awarded the Malaysia Digital Status on 29 April 2010 and 9 April 2015, respectively. Panda Software enjoyed tax exemption from 17 May 2010 to 16 May 2020 whilst Rexbridge enjoyed tax exemption from 20 March 2017 to 30 June 2021.

Details of the major approvals, licences and permits issued to our Group in order for us to carry out our operations are set out in Section 6.7. Save as disclosed therein, as at LPD, there are no other material laws, regulations, rules or requirements governing the conduct of our business and/or major environmental issue which may materially affect our operations. Our Group is in compliance with all relevant laws, regulations, rules or requirements which apply to our Group.

6.11 EMPLOYEES

As at LPD, we have a total workforce of 95 full-time employees and 3 contractual employees, all of whom are Malaysian.

The breakdown of our employees as at 30 June 2023 and LPD are as follows:

Department	Permanent	Contract/ Temporary	Total employee(s)
<u>As at 30 June 2023</u>			
(i) Executive Directors	2	-	2
(ii) Technical staff	66	2	68
• Key senior management ⁽¹⁾	1	-	1
• Software Development Engineering	21	1	22
• Business Development & Project Delivery	3	1	4
• CTS	38	-	38
• Hardware, IT Infrastructure & Third Party Solution Services ⁽³⁾	3	-	3

6. INFORMATION ON OUR GROUP (Cont'd)

Department	Permanent	Contract/ Temporary	Total employee(s)
(iii) Administrative staff	21	1	22
• Key senior management ⁽²⁾	4	-	4
• Hardware, IT Infrastructure & Third Party Solution Services ⁽⁴⁾	4	-	4
• B2B Operation	5	-	5
• CRM & E-Stores Operation	3	-	3
• Finance Operation	4	-	4
• Human Resources & Administration ⁽⁵⁾	1	1	2
Total	89	3	92
As at LPD			
(i) Executive Directors	2	-	2
(ii) Technical staff	70	2	72
• Key senior management ⁽¹⁾	1	-	1
• Software Development Engineering	23	1	24
• Business Development & Project Delivery	3	1	4
• CTS	40	-	40
• Hardware, IT Infrastructure & Third Party Solution Services ⁽³⁾	3	-	3
(iii) Administrative staff	23	1	24
• Key senior management ⁽²⁾	4	-	4
• Hardware, IT Infrastructure & Third Party Solution Services ⁽⁴⁾	4	-	4
• B2B Operation	5	-	5
• CRM & E-Stores Operation	3	-	3
• Finance Operation	6	-	6
• Human Resources & Administration ⁽⁵⁾	1	1	2
Total	95	3	98

Notes:

- (1) The key senior management comprises our General Manager only.
- (2) The key senior management comprises our Business Development Directors and Finance Controller respectively, who hold managerial roles in business development and finance operation.
- (3) Our technical support personnel who are directly involved in installation and service of hardware, IT infrastructure and third-party solution.
- (4) Our Procurement Manager and administrative support personnel who are involved in procurement and sales operation process.

6. INFORMATION ON OUR GROUP (Cont'd)

- (5) Our human resources function has been historically managed by the sole employee together with our General Manager, which has been sufficient. In May 2023, we recruited an additional manager for the department, and intend to further recruit 2 more executives to better support our Group as it continues to grow.

There were no significant changes in the number of employees of our Group from 30 June 2023 up to LPD.

None of our employees belong to any labour union and as at LPD, there has been no material dispute between our management and our employees. Over FYE 2019 to 2022 and FPE 2023, there has not been any incident of work stoppage or labour disputes that has materially affected our operations.

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7. BUSINESS OVERVIEW

7.1 OUR HISTORY

7.1.1 Overview of our Group

Our Company was incorporated in Malaysia on 4 August 2022 under the name of Panda Eco System Sdn Bhd as a private limited company under the Act. On 2 March 2023, we converted into a public limited company and adopted our present name to facilitate our Listing.

Our Company is principally an investment holding company. Through our subsidiaries, we are principally involved in the development, customisation, implementation and integration of our Retail Management Eco-system. In addition, we are involved in the trading of third-party software, trading of IT hardware as well as software customisation, implementation and integration of process control and automation solutions.

Our Group's Retail Management Eco-system is a suite of retail management solutions which support the management of retail operational processes such as POS management, CRM, e-commerce platform management, supply chain management, management of information on store operations, inventory and warehouse management as well as financial and accounting management. As these processes are interrelated, our Retail Management Eco-system also enables seamless and integrated flow of information between various departments within a retail chain as well as their network of retail stores and suppliers.

7.1.2 Our history

Our Group's history can be traced back to 2003 when our Promoter, Executive Director and Chief Executive Officer, Loo Chee Wee and our Promoter, Executive Director and Chief Technology Officer, Tay Kheng Seng set up a partnership, KC Software House, to provide retail management solutions to grocery retailers. Loo Chee Wee was previously a Director managing a grocery store in his family business (i.e. Jasin Shopping Centre Sdn Bhd). He saw an opportunity to develop a retail management solution that was tailored for grocery retailers. At the time, many of the retail management solutions in the market were developed for retail businesses in general and were not tailored to meet the needs and requirements of grocery retailers. Meanwhile, Tay Kheng Seng was experienced in the IT industry, particularly in implementation and sales of IT systems, as well as software development and customisation. He was operating KK Computer which is involved in the trading of IT hardware and third-party software since it was incorporated in 1997 with his spouse, Bong Kok Choo.

With Loo Chee Wee's understanding of the needs and requirements of grocery retailers and Tay Keng Seng's expertise in software development, implementation and integration, our first retail management solution, i.e. front-end POS solution, was developed. In 2005, KC Software House began to implement and integrate a pilot version of the front-end POS system for Loo Chee Wee's family-owned grocery store, i.e. Jasin Shopping Centre Sdn Bhd. Meanwhile, KK Computer provided the IT hardware required in the implementation and integration of the front-end POS system.

As the retail management solution business began to grow, Panda Software was incorporated by Loo Chee Wee and Tay Kheng Seng in 2009 to further expand the said business. Both Loo Chee Wee and Tay Kheng Seng each held 50.0% equity shareholdings in Panda Software. At the time, Panda Software and KK Computer operated from a single shoplot in Pandan Malim Business Park, Melaka (then known as Plaza Pandan Malim Business Park, Melaka) with 3 employees. Following the incorporation of Panda Software, the business of KC Software House comprising its customers and assets (including the front-end POS solution) was gradually transferred to Panda Software over the period between 2009 and 2011. The business of KC Software House ceased in 2011.

7. BUSINESS OVERVIEW (Cont'd)

Within the first year of Panda Software being incorporated, we expanded our retail management solution offering to become a suite of solutions known as Retail Management Eco-system, which included the other modules under our HQ Centralised Management, Store Operations and Financial Management solution (i.e. HQ management and centralised procurement, central kitchen management, warehouse management, front-end F&B, back-office inventory management, mobile handheld terminal, Panda-to-accounting and cash management and sales reconciliation modules). Our retail management solution not only targeted grocery retailers but also other retail chain stores. In 2010, Panda Software secured its first project to implement and integrate the HQ Management, Store Operations and Financial Management solution for a bakery and kitchenware retailer based in Klang, Selangor. Panda Software was also awarded the MSC Malaysia Status (now known as Malaysia Digital Status) in 2010.

At that time, Panda Software served customers not only in Melaka but also in other parts of the Southern region of Peninsular Malaysia (i.e. Johor), Central region of Peninsular Malaysia (i.e. Kuala Lumpur and Selangor) and East Malaysia (i.e. Sabah and Sarawak). In 2013, Panda Software began to serve customers in the Eastern region of Peninsular Malaysia (i.e. Pahang and Terengganu) since it secured its first project to implement and integrate the HQ Management, Store Operations and Financial Management solution for a grocery retailer based in Pahang in the year. Panda Software subsequently began to serve customers in the Northern region of Peninsular Malaysia (i.e. Kedah) in 2016 when it secured its first project to implement and integrate the HQ Management, Store Operations and Financial Management solution for a grocery retailer based in Kedah in the year.

Our Retail Management Eco-system was subsequently certified as a Goods and Service Tax ("GST") compliant software by the Royal Customs of Malaysia when GST was first introduced in Malaysia in 2015. This sets us apart from other retail management solution providers who were not GST compliant at the time, which enabled us to grow our revenues from customers that sought a GST compliant retail management solution. Panda Software's revenues grew from RM4.2 million in FYE 2014 to RM6.6 million in FYE 2015, and further grew to RM6.8 million in FYE 2016.

In 2015, we established our first service hub in Bangsar South, Kuala Lumpur to provide after-sales support services to our customers in Kuala Lumpur and Selangor. In line with the growth in our workforce from 3 employees in 2009 to 18 employees in 2016, we set up our HQ in Plaza Pandan Malim Business Park, Melaka to cater for our business expansion, which comprised 2 shoplots in 2016.

We further expanded our Retail Management Eco-system solution offerings to include our Omni-channel Engagement solutions and xBridge B2B solutions in 2018 and 2019, respectively. In 2018, we secured our first project to implement and integrate our e-commerce module under our Omni-channel Engagement solution for a stationery retailer based in Selangor. In 2019, we secured our first project to implement and integrate our CRM and mobile application and digital content modules under our Omni-channel Engagement solution, for a grocery and retail product chain operator based in Selangor.

020 Digital was incorporated in 2020 by Loo Chee Wee and Tay Kheng Seng with our Business Development Director of 020 Digital, Keow Yih Yun, to spearhead the business development of our Omni-channel Engagement solution.

7. BUSINESS OVERVIEW (Cont'd)

Our xBridge B2B solution was launched in 2019 under Rexbridge when we first implemented and integrated the xBridge B2B solution for a FMCG manufacturer and supplier of our retail customer based in Klang, Selangor in the same year. Rexbridge was incorporated in 2014 by Loo Chee Wee, Tay Kheng Seng and Wong Khai Meng to carry out the R&D, and commercialisation of xBridge B2B solution. Rexbridge was awarded the MSC Malaysia Status (now known as Malaysia Digital Status) in 2015 for the proposed R&D of the xBridge B2B solution. Between 2015 and 2019, Rexbridge undertook the R&D of the xBridge B2B solution.

Our Group's workforce gradually grew from 18 employees in 2016 to 24 employees in 2017, 32 employees in 2018 and 60 employees in 2019. Accordingly, we began to rent 2 additional adjoining units of shoplots in Plaza Pandan Malim Business Park, Melaka in 2019 to accommodate our business expansion.

In 2020, we developed our delivery module under our Omni-channel Engagement solution in collaboration with the Faculty of ICT, Universiti Teknikal Malaysia Melaka. We successfully implemented and integrated our first delivery module project for a grocery retailer in Kuala Lumpur in 2021. Following this project, we were able to roll out the delivery module to other customers.

In 2021, we set up a service hub in Kota Kinabalu, Sabah, to better serve our customers in Sabah. In March 2022, we also expanded our present HQ in Plaza Pandan Malim Business Park, Melaka to include an additional 1 shoplot to house the business operations of 020 Digital which is adjoining to our existing premises. Later in May 2022, we set up a service hub in Kuching, Sarawak, to better serve our customers in Sarawak.

Over the years, we have grown from providing a single retail management solution to offering a suite of retail management solutions, known as our Retail Management Eco-system. We have also built up a strong track record as a reliable IT solution provider specialising in retail management solutions.

For FYE 2019 to 2022 and FPE 2023, we implemented our Retail Management Eco-system for a cumulative 1,377 retail stores operated by approximately 137 retailers throughout Malaysia (of which over 110 are retail chain store operators). In addition, we implemented our Retail Management Eco-system for 2 retail stores in Batam, Indonesia and a retail store in Brunei in 2016 and 2021 respectively. Since July 2023, we have begun implementing our Retail Management Eco-system for 1 retail store for a grocery retail chain in Indonesia. Revenues from Indonesia and Brunei contributed between 0.01% to 1.1% of our total revenues for FYE 2019 to 2022 and FPE 2023. Meanwhile, our xBridge B2B solution, which is one of the solutions in our Retail Management Eco-system that facilitates document exchange between retailers and their suppliers, has been subscribed by approximately 2,760 suppliers in Malaysia as at FPE 2023.

Our customer base has grown from 8 retailers in 2010 to 34 retailers in 2015, 101 retailers in 2020 and 137 retailers as at LPD. We have implemented the Retail Management Eco-system for a cumulative 1,410 retail stores operated by approximately 137 retailers throughout Malaysia as at LPD. As LPD, our xBridge B2B solution has been subscribed by approximately 2,986 suppliers in Malaysia. KK Computer has also received awards from reputable IT hardware and software suppliers for achieving a strong sales track record with them, particularly for third-party software and/or IT hardware utilised in our Retail Management Eco-system.

7. BUSINESS OVERVIEW (Cont'd)**7.1.3 KEY ACHIEVEMENTS AND MILESTONES**

Since the incorporation of Panda Software until LPD, we have achieved the following milestones:

Year	Key milestones
2009	- Panda Software was incorporated and the business of KC Software House was gradually transferred to Panda Software. - Expanded solution offering to include the modules under the HQ Centralised Management, Store Operations and Financial Management solution, forming our Retail Management Eco-system
2010	- Secured first project to implement and integrate the HQ Management and Store Operations solution from a bakery and kitchenware retailer - Served customers in the Southern region (i.e. Melaka and Johor) and Central region (i.e. Kuala Lumpur and Selangor) of Peninsular Malaysia as well as East Malaysia (i.e. Sabah and Sarawak) - Panda Software was awarded the MSC Malaysia Status (now known as Malaysia Digital Status)
2013	Began serving customers in Eastern region of Peninsular Malaysia (i.e. Pahang and Terengganu) when first project for a grocery retailer in Pahang was secured
2014	Rexbridge was incorporated to carry out the R&D, and commercialisation of xBridge B2B solution
2015	- Our Retail Management Eco-system was certified as GST compliant by the Royal Customs of Malaysia - Established service hub in Bangsar South, Kuala Lumpur - Rexbridge was awarded the MSC Malaysia Status (now known as Malaysia Digital Status)
2016	- Set up present HQ in Plaza Pandan Malim Business Park, Melaka - Began serving customers in the Northern region of Peninsular Malaysia (i.e. Kedah) when first project for a grocery retailer in Kedah was secured
2018	Expanded portfolio of solutions under the Retail Management Eco-system to include the e-commerce module under our Omni-channel Engagement solution when first project to implement the module was secured from a stationery retailer in Selangor
2019	- Expanded portfolio of solutions under the Retail Management Eco-system to include the CRM and mobile application and digital content modules under our Omni-channel Engagement solution, when first project to implement the modules was secured from a grocery and retail product chain operator based in Selangor - Expanded portfolio of solutions under the Retail Management Eco-system to include the xBridge B2B solution when first project to implement the solution was secured from a FMCG manufacturer and supplier - Began to rent 2 adjoining units of shoplots in Plaza Pandan Malim Business Park, Melaka to cater for business expansion

7. BUSINESS OVERVIEW (*Cont'd*)

Year	Key milestones
2020	• 020 Digital was incorporated to spearhead the business development of the Omni-channel Engagement solution • Developed delivery module in collaboration with the Faculty of ICT, Universiti Teknikal Malaysia Melaka
2021	• Implemented and integrated first delivery module project for a grocery retailer in Kuala Lumpur • Set up service hub in Kota Kinabalu, Sabah
2022	• Expanded present HQ in Plaza Pandan Malim Business Park, Melaka to include an additional 1 adjoining shoplot to house business operations of 020 Digital • Set up service hub in Kuching, Sarawak

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7. BUSINESS OVERVIEW (Cont'd)**7.2 DESCRIPTION OF OUR BUSINESS****7.2.1 Principal business activities**

Our Group's business activities are segmented as follows:

- (a) Retail Management Eco-system development, customisation, implementation and integration; and
- (b) Other business comprising:
 - trading of third-party software;
 - trading of IT hardware; and
 - software customisation, implementation and integration of process control and automation solutions.

Our business model is depicted as follows:

Business segments	Retail Management Eco-system development, customisation, implementation and integration	Other businesses
Solutions	• HQ Centralised Management, Store Operations and Financial Management • Omni-channel Engagement • xBridge B2B	• Trading of third-party software • Trading of IT hardware • Software customisation, implementation and integration of process control and automation solutions
Revenue model	• One-off • Software license fee • Project implementation charges • Outright sale of IT hardware • Training fee • Recurring • Software license maintenance fee • Subscription fee • Cloud server management service fee	• One-off • Outright sale of IT hardware and third-party software licence fee • Project customisation and implementation fee • Recurring • Support maintenance fee
Customer segments	• Retailers particularly: ○ Grocery retail stores including hypermarkets, supermarkets and mini-markets ○ Convenience stores ○ General merchandise retailers including houseware and kitchenware retailers and departmental stores ○ Specialty stores such as stationery and baking ingredient product stores • Retail product suppliers • F&B service providers • Companies in other industries including trading and manufacturing industries (for the trading of third-party software and IT hardware, and software customisation, implementation and integration of process control and automation solutions)	

7. BUSINESS OVERVIEW (*Cont'd*)

7.2.2 Retail Management Eco-system development, customisation, implementation and integration

Our Group's Retail Management Eco-system is a suite of retail management solutions which support various retail operational processes. It enables seamless and integrated flow of information between various departments within a retail chain as well as their network of retail stores and suppliers.

Our retail management solutions have the following features:

- (a) **Ease of access** – Some of the retail management solutions (i.e. Omni-channel Engagement and xBridge B2B solutions) are cloud-based solutions, which means that it can be accessed over the Internet. This offers a variety of benefits, as follows:
 - (i) remote accessibility – can be accessed from any location, within or outside the premises. This flexibility provides multiple advantages, including allowing for remote monitoring using mobile devices;
 - (ii) cross-platform and multi-device responsiveness – responsive across multiple operating systems and can be used on any devices, such as desktops, tablets or smart phones; and
 - (iii) fast roll out of enhancements and updates – enhancements and updates to the retail management software are rolled out to all customers remotely and within a short span of time.
- (b) **Modularity** – all of the retail management solutions have been developed with the ability to be integrated seamlessly with other solutions under the Retail Management Eco-system. This will enable our customers to progressively add-on new modules in line with their business growth.
- (c) **Integrate-ability** – the Retail Management Eco-system can also be integrated with third-party software and IT hardware. This will enable our customers to streamline their operations as their existing or new third-party software and IT hardware can be seamlessly integrated with the Retail Management Eco-system. For instance, the modules under store operations can be integrated with third-party payment kiosks and card terminals. The e-commerce application module can also be integrated with third-party payment gateway systems and third-party delivery service providers' software.

We may undertake customisation on our retail management software based on customers' business needs, requests and feasibility of such customisations. These customisations are carried out to ensure that the functionalities of the retail management software are integrated with our customers' business activities, practices, standard operating procedures and process workflows, as they need to be applied across various numbers and sizes of stores, units of measurement, cost structures, payment methods, number of SKUs and sales volumes. At times and upon request, we may also enhance and modify the intended function, purpose, features, requirements and specifications of the solution software itself, if it is feasible to do so.

Our Group developed all of the retail management software used in the Retail Management Eco-system. For the Panda-to-accounting module under the HQ Centralised Management, Store Operations and Financial Management solution, we may integrate our retail management software with third-party software (such as accounting software sourced from Auto Count Sdn Bhd). Our Group integrates the retail management software used with IT hardware (such as IT network and data storage equipment, POS equipment, computers and printers) sourced from third-party suppliers to form a complete retail management solution for our customers.

7. BUSINESS OVERVIEW (*Cont'd*)

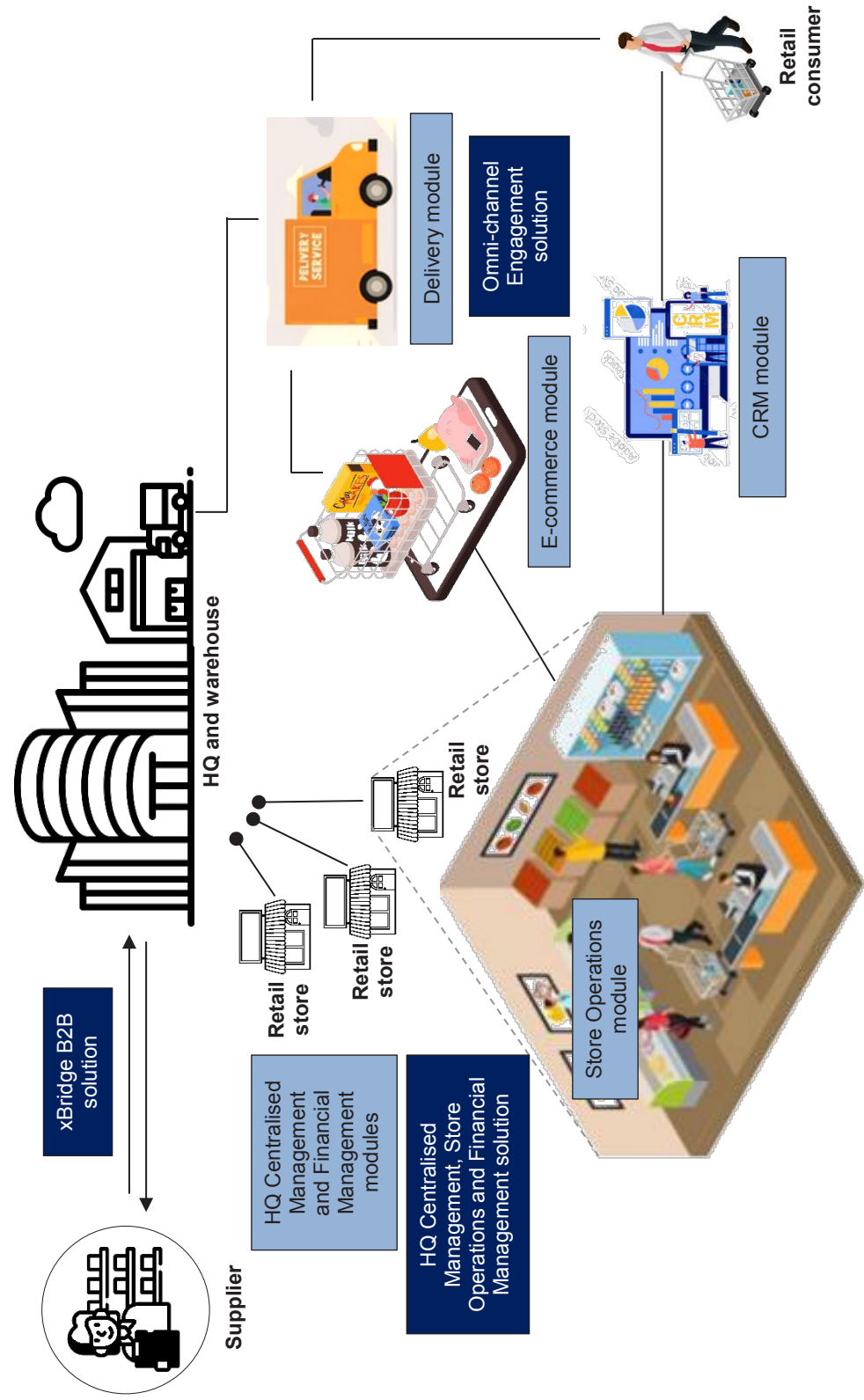
The Retail Management Eco-system is installed using either on-premises and/or cloud-based infrastructure. For instance, the HQ Centralised Management, Store Operations and Financial Management solution is generally implemented using an on-premises infrastructure, whereby customers will have a dedicated IT network and data storage equipment located within the retail store premises. Meanwhile, the xBridge B2B and Omni-channel Engagement solutions are implemented using cloud-based infrastructure, whereby IT network and data storage are hosted by third-party cloud service providers.

We provide our customers with after-sales support services to troubleshoot any issues concerning the Retail Management Eco-system. As at LPD, our Group has a CTS team comprising 40 personnel, on standby during and after work hours to provide after-sales support services to our customers. These after-sales support services include troubleshooting and reconfiguration services in the event customers experience any technical issues or errors with the Retail Management Eco-system. We typically provide a response within 2 to 24 hours, depending on the urgency and/or criticality of the issue/incident.

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7. BUSINESS OVERVIEW (Cont'd)

The diagram below illustrates the use of our Retail Management Eco-system in a typical retail environment:



7. BUSINESS OVERVIEW (Cont'd)

The range of solutions in the Retail Management Eco-system are categorised according to their applications, as follows:

(a) HQ Centralised Management, Store Operations and Financial Management

Our HQ Centralised Management, Store Operations and Financial Management is designed for management and monitoring of business operations and daily activities of a network of retail stores, management of POS, and management of financial information.

(i) HQ Centralised Management

HQ Centralised Management is designed for our customer's HQ to manage and monitor their overall business operations as well the daily activities of their network of retail stores. We offer the following 3 different modules to cater to different customer needs and requirements:

(aa) HQ management and centralised procurement – allows the HQ to maintain and manage an internal consolidated database of costs, products, prices, brands, discounts, suppliers and customers as well as detailed information of each retail store including sales transactions and inventory available.

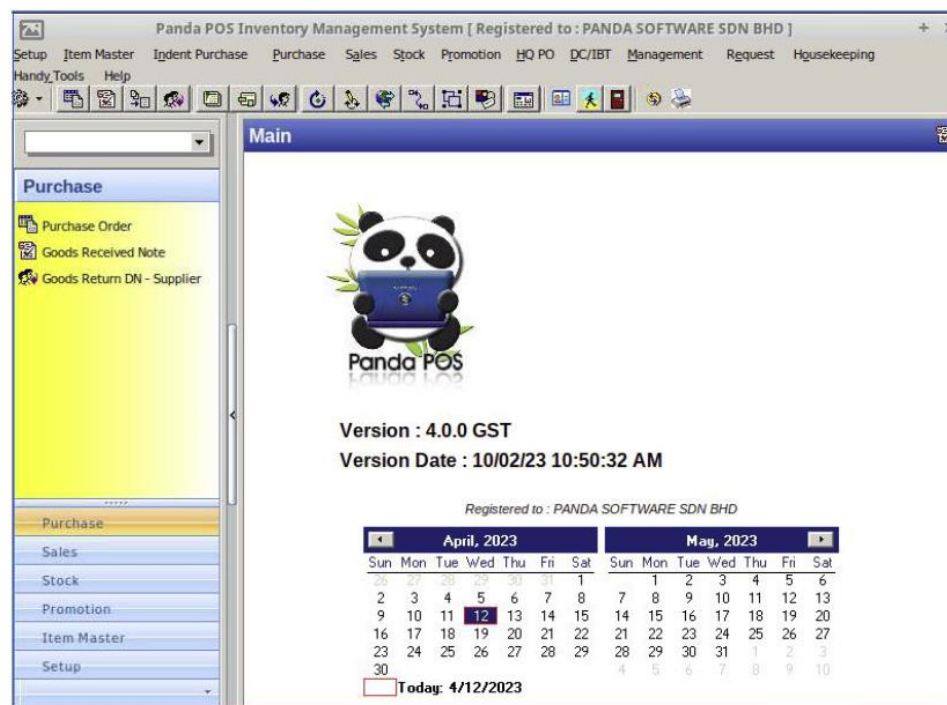
With this module, our customers will have a centralised and consolidated database of their entire supply chain, thereby enabling them to simplify certain business activities such as issuing centralised purchase orders for multiple retail stores, analysing the supplier with the best pricing or product variants, or consolidating payments to suppliers. This will enable customers to be more efficient, have lower administrative costs, thus allowing them to better focus on other more crucial business activities.

(bb) Central kitchen management – allows our customers with an in-house bakery or kitchen to maintain an internal database of recipes and ingredient costs. This will enable customers to monitor production costs and manage inventory and food wastage.

(cc) Warehouse management – allows for real-time inventory management to ensure that goods received are stored and picked in an efficient manner (e.g. sorted by expiry date, weight, size as well as location of the products to reduce longer or repeated paths). This allows for inventory at retail stores and warehouses to be maintained at a reasonable quantity and variety to reduce wastage. This module also has the function to track inventory across multiple retail stores, which allows it to perform inventory transfers between stores, and automatic generation of procurement lists for any store. This will enable our customers to optimise their store's inventories by maintaining an efficient inventory of suitable products, reduce mundane administrative activities and minimise human errors.

7. BUSINESS OVERVIEW (Cont'd)

The solution interface for modules under HQ Centralised Management are as illustrated below:



(ii) Store Operations

We offer 4 different modules for store operations to cater to different customer needs and requirements. The modules available are as follows:

(aa) Front-end POS – this module is designed to support retail activities within a retail store such as daily retail store transactions (i.e. sales and refunds). The module also has the ability to keep track of store-related activities such as promotions, contests and vouchers. This involves keeping track of promotions and vouchers based on various parameters such as weight, volume or product purchase, and apply the promotion or voucher accurately.

The front-end POS module allows a combination of multiple payment modes including cash, credit and debit cards, e-wallet, vouchers, gift cards and loyalty points. In addition, it allows for collection of local and foreign currencies.

By doing the above, the front-end POS module can enhance the efficiency of retail store operations as it reduces the time taken to process retail store transactions and improve visibility by tracking inventory, and accountability by tracking the personnel-in-charge.

The front-end POS module has conventional POS systems designed to be used by the retail store's employees as well as self-checkout POS systems designed to be used by the retail consumer. Self-checkout POS systems generally have a more user-friendly interface as compared to conventional POS systems so that retail consumer can perform self-checkouts with minimal assistance.

7. BUSINESS OVERVIEW (Cont'd)

The front-end POS is as illustrated below:



Conventional POS system



Self-checkout POS system

The solution interface for our front-end POS is as illustrated below:

Interface for creation of new bills

Interface for payment

- (bb) Front-end F&B** – allows our customer's employees to perform daily F&B sales transactions and food ordering. The software has the capability to send orders automatically to the kitchen, including any customised orders. It is also able to track table locations and direct food service from the kitchen as well as present to front-end employees any daily menu and availability of menu items.

7. BUSINESS OVERVIEW (Cont'd)

The solution interface for our front-end F&B module is as follows:

The screenshot displays a POS interface for a food and beverage business. At the top, it shows the store name 'QPMK', the date '12/04/2023', and the employee ID '91589'. The interface is divided into several sections:

- Order Entry:** A table with columns for Status, T/Away, Line, Description, Qty, Price, and Amount. It lists two items: '1 Apple Walnut Salad' for 27.00 and '2 Avocado Tartine' for 20.00.
- Menu Grid:** A grid of buttons for various food items, including 'Ayam Bencanah (1pc)', 'Fries Side', 'Plain Vanilla Ice Cream', 'Salad Side', 'Add On - Chicken Strips', 'Add On - Prawns', 'Add On - Smoked Salmon', 'Add On - Chicken Breakfast Sausage', 'Add On - Hash Brown', 'Add On - Shredded Beef Bacon', 'Add On - Shredded Beef Bacon Slice', 'Aglio Olio Pasta (V)', 'Apple Walnut Salad', 'Avocado Kaya Toast', 'Avocado Tartine', 'Basil Pesto Pasta', 'Big Breakfast (fried Egg)', 'Big Breakfast (Scrambled Eggs)', 'Bircher Muesli', 'Buttermilk Fried Chicken 2pcs', 'Buttermilk Fried Chicken 4pcs', 'Buttermilk Fried Chicken 6pcs', 'Cheese Platter', 'Cheesesteak', 'Chicken Gnocchi Melt', 'Chicken Parmigiana', 'Clam Stew', 'Classic Caesar Salad', 'Cooking Charge (no sides)', and 'Cooking Charge + 1 Side'.
- Payment Section:** Includes buttons for 'Barcode', 'Take Away', 'Amount', 'Balance', and 'Payment'. The total amount shown is 47.00.
- Sub-Department Selection:** A grid of buttons for different departments: HOT KITCHEN, PROMOTION, BAKERY, BEVERAGE, GRAB GO, COCKTAILS, WINE, MIXERS, WHISKY, GIN, RUM, AGAVE, BRANDY, VODKA, BEER, and OTHERS.

(cc) Back-office inventory management – allows customer’s employees to perform daily back-end retail store operations (such as goods receipt and return, inventory procurement, replenishment and management, and inventory transfer, disposal and stocktake). The module has the ability to keep track of inventory received from suppliers or other retail stores for inter-store reconciliation. It will also prompt the user to replenish inventory when the inventory levels in the retail store falls below pre-specified levels. Information from the back-office inventory management module can then be synchronised with other HQ Centralised Management modules on a real time basis.

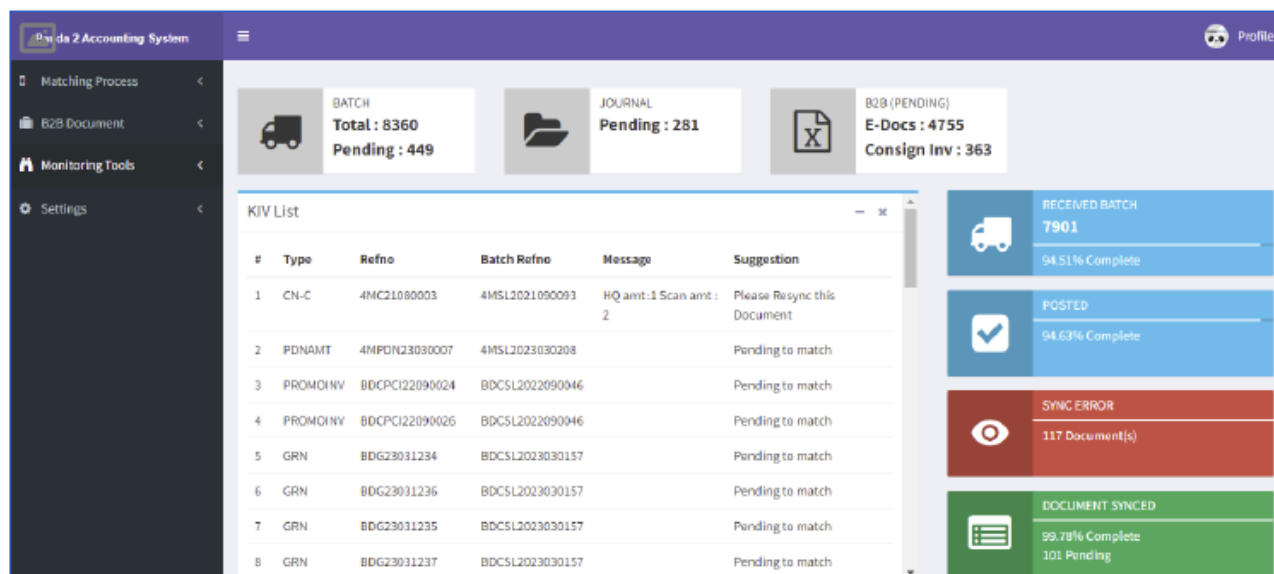
(dd) Mobile handheld terminal – this module is designed specifically as a complementary module to the back-office inventory management module as it is used to scan the barcodes on inventory, which would automatically transfer the record of information on inventory to the back-office inventory management. This module allows for streamlining store operational activities that is facilitated by the back-office inventory management module. Thus, this will digitalise processes such as receipt of inventory, inventory return and daily disposal for perishable goods, which would enhance operational efficiency.

(iii) Financial Management

Financial Management comprises the following modules:

(aa) Panda-to-accounting module - This module extracts and consolidates transactional data from individual retail stores to enable synchronisation with third-party accounting software at the HQ level. The interface for this module is as follows:

7. BUSINESS OVERVIEW (Cont'd)



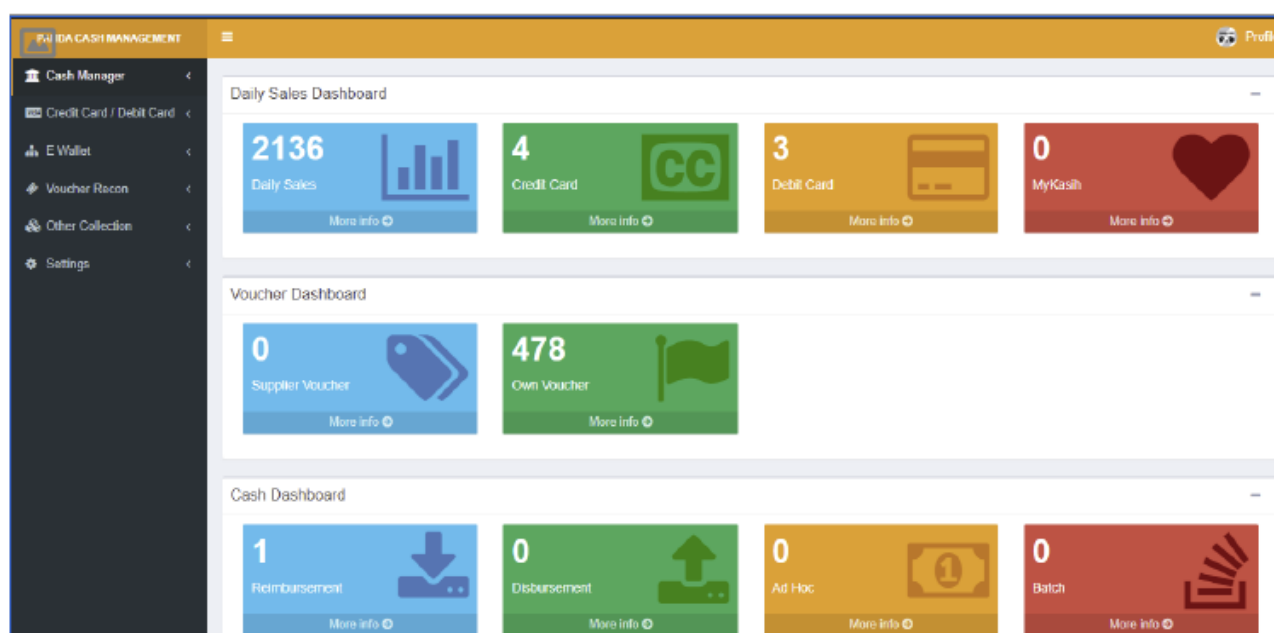
; and

(bb) Cash management and sales reconciliation module – This module enables the following:

- Cash management which includes cash collection and payment; and
- Reconciliation of sales collections via non-cash payment methods.

This enhances operational efficiency and reduces human errors which typically results from manual entries of data or information.

The interface for this module is as follows:



The financial management solution can be integrated with third-party accounting software.

7. BUSINESS OVERVIEW (Cont'd)

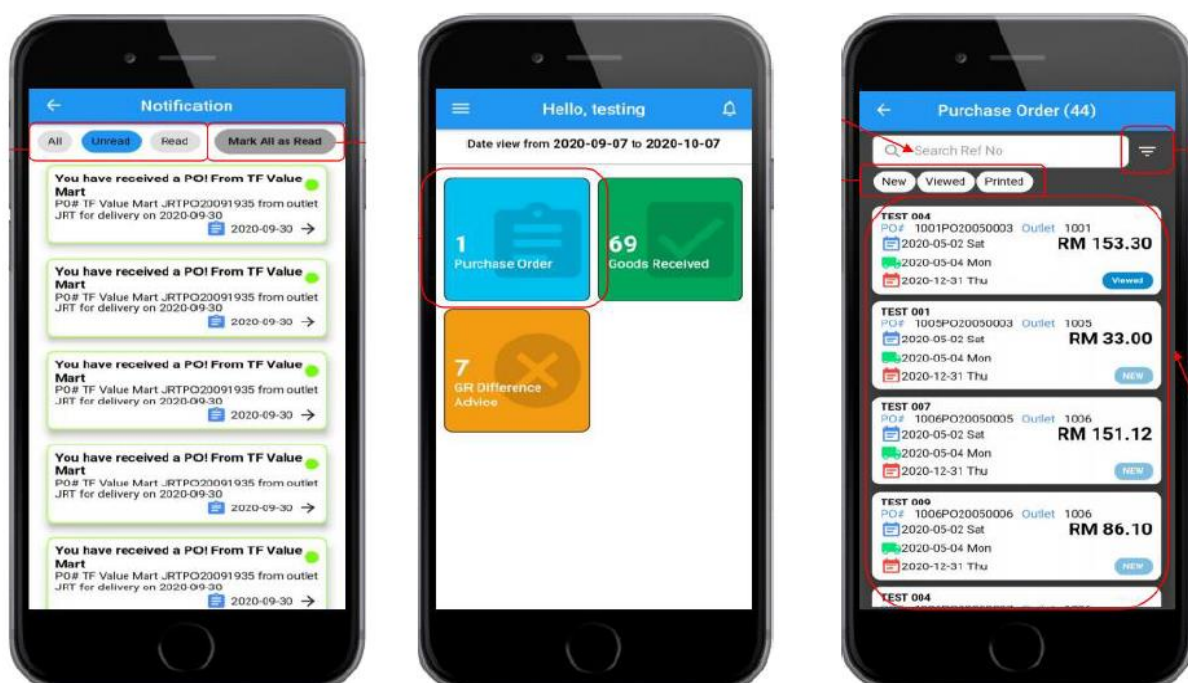
- (b) **xBridge B2B** – xBridge B2B is a supply chain portal that enables electronic document exchange between retailers and their suppliers.

It aims to promote paperless operations by digitalising relevant documents exchanged between retailers and their suppliers such as purchase orders and goods received notes, purchase return debit notes and payment vouchers.

It also enables 3-way document matching whereby the goods ordered are matched against the goods that were delivered and the supplier's invoices. This is because the xBridge B2B solution automates the generation of electronic invoices created by suppliers based on retailers' goods received notes and purchase orders.

As such, this solution simplifies communication and minimises administrative costs. This solution also promotes convenience and allows suppliers to instantly access and retrieve these electronic documents.

The xBridge B2B solution interface is as illustrated below:



(c) Omni-channel Engagement

Our Omni-channel Engagement solution facilitates the management of retailers' marketing and sales channels. The solution enables CRM, management of e-commerce platforms, mobile applications and digital content as well as management of delivery assignments for orders made through e-commerce platforms. As at LPD, it comprises 4 modules to cater to different customer needs and requirements, as follows:

- (i) **CRM** – This module will enable the compilation of a basic customer database to facilitate roll out of customer loyalty programmes to reward existing customers. It offers a variety of customer loyalty system options for different group of customers (e.g. higher tier for customers who spends more), a selection of reward options (e.g. instant cash redemption and points redemption) and supports different formats of communication (e.g. email or text message). Such programmes are designed for customer retention as they reward customers for their spending, which encourages customers to spend further.

7. BUSINESS OVERVIEW (Cont'd)

(ii) E-commerce module – This module consists of:

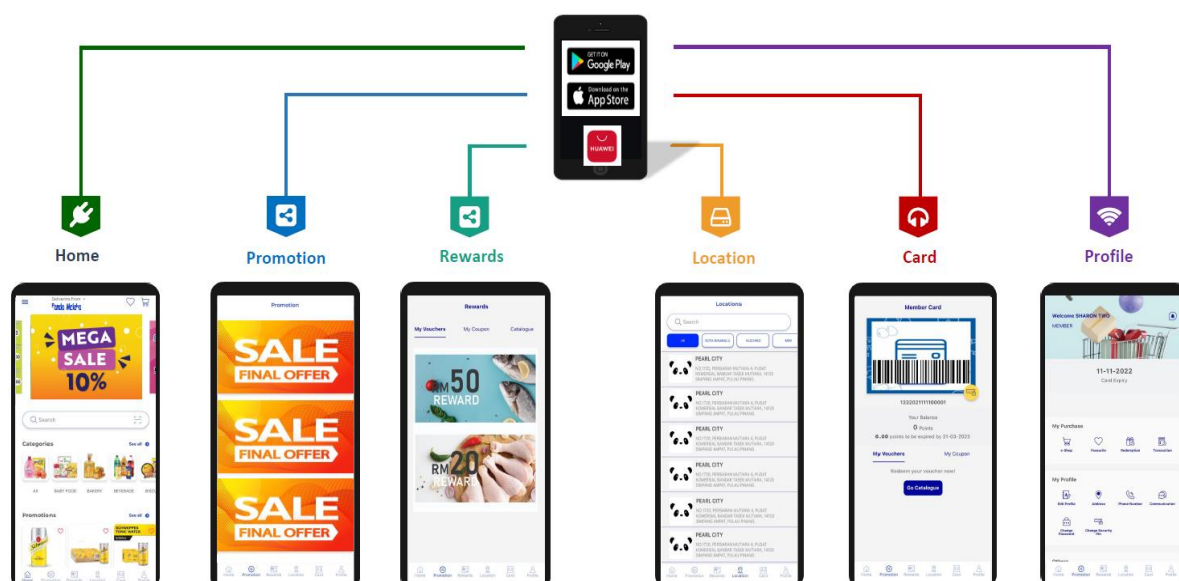
- (aa) A back-end web-based application which is used by our customer to enable real-time update of inventory, synchronisation of individual store sales, automatic purchase updates, marketing campaigns as well as automatic assignment of drivers to deliver goods ordered. Depending on customer's requirements, the module may assign the delivery service to in-house drivers, or outsource delivery to drivers on third-party applications that are integrated into the e-commerce module; and
- (bb) A mobile or web application which acts as an online retail store. The mobile or web application can be accessed and utilised by retail consumers to purchase their products.

The e-commerce module can be integrated with other modules under the HQ Centralised Management, Store Operations and Financial Management solution to enable inventory monitoring to be synchronised across both physical and online retail stores.

(iii) Mobile application and digital content management – This module is a back-end application that enables customisation of customers' mobile or web application according to their visual preferences. Our customers can customise the user interface of the mobile or web application based on the templates provided. With the use of these templates, our customers can launch new mobile applications within a short span of time.

In addition, our customers can manage the digital content uploads on the mobile or web application, including managing the times and frequency these digital contents are uploaded. Using this module, the uploading of digital contents can also be synchronised across all mobile or web applications that are utilised by our customer.

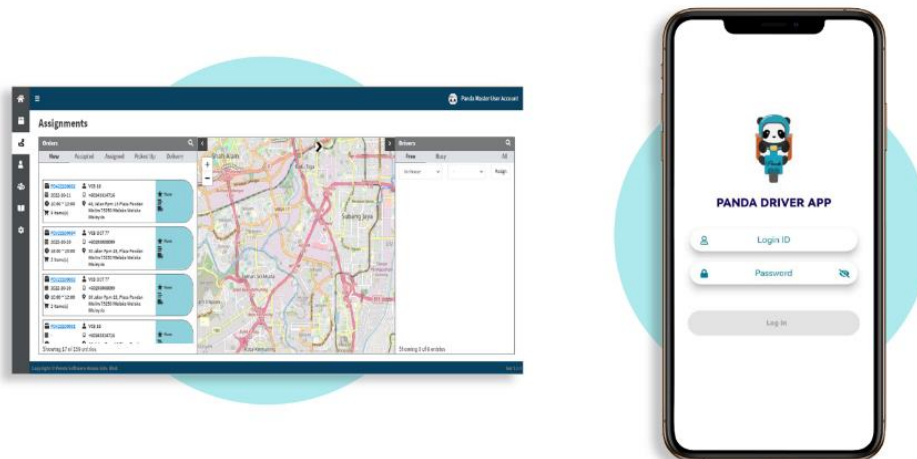
The mobile application and digital content management interface is as illustrated below:



7. BUSINESS OVERVIEW (Cont'd)

- (iv) **Delivery** – This module is designed specifically as a complementary module to the e-commerce module. This module is a mobile application for our customers' in-house drivers that assigns the drivers to carry out deliveries by automating the assignment of deliveries for orders made through the e-commerce module. This module simplifies and enhances the operational efficiency of our customers' processes as the customers need not manually assign deliveries.

The delivery module is as illustrated below:



7.2.3 Other business segments

(a) Trading of third-party software

We sell third-party software such as accounting software, attendance and payroll management software and anti-virus software. Examples of these third-party software include AutoCount POS, AutoCount Accounting, SQL Payroll and eScan antivirus software. These third-party software are provided as and when requested by customers.

(b) Trading of IT hardware

As an additional service to complement our Group's core business, we sell IT hardware other than those used in our Retail Management Eco-system, as and when requested by customers. Such IT hardware include computers, servers, printers, scanners, networking equipment and peripherals. This enhances our Group's profile for customers needing a one-stop centre to meet their business and operational needs.

(c) Software customisation, implementation and integration of process control and automation solutions

Through our expertise in the development, customisation, implementation and integration of our Retail Management Eco-system, we have developed the ability to also perform software customisation, implementation and integration process control and automation solutions for our customers based on their requirements and needs. These solutions include any automated systems that enable digitalisation or automation of processes within an organisation. Thus, these process control and automation solutions transitions manually performed business processes into automated processes. For example, we have developed a process control solution for an early-detection system which monitors the delivery of parts from suppliers.

7. BUSINESS OVERVIEW (Cont'd)

In comparison with our Retail Management Eco-system which has been developed and is ready for commercialisation, these process control and automation solutions are customised solutions, and are separately developed and customised independently from our Retail Management Eco-system, and are tailored specifically to the respective customer's needs and requirements. These process control and automation solutions are more suitably developed for various industries such as the manufacturing and trading industries.

7.2.4 Environmental, social and governance practices

We are conscientious of factors affecting the environment, community and our employees. We also seek to instill an internal governance culture. To this end, we have implemented, and are in the midst of implementing, the following practices:

(a) Environmental

Our Group develops, customises, implements and integrates our Retail Management Eco-system which enables seamless and integrated flow of information between various departments within a retail chain as well as their network of retail stores and suppliers. This allows for automation and digitalisation of retail operations which would minimise paper usage, thus positively impacting the environment.

Internally, we are also conscious of our impact on the environment and we have adopted responsible approaches in our daily operations to promote environmental sustainability. These approaches include:

- Utilising green energy through installation of rooftop solar power systems

We have invested in the installation of rooftop solar power systems on our headquarters in Plaza Pandan Malim Business Park, Melaka. The rooftop solar power systems, which were installed on the rooftop of our headquarters since May 2022, have an installed capacity of 25.5 kilowatt peak (kWp).

- Reusing IT hardware that are close to their end-of-life cycle

We monitor the end-of-life cycle of our IT hardware, where we constantly monitor if the production of the IT hardware will be discontinued and/or if the IT hardware is still relevant or up-to-date. Instead of disposing IT hardware nearing the end-of-life cycle, we utilise these IT hardware for low priority and non-critical operations such as data entry and software processing.

- Donating IT hardware and equipment that are no longer in use

IT hardware such as server racks that are no longer in use due to changes in requirements for specifications, as well as equipment such as training chairs with writing board that are no longer in use, will be donated to universities or other entities that require such IT hardware and equipment.

- Encouraging digitalisation and recycling

In order to reduce carbon footprint, employees are encouraged to communicate via electronic methods such as through email and instant messaging and only print hard copies when necessary. Our Group also ensures that waste is recycled where possible, and that non-recyclable waste is disposed of responsibly.

7. BUSINESS OVERVIEW (Cont'd)**(b) Social**

We recognise that our employees are valuable assets and as such, we strive to retain and nurture skilled talent through the following practices:

- Promoting employee wellness and work-life balance

We have a social hub at our headquarters which is equipped with a gym, television, pool tables and other games. The social hub has been set up to not only encourage employees to exercise but also socialise with other employees and release work stress. We also organise team events to foster team-building. In addition, we organise and sponsor sports events such as badminton and futsal.

We also ensure that all of our employees have insurance coverage for inpatient and hospitalisation, surgical care and personal accident. We also provide dental and optical benefits to our employees.

Apart from the above, we organise company trips on a yearly basis to reward our employees for their hard work and to further foster team spirit.

- Promoting equality and diversity

We provide equal opportunity to individuals from diverse backgrounds in our recruitment process, whereby we provide job opportunities solely based on individual merit. Thus, our workforce comprises individuals of diverse backgrounds and ethnicities. We also promote gender diversity. As at LPD, approximately 41.8% of our Group's employees are female.

We aim to have a workplace culture where all employees, regardless of their race, ethnicity, religion or gender, feel valued, respected and accepted and are encouraged to share their ideas.

- Promoting personal development

We retain skilled employees and attract new talents through providing continuous technical training and rewarding employees with competitive remuneration packages. We set a minimum number of hours for training per calendar year for all of our employees. The courses that are recommended for them to be enrolled into are nominated by managers and approved by our key management team. By doing so, we believe that we are supporting our employees' professional development which would enhance their performance and productivity while increasing their value and future marketability.

(c) Governance

We are committed to conducting our business ethically and in compliance with all applicable laws and regulations in Malaysia. These laws include but are not limited to the Malaysian Penal Code (revised 1977) (and its amendments) and the Act.

We also have an anti-bribery and corruption policy and have put in place policies and procedures to maintain compliance with the Malaysian Anti-Corruption Commission Act 2009 and its amendments.

7. BUSINESS OVERVIEW (Cont'd)

In addition to the above, we constantly review our software coding methodology to ensure the architecture is aligned with our Group's business sustainability and commercial competitiveness objectives. We have set up a Software Development Central of Excellence team since 2022 comprising our Chief Technology Officer and a manager in our Software Development Engineering team, to ensure that our modular software architecture framework is aligned to our Group's business sustainability and commercial competitiveness objectives.

To this end, the Group's sustainability efforts are focused on enhancing its value propositions for its stakeholders and customers with the adoption of best practices. The Group will be watchful of the industry trends and adapt accordingly to remain at the forefront, and to stay relevant to its stakeholders.

7.3 OUR REVENUE MODEL

Our revenue models for our business segments are summarised as follows:

(a) Retail Management Eco-system

(i) One-off income

We earn a one-off income from:

- the initial licensing of our Retail Management Eco-system to our customers;
- the services rendered for project implementation of our Retail Management Eco-system;
- outright sale of IT hardware; and
- training of our customers' personnel on the usage of our Retail Management Eco-system.

The revenue is recognised at a point in time upon the delivery of goods/services that are accepted by our customers.

We generally collect a percentage of the income as a deposit upfront, upon execution of the contracts with our customers, and the remainder is charged upon acceptance by our customers.

(ii) Recurring fees

In addition to the one-off license fee mentioned above, our Group charges a yearly recurring fee for the continuous use of the Retail Management Eco-system, namely for HQ Centralised Management, Store Operations and Financial Management wherein the recurring fee will entitle customers to after-sales support services and software updates and enhancements. These recurring fees are agreed upon on an annual basis pursuant to the contracts with our customers. We bill such fees upfront on a monthly, quarterly or annual basis. As our standard practice is to bill our customers upfront on a quarterly basis. However, we may also bill our customers upfront on a monthly or annual basis, depending on our customers' request. Revenue in this respect is recognised over time on a monthly basis.

We also earn recurring fees charged as monthly subscription fees based on the usage of Omni-channel Engagement and xBridge B2B solutions as follows:

- xBridge B2B solution: based on the number of electronic documents uploaded by the retail chain stores.

7. BUSINESS OVERVIEW (Cont'd)

- Omni-channel Engagement Solution: based on number of active members registered and online sales amount generated via our customer's e-commerce platform.

We charge cloud server management service fees on an annual basis for the use of cloud-based infrastructure required for Retail Management Eco-system. Customers are billed the annual fee upfront, and revenue in this respect is recognised over time on a monthly basis.

(b) Other businesses

(i) One-off income

We earn one-off income from the outright sale of IT hardware as well as software licence fee for third-party software sold. We also earn a one-off project customisation and implementation fee for process control and automation solutions. The revenue is recognised at a point in time upon the delivery of goods/services that are accepted by customers.

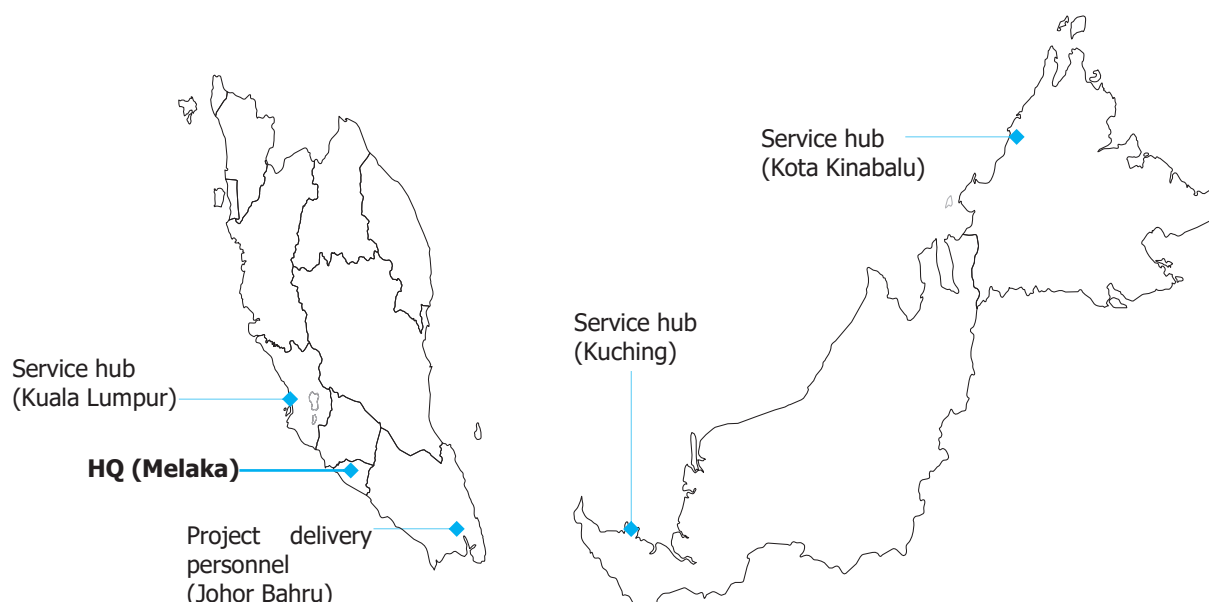
(ii) Recurring fees

We earn recurring fees as we charge annual support maintenance fee for the use of third-party software. The fees are agreed upon and billed on an annual basis. Revenue in this respect is recognised over time on a monthly basis.

7.4 PRINCIPAL PLACE OF BUSINESS

Our Group's HQ is presently located in Melaka. We operate with our project delivery personnel to serve our customers in Kuala Lumpur, Johor Bahru, Kota Kinabalu and Kuching.

The locations of our operations are as depicted below:



7. BUSINESS OVERVIEW (Cont'd)

Details of our premises for our HQ and service hubs are as follows:

Location	Main function	No. of employees as at LPD	Approximate built-up area sq ft
No. 28, Jalan PPM 13 Plaza Pandan Malim Business Park 75250 Melaka	HQ / Office	⁽¹⁾ 89	1,496.2
No. 28-1 & No. 30-1, Jalan PPM 13 Plaza Pandan Malim Business Park 75250 Melaka	HQ / Offices		2,992.4
No. 30, Jalan PPM 13 Plaza Pandan Malim Business Park 75250 Melaka	HQ / Office		1,496.2
No. 32-1, Jalan PPM 13 Plaza Pandan Malim Business Park 75250 Melaka	HQ / Office		1,496.2
No. 34-1, Jalan PPM 13 Plaza Pandan Malim Business Park 75250 Melaka	HQ / Office		1,496.2
Lot 5, Block B, 2nd Floor Lintas Jaya Uptownship Jalan Lintas 88300 Kota Kinabalu Sabah	Office	3	120.0
Room 10 of 3rd Floor, Lot 13010 to Lot 13011 (Sublot 28-29) Block 16, Kuching Central Land District, 28-29 Galacity, Jalan Tun Jugah 93350 Kuching Sarawak	Office	2	202.0
No. 16-05, Tower B, The Vertical Bangsar South, Jalan Kerinchi 59200 Kuala Lumpur	Office	3	882.0

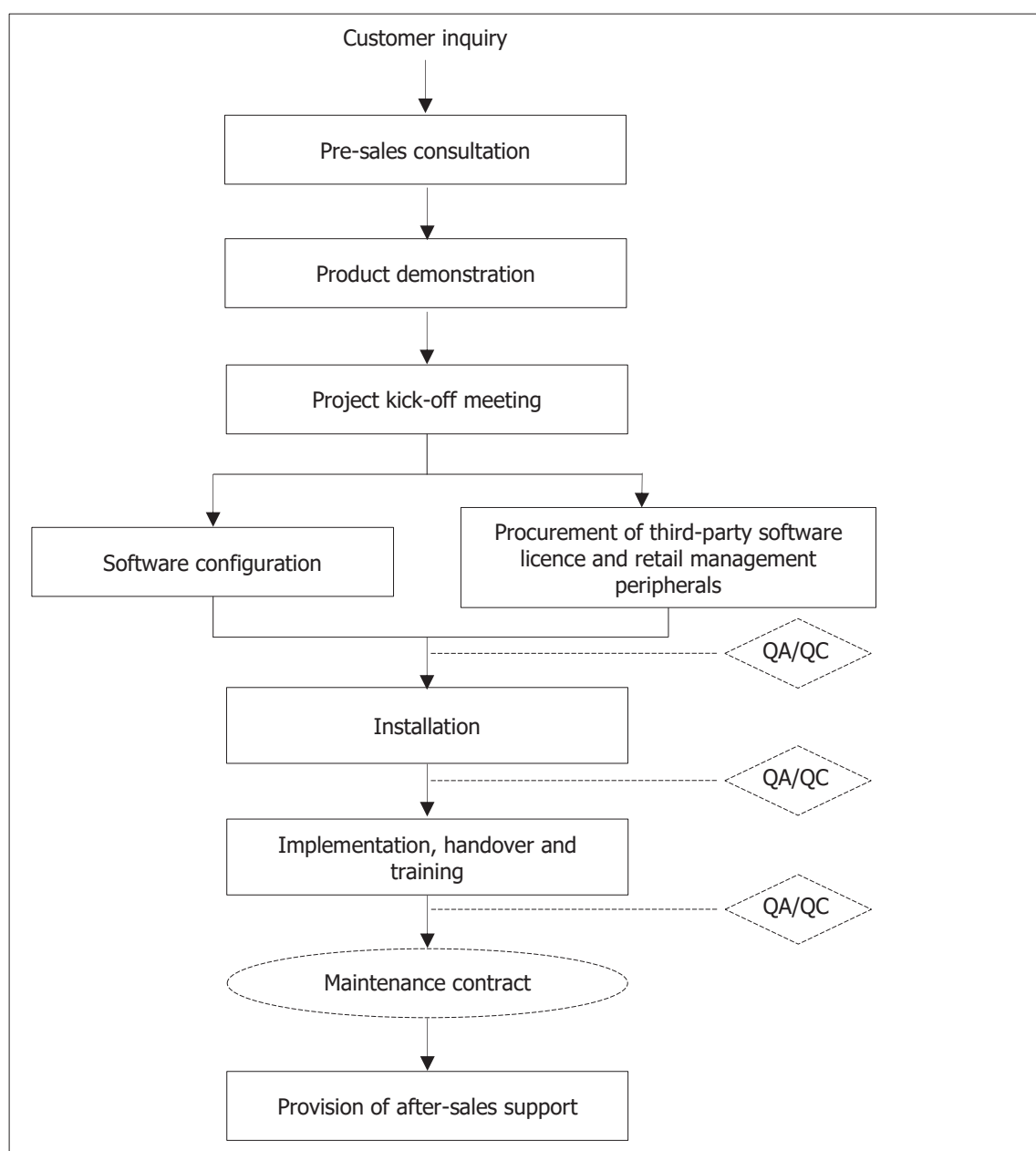
Note:

⁽¹⁾ Aggregate number of employees based in HQ / offices located in Melaka as at LPD.

Apart from the employees based in the offices above, there is 1 project delivery personnel based in Johor Bahru.

7. BUSINESS OVERVIEW (Cont'd)**7.5 BUSINESS PROCESS FLOW**

Our overall operational processes are depicted below:

**(a) Pre-sales consultation**

Upon receipt of sales inquiry from a prospective customer, our Business Development & Project Delivery personnel will liaise with the prospective customer to gain an understanding of their requirements. The personnel will also request for the desired technical specifications and customisations from the customer. The technical specifications will include details such as functionalities, existing IT hardware specifications, internal control processes and cybersecurity compliance details. In addition, the personnel will request for information on the customer's business activities, typically company policies and business practices, standard operating procedures and process workflows, number and size of stores, number of SKUs and sales volume.

7. BUSINESS OVERVIEW (Cont'd)

Based on the information gathered, the Business Development & Project Delivery personnel will issue a quotation with our recommendation of suitable retail management solution(s) and module(s) to the prospective customer, including any additional customisations that will be required. These additional customisations are generally carried out to ensure the functionalities of the retail management software are integrated with our customers' business activities, practices, standard operating procedures and process workflows, as it needs to be applied across various number and size of stores, unit of measurement, cost structure, payment methods, number of SKUs and sales volumes as well as can be integrated with the customer's existing IT infrastructure and hardware.

(b) Product demonstration

Thereafter, we may conduct a demonstration of the Retail Management Eco-system for the customer. The demonstration is a simulation of the potential Retail Management Eco-system so that they have a better understanding of the available features, functionalities and benefits.

(c) Project kick-off meeting

Upon customer's acceptance of the quotation, as confirmed by a purchase order and deposit payment from our customer, we will form a project team comprising personnel from the Business Development & Project Delivery department to handle the implementation of the project, and organise a project kick-off meeting. This kick-off meeting will involve a briefing and discussion on our customer's company policies, project timeline (particularly the target live date), and additional information required from our customer (such as operating hours of the retail stores).

(d) Software configuration

Upon finalising the requirements of the project from the kick-off meeting, the project team will then proceed to work on the setup and configurations of the Retail Management Eco-system. We may also undertake software enhancements and modifications on our retail management software subject to the customer's request and feasibility of such enhancements and modifications. This may include enhancements and modifications on the intended function, purpose, features, requirements and specifications of the solution software. Generally, this process can be completed within 5 working days.

(e) Procurement of third-party software licence and IT hardware

Concurrently with software configuration, the project team will also ensure we have the required third-party software licences and/or IT hardware (such as IT network and data storage equipment, POS equipment, computers and printers) to implement the Retail Management Eco-system. These third-party software licences and/or IT hardware will be procured from our suppliers. If required, the project team will also engage the third-party cloud service providers to provide the cloud-based infrastructure which will host data generated from our Retail Management Eco-system.

Upon receipt of the IT hardware at our HQ or at our customer's premises, the project team will carry out inspections on the IT hardware to ensure that there are no physical damages and that they are functional. They will also ensure that the correct quantities and product specifications are received. In the event of discrepancies, we will liaise with our suppliers to rectify the issue. The IT hardware will be stored in our HQ or customer's premises while waiting for installation of our Retail Management Eco-system.

7. BUSINESS OVERVIEW (*Cont'd*)

(f) Installation

For projects which involve the installation of on-premises retail management solutions on on-premises infrastructure, the project team will first configure the IT hardware, particularly the IT network and data storage equipment, at our HQ. The project team will then proceed to deliver these IT hardware to our customers' designated premises and install the IT network and data storage equipment to set up the on-premises infrastructure which will host the retail management solutions installed for the customer. This process is not required for installation of cloud-based retail management solutions. For such projects, we need only configure the retail management solutions with the cloud-based infrastructure platform provided by the third-party cloud service provider.

In the meantime, other IT hardware, i.e. POS equipment, computers and printers will be configured with the necessary in-house and third-party software to form the required retail management solution(s).

Then, the project team will proceed to conduct a pilot test run on the installed Retail Management Eco-system. This is for the project team to ensure that the entire Retail Management Eco-system is configured accurately and functioning in accordance with our customer's requirements. Our Head of CTS department or his representatives will be responsible for approving the final configuration of the solution(s) under the installed Retail Management Eco-system once the pilot test run is satisfactory.

It generally takes 2 days to complete the installation of Retail Management Eco-system at our customers' site for new customers. Our existing customers may perform the installation of retail management solution(s) for additional retail stores, which generally takes 1 to 2 days depending on the size and number of the retail store(s).

(g) Implementation, handover and training

Next, a user acceptance test ("**UAT**") is conducted by our project team with our customer to verify that the Retail Management Eco-system has been successfully implemented at our customer's premises, and is fully functional in accordance to our customer's requirements and specifications.

We will then provide training to our customers' personnel who will be the users of our Retail Management Eco-system. This will ensure that they understand how to utilise the Retail Management Eco-system. The training may be conducted either at our customer's premises or virtually.

After training the customer's personnel on each retail management solution, our customer will proceed to sign-off on the UAT, which represents their acceptance of the Retail Management Eco-system. The time taken for training the customers' personnel on the entire Retail Management Eco-system can range from half a day to 2 days, depending on the number of retail management solutions installed and complexity of the retail management solution(s) installed.

We generally do not provide training for existing customers, unless requested by the customer to do so. In cases where we do not provide training, the customer will sign-off on the UAT after the UAT is conducted satisfactorily.

Once the customer signs off on the UAT, the Retail Management Eco-system can go live and the installed Retail Management Eco-system is officially handed over to the customer.

7. BUSINESS OVERVIEW (Cont'd)

(h) After-sales support

Our customers will engage us to provide after-sales support services for our Retail Management Eco-system as we are the only party that can provide after-sales support services for our solutions. Our after-sales support services mainly comprise troubleshooting for any technical issues concerning the Retail Management Eco-system. The duration for supporting our customers with after-sales support services is dependent on the duration specified in our contract, which is generally renewable every 12 months.

When a potential issue or incident is discovered, our customer will raise a ticket via our service desk application or inform us via a phone call on our hotlines. Our CTS team will assess and record the criticality, relevance and urgency of the issue/incident. At the same time, they will also check whether the issue can be resolved remotely. If it is a technical issue that can be resolved remotely, then the CTS personnel will remotely troubleshoot and resolve the issue.

In the case where the technical issue cannot be resolved remotely, a CTS personnel will be assigned to visit the customer's premises and rectify the issue accordingly. Should the IT hardware be faulty or damaged, the relevant part or hardware will be replaced. The IT hardware used are provided with warranty on manufacturing defects by the supplier of the IT hardware. The warranty period provided by our suppliers range between 1 to 3 years, depending on the type of IT hardware. We will assist our customers to liaise with the supplier for a warranty claim. We carry additional IT hardware that are regularly used such as mobile handheld scanners, barcode scanners and printers. This allows our CTS team to replace the faulty IT hardware in a timely manner.

We also constantly keep up with the latest market trends and standards, and therefore constantly perform software enhancements and updates to our Retail Management Eco-system to keep it relevant and compatible. These software enhancements and updates are rolled out to all customers remotely. Should these software enhancements and/or updates be major, we will provide training as well as support to our customers to ensure that they understand how to utilise the enhanced Retail Management Eco-system.

7.6 QUALITY ASSURANCE AND QUALITY CONTROL ("QA/QC")

We recognise the importance of consistently providing quality solutions to ensure that our customers' requirements are met. Our QA and QC processes are undertaken by our Business Development & Project Delivery as well as Software Development Engineering departments.

The following are the QA and QC procedures implemented at various stages of our operational processes:

(a) QC inspection on the receipt of IT hardware

Upon the receipt of IT hardware (such as IT network and data storage equipment, POS equipment, computers and printers) at our HQ or customer's premises, our Business Development & Project Delivery personnel will carry out inspections on the IT hardware in each delivery to ensure the following:

- (i) No physical damages;
- (ii) Functional;
- (iii) Correct quantities were received; and
- (iv) Correct product specifications as per the purchase order.

7. BUSINESS OVERVIEW (Cont'd)**(b) Pilot test run on the retail management solution(s)**

Upon installation of the Retail Management Eco-system, the project team will carry out a pilot test run to ensure that the entire Retail Management Eco-system is configured accurately and functioning in accordance to our customer's requirements. The pilot test run may either be carried out remotely or on-site at our customers' premises. Our Head of CTS department or his representatives will be responsible for approving the final configuration of the solution(s) under the installed Retail Management Eco-system once the pilot test run is satisfactory.

(c) UAT on the Retail Management Eco-system

Our project team is responsible for conducting a UAT upon implementation at our customer's premise(s) with our customer. A UAT verifies that the retail management solution(s) has been successfully implemented and is fully functional in accordance to our customer's requirements and specifications. The UAT may either be carried out remotely or on-site at our customers' premises.

In addition to the abovementioned QA and QC procedures implemented during the implementation of our Retail Management Eco-system for our customers, our Software Development Engineering personnel will perform the following QA and QC processes on in-house developed software used in our retail management solutions prior to launching of the solution:

QA test	Description
User experience testing	To ensure the final design complements the user experience
Functional testing	To ensure the functionality of the software
Performance testing	To ensure the software is able to perform under continuous expected load (i.e. user traffic) in terms of speed, scalability and stability of the system
Device and platform testing	To ensure the software is compatible in multiple types of mobile devices and platforms

7.7 TECHNOLOGY USED AND TO BE USED

We utilise the following technologies in the provision of our solutions:

- (a) Scripting language used to design and develop retail management software and domain-specific language used in programming and managing data generated from the Retail Management Eco-system. Examples include JavaScript, PHP, Python, Pascal, Dart and MySQL;
- (b) Version control system to keep track of every modification to our source code and to maintain a single version of our proprietary software such as GitHub; and
- (c) Service desk application to manage issues/incidents raised by customers to facilitate our after-sales support services. We use our in-house developed service desk application which allows our customers to log in to raise a ticket to report their technical issues and post technical enquiries and requests. Meanwhile, our CTS personnel can access the same application to manage these incidents and requests.

7. BUSINESS OVERVIEW (Cont'd)**7.8 PRINCIPAL MARKETS AND REVENUE SEGMENTATION**

Our Group's principal market is in Malaysia where we generated our revenue for FYE 2019 to 2022 and FPE 2023, representing 99.98%, 99.99%, 99.73%, 99.97% and 98.85% of our total revenue respectively.

The breakdown of our Group's revenue according to business segments and revenue model for FYE 2019 to 2022 and FPE 2023 are as follows:

Business segments and revenue model

	Audited				Unaudited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	%
Retail Management Eco-system	11,266	12,702	14,598	14,310	5,888	7,130	66.3	66.0
• HQ Centralised Management, Store Operations & Financial Management solution ⁽¹⁾	8,777	9,611	10,869	9,866	3,602	4,544	40.6	42.1
• One-off	2,489	3,091	3,729	4,444	2,286	2,586	25.7	23.9
• Recurring	370	1,314	2,447	3,144	1,455	1,759	16.4	16.3
• xBridge B2B solution	234	372	226	274	118	(2)64	1.3	(2)0.6
• One-off	136	942	2,221	2,870	1,337	1,695	15.1	15.7
• Recurring	396	1,041	1,374	1,365	571	986	6.4	9.1
• Omni-channel Engagement solution	366	731	625	441	134	455	1.5	4.2
• One-off	30	310	749	924	437	531	4.9	4.9
• Recurring								
Others	1,269	1,299	1,545	2,046	889	866	10.0	8.0
• Outright sale of IT hardware and third-party software	1,062	1,075	1,309	1,797	652	614	7.3	5.7
• One-off	207	224	236	249	237	252	2.7	2.3
• Recurring	10	<0.1	39	117	80	59	0.9	0.6
• Software customisation, implementation and integration of process control and automation solutions								
• One-off	10	<0.1	39	117	80	59	0.9	0.6
	13,311	100.0	16,395	100.0	20,003	100.0	100.0	100.0
	13,311	100.0	16,395	100.0	20,982	10,800	100.0	100.0

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Includes sales of IT hardware and third-party software associated with the solutions offered by our Group.
- (2) Revenue from one-off income under xBridge B2B solution (i.e. retail chain stores' suppliers) has decreased from RM0.1 million in FPE 2022 to RM0.06 million in FPE 2023 due to the decrease in number of new registrations from new/existing retail chain stores' suppliers for the solution from 369 new registrations in FPE 2022 to 230 new registrations in FPE 2023.

The breakdown of our Group's revenue according to customers' segments for FYE 2019 to 2022 and FPE 2023 are as follows:

Customers' segments

	Audited						Unaudited					
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Retail chain stores												
• Grocery retail stores	10,136	76.2	11,861	72.4	14,615	73.0	14,052	67.0	5,550	62.5	7,382	68.4
• General merchandise retailers	949	7.1	579	3.5	679	3.4	755	3.6	345	3.9	286	2.6
• Specialty stores	324	2.4	1,138	6.9	561	2.8	629	3.0	399	4.5	320	3.0
• Convenient stores	138	1.0	78	0.5	56	0.3	186	0.9	108	1.2	46	0.4
Retail chain stores suppliers	401	3.0	1,357	8.3	2,461	12.3	3,168	15.1	1,462	16.4	1,790	16.6
Others ⁽¹⁾	1,363	10.3	1,382	8.4	1,631	8.2	2,192	10.4	1,019	11.5	976	9.0
	13,311	100.0	16,395	100.0	20,003	100.0	20,982	100.0	8,883	100.0	10,800	100.0

Note:

- (1) Comprises mainly manufacturing, general trading, car workshop, professional services, food and beverage, property developers and construction.

7. BUSINESS OVERVIEW (Cont'd)

7.9 SALES AND MARKETING STRATEGIES

Our sales and marketing strategies are as follows:

(a) Recurring orders from existing customers

As we offer a suite of solutions under our Retail Management Eco-system, we are also able to leverage on our existing customer base by offering more comprehensive solutions to cater to our customers' evolving needs, in tandem with technological advancements. Further, as our customers' network of retail stores grows, we are able to support their expansion plans by providing our retail management solutions for their new retail stores and integrate these solutions seamlessly with their existing Retail Management Eco-system.

In addition, we are able to cross-sell our solutions to our existing customers as we are already familiar with their operational processes and requirements, and are able to offer optimised retail management solutions that meet such needs and requirements.

(b) Referrals from existing customers

With close to 20 years of experience as an IT solution provider specialising in retail management solutions, we have an established network of past and present customers and have maintained long-term relationships with some of our customers. These customers refer new business to us due to our track record of providing quality retail management solutions and after-sales support services that meet their needs and requirements.

(c) Direct approach

The sales and marketing of our solutions requires detailed knowledge regarding our solutions. As such, our Business Development & Project Delivery department who are equipped with the knowledge of our solution and service offerings, are tasked to carry out the sales and marketing of our solutions. By doing so, we are able to deliver the necessary technical information, in-depth explanation and descriptions regarding our retail management solutions to prospective customers. Our Business Development & Project Delivery personnel will contact prospective customers to promote our retail management solutions.

(d) Corporate websites

We also have our own corporate websites, <https://pandasoftware.my>, <https://kkcomputer.com.my>, <https://www.020digital.com.my> and <https://xbridge.my> which provides information regarding our Group and details of our solutions to prospective customers, who can contact us via the details on our website.

(e) Joint marketing campaigns with suppliers

To further enhance our visibility and awareness of our Retail Management Eco-system, we jointly undertake marketing campaigns with suppliers of third-party software and/or IT hardware. These marketing campaigns include participation in trade fairs and advertisements on social media platforms such as Facebook. Generally, these suppliers will pass on the leads generated from these marketing campaigns to us so that we can offer our solutions as these suppliers are not involved in development, customisation, implementation and integration of retail management solutions.

7. BUSINESS OVERVIEW (Cont'd)

7.10 MAJOR CUSTOMERS

Our Group's top 5 major customers for each of the FYE 2019 to 2022 and FPE 2023 are as follows:

FYE 2019

No.	Customers	Country	Business activities	Type of solution	Revenue contribution		Length of relationship
					RM'000	(1)%	(2)Years
1.	TF Value-Mart Sdn Bhd	Malaysia	Supermarket and hypermarket	HQ Centralised Management, Store Operations and Financial Management solution, Omni-channel Engagement solution, third-party software (anti-virus software) and IT hardware	1,328.2	10.0	7
2.	TFP Group ⁽³⁾	Malaysia	Supermarket	HQ Centralised Management, Store Operations and Financial Management solution, and IT hardware	846.6	6.4	5
3.	CS Mini Market Sdn Bhd	Malaysia	Mini market	HQ Centralised Management, Store Operations and Financial Management solution, Omni-channel Engagement solution, and IT hardware	478.0	3.6	<1
4.	Bataras Sdn Bhd	Malaysia	Supermarket and hypermarket	HQ Centralised Management, Store Operations and Financial Management solution, Omni-channel Engagement solution, third-party software (anti-virus and accounting software) and IT hardware	463.8	3.5	7
5.	Sri Ternak Group ⁽⁴⁾	Malaysia	Supermarket and mini market	HQ Centralised Management, Store Operations and Financial Management solution, Omni-channel Engagement solution, and IT hardware	439.4	3.3	3
					Sub-total	3,556.0	26.8
					Total revenue	13,311.1	100.0
					Total number of customers: 1,222		

7. BUSINESS OVERVIEW (Cont'd)

FYE 2020

No.	Customers	Country	Principal activities	Type of service	Revenue contribution		Length of relationship
					RM'000	(1)%	(2)Years
1.	TF Value-Mart Sdn Bhd	Malaysia	Supermarket and hypermarket	HQ Centralised Management, Store Operations and Financial Management solution, Omni-channel Engagement solution, third-party software (anti-virus software) and IT hardware	1,294.6	7.9	8
2.	Bataras Sdn Bhd	Malaysia	Supermarket and hypermarket	HQ Centralised Management, Store Operations and Financial Management solution, Omni-channel Engagement solution, third-party software (anti-virus and accounting software) and IT hardware	991.1	6.1	8
3.	Elews Mart Sdn Bhd	Malaysia	Mini market	HQ Centralised Management, Store Operations and Financial Management solution, IT hardware	933.9	5.7	<1
4.	Emart Group ⁽⁵⁾	Malaysia	Supermarket, hypermarket and F&B service provider	HQ Centralised Management, Store Operations and Financial Management solution, IT hardware	515.9	3.1	12
5.	BWY Holdings Sdn Bhd	Malaysia	Specialty stores (supply of bakery ingredients and accessories)	HQ Centralised Management, Store Operations and Financial Management solution	452.9	2.8	3
					Sub-total	4,188.4	25.6
					Total revenue	16,395.4	100.0
					Total number of customers: 2,124		

7. BUSINESS OVERVIEW (Cont'd)

FYE 2021

No.	Customers	Country	Principal activities	Type of service	Revenue contribution		Length of relationship
					RM'000	(1)%	(2)Years
1.	TF Value-Mart Sdn Bhd	Malaysia	Supermarket and hypermarket	HQ Centralised Management, Store Operations and Financial Management solution, Omni-channel Engagement solution, third-party software (anti-virus software) and IT hardware	1,320.8	6.6	9
2.	Chua Kah Seng Supermarket Sdn Bhd	Malaysia	Supermarket and mini market	HQ Centralised Management, Store Operations and Financial Management solution, Omni-channel Engagement solution, third-party software (accounting software) and IT hardware	879.1	4.4	1
3.	Bataras Sdn Bhd	Malaysia	Supermarket and hypermarket	HQ Centralised Management, Store Operations and Financial Management solution, Omni-channel Engagement solution, third-party software (anti-virus and accounting software) and IT hardware	856.1	4.3	9
4.	Sri Ternak Group ⁽⁴⁾	Malaysia	Supermarket and mini market	HQ Centralised Management, Store Operations and Financial Management solution, Omni-channel Engagement solution, and IT hardware	712.6	3.6	5
5.	Emart Group ⁽⁵⁾	Malaysia	Supermarket, hypermarket and F&B service provider	HQ Centralised Management, Store Operations and Financial Management solution, IT hardware	615.3	3.1	13
					Sub-total	4,383.9	22.0
					Total revenue	20,003.0	100.0
					Total number of customers: 2,624		

7. BUSINESS OVERVIEW (Cont'd)

FYE 2022

No.	Customers	Country	Principal activities	Type of service	Revenue contribution		Length of relationship
					RM'000	(1)%	(2)Years
1.	TF Value-Mart Sdn Bhd	Malaysia	Supermarket and hypermarket	HQ Centralised Operations and Financial Management solution, Omni-channel Engagement solution, third-party software (anti-virus software) and IT hardware	1,245.2	5.9	10
2.	Fresh Hub Trading Sdn Bhd	Malaysia	Mini market	HQ Centralised Operations and Financial Management solution, Omni-channel Engagement solution and IT hardware	949.5	4.5	<1
3.	Kenwingston Grocer Sdn Bhd	Malaysia	Supermarket	HQ Centralised Operations and Financial Management solution, Omni-channel Engagement solution and IT hardware	553.2	2.6	<1
4.	Bataras Sdn Bhd	Malaysia	Supermarket and hypermarket	HQ Centralised Operations and Financial Management solution, Omni-channel Engagement solution and IT hardware	523.1	2.5	10
5.	Sri Ternak Group ⁽⁴⁾	Malaysia	Supermarket and wholesale	HQ Centralised Operations and Financial Management solution, Omni-channel Engagement solution, and IT hardware	465.5	2.2	6
					Sub-total	3,736.5	17.7
					Total revenue	20,981.9	100.0

Total number of customers: 3,058

7. BUSINESS OVERVIEW (Cont'd)

FPE 2023

No.	Customers	Country	Principal activities	Type of service	Revenue contribution		Length of relationship	
					RM'000	(1)%	(2)Years	
1.	Chua Kah Seng Supermarket Sdn Bhd	Malaysia	Supermarket and mini market	HQ Centralised Operations and Financial Management solution, Omni-channel Engagement solution, third-party software (accounting software) and IT hardware	789.8	7.3	3	
2.	Sunshine Mart Sdn Bhd	Malaysia	Supermarket and departmental store	HQ Centralised Operations and Financial Management solution, Omni-channel Engagement solution and IT hardware	545.0	5.0	<1	
3.	TF Value-Mart Sdn Bhd	Malaysia	Supermarket and hypermarket	HQ Centralised Operations and Financial Management solution, Omni-channel Engagement solution, third-party software (anti-virus software) and IT hardware	520.6	4.8	11	
4.	Bataras Sdn Bhd	Malaysia	Supermarket and hypermarket	HQ Centralised Operations and Financial Management solution, Omni-channel Engagement solution, third-party software (anti-virus and accounting software) and IT hardware	394.2	3.6	11	
5.	Kenwingston Sdn Bhd	Malaysia	Supermarket	HQ Centralised Operations and Financial Management solution, Omni-channel Engagement solution and IT hardware	387.7	3.6	1	
					Sub-total	2,637.3	24.3	
					Total revenue	10,800.4	100.0	
					Total number of customers: 2,753			

7. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) As a percentage of total revenue of the respective financial year/period.
- (2) The length of the relationship as at respective financial year/period.
- (3) TFP Group comprises all of its subsidiaries in grocery retail: TFP Retail Sdn Bhd, Village Grocer (Bangsar) Sdn Bhd, The Food Purveyor Management Services Sdn Bhd, Village Grocer (Ak) Sdn Bhd, Village Grocer (Giza) Sdn Bhd, Village Grocer (Mont Kiara) Sdn Bhd, Village Grocer (Ara Damansara) Sdn Bhd, Village Grocer (Damansara Jaya) Sdn Bhd, Pasaraya Otk (Medan Idaman Gombak) Sdn Bhd, Village Grocer (Subang Jaya) Sdn Bhd, Pasaraya Otk (Puchong) Sdn Bhd, Pasaraya Otk (Sentul) Sdn Bhd, Gourmet Alliance Sdn Bhd and The Food Purveyor Sdn Bhd.
- (4) Sri Ternak Group comprises all of its subsidiaries in grocery retail: St Rosyam Mart (Shah Alam) Sdn Bhd, Sri Ternak Mart (SK) Sdn Bhd, Sri Ternak Food Mart Sdn Bhd, St Rosyam Wholesale Express Sdn Bhd, St Rosyam Mart Sdn Bhd, and Harimau Mart Sdn Bhd.
- (5) Emart Group comprises all of its subsidiaries in grocery retail: Emart (Batu Kawa) Sdn Bhd, Emart (Sarawak) Sdn Bhd, Emart (Batu Niah) Sdn Bhd, Emart Holdings Sdn Bhd, Emart Xpress Sdn Bhd, Emart (Riam) Sdn Bhd, Emart (Bintulu) Sdn Bhd, Emart Distribution Centre Sdn Bhd, Bn Ngu'S Trading Sdn Bhd and Jayesoon Sdn Bhd.

During FYE 2019 to 2022 and FPE 2023, our Group's top 5 customers collectively contributed 26.8%, 25.6%, 22.0%, 17.7% and 24.3% to our Group's total revenues, respectively.

Save for TF Value-Mart Sdn Bhd and Bataras Sdn Bhd which were consistently our top 5 customers during FYE 2019 to 2022 and FPE 2023, our Group's customers generally vary from year-to-year as it is dependent on the Retail Management Eco-system projects secured during the financial year/period. Nevertheless, we are not dependent on TF Value-Mart Sdn Bhd and Bataras Sdn Bhd as we have a large customer base comprising over 130 retailers and over 2,900 suppliers as at LPD. It is also important to note that we have maintained a longstanding business relationship with TF Value-Mart Sdn Bhd and Bataras Sdn Bhd, as we have approximately 11 years of relationship with each of them.

While we are not dependent on any one of our customers, our customer base comprises mostly retailers including grocery retail stores, convenience stores, general merchandise retail stores and specialty stores as well as retail product suppliers. Thus, any decline and/or challenges faced by the retail industry will impact our customer base, which could adversely impact our business. Further details of our dependency on the growth of the retail industry is as disclosed in Section 9.2.1.

Save for TFP Group, all of our Group's top 5 customers for FYE 2019 to 2022 and FPE 2023 are still our recurring customers as at LPD. TFP Group ceased being a customer after a change in management personnel in TFP Group.

7. BUSINESS OVERVIEW (Cont'd)

7.11 MAJOR SUPPLIERS

Our Group's top 5 major suppliers for FYE 2019 to 2022 and FPE 2023 are as follows:

FYE 2019

No.	Suppliers	Country	Input materials/products sourced	Value of purchases in FYE 2019		Length of relationship (2)Years
				RM'000	(1)%	
1.	Ark Tech (M) Sdn Bhd ⁽³⁾	Malaysia	POS equipment, computer and peripherals	716.9	20.9	10
2.	Vstecs Astar Sdn Bhd	Malaysia	Computer and productivity software	520.5	15.1	10
3.	E-Tech IT Sdn Bhd	Malaysia	POS equipment and peripherals	352.6	10.3	5
4.	Mdotpos Distributors Sdn Bhd	Malaysia	POS equipment, peripherals and labels	351.7	10.2	3
5.	Posiflex Business Machines Sdn Bhd	Malaysia	POS equipment and peripherals	236.2	6.9	2
Sub-total				2,177.9	63.4	
Total purchase				3,436.5	100.0	

FYE 2020

No.	Suppliers	Country	Input materials/products sourced	Value of purchases in FYE 2020		Length of relationship (2)Years
				RM'000	(1)%	
1.	E-Tech IT Sdn Bhd	Malaysia	POS equipment and peripherals	759.4	21.0	6
2.	Vstecs Astar Sdn Bhd	Malaysia	Computer and productivity software	551.8	15.2	11
3.	Crayon Software Experts Malaysia Sdn Bhd	Malaysia	Microsoft Azure cloud hosting services	416.6	11.5	4
4.	Posiflex Business Machines Sdn Bhd	Malaysia	POS equipment and peripherals	392.4	10.9	3
5.	Ark Tech (M) Sdn Bhd ⁽³⁾	Malaysia	POS equipment, computer and peripherals	268.7	7.4	11
Sub-total				2,388.9	66.0	
Total purchase				3,620.9	100.0	

7. BUSINESS OVERVIEW (Cont'd)

FYE 2021

No.	Suppliers	Country	Input materials/products sourced	Value of purchases in FYE 2021		Length of relationship (2)Years
				RM'000	(1)%	
1.	E-Tech IT Sdn Bhd	Malaysia	POS equipment, computer and peripherals	1,054.3	25.9	7
2.	Crayon Software Experts Malaysia Sdn Bhd	Malaysia	Microsoft Azure cloud hosting services	514.5	12.6	5
3.	Vstecs Astar Sdn Bhd	Malaysia	Computer and productivity software	433.6	10.6	12
4.	Posiflex Business Machines Sdn Bhd	Malaysia	POS equipment and peripherals	300.8	7.4	4
5.	Silicon Electronics Sdn Bhd ⁽⁴⁾	Malaysia	IT network and data storage equipment	264.0	6.5	12
Sub-total				2,567.2	63.0	
Total purchase				4,073.0	100.0	

FYE 2022

No.	Suppliers	Country	Input materials/products sourced	Value of purchases in FYE 2022		Length of relationship (2)Years
				RM'000	(1)%	
1.	E-Tech IT Sdn Bhd	Malaysia	POS equipment, computer and peripherals	918.2	20.0	8
2.	Crayon Software Experts Malaysia Sdn Bhd	Malaysia	Microsoft Azure cloud hosting services	663.3	14.5	6
3.	Vstecs Astar Sdn Bhd	Malaysia	Computer and productivity software	405.4	8.8	13
4.	Mdotpos Distributors Sdn Bhd	Malaysia	POS equipment, peripherals and labels	366.4	8.0	6
5.	Auto Count Sdn Bhd	Malaysia	Accounting software and payroll software	362.6	7.9	11
Sub-total				2,715.9	59.2	
Total purchase				4,588.0	100.0	

7. BUSINESS OVERVIEW (Cont'd)

FPE 2023

No.	Suppliers	Country	Input materials/products sourced	Value of purchases in FPE 2023		Length of relationship (2)Years
				RM'000	(1)%	
1.	E-Tech IT Sdn Bhd	Malaysia	POS equipment, computer and peripherals	451.9	24.5	9
2.	Crayon Software Experts Malaysia Sdn Bhd	Malaysia	Microsoft Azure cloud hosting services	279.5	15.1	7
3.	Auto Count Sdn Bhd	Malaysia	Accounting software and payroll software	177.5	9.6	12
4.	Vstecs Astar Sdn Bhd	Malaysia	Computer and productivity software	160.0	8.7	14
5.	Mdotpos Distributors Sdn Bhd	Malaysia	POS equipment, peripherals and labels	118.1	6.4	7
			Sub-total	1,187.0	64.3	
			Total purchase	1,846.9	100.0	

Notes:

- (1) Divided by total purchases of the respective financial year/period.
- (2) The length of the relationship as at respective financial year/period.
- (3) Although Ark Tech (M) Sdn Bhd was not one of our top 5 major suppliers in the FYE 2021, FYE 2022 and FPE 2023, Ark Tech (M) Sdn Bhd was still a supplier in the respective financial year/period. As at LPD, the length of business relationship between our Group and Ark Tech (M) Sdn Bhd was 14 years.
- (4) Although Silicon Electronics Sdn Bhd was not one of our top 5 major suppliers in the FYE 2019, FYE 2020, FYE 2022 and FPE 2023, Silicon Electronics Sdn Bhd was still a supplier in the respective financial years/period. As at LPD, the length of business relationship between our Group and Silicon Electronics Sdn Bhd was 14 years.

During FYE 2019 to 2022 and FPE 2023, our Group's top 5 suppliers collectively contributed 63.4%, 66.0%, 63.0%, 59.2% and 64.3% to our Group's total purchases respectively. However, our Group is not dependent on any single major supplier as there are other suppliers available in the market which can provide similar IT hardware and software as well as services. Nevertheless, our Group purchased IT hardware and software and cloud hosting services from the above suppliers in bulk to obtain competitive pricing. For the financial years and period under review, our Group has not experienced any major disruptions in supply from our suppliers.

7. BUSINESS OVERVIEW (Cont'd)

Loo Chee Wee and Tay Kheng Seng are directors and shareholders of Goldcoin Pavilion. Each of them holds 50.0% equity interest in Goldcoin Pavilion, which in turn holds 11.1% of equity interest in E-Tech IT. However, they do not have directorships in E-Tech IT and are not involved in the daily operations in E-Tech IT. E-Tech IT's business operations are managed by its other shareholders and directors namely Ling Chee Kiat, Lee Cheng Hueng and Wong Teck Wei, whom are non-related parties to our Group. Therefore, E-Tech IT is not under the control or influence of our Group. Further details are set out in Sections 10.1 and 11.

As at LPD, all of our Group's top 5 suppliers for FYE 2019 to 2022 and FPE 2023 are still our suppliers.

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7. BUSINESS OVERVIEW (Cont'd)**7.12 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES**

Our key supplies are IT hardware and third-party software and services.

For IT hardware, the products include IT network and data storage equipment, POS equipment, computers and printers. We procure IT hardware components from suppliers and these IT hardware are generally readily available from our suppliers. In addition, we ensure that the IT hardware supplied to us meets our customer's expectations.

We also procure third-party software (such as accounting software) and services (such as cloud hosting services) to be integrated with our Retail Management Eco-system and/or to complement our Retail Management Eco-system as and when required by our customers.

The types of supplies we utilised are as set out below:

	Audited									
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchase of IT hardware	2,988	86.9	2,914	80.5	3,216	79.0	3,354	73.1	1,162	62.9
Purchase of third-party software and services	449	13.1	707	19.5	857	21.0	1,234	26.9	685	37.1
	3,437	100.0	3,621	100.0	4,073	100.0	4,588	100.0	1,847	100.0

7.13 OPERATIONAL CAPACITIES AND UTILISATION

As our Group is primarily involved in Retail Management Eco-system development, customisation, implementation and integration as well as trading of third-party software and IT hardware as well as software customisation, implementation and integration of process control and automation solutions, conventional measures of operational capacities and utilisation do not apply to us.

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7.

BUSINESS OVERVIEW (Cont'd)

7.14

R&D

Our R&D activities are carried out by our Software Development Engineering personnel which comprises 24 personnel as at LPD and each personnel may be allocated to one or more development projects. Our R&D efforts are on an on-going basis, whereby we develop new solutions and modules with different features to meet various operational requirements and needs in the retail industry. We also constantly keep up with the latest market trends and constantly perform software enhancements and updates as well as launch new solutions that are in line with market trends.

As at LPD, our on-going R&D activities are as follows:

Modules	Description	Target customer type	Number of R&D staff allocated	Timeline to complete development
Business Analytics Dashboard	A dashboard to monitor sales performance and visualise critical business performance indicators such as buying patterns, sales of fast-moving goods, impact of seasonal marketing and promotional activities on sales as well as monthly and annual financial comparisons	Primary target market: Retailers Other target markets: Companies in other industries	8	4 th quarter of 2023
Retail Income Management System	A system to monitor income generated from purchase rebates which are charged to suppliers, display rental, advertising and promotions, and promotional support claims. The system will also be able to automate generation of agreements for suppliers	Primary target market: Retailers	4	2 nd quarter of 2024
Sub-let Rental Management System	A system that enables rental management, and allocation of utilities and maintenance costs. Retailers can view the rental income charged to tenants. The system will also be able to automate generation of sub-tenancy agreements for tenants	Primary target market: Retailers	6	4 th quarter of 2023

7. BUSINESS OVERVIEW (Cont'd)

Modules	Description	Target customer type	Number of R&D staff allocated	Timeline to complete development
E-invoice Financing solution	A solution that enables digitalisation of invoice financing process. Please refer to Section 7.18.1(a) for further details.	Retail product suppliers	3	4 th quarter of 2023
Cloud-based modules under our HQ Centralised Management, Store Operations and Financial Management solution	Cloud-based modules that enable solution to be accessible over the Internet. Please refer to Section 7.18.1(a) for further details	Retailers and food and beverage service providers	18	4 th quarter of 2025

Our Group incurred approximately RM0.5 million, RM0.6 million and RM0.3 million or 2.7%, 3.0% and 3.1% of our total revenue in FYE 2021, FYE 2022 and FPE 2023 (FYE 2019 and 2020: Nil), respectively for expenses related to R&D.

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7. BUSINESS OVERVIEW (Cont'd)**7.15 COMPETITIVE STRENGTHS****7.15.1 We have a comprehensive range of solutions under our Retail Management Eco-system that is designed to support various retail operational processes**

We have a comprehensive range of retail management solutions under our Retail Management Eco-system, namely HQ Centralised Management, Store Operations and Financial Management, Omni-channel Engagement and xBridge B2B. Each of these retail management solutions are designed to meet different retail needs and requirements and support various retail operational processes such as POS management, CRM, e-commerce platform management, supply chain management, management of information on store operations, inventory and warehouse management as well as financial and accounting management.

Our comprehensive range of retail management solutions allows us to benefit from the following:

- (a) We are able to offer our customers the convenience of sourcing all retail management solutions from a single solution provider. This enables our customers to save time and cost as well as enable seamless and integrated flow of information between various departments as the retail management solutions can be integrated seamlessly; and
- (b) We are able to leverage on our existing customer base to cross-sell our solutions, thereby allowing our Group to further increase our revenue generation.

7.15.2 We have the capability to in-house develop retail management software

All of the retail management software utilised in our Retail Management Eco-system are developed in-house. We may integrate our in-house developed retail management software with third-party software upon request from our customers, though these third-party software are not offered as part of our Retail Management Eco-system. A common example is our financial management module, which can be integrated with third-party accounting software, although such third-party accounting software is not offered as a module under our HQ Centralised Management, Store Operations and Financial Management solution.

As the software used are developed in-house, we are not reliant on third-party supplier(s) to perform software enhancements and updates as well as launch new solutions that are in line with market trends. This enables our Group to not only promptly perform software enhancements and updates but also launch new retail management solutions to meet market trends in a timely manner.

Post the launch of retail management solutions, there are bound to be complexities and issues that arise leading to the need for software enhancements or updates. Thus, our Software Development Engineering personnel will be required to carry out enhancements or updates to rectify any issues or enhance the software. Our capability in developing retail management software in-house enables us to enhance or update our software promptly when a complexity or issue is discovered. This allowed our retail management solutions to evolve over time to be more efficient, functional and user-friendly for our customers and issues to be rectified promptly.

We maintain a single version of our retail management software that is rolled out to customers at any time. As such, we will not require separate Software Development Engineering teams to work on multiple versions of the retail management software, which would typically be required if we were to maintain multiple versions of our retail management software. This strategy allows us to reduce the time and resources needed to manage software enhancements and upgrades of our retail management software.

7. BUSINESS OVERVIEW (Cont'd)

By directly engaging the customer, our Group's capability to in-house develop the software used in our Retail Management Eco-system allows us to better satisfy customers' requirements as compared to using third-party software, thereby allowing us to secure recurring projects from existing customers and maintain longstanding business relationships with our customers.

7.15.3 Our Retail Management Eco-system offers a variety of benefits to our customers

The Retail Management Eco-system provides our customers with the following benefits:

- (a) **Ease of access** – The cloud-based retail management solutions (i.e. Omni-channel Engagement and xBridge B2B solutions) enables remote accessibility (as it can be accessed from any location, within or outside the customers' premises) and cross-platform and multi-device responsiveness (as it is responsive across multiple operating systems and devices allowing it to be used on any device such as desktops, tablets and smartphones);
- (b) **Modularity** – all of our retail management solutions can be integrated seamlessly with other solutions under the Retail Management Eco-system. This will enable our customers to progressively add-on new modules in line with their business growth;
- (c) **Integrate-ability** – Our Retail Management Eco-system has the flexibility to be integrated with third-party software and IT hardware. This will enable our customers to streamline their operations as their existing or new third-party software and IT hardware can be seamlessly integrated with our Retail Management Eco-system; and
- (d) **Dedicated and responsive after-sales support services** – Our Group has a CTS department which aims to respond within 2 to 24 hours depending on the urgency and/or criticality of the issue/incident.

We believe that the abovementioned advantages of our Retail Management Eco-system have been crucial in acquiring new customers and maintaining continuing business relationship with existing customers.

7.15.4 Our key senior management team has in-depth understanding of the retail industry and vast experience in retail management solutions, and our Group has a sizable team of Software Development Engineering as well as Business Development & Project Delivery personnel

Our Group is led by an experienced and technically strong management team. Our Promoter and Executive Director/Chief Executive Officer, Loo Chee Wee, has played an important role in leading our Group's growth and success since incorporation. He has a wealth of banking experience and an in-depth understanding of retail operations, having been involved in his family business in the grocery retail industry. He brings with him valuable insight into common operational issues faced by retailers, particularly grocery retailers, as well as insight into the relevant business and operational control practices that are useful for retail operations. Our Group is thus able to leverage on his experience and knowledge of the retail industry to understand the needs of the retail industry, thereby allowing us to better serve our customers.

Meanwhile, our Promoter and Executive Director/Chief Technology Officer, Tay Kheng Seng, has 30 years of experience in the IT and electronics industry, particularly in IT system implementation and sale of IT related products as well as software development and customisation. He has the relevant knowledge, expertise and experience in software development, implementation and integration of IT software and hardware, as well as IT social network connections in the industry.

7. BUSINESS OVERVIEW (Cont'd)

Both of our Executive Directors are supported by a team of experienced key senior management with the requisite skills, knowledge and expertise across a range of business activities, from operations (i.e. Business Development & Project Delivery and CTS departments) to finance and procurement.

A summary of our Group's key senior management and their overall working experience in their respective functions are as follows:

Key senior management	Designation	Years of relevant experience as at LPD
Loo Chee Wee	Executive Director/Chief Executive Officer	30
Tay Kheng Seng	Executive Director/Chief Technology Officer	30
Bong Kok Choo	Business Development Director of KK Computer	26
Loo Siau Sun	Business Development Director of Rexbridge	28
Keow Yih Yun	Business Development Director of 020 Digital	15
Wang Chia Boon	General Manager	23
Ku Kai Xiang	Finance Controller	11

In addition, our Group has a sizable Software Development Engineering as well as Business Development & Project Delivery departments. As at LPD, our Group has 24 Software Development Engineering personnel who are involved in retail management software development, customisation and enhancement; 40 CTS personnel who are tasked to carry out after-sales support services; and 12 personnel involved in the business development and/or solution implementation and integration for our Group's retail management solutions (i.e. personnel in the Business Development & Project Delivery, B2B Operation as well as CRM & E-Stores Operation departments). All of these personnel are equipped with the necessary skillset and technical expertise to carry out their tasks, and our Group recognises the importance of these personnel in carrying out the day-to-day operational activities to maintain and grow our business.

Please refer to Sections 5.2.2 and 5.3.3 for the profiles of our Executive Directors and key senior management respectively.

7.16 INTERRUPTIONS IN BUSINESS

Our Group has not experienced any interruption that had significant effect on our operations during the past 12 months preceding LPD. The impact of the COVID-19 pandemic on our Group's business operations and financial performance are as elaborated below:

7.16.1 Impact of the COVID-19 pandemic and the resulting MCO on our Group

We serve the retail industry, particularly grocery retailers, most of whom were allowed to operate during all of the MCOs as they were providing essential services. As such, our Business Development & Project Delivery, B2B Operation and CRM & E-Stores Operation departments could continue to carry out the implementation and integration of our Retail Management Eco-system even throughout the MCO periods that were imposed by the Government of Malaysia in 2020 and 2021. Nonetheless, we faced minor delays of less than a week in obtaining approvals from the police to travel interstate for customers with operations outside of Kuala Lumpur and Selangor.

7. BUSINESS OVERVIEW (Cont'd)

Meanwhile, our Software Development Engineering personnel were working from home until 3 May 2020 after receipt of approval from MITI to return to work in office, whilst our other employees from other departments worked from home. Despite working from home, our Software Development Engineering personnel could continue to carry out the development, customisation and enhancement of retail management software.

Malaysia entered into the "Transition to Endemic" phase since 1 April 2022, and "Endemic" phase since 1 May 2022. Since then, all restrictions limiting the number of employees in a workplace have been uplifted and all of our employees have been able to return to office.

7.16.2 Impact on our supply chain

We experienced minor delays of not more than 2 months in obtaining certain IT hardware from our suppliers, especially for computers and IT network and data storage equipment due to the global shortage in semiconductor chips since 2020. That shortage was mainly attributable to:

- (a) shortage in components used by our suppliers to manufacture IT hardware. The shortage in components was due to the global shortage in semiconductor chips as factories could not operate due to national lockdowns and tariff barriers imposed as a result of the United States – China trade war. This was further exacerbated by the higher demand for electronic products globally; and
- (b) delays in shipments due to congestions at shipping ports.

This led to delays in the implementation of our projects, some of which were up to 2 months.

However, our business operations were not materially impacted by the disruption in our supply chain as a consequence of the COVID-19 pandemic as it was an industry-wide issue and our customers had extended their respective deadlines for their target go-live dates of their Retail Management Eco-systems.

Since the implementation of MCO in March 2020 and up to LPD, we have neither experienced any cancellation of purchase orders from our customers, nor any delay in the delivery of our solutions which resulted in late delivery claims and/ or penalties enforced against us.

7.16.3 Impact on our Group's financial performance

Our Group's financial performance for the FYE 2020 and 2021 were not materially impacted by both the COVID-19 pandemic and the imposition of MCOs. Despite the COVID-19 pandemic, our revenue grew from RM13.3 million in FYE 2019 to RM16.4 million in FYE 2020, and further grew to RM20.0 million in FYE 2021, mainly as a result of increase in demand for our Retail Management Eco-system.

Since the implementation of the MCO on 18 March 2020 up to LPD, we incurred RM0.04 million to implement precautionary measures at our premises to minimise the risk of COVID-19 infections and to comply with the SOP guidelines imposed by the Government. These costs mainly include purchase of face masks, hand sanitisers and air sterilisation equipment and COVID-19 test kits. Such additional cost incurred did not have a material impact on our Group's financial results for the FYE 2020 and 2021.

Following the COVID-19 outbreak, a number of financial aid and relief programs were introduced by the Government in response to the economic impact of COVID-19 pandemic in Malaysia. For FYE 2020 and FYE 2021, we received government grants of RM0.2 million in aggregate in relation to the wage subsidy programmes introduced under the PRIHATIN stimulus package and PENJANA national economic recovery plan.

7. BUSINESS OVERVIEW (Cont'd)**7.16.4 Measures and steps taken in response to COVID-19 pandemic to continue our business operations**

Our Group has implemented the COVID-19 SOP and social distancing guidelines as imposed by the Government, relevant authorities and local councils. These measures were in place to safeguard the safety and health conditions of our employees. Since the implementation of MCO in March 2020 up to LPD, we have not been in breach of any laws relating to COVID-19 restrictions or SOPs as issued by the relevant authorities.

7.17 SEASONALITY OR CYCLICAL EFFECTS

We do not experience any material seasonality or cyclical effects in our business.

7.18 FUTURE PLANS, BUSINESS STRATEGIES AND PROSPECTS OF OUR GROUP**7.18.1 We intend to develop cloud-based modules under our HQ Centralised Management, Store Operations and Financial Management solution, and expand our solution offerings under our Retail Management Eco-system**

We plan to develop cloud-based modules and expand our solution offerings, as detailed below:

(a) Development of cloud-based modules for our Retail Management Eco-system

Cloud-based modules refer to solutions that can be accessed over the Internet. These cloud-based modules are implemented using cloud-based infrastructure hosted by third-party cloud service providers.

Presently, our HQ Centralised Management, Store Operations and Financial Management solution is implemented using our customers' on-premises infrastructure while our xBridge B2B and Omni-channel Engagement solutions are implemented using cloud-based infrastructure. By developing cloud-based modules under our HQ Centralised Management, Store Operations and Financial Management solution, we will be able to offer the following benefits:

- (i) Reduced time taken to implement retail management solutions, as time taken to procure, deliver, configure and install on-premises IT hardware for the IT network and data storage will be eliminated; and
- (ii) Our HQ Centralised Management, Store Operations and Financial Management solution will be cloud-based, which will allow customers remote accessibility, cross-platform and multi-device compatibility as well as enable fast roll out of enhancements and updates without any downtimes.

With the development of cloud-based modules under our HQ Centralised Management, Store Operations and Financial Management solution, all of our Retail Management Eco-system modules will be cloud-based modules, and the implementation via on-premise infrastructure will be phased out gradually. Despite this, we will install solutions on on-premises infrastructure should there be a need to accommodate retail operations during periods where there is prolonged internet downtime, or if required by customers. The information gathered through these solutions installed on on-premises infrastructure can be subsequently synchronised with cloud infrastructure when the internet access is restored.

7. BUSINESS OVERVIEW (Cont'd)

The development activities of our cloud-based modules will comprise:

- (i) the development of software features, design, web and app-based retail modules;
- (ii) integration with other cloud-based modules and hardware; and
- (iii) prototyping and testing of these features and modules.

As at LPD, we are in the midst of carrying out the abovementioned development activities. We estimate that the entire development process will take approximately 36 months and thus, we intend to gradually introduce the cloud-based modules in stages to the market from the 4th quarter of 2025 onwards and eventually phase out the existing on-premise infrastructure in our implementation.

(b) Expansion of solution offerings

In addition to developing our cloud-based modules, we intend to expand our solution offerings under our Retail Management Eco-system to meet more retail needs. To this end, we intend to develop Business Analytics Dashboard, Retail Income Management System and Sub-let Rental Management System and E-invoice Financing application process portal. The details of these modules are detailed in Section 7.14.

We are currently in the midst of developing the Business Analytics Dashboard, Retail Income Management System and Sub-let Rental Management System. We estimate that we will complete the development of Business Analytics Dashboard and Sub-let Rental Management System solutions by 4th quarter of 2023 and Retail Income Management System solution by 2nd quarter of 2024.

Further, we plan to develop a new solution for digitalisation of invoice financing process, which will be known as E-invoice Financing. Invoice financing is generally used by our customers' suppliers to leverage on unpaid sales invoices to obtain short-term financing from financial institutions and the invoice financing process is generally paper-based. With the introduction of the E-invoice Financing solution, suppliers can digitally create, organise, verify and share their invoices with other requisite supporting documents for invoice financing such as purchase orders and goods receipt notes. These digitalised documents can then be accessed by the relevant financial institutions easily and instantly.

Further, as the invoices have been created using the E-invoice Financing solution, financial institutions will be reassured that these invoices are genuine as these e-invoices can only be generated through 3-way document matching, with the details of the supplier's invoice matched to the corresponding goods receipt notes and purchase orders. This would in turn simplify the financial institutions' assessment and evaluation of the invoice financing application. Based on our internal research, we have identified 3 other solution providers providing e-invoice financing solutions in Malaysia. However, we do not have information on their solutions relating to market presence/size, user industry, and other technical specifications, to analyse the comparability of the 3 providers' solutions against those of our Group.

We have begun the planning and software design of this new solution and we expect to launch the new solution by 4th quarter of 2023.

7. BUSINESS OVERVIEW (Cont'd)

In order to support the development of the abovementioned cloud-based infrastructure migration and E-invoice Financing solutions, we have recruited 3 Software Development Engineering personnel since May 2023 and we will be gradually recruiting up to 16 additional Software Development Engineering personnel from the 4th quarter of 2023 onwards. Although our existing Software Development Engineering department has already begun carrying out the development activities for both the cloud-based modules and E-invoice Financing solutions, we will require additional Software Development Engineering personnel to fully focus on the abovementioned development activities so that the existing personnel can focus on the customisation and enhancement of our existing solutions. Further, as mentioned in Section 7.18.2 and Section 7.18.3, we expect to expand locally and internationally and will thus require more Software Development Engineering personnel to cater for the growth in demand for our Retail Management Eco-system.

We intend to use recruitment platforms such as AJobThing, MYFutureJobs and JobStreet to hire personnel as we have generally not faced difficulty in doing so in the past. The salaries of these additional Software Development Engineering personnel over the next 36 months are estimated to be RM2.7 million, which will be fully funded via the gross proceeds from our Public Issue.

The abovementioned R&D activities will broaden our range of solution offerings under our Retail Management Eco-system and allow us to cross-sell these solutions to our existing customer base. Thus, the launch of these new solutions and modules are expected to contribute towards further growth in our operations and financial performance.

Please refer to Section 4.9.1(a) for further details of the use of the proceeds from our Public Issue for the above.

7.18.2 We intend to expand our workforce and operational facilities to facilitate our business expansion in Malaysia

The retail management solutions industry in Malaysia has been growing at a CAGR of 18.8% between 2018 and 2022. Moving forward, PROVIDENCE expects that the retail management solutions industry in Malaysia will continue to grow at a CAGR of 18.4% between 2023 and 2025 to reach RM582.8 million in 2025. This will be largely driven by the growing local retail industry, introductions of new retail management solutions to keep up with latest retail industry trends, growing preferences for cloud-based retail management solutions and government initiatives that promote digitalisation.

In light of the expected growth in demand for retail management solutions, coupled with the anticipated increase in projects secured with the launch of the abovementioned solutions and modules, we intend to expand our workforce and premises to cater for this expansion.

As such, we plan to undertake the following:

(a) Expansion of our CTS department in Melaka

With the growth in solution offerings and anticipated growth in number of customers, we intend to recruit new CTS engineers. We plan to gradually recruit 20 additional CTS engineers in the said department by end of 2025. As at LPD, we have recruited 4 CTS engineers. To this end, we intend to use recruitment platforms such as JobStreet, MYFutureJobs and AJobThing to hire personnel as we have generally not faced difficulty in doing so in the past.

7. BUSINESS OVERVIEW (Cont'd)

We estimate that the staff costs for 24 months for the additional CTS engineers will amount to approximately RM1.7 million. These costs mainly include salaries, allowances, staff benefits, medical expenses and other related expenses for the additional CTS engineers. We intend to fund this cost via the proceeds from our Public Issue. Please refer to Section 4.9.1(c) for further details of the utilisation of the proceeds from our Public Issue in this respect.

(b) Expansion of our HQ

Presently, we operate from our HQ in Plaza Pandan Malim Business Park, Melaka. Our existing HQ comprises rented premises which have a total built-up area of approximately 8,977 sq ft and currently accommodate a total of 89 employees. Due to space constraints in our current HQ, existing staff are sharing workstations. We plan to hire a total of 32 additional employees (16 Software Development engineers and 16 CTS engineers) to cater for our business expansion as our existing staff force may not be sufficient to sustain our business growth.

Moving forward, in view of our growing workforce, space constraints above and plans to expand regionally, we intend to acquire a new property to be established as our new HQ to cater for the expansion of CTS and expanded Software Development Engineering departments which can accommodate additional workstations for both the current and additional employees. Pending the completion of our HQ expansion, we will consider converting existing meeting room space in our current HQ, temporarily renting an additional office within the vicinity and/or the implementation of work-from-home arrangements to manage the space constraints for the 32 additional employees to be hired. As at LPD, we have yet to identify an office within the vicinity to rent. Additionally, as we are still able to manage the space constraints as at LPD, in light of the fact that some of our employees are travelling to customers' premises for project implementation, we have not begun practicing work-from-home arrangements. Please refer to Sections 4.9.1(c) and 7.18.2(a) for further details on the expansion of our CTS department in Melaka.

In addition to the above, the new HQ will have a training centre to provide software training services to our customers. Currently, we conduct the training remotely or at our customers' office.

The expected timeframe and key milestones for the acquisition of our new HQ and assuming construction is required, are as follows:

Timeframe (from the date of our Listing)	Milestone
1st half 2024	- Identify suitable property to be acquired - Completion of acquisition of targeted property
2nd half 2024	- Submission of application for building plan to the relevant authority for approval - Approval for building plan obtained
1st half 2025	Commencement of construction
2nd half 2026	- Completion of construction - Issuance for CCC - Submission of application to obtain the business licence and/or necessary approvals/ permits required for the commencement of operations

7. BUSINESS OVERVIEW (Cont'd)

Timeframe (from the date of our Listing)	Milestone
1st half 2027	• Completion of interior design works • Issuance of business licence and/or necessary approvals/ permits required for the commencement of operations • Relocation from our HQ in Plaza Pandan Malim Business Park, Melaka • Commencement of operations

As at LPD, our Group is in the midst of identifying a suitable property for this purpose which will have a built-up area size of approximately 25,000 sq ft in the district of Ayer Keroh, Melaka.

Based on property listings as surveyed by management, the cost of acquiring property which fits our needs as above, located in Ayer Keroh, Melaka, is estimated to be approximately RM8.4 million, of which we will allocate RM3.0 million of the proceeds raised from our Public Issue to finance the acquisition of the property and the balance is to be funded through our internal generated funds and/or bank borrowings.

The construction and interior design works of the new HQ will cost approximately an additional RM2.5 million and will be funded via our internally-generated funds and/or bank borrowings.

Upon completion of the acquisition, we expect that the construction and interior design works shall take up to 24 months to complete. Upon our relocation to the new HQ, we will terminate our tenancy for all our current HQ rented from our Executive Directors (details of which are further set out in Section 10.1).

Please refer to Section 4.9.1(d) for further details of the use of the proceeds from our Public Issue for the above.

(c) Establishing additional service hubs and expanding workforce in existing service hubs in Malaysia

We presently service our customers through 4 principal locations, namely Kuala Lumpur, Johor, Sabah and Sarawak. To enable us to provide more efficient customer service and support services to our customers in other states in Malaysia, we plan to further expand our offices in Kuala Lumpur and establish an office in Penang over the period of 24 months.

With our expansions in Kuala Lumpur and Penang, we will be able to respond to issues of our customers situated at the Central and Northern regions of Peninsular Malaysia (which includes the states of Perak, Kedah, Penang, Kuala Lumpur, Selangor and Negeri Sembilan) more efficiently. Additionally, our Group believes that our reach to potential customers in the new regions will be improved and eventually broaden our market share in Malaysia.

With the ongoing growth and development of our business, we also intend to expand our workforce in existing service hubs located in Johor Bahru, Sabah and Sarawak by recruiting 8 additional CTS project executives, of which 2 based in Johor Bahru, 3 based in Sabah and 3 based in Sarawak, to scale up our business operations.

7. BUSINESS OVERVIEW (Cont'd)

As at LPD, we are in the midst of identifying suitable locations for the rental of the new service hubs and we expect to commence the business operations of the new service hubs in Kuala Lumpur and Penang by 1st quarter of 2024 and 2nd quarter of 2024 respectively. As at LPD, we have recruited 1 CTS project executive in Sabah in August 2023 and the remaining 7 additional CTS project executives for existing service hubs located in Johor Bahru, Sabah and Sarawak are expected to be recruited by 4th quarter of 2024.

The costs of setting up these new service hubs, which will include the rental fees, and purchase of office equipment and staff costs over the next 24 months, is estimated to collectively cost RM2.6 million and this will be funded via the proceeds from our Public Issue.

Please refer to Section 4.9.1(b)(ii) for further details of the use of the proceeds from our Public Issue for the above.

7.18.3 We plan to regionally expand our geographical footprint in other countries within the ASEAN region

Presently, our principal market is Malaysia. In terms of our foreign presence, we have implemented our Retail Management Eco-system for 2 retail stores in Batam, Indonesia and a retail store in Brunei in 2016 and 2021 respectively. In 2023, we have also secured a project to implement our Retail Management Eco-system for 1 retail store for a grocery retail chain in Indonesia. Revenues from Indonesia and Brunei contributed between 0.01% to 1.1% of our total revenues for FYE 2019 to 2022 and FPE 2023. We chose to expand our market in Indonesia as we have already implemented our Retail Management Eco-system for 2 retail stores in Batam, Indonesia and we recognise the potential to expand our presence in the retail management solutions industry in Indonesia.

We also chose the Philippines as a market to expand into after conducting preliminary internal research, which was based on our market observations made through a combination of:

- (a) feedback from a retail management solution provider who has made headways into the Philippines, since it began offering accounting and payroll systems to the Philippines market since 2007; and
- (b) market information gathered from another industry player as well as a business associate from the retail industry in the Philippines.

Based on the foregoing observations and feedback, we gained insight on the types of retail management solutions available in the Philippines market, their price range, as well as the requirements and costs involved for setting up a local company in the Philippines. On this basis, retailers in the Philippines appear to be receptive to new retail management solutions, and there is market potential of our Group's Retail Management Eco-system which is relatively more affordable than the solutions used by retail stores in the Philippines, which are of a higher price range. Based on the foregoing, our Group recognised the potential of venturing into the Philippines market. For avoidance of doubt, save for the foregoing, we have not undertaken any other steps to further establish the feasibility of our retail management solutions in the Philippines.

We have chosen to focus on other geographical regions for expansions compared to Brunei as, in comparison, Brunei has less market potential in view of the lower population due to the smaller size of the nation, as compared to Indonesia and the Philippines. Additionally, it would be a more strategically reasonable choice to service and support the Brunei market through the service hubs in Sabah and/or Sarawak due to their proximity.

7. BUSINESS OVERVIEW (Cont'd)

Apart from that, the demand for retail management solutions in Indonesia and the Philippines have also been growing, and are expected to continue growing in the future. According to the IMR report by PROVIDENCE, the retail industries in Indonesia and the Philippines have been growing at CAGRs of 3.4% and 1.6%, respectively, between 2018 and 2022. Moving forward, PROVIDENCE expects that the retail industries in these countries will be driven by the countries' growing population and disposable income, increasing accessibility to retail stores through online channels and government initiatives to support the retail industry. As the retail industry is a key end-user industry to the retail management solution industry, a growing retail industry indicates a growth in demand for retail management solutions.

Our Group plans to establish 2 new service hubs in ASEAN countries, where Indonesia and the Philippines will each have 1 service hub, by 2025. This will enable our Group to better penetrate as well as localise our software in the respective markets with our physical presence in the targeted countries. RM0.6 million of the gross proceeds from our Public Issue will be used to set up the new service hubs in Philippines and Indonesia which include offices rental for 36 months, administrative related expenses such as license application (i.e. business licences), utilities setup, as well as the purchases of computer and office equipment. As at LPD, we have surveyed for offices to rent in Makati, the Philippines and Jakarta, Indonesia, but have yet to identify any to rent. We plan to rent offices for our service hubs with an approximate built-up area of 850 sq ft, with rental costs of RM3,500 per month for each office based on prevailing market rental rates in the same vicinity.

We expect to establish a local business development team for each regional service hub, which we will be gradually recruiting them from 2024 onwards. The total cost required is estimated at RM1.2 million, being 36 months of staff costs (i.e. salaries, allowances, medical and other related expenses) for both teams. This amount is expected to be entirely funded out of the gross proceeds from our Public Issue and is accordingly expected to be utilised over a period of 36 months after of our Listing.

In addition, we intend to invest in advertising and promotional activities for our Retail Management Eco-system through participation in exhibitions such as Smart Digital Retail, the Philippine Edition in Manila, the Philippines and Retail & Solution Expo Indonesia 2024 in Jakarta, Indonesia, as well as online marketing through website and social media platforms. We have allocated approximately RM150,000 of the proceeds from our Public Issue for this purpose.

Please refer to Section 4.9.1(b)(i) for further details of the use of the proceeds from our Public Issue for the above.

7.18.4 Prospects of our Group

Our Group is principally involved in the development, customisation, implementation and integration of our Retail Management Eco-system. Moving forward, we expect that the growth of our Retail Management Eco-system business segment will be centred on the following growth areas:

- (a) development of cloud-based modules and expansion of solution offerings;
- (b) expansion of workforce and operational facilities to facilitate business expansion in Malaysia;
- (c) regional expansion into other countries within ASEAN, namely Indonesia and the Philippines. According to the IMR report by PROVIDENCE, the retail industries in Indonesia and the Philippines have been growing at CAGRs of 3.4% and 1.6%, respectively, between 2018 and 2022. As the retail industry is a key end-user industry to the retail management solution industry, a growing retail industry indicates a growth in demand for retail management solutions.

7. BUSINESS OVERVIEW (Cont'd)

In light of the abovementioned future growth areas and our Group's competitive strengths (as listed in Section 7.15), our Group is poised to capture opportunities present from the growing retail management solutions industries in Malaysia, Indonesia and the Philippines (as detailed in Section 8).

7.18.5 Management succession plan

We recognise the importance of management succession for business continuity. Hence, we have been grooming our lower, middle and senior management personnel to gradually assume greater responsibilities. After assessments and reviews of our personnel's ability, we have identified suitable senior and middle management personnel to assume the roles and responsibilities of our key management personnel, including our Chief Executive Officer and our Chief Technology Officer, in their absence or upon their departure.

In order to groom our personnel, we place emphasis on our employees' career development by conducting training. Our training methods not only involve participation in training courses but also on-the-job coaching and mentoring. We also practice cross functional taskforce, short term assignment and job rotation (where situation warrants). By doing so, we would be able to identify our employees' strengths and talent, and channel these talents to the appropriate functions.

Apart from grooming our employees to gradually assume greater responsibilities, we also aim to retain our key management personnel and other employees with competitive remuneration and benefits based upon annual staff performance review.

If the need arises, we will recruit more qualified and competent employees with knowledge and expertise of our business to widen the candidate pool for our succession planning. By enhancing our corporate profile as a listed issuer, we expect to be able to attract more qualified personnel to play an active role in the growth and success of our Group.

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8. IMR REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
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67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

Date: 20 October 2023

The Board of Directors
PANDA ECO SYSTEM BERHAD
No 28-1, 30, 30-1, 32-1, 34-1
Jalan PPM 13
Plaza Pandan Malim Business Park
75250 Melaka
Malaysia

Dear Sirs/Madam,

Independent Market Research (“IMR”) Report on the Retail Management Solutions Industry and Retail Industries in Malaysia, Indonesia and the Philippines in conjunction with the Listing of Panda Eco System Berhad on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this IMR report on the Retail Management Solutions Industry and the Retail Industries in Malaysia, Indonesia and the Philippines for inclusion in the Prospectus of Panda Eco System Berhad.

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

For and on behalf of PROVIDENCE:

MELISSA LIM
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions and competitive landscape.

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

8. IMR REPORT (Cont'd)**1 THE RETAIL MANAGEMENT SOLUTIONS INDUSTRY IN MALAYSIA**

Panda Eco System Berhad and its subsidiaries (collectively referred to as “**Panda Group**”) is principally involved in the development, customisation, implementation and integration of retail management solutions, and its solutions have primarily been used by retailers and retailers’ suppliers in Malaysia. The Group also intends to expand into the ASEAN region, namely Indonesia and the Philippines. As such, this IMR report focuses on the following:

- **The retail management solutions industry in Malaysia**, as this is the industry in which Panda Group operates;
- **The retail management solutions industry in Indonesia and the Philippines**, which is the industries in which Panda Group intends to operate; and
- **The retail industries in Malaysia, Indonesia and the Philippines**, which are the industries which Panda Group presently serves and intends to serve. As the retail industry is a key end-user market to the retail management solutions industry, growth in the retail industries in Malaysia, Indonesia and the Philippines will indicate growth in the retail management industries in these countries.

DEFINITION AND SEGMENTATION

Retail management solutions refer to solutions that support retail operational processes such as point-of-sales (“**POS**”) management, customer relationship management, electronic commerce (“**e-commerce**”) platform management, supply chain management, management of information on store operations, inventory and warehouse management as well as financial and accounting management.

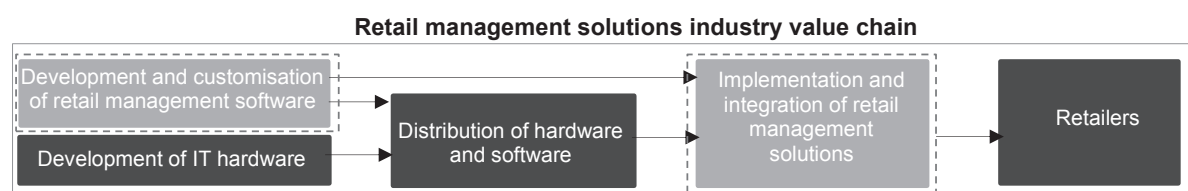
Retail management solutions enable seamless and integrated flow of information between various departments within a retail chain and/or their network of retail stores and suppliers. As retailers can automate and digitalise their retail operations with retail management solutions, retailers can enhance operational efficiency and reduce human errors which typically results from manual entries of data or information. Some retail management solutions also enable better customer relationship management as these solutions allow for compilation of customer data to facilitate customer loyalty programmes to reward existing customers.

There are generally 2 types of retail management solutions, i.e.:

- On-premises solutions – which are solutions implemented using on-premises infrastructure (where a dedicated Information Technology (“**IT**”) network and data storage equipment is located within the retail store premises);
- Cloud-based solutions – which are solutions implemented using cloud-based infrastructure (where data generated will be hosted by third-party cloud service providers).

The retail management solutions industry value chain comprises companies that are involved in:

- Development of software** – companies which develop and/or customise retail management software;
- Development of hardware** – companies which develop IT hardware (such as IT network and data storage equipment, POS equipment, computers and printers);
- Distribution of hardware and software** – companies which solely market and sell third-party IT hardware and retail management software or related software that can be integrated with retail management software; and
- Implementation and integration of retail management solutions** – companies which implement and integrate IT hardware and retail management software and other related software (such as accounting software) to form a complete retail management solution. Some of these companies may also provide after-sales support services such as troubleshooting and reconfiguration services in the event there are any technical issues or solution errors.



Note:

Denotes the segments where Panda Group operates in

Source: PROVIDENCE

As indicated in the diagram, Panda Group is not only involved in the development and customisation of its own retail management software, but also the implementation and integration of retail management solutions.

8. IMR REPORT (Cont'd)

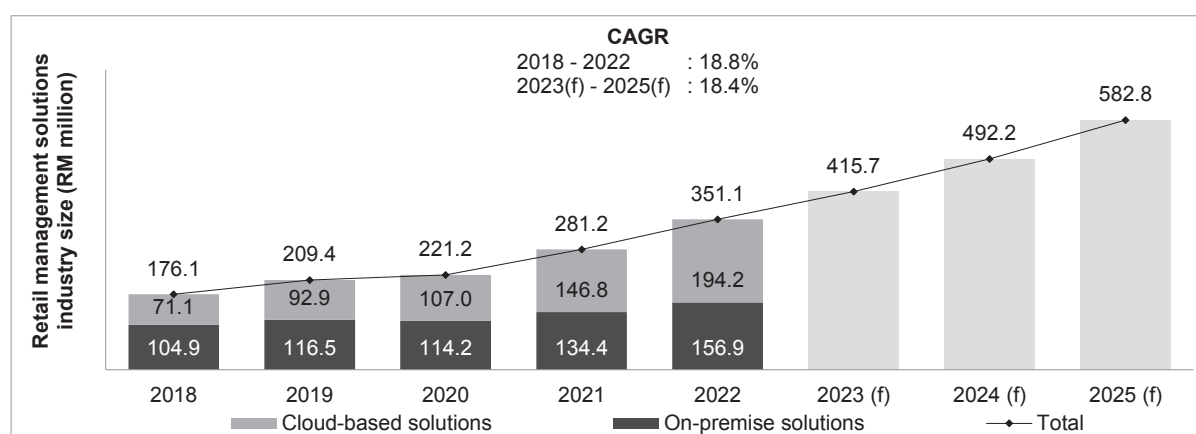


INDUSTRY PERFORMANCE, SIZE AND GROWTH

The retail management solutions industry in Malaysia is depicted by the revenues of local and international retail management solutions industry players in the country. The retail management solutions industry in Malaysia grew from RM176.1 million in 2018 to RM351.1 million in 2022 at a compound annual growth rate ("CAGR") of 18.8%. Moving forward, the retail management solutions industry in Malaysia is forecast to grow by a further CAGR of 18.4%, from an estimated RM415.7 million in 2023 to RM582.8 million in 2025.

In 2022, cloud-based retail management solutions contributed 55.3% of the total retail management solutions industry size in Malaysia while the remaining 44.7% was contributed by on-premises retail management solutions. In general, the demand for cloud-based retail management solutions in Malaysia has been growing, as can be seen from the growing percentage contribution of cloud-based retail management solutions of the total retail management solutions industry size in Malaysia from 40.4% in 2018 to 55.3% in 2022.

Retail management solutions industry size in Malaysia



Source: Arsta Research Analysis, PROVIDENCE

KEY GROWTH DRIVERS

Growth of the retail industry in Malaysia will drive demand for retail management solutions

The performance of the retail industry in Malaysia has improved over the years, with retail sales value growing from RM226.2 billion in 2018 to RM256.3 billion in 2022, at a CAGR of 3.2%.¹ As a result of the growing local retail industry, retailers will likely expand their network of retail stores and/or e-commerce activities to cater for the increased demand for consumer products sold at their stores. The number of retail stores in Malaysia has expanded from 213,873 units in 2013 to 218,073 units in 2022.² Thus, there is a constant need for retail management solutions to manage not only existing physical retail stores and online retail stores, but also new physical and online stores that will be set up.

In addition, the growth in the retail industries in neighboring countries such as in Indonesia and the Philippines could benefit the local retail management solutions industry. Retail management solutions industry players in Malaysia could expand their reach into other countries to tap onto the growing retail industries in these countries. The retail industry in Indonesia grew, in terms of sales value, from USD161.2 billion (RM650.5 billion³) in 2018 to USD184.2 billion (RM810.6 billion³) in 2022, at a CAGR of 3.4%.⁴ Meanwhile, the retail industry in the Philippines grew, in terms of sales value, from USD86.2 billion (RM347.8 billion³) in 2018 to USD92.0 billion (RM404.8 billion³) in 2022, registering a CAGR of 1.6%.⁵ The number of retail stores in the Philippines grew from 1.3 million units in 2013 to 1.5 million units in 2022.⁶ Meanwhile, the number of retail stores in Indonesia generally hovered at 4.8 million units between 2013 and 2019, before declining to approximately 4.3 million units between 2020 and 2022 due to closures of physical retail stores as a result of the COVID-19 pandemic and movement towards online retailing.⁷

Please refer to Chapter 2 – Overview of the Retail Industries in Malaysia, Indonesia and the Philippines of this IMR report for further details.

¹ Source: Euromonitor International

² Source: Euromonitor International

³ Currency conversions from USD to RM are based on the average annual exchange rates published by Bank Negara Malaysia for:

2018: USD1 = RM4.0353

2022: USD1 = RM4.4005

⁴ Source: Euromonitor International

⁵ Source: Euromonitor International

⁶ Source: Euromonitor International

⁷ Source: Euromonitor International

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Introduction of new retail management solutions to keep up with latest retail industry trends will create new revenue streams for retail management solutions industry players

Over the years, the retail industry has evolved from local individual general stores to retail stores with a network of retail stores, then to retail stores where various types of products are sold (such as hypermarkets) and e-commerce platforms which enabled online retailing. Consequently, retail management solutions industry players have been developing and/or implementing new types of solutions to keep up with these latest retail industry trends. For instance, retail management solutions have evolved from just POS solutions to solutions that enable the management of a network of retail chain stores and large quantities of inventories of products sold. Today, there are also retail management solutions that enable the management of e-commerce platforms.

Today, retail operational processes are moving towards retail 4.0, which involves the digitisation of physical shopping experience, due to the proliferation of mobile devices such as smartphones and tablets. This has pathed the way for emerging retail industry trends such as:

- omni-channel retailing, which involve the sale of products to consumers using various platforms (i.e. web, mobile and physical) and devices (i.e. smartphones and tablets);
- self-checkout retailing, where consumers perform the barcode scanning of the products, and pay for the products without a cashier at the checkout counter. In some countries, consumers can use a mobile application on their smartphones to scan items as they shop and payment can automatically be made via their preferred payment methods upon checking out of the retail store.

Moreover, with the digitalisation of retail operational processes, there is a growing demand for analysis of digital data generated (such as sales performance, customer buying patterns, as well as impact of marketing and promotional activities) in order to better manage inventories and optimise consumer shopping experience by generating product recommendations for consumers through information on their past purchases.

As such, retailers may replace or upgrade their existing retail management solutions with more advanced solutions in order to keep up with the latest retail industry trends, and this will inevitably benefit the retail management solutions industry in Malaysia.

The growing preference for cloud-based retail management solutions

In the past, on-premises retail management solutions were the only form of retail management solutions available in the market. With the emergence of cloud-based infrastructure, cloud-based retail management solutions are increasingly being implemented due to the advantages it offers. As mentioned above, the percentage contribution of cloud-based retail management solutions of the total retail management solutions industry size in Malaysia has been growing from 40.4% in 2018 to 55.3% in 2022. Amongst some of these advantages include:

- Lower capital and operational expenditure as retailers need not purchase IT hardware and maintain these IT hardware themselves. These IT hardware will be managed by the third-party cloud service provider which typically also include data backup processes and protection of the data using cybersecurity solutions;
- Shorter implementation time of retail management solutions as time taken to procure, deliver, configure and install IT hardware, as in the case of on-premises retail management solutions, will be eliminated;
- Remote accessibility of solutions as these solutions can be accessed from any location, within or outside the retail premises. This flexibility provides multiple advantages, including allowing for remote monitoring using mobile devices;
- Cross-platform and multi-device responsiveness as cloud-based solutions are responsive across multiple operating systems and can be used on any devices such as desktops, tablets or smart phones; and
- Fast roll out of enhancements and updates as enhancements and updates to cloud-based retail management solutions can be rolled out to all customers remotely and within a short span of time.

The growing uptake of cloud-based retail management solutions in Malaysia indicates the willingness of retailers to change their solutions to cloud-based retail management solutions from on-premises retail management solutions. In addition, cloud-based retail management solutions are more affordable in light of the abovementioned advantages, and this has led to an increased uptake of cloud-based retail management solutions amongst small and medium enterprises ("SME(s)") as well as micro merchants.

Government initiatives to promote digitalisation

The 12th Malaysia Plan 2021-2025 ("12MP") has a focus on strategic priorities which aim to bring about sustainable economic recovery after the COVID-19 pandemic. The pandemic has changed the way businesses and governments operate, as well as how the population work, interact and manage their lives. It has also brought about the realisation that the digital economy was vital in lessening the impact of the pandemic, and as such, 12MP identifies measures that need to be taken to enable growth of the digital economy. One of the Policy Enablers in 12MP is accelerating technology adoption and innovation, whereby it aims to accelerate the adoption and application of digital and advanced technology, particularly the Fourth Industrial Revolution ("4IR") technologies. The wholesale and retail

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sector has been identified as 1 of the 10 sectors that could benefit from 4IR, and focus will be given to develop these areas to seize economic growth opportunities.

In 12MP, one of the priority areas is boosting productivity growth, whereby one of the strategies which has been identified is moving up the sector's value chain. Efforts will be undertaken to ensure higher adoption of technology to enhance efficiency and productivity across the services sector. In particular, for the wholesale and retail sector, emphasis will be placed on modernising business activities that are mostly manually operated. Large-scale retailers will be encouraged to invest in solutions that are cost-effective and improve customer experience, including self-checkout POS solutions.

In February 2021, the Government of Malaysia launched MyDIGITAL, a national initiative which aims to transform Malaysia into a digitally-driven, high-income nation and a regional leader in the digital economy. The Malaysia Digital Economy Blueprint maps out the strategies which will be undertaken in 3 phases (2021-2022, 2023-2025 and 2026-2030) to achieve the targeted outcomes of MyDIGITAL. Sectoral-focus initiatives have been recommended to grow the digital economy, whereby the wholesale and retail trade has been identified as one of the subsectors under the services sector. Among initiatives aimed are facilitating the collaboration between retailers and last-mile delivery service providers via open application programming interface (API) system as well as equipping the existing wholesale and retail subsector workforce with digital skill sets. Further, the Government of Malaysia intends to build enabling digital infrastructure, which includes boosting the capabilities of domestic data centre companies to provide high-end cloud computing services, which could benefit the growth of cloud-based retail management solutions.

As part of Budget 2024, the Government of Malaysia allocated RM100.0 million to provide digitalisation grants of RM5,000 to SMEs and micro enterprises. The grant can be used to upgrade their sales, inventory and accounting systems, which would include retail management solutions. This initiative intends to increase the adoption of digitalisation among SMEs and micro enterprises. In addition, a total of RM900 million in loan funds under Bank Negara Malaysia will be provided to SMEs to increase business productivity through automation and digitalisation.

These Government initiatives to promote a digital economy would encourage the retail industry to digitalise their operations. Consequently, this would create demand for retail management solutions.

PRODUCT / SERVICE SUBSTITUTION

There are no products that can fully replace retail management solutions in Malaysia, except for retrograding towards a manual system such as manual data collection and manual calculations. However, a manual system has its disadvantages in terms of time-consuming data collection, inaccurate updates and human error. Thus, a manual system is not a practical substitute for retail management solutions, particularly for a network of retail stores.

SUPPLY FACTORS

Availability of IT hardware and software

IT hardware and software are critical components of retail management solutions, and are typically purchased from third-party hardware and software distributors, and software developers. These IT hardware include IT network and data storage equipment, POS equipment, computers and printers, while software include both retail management software and related software such as accounting software. Thus, retail management solution providers are dependent on their network of hardware and software distributors, and their ability to obtain a reliable supply of IT hardware required for implementing their solutions.

Availability of human resources

A critical element of being able to provide retail management solutions is the availability of qualified and experienced talent. It is essential that a retail management solution provider is able to hire, train and retain talented, experienced and qualified technical personnel. Generally, there is no shortage of skilled resources in the IT sector. According to the Department of Statistics Malaysia, the number of persons employed in the IT industry increased from 1.09 million in 2017 to 1.22 million in 2022. The rise in the number of persons employed in the IT industry indicates that there are sufficient skilled resources to take on the IT jobs that are available in the country. However, the onus falls on the industry players to attract, hire and retain qualified and experienced technical personnel.

RISKS AND CHALLENGES

Competition from other industry players

The retail management solutions industry in Malaysia is fragmented, with numerous players that are capable of providing similar solutions. These industry players may compete on the basis of technology and software know-how, functionality and features, quality of service, timeliness of project delivery as well as technical support and response time. Industry players may also resort to competitive strategies such as taking on projects with lower profit margin in order to capture and/or retain market share.

Further, industry players also compete in terms of recruiting and retaining skilled and trained software developers, particularly personnel with suitable experience and appropriate skill set. While there is no shortage of skilled

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resources in the IT sector, it is a challenge to retain trained software developers as they may be recruited by other industry players, and it may be difficult to identify and recruit suitable technical professionals with experience and appropriate skill set in a timely manner.

Dependence on performance of the retail industry

As the retail industry is the main end-user industry of the retail management solutions industry, the performance of the retail industry would impact the retail management solutions industry. The retail industry is affected by factors such as the population's spending power and economic conditions. In addition, the growing online retail industry may have an adverse effect on the growth of physical retail stores. Thus, the lower number of physical retail stores could impact industry players with solutions that solely target physical retail stores.

Advancement in technology

Retail management solutions are susceptible to frequent introductions and enhancements of new solutions and new retail industry trends. The introduction of new solutions and retail industry trends may render the existing solutions obsolete or uncompetitive. Thus, it is essential that retail management solution providers constantly enhance and develop solutions that are relevant to the latest industry trends.

COMPETITIVE OVERVIEW

The competitive landscape of the retail management solutions industry in Malaysia is fragmented, with many companies competing, including multi-national corporations, public-listed companies and private companies. PROVIDENCE estimates that there are over 70 companies offering retail management solutions in Malaysia. Some of these industry players develop their own retail management software whilst others source third-party retail management software to implement and integrate to form retail management solutions for retailers. PROVIDENCE has identified the following 16 industry players, including Panda Group, on the basis that:

- (i) they are involved in the provision of retail management solutions;
- (ii) they primarily utilise in-house retail management software in their retail management solutions; and
- (iii) they have revenues of RM3.0 million and above, based on their latest audited FYE.

Based on latest publicly available financial information, the Group's GP and PAT margin varies amongst industry players. This is attributable to the fact that each industry players may differ in the number and type of solutions and services they offer, and in-house capabilities. Amongst some of the reasons that the GP and PAT margins of industry players differ are as follows:

- The types of solutions sold which may comprise IT hardware, software and services. IT hardware generally have lower margins while the provision of services and software would contribute to relatively higher margins;
- The in-house capabilities of the industry player. Industry players which develop their own software and undertake provision of implementation and after-sales support would require software engineers as compared to industry players that do not participate in much software development activities. This would lead to higher costs of sales which may impact the margins; and
- The level of after-sales support provided to customers. Industry players which provide after-sales support to customers would require a customer technical support service personnel, thus leading to a larger workforce. This would lead to higher costs of sales which may impact margins.

The barriers to entry of the retail management solutions industry is moderately low. While industry players must acquire an adequate pool of technically skilled talent to carry out development and/or customisation, implementation and integration of solutions for customers, there is low capital expenditure requirements and no industry-specific licences or permits required to begin offering retail management solutions. However, the competitiveness of a retail management solutions industry player is dependent on its capability, technical expertise and experience to provide solutions that are tailored for retail operational processes at competitive

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These 16 identified industry players are as detailed below:

Company name	Other product/service offerings	Location of operations ⁽ⁱⁱⁱ⁾	Brands offered	Latest audited FYE	Revenue (RM '000)	Gross profit ("Gp") (RM '000)	GP margin ^(iv) (%)	Profit after tax ("PAT") / Loss after tax ("LAT") (RM '000)	PAT/(LAT) margin ^(v) (%)
Qube Apps Solutions Sdn Bhd ^(xi)	Retail management solution (including POS solutions and financial and accounting management solutions), transport management system, electronic payment integration system, field force management, warehouse management system	Malaysia	Qube	31 December 2022	49,529	23,006	46.4	11,915	24.1
StoreHub Sdn Bhd ^(xi)	Retail management solutions (including retail and F&B POS management, inventory management, menu management across network of F&B outlets and customer relationship management)	Malaysia	Storehub	31 December 2022	24,473	16,204	66.2	(25,847)	-
Web Bytes Sdn Bhd ^(xi)	Retail management solution (including retail and F&B POS management, customer relationship management, e-commerce platform management, supply chain management, management of information on store operations, inventory and warehouse management as well as financial and accounting management)	Malaysia, Cambodia	Xlinex	31 December 2022	23,817	11,620	48.8	245	1.0
Panda Group ^(xi)	Retail Management solution (including retail and F&B POS management, customer relationship management, supply chain management, management of information on store operations, e-commerce platform management, inventory and warehouse management as well as financial and accounting management)	Malaysia	Panda Eco-system	31 December 2022	20,982	11,650	55.5	7,048	33.6
QR Retail Automation (Asia) Sdn Bhd ^{(ix) (vi)}	Retail management solution (including retail POS management, customer relationship management, e-commerce platform management, supply chain management, inventory and warehouse management, financial and accounting management as well as business intelligence)	Malaysia, Singapore, Vietnam	AgoraCloud	30 June 2022	12,025	6,211	51.7	653	5.4
SiteGiant Sdn Bhd ^(xi)	Retail management solution (including retail POS management, e-commerce platform management, and inventory and warehouse management), enterprise resource planning solutions, warehouse management system	Malaysia	SiteGiant	31 December 2022	11,539 ^(viii)	9,714	84.2	1,793	15.5

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Company name	Other product/service offerings	Location of operations ⁽ⁱⁱⁱ⁾	Brands offered	Latest audited FYE	Revenue (RM '000)	Gross profit ("GP") (RM '000)	GP margin ^(iv) (%)	Profit after tax ("PAT") / Loss after tax ("LAT") (RM '000)	PAT/(LAT) margin ^(v) (%)
Code Soft Technology Sdn Bhd ^(xi)	Retail management solution (including POS management), event management systems, attendance management systems, task management systems, asset management systems and visitor management systems	Malaysia, China, Thailand, Indonesia	Code Soft	31 December 2022	8,484 ^(viii)	(147)	-	(176)	-
Goldsoft Sdn Bhd ^(xi)	Retail management solution (including retail POS management, customer relationship management, supply chain management, inventory and warehouse management, financial and accounting management as well as business intelligence), furniture inventory and warehouse management solutions, trading and distribution management solutions	Malaysia	Goldsoft	30 April 2022	7,890 ^(viii)	7,204	91.3	1,897	24.0
Wavelet Solutions Sdn Bhd ^(xi)	Retail management solution (including retail POS management, customer relationship management, supply chain management, inventory and warehouse management, financial and accounting management as well as business intelligence), business process outsourcing, cloud migration services, mobile and e-commerce platform development services, artificial intelligence solutions and IT consultancy services	Malaysia	Wavelet	31 December 2022	7,406 ^(viii)	424	5.7	(1,569)	-
Smart-Acc Solutions Sdn Bhd ^(xi)	Retail management solution (including retail and F&B POS management, customer relationship management, inventory and warehouse management, financial and accounting management as well as business intelligence), business process outsourcing, cloud migration services, mobile and e-commerce platform development services, artificial intelligence solutions and IT consultancy services	Malaysia	Smart New Retail	31 December 2022	6,604 ^(viii)	4,634	70.2	727	11.0
Gross Synergy Sdn Bhd ^(xi)	Retail management solution (including retail and F&B POS management, warehouse and inventory management, e-commerce platform management and business intelligence)	Malaysia	Gross Synergy	31 December 2021	6,348	2,006	31.6	362	5.7
Evolver Sdn Bhd ^(xi)	Retail management solution (including POS management, customer relationship management, warehouse and inventory management and management of information of store operations)	Malaysia	Zeoniq	30 September 2022	5,448	1,712	31.4	1,317	24.2

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Company name	Other product/service offerings	Location of operations ⁽ⁱⁱⁱ⁾	Brands offered	Latest audited FYE	Revenue (RM '000)	Gross profit ("GP") (RM '000)	GP margin ^(iv) (%)	Profit after tax ("PAT") / Loss after tax ("LAT") (RM '000)	PAT/(LAT) margin ^(v) (%)
E Stream MSC Sdn Bhd ^(vi)	Retail management solution (including POS management, e-commerce platform management and business intelligence), human resource management solutions, accounting solutions	Malaysia, Indonesia, Myanmar, Brunei	SQL	30 June 2020	4,849 ^(viii)	4,764	98.2	3,538	73.0
Autocount Dotcom Berhad ^(x)	Accounting solutions, human resource management solutions, retail management solution (POS management)	Malaysia, Singapore, Indonesia, Brunei, Myanmar	AutoCount	31 December 2022	4,403 ^(vi) ^(viii)	4,174 ^(vi)	94.8	13,841 ^(vii)	35.8 ^(vii)
Ablenet Systems Sdn Bhd ^(xi)	Retail management solutions (including POS management, inventory and warehouse management, customer relationship management and financial and accounting management) property management solutions, customised software development services	Malaysia	Ablenet	31 May 2022	3,215	1,325	41.2	34	1.1
QNE Software Sdn Bhd ^(xii)	Accounting, human resource management solutions, retail management solutions (including POS management, e-commerce platform management, inventory and warehouse management, financial and accounting management)	Malaysia, Cambodia, the Philippines, Myanmar	QNE	31 December 2021	3,171 ^(viii)	1,738	54.8	419	13.2

Notes:

(i) The list above is based on publicly available information and is not exhaustive as it may not include companies whose financial information have been private exempted and cannot be viewed by the public.

(ii) The list above has been arranged based on the revenues of industry players, in a descending order

(iii) Location of operations based on where they have physical offices, have separate entities established and/or work through channel partners

(iv) GP margin is computed based on GP divided by revenue

(v) PAT/(LAT) margin is computed based on PAT/(LAT) divided by revenue

(vi) Financial information is based on segmental financial information for retail management solutions

(vii) Financial information is based on the consolidated financial information, and may include other business activities

(viii) Revenues may be derived from business activities other than the provision of retail management solutions

(ix) Subsidiary of a public listed company on the Singapore Stock Exchange

(x) Public listed company on the Stock Exchange of Malaysia

(xi) Local company or group of companies that was founded in Malaysia

(xii) Acquired by a foreign company based in Singapore

Source: Companies Commission of Malaysia, various company websites, PROVIDENCE

MARKET SHARE

Panda Group garnered a market share of 6.0% of the total retail management solutions industry in Malaysia, based on its revenue generated from Malaysia of RM21.0 million for the FYE 2022, computed against the total retail management solutions industry size in Malaysia of RM351.1 million in 2022.

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2 OVERVIEW OF THE RETAIL MANAGEMENT SOLUTIONS INDUSTRIES IN INDONESIA AND THE PHILIPPINES

At present, the competitive landscapes of the retail management solutions industries in Indonesia and the Philippines primarily comprise international retail management solution providers who have set up operations in these countries. The retail management solutions industry in Indonesia, as depicted by the revenues of retail management solutions industry players in the country, grew from USD139.5 million (RM562.9 million⁹) in 2018 to USD253.9 million (RM1.1 billion⁹) in 2022 at a CAGR of 16.2%. Moving forward, the retail management solutions industry in Indonesia is forecast to grow by a further CAGR of 12.8%, from an estimated USD288.5 million (RM1.3 billion⁹) in 2023 to USD366.9 million (RM1.6 billion⁹) in 2025. Meanwhile, the retail management solutions industry in the Philippines, in terms of revenues of retail management solutions industry players in the country, grew from USD46.5 million (RM187.6 million⁹) in 2018 to USD86.4 million (RM380.2 million⁹) in 2022 at a CAGR of 16.8%. Moving forward, the retail management solutions industry in the Philippines is forecast to grow by a further CAGR of 12.7%, from an estimated USD98.2 million (RM432.1 million⁹) in 2023 to USD124.8 million (RM549.2 million⁹) in 2025. The growth of the retail management solutions industries in Indonesia and the Philippines are primarily driven by the growth of the retail industries in these countries, as illustrated in Chapter 3 of this IMR report.

3 OVERVIEW OF THE RETAIL INDUSTRIES IN MALAYSIA, INDONESIA AND THE PHILIPPINES

The retail industry comprises retailers selling any form of products and services through retail stores. There are various types of retail stores, including grocery retail stores (such as supermarkets, hypermarkets and mini markets), convenience stores, departmental stores, houseware and kitchenware stores, and specialty stores that focus on selling a particular type of product such as stationery or bakery products. The retail industry in Malaysia, in terms of retail sales value, has been growing from RM226.2 billion in 2018 to RM256.3 billion in 2022, at a CAGR of 3.2%.⁸ Meanwhile, the retail industry in Indonesia grew, in terms of sales value, from USD161.2 billion (RM650.5 billion⁹) in 2018 to USD184.2 billion (RM810.6 billion⁹) in 2022, at a CAGR of 3.4%.⁸ The retail industry in the Philippines also grew, in terms of sales value, from USD86.2 billion (RM347.8 billion⁹) in 2018 to USD92.0 billion (RM404.8 billion⁹) in 2022, registering a CAGR of 1.6%.⁸ Moving forward, the retail industry in Malaysia is forecast to grow at a CAGR of 3.6% between 2023 and 2025 to reach RM285.0 billion by 2025. Meanwhile the retail industries in Indonesia and the Philippines are forecast to grow at CAGRs of 3.1% and 1.8%, respectively, between 2023 and 2025 to reach USD201.9 billion (RM888.5 billion⁹) and USD97.1 billion (RM427.3 billion), respectively, by 2025.

The growth of the retail industry in Malaysia, Indonesia and the Philippines have been, and is expected to continue to be driven, by the following factors:

(i) Growing population and disposable income will create continuous demand for the retail industry

Population growth will contribute to increased consumption of grocery products, and this will in turn support the growth of the retail industry. The population of Malaysia increased from 31.6 million in 2016 to 32.7 million in 2022.¹⁰ The population in Indonesia grew from 267.1 million persons in 2018 to 275.5 million persons in 2022 while the population in the Philippines grew from 108.6 million persons in 2018 to 115.6 million persons in 2022.¹¹ The increase in GDP indicates a growing disposable income which would give rise to greater spending power amongst the population. With greater spending power, consumers in Malaysia will be more inclined to purchase consumer products and this would benefit the retail industry. Malaysia's GDP per capita grew from RM42,823 in 2020 to an estimated RM52,819 in 2022.¹⁰ The GDP per capita in Indonesia grew from USD3,903 (RM15,750⁹) in 2018 to USD4,788 (RM21,070⁹) in 2022 while the GDP per capita in the Philippines grew from USD3,195 (RM12,893⁹) in 2018 to USD3,499 (RM15,397⁹) in 2022.¹¹

(ii) Increasing consumer accessibility to retail stores through the use of online channels

Online channels include the retailers' in-house online grocery platforms, e-commerce marketplaces as well as personal shopper platforms which can deliver products from several retailers to consumers. These online channels act as an additional sales channel for retailers, and allows retail stores to be more accessible to consumers. With increased accessibility, consumers are expected to increase their expenditure in retail stores through online channels due to the convenience it provides. This would thus drive the growth of the retail industry. The use of these channels was particularly prevalent during the national lockdowns that were implemented in Malaysia, Indonesia and the Philippines in the wake of the COVID-19 pandemic, particularly between 2020 and 2021, as movements were restricted during this period.

The e-commerce market size in Malaysia, as depicted by the transaction value for marketplaces, direct-to-consumer and groceries, increased from USD3.0 billion (RM12.4 billion⁹) in 2019 to USD14.0 billion (RM61.6

⁸ Source: Euromonitor International

⁹ Currency conversions from USD to RM are based on the average annual exchange rates published by Bank Negara Malaysia for:

2018: USD1 = RM4.0353

2019: USD1 = RM4.1427

2022: USD1 = RM4.4005

¹⁰ Source: Department of Statistics Malaysia

¹¹ Source: World Bank

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billion⁹) in 2022 at a CAGR of 67.1%.¹⁰ Meanwhile, during the same period, the e-commerce market size in Indonesia grew from USD25.0 billion (RM103.6 billion⁹) to USD59.0 billion (RM259.6 billion⁹) at a CAGR of 33.1%, while the e-commerce market size in the Philippines grew from USD3.0 billion (RM12.4 billion⁹) to USD14.0 billion (RM61.6 billion⁹) at a CAGR of 67.1%.¹² This indicates the increasing popularity of online channels, which was partially attributable to the COVID-19 pandemic, and this will contribute to the growth of the retail industry in Malaysia, Indonesia and the Philippines. The growing popularity of online channels is also due to the changes in consumer shopping behaviour as consumers increasingly opt to purchase goods and services online instead of at physical chain retail stores, due to the convenience, wide variety of products and competitive prices. Moving forward, the e-commerce markets in Malaysia, Indonesia and the Philippines are forecast to grow at CAGRs of 32.8%, 18.7% and 32.8%, respectively, between 2023 and 2025, to reach market sizes of USD32.8 billion (RM144.3 billion⁹), USD98.8 billion (RM434.8 billion⁹) and USD32.8 billion (RM144.3 billion⁹) by 2025, respectively.

(iii) Government initiatives that can support the growth of the retail industry

Under Budget 2024, the Government of Malaysia announced income tax exemption for women returning to the workforce until 31 December 2027, an increase in income tax exemption on childcare allowances from RM2,400 to RM3,000, and an increase in Sumbangan Tunai Ramah cash handouts from RM8 billion to RM10 billion. This is expected to increase the disposable income of the population, which may be channelled to retail spending. Further, the Government of Malaysia intends to boost the tourism industry, as foreign tourists who visit the country are likely to contribute to the retail industry. As such, Budget 2024 has allocated RM350.0 million to promote tourism, covering the Visit Malaysia Year 2026 campaign, collaborations with the tourism and culture industry to encourage tourism promotional activities, promoting charter flights to Malaysia and an Islamic Tourist Centre to develop a Muslim-friendly tourist industry in Malaysia. In addition, the Government of Malaysia has implemented a national initiative to drive the growth of e-commerce in the country, i.e. The National E-Commerce Strategic Roadmap 2021-2025 (NESR 2.0). This national initiative will focus on e-commerce adoption, capitalising on export potential, strengthening e-commerce fulfilment capabilities, spearheading e-commerce innovation, tapping into the power of data as well as improving consumer and seller protection.

In Indonesia, the Digital Indonesia Road Map 2021-2024 has been introduced to accelerate Indonesia's digital economy. In particular, the Government of Indonesia intends to catalyse the digital adoption by micro, small and medium enterprises (MSMEs) in order to propel Indonesia into the top 10 global economies by 2030. Meanwhile in the Philippines, the E-Commerce Philippine 2022 Roadmap was introduced with the goal of creating an e-commerce ecosystem that drives industry development, long-term employment and inclusive growth. Among the action plans are accelerating the implementation of the National Broadband Plan to provide secure, reliable and affordable internet access; ensuring security measures such as data privacy and merchant and consumer protection; as well as improving the structure supporting the e-commerce industry such as human capital, investments and Government policies.

4 PROSPECTS AND OUTLOOK OF PANDA GROUP

The retail management solutions industry in Malaysia has been growing at a CAGR of 18.8% between 2018 and 2022. Moving forward, PROVIDENCE forecasts the retail management solutions industry size in Malaysia to recover and register a CAGR of 18.4% between 2023 and 2025. The growth of the retail management solutions industry in Malaysia is expected to be driven by the following:

- (i) Growth of the retail industry in Malaysia which will drive demand for retail management solutions;
- (ii) Introduction of new retail management solutions to keep up with latest retail industry trends will create new revenue streams for retail management solutions industry players;
- (iii) The growing preference for cloud-based retail management solutions; and
- (iv) Government initiatives to promote digitalisation.

The growing retail industry in Malaysia is expected to lead to retailers expanding their network of retail stores and/or e-commerce activities. There is thus a constant need for retail management solutions to not only manage existing physical retail stores and online retail stores, but also new physical and online stores that will be set up. In addition, the growth in the retail industries in neighboring countries such as in Indonesia and the Philippines could benefit the local retail management solutions industry. Retail management solutions industry players in Malaysia could expand their reach into other countries to tap onto the growing retail industries in these countries. At present, the competitive landscapes in Indonesia and the Philippines primarily comprise international retail management solution providers who have set up operations in these countries.

Panda Group stands to benefit from the positive outlook of the retail management solutions industry in Malaysia, as a key industry player in the local retail management solutions industry. Panda Group also stands to benefit from the growing retail industries in Indonesia and the Philippines as the Group intends to expand into these markets.

¹² Source: Google, Temasek, Bain & Company

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

9.1.1 We are dependent on our Executive Directors and key senior management for the continued success and growth of our business

The continued success and growth of our business is dependent on our ability to retain our Executive Directors and key senior management. Our Executive Directors, namely Loo Chee Wee and Tay Kheng Seng, who are also our Chief Executive Officer and Chief Technology Officer respectively, have played an instrumental role in leading our Group's growth and success since incorporation.

Loo Chee Wee has had 30 years of experience in not only the retail management solutions industry but also in the grocery retail and banking industries. His experience in the retail industry enabled him to better understand the needs and requirements of retail operational processes. Meanwhile, his experience in the banking industry provided him insight into the relevant business and operational control practices that are useful for retail operations. He was thus able to utilise his knowledge and experience in ensuring our Retail Management Eco-system is tailored to the needs and requirements of the retail industry, particularly grocery retailers. Meanwhile, Tay Kheng Seng has experience in the IT industry, particularly in IT system implementation and sale as well as software development and customisation, and was operating KK Computer which is involved in the trading of IT hardware and third-party software since it was incorporated in 1997 with his spouse, Bong Kok Choo.

Our Executive Directors are supported by our key senior management comprising our General Manager, Wang Chia Boon; Business Development Director of KK Computer, Bong Kok Choo; Business Development Director of Rexbridge, Loo Siau Sun; Business Development Director of 020 Digital, Keow Yih Yun; and Finance Controller, Ku Kai Xiang. Collectively, our key senior management has an average of 20 years of relevant working experience in their respective fields. These individuals have been vital in the growth and development of our business.

As such, the loss of our Executive Directors or any of our key senior management without suitable and timely replacement could have a material impact on our competitiveness, business and operations. Notwithstanding any succession planning measures in place such as providing training and development, as well as fair and competitive compensation to attract new talents and retain our Directors and key senior management, there is no guarantee that we will be able to attract and retain such personnel.

9.1.2 We are dependent on our experienced and skilled personnel for the success of our Group

We are dependent on the technical expertise of our technical personnel involved in software development, project implementation, business development and after-sales support services to our customers. As at LPD, we have 24 Software Development Engineering personnel, 4 Business Development & Project Delivery personnel, 5 B2B Operation personnel, 3 CRM & E-Stores Operation personnel and 40 CTS personnel.

9. RISK FACTORS (Cont'd)

Being in an industry with high requirements for technical competency, our future success is mainly dependent on our ability to attract, hire and retain qualified and experienced technical personnel to support our business operations. However, we may also face competition and challenges to recruit suitable technical talents, due to intensified competition amongst other industry players. Although we generally have not faced difficulties in hiring required technical personnel and have not faced any mass staff resignation in this respect, there is no assurance that we will be able to recruit or retain qualified and experienced technical personnel to sustain our current operations and to grow our business as set out in Section 7.18. Failure in such recruitment or retention may adversely affect our business operations and financial conditions.

9.1.3 We depend on our ability to secure orders from existing and new customers

Due to the nature of our business, our future profitability and financial performance depend on our ability to secure new orders from existing and new customers. We charge a one-off or recurring revenue model for our Retail Management Eco-system.

Our Group charges a one-off fee for the initial licencing of the solution, project implementation, training and sale of IT hardware. Upon completion of the project implementation, we enter into contracts for the continuous use of the HQ Centralised Management, Store Operations and Financial Management solution, which are renewable on a yearly basis. We also charge a one-off implementation fee, and a monthly subscription fee for the usage of our Omni-channel Engagement solution which is renewable on a yearly basis. For our xBridge B2B solution, our customers generally pay on a monthly basis for the continuous usage of our solution.

The absence of long-term contracts of more than 1 year poses a risk of sustaining our business growth since our customers are not obliged to continue engaging us for our solutions and services. If we were to lose any of our customers, particularly our major customers, and are unable to secure orders from new customers or additional orders from existing customers in a timely manner, our business and financial performance may be adversely affected.

Additionally, the number and scale of orders from customers and the amount of revenue that we are able to derive therefrom are affected by a number of factors including, but not limited to, changes in our customers' businesses, economic downturn and slowdown in the retail industry (as illustrated in Section 9.2.1). Consequentially, our revenue may vary significantly from period to period.

9.1.4 We may not be able to successfully execute our business strategies which may hinder our Group's business growth and success

As set out in Section 7.18.1, our Group intends to develop cloud-based modules under our HQ Centralised Management, Store Operations and Financial Management solution so that our solutions can be implemented using cloud-based infrastructure. We also plan to expand our solution offerings, expand our workforce and operational facilities as well as expand our geographical footprint in other ASEAN countries. Whilst we believe that our business strategies will be beneficial to the overall performance of our Group, the expected benefits may not materialise immediately at all or may take a longer time to materialise, which may limit or reduce our profitability in the short term.

9. RISK FACTORS (*Cont'd*)

The implementation of our business strategies may be influenced by several factors beyond our control, including but not limited to, changes in economic, social and political environment in Malaysia and the countries we intend to expand into. Should the economic, social and political environment in the countries we intend to expand into, namely Indonesia and the Philippines, deteriorate, this may impact the commercial viability of expanding into these countries. Meanwhile, should the economic, social and political environment in Malaysia deteriorate, this would impact the uptake of our newly introduced solutions and modules by our existing and prospective customers.

In addition, the implementation of our business strategies could be adversely affected by a variety of external factors such as new and unforeseen solution features introduced by our competitors or attractive pricing offered by our competitors which may affect the attractiveness of our offerings, as well as the level of acceptance of our products by the local customers in countries we intend to expand into. We may also face the loss of opportunities in our existing and future markets if any of our Group's new solutions and modules are developed and launched much later than similar solutions launched by our competitors.

Further, the execution of our business strategies may also result in additional operational and capital expenditures. Such additional expenditure will increase our Group's operational cost which may adversely affect our implementation of these business strategies as well as profit margin and cash flow, should we be unable to gain sufficient revenue by securing more orders.

Therefore, there is no guarantee that we will be able to successfully execute our business strategies, nor can we assure that we will be able to anticipate all business and operational risks that may arise from our business strategies. Any failure or delays in managing and executing our business growth strategies may lead to materially adverse effects on our future business prospects and financial performance.

9.1.5 **We are exposed to risk relating to data and cyber-security breaches and failure to protect our proprietary information as well as our customers' information which may lead to adverse effects to our business**

We are exposed to external data and cyber-security threats including, but not limited to, malware attack, hacking, espionage or cyber intrusion as well as internal security breaches such as unauthorised access to restricted information by our employees, or internal threats which may originate from malware-infected mobile devices which are brought into the network system.

Security breaches and failure to protect proprietary information as well as customers' information may result in the termination of contract by the customer as well as exposure to legal action by the customer for breach of confidentiality of information captured through our Retail Management Eco-system and stored on their infrastructure, such as being sued for damages arising from such breach. This could damage our business reputation and brand name, which could consequently impact our financial performance adversely due to a loss in customers, potential financial compensations and legal fees in relation to any legal actions or costs incurred in relation to response efforts towards such legal actions, and for investigations on the security breach and/or professional data recovery. Further, our business operations may also be temporarily disrupted in the event a thorough investigation needs to be conducted on the security breach or failure to protect proprietary and customers' information, and/or cybersecurity solutions needs to be enhanced.

9. RISK FACTORS (*Cont'd*)

Further, as we have developed our Retail Management Eco-system in-house, the source codes developed for our Retail Management Eco-system are stored in our database. Thus, the failure to protect our database and the information stored in our database including the source codes could inadvertently lead to the infringement of our Retail Management Eco-system by external parties. This could consequently result in external parties providing similar or same retail management solutions to the market, which could impact our Group's business and financial performance.

We currently engage a reputable third-party cloud hosting provider who handles back-up services of the data we save on their cloud system and have the necessary cybersecurity solutions and procedures put in place to protect our proprietary information.

In addition, we have a security endpoint and antivirus on each of our local computers as protection against any vulnerability. However, there can be no assurance that either us or our third-party cloud hosting provider will not face securities breaches and that this would not materially and adversely impact our Group's business and financial performance. As at LPD, our Group has not experienced any data and/or cybersecurity breaches in the past.

9.1.6 **We may not be able to adequately protect our ownership rights of our Retail Management Eco-system and/or we may inadvertently infringe on ownership rights of third-party software**

We retain the ownership rights of our retail management software used in our Retail Management Eco-system that we developed in-house. In order to protect our Retail Management Eco-system, we set out certain restrictions on the usage of our Retail Management Eco-system in the contracts signed with our customers to establish the ownership rights to our Retail Management Eco-system. However, there can be no assurance that the ownership rights will adequately protect our Retail Management Eco-system against any infringement by third-parties.

Should we fail to adequately protect our ownership rights of our Retail Management Eco-system and there is an infringement by third-parties, we may have to incur costs to take legal action against the said third-party and this may lead to disruptions in our business operations and may adversely affect our financial performance. The infringement of our Retail Management Eco-system by third-parties could also lead to counterfeit products in the market where there is an unauthorised imitation or replication of our solution and trademarks used by third-parties. This could have a negative impact on the value and image of our brand, result in a loss in customer confidence in our brand, and ultimately adversely affect our business and result of operations.

In addition, in the development of our proprietary retail management software, there is a possibility that our software or parts of it may have similarities to other software unknown to us, which have registered trademarks or patents. In such an instance, our software would inadvertently infringe on one or possibly more intellectual property rights held by a third-party. In the event that our proprietary retail management software infringes on the intellectual property rights held by a third-party, this may subsequently result in the risk of the said third-party in challenging our Group's intellectual property rights or legal action taken against us, which may lead to disruptions in our business operations and may adversely affect our financial performance.

9. RISK FACTORS (Cont'd)

There is also no guarantee that any of the abovementioned actions will be resolved in our favour. In the event that we are unsuccessful in pursuing any action against third-party infringers, or a third-party has successfully established that we have infringed on its intellectual property, we may suffer substantial loss, litigation costs and other risks, including adverse effects to our reputation and/or being prevented from selling our proprietary Retail Management Eco-system. Since incorporation and up to LPD, we have not experienced any instances where our retail management software has been infringed by third-parties and/or instances where our retail management software has infringed on intellectual property rights held by third-parties.

9.1.7 Our insurance coverage may not be sufficient to cover losses and/or liabilities that may arise during our business operations

We ensure that we maintain insurance at levels that are customary in our industry to protect our Group from various potential losses and liabilities. As such, our insurance policies provide coverage for fire, burglary and public liability at our HQ located in Melaka and our service hubs located in Kuala Lumpur, Johor Bahru, Kota Kinabalu and Kuching. We have also taken up group personal accident and group health plan insurance policies for our employees in Malaysia.

As at LPD, our Group has taken up the following insurance policies:

Type of insurance policies	Total sum insured
	RM'000
Fire	1,263
Public liability	1,550
Burglary	240
Group personal accident	1,660
Group health plan (in-hospital care and ambulatory care) (per member per annum)	20

In addition, we are prone to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. In the event that we were to incur a substantial liability for which we are not fully-insured, this may adversely affect our Group's business operations and financial performance.

9.2 RISKS RELATING TO OUR INDUSTRY**9.2.1 We are dependent on the retail industry for our financial performance as well as continued growth and success**

We are primarily involved in the development, customisation, implementation and integration of our Retail Management Eco-system which are tailored to meet the needs and requirements of the retail industry. As such, our customer base comprises mostly retailers including grocery retail stores, convenience stores, general merchandise retail stores and specialty stores as well as retail product suppliers.

Therefore, our financial performance is dependent upon the retail industry's continued sustenance, and any challenges and/or decline faced by the retail industry may adversely impact our Group's business operations and financial performance. The performance of the retail industry in Malaysia is driven by various factors, including but not limited to the following:

- (a) population growth and disposable income;
- (b) accessibility to retail stores through the use of online channels; and

9. RISK FACTORS (*Cont'd*)

- (c) Government initiatives and policies concerning the retail market in Malaysia and tourism which can directly influence the number of tourist arrivals together with tourism receipts.

A growth in the retail industry will likely lead to retailers expanding the number of retail stores to cater for increased demand for consumer products sold at the stores. This would thus create a need for retail management solutions.

Conversely, in the event of an economic slowdown, the retail industry may decline as commercial developments slowdown and consumers grow more cautious in their spending. Further, rising cost of living could also dampen the growth of the retail industry as consumers would curb their spending.

In addition, the growing trend in the online retail industry due to the changes in consumer shopping behaviour may lead to materially adverse effects to the growth of physical retail chain stores. The expansion of local and foreign online-shopping platforms and rise in mobile commerce transactions may lead to further changes in consumer shopping behaviour as they may opt to purchase goods and services online instead of at physical chain retail stores, due to the convenience, wide variety of products and competitive prices.

In order to mitigate the above, we have developed our Omni-channel Engagement solution to our customers to tap onto the online retail market trend. Despite this, our business operations and financial performance may still be impacted by a lower number of physical grocery retail chain stores.

Further, as a large proportion of our Group's recurring income is generated from retailers, we may also be affected should we be unable to secure recurring projects from all of the existing retailers we serve or secure projects from new retailers. We may also be exposed to the risk of delays in payments or non-payments by a majority of retailers. Should any of this were to occur, this may result in an adverse impact to our Group's business, financial conditions and results of operations.

9.2.2 Competition risk

We face competition from established multinational and local retail management solution providers as well as potential new entrants/distributors.

The industry we operate in is highly competitive in terms of technology and software know-how, functionality and features, quality of service, timeliness of project delivery as well as technical support and response time. As such, our competitors may be equipped with better resources, capabilities and technical expertise allowing for them to offer a more comprehensive range of services, wider range of specialised services or improved service and timeliness as compared to us. Industry players may also resort to competitive strategies such as taking on projects with lower profit margin in order to capture and/or retain market share. Therefore, there is no guarantee that we can or will remain competitive among our existing or new customers due to the constantly changing customer preference and competitive business environment.

As such, failure to remain competitive within the industry may have materially adverse impact on our business operations and financial performance.

9. RISK FACTORS (Cont'd)**9.2.3 We are subject to the advancement of technology which may lead to technological irrelevance of our Retail Management Eco-system**

The retail management solution industry, as with any IT related industry, is characterised by rapidly changing technology, evolving industry standards, frequent introductions and enhancements of new products and services, and changing customer demands. The introduction of new technology and the emergence of new industry standards may render our solutions obsolete and uncompetitive. Accordingly, our future success will depend on our ability to adapt to rapidly changing technologies and ability to continually improve the know-how of our staff in response to evolving demands of the market. Failure to adapt to such changes would have a material adverse effect on our business and results of operations.

9.2.4 We are exposed to risks relating to the economic, political, legal and regulatory environments in the markets in which we operate and intend to operate

For FYE 2019 to 2022, FPE 2023 and up to LPD, most of our Group's revenue generated has been derived from Malaysia. Thus, as we continue to expand our business, our prospects, financial performance and results of operations may be subject to economic, political and regulatory conditions that are beyond our control in Malaysia as well as in the countries we intend to expand into.

Further, any significant changes in economic, political and regulatory conditions, such as changes or implementation of new laws and regulations, changes in political leadership resulting in unstable political situations or unfavourable changes in government policies and regulations, changes in interest rates, unfavourable changes in economic conditions or implementation of restrictive financial measures, may possibly have adverse effects on the retail industry.

Whilst we practice prudent financial management and efficient operating procedures, there is no guarantee that any adverse economic, political and regulatory risk will not subsequently lead to any material and adverse effects to our business operations, financial performance and business growth strategies.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES**9.3.1 There is no prior market for our Shares**

Prior to our Listing, there was no public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market.

9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

Our Listing may be aborted or delayed should any of the following occurs:

- (a) the selected investors fail to subscribe for their portion of our IPO Shares;
- (b) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (c) we are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

9. RISK FACTORS (*Cont'd*)

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and/or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.3 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Company

Our Promoters will collectively hold approximately 69.6% of our enlarged share capital upon Listing. Because of the size of their shareholdings, our Promoters will have significant influence on the outcome of certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisitions and as disclosed below, there were no transactions, existing and/or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them which are material to our Group during FYE 2019 to 2022, FPE 2023 and up to LPD:

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value								1 July 2023 up to LPD	
					FYE 2019		FYE 2020		FYE 2021		FYE 2022		FPE 2023	
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Goldcoin Pavilion, Loo Chee Wee and Tay Kheng Seng	Panda Software	- Tay Kheng Seng - Loo Chee Wee	Tay Kheng Seng and Loo Chee Wee are our Promoters, Executive Directors and substantial shareholders.	Payment of dividend-in-specie by Panda Software to Tay Kheng Seng and Loo Chee Wee by way of transfer of 5 properties to Goldcoin Pavilion ⁽⁴⁾	-	-	-	-	-	-	4,530	⁽³⁾ 35.9	-	-
E-Tech IT	KK Computer	- Tay Kheng Seng - Loo Chee Wee	Tay Kheng Seng and Loo Chee Wee are also the directors and direct shareholders of Goldcoin Pavilion.	Purchase of computer hardware such as point-of-sale equipment, server and accessories from E-Tech IT*	1	⁽³⁾ <0.1	-	-	14	⁽³⁾ 0.3	28	⁽³⁾ 0.6	8	⁽³⁾ 0.4
													3	⁽¹⁰⁾ N/A

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interest ed person	Nature of relationship	Nature of transaction	Transaction value										1 July 2023 up to LPD	
					FYE 2019		FYE 2020		FYE 2021		FYE 2022		FPE 2023			
					RM'000	% ⁽³⁾	RM'000	% ⁽³⁾	RM'000	% ⁽³⁾	RM'000	% ⁽³⁾	RM'000	% ⁽³⁾	RM'000	% ⁽³⁾
	Panda Software			Purchase of computer hardware such as point-of-sale equipment, server, computer and accessories from E-Tech IT*	352	⁽³⁾ 10.2	759	⁽³⁾ 21.0	1,040	⁽³⁾ 25.5	917	⁽³⁾ 20.0	444	⁽³⁾ 24.0	421	⁽¹⁰⁾ N/A
Tay Kheng Seng	Panda Software	• Tay Kheng Seng	Tay Kheng Seng is our Promoter, Executive Director and substantial shareholder.	Rental of staff accommodation to Panda Software which ceased in February 2022 ⁽⁵⁾	-	-	9	⁽²⁾ 0.4	18	⁽²⁾ 0.5	7	⁽²⁾ 0.2	-	-	-	-
Tay Kheng Seng and Bong Kok Choo	KK Computer	• Tay Kheng Seng • Bong Kok Choo	Tay Kheng Seng is our Promoter, Director and substantial shareholder. Bong Kok Choo is our shareholder and Business Development Director of KK Computer. She is also the spouse of Tay Kheng Seng.	Payment of dividend-in-specie by KK Computer by way of transfer of a property to Tay Kheng Seng and Bong Kok Choo ⁽⁶⁾	-	-	-	-	-	-	200	⁽¹⁾ 1.6	-	-	-	-
Tay Kheng Seng and Loo Chee Wee	KK Computer	• Tay Kheng Seng • Loo Chee Wee	Tay Kheng Seng and Loo Chee Wee are our Promoters, Directors and substantial shareholders.	Rental of offices to KK Computer ⁽⁷⁾	-	-	-	-	2	⁽²⁾ <0.1	14	⁽²⁾ 0.4	7	⁽²⁾ 0.3	5	⁽¹⁰⁾ N/A
Panda Software	Panda Software			Rental of office to Panda Software ⁽⁸⁾	-	-	-	-	4	⁽²⁾ 0.1	22	⁽²⁾ 0.6	11	⁽²⁾ 0.4	7	⁽¹⁰⁾ N/A

10. RELATED PARTY TRANSACTIONS (Cont'd)

Related party	Transacting company in our Group	Interest ed person	Nature of relationship	Nature of transaction	Transaction value										1 July 2023 up to LPD	
					FYE 2019		FYE 2020		FYE 2021		FYE 2022		FPE 2023			
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
	020 Digital			Rental of office to 020 Digital ⁽⁹⁾	-	-	-	-	-	-	16	(2)0.4	10	(2)0.4	6	(10)N/A
Landlord: VitalProp Sdn Bhd (related party)	Panda Software	• Wong Khai Meng	Wong Khai Meng is our shareholder and the director of Rexbridge, who is responsible for tax matters such as application of Pioneer Status to enjoy tax exemption from income tax on its statutory income.	Rental of office to Panda Software ⁽¹¹⁾	-	-	-	-	3	(2)0.1	12	(2)0.3	6	(2)0.2	4	(10)N/A
Main tenant: Cheng & Co Global Advisory Sdn Bhd			Wong Khai Meng is the Chief Executive Officer of CC International Berhad, which is the holding company of Cheng & Co Global Advisory Sdn Bhd. However, he is not a director or shareholder of CC International Berhad.													
			Wong Khai Meng is also a director and shareholder of VitalProp Sdn Bhd, which is the landlord of the property. He holds 22.2% equity interest in VitalProp Sdn Bhd.													

10. RELATED PARTY TRANSACTIONS (Cont'd)

Notes:

* Recurring related party transactions.

(1) Calculated based on our NA for each of the respective financial years/period.

(2) Calculated based on our administrative expenses for each of the respective financial years/period.

(3) Calculated based on our purchases for each of the respective financial years/period. E-Tech IT is principally involved as a distributor of ICT products as well as ICT solutions and services, which does not sell directly to end-users. Our Group, on the other hand, purchases such products from distributors such as E-Tech IT, and resells them to our customers according to their requirements, as a complementary service to our core businesses. Our Group will remain focused in software development and customisation, implementation and integration of its Retail Management Eco-system, and has no intention to venture into the distribution of third-party ICT products, solutions and/or services.

Our Promoters, substantial shareholders and Directors do not have directorships in E-Tech IT and are not involved in the daily operations in E-Tech IT. E-Tech IT's business operations are managed by its other shareholders and directors namely Ling Chee Kiat, Lee Cheng Hueng and Wong Teck Wei who are non-related parties to our Group. Therefore, E-Tech IT is not under the control or influence of our Group.

Our Group purchases POS equipment, computer and peripherals from E-Tech IT as well as other companies at market prices quoted by the product principals, which are therefore transacted at arm's length. E-Tech IT is able to provide volume discounts and more favourable credit terms as compared to other suppliers, and as such, although our Group can source from other suppliers, our Group has made most of our purchases of such products from E-Tech IT, resulting in it being a major supplier to our Group for FYE 2019 to 2022 and FPE 2023. Further details are set out in Section 11.

(4) Payment of dividend-in specie by Panda Software to Tay Kheng Seng and Loo Chee Wee via the transfer of 1 freehold land and building as well as 4 investment properties to Goldcoin Pavilion (which was nominated by Tay Kheng Seng and Loo Chee Wee to accept the transfer) pursuant to the Tripartite Agreement. The said properties were transferred at total market value of RM4.5 million, as appraised by property valuers. Panda Software paid the dividend via dividend-in-specie after considering that it is an opportunity to reward shareholders for their contribution to the company without straining its cash flows, by transferring its non-core assets to Tay Kheng Seng and Loo Chee Wee. Further details are set out in Sections 6.5(a), 6.9.5(b) and 12.16.

(5) We rented a condominium unit located at 2-13A, Klebang Delima 8 Condominium, Jalan Klebang Besar, 75200 Melaka from Tay Kheng Seng for staff accommodation. The tenancy period was from 1 July 2020 to 31 July 2022 with an option to renew at the discretion of the tenant. The tenancy was terminated by Panda Software on 28 February 2022.

10. RELATED PARTY TRANSACTIONS (Cont'd)

- (6) Payment of dividend-in specie by KK Computer to Tay Kheng Seng and Bong Kok Choo via the transfer of the 1st floor of a 3-storey terraced shop office building pursuant to the Settlement Agreement. The said property was transferred at market value of RM0.2 million, as appraised by a property valuer. KK Computer paid the dividend via dividend-in-specie after considering that it is an opportunity to reward shareholders for their contribution to the company without straining its cash flows, by transferring its non-core assets to Tay Kheng Seng and Bong Kok Choo.
- For clarification purpose, on 28 February 2022, an interim single tier dividend of RM210,600 for FYE 2022 was paid to the 3 shareholders of KK Computer, namely Tay Kheng Seng (47.5%), Bong Kok Choo (47.5%) and Tay Li Li (5.0%). Part of the dividend amounting to RM200,000 was settled by way of transfer of the abovementioned property to Tay Kheng Seng and Bong Kok Choo. The remaining dividend amounting to RM10,530 was paid in cash to Tay Li Li and RM35 was paid in cash each to Tay Kheng Seng and Bong Kok Choo respectively. For avoidance of doubt, as Loo Chee Wee only became a shareholder on 1 August 2022, he was not entitled to dividend in respect of FYE 2022.
- Further details are set out in Sections 6.5(b), 6.9.5(b) and 12.16.
- (7) We rented 2 office units located at No. 28-1 & No. 30-1, Jalan PPM 13, Plaza Pandan Malim Business Park, 75250, Melaka from Tay Kheng Seng and Loo Chee Wee. The tenancy period was from 1 November 2021 to 31 October 2023, which was subsequently renewed for a period of 2 years from 1 November 2023 to 31 October 2025, with an option to renew at the discretion of the tenant. The rental for both the existing and renewed period are at RM14,400 per annum. In the event we breach the terms of such tenancy, the landlord is entitled to terminate the tenancy and forfeit the deposit. Either the landlord or KK Computer may also give 2 months' advance notice or 2 months' rental instead to terminate the tenancy. Further details are set out in Section 6.9.2.
- (8) We rented an office located at No. 30, Jalan PPM 13, Plaza Pandan Malim Business Park, 75250, Melaka from Tay Kheng Seng and Loo Chee Wee. The tenancy period was from 1 November 2021 to 31 October 2023, which was subsequently renewed for a period of 2 years from 1 November 2023 to 31 October 2025, with an option to renew at the discretion of the tenant. The rental for both the existing and renewed period are at RM21,600 per annum. In the event we breach the terms of such tenancy, the landlord is entitled to terminate the tenancy and forfeit the deposit. Either the landlord or Panda Software may also give 2 months' advance notice or 2 months' rent instead to terminate the tenancy. Further details are set out in Section 6.9.2.
- (9) We rented an office located at No. 28, Jalan PPM 13, Plaza Pandan Malim Business Park, 75250, Melaka from Tay Kheng Seng and Loo Chee Wee. The tenancy period is from 1 March 2022 to 29 February 2024 with an option to renew at the discretion of the tenant. The rental is at RM19,200 per annum. In the event we breach the terms of such tenancy, the landlord is entitled to terminate the tenancy and forfeit the deposit. Either the landlord or 020 Digital may also give 2 months' advance notice or 2 months' rental instead to terminate the tenancy. Further details are set out in Section 6.9.2.
- (10) Not applicable as we did not prepare any financial statements from 1 July 2023 up to LPD.

10. RELATED PARTY TRANSACTIONS (Cont'd)

(11)

We rented an office located at No. 16-05, Tower B, The Vertical, Bangsar South, Jalan Kerinchi, 59200 Kuala Lumpur from Cheng & Co Global Advisory Sdn Bhd which is the main tenant. The tenancy period was from 1 October 2022 to 30 September 2023, and was subsequently renewed for a period of 9 months from 1 October 2023 to 30 June 2024. The rental is at RM9,000 for the 9-month tenancy period. In the event we breach the terms of such tenancy, the main tenant is entitled to terminate the tenancy and has the right to seek action or remedy from Panda Software in respect of the breach of the terms of the tenancy. The main tenant rented the premises from VitalProp Sdn Bhd. Further details are set out in Section 6.9.2.

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10. RELATED PARTY TRANSACTIONS (Cont'd)

The Board is of the view that all related party transactions above were conducted on an arm's length basis and on competitive commercial terms not more favourable to the related parties. This was determined based on the following:

- (a) rental expenses paid to related parties were based on the then prevailing market rental rates;
- (b) dividend-in-specie via the transfer of properties by Panda Software and KK Computer to its shareholders namely Loo Chee Wee, Tay Kheng Seng, Bong Kok Choo were at market value of RM4.7 million, as appraised by property valuers; and
- (c) purchase of computer hardware from E-Tech IT were based on their published prices as distributors, where our Group has compared such published prices with the other price quotations requested from other suppliers who provide similar products offered by E-Tech IT.

Moving forward, in the event of any related party transactions and in order to ensure that such related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

- (i) At least 2 other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/services and/or quantities; or
- (ii) If quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

- (i) Whether the terms of the related party transaction are fair and reasonable to our Group and would apply on the same basis if the transaction did not involve a related party;
- (ii) The rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (iii) Whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

10. RELATED PARTY TRANSACTIONS (Cont'd)

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, the Directors, major shareholders and/or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from deliberating and voting in respect of their direct and/or indirect shareholdings.

Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from deliberating and voting in respect of his direct and/or indirect shareholdings. The relevant Directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10.2 OTHER TRANSACTIONS**10.2.1 Transactions entered into that are unusual in their nature or conditions**

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2019 to 2022, FPE 2023 and up to LPD.

10.2.2 Outstanding loans (including guarantees of any kind)**(a) Outstanding loans and/or balances**

As at LPD, there are no outstanding loans made by our Group to/for the benefit of a related party or granted by the related parties for the benefit of our Group.

(b) Guarantees

As at LPD, there are no personal guarantees for banking facilities extended by our Promoters, substantial shareholders and/or Directors to our Group.

However, the Directors and the then shareholders of KK Computer have, at the request of Servex (Malaysia) Sdn Bhd ("**Supplier**"), jointly and severally provided personal guarantee to the Supplier pursuant to a letter of guarantee dated 10 November 2022 whereby the Directors and shareholders of KK Computer are required to pay on demand all monies due to the Supplier (including interest and expenses) and discharge all trading liabilities (i.e. any outstanding trade amount owing by KK Computer to the Supplier arising from the supply of goods and services by the Supplier to KK Computer).

10. RELATED PARTY TRANSACTIONS (Cont'd)

From FYE 2019 to 2022, FPE 2023 and up to LPD, the Supplier is not a major supplier of our Group. In FYE 2019 and 2020, there were no purchases made by our Group to the Supplier. The total purchases made were 0.04%, 0.2% and 0.5% of our Group's total purchases in FYE 2021 to 2022 and FPE 2023 respectively. On 9 October 2023, the Supplier has released and discharged the personal guarantee provided by the Directors and the then shareholders of KK Computer by executing a new corporate guarantee from our Company.

10.2.3 Financial assistance provided for the benefit of the related party

As at the date of this Prospectus, there is no financial assistance provided by us for the benefit of any related party.

10.2.4 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

- (a) Agreement dated 13 December 2021 between Panda Software and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor, Underwriter and Placement Agent for our Listing; and
- (b) Underwriting Agreement dated 20 October 2023 entered into between our Company and M&A Securities for the underwriting of 76,333,600 Issue Shares.

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11. CONFLICT OF INTEREST**11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS**

As at LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in other businesses and corporations which are carrying on a similar trade as our Group.

Save as disclosed below, none of our Directors and/or substantial shareholders have interest in the business of our customers and suppliers as at LPD:

Company	Principal activities	Nature of interest
E-Tech IT	Distributor of ICT products as well as ICT solutions and services	• Loo Chee Wee is our Executive Director/Chief Executive Officer. • Tay Kheng Seng is our Executive Director/Chief Technology Officer. • Both of them are our Promoters and substantial shareholders as well as directors and shareholders of Goldcoin Pavilion⁽¹⁾. Each of them holds 50.0% equity interest in Goldcoin Pavilion, which in turn holds 11.1% of equity interest in E-Tech IT.

Note:

- ⁽¹⁾ Goldcoin Pavilion was incorporated in Malaysia on 1 July 2013 as a private limited company and is principally involved in activities of holding investment properties and shares in companies. As at LPD, the directors and shareholders of Goldcoin Pavilion are Tay Kheng Seng (50.0%) and Loo Chee Wee (50.0%).

Goldcoin Pavilion invested 600,000 ordinary shares (10.0%) in E-Tech IT on 11 June 2020 after being approached by the founder of E-Tech IT that the existing Thailand counterpart shareholder who wished to exit the business, and subsequently increased to 650,000 ordinary shares (10.0%) via a bonus issue on 27 April 2021. On 21 February 2022, its shareholdings further increased to 738,142 ordinary shares (11.4%) via a share transfer from its existing shareholder namely, Ling Chee Kiat. Subsequently on 7 July 2022, its shareholdings further increased to 794,922 (11.1%) via a bonus issue. As at LPD, Goldcoin Pavilion holds 794,922 ordinary shares in E-Tech IT representing 11.1% equity interest in E-Tech IT and 300,000 ordinary shares representing 30.0% equity interest in Nukleus Ventures. Further information of Nukleus Ventures is set out further below in this section.

Information on E-Tech IT

E-Tech IT was incorporated in Malaysia on 29 March 1997 as a private limited company and is principally involved as solution provider of smart city, internet of things and smart artificial intelligence surveillance system; total solution provider of IT network & infrastructure & telecommunication; and wholesales of computer hardware, software, peripherals and cell phones.

11. CONFLICT OF INTEREST (Cont'd)

As at LPD, the directors and shareholders of E-Tech IT and their respective shareholdings in E-Tech IT are as follows:

Name/ Nationality/Place of incorporation	Designation	No. of shares in E-Tech IT	%
Ling Chee Kiat/ Malaysian	Director/ Shareholder	3,619,804	50.6
Wong Teck Wei/ Malaysian	Director/ Shareholder	1,589,845	22.2
Goldcoin Pavilion/ Malaysia	Shareholder	794,922	11.1
Lee Cheng Hueng/ Malaysian	Director/ Shareholder	397,461	5.6
Wong Winson/ Malaysian	Shareholder	149,492	2.1
Sam Kwai Fan/ Malaysian	Shareholder	149,492	2.1
Liew Toh Seng/ Malaysian	Shareholder	149,492	2.1
Lu Hang Chong/ Malaysian	Shareholder	149,492	2.1
Lee Kim Leng/ Malaysian	Shareholder	149,492	2.1

E-Tech IT distributes ICT products as well as ICT solutions and services, such as desktop computers, notebooks, printers, scanners, projectors, retail hardware solution, kiosk and interactive panel, cyber security and backup solution, visitor management solution, server and networking solution, ICT project management and reselling of cloud services. Third-party software sold by E-Tech IT are mostly licensed software to support hardware distributed and supplied by E-Tech IT i.e. Microsoft (which our Group purchases together with the relevant IT hardware purchased by our Group). E-Tech IT does not develop its own software.

For avoidance of doubt, save for Microsoft software (which we resell to our customers under our HQ Centralised Management, Store Operations and Financial Management solution), our Group does not purchase other third-party software from E-Tech IT. Our Group purchases such other third-party software (i.e. accounting software, attendance and payroll management software and anti-virus software) directly from the software developers and dealers (i.e. Auto Count Sdn Bhd, Microworld Technologies Sdn Bhd, Full Hos Solution Sdn Bhd and TimeTec Computing Sdn Bhd).

Our Group, on the other hand, purchases POS equipment, computers and peripherals from E-Tech IT, and resells them to our customers according to their requirements, as a complementary service to our core businesses. Our Group has been purchasing supplies from E-Tech IT since 2014. Our Group will remain focused in software development and customisation, implementation and integration of our Retail Management Eco-system, and has no intention to venture into the distribution of third-party ICT products, solutions and/or services. Hence, the business dealings between our Group and E-Tech IT do not give rise to a conflict-of-interest situation.

11. CONFLICT OF INTEREST (Cont'd)

Our Group purchases ICT products from E-Tech IT and other distributors at market prices quoted by the product principals (such as Epson, Honeywell, Lenovo and ASUS), which are therefore transacted at arm's length. Generally, there are 2 to 4 main distributors or partners selected in Malaysia for Epson, Honeywell, ASUS and Lenovo. E-Tech IT is able to provide volume discounts, better support services and more favourable credit terms as compared to other suppliers, and as such, although our Group can source from other suppliers, our Group has made most of its purchases of such products from E-Tech IT, resulting in it being a major supplier to our Group for FYE 2019 to 2022 and FPE 2023. Our Group's contribution to E-Tech IT's revenue over FYE 2019 to 2022 and FPE 2023 is less than 1.0%.

Our Promoters, substantial shareholders and Directors do not have directorships in E-Tech IT and are not involved in the daily operations in E-Tech IT. E-Tech IT's business operations are managed by its other shareholders and directors namely Ling Chee Kiat, Wong Teck Wei and Lee Cheng Hueng who are not related to our Group. Therefore, E-Tech IT is not under the control or influence of our Group and vice versa.

Therefore, our Board is of the view that the interests of our Directors or major shareholders in E-Tech IT, which is our supplier do not give rise to a conflict of interest situation.

However, we expect to have future dealings with E-Tech IT, which held by our Promoters, substantial shareholders and Directors through their shareholdings in Goldcoin Pavilion. We have established procedures for related party transactions to ensure that they are carried out on an arm's length basis, on normal commercial terms which are not more favourable to our related parties than those generally available to the public, and are not to the detriment of our minority shareholders. Please refer to our procedures as disclosed in Section 10.1.

Information on Nukleus Ventures

Nukleus Ventures was incorporated in Malaysia on 8 July 2015 as a private limited company and is principally involved in activities of employment placement agencies and computer programming activities (i.e. cloud-based accounting software for small business owners and freelancers). Nukleus Ventures' cloud-based accounting software is mainly for small business owners and freelancers due to affordable subscription price of RM45 per month. The software is not designed to cater for retail businesses in terms of scalability (higher volume of transactions) and integrability. Panda Group's offerings are designed with specific retail management functions in mind, and target customers within these industries or those that have a need for such functions. Our Group does not offer in-house developed accounting software. The third-party accounting software offered by us is more scalable for our customers' daily operations and transactional volume. Our Group's offerings are also significantly more expensive than those of Nukleus Ventures.

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

Name/ Nationality/Place of incorporation	Designation	No. of shares in Nukelus Ventures	%
Eng Sheau Jye ^(a) / Malaysian	Director/Shareholder	520,000	52.0
Kong Siang Ying ^(a) / Malaysian	Director/Shareholder	130,000	13.0
Goldcoin Pavilion/ Malaysia	Shareholder	300,000	30.0

11. CONFLICT OF INTEREST (Cont'd)

Name/ Nationality/Place of incorporation	Designation	No. of shares in Nukelus Ventures	%
Loh Jie Hui/ Malaysian	Shareholder	10,000	1.0
Ng Yew Ping/ Malaysian	Shareholder	10,000	1.0
Tai Ming Ming/ Malaysian	Shareholder	10,000	1.0
Tan Kuan Min/ Malaysian	Shareholder	10,000	1.0
Wong Khai Meng ^(b) / Malaysian	Shareholder	10,000	1.0

Notes:

(a) Eng Sheau Jye and Kong Siang Ying are not related parties to our Promoters.

(b) Wong Khai Meng is a Director of Rexbridge and shareholder of Panda.

It is our Director's fiduciary duty to avoid conflict and in order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Nomination Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of such Director, our Nomination Committee will then:

- (a) immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;
- (b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:
 - (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nomination Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

11. CONFLICT OF INTEREST (Cont'd)

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

- (a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Underwriter and Placement Agent for our Listing;
- (b) Olivia Lim & Co has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing;
- (c) Crowe Malaysia PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and
- (d) Providence Strategic Partners Sdn Bhd has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

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12. FINANCIAL INFORMATION**12.1 HISTORICAL FINANCIAL INFORMATION**

Our Company was only incorporated on 4 August 2022 to facilitate our Listing. The historical financial information of our Group for FYE 2019 to 2022 and FPE 2023 is therefore presented based on the audited combined financial statements of our Group.

The audited combined financial statements throughout the FYE 2019 to 2022 and FPE 2023 have been prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

12.1.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our historical combined statements of profit or loss and other comprehensive income for FYE 2019 to 2022 and FPE 2022 and 2023, which have been extracted from the Accountants' Report as set out in Section 13. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited				Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	13,311	16,395	20,003	20,982	8,883	10,800
Cost of sales	(5,268)	(6,741)	(8,651)	(9,332)	(3,850)	(4,420)
GP	8,043	9,654	11,352	11,650	5,033	6,380
Other income	312	718	2,010	411	346	138
Administrative and other expenses	(1,420)	(2,207)	(3,392)	(3,924)	(1,790)	(2,665)
Finance costs	(50)	(41)	(14)	(5)	(3)	(2)
(Net impairment losses)/ Net reversal of impairment losses on financial assets	(94)	1	474	340	(268)	(106)
PBT	6,791	8,125	10,430	8,472	3,318	3,745
Tax expense	(94)	(1,254)	(2,530)	(1,424)	(646)	(1,000)
PAT	6,697	6,871	7,900	7,048	2,672	2,745
Other comprehensive income						
<u>Item that will not be reclassified subsequently to profit or loss</u>						
Fair value changes of equity investment	75	848	-	-	-	-
Total comprehensive income	6,772	7,719	7,900	7,048	2,672	2,745
EBIT ⁽¹⁾	6,830	8,048	10,352	8,407	3,303	3,668
EBITDA ⁽¹⁾	7,043	8,244	10,601	8,588	3,398	3,748
GP margin (%) ⁽²⁾	60.4	58.9	56.8	55.5	56.7	59.1
PBT margin (%) ⁽³⁾	51.0	49.6	52.1	40.4	37.4	34.7
PAT margin (%) ⁽³⁾	50.3	41.9	39.5	33.6	30.1	25.4
Effective tax rate (%) ⁽⁴⁾	1.4	15.4	24.3	16.8	19.5	26.7
Basic EPS (sen) ⁽⁵⁾	1.2	1.2	1.4	1.3	0.5	0.5
Diluted EPS (sen) ⁽⁶⁾	1.0	1.0	1.2	1.1	0.4	0.4

12. FINANCIAL INFORMATION (Cont'd)

Notes:

(1) EBIT and EBITDA are calculated as follows:

	Audited				Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	6,697	6,871	7,900	7,048	2,672	2,745
Less:						
Interest income	(11)	(118)	(92)	(70)	(18)	(79)
Add:						
Finance costs	50	41	14	5	3	2
Taxation	94	1,254	2,530	1,424	646	1,000
EBIT	6,830	8,048	10,352	8,407	3,303	3,668
Add:						
Depreciation	213	196	249	181	95	80
EBITDA	7,043	8,244	10,601	8,588	3,398	3,748

(2) GP margin is calculated based on GP over revenue.

(3) PBT or PAT margin is calculated based on PBT or PAT over revenue.

(4) Effective tax rate is calculated based on tax expenses divided by PBT.

(5) Basic EPS is calculated based on PAT over enlarged share capital of 561,900,200 Shares before IPO.

(6) Diluted EPS is calculated based on PAT over enlarged share capital of 671,187,000 Shares after IPO.

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12. FINANCIAL INFORMATION (Cont'd)**12.1.2 Historical combined statements of financial position**

The following table sets out the historical combined statements of financial position of our Group as at 31 December 2019, 2020, 2021, 2022 and 30 June 2023, which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited				
	31 December				30 June
	2019	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets					
Property, plant and equipment	800	1,118	1,040	809	833
Investment properties	4,644	4,546	4,097	-	-
Right-of-use assets	-	-	153	94	133
Intangible assets	-	-	549	1,183	1,519
Other investments	493	1,377	-	-	-
Deferred tax assets	302	259	123	33	42
Total non-current assets	6,239	7,300	5,962	2,119	2,527
Current assets					
Inventories	200	260	328	280	231
Trade receivables	3,209	2,898	1,926	2,359	2,851
Other receivables, deposits and prepayments	278	440	55	569	708
Contract assets	-	-	262	135	397
Current tax assets	-	-	-	189	384
Other investments	699	936	-	-	-
Fixed deposits with licensed banks	430	7,197	2,018	5,550	5,550
Cash and bank balances	1,819	2,531	3,463	5,283	4,659
Total current assets	6,635	14,262	8,052	14,365	14,780
Total assets	12,874	21,562	14,014	16,484	17,307
Equity and liabilities					
Equity					
Share capital	-	-	-	(1)-	(1)-
Invested capital	260	360	380	380	380
Fair value reserve	75	923	-	-	-
Retained earnings	10,583	12,704	9,926	12,233	13,978
Total equity	10,918	13,987	10,306	12,613	14,358
Non-current liabilities					
Lease liabilities	-	-	105	64	108
Term loans	917	898	-	-	-
Deferred tax liabilities	3	4	4	179	232
Total non-current liabilities	920	902	109	243	340
Current liabilities					
Trade payables	268	529	652	710	392
Other payables, deposits and accruals	678	5,686	2,112	2,885	2,189
Lease liabilities	-	-	49	33	28
Term loans	54	68	-	-	-
Current tax liabilities	36	390	786	-	-
Total current liabilities	1,036	6,673	3,599	3,628	2,609
Total liabilities	1,956	7,575	3,708	3,871	2,949
Total equity and liabilities	12,874	21,562	14,014	16,484	17,307

12. FINANCIAL INFORMATION (Cont'd)**Note:**

(1) Less than RM1,000.

12.1.3 Historical combined statements of cash flows

The following table sets out the historical combined statements of cash flows of our Group for FYE 2019 to 2022 and FPE 2023, which has been extracted from the Accountants' Report as set out in Section 13. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited				
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flow from operating activities					
Profit before taxation	6,791	8,125	10,430	8,472	3,745
Adjustments for:					
Depreciation of investment properties	98	98	99	16	-
Depreciation of property, plant and equipment	115	98	127	129	64
Depreciation of right-of-use assets	-	-	23	36	16
Dividend income	(11)	(13)	(25)	(1)-	-
Gain on disposal of other investments	(71)	(66)	(1,780)	-	(36)
Gain on disposal of plant and equipment	-	-	-	(25)	-
Gain on disposal of investment properties	-	-	-	(270)	-
Gain on lease termination	-	-	-	(1)-	-
Plant and equipment written off	-	-	-	14	-
Fair value gain on other investments	(75)	(155)	-	-	-
Impairment loss on trade receivables	94	-	79	39	117
Impairment loss on investment properties	-	-	350	-	-
Interest expenses on lease liabilities	-	-	2	5	2
Interest expenses	50	41	12	-	-
Interest income	(11)	(118)	(92)	(70)	(79)
Loss on disposal of plant and equipment	2	-	-	(1)-	2
Rental income	(123)	(106)	(80)	(14)	-
Reversal of impairment loss on trade receivables	-	(1)	(553)	(379)	(11)
Operating profit before changes in working capital	6,859	7,903	8,592	7,953	3,820
Movements in working capital:					
Decrease/(Increase) in inventories	11	(60)	(68)	48	49
(Increase)/Decrease in contract assets	-	-	(262)	127	(262)
(Increase)/Decrease in trade and other receivables	(1,179)	150	1,831	(606)	(737)
Increase/(Decrease) in trade and other payables	365	769	1,049	831	(1,014)
Cash generated from operations	6,056	8,762	11,142	8,353	1,856
Income tax paid	(57)	(856)	(2,027)	(2,134)	(1,151)
Income tax refunded	21	-	29	-	-
Net cash from operating activities	6,020	7,906	9,144	6,219	705

12. FINANCIAL INFORMATION (Cont'd)

	Audited				
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flow (for)/from investing activities					
Additional investment in intangible assets	-	-	(549)	(634)	(336)
Dividend received	11	13	25	(1)-	-
Interest received	11	118	92	70	79
Rental received	123	106	80	14	-
Proceeds from disposal of other investments	370	277	4,093	-	67
Proceeds from disposal of plant and equipment	(1)-	-	3	1	1
Purchase of other investments	(189)	(329)	-	-	(31)
Purchase of plant and equipment	(155)	(416)	(52)	(268)	(91)
(Placement)/ Withdrawal of fixed deposits with tenure more than 3 months	(310)	(13)	443	-	-
Net cash (for)/ from investing activities	(139)	(244)	4,135	(817)	(311)
Cash flow for financing activities					
Dividend paid	(5,840)	(250)	(16,101)	(11)	(1,000)
Interest paid	(50)	(41)	(14)	(5)	(2)
Repayment of lease liabilities	-	-	(22)	(34)	(16)
Repayment of term loans	(55)	(5)	(966)	-	-
Proceeds from issue of share capital	-	100	20	(1)-	-
Net cash used in financing activities	(5,945)	(196)	(17,083)	(50)	(1,018)
Net (decrease)/increase in cash and cash equivalents	(64)	7,466	(3,804)	5,352	(624)
Cash and cash equivalents at the beginning of financial year/period	1,883	1,819	9,285	5,481	10,833
Cash and cash equivalents at the end of financial year/period	1,819	9,285	5,481	10,833	10,209

Note:

(1) Less than RM1,000.

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12. FINANCIAL INFORMATION (Cont'd)**12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and segmental analysis of our audited combined financial statements for FYE 2019 to 2022 and FPE 2023 should be read with the Accountants' Report included in Section 13.

12.2.1 Overview of our operations**(a) Principal activities**

We are principally involved in the following business activities:

- (i) development, customisation, implementation and integration of our Retail Management Eco-system; and
- (ii) other business segments comprising:
 - trading of third-party software;
 - trading of IT hardware; and
 - software customisation, implementation and integration of process control and automation solutions.

Please refer to Section 7 for our Group's detailed business overview.

(b) Revenue

Our revenue for FYE 2019 to 2022 and FPE 2023, representing 99.98%, 99.99%, 99.73%, 99.97% and 98.85% of our total revenue respectively, was derived in Malaysia and segmented based on our products offering and revenue models.

Our revenue models for our business segments are summarised as follows:

(i) Retail Management Eco-system

- One-off income

Our Group earns a one-off income from:

- the initial licensing of its Retail Management Eco-system to customers;
- the services rendered for project implementation of Retail Management Eco-system;
- outright sale of IT hardware; and
- training of customers' personnel on the usage of the Retail Management Eco-system.

The revenue is recognised at a point in time upon the delivery of goods/services that are accepted by customers.

Our Group generally collects a percentage of the income as a deposit upfront, upon execution of the contracts with customers, and the remainder is charged upon acceptance by customers.

12. FINANCIAL INFORMATION (Cont'd)

- Recurring fees

In addition to the one-off license fee mentioned above, our Group charges a yearly recurring fee for the continuous use of the Retail Management Eco-system, namely for HQ Centralised Management, Store Operations and Financial Management solution, fees are agreed upon on an annual basis pursuant to the contracts with customers. Our Group bills such fees upfront on a monthly, quarterly or annual basis. As our standard practice is to bill our customers upfront on a quarterly basis. However, we may also bill our customers upfront on a monthly or annual basis, depending on our customers' request. Revenue in this respect is recognised over time on a monthly basis.

Our Group also earns recurring fees charged as monthly subscription fees based on the usage of Omni-channel Engagement and xBridge B2B solutions as follows:

- xBridge B2B solution: based on the number of electronic documents uploaded by the retail chain stores.
- Omni-channel Engagement solution: based on number of active members registered and online sales amount generated via the customer's e-commerce platform.

Our Group charges cloud server management service fees on an annual basis for the use of cloud-based infrastructure required for Retail Management Eco-system. Customers are billed the annual fee upfront, and revenue in this respect is recognised over time on a monthly basis.

(ii) Other businesses

- One-off income

Our Group earns one-off income from the outright sale of IT hardware as well as software licence fee for third-party software sold. Our Group also earns a one-off project customisation and implementation fee for process control and automation solutions. The revenue is recognised at a point in time upon the delivery of goods/services that are accepted by customers.

- Recurring fees

Our Group earns recurring fees as it charges annual support maintenance fee for the use of third-party software. The fees are agreed upon and billed on an annual basis. Revenue in this respect is recognised over time on a monthly basis.

(c) Cost of sales

Our cost of sales comprises the following:

(i) Purchase costs

Our purchase costs comprise of the purchases of third-party software and IT hardware that are used in the implementation of our solutions or purchased by our customers, which collectively represented 65.2%, 53.7%, 47.1%, 49.1% and 41.8% of our total cost of sales for FYE 2019, FYE 2020, FYE 2021, FYE 2022 and FPE 2023 respectively.

12. FINANCIAL INFORMATION (Cont'd)**(ii) Staff costs**

Our staff costs comprise salaries, bonuses and other related benefits for our Software Development Engineering, CTS and technical support (being part of Hardware, IT Infrastructure & Third Party Solution Services) departments that are attributable to the software development, customisation, integration, implementation and maintenance of our Retail Management Eco-system and third-party software, which contributed between 34.4%, 39.4%, 44.3%, 36.5% and 40.9% of our total cost of sales for FYE 2019, FYE 2020, FYE 2021, FYE 2022 and FPE 2023, respectively.

(iii) Commission

Commission is paid to the retail chain stores whose suppliers use our xBridge B2B solution. The commission is derived based on a percentage of the subscription fees collected from retail chain stores' suppliers. Each supplier is required to register for a new subscription under for each individual retail chain store. This allows for the usage of the solution per store and supplier to be determined, and in turn, the commission to be paid.

(iv) Director's remuneration

Salary, allowances and other related benefits for our Executive Director/ Chief Technology Officer that is directly attributable to the development, enhancement and customisation of our solutions and therefore can be directly accounted as cost of sales. He began drawing salary since October 2020 upon the mutual agreement from the existing shareholders of Panda Software. Prior to FYE 2020, he was compensated solely as a shareholder, by dividend.

(d) Other income

Other income comprises mainly gain on fair value of other investments, gain on disposal of other investments, gain on disposal of investment properties, interest income, rental income and wages subsidy.

(e) Administrative expenses

Administrative expenses mainly comprise administrative staff costs, benefits and welfare, IPO expenses, depreciation of property, plant and equipment and investment properties, directors' remuneration, impairment loss on investment properties, professional fees, rental expenses, transportation and accommodation, upkeep of property, plant and equipment, and utilities and telecommunication.

(f) Net impairment losses/ (net reversal of impairment losses) on financial assets

Being the provision for impairment losses on our trade receivables based on assessment on the expected credit loss made on the trade receivable in accordance with MFRS 9.

(g) Finance costs

Finance costs comprise interest expense on term loans and interest expense on lease liabilities.

12. FINANCIAL INFORMATION (*Cont'd*)

(h) Recent developments

Save for the Acquisitions, there were no other significant events subsequent to our audited combined financial statements for FPE 2023.

(i) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during FYE 2019 to 2022 and FPE 2023. In addition, our audited combined financial statements for the financial years under review were not subject to any audit qualifications.

(j) Significant factors affecting our business

Section 9 details a number of risk factors relating to our business and the industry in which we operate. Some of these risk factors have an impact on our revenue and financial performance. The significant factors affecting our revenue include, but not limited to, the following:

(i) Dependency on our Executive Directors and key senior management for the continued success and growth of our business

The continued success and growth of our business is dependent on our ability to retain our Executive Directors and key senior management team. Our Executive Directors, namely Loo Chee Wee and Tay Kheng Seng, who are also our Chief Executive Officer and Chief Technology Officer respectively, have played an instrumental role in leading our Group's growth and success since incorporation.

Our Executive Directors are supported by our key senior management who collectively has an average of 20 years of relevant working experience in their respective fields. These individuals have been vital in the growth and development of our business.

As such, the loss of our Executive Directors or any of our key senior management without suitable and timely replacement could have a material impact on our competitiveness, business and operations.

Please refer to Section 9.1.1.

(ii) Dependency on our experienced and skilled personnel for the success of our Group

We are dependent on the technical expertise of our technical personnel involved in software development, project implementation, business development and after-sales support services to our customers.

Being in an industry with high requirements for technical competency, our future success is mainly dependent on our ability to attract, hire and retain qualified and experienced technical personnel to support our business operations. However, we may also face competition and challenges to recruit suitable technical talents, due to intensified competition amongst other industry players. Although we generally have not faced difficulties in hiring required technical personnel and have not faced any mass staff resignation in this respect, there is no assurance that we will be able to recruit or retain sufficient qualified and experienced technical personnel to sustain our current operations and to grow our business as set out in Section 7.18. Failure in such recruitment or retention may adversely affect our business operations and financial conditions.

Please refer to Section 9.1.2.

12. FINANCIAL INFORMATION (Cont'd)

(iii) Dependency on our ability to secure orders from existing and new customers

Due to the nature of our business, our future profitability and financial performance depend on our ability to secure new orders from existing and new customers.

The absence of long-term contracts of more than 1 year poses a risk of sustaining our business growth since our customers are not obliged to continue engaging us for our solutions and services. If we were to lose any of our customers, particularly our major customers, and are unable to secure orders from new customers or additional orders from existing customers in a timely manner, our business and financial performance may be adversely affected.

Additionally, the number and scale of orders from customers and the amount of revenue that we are able to derive therefrom are affected by a number of factors including, but not limited to, changes in our customers' businesses, economic downturn and slowdown in the retail industry (as illustrated in Section 9.2.1). Consequentially, our revenue may vary significantly from period to period.

Please refer to Section 9.1.3.

(iv) Competition risk

We face competition from established multinational and local retail management solution providers as well as potential new entrants/distributors.

The industry we operate in is highly competitive in terms of technology and software know-how, functionality and features, quality of service, timeliness of project delivery as well as technical support and response time. As such, our competitors may be equipped with better resources, capabilities and technical expertise allowing for them to offer a more comprehensive range of services, wider range of specialised services or improved service and timeliness as compared to us.

As such, failure to remain competitive within the industry may have materially adverse impact on our business operations and financial performance.

Please refer to Section 9.2.2.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.2 Review of our results of operations

(a) Revenue

Analysis of revenue by product/services and revenue model

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
11,266	84.6		12,702	77.5	14,598	73.0	14,310	68.2	5,888	66.3
Retail Management Eco-system:										
• HQ Centralised Management, Store Operations and Financial Management solution ⁽¹⁾										
• One-off	8,777	65.9	9,611	58.6	10,869	54.4	9,866	47.0	3,602	40.6
• Recurring	2,489	18.7	3,091	18.9	3,729	18.6	4,444	21.2	2,286	25.7
370	2.8		1,314	8.0	2,447	12.2	3,144	15.0	1,455	16.4
• xBridge B2B solution										
• One-off	234	1.8	372	2.3	226	1.1	274	1.3	118	1.3
• Recurring	136	1.0	942	5.7	2,221	11.1	2,870	13.7	1,337	15.1
396	3.0		1,041	6.3	1,374	6.9	1,365	6.5	571	6.4
• Omni-Channel Engagement solution										
• One-off	366	2.8	731	4.4	625	3.1	441	2.1	134	1.5
• Recurring	30	0.2	310	1.9	749	3.8	924	4.4	437	4.9
1,269	9.6		1,299	8.0	1,545	7.7	2,046	9.7	889	10.0
Others:										
• Outright sale of IT hardware and third-party software										
• One-off	1,062	8.0	1,075	6.6	1,309	6.5	1,797	8.5	652	7.3
• Recurring	207	1.6	224	1.4	236	1.2	249	1.2	237	2.7
10	<0.1		39	0.2	39	0.2	117	0.6	80	0.9
• Software customisation, implementation and integration of process control and automation solutions										
• One-off	10	<0.1	39	0.2	39	0.2	117	0.6	80	0.9
13,311	100.0		16,395	100.0	20,003	100.0	20,982	100.0	8,883	100.0

12. FINANCIAL INFORMATION (Cont'd)

Note:

(1) Includes sales of IT hardware and third-party software associated with the solutions offered by our Group.

Analysis of revenue by customer segment

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Retail chain stores	10,136	76.2	11,861	72.4	14,615	73.0	14,052	67.0	7,382	68.4
• Grocery retail stores	949	7.1	579	3.5	679	3.4	755	3.6	286	2.6
• General merchandise retailers										
• Specialty stores	324	2.4	1,138	6.9	561	2.8	629	3.0	320	3.0
• Convenient stores	138	1.0	78	0.5	56	0.3	186	0.9	46	0.4
Retail chain stores suppliers	401	3.0	1,357	8.3	2,461	12.3	3,168	15.1	1,790	16.6
Others ⁽¹⁾	1,363	10.3	1,382	8.4	1,631	8.2	2,192	10.4	976	9.0
	13,311	100.0	16,395	100.0	20,003	100.0	20,982	100.0	10,880	100.0

Note:

(1) Comprises mainly manufacturing, general trading, car workshop, professional services, F&B, property developers and construction.

Comparison between FYE 2019 and FYE 2020

Our Group's total revenue increased by RM3.1 million or 23.3% from RM13.3 million in FYE 2019 to RM16.4 million in FYE 2020, due to the following:

(i) increased revenue of RM1.4 million from HQ Centralised Management, Store Operations and Financial Management solution, contributed by:

(aa) increase in one-off fees of RM0.8 million from sales of the solution to 253 new retail chain stores, of which 163 new stores are from our Group's existing customers and 90 stores from 24 new customers in FYE 2020 (FYE 2019: 193 new stores, of which 147 new stores are from our Group's existing customers and 46 stores are from 10 new customers); and

(bb) increase in recurring revenue of RM0.6 million from software license maintenance fees charged for 193 new retail chain stores established in FYE 2019;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) an increase in revenue from xBridge B2B solution by RM1.0 million, as we managed to secure 4 retail chain stores to use our xBridge B2B solution, which captured a total of 1,946 registrations for our xBridge B2B solution in FYE 2020 (FYE 2019: 2 retail chain stores; 727 registrations), which resulted in the increase in recurring fees of RM0.8 million (from higher usage); and
- (iii) an increase in revenue generated from Omni-channel Engagement solution by RM0.7 million, mainly due to:
 - (aa) 19 new retail chain stores (2019: 10) secured to use the solution, which translated to RM0.4 million increase in one-off fees; and
 - (bb) increased recurring fees of RM0.3 million, resulting from an increase in online customers who registered as members of retail chain stores via our Omni-channel Engagement solution, and the launch of our mobile application solution, with which we secured 13 new customers.

Comparison between FYE 2020 and FYE 2021

Our Group's total revenue increased by RM3.6 million or 22.0% from RM16.4 million in FYE 2020 to RM20.0 million in FYE 2021 due to the following:

- (i) revenue from HQ Centralised Management, Store Operations and Financial Management solution which increased by RM1.9 million, due to the following:
 - (aa) increase in revenue of RM1.3 million from one-off fees from the sales of the solution to 288 new retail chain stores, of which 271 new stores are operated by our Group's existing customers and 17 stores are operated by 14 new customers in FYE 2021 (FYE 2020: 253 new retail chain stores of which 163 new stores are operated by our Group's existing customers and 90 stores are operated by 24 new customers); and
 - (bb) increase in revenue of RM0.6 million from recurring software license maintenance fees for HQ Centralised Management, Store Operations and Financial Management solution mainly due from maintenance fees charged to 253 retail chain stores which we secured in FYE 2020;
- (ii) increase in revenue from xBridge B2B solution by RM1.1 million, mainly from recurring monthly subscription fees charged to the retail chain store suppliers, which is in line with the increase in cumulative total registrations of 2,705 in FYE 2021 (FYE 2020: 1,946 registrations) as well as the higher usage of the solution by retail chain stores;
- (iii) increase in revenue from Omni-channel Engagement solution by RM0.3 million, mainly driven by the increase in recurring fees of RM0.4 million from more member registrations via our Group's Omni-channel Engagement. This was offset by the decrease in revenue from one-off project implementation charges of RM0.1 million, due to lower contribution from the implementation of CRM from 15 new customers in FYE 2020 to 10 in FYE 2021 as well as mobile application solution from 13 new customers in FYE 2020 to 6 in FYE 2021; and
- (iv) an increase in revenue from other business segments increased by RM0.2 million, mainly driven by growth of outright sales of IT hardware due to the upward price adjustment of IT hardware which is market driven.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

Our Group's total revenue increased by RM1.0 million or 5.0% from RM20.0 million in FYE 2021 to RM21.0 million in FYE 2022 due to the following:

- (i) increase in revenue from xBridge B2B solution by RM0.7 million, mainly from recurring monthly subscription fees charged to retail chain store suppliers, which is in line with the increased usage of the solution by the retail chain stores suppliers. The increased usage of the solution was driven by the increase in cumulative total registrations of 3,555 in FYE 2022 (FYE 2021: 2,705 cumulative total registrations); and
- (ii) revenue from other business segments increased by RM0.5 million, mainly contributed by the growth in outright sales of third-party accounting software by RM0.5 million, the sales of which were driven mainly by competitive pricing promoted by Auto Count Sdn Bhd in FYE 2022.

The above increase in revenue was offset by the decrease in revenue earned from HQ Centralised Management, Store Operations and Financial Management solution, which decreased by RM1.0 million of one-off income from the sales of the solution due to fewer new retail stores secured in FYE 2022 (FYE 2022: 256 new retail chain stores; FYE 2021: 288 new retail chain stores), which was cushioned by RM0.7 million increase in recurring revenue from maintenance fees charged to 288 new retail chain stores which we secured in FYE 2021 (as compared to 253 new retail chain stores which we secured in FYE 2020).

Comparison between FPE 2022 and FPE 2023

Our Group's total revenue increased by RM1.9 million or 21.3% from RM8.9 million in FPE 2022 to RM10.8 million in FPE 2023 due to the following:

- (i) revenue from HQ Centralised Management, Store Operations and Financial Management solution which increased by RM1.2 million, due to the following:
 - (aa) increase in revenue of RM0.9 million from one-off fees from the sales of the solution to 105 new retail chain stores, of which 98 new stores are operated by our Group's existing customers and 7 stores are operated by 6 new customers in FPE 2023 (FPE 2022: 74 new retail chain stores of which 70 new stores are operated by our Group's existing customers and 4 stores are operated by 4 new customers); and
 - (bb) increase in revenue of RM0.3 million from recurring software license maintenance fees for HQ Centralised Management, Store Operations and Financial Management solution mainly due from maintenance fees charged to 256 new retail chain stores which we secured in FYE 2022 (FPE 2022 was contributed by 288 new retail chain stores which we secured in FYE 2021);
- (ii) increase in revenue from Omni-channel Engagement solution by RM0.4 million, mainly driven by increase in revenue from one-off project implementation charges by RM0.3 million, where 7 new customers were secured in FPE 2023 (FPE 2022: 4 new customers were secured); and

12. FINANCIAL INFORMATION (Cont'd)

- (iii) increase in revenue from xBridge B2B solution by RM0.3 million, mainly from recurring monthly subscription fees charged to the retail chain store suppliers, which is in line with the increase in cumulative total registrations of 3,785 in FPE 2022: 3,074 registrations) as well as the higher usage of the solution by retail chain stores.

(b) Cost of sales, GP and GP margin

Analysis of cost of sales by components

	Audited						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchase of IT hardware	2,988	56.7	2,914	43.2	3,216	37.2	3,354	35.9	1,162	26.3
Staff costs	1,813	34.4	2,658	39.4	3,834	44.3	3,402	36.5	1,809	40.9
Purchase of third-party software and services	449	8.5	707	10.5	857	9.9	1,234	13.2	685	15.5
Commission	18	0.4	354	5.3	658	7.6	991	10.6	562	12.7
Director's remuneration	-	-	108	1.6	86	1.0	351	3.8	202	4.6
	5,268	100.0	6,741	100.0	8,651	100.0	9,332	100.0	4,420	100.0

Analysis of cost of sales by product and revenue model

[illegible]

12. FINANCIAL INFORMATION (Cont'd)

	Audited						Unaudited			Audited		
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
• Omni-Channel Engagement solution	384	7.3	722	10.7	997	11.5	753	8.1	301	7.8	433	9.8
• One-off	266	5.1	482	7.2	715	8.3	416	4.5	158	4.1	265	6.0
• Recurring	118	2.2	240	3.5	282	3.2	337	3.6	143	3.7	168	3.8
Others:	760	14.5	781	11.6	1,022	11.8	1,215	13.1	486	12.6	458	10.4
• Outright sale of IT hardware and third-party software	702	13.4	688	10.2	895	10.3	1,105	11.9	442	11.5	364	8.3
• One-off	58	1.1	93	1.4	127	1.5	110	1.2	44	1.1	94	2.1
• Recurring	7	0.1	71	1.0	10	0.1	144	1.5	48	1.3	54	1.2
• Software customisation, implementation and integration of process control and automation solutions												
• One-off	7	0.1	71	1.0	10	0.1	144	1.5	48	1.3	54	1.2
	5,268	100.0	6,741	100.0	8,651	100.0	9,332	100.0	3,850	100.0	4,420	100.0

Analysis of GP and GP margin by product and revenue model

	Audited						Unaudited			Audited		
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FYE 2022		FYE 2023	
	GP	GPM	GP	GPM	GP	GPM	GP	GPM	GP	GPM	GP	GPM
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Retail Management Eco-system:	7,313	64.9	8,057	63.4	8,881	60.8	8,271	57.8	3,415	58.0	4,415	61.9
• HQ Centralised Store Management, Operations and Financial Management solution												
• One-off	5,878	67.0	6,534	68.0	7,448	68.5	6,049	61.3	2,048	56.9	2,997	66.0
• Recurring	1,435	57.7	1,523	49.3	1,433	38.4	2,222	50.0	1,367	59.8	1,418	54.8

12. FINANCIAL INFORMATION (Cont'd)

	Audited						Unaudited			Audited		
	FYE 2019		FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	GP	GPM	GP	GPM	GP	GPM	GP	GPM	GP	GPM	GP	GPM
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
• xBridge B2B solution	206	55.7	792	60.3	1,542	63.0	1,963	62.4	913	62.7	999	56.8
	181	77.4	301	80.9	99	43.8	189	69.0	80	67.8	37	57.8
	25	18.4	491	52.1	1,443	65.0	1,774	61.8	833	62.3	962	56.8
• Omni-Channel Engagement solution	12	3.0	319	30.6	377	27.4	612	44.8	270	47.3	553	56.1
	100	27.3	249	34.1	(90)	(14.4)	25	5.7	(24)	(17.9)	190	41.8
	(88)	(293.3)	70	22.6	467	62.3	587	63.5	294	67.3	363	68.4
Others:	509	40.1	518	39.9	523	33.8	831	40.6	403	45.3	408	47.1
• Outright sale of IT hardware and third-party software	360	33.9	387	36.0	414	31.6	692	38.5	210	32.2	250	40.7
	149	72.0	131	58.5	109	46.2	139	55.8	193	81.4	158	62.7
	3	30.0	(32)	(82.1)	29	74.4	(27)	(23.1)	32	40.0	5	8.5
• Software customisation, implementation and integration of process control and automation solutions	3	30.0	(32)	(82.1)	29	74.4	(27)	(23.1)	32	40.0	5	8.5
	8,043	60.4	9,654	58.9	11,352	56.8	11,650	55.5	5,033	56.7	6,380	59.1

Comparison between FYE 2019 and FYE 2020

Our Group's cost of sales increased by RM1.4 million or 26.4%, from RM5.3 million in FYE 2019 to RM6.7 million in FYE 2020 mainly due to the following:

- (i) increase in staff cost by RM0.9 million, being the addition of 13 headcount to our Software Development Engineering, CTS and technical support (being part of Hardware, IT Infrastructure & Third Party Solution Services) departments, which were needed to service our growing customer base, coupled with salary increments;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) commission of RM0.4 million paid to retail chain stores whose suppliers used our xBridge B2B solution. The increase in commission was in line with the increase in revenue from recurring fees of xBridge B2B solution in FYE 2020 which was also determined in the same manner; and
- (iii) purchase of third-party software increased by RM0.3 million mainly due to the higher demand from our customers in FYE 2020 for third-party cloud server management services which we sell together with our Retail Management Eco-system.

The increase in cost of sales by products and revenue model is analysed as follows:

- (i) increase in cost of sales for HQ Centralised Management, Store Operations and Financial Management solution amounting to RM0.7 million:
 - (aa) in relation to recurring fees, which increased by RM0.5 million, were mainly staff costs attributable to increased support tickets resolved, in line with growth in number of new stores secured. Additionally, there are higher purchases for the cloud server management services as more customers opted for such services.
 - (bb) in relation to one-off fees, which increased by RM0.2 million, were due to more assignment of Software Development Engineering staff, in line with growth in new stores secured in FYE 2020, as well as salary increments for Software Development Engineering and Business Development & Project Delivery departments. This was partially offset by decreased purchase of IT hardware by RM0.1 million as compared to FYE 2019 where the IT hardware was for a one-off project;
 - (ii) increase in cost of sales for xBridge B2B solution of RM0.3 million, mainly relating to recurring fees where we paid more commission to the retail chain stores in FYE 2020 in line with our growth in revenue from this segment;
 - (iii) increase in cost of sales for Omni-Channel Engagement solution amounting to RM0.3 million, mainly relating to one-off fees, being staff costs for Software Development Engineering personnel assigned for enhancement of our CRM solution and mobile application which were launched in FYE 2019 and the development and deployment of our e-commerce and mobile applications in FYE 2020. Cost of sales relating to recurring fees also increased, mainly attributable to higher purchases for the cloud server management services from a third-party vendor; and
 - (iv) increase in cost of sales for other business segments amounting to RM0.1 million, mainly relating to one-off fee solutions for software customisation, implementation and integration of process control and automation solutions as we secured a new customised process control project in FYE 2020.
- Our Group's GP increased by RM1.6 million or 20.0% in line with growth in its revenue. However, our Group's overall GP margin decreased from 60.4% in FYE 2019 to 58.9% in FYE 2020, which is the result of:
- (i) relatively higher increases in CTS staff costs assigned to HQ Centralised Management, Store Operations and Financial Management solution to handle increasing volume of support work in FYE 2020, resulting in a slightly lower GP margin for this segment of 63.4% in FYE 2020 as compared to 64.9% in FYE 2019;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) GP margin improvement from 55.7% in FYE 2019 to 60.3% for our xBridge B2B solution in FYE 2020 due to economies of scale, as most of the incremental revenue were recurring fees generated on the back of existing manpower; and
- (iii) increased GP generated from Omni-channel Engagement solution by RM0.3 million as it was a newly established segment in FYE 2019. We have recorded a gross loss on recurring fees in FYE 2019 due to the overhead cost incurred to support the newly established segment which did not generate much revenue. GP margin increased from 3.0% in FYE 2019 to 30.6% in FYE 2020, which reflects a full year's operations of this segment.

Comparison between FYE 2020 and FYE 2021

Our Group's cost of sales increased by RM1.9 million or 28.4%, from RM6.7 million in FYE 2020 to RM8.6 million in FYE 2021 mainly due to:

- (i) increase in staff costs by RM1.1 million or 44.2%, being increments in salaries and bonuses in FYE 2021;
- (ii) purchase of IT hardware increased by RM0.3 million due to higher purchase price of IT hardware compared to FYE 2020;
- (iii) higher commission of RM0.3 million paid to retail chain stores whose suppliers use our xBridge B2B solution, in line with higher transaction volume; and
- (iv) purchase of third-party software by RM0.2 million mainly due to the higher demand for third-party cloud server management services in line with the growth of revenue of Retail Management Eco-system in FYE 2021.

The increase in cost of sales by products and revenue model is analysed as follows:

- (i) increase in cost of sales for HQ Centralised Management, Store Operations and Financial Management solution amounting to RM1.1 million:
 - (aa) relating to recurring fees, which increased by RM0.7 million, were mainly attributable to CTS staff assigned in line with growth in new retail chain stores secured, and coupled with salary increments.
 - (bb) relating to one-off fees, which increased by RM0.3 million, were mainly due to Software Development Engineering staff assigned in line with growth in new retail chain stores secured, coupled with salary increments, as well as purchase of IT hardware of additional RM0.1 million as required by customers.
- (ii) increase in cost of sales for xBridge B2B solution amounting to RM0.4 million mainly relating to recurring fees, being commission paid to the retail chain stores in FYE 2021. Additionally, there were salary increments for Software Development Engineering department personnel handling the xBridge B2B solution software support to our customers;
- (iii) increase in cost of sales for Omni-Channel Engagement solution amounting to RM0.3 million mainly relating to one-off fees. The increased costs were mainly salary increments for Software Development Engineering department personnel and CTS personnel assigned; and

12. FINANCIAL INFORMATION (Cont'd)

- (iv) increase in cost of sales for other business segment amounting to RM0.1 million mainly due to the increase in purchase price of IT hardware which is market driven.

Our Group's GP increased by RM1.7 million in line with growth in revenue. Overall GP margin decreased from 58.9% in FYE 2020 to 56.8% in FYE 2021, as a result of the following:

- (i) for the HQ Centralised Management, Store Operations and Financial Management solution, GP margin decreased from 63.4% in FYE 2020 to 60.8% in FYE 2021, mainly due to increments in salaries and bonuses in FYE 2021; and
- (ii) improvement in GP margin from xBridge B2B solution from 60.3% in FYE 2020 to 63.0% in FYE 2021 due to economies of scale, as the incremental recurring fees generated were exponentially higher than staff cost increments and bonuses, as commensurate increase in headcount was not required.
- (iii) GP margin for Omni-channel Engagement solution decreased from 30.6% in FYE 2020 to 27.4% in FYE 2021, due to the launch of delivery module during the year which required more staff allocation on the enhancement of the module on the back of lower one-off fees generated, which resulted in a gross loss in that respect.

Comparison between FYE 2021 and FYE 2022

Our Group's cost of sales increased by RM0.7 million or 8.1%, from RM8.6 million in FYE 2021 to RM 9.3 million, mainly due to:

- (i) increase in purchase of third-party software by RM0.4 million for upgrades as required by our existing customers in FYE 2022;
- (ii) increase in commission by RM0.3 million paid to retail chain stores whose suppliers use our xBridge B2B solution as a result of continued growth in transaction volume in FYE 2022; and
- (iii) increment in Director's remuneration of RM0.3 million in consideration of our Group's business growth.

Nevertheless, the increase in cost of sales was partially offset by the decrease in staff cost by RM0.4 million due to higher bonuses incurred in FYE 2021 as compared to FYE 2022.

The increase in cost of sales by products and revenue model is analysed as follows:

- (i) increases in cost of sales for HQ Centralised Management, Store Operations and Financial Management solution by RM0.3 million, was mainly due to more Software Development Engineering staff assigned in FYE 2022 for enhancement of the existing modules as well as the increase in Director's remuneration; and

12. FINANCIAL INFORMATION (Cont'd)

- (ii) increase in cost of sales for other business segments by RM0.3 million was in relation to the purchases of third-party accounting software, which was in line with the growth in outright sales of third-party accounting software in FYE 2022.

Our Group's GP increased by RM0.3 million or 2.7%, from RM11.3 million in FYE 2021 to RM11.6 million in FYE 2022, which was in line with growth in revenue. Overall GP margin decreased from 56.8% in FYE 2021 to 55.5% in FYE 2022, as a combined result of the following:

- (i) relatively higher Software Development Engineering staff costs and Director's remuneration assigned to HQ Centralised Management, Store Operations and Financial Management solution to enhance the existing modules in FYE 2022, which resulted in lower GP margin for this segment from 60.8% in FYE 2021 to 57.8% in FYE 2022;
- (ii) GP margin increased for Omni-channel Engagement solution from 27.4% in FYE 2021 to 44.8% in FYE 2022, due to lower manpower allocated on the enhancement of launched products as compared to FYE 2021, resulting in lower staff costs incurred; and
- (iii) the decrease in staff costs for the recurring revenue of other business segments in FYE 2022 due to lower bonus as compared to FYE 2021. This contributed to the increase in GP margin for other business segment from 34.8% in FYE 2021 to 37.2% in FYE 2022.

Comparison between FPE 2022 and FPE 2023

Our Group's cost of sales increased by RM0.6 million or 15.8% from RM3.8 million in FPE 2022 to RM4.4 million in FPE 2023 mainly due to:

- (i) increase in staff cost by RM0.5 million or 38.5%, being the addition of 13 headcount to our Software Development Engineering, CTS and technical support (being part of Hardware, IT Infrastructure & Third Party Solution Services) departments, coupled with the salaries increments; and
- (ii) increase in purchase of third-party software by RM0.2 million or 40.0%, due to higher demand from our customers for Autocount accounting software, which was in line with the growth of revenue in HQ Centralised Management, Store Operations and Financial Management solution.

Nevertheless, the increase in cost of sales was offset by the purchase of IT hardware, which decreased by RM0.2 million or 14.3% due to less demand from customers in relation to IT hardware for HQ Centralised Management, Store Operations and Financial Management solution.

The increase in cost of sales by products and revenue model is analysed as follows:

- (i) increase in cost of sales for HQ Centralised Management, Store Operations and Financial Management solution of RM0.2 million mainly in relation to recurring fees by RM0.2 million, being staff costs attributable to increase in support tickets resolved, in line with the growth in number of new retail chain stores secured and coupled with salaries increments;

12. FINANCIAL INFORMATION (Cont'd)

(ii) increase in cost of sales for xBridge B2B solution of RM0.2 million, mainly in relation to recurring fees, being additional Software Development Engineering department personnel assigned for enhancement of the e-invoicing process flow of our xBridge B2B solution to ensure compatibility with our E-invoice Financing solution, of which the development is expected to be completed by 4th quarter of 2023. Additionally, there was an increase in commission paid to retail chain stores where their suppliers utilised our xBridge B2B solution as a result of growth in transaction volume (which in line with the increase in cumulative total registrations by suppliers from 3,074 registrations in FPE 2022 to 3,785 registrations in FPE 2023); and

(iii) increase in cost of sales for Omni-Channel Engagement solutions of RM0.1 million, mainly in relation to one-off fees, as there were additional manpower allocated for the enhancement of the solutions upon our customers' request as well as for the deployment of the solutions due to the increase in implementation of the solutions, which was in line with the growth in number of new customers secured in FPE 2023.

Our Group recorded higher GP of RM1.4 million in FPE 2023 in line with the revenue growth, as well as an increase in overall GP margin from 56.7% in FPE 2022 to 59.1% in FPE 2023, as a result of the following:

- (i) GP margin improved from 58.0% in FPE 2022 to 61.9% in FPE 2023 for HQ Centralised Management, Store Operations and Financial Management solution due to economies of scale, as the incremental one-off fees generated were exponentially higher than staff cost increments; and
- (ii) GP margin for Omni-channel Engagement solution increased from 47.3% in FPE 2022 to 56.1% in FPE 2023 due to the improved utilisation of our overhead for one-off fees generated in FPE 2023 as compared to FPE 2022. Despite the higher allocation of staff cost to Omni-Channel, the increase in revenue outweighed the increase in staff cost. This is mainly driven by the increase in the revenue contribution of CRM and mobile application and digital content management products which yielded a higher margin with less staff cost incurred on the product enhancement and product implementation.

(c) Other income

	Audited				Unaudited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%	%
Gain on fair value of other investments	75	155	21.6	-	-	-	-	-
Gain on disposal of other investments ⁽¹⁾	71	66	9.2	1,780	-	-	-	26.1
Gain on disposal of investment properties ⁽²⁾	-	-	-	-	270	270	78.0	-
Interest income	11	118	16.4	92	70	18	5.2	57.2
Rental income ⁽³⁾	123	106	14.8	80	14	14	4.1	-
Wages subsidy	-	238	33.1	-	-	-	-	-
Others ⁽⁴⁾	32	35	4.9	58	57	44	12.7	16.7
	312	718	100.0	2,010	411	346	100.0	100.0
						138		100.00

12. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) Comprises gain on disposal of quoted shares due to appreciation of quoted shares invested.
- (2) Disposal of investment properties of a unit of 1 1/2 storey cluster factory, 2 units of intermediate 2-storey shop offices, an intermediate 3-storey shop office located in Johor to Goldcoin Pavilion and 1st floor of 3-storey terraced shop office building located in Melaka to KK Computer's major shareholders by virtue of dividend-in specie on 28 February 2022. Please refer to Sections 6.5(a) and (b) for our Group's material contracts and Section 10.1 for further information on the transaction.
- (3) Rental of the investment properties of 2 units of intermediate 2-storey shop office, 1 unit of intermediate 3-storey shop office and 1 unit of 1 1/2 storey cluster factory located in Johor Bahru which were disposed to Goldcoin Pavilion by virtue of dividend-in specie to our Group's Executive Directors on 28 February 2022. Please refer to Section 6.5(a) for our Group's material contracts and Section 10.1 for further information on the transaction.
- (4) Mainly comprises dividend income on quoted shares, gain on disposal of property, plant and equipment and commission on sale of IT hardware and software.

Comparison between FYE 2019 and FYE 2020

Our Group's other income increased by RM0.4 million or 133.3%, from RM0.3 million in FYE 2019 to RM0.7 million in FYE 2020 mainly due to:

- (i) wage subsidies amounting to RM0.2 million received from SOCSO for our employees in line with the Wages Subsidy Programme introduced in FYE 2020 as part of the COVID-19 economic stimulus package;
- (ii) increase of interest income by RM0.1 million from additional placement of fixed deposits with licensed banks from RM0.4 million in FYE 2019 to RM7.2 million in FYE 2020; and
- (iii) gain on fair value of other investments, being quoted equity, which increased by RM0.1 million, where the fair value was determined based on the quoted closing bid prices at the end of the reporting period.

On the flip side, the increase in other income was partially offset by lower rental income received from renting the investment properties held by our Group compared to FYE 2019, as we reduced the rental fees for the benefit of our tenants during the COVID-19 pandemic.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2020 and FYE 2021

Our Group's other income increased by RM1.3 million or 185.7%, from RM0.7 million in FYE 2020 to RM2.0 million in FYE 2021, was mainly due to the gain on disposal of other investments of the entire quoted equity by RM1.8 million in relation to the appreciation of quoted shares invested. The increase in other income was however offset by a decrease in rental income by RM0.03 million, where we continued to reduce the rental of our tenants of the investment properties for a longer period during FYE 2021. Furthermore, there were no gain on fair value of other investments as the quoted equity were fully disposed in FYE 2021. Additionally, there was an absence of the wage subsidies in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our Group's other income decreased by RM1.6 million or 80.0%, from RM2.0 million in FYE 2021 to RM0.4 million in FYE 2022. In FYE 2021, there was a gain on disposal of other investments which amounted to RM1.8 million. In FYE 2022, there was a disposal of investment properties which resulted in a gain on disposal of investment properties of RM0.3 million. Please refer to Sections 6.5(a) and (b) for further details of the said disposal.

Comparison between FPE 2022 and FPE 2023

Our Group's other income decreased by RM0.2 million or 66.7%, from RM0.3 million in FPE 2022 to RM0.1 million in FPE 2023. In FPE 2022, there was a gain on disposal of investment properties of RM0.3 million. Please refer to Sections 6.5(a) and (b) for further details of the said disposal. In FPE 2023, there was an increase in interest income by RM0.1 million from the additional placement of fixed deposits with licensed banks and a gain on disposal of other investments of RM0.03 million in relation to the disposal of quoted shares.

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12. FINANCIAL INFORMATION (Cont'd)

(d) Administrative and other expenses

	FYE 2019		FYE 2020		FYE 2021		FYE 2022		Unaudited FPE 2022		Audited FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Administrative staff costs, benefits and welfare	570	40.1	1,198	54.3	1,699	50.1	1,729	44.1	693	38.7	985	37.0
Depreciation of property, plant and equipment	115	8.1	98	4.4	127	3.7	129	3.3	60	3.4	64	2.4
Depreciation of investment properties	98	6.9	98	4.4	99	2.9	16	0.4	16	0.9	-	-
Directors' remuneration	71	5.0	172	7.8	488	14.4	714	18.2	302	16.9	349	13.1
Impairment loss on investment properties	-	-	-	-	350	10.3	-	-	-	-	-	-
IPO expenses	-	-	-	-	-	-	-	-	-	-	654	24.5
Professional fees	35	2.5	71	3.2	106	3.1	470	12.0	336	18.8	206	7.7
Rental expenses	22	1.6	54	2.5	56	1.7	71	1.8	29	1.6	42	1.6
Transportation and accommodation	195	13.7	146	6.6	78	2.3	228	5.8	58	3.2	97	3.6
Upkeep of property, plant and equipment	30	2.1	65	3.0	55	1.6	135	3.4	74	4.1	56	2.1
Utilities and telecommunication	60	4.2	66	3.0	70	2.1	70	1.8	31	1.7	32	1.2
Others ⁽¹⁾	224	15.8	239	10.8	264	7.8	362	9.2	191	10.7	180	6.8
	1,420	100.0	2,207	100.0	3,392	100.0	3,924	100.0	1,790	100.0	2,665	100.0

Note:

⁽¹⁾ Comprised mainly insurance, entertainment, printing, postage and stationery, quit rent and assessment, purchase of small value assets, property, plant and equipment written off, and sundry expenses.

Comparison between FYE 2019 and FYE 2020

Our Group's administrative expenses increased by RM0.8 million or 57.1%, from RM1.4 million in FYE 2019 to RM2.2 million in FYE 2020 mainly due to:

- (i) administrative staff costs, benefits and welfare which increased by RM0.6 million, mainly attributable to the expansion of our administrative workforce in line with our business growth, from 9 employees in FYE 2019 to 15 employees in FYE 2020, coupled with salary increments;

12. FINANCIAL INFORMATION (Cont'd)

- (ii) incremental Director's remuneration of RM0.1 million in consideration of our business growth;
- (iii) professional fees which increased by RM0.04 million, mainly for review of our business process and interior design services for the renovation plan of our HQ; and
- (iv) rental expenses which increased by RM0.03 million, which was attributable to our office expansion in Melaka as well as the new service hub in Kota Kinabalu, Sabah.

Comparison between FYE 2020 and FYE 2021

Our Group's administrative expenses increased by RM1.2 million or 54.5% from RM2.2 million in FYE 2020 to RM3.4 million in FYE 2021 mainly due to the following:

- (i) increase in administrative staff costs, benefits and welfare by RM0.5 million due to the salary increments and bonuses rewarded to our employees as well as the further expansion for our administrative workforce from 15 employees in FYE 2020 to 17 employees in FYE 2021;
- (ii) impairment loss on investment properties of 1 unit of 2-storey shop office and 1 unit of 1 ½ storey cluster factory in Johor Bahru amounting to RM0.4 million, based on valuations by a registered valuer; and
- (iii) incremental Director's remuneration of RM0.3 million in consideration of our business growth.

Comparison between FYE 2021 and FYE 2022

Our Group's administrative expenses increased by RM0.5 million or 14.7% from RM3.4 million in FYE 2021 to RM3.9 million in FYE 2022 mainly due to the following:

- (i) increase in professional fees by RM0.4 million, mainly due to legal fee and stamp duty amounting to RM0.2 million paid for the discharge of charges made by licensed banks on our investment properties, as well as other professional fees in preparation for our Listing amounting to RM0.2 million in FYE 2022;
- (ii) increment in Director's remuneration of RM0.2 million in consideration of our Group's business growth;
- (iii) increase in transportation and accommodation by RM0.2 million due to the travelling expenses incurred by our Executive Director / Chief Executive Officer for business development purposes as well as for our staffs to conduct training at our customers' premises in East Coast of Peninsular Malaysia and East Malaysia; and
- (iv) increase in productivity software subscription which is categorised under the upkeep of property, plant and equipment by RM0.1 million which were incurred for our expanded workforce.

12. FINANCIAL INFORMATION (Cont'd)

Nevertheless, the increase in administrative expenses was partially offset by the decrease in impairment loss on investment properties of a unit of 2-storey shop office and a unit of 1½ storey cluster factory in Johor Bahru by RM0.4 million to nil in FYE 2022 as the said properties were disposed in February 2022.

Comparison between FPE 2022 and FPE 2023

Our Group's administrative expenses increased by RM0.9 million or 50.0%, from RM1.8 million in FPE 2022 to RM2.7 million in FPE 2023 was mainly due to:

- (i) increase in IPO expenses by RM0.7 million in FPE 2023 in relation to our Listing; and
- (ii) increase in administrative staff costs, benefits and welfare by RM0.3 million due to the salary increments as well as further expansion of our administrative workforce from 17 employees in FPE 2022 to 22 employees in FPE 2023.

Nevertheless, the increase in administrative expenses was partially offset by the decrease in professional fees by RM0.1 million, mainly due to legal fee and stamp duty amounting to RM0.2 million paid for the discharge of charge by licensed banks on our investment properties in FPE 2022.

(e) Net impairment losses/ (net reversal of impairment losses) on financial assets

	Audited				Unaudited			
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Impairment losses on trade receivables	94	100.0	-	-	79	16.7	39	11.5
Reversal of impairment loss on trade receivables	-	-	(1)	100.0	(553)	(116.7)	(379)	(111.5)
	94	100.0	(1)	100.0	(474)	100.0	(340)	100.0
							268	100.0
								117
								110.4
								(11)
								(10.4)
								106
								100.0

Comparison between FYE 2019 and FYE 2020

We have provided for the impairment loss on our trade receivables in FYE 2019, being an assessment on the expected credit loss made on the trade receivables in accordance with MFRS 9.

Comparison between FYE 2020 and FYE 2021

We have a better collection history in FYE 2021. This has resulted in a net reversal of impairment loss of RM0.4 million.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

Our Group has observed a net reversal of impairment loss of RM0.3 million, mainly due to improvement in collection from our customers during FYE 2022.

Comparison between FPE 2022 and FPE 2023

We have provided for the impairment loss of RM0.3 million and RM0.1 million on our trade receivables in FPE 2022 and FPE 2023 respectively, being an assessment on the expected credit loss made on the trade receivables in accordance with MFRS 9.

(f) Finance costs

	FYE 2019		FYE 2020		FYE 2021		FYE 2022		Unaudited FPE 2022		Audited FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expense on term loans	50	100.0	41	100.0	12	85.7	-	-	-	-	-	-
Interest expense on lease liabilities	-	-	-	-	2	14.3	5	100.0	3	100.0	2	100.0
	50	100.0	41	100.0	14	100.0	5	100.0	3	100.0	2	100.0

Comparison between FYE 2019 and FYE 2020

Our Group's finance costs decreased by RM0.01 million or 20.0% from RM0.05 million in FYE 2019 to RM0.04 million in FYE 2020 due to the repayment of term loans obtained to finance the purchase of investment properties⁽¹⁾.

Comparison between FYE 2020 and FYE 2021

Our Group's finance costs further decreased by RM0.03 million or 75.0% from RM0.04 million in FYE 2020 to RM0.01 million in FYE 2021, mainly attributable to the repayment in term loans to finance the purchase of investment properties⁽¹⁾, which were fully settled in May 2021. The decrease in finance cost was partially offset with the interest expense on the lease liabilities which recognised in accordance with the MFRS 16.

Note:

- ⁽¹⁾ 1 unit of intermediate 3-storey shop office and 1 unit of 1½ storey cluster factory located in Johor Bahru purchased by Panda Software in July 2014 and April 2017, respectively; first floor of a 3-storey terraced shop office building located in Melaka purchased by KK Computer in February 2007.

12. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2021 and FYE 2022

Our Group's finance costs further decreased by RM0.01 million as the term loans were fully repaid in FYE 2021.

Comparison between FPE 2022 and FPE 2023

In FPE 2022 and FPE 2023, our Group's finance costs were negligible.

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12. FINANCIAL INFORMATION (Cont'd)**(g) PBT and PBT margin**

	Audited				Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PBT (RM'000)	6,791	8,125	10,430	8,472	3,318	3,745
PBT margin (%)	51.0	49.6	52.1	40.4	37.4	34.7

Comparison between FYE 2019 and FYE 2020

Our Group's PBT increased by RM1.3 million or 19.1% from RM6.8 million in FYE 2019 to RM8.1 million in FYE 2020, mainly attributed to the higher GP generated from our business amounting to RM1.6 million as well as higher other income by RM0.4 million in FYE 2020. The increase in PBT was partially offset by the increase in administrative staff costs, benefits and welfare by RM0.6 million.

Our Group's PBT margin decreased by 1.4% from 51.0% in FYE 2019 to 49.6% in FYE 2020 was in line with the decrease in GP margin from 60.4% in FYE 2019 to 58.9% in FYE 2020 as well as the increase in administrative expenses in FYE 2020 as compared to FYE 2019.

Comparison between FYE 2020 and FYE 2021

Our Group's PBT increased by RM2.3 million or 28.4% from RM8.1 million in FYE 2020 to RM10.4 million in FYE 2021 mainly due to higher GP generated from our business amounting to RM1.7 million, higher other income by RM1.3 million mainly from gain on disposal of other investments as well as the net reversal of impairment loss on trade receivables by RM0.5 million. The increase in GP and other income was however partially offset by the increase in administrative expenses by RM1.2 million which analysed in the above.

Our Group's PBT margin increased by 2.5% from 49.6% in FYE 2020 to 52.1% in FYE 2021 despite a marginal decrease in GP margin from 58.9% in FYE 2020 to 56.8% in FYE 2021. This was mainly due to the increase in other income as explained above.

Comparison between FYE 2021 and FYE 2022

Despite the growth in our Group's revenue and GP in FYE 2022, our Group's PBT decreased by RM1.9 million or 18.3% from RM10.4 million in FYE 2021 to RM8.5 million in FYE 2022. This was mainly attributable to the lower other income by RM1.6 million and higher administrative and other expenses by RM0.5 million.

Our Group's PBT margin decreased by 11.7% from 52.1% in FYE 2021 to 40.4% in FYE 2022, which was contributed by the decrease in GP margin from 56.8% in FYE 2021 to 55.5% in FYE 2022 as well as decrease in other income and increase in administrative and other expenses as explained above.

Comparison between FPE 2022 and FPE 2023

Our Group's PBT improved by RM0.4 million or 12.1% from RM3.3 million in FPE 2022 to RM3.7 million in FPE 2023, mainly due to higher GP generated amounting to RM1.4 million. Such increase in GP was however partially offset by a decrease in other income of RM0.2 million and increase in administrative and other expenses of RM0.9 million.

12. FINANCIAL INFORMATION (Cont'd)

Our Group's PBT margin decreased by 2.7% from 37.4% in FPE 2022 to 34.7% in FPE 2023 in line with the decrease in other income and increase in administrative and other expenses including one-off IPO expenses, despite the improvement in GP margin from 56.7% in FPE 2022 to 59.1% in FPE 2023.

(h) Tax expenses

	Audited				Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Taxation	94	1,254	2,530	1,424	646	1,000
Effective tax rate (%)	1.4	15.4	24.3	16.8	19.5	26.7
Statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0	24.0

Our Group's effective tax rate for FYE 2019 and FYE 2020 were lower than the statutory tax rate of 24.0% as Panda Software and Rexbridge were granted the MSC Malaysia Status, which qualified our companies for the Pioneer Status incentive under the Promotion of Investments Act 1986. Panda Software and Rexbridge enjoyed full exemption from income tax on its statutory income from pioneer activities for a period of 10 years, from 17 May 2010 to 16 May 2020 and a period of 4 years from 20 March 2017 to 30 June 2021, respectively.

Comparison between FYE 2019 and FYE 2020

Our Group's effective tax rates increased by 14.0% from 1.4% in FYE 2019 to 15.4% in FYE 2020 was mainly due to Panda Software was subjected to tax after the expiry of Pioneer Status incentive on 16 May 2020.

Comparison between FYE 2020 and FYE 2021

Our Group's effective tax rates increased by 8.9% from 15.4% in FYE 2020 to 24.3% in FYE 2021 was mainly due to Panda Software and Rexbridge were subjected to tax after the expiry of Pioneer Status incentive on 16 May 2020 and 30 June 2021, respectively. In addition, we incurred some non-tax-deductible expenses being transaction fees and legal fees in relation to the clearance of the term loans in FYE 2021.

Comparison between FYE 2021 and FYE 2022

Our Group's effective tax rates decreased by 7.5% from 24.3% in FYE 2021 to 16.8% in FYE 2022 mainly due to a net overprovision of taxation for prior years.

Comparison between FPE 2022 and FPE 2023

Our Group's effective tax rates increased by 7.2% from 19.5% in FPE 2022 to 26.7% in FPE 2023 as we have incurred some non-tax-deductible expenses such as one-off IPO expenses, professional fees, secretarial fees and other related expenses.

12. FINANCIAL INFORMATION (Cont'd)**(i) PAT and PAT margin**

	Audited				Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PAT (RM'000)	6,697	6,871	7,900	7,048	2,672	2,745
PAT margin (%)	50.3	41.9	39.5	33.6	30.1	25.4

Comparison between FYE 2019 and FYE 2020

Our Group's PAT increased by RM0.2 million or 3.0% from RM6.7 million in FYE 2019 to RM6.9 million in FYE 2020, mainly attributed to the increase in gross profit generated from our business as well as higher other income in FYE 2020 despite higher statutory tax paid in FYE 2020 compared to FYE 2019.

Our Group's PAT margin decreased by 8.4% from 50.3% in FYE 2019 to 41.9% in FYE 2020 was mainly due to the increase in administrative expenses and tax expense as compared to FYE 2019.

Comparison between FYE 2020 and FYE 2021

Our Group's PAT increased by RM1.0 million or 14.5% from RM6.9 million in FYE 2020 to RM7.9 million in FYE 2021 mainly due to increase in gross profit generated from our business and other income as well as the net reversal of impairment loss on trade receivables.

Our Group's PAT margin decreased by 2.4% from 41.9% in FYE 2020 to 39.5% in FYE 2021 was mainly due to the increase in tax expense from Panda Software in accordance with statutory tax rate.

Comparison between FYE 2021 and FYE 2022

Our Group's PAT decreased by RM0.9 million or 11.4% from RM7.9 million in FYE 2021 to RM7.0 million in FYE 2022 mainly due to decrease in other income and increase in administrative and other expenses in FYE 2022 despite higher revenue and GP. The decrease in PAT was partially offset by lower tax expense in FYE 2022.

Our Group's PAT margin decreased by 5.9% from 39.5% in FYE 2021 to 33.6% in FYE 2022 was mainly due to decrease in other income and increase in administrative and other expenses in FYE 2022, cushioned by lower tax expense in FYE 2022 compared to FYE 2021.

Comparison between FPE 2022 and FPE 2023

Our Group's PAT increased by RM0.1 million or 3.7% from RM2.7 million in FPE 2022 to RM2.8 million in FPE 2023, mainly due to increase in gross profit generated from our business and decrease in net impairment loss on trade receivables. The increase in PAT was partially offset by higher administrative and other expenses including IPO expenses and tax expenses in FPE 2023.

Our Group's PAT margin decreased by 4.7% from 30.1% in FPE 2022 to 25.4% in FPE 2023, mainly due to increase in administrative and other expenses including IPO expenses and tax expenses as compared to FPE 2022.

12. FINANCIAL INFORMATION (Cont'd)**12.2.3 Review of financial position****(a) Assets**

	Audited				
	As at 31 December				As at 30 June
	2019	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets					
Property, plant and equipment	800	1,118	1,040	809	833
Investment properties	4,644	4,546	4,097	-	-
Right-of-use assets	-	-	153	94	133
Intangible assets	-	-	549	1,183	1,519
Other investments	493	1,377	-	-	-
Deferred tax assets	302	259	123	33	42
Total non-current assets	6,239	7,300	5,962	2,119	2,527
Current assets					
Inventories	200	260	328	280	231
Trade receivables	3,209	2,898	1,926	2,359	2,851
Other receivables, deposit and prepayments	278	440	55	569	708
Contract assets	-	-	262	135	397
Current tax assets	-	-	-	189	384
Other investments	699	936	-	-	-
Fixed deposits with licensed banks	430	7,197	2,018	5,550	5,550
Cash and bank balances	1,819	2,531	3,463	5,283	4,659
Total current assets	6,635	14,262	8,052	14,365	14,780
Total assets	12,874	21,562	14,014	16,484	17,307

Comparison between 31 December 2019 and 31 December 2020

Our Group's non-current assets increased by RM1.1 million from RM6.2 million in FYE 2019 to RM7.3 million in FYE 2020 mainly due to:

- (i) fair value adjustment in other investments of quoted securities as at FYE 2020 amounting to RM0.9 million; and
- (ii) additions to property, plant and equipment amounting to RM0.3 million, comprising renovation cost, purchase of office equipment, furniture and fittings for our HQ, and purchase of motor vehicle for staff travelling purposes in FYE 2020 due to workforce expansion.

Our Group's current assets increased by RM7.7 million from RM6.6 million in FYE 2019 to RM14.3 million in FYE 2020, mainly attributed to additional fixed deposits placed in licensed banks of RM6.8 million as well as increase in cash and bank balances by RM0.7 million, in line with the growth of our revenue and collections received from our customers in FYE 2020.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between 31 December 2020 and 31 December 2021**

Our Group's non-current assets decreased by RM1.3 million from RM7.3 million in FYE 2020 to RM6.0 million in FYE 2021, mainly due to disposal of other investments of quoted equity amounting to RM1.4 million and impairment loss of investment properties amounting to RM0.5 million.

This was partially offset by the recognition of RM0.5 million of intangible assets, being the capitalisation of the development costs of our Software Development Engineering department personnel and our Executive Director/ Chief Technology Officer's remuneration for our new development projects, namely Business Analytic Dashboard and Retail Income Management System. The corresponding amortisation will be gradually recognised upon the products being launched, which expected in Q2 2023. Furthermore, we have also recognised the right-of-use assets of RM0.2 million in accordance with MFRS 16 for the lease of office with tenancy period of more than 12 months.

Our Group's current assets decreased by RM6.2 million from RM14.3 million in FYE 2020 to RM8.1 million in FYE 2021. This was mainly due to the withdrawal of fixed deposit amounting to RM5.2 million, being used for the repayment of term loans amounting to RM1.0 million and dividend declared in respect of FYE 2020 amounting to RM4.5 million in FYE 2021. Our trade receivables reduced by RM0.9 million in view of overall improved collections from customers over the year. Additionally, we have also disposed other investments in quoted equity amounting to RM0.9 million.

Comparison between 31 December 2021 and 31 December 2022

Our Group's non-current assets decreased by RM3.9 million from RM6.0 million in FYE 2021 to RM2.1 million in FYE 2022 mainly attributable to the transfer of investment properties for a total consideration of RM4.7 million as payment of dividend-in specie to Goldcoin Pavilion, an investment holding company (which was nominated by Tay Kheng Seng and Loo Chee Wee to accept the transfer) as well as to Tay Kheng Seng and Bong Kok Choo, the shareholders of KK Computer.

The above decrease was partially offset by the additions of intangible asset amounting to RM0.6 million due to capitalisation of on-going project development costs and from additional new projects development costs incurred for cloud-based modules under HQ Centralised Management, Store Operations and Financial Management solution as well as Sub-let Rental Management System as at FYE 2022.

Our Group's current assets increased by RM6.2 million from RM8.1 million in FYE 2021 to RM14.3 million in FYE 2022, mainly due to the additional fixed deposits of RM3.5 million placed in licensed banks and increase in cash and bank balances by RM1.8 million being funds generated from our operations, as well as the increase in other receivables, deposits and prepayments by RM0.5 million, which mainly relate to the prepayments of professional fees incurred for our Listing. In addition, the increase in trade receivables by RM0.4 million was in line with the overall growth in our revenue for FYE 2022.

Comparison between 31 December 2022 and 30 June 2023

Our Group's non-current assets increased by RM0.4 million from RM2.1 million in FYE 2022 to RM2.5 million in FPE 2023 was mainly due to the additions of intangible asset amounting to RM0.3 million due to capitalisation of on-going project development costs and additional new projects development costs incurred for cloud-based modules under HQ Centralised Management, Store Operations and Financial Management solution as well as Sub-let Rental Management System as at FPE 2023.

12. FINANCIAL INFORMATION (Cont'd)

Our Group's current assets increased by RM0.4 million from RM14.4 million in FYE 2022 to RM14.8 million in FPE 2023, mainly due to the increase in trade receivables by RM0.5 million, the increase in contract assets RM0.3 million as well as higher tax instalment paid by RM0.2 million which was in line with the growth in our revenue for FPE 2023. The increase in current assets was partially offset by a decrease of RM0.6 million in our cash and bank balances following a dividend distribution during the year.

(b) Liabilities

	Audited				As at 30
	As at 31 December				June
	2019	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Lease liabilities	-	-	105	64	108
Team loans	917	898	-	-	-
Deferred tax liabilities	3	4	4	179	232
Total non-current liabilities	920	902	109	243	340
Current liabilities					
Trade payables	268	529	652	710	392
Other payables, deposits and accruals	678	5,686	2,112	2,885	2,189
Lease liabilities	-	-	49	33	28
Term loans	54	68	-	-	-
Current tax liabilities	36	390	786	-	-
Total current liabilities	1,036	6,673	3,599	3,628	2,609
Total liabilities	1,956	7,575	3,708	3,871	2,949

Comparison between 31 December 2019 and 31 December 2020

Our Group's non-current liabilities slightly decreased by RM0.02 million from RM0.92 million in FYE 2019 to RM0.9 million in FYE 2020 was due to the repayment of the term loans used for the purchase of investment properties.

Our Group's current liabilities increased by RM5.7 million from RM1.0 million in FYE 2019 to RM6.7 million in FYE 2020, mainly being the increase of other payables, deposits and accruals in relation to the dividends payable amounting to RM4.5 million which was declared in FYE 2020 and subsequently paid in February 2021. The increase of other payables, deposits and accruals also comprised of an amount due to directors amounting to RM0.2 million for daily operating expenditure as well as the increase in accruals of administrative expenses amounting to RM0.2 million and deposit received from customers amounting to RM0.1 million. In addition, the provision for taxation increased by RM0.4 million as Panda Software's Pioneer Status tax exemption expired in May 2020. Our trade payables also increased by RM0.2 million, in relation to purchases of third-party software in FYE 2020.

12. FINANCIAL INFORMATION (Cont'd)**Comparison between 31 December 2020 and 31 December 2021**

Our Group's non-current liabilities decreased by RM0.8 million from RM0.9 million in FYE 2020 to RM0.1 million in FYE 2021, as a result of the full settlement of the term loans in FYE 2021. The decrease of non-current liabilities was partially offset by the recognition of lease liabilities in accordance with MFRS 16.

Our Group's current liabilities decreased by RM3.1 million from RM6.7 million in FYE 2020 to RM3.6 million in FYE 2021, mainly due to the decrease in other payables, deposit and accruals by RM3.6 million in relation to the dividend declared for FYE 2020 amounting to RM4.5 million was being paid in February 2021 and full repayment of amount due to our executive directors by RM0.2 million. The decrease in other payables, deposit and accruals was partially offset with the addition of accruals of administrative staff-related expenses amounting to RM0.8 million as well as the deposit received from customers by RM0.3 million.

Conversely, the provision for taxation increased by RM0.4 million in consideration of the improvement of our Group's PBT in FYE 2021. Our trade payables also grew from RM0.5 million to RM0.7 million which was line with our purchase of IT hardware and third-party software towards to the year end.

Comparison between 31 December 2021 and 31 December 2022

Our Group's non-current liabilities increased by RM0.1 million from RM 0.1 million in FYE 2021 to RM 0.2 million in FYE 2022, was mainly attributable to the increase in deferred tax liabilities by RM0.2 million in line with the addition of intangible assets in FYE 2022. This was offset by the reduction in lease liabilities by RM0.1 million in line with scheduled repayments and derecognition of lease liabilities in relation to termination of tenancy.

Our Group's current liabilities of RM3.6 million in FYE 2022 were relatively consistent with FYE 2021.

Comparison between 31 December 2022 and 30 June 2023

Our Group's non-current liabilities increased by RM0.1 million from RM0.2 million in FYE 2022 to RM0.3 million in FPE 2023. This was mainly due to the increase in deferred tax liabilities by RM0.1 million in line with the addition of intangible assets in FYE 2022.

Our Group's current liabilities declined by RM1.0 million from RM3.6 million in FYE 2022 to RM2.6 million in FPE 2023. This was mainly due to the decrease in other payables, deposit and accruals by RM0.7 million following payment of bonuses and staff-related expenses in relation to FYE 2022. Our trade payables also decreased from RM0.7 million to RM0.4 million which was in line with lower sales and purchase of IT hardware during the year.

12. FINANCIAL INFORMATION (Cont'd)**12.2.4 Review of cash flows**

	Audited				
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	6,020	7,906	9,144	6,219	705
Net cash (for)/from investing activities	(139)	(244)	4,135	(817)	(311)
Net cash used in financing activities	(5,945)	(196)	(17,083)	(50)	(1,018)
Net (decrease)/increase in cash and cash equivalents	(64)	7,466	(3,804)	5,352	(624)
Cash and cash equivalents at the beginning of the financial year/period	1,883	1,819	9,285	5,481	10,833
Cash and cash equivalents at the end of the financial year/period	1,819	9,285	5,481	10,833	10,209
Cash and cash equivalents at end of the financial year comprise:					
Fixed deposits with licensed banks	430	7,197	2,018	5,550	5,550
Cash and bank balances	1,819	2,531	3,463	5,283	4,659
	2,249	9,728	5,481	10,833	10,209
Less: Fixed deposits with tenure more than 3 months	(430)	(443)	-	-	-
	1,819	9,285	5,481	10,833	10,209

FYE 2019**Net cash for operating activities**

In FYE 2019, our Group generated operating profit before working capital changes of RM6.9 million. Our net cash flow from operating activities was RM6.0 million after taking into account the following working capital changes:

- (i) increase in trade and other receivables by RM1.2 million due to more completed projects and issuance of billings to our customers towards the end of financial year;
- (ii) increase in trade and other payables of RM0.4 million as result of higher purchases of IT hardware;
- (iii) marginal decrease in inventories by RM0.01 million;
- (iv) net payment of tax expense of RM0.1 million; and
- (v) receipt of income tax refund of RM0.02 million.

Net cash for investing activities

In FYE 2019, our Group recorded net cash outflow for investing activities of RM0.1 million mainly due to:

- (i) placement of fixed deposits with licensed banks amounting to RM0.3 million;
- (ii) investment of quoted securities amounting to RM0.2 million;

12. FINANCIAL INFORMATION (Cont'd)

- (iii) purchase of computer and office equipment, furniture and fittings and hostel equipment amounting to RM0.1 million; and
- (iv) capital expenditure for renovation works for our HQ amounting to RM0.1 million.

The cash outflow was partially offset by the proceeds from disposal of the investments of quoted securities amounting to RM0.4 million, RM0.1 million rental income received as well as RM0.01 million of interest and dividend income received respectively.

Net cash for financing activities

In FYE 2019, our Group recorded net cash outflow for financing activities of RM5.9 million mainly being dividends paid of RM5.8 million as well as the repayment of term loans of RM0.1 million used to finance the purchase of investment properties.

FYE 2020**Net cash for operating activities**

In FYE 2020, our Group generated operating cash flows before working capital changes of RM7.9 million. Our net cash flow from operating activities was RM7.9 million after accounting for key items as set out below:

- (i) increase in trade and other payables of RM0.8 million due to higher purchases of IT hardware from our suppliers; and
- (ii) decrease in trade and other receivables of RM0.2 million as our collections from customers improved as compared to last financial year.

The cash inflow was however offset by the increase in inventories of RM0.1 million in line with the growth of our purchases, and net payment of tax expense of RM0.9 million.

Net cash for investing activities

In FYE 2020, our Group recorded net cash outflow for investing activities of RM0.2 million mainly due to:

- (i) investments in quoted securities amounting to RM0.3 million;
- (ii) capital expenditure of renovation works incurred for our HQ amounting to RM0.2 million; and
- (iii) RM0.2 million for the purchase of computers, office equipment, and furniture and fittings for the expansion of our HQ and our service hub in Sabah as well as a motor vehicle used by our project implementation personnel for business travelling purpose.

The cash outflow was partially offset by the proceeds from disposal of quoted securities of RM0.3 million, rental income received of RM0.1 million, and interest received from the placement of fixed deposits of RM0.1 million.

12. FINANCIAL INFORMATION (Cont'd)**Net cash for financing activities**

In FYE 2020, our Group recorded net cash outflow for financing activities of RM0.2 million mainly due to the dividend paid of RM0.2 million and repayment of the term loans and loan interest for the investment properties amounting to RM0.05 million.

The proceeds from issue of share capital of 020 Digital amounting RM0.1 million partially offset the cash outflow for financing activities.

FYE 2021**Net cash for operating activities**

In FYE 2021, our Group generated operating cash flows before working capital changes of RM8.6 million. Our net cash inflow from operating activities was RM9.1 million, after accounting for a decrease in trade and other receivables of RM1.8 million as we improved collections from our customers as well as the increase in trade and other payables of RM1.1 million due to higher purchase of IT hardware and third-party software from our suppliers in anticipation of increasing prices.

The cash inflow was however offset by the increase in inventories of RM0.1 million being IT hardware, increase in contract assets of RM0.3 million for the projects which we have completed and recognised during the year but pending for billing. We had also made net payment of tax of RM2.0 million.

Net cash for investing activities

In FYE 2021, our Group recorded net cash inflow from investing activities of RM4.1 million mainly due to the proceeds from disposal of the quoted equity of RM4.1 million and withdrawal of fixed deposits with licensed banks of RM0.5 million. The cash inflow was also contributed from the rental income from investment properties amounting to RM0.1 million, and interest received from the fixed deposits of RM0.1 million.

The cash inflow was however offset by the additions in intangible assets in relation to our new products development costs of RM0.6 million and purchase of computer and office equipment amounting to RM0.1 million used for expansion of workforce.

Net cash for financing activities

In FYE 2021, our Group recorded net cash outflow for financing activities of RM17.1 million mainly due to:

- (i) dividend paid of RM16.1 million which included dividends declared in respect of FYE 2020 and FYE 2021; and
- (ii) repayment of term loans and loan interest amounting to RM1.0 million being the full settlement of term loans used for the purchase of investment properties.

12. FINANCIAL INFORMATION (Cont'd)**FYE 2022****Net cash for operating activities**

In FYE 2022, our Group generated operating cash flows before working capital changes of RM7.9 million. Our net cash flow from operating activities was RM6.2 million after taking into account the following working capital changes:

- (i) payment of tax expense of RM2.1 million;
- (ii) increase in trade and other payables of RM0.8 million mainly due to accruals of administrative staff-related expenses made such as Directors' remuneration, bonuses and salaries in December 2022;
- (iii) increase in trade and other receivables of RM0.6 million which was in line with the growth of our revenue; and
- (iv) decrease in contract assets of RM0.1 million following issuance of invoices to customers.

Net cash for investing activities

In FYE 2022, our Group recorded net cash outflow from investing activities of RM0.8 million mainly due to the additions of intangible assets of RM0.6 million being our software development costs as well as purchase of office equipment, furniture and fittings and solar photovoltaic system of RM0.2 million.

Net cash for financing activities

In FYE 2022, our Group recorded net cash outflow from financing activities of RM0.05 million which attributed to the repayment of lease liabilities and related interest expense, both totalling RM0.04 million, as well as cash dividend payout of RM11,000.

FPE 2023**Net cash for operating activities**

In FPE 2023, our Group generated operating cash flows before working capital changes of RM3.8 million. Our net cash flow from operating activities was RM0.7 million after taking into account the following working capital changes:

- (i) payment of tax expense of RM1.2 million;
- (ii) decrease in trade and other payables of RM1.0 million mainly due to accruals of administrative staff-related expenses made such as Directors' remuneration, bonuses and salaries being paid in FPE 2023;
- (iii) increase in trade and other receivables of RM0.7 million which was in line with the growth of our revenue; and
- (iv) increase in contract assets of RM0.3 million for the projects which we have performed during the period but pending issuance of invoices.

12. FINANCIAL INFORMATION (Cont'd)

Net cash for investing activities

In FPE 2023, our Group recorded net cash outflow from investing activities of RM0.3 million mainly due to the additions of intangible assets of RM0.3 million being our software development costs.

Net cash for financing activities

In FPE 2023, our Group recorded net cash outflow from financing activities of RM1.0 million which mainly attributed to the dividend paid of RM1.0 million to the shareholders of the Group.

12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We finance our operations with cash generated from operations, credit extended by trade payables and/or cash and bank balances. Our facilities from financial institutions comprise term loans which have been fully discharged in FYE 2021.

Our Board is confident that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

- (a) our cash and cash equivalent of approximately RM10.4 million as at LPD; and
- (b) our expected future cash flows from operations.

For avoidance of doubt, in addition to the above, as at LPD, we do not have any ready or outstanding facilities with any financial institutions.

As at LPD, we do not foresee any circumstances which may materially affect our liquidity. Our finance and accounting team work closely with our sales and marketing team for the collection of outstanding balances on a monthly basis. This measure has proven to be effective while maintaining a cordial relationship with our customers.

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12. FINANCIAL INFORMATION (Cont'd)

12.4 BORROWINGS AND LEASE LIABILITIES

As at 30 June 2023, we do not have any borrowings. However, we have undertaken lease liabilities amounting to RM0.1 million. Details of our lease liabilities are as set out below:

	Purpose	Tenure	As at 30 June 2023
			RM'000
Lease liabilities payable within 1 year	Rental of offices	Initial lease of 2 years with option to renew for another 2 years	28
Lease liabilities payable after 1 year	Rental of offices	Initial lease of 2 years with option to renew for another 2 years	108
			136

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12. FINANCIAL INFORMATION (Cont'd)**12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES**

As at LPD, save as disclosed in Section 12.4 above, we do not have any financial instruments or treasury policies. We finance our operations mainly through internally generated funds from our operations.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save as disclosed below, we do not have any other material capital commitments:

	To be funded from proceeds of our Public Issue RM'000
Authorised but not contracted for ⁽¹⁾ :	
HQ expansion	3,000
Total cost ⁽²⁾ of new service hubs:	
- Indonesia and the Philippines	200
- Kuala Lumpur	100
- Penang	50
Total	3,350

Notes:

(1) Comprising renovation and purchase of office equipment, furniture and fittings.

(2) Further details are set out in Section 4.9.1(b).

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

As at LPD, there are no material litigation, claim or arbitration involving our Group either as plaintiff or defendant. There is no proceeding pending or threatened or any fact likely to give rise to any proceeding, which might materially or adversely affect our position or business as at LPD.

As at LPD, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our business, financial results or position.

12.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYE 2019 to 2022 and FPE 2023 are as follows:

	Audited				
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023
Trade receivables turnover (days) ⁽¹⁾	73	68	44	37	44
Trade payables turnover (days) ⁽²⁾	23	40	53	54	54
Inventory turnover (days) ⁽³⁾	22	23	26	24	25
Current ratio (times) ⁽⁴⁾	6.4	2.1	2.2	4.0	5.7
Gearing ratio (times) ⁽⁵⁾	0.1	0.1	-	-	-

12. FINANCIAL INFORMATION (Cont'd)**Notes:**

- (1) Computed based on average trade receivables of the respective financial years over total revenue for the respective FYE/FPE and multiplied by 365 days and 181 days respectively.
- (2) Computed based on average trade payables of the respective financial years over total purchases for the respective FYE/FPE and multiplied by 365 days and 181 days respectively.
- (3) Computed based on average inventories of the respective financial years over total purchases for the respective FYE/FPE and multiplied by 365 days and 181 days respectively.
- (4) Computed based on current assets over current liabilities as at the respective FYE and FPE.
- (5) Computed based on total borrowings (excluding lease liabilities for right-of-use assets) over total equity as at the respective FYE and FPE.

12.8.1 Trade receivables collection period

Our average trade receivables' collection period (in days) for FYE 2019 to 2022 and FPE 2023 is stated as below:

	Audited				
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	2,103	3,209	2,898	1,926	2,359
Closing trade receivables	3,209	2,898	1,926	2,359	2,851
Average trade receivables	2,656	3,054	2,412	2,143	2,605
Revenue	13,311	16,395	20,003	20,982	10,800
Trade receivables collection period (days)	73	68	44	37	44

Our trade receivables comprise amounts receivable for the sale of goods and services rendered. Our Group's normal trade credit term is 90 days.

The trade receivables collection days for FYE 2019 to 2022 and FPE 2023 are within our credit terms period granted by us to our customers. Our trade receivables collection days was 73 days in FYE 2019 which was within our credit term. Despite of the growth in revenue throughout FYE 2019 to 2022 and FPE 2023, we have closely monitored the collections from our customers on a monthly basis. Thus, our trade receivables collection period has improved to 68 days, 44 days and 37 days in FYE 2020 to 2022, respectively. For FPE 2023, our trade receivables collection days have slightly increased to 44 days due to slower collection in FPE 2023 as compared to FYE 2022, where 1 of our Group's major customer utilised its financial facilities to repay our Group in FYE 2022.

12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our trade receivables as at 30 June 2023 is as follows:

	Trade receivables as at 30 June 2023		Collection from 1 July 2023 to LPD	Balance trade receivables as at LPD
	RM'000	Percentage of trade receivables (a)/total of (a) (%)	RM'000	RM'000
	(a)	(%)	(b)	(c) = (a)-(b)
Neither past due nor impaired	2,435	85.4	2,235	200
Past due but not impaired:				
- less than 30 days	301	10.6	298	3
- 31 to 60 days	52	1.8	18	34
- 61 to 90 days	63	2.2	61	2
- over 90 days	-	-	-	-
	416	14.6	377	39
	2,851	100.0	2,612	239

As at LPD, RM2.6 million or 91.6% of our trade receivables as at 30 June 2023 have been collected. The remaining balance of RM0.2 million have yet to be collected as at LPD, of which RM0.04 million have exceeded the credit period. Our Group is currently in the progress of negotiations for the settlement of these balances.

We are of the view that we are able to collect the majority of the outstanding amount as most of our customers rely on our continuous maintenance support service for their use of our Retail Management Eco-system, and we generally require the settlement of outstanding debts so ensure our uninterrupted support.

Notwithstanding the COVID-19 pandemic during FYE 2021, our customers have generally been paying within the credit period granted. Our Group has not encountered any major disputes related to our trade receivables. Our net impairment loss on trade receivables for the financial years under review are as follows:

	Audited				
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Allowance for impairment losses:					
At 1 January	1,302	1,396	1,395	921	581
	94	-	79	39	117
Addition of impairment loss recognised in profit or loss ⁽¹⁾					
Reversal of impairment loss recognised in profit or loss ⁽¹⁾	-	(1)	(553)	(379)	(11)
At 31 December/ 30 June	1,396	1,395	921	581	687
Revenue	13,311	16,395	20,003	20,982	10,800
Percentage of impairment loss over revenue	10.5	8.5	4.6	2.8	6.4

12. FINANCIAL INFORMATION (Cont'd)**Note:**

- (1) Comprise the addition and reversal of impairment loss on trade receivables. In accordance with MFRS 9, an impairment analysis is performed at each reporting date for expected credit losses on trade receivables with reference to historical credit loss experience on a general basis.

We use ageing analysis to monitor the credit quality of our trade receivables. Our management closely monitors the recoverability of our overdue trade receivables on a regular basis and make the necessary impairment in accordance to MFRS 9. For any trade receivables which have exceeded the credit period granted, we will follow up closely with our customers on the status of payment and when appropriate, provide the necessary impairment.

The allowance for impairment losses has been consistent from FYE 2019 to FYE 2020 at RM 1.4 million despite a RM3.1 million increase in our Group's revenue from FYE 2019 to FYE 2020. This was due to the improved collection along the year from our customers during FYE 2020. The collection had further improved in FYE 2021 and FYE 2022 which resulted in a net reversal of impairment loss of RM0.5 million and RM0.4 million, respectively. Our trade receivables balance is higher as at FPE 2023, hence there was an additional allowance for impairment loss of RM0.1 million recognised.

12.8.2 Trade payables payment period

Our average trade payables' payment period (in days) for FYE 2019 to 2022 and FPE 2023 is as follows:

	Audited				
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening trade payables	160	268	529	652	710
Closing trade payables	268	529	652	710	392
Average trade payables	214	399	591	681	551
Total purchases	3,437	3,621	4,073	4,588	1,847
Average trade payables payment period (days)	23	40	53	54	54

Trade payables comprise amounts outstanding for trade purchases of IT hardware and third-party software. The credit terms granted to our Group for trade purchases ranged from 30 days to 60 days. To maintain good relationship with our suppliers, we will pay the suppliers as they fall due. Notwithstanding there being a mismatch in credit terms between our Group's credit terms for our trade receivables and trade payables, receivables balances far outweigh our payables, and correspondingly, our collections far exceed our settlement of payables. As such, our Group will be able to meet all its financial obligations with our internally generated funds and collections from customers.

Our average trade payables payment period for FYE 2019 to 2022 and FPE 2023 were 23 days, 40 days, 53 days, 54 days and 54 days respectively, which were within the credit terms granted by our suppliers. The increase of trade payable payment days from 23 days in FYE 2019, 40 days in FYE 2020, 53 days in FYE 2021 and 54 days in FYE 2022 was mainly due to higher purchases of IT hardware towards the end of FYE 2020, FYE 2021 and FYE 2022 on an increasing level in anticipation of rising prices. In FPE 2023, our trade payables payment period was fairly consistent at 54 days as compared to FYE 2022.

12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our trade payables as at 30 June 2023 is as follows:

	Trade payables as at 30 June 2023		Payment from 1 July 2023 to LPD	Balance trade payables as at LPD
	RM'000	Percentage of trade payables (a)/total of (a) (%)	RM'000	RM'000
	(a)	(%)	(b)	(c) = (a)-(b)
Within credit period	392	100.0	392	-
Exceeding credit period:				
- 0 to 30 days	-	-	-	-
- 31 to 60 days	-	-	-	-
- More than 60 days	-	-	-	-
	392	100.0	392	-

As at 30 June 2023, our total trade payables amounted to RM0.4 million and none of our trade payables exceed the normal credit period.

As at LPD, we have no outstanding trade payables balance as at 30 June 2023.

As at LPD, we do not have any material disputes in respect of our trade payables and no material legal proceedings to demand for payment have been initiated by our suppliers against us. There are also no disputes regarding trade payables, and our suppliers have not initiated any legal action against us to demand for payments.

12.8.3 Inventory conversion period

Our inventories comprise of IT hardware such as POS equipment and peripherals. Our average inventory conversion period (in days) for FYE 2019 to 2022 and FPE 2023 is set out below:

	Audited				
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening inventories	211	200	260	328	280
Closing inventories	200	260	328	280	231
Average inventories	206	230	294	304	256
Total purchases	3,437	3,621	4,073	4,588	1,847
Average inventory conversion period (days)	22	23	26	24	25

Our inventories consist of the IT hardware that we purchased from our suppliers. We tend to maintain a minimal inventory level as IT hardware tend to get obsolete quickly. Our average inventory conversion period for FYE 2019 to 2022 and FPE 2023 were fairly consistent at 22 days, 23 days, 26 days, 24 days and 25 days, respectively. Notwithstanding the higher purchases towards the end of FYE 2020, FYE 2021 and FYE 2022, the inventories were maintained at a marginally higher average as we managed to utilise the IT hardware purchased for our Group's customers by the end of FYE 2020, FYE 2021 and FYE 2022 as well.

In FPE 2023, our inventory turnover day was fairly consistent at 25 days as compared to FYE 2022.

12. FINANCIAL INFORMATION (Cont'd)**12.8.4 Current ratio**

Our current ratio throughout the financial years/period under review is as follows:

	Audited				
	As at 31 December				As at 30 June
	2019	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets	6,635	14,262	8,052	14,365	14,780
Current liabilities	1,036	6,673	3,599	3,628	2,609
Net current assets	5,599	7,589	4,453	10,737	12,171
Current ratio (times)	6.4	2.1	2.2	4.0	5.7

Our current ratio decreased from 6.4 times in FYE 2019 to 2.1 times in FYE 2020, mainly due to the increase in other payables, deposit and accruals under current liabilities by RM5.0 million which are mainly attributed to the dividend declared in respect of FYE 2020.

In FYE 2021, our current ratio was fairly maintained at 2.2 times after the dividend payout for FYE 2020 and FYE 2021 to our Group's shareholders. An amount of RM2.1 million of other payables, deposits and accruals in FYE 2021 were mainly for accrued salary, bonus and statutory contribution as well as the deposit collected from customers.

Our current ratio improved further to 4.0 times in FYE 2022 mainly due to our higher cash and bank balances and fixed deposits with licensed banks as compared to FYE 2021 largely from cash generated from our business growth. Additionally, the prepayments of professional fees incurred for the Listing as well as the increase in trade receivables as at FYE 2022 also contributed to the increase in current assets.

In FPE 2023, our current ratio increased further to 5.7 times, mainly due to an increase in trade receivables in line with the growth in our revenue. Additionally, such increase in current ratio was also attributable to the decrease in other payables, deposit and accruals which were mainly due to lower administrative expenses accrued in relation to bonuses and staff-related expenses paid as at FPE 2023.

12.8.5 Gearing ratio

Our gearing ratio throughout the financial years/period under review is as follows:

	Audited				
	As at 31 December				As at 30 June
	2019	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Total borrowings ⁽¹⁾	971	966	-	-	-
Total equity	10,918	13,987	10,306	12,613	14,358
Gearing ratio (times)	0.1	0.1	-	-	-

Note:

⁽¹⁾ Computed based on total interest-bearing borrowings (excluding lease liabilities for right-of-use assets) over total equity as at the end of each financial year/period.

We recorded minimal gearing over FYE 2019 and FYE 2020. The borrowings comprise term loans used for the purchase of investment properties which we have fully settled in May 2021. Since June 2021 to FPE 2023, our Group did not obtain any financial borrowings from any financial institutions. Thus, the gearing ratio for FYE 2021, FYE 2022 and FPE 2023 remained nil.

12. FINANCIAL INFORMATION (Cont'd)**12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES**

Save for policies in relation to COVID-19, there were no government, economic, fiscal or monetary policies or factors which had materially affected our operations during the financial years/period under review. There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.

12.10 IMPACT OF INFLATION

During the financial years/period under review, our financial performance was not materially affected by inflation. However, there is no assurance that our financial performance will not be adversely affected by inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we are unable to pass on the higher costs to our customers through an increase in selling prices.

12.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR OPERATIONS**(a) Impact of foreign exchange rates**

Our Group's financial results for FYE 2019 to 2022 and FPE 2023 were not affected by fluctuations in foreign exchange rates as our Group's revenue are denominated in RM. As such, we are currently not exposed to foreign currency risk and any unfavorable foreign currency exchange rate fluctuations would not affect our business operations and financial performance.

(b) Impact of interest rates

Our Group's exposure to interest rate risk for FYE 2019 to 2021 arises mainly from bank borrowings with variable rates. Any reasonably possible change in the interest rates of floating rate term loans for financial year/period under review does not have a material impact on the profit after taxation of our Group and hence, no sensitivity analysis is presented.

Nevertheless, we have fully settled the bank borrowings in May 2021 and we do not have any bank borrowings (exclude lease liabilities) as at FPE 2023 and LPD.

12.12 SIGNIFICANT CHANGES

There are no significant changes which may have a material effect on the financial position and results of our Group subsequent to FPE 2023 and up to LPD.

12.13 ORDER BOOK

We do not enter into long-term contracts with our customers. Due to the nature of our business, we do not maintain an order book.

12. FINANCIAL INFORMATION (Cont'd)

12.14 DIRECTORS' STATEMENT ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

- (a) our revenue will remain sustainable with an upward growth trend, in line with the anticipated growth in the retail management systems industry as set out in the IMR Report in Section 8;
- (b) our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our future plans and business strategies as stated in Section 7.18; and
- (c) our capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt or equity funding for our capital expansion should the need arise.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margin or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.15 TREND INFORMATION

As at LPD, our financial performance, position and operations are not affected by any of the following:

- (a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations, save as disclosed in Sections 12.2, 7, 8 and 9;
- (b) material commitments for capital expenditure disclosed in Section 12.6;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 12.2 and 9;
- (d) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue and/or profit as disclosed in Section 12.2, business and industry overview, as set out in Sections 7 and 8, and future plans and business strategies as set out in Section 7.18;
- (e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position, save as disclosed in Section 12 and Section 9; and
- (f) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources, save as disclosed in Section 12 and in Sections 7 and 9.

Our Board is optimistic about the future prospects of our Group given our competitive strengths as set out in Section 7.15, the outlook of the retail management systems industry in Malaysia as set out in the IMR Report in Section 8 and our commitment to implement our future plans and business strategies as set out in Section 7.18.

12. FINANCIAL INFORMATION (Cont'd)

12.16 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy and the declaration of dividends and other distribution are subject to the discretion of our Board. It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

As we are a holding company, our ability to declare and pay dividends or make other distributions to our shareholders are dependent upon the dividends we receive from our subsidiaries, present and future. The payment of dividends by our subsidiaries is dependent upon various factors, including but not limited to, their distributable profits, financial performance, and cash flow requirements for operations and capital expenditures, as well as other factors that their respective boards of Directors deem relevant. As at LPD, there is no dividend restriction imposed on our subsidiaries.

Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (a) the level of cash and level of indebtedness;
- (b) required and expected interest expense, cash flows, profits, return on equity and retained earnings;
- (c) our expected results of operations and future level of operations;
- (d) our projected levels of capital expenditure and other investment plans; and
- (e) the prior consent from our lenders, if any.

The payment and amount of any dividends or distributions to our shareholders will be at the discretion of our Board, and will depend on factors stated above (which may not be exhaustive). There is no assurance as to whether the dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

Subject to the Act, our Company, in a general meeting, may from time to time approve dividend or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board. Further, under the Act, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

- (a) our Company is, or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realisable value of our Company's assets would thereby be less than its liabilities.

12. FINANCIAL INFORMATION (Cont'd)

For FYE 2019 to 2022 and FPE 2023 and up to LPD, our Group declared and paid the following dividends to shareholders of the respective subsidiaries:

	Audited				Unaudited	
	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FPE 2023	1 July 2023 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	6,697	6,871	7,900	7,048	2,745	NA
Dividends declared	5,840	4,750	11,601	(1)4,741	1,000	-
Dividends paid	5,840	250	16,101	(1)4,741	1,000	-
Dividend payout ratio(%) ⁽²⁾	87.2	69.1	146.8	67.3	36.4	-

Notes:

NA Not applicable as we did not prepare financial statements from 1 July 2023 up to LPD.

(1) Includes dividends declared and paid by Panda Software and KK Computer in respect of FYE 2022 amounting to RM4.7 million for Tay Kheng Seng, Loo Chee Wee and Bong Kok Choo. The dividends were distributed in specie by way of transfer of investment properties to Goldcoin Pavilion, Tay Kheng Seng and Bong Kok Choo on 28 February 2022. The remaining dividend amounting to RM10,530 was paid in cash to Tay Li Li and RM35 was paid in cash each to Tay Kheng Seng and Bong Kok Choo respectively. The details of the abovementioned investment properties are as follows:

No.	Postal address/ Title details	Description of property	Built-up area (sq ft)	Date of purchase	Transferor	Market value as at December 2021
						RM'000
(a)	82-1, Jalan PPM 4, Plaza Pandan Malim, 75250 Melaka/ Pajakan Negeri 41119/M1/2/21, Petak No. 21, Tingkat No.2, Bangunan No. M1, Lot 6447 in Mukim Balai Panjang, Melaka Tengah, Melaka	1 st floor of a 3-storey terraced shop office building	1,463.9	28 February 2007	KK Computer	200

12. FINANCIAL INFORMATION (Cont'd)

No.	Postal address/ Title details	Description of property	Built-up area (sq ft)	Date of purchase	Transferor	Market value as at December 2021 RM'000
(b)	54, Jalan Seri Mangga 1/8, Taman Seri Mangga Fasa 1, 75250 Melaka/ Geran 14151, Lot 3154, Mukim Balai Panjang, Melaka Tengah, Melaka	1 unit of intermediate 2-storey terrace house	1,800.3	26 June 2016	Panda Software	380
(c)	44, Jalan Susur Idaman, Taman Nusa Idaman, 79100 Iskandar Puteri, Johor/ Geran 575153, Lot 168682 (formerly H.S.(D) 531398, PTD 192702), Tempatan Nusa Idaman, Mukim Pulau, Johor Bahru, Johor	1 unit of intermediate 3-storey shop office	6,240.0	4 July 2014	Panda Software	1,450
						2,030

No.	Postal address/ Title details	Description of property	Built-up area (sq ft)	Date of purchase	Transferor	Market value as at 16 December 2021 RM'000
(a)	8, Jalan IHP 1/5, Kawasan Perindustrian Iskandar Halal Park, 81700 Pasir Gudang, Johor/ Geran Mukim 4246, Lot 214437 (formerly H.S.(M) 5437, PTD 222264), Mukim Plentong, Johor Bahru, Johor	1 unit of 1 1/2-storey cluster factory	5,153.0	27 April 2017	Panda Software	1,500
(b)	9, Jalan IHP 1/1, Kawasan Perindustrian Iskandar Halal Park, 81700 Pasir Gudang, Johor/ Geran Mukim 4318, Lot 214509 (formerly H.S.(M) 5359, PTD 222336), Mukim Plentong, Johor Bahru, Johor	1 unit of intermediate 2-storey shop office	2,800.0	2 January 2017	Panda Software	600

12. FINANCIAL INFORMATION (Cont'd)

No.	Postal address/ Title details	Description of property	Built-up area (sq ft)	Date of purchase	Transferor	Market value as at 16 December 2021
						RM'000
(c)	11, Jalan IHP 1/1, Kawasan Perindustrian Iskandar Halal Park, 81700 Pasir Gudang, Johor/ Geran Mukim 4317, Lot 214508 (formerly H.S.(M) 5358, PTD 222335), Mukim Plentong, Johor Bahru, Johor	1 unit of intermediate 2-storey shop office	2,800.0	2 January 2017	Panda Software	600
						<u>2,700</u>
						<u>4,730</u>

Goldcoin Pavilion was incorporated in Malaysia on 1 July 2013 as a private limited company and is principally involved in activities of holding investment properties and shares in companies i.e. E-Tech IT and Nukleus Ventures. As at LPD, Goldcoin Pavilion is jointly held by Tay Kheng Seng and Loo Chee Wee (each of them holds 50.0% equity interest in the company) and the company holds assets for investment on behalf of Tay Kheng Seng and Loo Chee Wee. Although Goldcoin Pavilion was not a shareholder of Panda Software, Tay Kheng Seng and Loo Chee Wee nominated Goldcoin Pavilion to receive the dividend-in-specie by way of transfer of the abovementioned investment properties of Panda Software to hold such properties jointly for Tay Kheng Seng and Loo Chee Wee. Further details are set out in Sections 6.9.5(b) and 10.1.

(2) Computed based on dividends declared over PAT for each financial year/period.

The dividends declared and paid in FYE 2019 to 2022 and FPE 2023 were funded via internally generated cash and investment properties. As at LPD, there is no outstanding dividends declared but remained unpaid. Further to the above, from LPD and up to our Listing, our Group does not intend to declare and pay dividend.

12. FINANCIAL INFORMATION (Cont'd)

The dividends will not affect the execution and implementation of our future plans or business strategies. Together with the IPO proceeds, we believe that we have sufficient funding of cash from operations and bank borrowings for the funding requirement for our operations and our expansion plans.

No influence should or can be made from any of the above statements as to our actual future profitability or our ability to pay dividends in the future.

12.17 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation as at 30 September 2023 and after adjusting for the effects of the Public Issue including the utilisation of proceeds.

		I	II
	As at	After Public	After Public
	30 September	Issue	Issue and
	2023	use of	proceeds
	RM'000	RM'000	RM'000
Capitalisation			
Shareholders' equity	16,144	33,629	31,547
Total capitalisation	16,144	33,629	31,547

For the avoidance of doubt, we do not have any indebtedness as at 30 September 2023.

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13. ACCOUNTANTS' REPORT



20 OCT 2023

The Board of Directors
Panda Eco System Berhad
No. 28-1 & 30-1, Jalan PPM 13
Plaza Pandan Malim Business Park
Balai Panjang, 75250 Melaka

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018
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Dear Sirs

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF PANDA ECO SYSTEM BERHAD ("PANDA" OR "THE COMPANY")

OPINION

We have audited the financial information of the Company and its subsidiaries (collectively known as "the Group"). The financial information comprise:-

- (i) The combined statements of financial position as at 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended ("FYE") 31 December 2019, FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and for 6 months financial period ended ("FPE") 30 June 2023, as set out in pages 5 to 14; and
- (ii) Notes to the combined financial statements, including a summary of significant accounting policies and other explanatory information, as set out in pages 15 to 85.

This historical financial information has been prepared for inclusion in the prospectus of Panda in connection with the listing of and quotation for the entire enlarged issued share capital of Panda on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying with Chapter 10 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 and of their financial performances and their cash flows for each of the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FPE 30 June 2023 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

BASIS FOR OPINION

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

13. ACCOUNTANTS' REPORT (Cont'd)***Independence and Other Ethical Responsibilities***

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

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

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

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

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

13. ACCOUNTANTS' REPORT (Cont'd)**REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)**

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

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

13. ACCOUNTANTS' REPORT (Cont'd)



OTHER MATTER

The comparative information in respect of the combined statement of profit or loss and other comprehensive income, combined statement of cash flows and related notes to the combined financial statements of the Group for the 6-months financial period ended 30 June 2022 have not been audited.

RESTRICTION ON DISTRIBUTION AND USE

This report is made solely to the Group for inclusion in the Prospectus of Panda in connection with the listing of and quotation for the entire enlarged issued share capital of Panda on the ACE Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report contrary to the aforesaid purpose.

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

Melaka

A stylized, handwritten signature in black ink, featuring a prominent loop at the start followed by a series of connected strokes.

Piong Yew Peng
03070/06/2025 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

COMBINED STATEMENTS OF FINANCIAL POSITION

NOTE	Audited				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	800	1,118	1,040	809
Investment properties	5	4,644	4,546	4,097	-
Right-of-use assets	6	-	-	153	94
Intangible assets	7	-	-	549	1,183
Other investments	8(a)	493	1,377	-	-
Deferred tax assets	9	302	259	123	33
		<u>6,239</u>	<u>7,300</u>	<u>5,962</u>	<u>2,119</u>
					<u>2,527</u>
CURRENT ASSETS					
Inventories	10	200	260	328	280
Trade receivables	11	3,209	2,898	1,926	2,359
Other receivables, deposits and prepayments	12	278	440	55	569
Contract assets	13	-	-	262	135
Other investments	8(b)	699	936	-	-
Current tax assets		-	-	-	189
Fixed deposits with licensed banks	14	430	7,197	2,018	5,550
Cash and bank balances		1,819	2,531	3,463	5,283
		<u>6,635</u>	<u>14,262</u>	<u>8,052</u>	<u>14,365</u>
					<u>14,780</u>
TOTAL ASSETS		<u>12,874</u>	<u>21,562</u>	<u>14,014</u>	<u>16,484</u>
					<u>17,307</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15(a)	-	-	-	*
Invested capital	15(b)	260	360	380	380
Fair value reserve	15(c)	75	923	-	-
Retained profits		10,583	12,704	9,926	12,233
		<u>10,918</u>	<u>13,987</u>	<u>10,306</u>	<u>12,613</u>
TOTAL EQUITY		<u>10,918</u>	<u>13,987</u>	<u>10,306</u>	<u>12,613</u>
					<u>14,358</u>
NON-CURRENT LIABILITIES					
Lease liabilities	16	-	-	105	64
Term loans	17	917	898	-	-
Deferred tax liabilities	9	3	4	4	179
		<u>920</u>	<u>902</u>	<u>109</u>	<u>243</u>
					<u>340</u>

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTE	Audited				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
CURRENT LIABILITIES					
Trade payables	18 268	529	652	710	392
Other payables, deposits and accruals	19 678	5,686	2,112	2,885	2,189
Lease liabilities	16 -	-	49	33	28
Term loans	17 54	68	-	-	-
Current tax liabilities	36	390	786	-	-
	<u>1,036</u>	<u>6,673</u>	<u>3,599</u>	<u>3,628</u>	<u>2,609</u>
TOTAL LIABILITIES	<u>1,956</u>	<u>7,575</u>	<u>3,708</u>	<u>3,871</u>	<u>2,949</u>
TOTAL EQUITY AND LIABILITIES	<u>12,874</u>	<u>21,562</u>	<u>14,014</u>	<u>16,484</u>	<u>17,307</u>
Number of ordinary shares ('000) #					
	561,900	561,900	561,900	561,900	561,900
Net assets ("NA") attributable to owners of the Company (RM'000)					
	10,918	13,987	10,306	12,613	14,358
NA per ordinary share attributable to owners of the Company (sen)					
	<u>1.94</u>	<u>2.49</u>	<u>1.83</u>	<u>2.24</u>	<u>2.56</u>

Note :

(*) – Amount is less than RM500.

(#) – It is assumed to be the number of ordinary shares before public issue.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Audited				Unaudited	Audited
		1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
REVENUE	20	13,311	16,395	20,003	20,982	8,883	10,800
COST OF SALES		(5,268)	(6,741)	(8,651)	(9,332)	(3,850)	(4,420)
GROSS PROFIT ("GP")		8,043	9,654	11,352	11,650	5,033	6,380
OTHER INCOME		312	718	2,010	411	346	138
		8,355	10,372	13,362	12,061	5,379	6,518
ADMINISTRATIVE AND OTHER EXPENSES		(1,420)	(2,207)	(3,392)	(3,924)	(1,790)	(2,665)
FINANCE COSTS		(50)	(41)	(14)	(5)	(3)	(2)
(NET IMPAIRMENT LOSSES)/ NET REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS	21	(94)	1	474	340	(268)	(106)
PROFIT BEFORE TAXATION ("PBT")	22	6,791	8,125	10,430	8,472	3,318	3,745
TAX EXPENSE	23	(94)	(1,254)	(2,530)	(1,424)	(646)	(1,000)
PROFIT AFTER TAXATION ("PAT")		6,697	6,871	7,900	7,048	2,672	2,745
OTHER COMPREHENSIVE INCOME							
<u>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</u>							
- Fair value changes of equity investments		75	848	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		6,772	7,719	7,900	7,048	2,672	2,745

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Audited				Unaudited	Audited
	1.1.2019 To 31.12.2019	1.1.2020 To 31.12.2020	1.1.2021 To 31.12.2021	1.1.2022 To 31.12.2022	1.1.2022 To 30.06.2022	1.1.2023 To 30.6.2023
	NOTE	RM'000	RM'000	RM'000	RM'000	RM'000
GP Margin (%)		60.42	58.88	56.75	55.52	56.66
PBT Margin (%)		51.02	49.56	52.14	40.38	37.35
PAT Margin (%)		50.31	41.91	39.49	33.59	30.08
Effective tax rate (%)		1.38	15.43	24.26	16.81	19.47
Earnings before interest, tax, depreciation and amortisation ("EBITDA") (RM'000)		7,043	8,244	10,601	8,588	3,398
Number of ordinary shares ('000) #		561,900	561,900	561,900	561,900	561,900
Basic and diluted earnings per share ("EPS") (sen)	24	1.19	1.22	1.41	1.25	0.48
						0.49

Note :

(#) – It is assumed to be the number of ordinary shares before public issue.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

COMBINED STATEMENTS OF CHANGES IN EQUITY

<u>Audited</u>	NOTE	Share Capital RM'000	Invested Capital RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1.1.2019		-	260	-	9,726	9,986
Profit after taxation for the financial year		-	-	-	6,697	6,697
Other comprehensive income for the financial year						
- Fair value changes of equity instruments		-	-	75	-	75
Total comprehensive income for the financial year		-	-	75	6,697	6,772
Dividends	25	-	-	-	(5,840)	(5,840)
Balance at 31.12.2019/1.1.2020		-	260	75	10,583	10,918
Profit after taxation for the financial year		-	-	-	6,871	6,871
Other comprehensive income for the financial year						
- Fair value changes of equity instruments		-	-	848	-	848
Total comprehensive income for the financial year		-	-	848	6,871	7,719
Issuance of shares	15	-	100	-	-	100
Dividends	25	-	-	-	(4,750)	(4,750)
Balance at 31.12.2020/1.1.2021		-	360	923	12,704	13,987
Profit after taxation/ Total comprehensive income for the financial year		-	-	-	7,900	7,900
Disposal of quoted investments		-	-	(923)	923	-
Issuance of shares	15	-	20	-	-	20
Dividends	25	-	-	-	(11,601)	(11,601)
Balance at 31.12.2021/1.1.2022		-	380	-	9,926	10,306
Profit after taxation/Total comprehensive income for the financial year		-	-	-	7,048	7,048
Issuance of shares	15	*	-	-	-	*
Dividends	25	-	-	-	(4,741)	(4,741)
Balance at 31.12.2022		*	380	-	12,233	12,613

13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

<u>Audited</u>	NOTE	Share Capital RM'000	Invested Capital RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 31.12.2022/1.1.2023		*	380	-	12,233	12,613
Profit after taxation/Total comprehensive income for the financial period		-	-	-	2,745	2,745
Dividends	25	-	-	-	(1,000)	(1,000)
Balance at 30.6.2023		*	380	-	13,978	14,358

Note :

(*) – Amount is less than RM500.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

COMBINED STATEMENTS OF CASH FLOWS

	Audited				Unaudited	Audited
	1.1.2019	1.1.2020	1.1.2021	1.1.2022	1.1.2022	1.1.2023
	To	To	To	To	To	To
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.06.2022	30.6.2023
NOTE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxation	6,791	8,125	10,430	8,472	3,318	3,745
Adjustment for:-						
Depreciation						
- investment properties	98	98	99	16	16	-
- property, plant and equipment	115	98	127	129	60	64
- right-of-use assets	-	-	23	36	19	16
Dividend income	(11)	(13)	(25)	*	*	-
Gain on disposal of other investments	(71)	(66)	(1,780)	-	-	(36)
Gain/(Loss) on disposal of plant and equipment	2	-	-	(25)	(25)	2
Gain on disposal of investment properties	-	-	-	(270)	(270)	-
Gain on lease termination	-	-	-	*	*	-
Plant and equipment written off	-	-	-	14	14	-
Fair value changes on other investments	(75)	(155)	-	-	-	-
Impairment losses						
- trade receivables	94	-	79	39	268	117
- investment properties	-	-	350	-	-	-
Interest expense on lease liabilities	-	-	2	5	3	2
Interest expenses	50	41	12	-	-	-
Interest income	(11)	(118)	(92)	(70)	(18)	(79)
BALANCE CARRIED FORWARD	6,982	8,010	9,225	8,346	3,385	3,831

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

COMBINED STATEMENTS OF CASH FLOWS

	← Audited →				Unaudited	Audited
	1.1.2019 To 31.12.2019	1.1.2020 To 31.12.2020	1.1.2021 To 31.12.2021	1.1.2022 To 31.12.2022	1.1.2022 To 30.06.2022	1.1.2023 To 30.6.2023
NOTE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BALANCE BROUGHT FORWARD	6,982	8,010	9,225	8,346	3,385	3,831
Rental income	(123)	(106)	(80)	(14)	(14)	-
Reversal of impairment loss on trade receivables	-	(1)	(553)	(379)	-	(11)
Operating profit before working capital changes	6,859	7,903	8,592	7,953	3,371	3,820
Decrease/ (Increase) in inventories	11	(60)	(68)	48	37	49
(Increase)/ Decrease in contract assets	-	-	(262)	127	196	(262)
(Increase)/ Decrease in trade and other receivables	(1,179)	150	1,831	(606)	(900)	(737)
Increase/ (Decrease) in trade and other payables	365	769	1,049	831	(616)	(1,014)
CASH FROM OPERATIONS	6,056	8,762	11,142	8,353	2,088	1,856
Tax paid	(57)	(856)	(2,027)	(2,134)	(781)	(1,151)
Tax refunded	21	-	29	-	-	-
NET CASH FROM OPERATING ACTIVITIES	6,020	7,906	9,144	6,219	1,307	705

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	Audited				Unaudited	Audited
	1.1.2019	1.1.2020	1.1.2021	1.1.2022	1.1.2022	1.1.2023
	To	To	To	To	To	To
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.6.2022	30.6.2023
NOTE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES						
Additional investment in intangible assets	-	-	(549)	(634)	(308)	(336)
Dividend received	11	13	25	*	*	-
Interest received	11	118	92	70	18	79
Rental received	123	106	80	14	13	-
Proceeds from disposal of other investments	370	277	4,093	-	-	67
Proceeds from disposal of plant and equipment	*	-	3	1	1	1
Purchase of other investments	(189)	(329)	-	-	-	(31)
Purchase of property, plant and equipment (Placement)/ Withdrawal of fixed deposits with tenure more than 3 months	26(a)(i) (155)	(416)	(52)	(268)	(213)	(91)
	(310)	(13)	443	-	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(139)	(244)	4,135	(817)	(489)	(311)

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	NOTE	Audited				Unaudited	Audited
		1.1.2019	1.1.2020	1.1.2021	1.1.2022	1.1.2022	1.1.2023
		To 31.12.2019 RM'000	To 31.12.2020 RM'000	To 31.12.2021 RM'000	To 31.12.2022 RM'000	To 30.6.2022 RM'000	To 30.6.2023 RM'000
CASH FLOW FOR FINANCING ACTIVITIES							
Dividends paid	26(a)(ii)	(5,840)	(250)	(16,101)	(11)	(11)	(1,000)
Interest paid		(50)	(41)	(14)	(5)	(3)	(2)
Repayment of lease liabilities	26(b)	-	-	(22)	(34)	(19)	(16)
Repayment of term loans	26(b)	(55)	(5)	(966)	-	-	-
Proceeds from issue of ordinary shares		-	100	20	*	-	-
NET CASH FOR FINANCING ACTIVITIES		(5,945)	(196)	(17,083)	(50)	(33)	(1,018)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(64)	7,466	(3,804)	5,352	785	(624)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		1,883	1,819	9,285	5,481	5,481	10,833
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	26(d)	1,819	9,285	5,481	10,833	6,266	10,209

Note :

(*) – Amount is less than RM500.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**1. ABBREVIATIONS**

Unless the context otherwise requires, the following abbreviations shall apply throughout this report:

Abbreviations

Panda	Panda Eco System Berhad Registration No: 202201028635 (1474332-M)
Panda Software	Panda Software House Sdn. Bhd. Registration No: 200901011049 (854073-K)
Panda Group or The Group	Panda, Panda Software, KK Computer, Rexbridge and 020 Digital, collectively
KK Computer	KK Computer Sdn. Bhd. Registration No: 199701026999 (442497-A)
Rexbridge	Rexbridge Sdn. Bhd. Registration No: 201401030716 (1106802-H)
020 Digital	020 Digital Sdn. Bhd. Registration No: 202001021320 (1377640-W)
Listing	Admission of Panda to the Official List of Bursa Malaysia Securities Berhad and listing of and quotation for the entire enlarged issued share capital of Panda on the ACE Market of Bursa Malaysia Securities Berhad
MASB	Malaysian Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards
MPERS	Malaysian Private Entity Reporting Standard
FPE	Financial Period Ended
FYE	Financial Year Ended
Panda Shares or Shares	Ordinary shares in Panda Eco System Berhad
RM and Sen	Ringgit Malaysia and sen, respectively
CA 2016	Companies Act 2016

2. GENERAL INFORMATION**2.1 INCORPORATION AND PRINCIPAL ACTIVITIES**

Panda was incorporated in Malaysia under the Companies Act 2016 on 4 August 2022 as a private limited company and is principally engaged in investment holding. Subsequently on 2 March 2023, the Company was converted to a public limited company under the name of Panda Eco System Berhad.

For the purpose of listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad (hereinafter defined as "the Listing"), the Company undertook the acquisition of subsidiaries as disclosed in Note 30 to the combined financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**2. GENERAL INFORMATION (CONT'D)****2.1 INCORPORATION AND PRINCIPAL ACTIVITIES (CONT'D)**

Details of the subsidiaries are as follows:-

Name of subsidiary	Date and place of incorporation	Effective equity interest %	Issued share capital RM	Principal activities
Panda Software	20 April 2009 Malaysia	100	100,000	- To provide software development, customisation, implementation and integration of IT solutions as well as IT solutions support, maintenance and training for the use of IT solutions; and - Trading of IT hardware as well as to provide IT technical support and maintenance
KK Computer	11 August 1997 Malaysia	100	60,000	- Trading of IT hardware and software as well as to provide IT technical support and maintenance; and - To provide software development, customisation, consultancy and business development for IT solutions
Rexbridge	28 August 2014 Malaysia	100	120,000	To provide software development, customisation, consultancy and business development for IT solutions
020 Digital	30 July 2020 Malaysia	100	100,000	To provide software development, customisation, consultancy and business development for IT solutions

The registered office and principal place of business of the Group are as follows:-

Registered office	:	Level 5, Tower 8, Avenue 5 Horizon 2, Bangsar South City 59200 Kuala Lumpur
Principal place of business	:	No. 28-1 & 30-1, Jalan PPM 13 Plaza Pandan Malim Business Park Balai Panjang, 75250 Melaka

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

For the purposes of inclusion of combined financial statements in the prospectus of Panda in connection with the Listing, the combined financial statements comprise the combined statements of financial position as at 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the FYE 31 December 2019, FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FPE 30 June 2023.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the Group for the relevant period were prepared in a manner similar to the merger method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

All material intra-group transactions and balances have been eliminated on combination.

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13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 BASIS OF PREPARATION (CONT'D)**

These combined financial statements of the Group are the combination or aggregation of all of the financial statements of the entities of the Group and have been prepared based on the financial statements for the relevant financial years/periods as follows:

Company	Relevant financial years/periods	Accounting standards applied	Auditors
Panda	FPE from 4 August 2022 (date of incorporation) to 31 December 2022	MFRS	Crowe Malaysia PLT
	FPE 30 June 2023	MFRS	Crowe Malaysia PLT
Panda Software	FYE 31 December 2019	MPERS	O.L. Yeo & Co
	FYE 31 December 2020	MPERS	O.L. Yeo & Co
	FYE 31 December 2021	MFRS	Crowe Malaysia PLT
	FYE 31 December 2022	MFRS	Crowe Malaysia PLT
	FPE 30 June 2023	MFRS	Crowe Malaysia PLT
KK Computer	FYE 31 August 2019	MPERS	O.L. Yeo & Co
	FYE 31 August 2020	MPERS	O.L. Yeo & Co
	FPE from 1 September 2020 to 31 December 2021	MFRS	Crowe Malaysia PLT
	FYE 31 December 2022	MFRS	Crowe Malaysia PLT
	FPE 30 June 2023	MFRS	Crowe Malaysia PLT
Rexbridge	FYE 31 August 2019	MPERS	Ket & Co
	FPE from 1 September 2019 to 31 December 2020	MPERS	Ket & Co
	FYE 31 December 2021	MFRS	Crowe Malaysia PLT
	FYE 31 December 2022	MFRS	Crowe Malaysia PLT
	FPE 30 June 2023	MFRS	Crowe Malaysia PLT
020 Digital	FPE from 30 July 2020 (date of incorporation) to 31 December 2021	MFRS	Crowe Malaysia PLT
	FYE 31 December 2022	MFRS	Crowe Malaysia PLT
	FPE 30 June 2023	MFRS	Crowe Malaysia PLT

The financial statements of Panda Software for FYE 31 December 2019 and 31 December 2020 have been re-audited by Crowe Malaysia PLT, prepared in accordance with MFRS and International Financial Reporting Standards for the purpose of inclusion in the prospectus to be issued by Panda in connection with the Listing and should not be relied upon for any other purpose.

The directors of KK Computer re-produced the financial statements for FYE 31 December 2019, FYE 31 December 2020 and FYE 31 December 2021 to align to the financial year end of Panda and to be in compliance with MFRSs. These financial statements were re-audited by Crowe Malaysia PLT for the purpose of inclusion in the prospectus to be issued by Panda in connection with the Listing and should not be relied upon for any other purpose.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 BASIS OF PREPARATION (CONT'D)

The directors of Rexbridge re-produced the financial statements for FYE 31 December 2019 and FYE 31 December 2020 to align to the financial year end of Panda and to be in compliance with MFRSSs. These financial statements were re-audited by Crowe Malaysia PLT for the purpose of inclusion in the prospectus to be issued by Panda in connection with the Listing and should not be relied upon for any other purpose.

3.2 NEW MFRSS, AMENDMENT TO MFRSS AND IC INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

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

MFRSSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sales and Leaseback	1 January 2024
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024

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

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13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

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

(i) Depreciation of Property, Plant and Equipment

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

(ii) Amortisation of Development Cost

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

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13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (*Cont'd*)

Key Sources of Estimation Uncertainty (Cont'd)

(iii) Impairment of Trade Receivables and Contract Assets

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

(iv) Revenue recognition

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

(v) Income Taxes

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

(vi) Deferred Tax Assets

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

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

Critical Judgement Made in Applying Accounting Policies

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

(i) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(ii) Lease Terms

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

(b) Basis of Combination

The Group resulting from the restructuring exercise, as disclosed in Note 30, comprises entities under common control. Accordingly, the financial statements have been accounted for using principles of merger accounting.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intragroup transactions, balances, income and expenses are eliminated on combination. Intragroup losses may indicate an impairment that requires recognition in the combined financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Combination (Cont'd)

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

However, an acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combinations. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first come under the control of the controlling party or parties. Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or a gain from bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited combined financial statements of the Group.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Combination (Cont'd)

(ii) Non-controlling Interests

Non-controlling interests are presented within equity in the combined statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iii) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in the equity of the Group.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Presentation Currency

The combined financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(d) Financial Instruments

Financial assets and financial liabilities are recognised in the combined statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the combined statements of financial position are disclosed in the individual policy statement associated with each item.

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13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)****(i) Financial Assets**

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

- **Amortised Cost**

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

- **Fair Value through Other Comprehensive Income**

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest method.

- **Fair Value through Profit or Loss**

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(ii) Financial Liabilities

- Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

- Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)****(ii) Financial Liabilities (Cont'd)**

- **Other Financial Liabilities (Cont'd)**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Property, Plant and Equipment**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

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

Freehold land is stated at cost less any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on the property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

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

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment Properties

Investment properties are properties which are owned or right-to-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(g) Research and Development Expenditure

Research expenditure is recognised as expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

- (i) its ability to measure reliably the expenditure attributable to the asset under development;
- (ii) the product or process is technically and commercially feasible;
- (iii) its future economic benefits are probable;
- (iv) its intention to complete and the ability to use or sell the developed asset; and
- (v) the availability of adequate technical, financial and other resources to complete the asset under development.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Research and Development Expenditure (Cont'd)

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 10 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(h) Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The Group present the right-of-use asset in property, plant and equipment and associated lease liabilities as a separate line item in the statement of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful live of the right-of-use assets are as follows:

Hostel	3 years
Office	4 years

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Leases (*Cont'd*)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If the rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

(i) Inventories

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

Net realisable value represents the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale.

(j) Contract Asset and Contract Liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

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

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank balances that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

(l) Impairment

(i) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(I) Impairment (*Cont'd*)

(i) Impairment of Financial Assets (*Cont'd*)

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(ii) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (*Cont'd*)

(ii) Impairment of Non-financial Assets (*Cont'd*)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

(n) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contributions Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income Taxes

(i) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred Tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(q) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(r) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(s) Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the combined profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the combined profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions (MFRS 2), leasing transactions (MFRS 16) and measurement that have some similarities to fair value but are not fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

(u) Revenue From Contracts with Customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Revenue From Contracts with Customers (Cont'd)

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(i) Sales of computer software and application software

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

(ii) Sales of hardware

Revenue from sales of hardware is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

(iii) Registration fee and subscription fee

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

(iv) Software maintenance fee

Software maintenance fee is recognised upon performance of services and customer's acceptance, net of trade discounts, if any.

(v) Training

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

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**3. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(v) Revenue From Other Operating Income****(i) Interest Income**

Interest income is recognised on an accrual basis using the effective interest method.

(ii) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(iii) Rental Income

Rental income from investment properties is accounted for on a straight-line method over the lease term.

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13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

<u>Audited</u>	Freehold land and building RM'000	Office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Hostel equipment RM'000	Furniture, fittings and equipment RM'000	Total RM'000
<i>Carrying Amount</i>							
At 1 January 2019	336	109	162	96	21	38	762
Additions (Note 26(a)(i))	-	67	55	-	21	12	155
Disposals	-	-	-	(2)	-	-	(2)
Depreciation charges (Note 22)	(7)	(26)	(27)	(14)	(5)	(36)	(115)
At 31 December 2019	329	150	190	80	37	14	800
<u>Audited</u>							
<i>Carrying Amount</i>							
At 1 January 2020	329	150	190	80	37	14	800
Additions (Note 26(a)(i))	-	141	203	10	-	62	416
Depreciation charges (Note 22)	(7)	(32)	(30)	(14)	(5)	(10)	(98)
At 31 December 2020	322	259	363	76	32	66	1,118

13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<u>Audited</u>	Freehold land and building RM'000	Office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Hostel equipment RM'000	Furniture, fittings and equipment RM'000	Total RM'000	
<i>Carrying Amount</i>								
At 1 January 2021	322	259	363	76	32	66	1,118	
Additions (Note 26(a)(i))	-	51	-	-	-	1	52	
Disposals	-	-	-	-	-	(3)	(3)	
Depreciation charges (Note 22)	(7)	(39)	(49)	(15)	(5)	(12)	(127)	
At 31 December 2021	315	271	314	61	27	52	1,040	
<u>Audited</u>	Freehold land and building RM'000	Office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Hostel equipment RM'000	Furniture, fittings and equipment RM'000	Solar Photovoltaic System RM'000	Total RM'000
<i>Carrying Amount</i>								
At 1 January 2022	315	271	314	61	27	52	-	1,040
Additions (Note 6(a)(i))	-	74	83	-	-	27	84	268
Written off	-	(14)	-	-	-	-	-	(14)
Disposals	(314)	(1)	(14)	-	(27)	-	-	(356)
Depreciation charges (Note 22)	(1)	(41)	(49)	(14)	-	(11)	(13)	(129)
At 31 December 2022	-	289	334	47	-	68	71	809

13. ACCOUNTANTS' REPORT (Cont'd)

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Audited

Carrying Amount

At 1 January 2023	Office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Solar Photovoltaic System RM'000	Total RM'000
Additions (Note 26(a)(i))	289	334	47	68	71	809
Disposals	60	14	17	-	-	91
Depreciation charges (Note 22)	-	-	(3)	-	-	(3)
	(20)	(27)	(7)	(4)	(6)	(64)
At 30 June 2023	329	321	54	64	65	833

Audited

31.12.2019

Cost	Freehold land and building RM'000	Office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Hostel equipment RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Accumulated depreciation	350 (21)	349 (199)	303 (113)	132 (52)	47 (10)	119 (105)	1,300 (500)
Carrying Amount	329	150	190	80	37	14	800

Audited

31.12.2020

Cost	Freehold land and building RM'000	Office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Hostel equipment RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Accumulated depreciation	350 (28)	490 (231)	506 (143)	142 (66)	47 (15)	181 (115)	1,716 (598)
Carrying Amount	322	259	363	76	32	66	1,118

13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<u>Audited</u>	Freehold land and building RM'000	Office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Hostel equipment RM'000	Furniture, fittings and equipment RM'000	Total RM'000
31.12.2021							
Cost	350	541	506	142	47	79	1,665
Accumulated depreciation	(35)	(270)	(192)	(81)	(20)	(27)	(625)
Carrying Amount	315	271	314	61	27	52	1,040

<u>Audited</u>	Office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Solar Photovoltaic System RM'000	Total RM'000
31.12.2022						
Cost	525	561	142	104	84	1,416
Accumulated depreciation	(236)	(227)	(95)	(36)	(13)	(607)
Carrying Amount	289	334	47	68	71	809

<u>Audited</u>	Office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Solar Photovoltaic System RM'000	Total RM'000
30.6.2023						
Cost	586	574	149	104	84	1,497
Accumulated depreciation	(257)	(253)	(95)	(40)	(19)	(664)
Carrying Amount	329	321	54	64	65	833

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**5. INVESTMENT PROPERTIES**

	← Audited →				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Cost					
At 1 January	4,943	4,943	4,943	4,943	-
Disposal	-	-	-	(4,943)	-
	4,943	4,943	4,943	-	-
Accumulated depreciation:-					
At 1 January	201	299	397	496	-
Depreciation during the financial year/period (Note 22)	98	98	99	16	-
Disposal	-	-	-	(512)	-
At 31 December	299	397	496	-	-
Accumulated impairment losses:-					
At 1 January	-	-	-	350	-
Impairment during the financial year/period (Note 22)	-	-	350	-	-
Disposal	-	-	-	(350)	-
At 31 December	-	-	350	-	-
	4,644	4,546	4,097	-	-
Represented by:-					
Buildings	4,644	4,546	4,097	-	-
Fair Value	4,660	4,350	4,350	-	-

- (a) The buildings have been pledged to licensed banks as security for banking facilities granted to the Group.
- (b) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**6. RIGHT-OF-USE ASSETS**Audited

<i>Carrying Amount</i>	Hostel RM'000	Office RM'000	Total RM'000
At 1 January 2021	-	-	-
Additions (Note 26(a)(i))	43	133	176
Depreciation charges (Note 22)	(17)	(6)	(23)
At 31 December 2021	<u>26</u>	<u>127</u>	<u>153</u>

Audited

<i>Carrying Amount</i>	Hostel RM'000	Office RM'000	Total RM'000
At 1 January 2022	26	127	153
Derecognition due to lease termination	(23)	-	(23)
Depreciation charges (Note 22)	(3)	(33)	(36)
At 31 December 2022	<u>-</u>	<u>94</u>	<u>94</u>

Audited

<i>Carrying Amount</i>	Hostel RM'000	Office RM'000	Total RM'000
At 1 January 2023	-	94	94
Modification/Reassessment	-	55	55
Depreciation charges (Note 22)	-	(16)	(16)
At 30 June 2023	<u>-</u>	<u>133</u>	<u>133</u>

There were no right-of-use assets for financial year ended 31 December 2019 and 31 December 2020.

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

- (i) Hostel The Group has leased a hostel that run 3 years, with an option to renew the lease after that date for the financial year ended 31 December 2021 and 31 December 2022.
- (ii) Office The Group has leased an office that run 4 years, with an option to renew the lease after that date for the financial year ended 31 December 2021, 31 December 2022 and financial period ended 30 June 2023.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**7. INTANGIBLE ASSETS**

	← Audited →				
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost:-					
At 1 January	-	-	-	549	1,183
Additions during the financial year/period	-	-	549	634	336
At 31 December	-	-	549	1,183	1,519
Included in additions during the financial year/period are:-					
Director's remuneration	-	-	343	288	147
Staff costs	-	-	206	346	189
	-	-	549	634	336

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

8. OTHER INVESTMENTS**(a) Fair value through other comprehensive income**

	← Audited →				
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Non-current</u>					
Quoted ordinary shares, at fair value	493	1,377	-	-	-

The fair value of the investment is summarised below:-

	← Audited →				
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Quoted investment in a company listed on Bursa Malaysia	493	1,377	-	-	-

The Group has designated the quoted investment at fair value through other comprehensive income because the Group intends to hold for long-term strategic purpose.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**8. OTHER INVESTMENTS (CONT'D)**

(b) Fair value through profit or loss	Audited				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Current Quoted ordinary shares, at fair value	699	936	-	-	-

9. DEFERRED TAX (ASSETS)/LIABILITIES

Audited	At 1 January 2019 RM'000	Recognised in Profit or Loss (Note 23) RM'000	At 31 December 2019 RM'000
31.12.2019			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	3	13	16
<i>Deferred Tax Assets</i>			
Impairment loss on trade receivables	(307)	(8)	(315)
	<u>(304)</u>	<u>5</u>	<u>(299)</u>
Audited	At 1 January 2020 RM'000	Recognised in Profit or Loss (Note 23) RM'000	At 31 December 2020 RM'000
31.12.2020			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	16	44	60
<i>Deferred Tax Assets</i>			
Impairment loss on trade receivables	(315)	-	(315)
	<u>(299)</u>	<u>44</u>	<u>(255)</u>
Audited	At 1 January 2021 RM'000	Recognised in Profit or Loss (Note 23) RM'000	At 31 December 2021 RM'000
31.12.2021			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	60	63	123
<i>Deferred Tax Assets</i>			
Impairment loss on trade receivables	(315)	106	(209)
Lease liabilities	-	(33)	(33)
	<u>(255)</u>	<u>136</u>	<u>(119)</u>

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**9. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)**

<u>Audited</u>	At 1 January 2022 RM'000	Recognised in Profit or Loss (Note 23) RM'000	At 31 December 2022 RM'000
31.12.2022			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	123	(45)	78
Intangible assets	-	284	284
<i>Deferred Tax Assets</i>			
Impairment loss on trade receivables	(209)	73	(136)
Deposit received from customers	-	(57)	(57)
Lease liabilities	(33)	10	(23)
	<u>(119)</u>	<u>265</u>	<u>146</u>
<u>Audited</u>	At 1 January 2023 RM'000	Recognised in Profit or Loss (Note 23) RM'000	At 30 June 2023 RM'000
30.6.2023			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	78	(24)	54
Intangible assets	284	81	365
Contract assets	-	91	91
<i>Deferred Tax Assets</i>			
Impairment loss on trade receivables	(136)	(26)	(162)
Deposit received from customers	(57)	(72)	(129)
Lease liabilities	(23)	(6)	(29)
	<u>146</u>	<u>44</u>	<u>190</u>

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

	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Deferred tax assets	(302)	(259)	(123)	(33)	(42)
Deferred tax liabilities	3	4	4	179	232
	<u>(299)</u>	<u>(255)</u>	<u>(119)</u>	<u>146</u>	<u>190</u>

13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

10. INVENTORIES

	Audited				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Trading goods	200	260	328	280	231
Recognised in profit or loss:- Inventories recognised as cost of sales	4,361	4,684	5,904	5,869	2,547

11. TRADE RECEIVABLES

	Audited				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Trade receivables	4,605	4,293	2,847	2,940	3,538
Less: Allowance for impairment loss	(1,396)	(1,395)	(921)	(581)	(687)
	3,209	2,898	1,926	2,359	2,851

	Audited				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Allowance for impairment losses:- At 1 January	1,302	1,396	1,395	921	581
Addition during the financial year/period (Note 21)	94	-	79	39	117
Reversal during the financial year/period (Note 21)	-	(1)	(553)	(379)	(11)
At 31 December/30 June	1,396	1,395	921	581	687

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Audited				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Other receivables	253	313	10	75	24
Deposits	25	34	42	38	45
Prepayments	-	93	3	456	639
	278	440	55	569	708

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**13. CONTRACT ASSETS**

	← Audited →				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Contract assets	-	-	262	135	397

The contract assets primarily relate to the Group's right to consideration for work completed on contracts but not yet billed as at the reporting date. This balance will be invoiced progressively by instalment every month.

14. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates of 2.55% to 2.75% (31.12.2022 – 3.50% to 3.65%; 31.12.2021 – 1.70% to 1.95%; 31.12.2020 – 1.80% to 3.35% and 31.12.2019 – 3.35% to 4.05%) per annum. The fixed deposits have maturity periods of 3 (31.12.2022 – 3; 31.12.2021 – 3; 31.12.2020 – 1 to 12 and 31.12.2019 – 3 to 12) months.

15. SHARE CAPITAL AND RESERVE**(a) Share Capital**

	← Audited →				
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	NUMBER OF SHARES ('000)				
ISSUED AND FULLY PAID-UP:					
Ordinary shares					
At 1 January/Date of incorporated	-	-	-	^	^
At 31 December/30 June	-	-	-	^	^

Note :

(^) – Less than 500 ordinary shares.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**15. SHARE CAPITAL AND RESERVE (CONT'D)****(a) Share Capital (Cont'd)**

	← Audited →				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
ISSUED AND FULLY PAID-UP:					
Ordinary shares					
At 1 January/Date of incorporated	-	-	-	*	*
At 31 December/30 June	-	-	-	*	*

Note :

(*) – Amount is less than RM500.

- (i) Subsequent to FPE 2023, the share capital of the Company increased from RM5 to RM5,619,005 through the issuance of 561,900,000 new ordinary shares pursuant to the acquisition of subsidiaries as disclosed in Note 30 to the financial statements.

(b) Invested Capital

	← Audited →				
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	NUMBER OF SHARES ('000)				
ISSUED AND FULLY PAID-UP:					
Ordinary shares					
At 1 January	260	260	360	380	380
Issuance of new shares	-	100	20	-	-
At 31 December/30 June	260	360	380	380	380

	← Audited →				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
ISSUED AND FULLY PAID-UP:					
Ordinary shares					
At 1 January	260	260	360	380	380
Issuance of new shares	-	100	20	-	-
At 31 December/30 June	260	360	380	380	380

- (i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Group, and are entitled to one vote per ordinary share at meetings of the Group. The ordinary shares have no par value.
- (ii) For the purpose of this report, the total number of ordinary shares as at 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 represent the aggregate number of issued and fully paid-up ordinary shares of all combining entities within the Group.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**15. SHARE CAPITAL AND RESERVE (CONT'D)****(c) Fair Value Reserve**

Fair value reserve represent the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income.

16. LEASE LIABILITIES

	← Audited →				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
At 1 January	-	-	-	154	97
Addition of lease liabilities (Note 26(b))	-	-	176	-	-
Modification/ Reassessment (Note 26(b))	-	-	-	-	55
Interest expense recognised in profit or loss (Note 22)	-	-	2	5	2
Repayment of principal	-	-	(22)	(34)	(16)
Repayment of interest expense	-	-	(2)	(5)	(2)
Derecognition due to lease termination (Note 26(b))	-	-	-	(23)	-
At 31 December/30 June	-	-	154	97	136
Analysed by:					
Current liabilities	-	-	49	33	28
Non-current liabilities	-	-	105	64	108
	-	-	154	97	136

Lease liabilities of the Group at the end of reporting period bore weighted average effective interest rate of 6.68% (31.12.2022 – 4.29%, 31.12.2021 – 4.19%, 31.12.2020 – Nil, 31.12.2019 - Nil) per annum.

17. TERM LOANS

	← Audited →				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Current liabilities	54	68	-	-	-
Non-current liabilities	917	898	-	-	-
	971	966	-	-	-

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**17. TERM LOANS (CONT'D)**

- (a) The term loans were secured by the following:-
- (i) by fixed charges over investment properties of the Group as disclosed in Note 5 to the combined financial statements; and
 - (ii) by joint and several guarantee of certain directors of the Group.
- (b) The weighted average effective interest rate of term loans was Nil (31.12.2022 – Nil; 31.12.2021 – Nil; 31.12.2020 – 3.70% and 31.12.2019 – 5.08%) per annum.

18. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 (31.12.2022 – 30 to 60; 31.12.2021 – 30 to 60; 31.12.2020 – 30 to 60 and 31.12.2019 – 30 to 60) days.

19. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	← Audited →				
	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	30.6.2023 RM'000
Other payables	427	411	495	434	410
Contract liability - deposits received	33	154	478	495	780
Rental deposits received	-	-	-	18	3
Accruals	164	351	1,139	1,938	996
Dividend payable	-	4,500	-	-	-
Amounts due to directors	54	270	-	-	-
	678	5,686	2,112	2,885	2,189

The amounts due to directors represent advances which were unsecured and interest-free. The amounts owing were repayable on demand.

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13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

20. REVENUE

	Audited				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Revenue from contracts with customers						
<u>Recognised at a point in time</u>						
Computer software, application software	6,700	7,927	8,666	8,655	3,117	4,703
Subscription fee and registration fee	350	1,294	3,227	4,099	1,908	2,292
Hardware	4,182	4,442	4,911	4,204	1,859	1,499
Training	20	20	1	161	14	56
	<u>11,252</u>	<u>13,683</u>	<u>16,805</u>	<u>17,119</u>	<u>6,898</u>	<u>8,550</u>
<u>Recognised over time</u>						
Maintenance fee	2,059	2,712	3,198	3,863	1,985	2,250
	<u>13,311</u>	<u>16,395</u>	<u>20,003</u>	<u>20,982</u>	<u>8,883</u>	<u>10,800</u>

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

	Audited				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Impairment losses:						
- Trade receivables (Note 11)	94	-	79	39	268	117
Reversal of impairment losses:						
- Trade receivables (Note 11)	-	(1)	(553)	(379)	-	(11)
	<u>94</u>	<u>(1)</u>	<u>(474)</u>	<u>(340)</u>	<u>268</u>	<u>106</u>

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**22. PROFIT BEFORE TAXATION**

	Audited				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Profit before taxation is arrived at after charging/(crediting):-						
Auditors' remuneration						
- audit fees	11	16	40	47	-	-
- non-audit fees	-	-	-	35	-	43
Depreciation						
- investment properties (Note 5)	98	98	99	16	16	-
- property, plant and equipment (Note 4)	115	98	127	129	60	64
- right-of-use assets (Note 6)	-	-	23	36	19	16
Direct operating expenses on investment properties	24	34	27	20	20	-
Directors' remuneration (Note 27(c))	70	280	917	1,353	577	698
Impairment loss on investment properties (Note 5)	-	-	350	-	-	-
Interest expense on lease liabilities (Note 16)	-	-	2	5	3	2
Interest expense	50	41	12	-	-	-
Loss on disposal of plant and equipment	2	-	-	-	-	2
Listing expenses	-	-	-	-	-	654
Plant and equipment written off	-	-	-	14	14	-
Rental of motor vehicles	1	1	*	1	1	1
Rental of premises	21	53	55	70	28	41
Staff costs (including other key management personnel as disclosed in Note 27(c)):-						
- short-term employee benefits	1,984	3,317	4,817	3,909	1,428	2,022
- defined contribution benefits	233	408	480	540	311	363

Note :

(*) – Amount is less than RM500.

13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

22. PROFIT BEFORE TAXATION (CONT'D)

	Audited				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-						
Dividend income	(11)	(13)	(25)	*	*	-
Gain on disposal of other investments	(71)	(66)	(1,780)	-	-	(36)
Gain on disposal of investment properties	-	-	-	(270)	(270)	-
Gain on disposal of property, plant and equipment	-	-	-	(25)	(25)	-
Gain on lease termination	-	-	-	*	*	-
Fair value gain on financial assets measured at fair value through profit or loss mandatorily – other investments	(75)	(155)	-	-	-	-
Interest income	(11)	(118)	(92)	(70)	(18)	(79)
Rental income	(123)	(106)	(80)	(14)	(14)	-

Note :

(*) – Amount is less than RM500.

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13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**23. TAX EXPENSE**

	← Audited →				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Current tax expenses	75	1,210	2,402	1,658	709	956
Under/(Over) provision in the previous financial year	14	*	(8)	(502)	-	-
	<u>89</u>	<u>1,210</u>	<u>2,394</u>	<u>1,156</u>	<u>709</u>	<u>956</u>
Deferred tax (Note 9):						
- Origination or reversal of temporary differences	5	44	(23)	118	(63)	44
- Under provision in the previous financial year	*	*	159	147	-	-
	<u>5</u>	<u>44</u>	<u>136</u>	<u>265</u>	<u>(63)</u>	<u>44</u>
Total income tax expense	94	1,254	2,530	1,421	646	1,000
Real property gain tax	-	-	-	3	-	-
Total tax expense	<u>94</u>	<u>1,254</u>	<u>2,530</u>	<u>1,424</u>	<u>646</u>	<u>1,000</u>

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13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**23. TAX EXPENSE (CONT'D)**

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rates to income tax expense at the effective tax rate of the Group is as follows:-

	← Audited →				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Profit before taxation	6,791	8,125	10,430	8,472	3,318	3,745
Tax at the statutory tax rate of 24%	1,630	1,950	2,503	2,033	797	899
Tax effects of:-						
Non-taxable income	(123)	(103)	(419)	(178)	(178)	-
Non-deductible expenses	42	101	478	97	90	224
Pioneer status income not subject to tax	(1,100)	(603)	(79)	-	-	-
Utilisation of current capital allowance	-	(6)	-	-	-	-
Under/(Over) provision of income tax expense in the previous financial year	14	*	(8)	(502)	-	-
Under provision of deferred tax in the previous financial year	*	*	159	147	-	-
Deferred tax assets not recognised during the financial year	15	-	-	*	-	-
Effect of change in corporate income tax rate	(384)	(85)	(104)	(156)	(49)	(123)
Other tax incentive	-	-	-	(20)	(14)	-
Real property gain tax	-	-	-	3	-	-
Total tax expense	94	1,254	2,530	1,424	646	1,000

Note :

(*) – Amount is less than RM500.

Panda Software and Rexbridge were granted the MSC Malaysia status, which qualified for the Pioneer Status Incentive under the Promotion of Investments Act 1986. Panda Software enjoyed full exemption from income tax on its statutory income from pioneer activities for a period of 10 years, from 17 May 2010 to 16 May 2020. Rexbridge enjoyed full exemption from income tax on its statutory income from pioneer activities for a period of 4 years from 20 March 2017 to 30 June 2021.

13. ACCOUNTANTS' REPORT (Cont'd)
PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)
24. BASIC AND DILUTED EARNINGS PER SHARE

	← Audited →				Unaudited	Audited
	1.1.2019	1.1.2020	1.1.2021	1.1.2022	1.1.2022	1.1.2023
	To	To	To	To	To	To
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.6.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	6,697	6,871	7,900	7,048	2,672	2,745
Number of ordinary shares ('000) #	561,900	561,900	561,900	561,900	561,900	561,900
Basic and diluted earnings per share (sen)	1.19	1.22	1.41	1.25	0.48	0.49

Note :

(#) – It is assumed to be the number of ordinary shares before public issue.

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13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**25. DIVIDENDS**

	← Audited →				Unaudited	Audited
	1.1.2019	1.1.2020	1.1.2021	1.1.2022	1.1.2022	1.1.2023
	To 31.12.2019 RM'000	To 31.12.2020 RM'000	To 31.12.2021 RM'000	To 31.12.2022 RM'000	To 30.6.2022 RM'000	To 30.6.2023 RM'000
Ordinary shares						
<u>Panda Software</u>						
- First interim single tier dividend of RM30.00 per ordinary share	3,000	-	-	-	-	-
- Second interim single tier dividend of RM28.40 per ordinary share	2,840	-	-	-	-	-
- First interim single tier dividend of RM45.00 per ordinary share	-	4,500	-	-	-	-
- First interim single tier dividend of RM100.00 per ordinary share	-	-	10,000	-	-	-
- First interim single tier dividend of RM45.30 per ordinary share	-	-	-	4,530	4,530	-
- First interim single tier dividend of RM7.84 per ordinary share	-	-	-	-	-	784
<u>KK Computer</u>						
- First interim single tier dividend of RM13.34 per ordinary share	-	-	801	-	-	-
- First interim single tier dividend of RM3.51 per ordinary share	-	-	-	211	211	-
- First interim single tier dividend of RM1.25 per ordinary share	-	-	-	-	-	75
Balance carried forward	5,840	4,500	10,801	4,741	4,741	859

13. ACCOUNTANTS' REPORT (Cont'd)
PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)
25. DIVIDENDS (CONT'D)

	← Audited →				Unaudited	Audited
	1.1.2019	1.1.2020	1.1.2021	1.1.2022	1.1.2022	1.1.2023
	To	To	To	To	To	To
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.6.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Ordinary shares						
Balance brought forward	5,840	4,500	10,801	4,741	4,741	859
<u>Rexbridge</u>						
- First interim single tier dividend of RM2.50 per ordinary share	-	250	-	-	-	-
- First interim single tier dividend of RM6.67 per ordinary share	-	-	800	-	-	-
- First interim single tier dividend of RM0.75 per ordinary share	-	-	-	-	-	90
<u>020 Digital</u>						
- First interim single tier dividend of RM0.51 per ordinary share	-	-	-	-	-	51
	<u>5,840</u>	<u>4,750</u>	<u>11,601</u>	<u>4,741</u>	<u>4,741</u>	<u>1,000</u>

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13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**26. CASH FLOW INFORMATION**

- (a)(i) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	← Audited →				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Property, plant and equipment						
Cost of property, plant and equipment purchased (Note 4)	155	416	52	268	213	91
Right-of-use assets						
Cost of right-of-use assets purchased (Note 6)	-	-	176	-	-	-
Less: Addition of new lease liabilities (Note 26(b))	-	-	(176)	-	-	-
	-	-	-	-	-	-

- (a)(ii) The cash payment for dividends in the respective financial years/period are as follows:-

	← Audited →				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Dividends declared	5,840	4,750	11,601	4,741	4,741	1,000
Adjusted for:						
- payment in the following year	-	(4,500)	4,500	-	-	-
- dividend-in-specie	-	-	-	(4,730)	(4,730)	-
	5,840	250	16,101	11	11	1,000

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

26. CASH FLOW INFORMATION (CONT'D)

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

Term Loans	31.12.2019	31.12.2020
	RM'000	RM'000
<u>Audited</u>		
At 1 January	1,026	971
<u>Changes in Financing Cash Flows</u>		
Repayment of borrowing-principal	(55)	(5)
Repayment of borrowing-interests	(50)	(41)
	<u>(105)</u>	<u>(46)</u>
<u>Non-cash Changes</u>		
Interest expense recognised in profit or loss	50	41
At 31 December	<u>971</u>	<u>966</u>

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13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**26. CASH FLOW INFORMATION (CONT'D)**

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

<u>Audited</u>	Term Loans RM'000	Lease Liabilities RM'000	Total RM'000
31.12.2021			
At 1 January	966	-	966
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing-principal	(966)	(22)	(988)
Repayment of borrowing-interests	(12)	(2)	(14)
	<u>(978)</u>	<u>(24)</u>	<u>(1,002)</u>
<u>Non-cash Changes</u>			
Acquisition of new lease (Note 16 and 26(a))	-	176	176
Interest expense recognised in profit or loss	12	2	14
	<u>12</u>	<u>178</u>	<u>190</u>
At 31 December	<u>-</u>	<u>154</u>	<u>154</u>
	31.12.2022 RM'000	30.6.2022 RM'000	30.6.2023 RM'000
<u>Audited</u>			
Lease Liabilities			
At 1 January	154	154	97
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing-principal	(34)	(19)	(16)
Repayment of borrowing-interests	(5)	(3)	(2)
	<u>(39)</u>	<u>(22)</u>	<u>(18)</u>
<u>Non-cash Changes</u>			
Derecognition due to lease termination (Note 16)	(23)	(23)	-
Modification/Reassessment of lease (Note 16)	-	-	55
Interest expense recognised in profit or loss	5	3	2
	<u>(18)</u>	<u>(20)</u>	<u>57</u>
At 31 December/30 June	<u>97</u>	<u>112</u>	<u>136</u>

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**26. CASH FLOW INFORMATION (CONT'D)**

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

	← Audited →				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Right-of-use assets						
Payment of short-term leases	22	54	55	71	29	42
Interest paid on lease liabilities	-	-	2	5	3	2
Payment of lease liabilities	-	-	22	34	19	16
	<u>22</u>	<u>54</u>	<u>79</u>	<u>110</u>	<u>51</u>	<u>60</u>

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

	← Audited →				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Fixed deposits with licensed banks	430	7,197	2,018	5,550	1,834	5,550
Cash and bank balances	1,819	2,531	3,463	5,283	4,432	4,659
	<u>2,249</u>	<u>9,728</u>	<u>5,481</u>	<u>10,833</u>	<u>6,266</u>	<u>10,209</u>
Less: Fixed deposits with tenure more than 3 months	(430)	(443)	-	-	-	-
	<u>1,819</u>	<u>9,285</u>	<u>5,481</u>	<u>10,833</u>	<u>6,266</u>	<u>10,209</u>

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**27. RELATED PARTY DISCLOSURES****(a) Identities of related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the combined financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant related party transactions and balances

Other than those disclosed elsewhere in the combined financial statements, the Group also carried out the following significant with the related parties during the financial years/period:-

	← Audited →				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Companies in which directors of the Group have substantial financial interests						
Purchase of goods	353	759	1,054	918	328	452
Dividend-in-specie via disposal of properties	-	-	-	(4,730)	(4,730)	-
Purchase of equipment	-	-	-	27	27	-
Directors of the Group						
Lease expenses paid/payable	-	9	24	62	27	28
Director of the subsidiaries						
Lease expenses paid/payable	-	-	3	12	6	6

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**27. RELATED PARTY DISCLOSURES (CONT'D)**

(c) Key management personnel compensation

	← Audited →				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Directors of the Company						
Short-term employee benefits						
- salaries, bonuses and other benefits	63	239	774	1,207	505	561
Defined contribution benefits	7	41	143	146	72	137
	<u>70</u>	<u>280</u>	<u>917</u>	<u>1,353</u>	<u>577</u>	<u>698</u>
Directors of the Subsidiaries						
Short-term employee benefits						
- salaries, bonuses and other benefits	81	95	496	465	177	237
Defined contribution benefits	9	11	43	52	28	37
	<u>90</u>	<u>106</u>	<u>539</u>	<u>517</u>	<u>205</u>	<u>274</u>
Other key management personnel						
Short-term employee benefits						
- salaries, bonuses and other benefits	-	96	228	357	167	133
Defined contribution benefits	-	11	27	35	20	24
	<u>-</u>	<u>107</u>	<u>255</u>	<u>392</u>	<u>187</u>	<u>157</u>
	<u>90</u>	<u>213</u>	<u>794</u>	<u>909</u>	<u>392</u>	<u>431</u>

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**28. OPERATING SEGMENTS**

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

Major Customer

	← Audited →				Unaudited	Audited
	1.1.2019 To 31.12.2019 RM'000	1.1.2020 To 31.12.2020 RM'000	1.1.2021 To 31.12.2021 RM'000	1.1.2022 To 31.12.2022 RM'000	1.1.2022 To 30.6.2022 RM'000	1.1.2023 To 30.6.2023 RM'000
Customer A	1,328	*	*	*	*	*

Note:

(*) – Less than 10%.

29. FINANCIAL INSTRUMENTS

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

29.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) Market Risk**(i) Foreign Currency Risk**

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates.

The Group's fixed rate receivables are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 17 to the combined financial statements.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**29. FINANCIAL INSTRUMENTS (CONT'D)****29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(ii) Interest Rate Risk (Cont'd)***Interest Rate Risk Sensitivity Analysis*

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the profit after taxation of the Group and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group's principal exposure to price risk arises mainly from changes in quoted investment prices.

Equity Price Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments as at the end of reporting period, with all other variables held constant:-

	Audited	
	31.12.2019	31.12.2020
	RM'000	RM'000
Effects on profit after taxation		
Increase of 10% (2020 – 10%)	53	71
Decrease of 10% (2020 – 10%)	<u>(53)</u>	<u>(71)</u>
	Audited	
	31.12.2019	31.12.2020
	RM'000	RM'000
Effects on Equity		
Increase of 10% (2020 – 10%)	102	209
Decrease of 10% (2020 – 10%)	<u>(102)</u>	<u>(209)</u>

The Group does not have any quoted investments at the end of the reporting period of 31.12.2021, 31.12.2022 and 30.6.2023, and hence, no sensitivity analysis is presented for 31.12.2021, 31.12.2022 and 30.6.2023.

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**29. FINANCIAL INSTRUMENTS (CONT'D)****29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk**

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

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (31.12.2022 – Nil; 31.12.2021 – Nil; 31.12.2020 – 1 and 31.12.2019 – Nil) customer which constituted approximately 14% (31.12.2022 – Nil; 31.12.2021 – Nil; 31.12.2020 – 11% and 31.12.2019 – Nil) of its trade receivables at the end of the reporting period.

(ii) Maximum exposure to Credit Risk

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

(iii) Assessment of Impairment Losses

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

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

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

Trade Receivables and Contract Assets

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

13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

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

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

The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts.

Allowance for Impairment Losses

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
31.12.2019				
Current (not past due)	1,122	-	(294)	828
1 to 30 days past due	744	-	(148)	596
31 to 60 days past due	1,101	-	(153)	948
61 to 90 days past due	442	-	(163)	279
Credit impaired	1,196	(25)	(613)	558
Trade receivables	4,605	(25)	(1,371)	3,209

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**29. FINANCIAL INSTRUMENTS (CONT'D)****29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)****Trade Receivables and Contract Assets (Cont'd)****Allowance for Impairment Losses (Cont'd)**

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
31.12.2020				
Current (not past due)	1,933	-	(313)	1,620
1 to 30 days past due	689	-	(152)	537
31 to 60 days past due	496	-	(161)	335
61 to 90 days past due	506	-	(171)	335
Credit impaired	669	(24)	(574)	71
Trade receivables	4,293	(24)	(1,371)	2,898
	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
31.12.2021				
Current (not past due)	1,683	-	(217)	1,466
1 to 30 days past due	302	-	(109)	193
31 to 60 days past due	290	-	(169)	121
61 to 90 days past due	119	-	(28)	91
Credit impaired	453	(140)	(258)	55
Trade receivables	2,847	(140)	(781)	1,926
Contract assets	262	-	-	262
	3,109	(140)	(781)	2,188

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**29. FINANCIAL INSTRUMENTS (CONT'D)****29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Trade Receivables and Contract Assets (Cont'd)Allowance for Impairment Losses (Cont'd)

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
31.12.2022				
Current (not past due)	2,572	-	(361)	2,211
1 to 30 days past due	167	-	(48)	119
31 to 60 days past due	77	-	(48)	29
61 to 90 days past due	42	-	(42)	-
Credit impaired	82	(18)	(64)	-
Trade receivables	2,940	(18)	(563)	2,359
Contract assets	135	-	-	135
	<u>3,075</u>	<u>(18)</u>	<u>(563)</u>	<u>2,494</u>
	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
30.6.2023				
Current (not past due)	2,651	-	(216)	2,435
1 to 30 days past due	405	-	(104)	301
31 to 60 days past due	82	-	(30)	52
61 to 90 days past due	167	-	(104)	63
More than 90 days past due	73	-	(73)	-
Credit impaired	160	(160)	-	-
Trade receivables	3,538	(160)	(527)	2,851
Contract assets	397	-	-	397
	<u>3,935</u>	<u>(160)</u>	<u>(527)</u>	<u>3,248</u>

The movement in the loss allowances in respect of trade receivables is disclosed in Note 11 to the combined financial statements.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**29. FINANCIAL INSTRUMENTS (CONT'D)****29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (*Cont'd*)****(iii) Assessment of Impairment Losses (*Cont'd*)***Other Receivables*

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

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

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13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

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

<u>Audited</u>	Contractual Coupon/ Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31.12.2019						
<u>Non-derivative Financial Liabilities</u>						
Term loans	4.91 to 7.21	971	1,224	106	530	588
Trade payables	-	268	268	268	-	-
Other payables	-	645	645	645	-	-
		1,884	2,137	1,019	530	588

13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

<u>Audited</u>	Contractual Coupon/ Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31.12.2020						
<u>Non-derivative Financial Liabilities</u>						
Term loans	3.39 to 7.21	966	1,171	106	530	535
Trade payables	-	529	529	529	-	-
Other payables	-	5,532	5,532	5,532	-	-
		7,027	7,232	6,167	530	535

13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

<u>Audited</u>	Contractual Coupon/ Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31.12.2021						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	4.19	154	165	54	111	-
Trade payables	-	652	652	652	-	-
Other payables	-	1,634	1,634	1,634	-	-
		2,440	2,451	2,340	111	-

13. ACCOUNTANTS' REPORT (Cont'd)

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

Audited	Contractual Coupon/ Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31.12.2022						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	4.29	97	102	36	66	-
Trade payables	-	710	710	710	-	-
Other payables	-	2,372	2,372	2,372	-	-
		3,179	3,184	3,118	66	-

13. ACCOUNTANTS' REPORT (Cont'd)

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

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

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

Audited	Contractual Coupon/ Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
30.6.2023						
<u>Non-derivative Financial Liabilities</u>						
Lease liabilities	6.68	136	156	36	120	-
Trade payables	-	392	392	392	-	-
Other payables	-	1,406	1,406	1,406	-	-
		1,934	1,954	1,834	120	-

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**29. FINANCIAL INSTRUMENTS (CONT'D)****29.2 CAPITAL RISK MANAGEMENT**

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. As the Group has insignificant borrowings, the debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings.

29.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	← Audited →				
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets					
<u>Designated Fair Value</u>					
<u>Through Other</u>					
<u>Comprehensive Income</u>					
Other investments (Note 8(a))	493	1,377	-	-	-
<u>Fair Value Through Profit or</u>					
<u>Loss</u>					
Other investments (Note 8(b))	699	936	-	-	-
<u>Amortised Cost</u>					
Trade receivables (Note 11)	3,209	2,898	1,926	2,359	2,851
Other receivables (Note 12)	253	313	10	75	24
Fixed deposits with licensed banks (Note 14)	430	7,197	2,018	5,550	5,550
Cash and bank balances	1,819	2,531	3,463	5,283	4,659
	<u>6,903</u>	<u>15,252</u>	<u>7,417</u>	<u>13,267</u>	<u>13,084</u>

13. ACCOUNTANTS' REPORT (Cont'd)**PANDA ECO SYSTEM BERHAD**

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**29. FINANCIAL INSTRUMENTS (CONT'D)****29.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)**

	← Audited →				
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Financial liabilities					
<u>Amortised Cost</u>					
Lease liabilities (Note 16)	-	-	154	97	136
Term loans (Note 17)	971	966	-	-	-
Trade payables (Note 18)	268	529	652	710	392
Other payables and accruals (Note 19)	645	5,532	1,634	2,372	1,406
	<u>1,884</u>	<u>7,027</u>	<u>2,440</u>	<u>3,179</u>	<u>1,934</u>

29.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	← Audited →				Unaudited	Audited
	1.1.2019	1.1.2020	1.1.2021	1.1.2022	1.1.2022	1.1.2023
	To	To	To	To	To	To
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.6.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets						
<u>Fair Value Through Profit or Loss</u>						
Net gains recognised in profit or loss	<u>151</u>	<u>230</u>	<u>76</u>	<u>*</u>	<u>*</u>	<u>36</u>
<u>Equity Instruments at Fair Value Through Other Comprehensive Income</u>						
Net gains recognised in other comprehensive income	75	848	-	-	-	-
Net gains recognised in profit or loss	6	4	7	-	-	-
Net gains recognised in profit or loss upon disposal	<u>-</u>	<u>-</u>	<u>1,722</u>	<u>-</u>	<u>-</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

	← Audited →				Unaudited	Audited
	1.1.2019	1.1.2020	1.1.2021	1.1.2022	1.1.2022	1.1.2023
	To	To	To	To	To	To
	31.12.2019	31.12.2020	31.12.2021	31.12.2022	30.6.2022	30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets						
(Cont'd)						
<u>Amortised Cost</u>						
Net (losses)/gains recognised in profit or loss	(83)	119	566	410	(250)	(27)
Financial liabilities						
<u>Amortised Cost</u>						
Net losses recognised in profit or loss	(50)	(41)	(14)	(5)	(3)	(2)

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13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.5 FAIR VALUE INFORMATION

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

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

<u>Audited</u>	Fair Value of Financial Instruments Carried at Fair Value		Fair Value of Financial Instruments Not Carried at Fair Value				Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
31.12.2019								
<u>Financial Asset</u>								
Other investments:-								
- quoted	1,192	-	-	-	-	-	1,192	1,192
<u>Financial Liability</u>								
Term loans – floating rate	-	-	-	-	971	-	971	971

13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

<u>Audited</u>	Fair Value of Financial Instruments Carried at Fair Value		Fair Value of Financial Instruments Not Carried at Fair Value				Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 3 RM'000		
31.12.2020								
<u>Financial Asset</u>								
Other investments:								
- quoted	2,313	-	-	-	-	-	2,313	2,313
<u>Financial Liability</u>								
Term loans – floating rate	-	-	-	966	-	-	966	966

There were no financial instruments carried at fair values in the statements of financial position for the financial years ended 31 December 2021, 31 December 2022 and period ended 30 June 2023.

13. ACCOUNTANTS' REPORT (*Cont'd*)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair values above have been determined using the following basis:-
 - (a) The fair value of quoted equity investments is determined at their quoted closing prices at the end of the reporting period.
- (ii) There was no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the Group's term loans that carries floating interest rates approximated its carrying amount as it is repriced to market interest rate on or near the reporting date.

30. SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

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

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

The acquisitions of the above companies were completed on 1 September 2023.

13. ACCOUNTANTS' REPORT (Cont'd)

PANDA ECO SYSTEM BERHAD

Registration No: 202201028635 (1474332-M)

STATEMENT BY DIRECTORS

We, Loo Chee Wee and Tay Kheng Seng, being two of the directors of Panda Eco System Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 5 to 85 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines – Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 and of their financial performance, and their cash flows for relevant reporting periods ended on those dates.

Signed in accordance with a resolution of the directors dated 20 OCT 2023

On behalf of the Board of Directors,



Loo Chee Wee



Tay Kheng Seng

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION



20 OCT 2023

The Board of Directors
Panda Eco System Berhad
No. 28-1 & 30-1, Jalan PPM 13
Plaza Pandan Malim Business Park
Balai Panjang, 75250 Melaka

Dear Sirs

PANDA ECO SYSTEM BERHAD ("PANDA" or "THE COMPANY") REPORT ON THE COMPILATION OF PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

We have completed our assurance engagement to report on the compilation of Pro Forma Statements of Financial Position of Panda and its subsidiaries (collectively known as the "Group") as at 30 June 2023 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors of the Company for inclusion in the Prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of Panda on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Statements of Financial Position are described in the notes thereon to the Pro Forma Statements of Financial Position. The Pro Forma Statements of Financial Position is prepared in accordance with the requirements of Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia ("the Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Statements of Financial Position have been compiled by the Board of Directors of the Company to illustrate the impact of the events or transactions as set out in the notes thereon to the Pro Forma Statements of Financial Position as if the events have occurred or the transactions have been undertaken on 30 June 2023. As part of this process, information about the Group's financial position has been extracted by the Board of Directors of the Company from the Group's audited combined statements of financial position as at 30 June 2023.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the Pro Forma Statements of Financial Position on the basis as set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
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Taman Kota Laksamana, Seksyen 2
75200 Melaka
Malaysia
Main +6 06 282 5995
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www.crowe.my

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL**

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

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the Pro Forma Statements of Financial Position on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Statements of Financial Position.

The purpose of the Pro Forma Statements of Financial Position included in a Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)



REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

A reasonable assurance engagement to report on whether the Pro Forma Statements of Financial Position have been compiled, in all material respects, on the basis set out in notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines, involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the Pro Forma Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Pro Forma Statements of Financial Position has been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

This letter has been prepared solely for the purpose of inclusion in the Prospectus of Panda, in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully

A stylized signature in black ink, likely representing the firm Crowe Malaysia PLT.

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

Melaka

A stylized signature in black ink, likely representing Piong Yew Peng.

Piong Yew Peng
03070/06/2025 J
Chartered Accountant

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

Appendix A

**PANDA ECO SYSTEM BERHAD
PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)**

	NOTE	As At 30.6.2023* RM'000	Adjustment For Acquisition of Subsidiaries RM'000	Pro Forma I After Acquisition of Subsidiaries RM'000	Adjustment For Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Adjustment for Proposed Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and Proposed Utilisation of Proceeds RM'000
ASSETS								
NON-CURRENT ASSETS								
Property, plant and equipment		833	-	833	-	833	-	833
Right-of-use assets		133	-	133	-	133	-	133
Intangible assets		1,519	-	1,519	-	1,519	-	1,519
Deferred tax assets		42	-	42	-	42	-	42
		<u>2,527</u>		<u>2,527</u>		<u>2,527</u>		<u>2,527</u>
CURRENT ASSETS								
Inventories		231	-	231	-	231	-	231
Trade receivables		2,851	-	2,851	-	2,851	-	2,851
Other receivables, deposits and prepayments	6.1	708	-	708	-	708	(447)	261
Contract assets		397	-	397	-	397	-	397
Current tax assets		384	-	384	-	384	-	384
Fixed deposits with licensed banks		5,550	-	5,550	-	5,550	-	5,550
Cash and bank balances	6.2	4,659	-	4,659	17,485	22,144	(1,635)	20,509
		<u>14,780</u>		<u>14,780</u>		<u>32,265</u>		<u>30,183</u>
TOTAL ASSETS		<u>17,307</u>		<u>17,307</u>		<u>34,792</u>		<u>32,710</u>

Note:

(*) – Extracted from the Group's audited combined financial statements for the financial period ended 30 June 2023.

For Identification Only



Crowe Malaysia PLT
20190800005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**PANDA ECO SYSTEM BERHAD
PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)**

PANDA ECO SYSTEM BERHAD							
PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONT'D)							
Appendix A							
For Identification Only							
Crowe							
Crowe Malaysia PLT 201906000005 (LLP0018817-LCA) & AF 1018 Chartered Accountants							
		Pro Forma I	Adjustment	Adjustment	Pro Forma II	Adjustment	Pro Forma III
		After	For Acquisition	For Public	After Pro	for Proposed	After Pro Forma
		Acquisition of	of Subsidiaries	Issue	Forma I and	Utilisation of	II and Proposed
		Subsidiaries			Public Issue	Proceeds	Utilisation of
		RM'000	RM'000	RM'000	RM'000	RM'000	Proceeds
NOTE	As At						RM'000
	30.6.2023*						
	RM'000						
6.3	^	5,619	5,619	17,485	23,104	(873)	22,231
6.4	380	(380)	-	-	-	-	-
6.5	-	(5,239)	(5,239)	-	(5,239)	-	(5,239)
6.6	13,978	-	13,978	-	13,978	(1,209)	12,769
	14,358		14,358		31,843		29,761
EQUITY AND LIABILITIES							
EQUITY							

Note:

(*) – Extracted from the Group's audited combined financial statements for the financial period ended 30 June 2023.

(#) – Less than 500 ordinary shares.

(^) – Amount is less than RM500.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**PANDA ECO SYSTEM BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT
30 JUNE 2023**

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Appendix A



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

1. ABBREVIATIONS

Unless the context otherwise requires, the following abbreviations shall apply throughout this report:-

Abbreviations

Panda	Panda Eco System Berhad Registration No: 202201028635 (1474332-M)
Panda Software	Panda Software House Sdn. Bhd. Registration No: 200901011049 (854073-K)
Panda Group or the Group	Panda, Panda Software, KK Computer, Rexbridge and 020 Digital collectively
KK Computer	KK Computer Sdn. Bhd. Registration No: 199701026999 (442497-A)
Rexbridge	Rexbridge Sdn. Bhd. Registration No: 201401030716 (1106802-H)
020 Digital	020 Digital Sdn. Bhd. Registration No: 202001021320 (1377640-W)
IPO	Initial Public Offering comprising the Public Issue and Offer for Sale, collectively
IPO Price	IPO price of RM0.16 per IPO shares
IPO Shares	The Public Issue Shares and Offer Shares, collectively
Listing	Admission of Panda to the Official List of Bursa Malaysia Securities Berhad and listing of and quotation for the entire enlarged issued share capital of Panda on the ACE Market of Bursa Malaysia Securities Berhad
Panda Shares or Shares	Ordinary shares in Panda Eco System Berhad
RM and Sen	Ringgit Malaysia and sen, respectively

2. INTRODUCTION

The Pro Forma Statements of Financial Position as at 30 June 2023 together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the Listing and should not be relied upon for any other purposes.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

**PANDA ECO SYSTEM BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT
30 JUNE 2023 (CONT'D)**

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Appendix A



Malaysia PLT
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Chartered Accountants

3. BASIS OF PREPARATION

The Pro Forma Statements of Financial Position of the Group as at 30 June 2023 is prepared based on the audited combined financial statements of the Group as at 30 June 2023, which was prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of the financial statements and accounting policies of the Group.

The combined financial statements used in the preparation of these Pro Forma Statements of Financial Position were not subject to any audit qualification or emphasis of matter.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for proofing-of-interests are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the business combination has been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the differences between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to merger reserves or merger deficit.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs.

The Pro Forma Statements of Financial Position together with the related notes thereon, have been prepared solely to illustrate the impact of events and transactions set out in Note 5 to the Pro Forma Statements of Financial Position had the events occurred or transactions been undertaken on 30 June 2023. The Pro Forma Statements of Financial Position are not necessarily indicative of the financial positions that would have been attained had the Listing actually occurred at the respective dates.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)**PANDA ECO SYSTEM BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT
30 JUNE 2023 (CONT'D)**

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4. LISTING SCHEME

In conjunction with, and as an integral part of the Listing, Panda implemented and intends to undertake the following:-

4.1 Acquisition of subsidiaries

Panda had on 21 February 2023, entered into conditional shares sale and purchase agreement with the respective shareholders to acquire the equity interest in the following companies:-

	Equity Interest (%)	Purchase Consideration RM	No. of shares issued by Panda
Panda Software	100.0	4,721,000	472,100,000
KK Computer	100.0	221,000	22,100,000
Rexbridge	100.0	479,000	47,900,000
020 Digital	100.0	198,000	19,800,000
		<u>5,619,000</u>	<u>561,900,000</u>

The purchase consideration of Panda Software, KK Computer, Rexbridge and 020 Digital were arrived on a willing-buyer willing-seller basis, after taking into consideration the audited net assets and after-tax profits of the respective companies as at 30 June 2023.

The acquisitions of the above companies were completed on 1 September 2023 and Panda Software, KK Computer, Rexbridge and 020 Digital became the wholly-owned subsidiaries of Panda.

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14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

**PANDA ECO SYSTEM BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT
30 JUNE 2023 (CONT'D)**

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

4. LISTING SCHEME (CONT'D)

In conjunction with, and as an integral part of the Listing, Panda implemented and intends to undertake the following:- (cont'd):-

4.2 IPO

(a) Public Issue

The Public Issue of 109,286,800 new Shares, representing approximately 16.3% of the enlarged issued share capital of Panda at the IPO Price of RM0.16 per Share allocated in the following manner:-

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

(b) Offer of Sale

61,810,000 offer shares, representing approximately 9.2% of the entire enlarged shares, will be made available at the IPO Price by way of private placement to selected investors.

4.3 Listing

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

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

For Identification Only

Appendix A



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

PANDA ECO SYSTEM BERHAD**NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT****30 JUNE 2023 (CONT'D)****5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA STATEMENTS OF FINANCIAL POSITION****5.1 Pro Forma I**

Pro Forma I incorporates the effects of Acquisition of Panda Software, KK Computer, Rexbridge and 020 Digital set out in Note 4.1 to the Pro Forma Statements of Financial Position.

5.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and Public Issue set out in Note 4.2 to the Pro Forma Statements of Financial Position.

5.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the proposed utilisation of proceeds from Public Issue. The proceeds from the Public Issue will be utilised as follows:-

Purposes			Estimated timeframe for utilisation from the date of Listing
	RM'000	%	
Research and development of new solutions #	2,712	15.5	Within 36 months
Business expansion #			
• Regional expansion in ASEAN countries	1,890	10.8	Within 36 months
• Establishing additional service hubs and expanding workforce in existing service hubs in Malaysia	2,634	15.1	Within 24 months
Expansion of customer technical support department #	1,680	9.6	Within 24 months
Headquarters expansion #	3,000	17.2	Within 36 months
Working capital	2,833	16.2	Within 24 months
Estimated listing expenses *^	2,736	15.6	Within 1 month
	17,485	100.0	

Notes:-

These utilisation of proceeds are not adjusted in the Pro Forma III to the Pro Forma Statements of Financial Position as they are not factually supportable and hence, they remain in the cash and bank balances.

* If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital.

^ The estimated listing expenses of RM873,000 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM1,863,000 that are attributable to the Listing will be expensed off to profit or loss. As of 30 June 2023, RM1,101,000 has been paid and RM654,000 was expensed off to profit or loss while RM447,000 has been recognised as prepayment. RM447,000 is recognised as prepayment as this is directly attributable to the Public Issue which will be offset against share capital upon Listing.

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

Appendix A

**PANDA ECO SYSTEM BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT
30 JUNE 2023 (CONT'D)****6. EFFECTS ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION****6.1 Other receivables, deposits and prepayment**

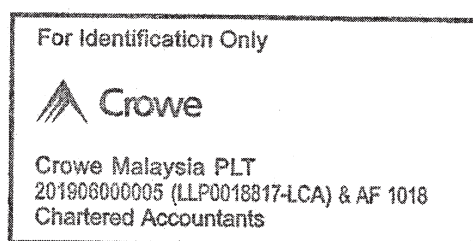
	RM'000
As at 30 June 2023/As per Pro Forma I and II	708
Less: Prepayment for listing expenses ^	(447)
As per Pro Forma III	<u>261</u>

Note:-

^ As of 30 June 2023, RM447,000 of listing expenses have been recognised as prepayment which will be offset against share capital upon Listing.

6.2 Cash and bank balances

	RM'000
As at 30 June 2023/As per Pro Forma I	4,659
Add: Proceeds from public issue	17,485
As per Pro Forma II	<u>22,144</u>
Less: Estimated listing expenses	(1,635)
As per Pro Forma III	<u>20,509</u>

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14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

For Identification Only

Appendix A



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

PANDA ECO SYSTEM BERHAD**NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT****30 JUNE 2023 (CONT'D)****6. EFFECTS ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)****6.3 Share capital**

	Number of Ordinary Shares '000	Amount of Share Capital RM'000
As at 30 June 2023	#	*
Add: Ordinary shares issued pursuant to the acquisition of subsidiaries	561,900	5,619
As per Pro Forma I	561,900	5,619
Add: Public Issue	109,287	17,485
As per Pro Forma II	671,187	23,104
Less: Estimated listing expenses ^	-	(873)
As per Pro Forma III	671,187	22,231

Note:-

^ The estimated listing expenses of RM873,000 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM1,863,000 that are attributable to the Listing will be expensed off to profit or loss.

Less than 500 ordinary shares.

* Amount is less than RM500.

6.4 Invested Capital

	RM'000
As at 30 June 2023	380
Less: Acquisition of subsidiaries	(380)
As per Pro Forma I, II and III	-

6.5 Merger reserve

	RM'000
As at 30 June 2023	-
Add: Acquisition of subsidiaries	(5,239)
As per Pro Forma I, II and III	(5,239)

14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

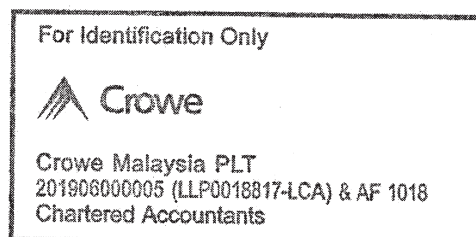
Appendix A

**PANDA ECO SYSTEM BERHAD
NOTES TO PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT
30 JUNE 2023 (CONT'D)**
6. EFFECTS ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION (CONT'D)
6.6 Retained profits

	RM'000
As at 30 June 2023/As per Pro Forma I and II	13,978
Less: Estimated listing expenses ^	(1,209)
As per Pro Forma III	12,769

Note:-

^ The estimated listing expenses of RM873,000 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM1,863,000 that are attributable to the Listing will be expensed off to profit or loss. The Group has recognised RM654,000 of listing expenses to profit or loss during the financial period ended 30 June 2023.



14. REPORTING ACCOUNTANTS' REPORT ON PRO FORMA COMBINED FINANCIAL INFORMATION (Cont'd)

Appendix A

PANDA ECO SYSTEM BERHAD

APPROVAL BY THE BOARD OF DIRECTORS

For Identification Only



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

Approved and adopted by the Board of Directors in accordance with a resolution dated **20 OCT 2023**

On behalf of the Board of Directors,

A handwritten signature in black ink, consisting of a large, stylized 'L' and 'W'.

Loo Chee Wee

A handwritten signature in black ink, consisting of a large, stylized 'T' and 'K'.

Tay Kheng Seng

15. STATUTORY AND OTHER INFORMATION**15.1 SHARE CAPITAL**

- (a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.
- (b) Save for the Pink Form Allocations as disclosed in Section 4.3.2;
 - (i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and
 - (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (c) Save for the new Shares issued for the Acquisitions and to be issued for the Public Issue as disclosed in Sections 6.2 and 4.3.1 respectively, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.
- (e) As at the date of this Prospectus, our Company does not have any outstanding convertible debt securities.

15.2 SHARE CAPITAL OF OUR SUBSIDIARIES

Details of our share capital are set out in Section 6.1. Details of the share capital of our subsidiaries are set out below.

15.2.1 Panda Software

Panda Software's share capital as at LPD is RM100,000 comprising 100,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
20 April 2009	2	RM2/ Cash	2
17 August 2012	99,998	RM99,998/ Cash	100,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Panda Software. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15. STATUTORY AND OTHER INFORMATION (Cont'd)**15.2.2 KK Computer**

KK Computer's share capital as at LPD is RM60,000 comprising 60,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
11 August 1997	2	RM2/ Cash	2
18 August 1997	59,998	RM59,998/ Cash	60,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KK Computer. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.3 Rexbridge

Rexbridge's share capital as at LPD is RM120,000 comprising 120,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
28 August 2014	10	RM10/ Cash	10
18 June 2018	99,990	RM99,990/ Cash	100,000
21 May 2021	2,000	RM2,000/ Cash	102,000
21 May 2021	18,000	RM18,000/ Cash	120,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Rexbridge. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.4 020 Digital

020 Digital's share capital as at LPD is RM100,000 comprising 100,000 ordinary shares. The movements in its share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital RM
30 July 2020	100,000	RM100,000/ Cash	100,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in 020 Digital. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15. STATUTORY AND OTHER INFORMATION (*Cont'd*)

15.3 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

15.3.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 7 - Authority of Directors to allot shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of this Constitution and the Act and the Central Depositories Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot or otherwise dispose of such shares to such persons on such terms and conditions with such (whether in regard to dividend, voting or return of capital) preferred, deferred or other special rights and either at a premium or otherwise, and subject to such restrictions and at such time or times as the Directors may think fit but the Directors in making any issue of shares shall comply with the following conditions:

Clause 7.1

no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members in general meeting;

Clause 7.2

in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution or in the resolution creating the same;

Clause 7.3

every issue of shares or options to employees and/or Directors shall be approved by the Members in general meeting and:

- (a) Such approval shall specifically detail the amount of shares or options to be issued to such employees and/or Directors; and
- (b) A Director not holding office in an executive capacity may so participate in an issue of shares pursuant to a share option scheme;

Clause 7.4

in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than 5.0% of the issue price;

15. STATUTORY AND OTHER INFORMATION (Cont'd)***Clause 7.5***

the Company must ensure that all new issue of shares for which listing is sought shall be made by way of crediting the Securities Accounts of the allottees or entitled persons in the Depository with such securities save and except where the Company is specifically exempted from doing so. The Company shall notify the Depository of the names of the allottees or the entitled persons together with all such particulars as may be required by the Depository to enable it to make the appropriate entries in the Securities Accounts of such allottees or entitled persons; and

Clause 7.6

the Company must allot and issue Securities, despatch notices of allotment to the allottees and make an application for the quotation of such securities within such periods as may be prescribed by the Exchange.

Clause 18 - Alteration of class rights

Whenever the capital of the Company is divided into different classes of shares or groups the special rights attached to any class or group may subject to the provisions of this Constitution (unless otherwise provided by the terms of issue of the shares of the class), either with the consent in writing of the holders of 3/4 of the issued shares capital of the class or group, or with the sanction of any Special Resolution passed at a separate general meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, and such writing or resolution shall be binding upon all the holders of shares of the class. To every such separate general meeting all the provisions of this Constitution relating to general meetings or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two persons at least holding or representing by proxy (but so that if an adjourned meeting of such holders a quorum as above defined is not present those Members who are present shall be a quorum), that any holder of shares in the class present in person or by proxy may demand a poll and that the holders of shares of the class or group shall, on a poll, have one vote in respect of every share of the class or group held by them respectively. To every such special resolution, the provisions of Section 292 of the Act, shall, with such adaptations as are necessary, apply.

Clause 51 - Increase of share capital

The Company may from time to time, whether all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution passed at the general meeting increase its share capital, such new capital to be of such amount and to be divided into shares of such rights to or be subject to such conditions or restriction in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs, and if no direction to be given, as the Directors shall determine and in particular, but without prejudice to the rights attached to any preference shares that may have been issued, such new shares may be issued with a preferential or qualified right to dividends, and in the distribution of the assets of the Company and with a special or restricted or without any right of voting.

15. STATUTORY AND OTHER INFORMATION (Cont'd)**Clause 52 - Issue of new shares to existing Members**

In accordance with paragraph 7.08 of the Listing Requirements, subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the directors may dispose of those shares or securities in such manner as they think most beneficial to the company. The directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the directors, be conveniently offered under this Constitution. For the avoidance of doubt, where the approval of Members is obtained in a general meeting for any issuance of shares or convertible securities, including approvals obtained under Sections 75 and 76 of the Act, such approval shall be deemed to be a direction to the contrary given in general meeting which will render the pre-emptive rights above inapplicable. In any case and in respect of any issuance of shares or convertible securities, the pre-emptive rights of Members are strictly as contained in the Constitution and accordingly, the provisions of Section 85 of the Act in respect of pre-emptive rights to new shares, shall not apply.

Clause 54 - Alteration of Capital**Clause 54.1**

The Company may by special resolution:

Subject to the provisions of the Act and the Listing Requirements, the Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital, such that the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (b) convert all or any of its issued shares into stock and reconvert that stock into fully-paid shares;
- (c) subdivide its shares or any of its shares, such that whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived. Any resolution whereby any share is subdivided may determine that, as between the Holders of shares resulting from such subdivision, 1 or more of such shares may have such preferred or other special rights over, or may be given any preference or advantage as regards distributions, including dividends, return of capital voting or otherwise over the other or others of such shares;
- (d) increase its share capital by such sum to be divided into shares of such amount as the resolution may prescribe; or
- (e) subject to the provisions of this Constitution and the Act, convert and/or reclassify any class of shares into another class of shares.

15. STATUTORY AND OTHER INFORMATION (*Cont'd*)

Clause 54.2

The Company may, subject to the provision of the Act, by Special Resolution reduce its share capital.

15.3.2 Borrowing and voting power of the directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contract in which they are interested in are as follows:

Clause 108 - Directors' borrowing powers

Clause 108.1

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any related third party PROVIDED ALWAYS that nothing contained in this Constitution shall authorise the Directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party;

Clause 108.2

The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified or otherwise; and

Clause 108.3

If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

Clause 123 - Declaration of Interest and restriction of voting

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract or arrangement with the Company, shall declare the nature of his interest in accordance with the provisions of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly, a personal interest and if he should do so, his vote should not be counted, but this prohibition shall not apply to:

- (a) any arrangement for giving any Director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of a security.

15. STATUTORY AND OTHER INFORMATION (*Cont'd*)

Clause 124 - Directors retained from voting in interested transactions

Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.

15.3.3 Remuneration of directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:

Clause 103 – Remuneration

The fees and any benefits payable to the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:

Clause 103.1

fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;

Clause 103.2

salaries payable to executive Directors may not include a commission on or percentage of turnover;

Clause 103.3

fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and

Clause 103.4

any fee paid to an Alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Clause 104.2 - Reimbursement and special remuneration

If by arrangement with the Directors, any Director shall perform or render any special duties or service's outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged subject to any other provisions of this Constitution.

15. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 136 - Remuneration of Chief Executive Officer and Executive Director

The remuneration of the CEO and/or Executive Directors may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover.

15.3.4 Transfer of Shares

The provisions in our Constitution dealing with transfer of shares as follows:

Clause 42 - Transfer of Securities

The transfer of any Listed Security or class of Listed Security in the Company shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 105, 106 or 110 of the Act, subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Listed Security.

15.4 GENERAL INFORMATION

- (a) Save for the issuance of our Shares as disclosed in Section 6.1, dividends paid to our shareholders in FYE 2019 to 2022, FPE 2023 and up to LPD, and Directors' remuneration as disclosed in Sections 12.16 and 5.2.4 respectively, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders;
- (b) None of our Directors or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group;
- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16; and
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15.5 CONSENTS

- (a) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma consolidated financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and

15. STATUTORY AND OTHER INFORMATION *(Cont'd)*

- (c) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

15.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Constitution;
- (b) Audited financial statements of:
 - (i) our Company since incorporation up to 31 December 2022 and FPE 2023;
 - (ii) Panda Software for FYE 2019 to 2022 and FPE 2023;
 - (iii) KK Computer for financial year ended 31 August 2019 and 31 August 2020, 15-month financial period ended 31 December 2021, FYE 2022 and FPE 2023;
 - (iv) Rexbridge for financial year ended 31 August 2019, 15-month financial period ended 31 December 2020, FYE 2021, FYE 2022 and FPE 2023; and
 - (v) 020 Digital for financial period ended 31 December 2021, FYE 2022 and FPE 2023;
- (c) Accountants' Report as set out in Section 13;
- (d) Reporting Accountants' Report relating to our pro forma combined statements of financial position as set out in Section 14;
- (e) IMR Report as set out in Section 8;
- (f) Material contracts as set out in Section 6.5; and
- (g) Letters of consent as set out in Section 15.5.

15.7 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 8 November 2023

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 15 November 2023

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS**16.2.1 Retail Offering**

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>Types of Application and category of investors</u>	<u>Application Method</u>
Applications by our Eligible Person(s)	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.2.2 Placement

Types of Application	Application Method
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. **Invalid, nominee or third party CDS Accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (a) You must be one of the following:
 - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
 - (i) White Application Form;
 - (ii) Electronic Share Application; or
 - (iii) Internet Share Application.

16.3.3 Application by our Eligible Person(s)

The Eligible Person(s) will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. The applicants must follow the notes and instructions in those documents and where relevant, in this Prospectus.

16.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.16 for each IPO Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 749"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(197101000970 (11324-H))
 Unit 32-01, Level 32, Tower A
 Vertical Business Suite
 Avenue 3, Bangsar South
 No.8, Jalan Kerinchi
 59200 Kuala Lumpur

or

- (b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

so as to arrive not later than 5.00 p.m. on 15 November 2023 or by such other time and date specified in any change to the date or time for closing.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (a) reject Applications which:
 - (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (ii) are illegible, incomplete or inaccurate; or
 - (iii) are accompanied by an improperly drawn up or improper form of remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

- (c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of our IPO shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at <https://tiih.online> within one (1) market day after the balloting event.

Pursuant to the Listing Requirements, we are required to have at least 25.00% of our total number of Shares for which listing is sought to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each upon our admission to the Official List and completion of our IPO. We expect to achieve this at the point of Listing. In the event this requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all the Applications will be returned in full (without interest or any share of revenue or benefits arising therefrom) and if such monies are not returned in full within 14 days after our Company becomes liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

In the event of any under-subscription of our Public Issue Shares by the Malaysian Public and/or Eligible Parties, subject to the underwriting arrangements and reallocation provisions set out Section 4.3.3 of this Prospectus, any of the aforementioned Issue Shares not applied for will then be subscribed by our Sole Underwriter subject to the terms and conditions of the Underwriting Agreement.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

- (a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).
- (d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5th Market Day from the balloting date.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (a) Our IPO Shares allotted to you will be credited into your CDS Account.
- (b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (c) In accordance with Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the Central Depositories Act and Depository Rules.
- (d) In accordance with Section 29 of the Central Depositories Act, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiionline>, **1 Market Day** after the balloting date.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

You may also check the status of your Application, **5 Market Days** after the balloting date by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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