THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
If you are in any doubt as to the course of action you should take, please consult your stockbroker, bank manager, solicitor, accountant, bank manager or other professional advisers immediately.

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

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

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

PROPOSED ACQUISITIONS OF:

(I) 100,000 ORDINARY SHARES REPRESENTING THE ENTIRE EQUITY INTEREST IN GROSS SYNERGY SDN BHD; AND

(II) 50,000 ORDINARY SHARES REPRESENTING THE ENTIRE EQUITY INTEREST IN DAY ONE TECHNOLOGY SDN BHD,

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

(COLLECTIVELY, REFERRED TO AS "PROPOSED ACQUISITIONS")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

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

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

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

Last date and time for lodging the Form of Proxy	:	Sunday, 25 May 2025, 11:00 a.m.
Date and time of meeting of members	:	Monday, 26 May 2025, 11:00 a.m. or immediately upon the conclusion of the 3rd AGM of the Company scheduled to be held on the same day at 10:00 a.m., whichever is later

This Circular is dated 25 April 2025

DEFINITIONS

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

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

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

"Major shareholder(s)"	:	A person, who has or had an interest or interests in 1 or more voting shares in the Company and the number or aggregate number of those shares, is: (i) 10.0% or more of the total number of voting shares in the Company; or (ii) 5.0% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. Major shareholder also includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposed Acquisitions were agreed upon, a major shareholder of the Company, its subsidiary or holding company. For the purpose of this definition, "interest" shall have the meaning as "interest in shares" given in Section 8 of the Act
"Maturity Date"	:	The date where the Target Group's audited financial statements for FYE 2026 are made available
"NA"	:	Net assets
"Panda" or "Company"	:	Panda Eco System Berhad (Registration No. 202201028635 (1474332-M))
"Panda Group" or "Group"	:	Panda and its subsidiaries, collectively
"Panda Share(s)" or "Share(s)"	:	Ordinary share(s) in Panda
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Profit Guarantee"	:	Vendors' guarantee that Target Group shall achieve an audited PAT of not less than RM1,421,702 in aggregate for each financial year during the Profit Guarantee Period or RM2,843,404 in aggregate for the Profit Guarantee Period
"Profit Guarantee Period"	:	FYE 2025 and FYE 2026, collectively
"Proposed Acquisitions"	:	Proposed acquisitions of GSSB Sale Shares and DOTSB Sale Shares by the Company from the Vendors at the Purchase Consideration
"Purchase Consideration"	:	RM17,060,424, being the total purchase consideration for the Proposed Acquisitions to be satisfied via a Cash Consideration and Consideration Shares
"Retention Sum"	:	RM2,843,404 to be retained by the Company and only to be paid to the Vendors upon the fulfilment of the Profit Guarantee by the Target Group upon Maturity Date
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively

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

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

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

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

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

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

Key information	Description	Reference to Circular
Summary of the Proposed Acquisitions	The Proposed Acquisitions involve the acquisition by Panda of GSSB Sale Shares and DOTSB Sale Shares, representing the entire equity interest in Target Group from the Vendors for the Purchase Consideration, subject to the terms and conditions of the SSA. The Purchase Consideration of RM17.1 million is to be satisfied by Panda via a combination of the Cash Consideration and issuance of the Consideration Shares at the Issue Price to the Vendors. The Issue Price represents a discount of 10.0% to the 5D-VWAMP of the Shares preceding the date of the SSA of RM0.3409.	**Section 2.1**
Rationale	Our Board expects the Proposed Acquisitions to contribute positively to our Group based on the key rationale as set out below: (i) the Proposed Acquisitions will reduce our Group's reliance on our existing customer base and diversify into different regions in Malaysia; (ii) the Proposed Acquisitions will expand our product offerings and therefore strengthen our position as a retail management service provider in Malaysia; (iii) our Group will be able to leverage on the technical expertise and resources of the Target Group to assist in the growth of our Group's existing business; and (iv) The favourable outlook of the Target Group as set out in Sections 5.3 and 5.4.	**Section 3**
Risk factors	The potential risk factors of the Proposed Acquisitions are as follows: (i) The completion of the Proposed Acquisitions is conditional upon the fulfilment of all the Conditions Precedent of the SSA; (ii) There is no guarantee that the anticipated benefits from the Proposed Acquisitions will be realised or that our Group will be able to generate sufficient returns from the Proposed Acquisitions to offset our cost of investment; and	**Section 5**

Key information	Description	Reference to Circular
	(iii) The Profit Guarantee is based on various bases and assumptions deemed reasonable, but nevertheless is subject to certain uncertainties and contingencies, which are often outside of the control of our Group.	
Approvals required	The Proposed Acquisitions are subject to the following: (i) approval-in-principle of Bursa Securities for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities, which was obtained on 9 April 2025; (ii) approval of the shareholders of Panda at the forthcoming EGM; and (iii) any other relevant authorities and/or parties, if required. The Proposed Acquisitions are inter-conditional upon each other. However, the Proposed Acquisitions are not conditional upon any other corporate exercises undertaken or to be undertaken by Panda.	**Section 8**

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

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

25 April 2025

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

To: The shareholders of our Company

Dear Shareholders,

PROPOSED ACQUISITIONS

1. INTRODUCTION

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

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

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

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

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

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

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2. DETAILS OF THE PROPOSED ACQUISITIONS

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

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

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

Note:

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

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

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

Note:

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

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

2.1 Information of GSSB

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

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

Further details on GSSB are set out in Appendix I.

2.2 Information of DOTSB

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

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

Further details on DOTSB are set out in Appendix I.

2.3 Information of the Vendors

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

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

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

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

2.4 Basis and justification of the Purchase Consideration

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

(a) the audited financial results of the Target Group for FYE 2023 and management accounts of the Target Group for FPE 2024;

(b) the Profit Guarantee provided by the Vendors;

(c) the rationale of the Proposed Acquisitions as set out in Section 3; and

(d) the future prospects of the Target Group as set out in Section 5.

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

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

(a) majority of its businesses (largest revenue contribution of more than 50.0% of its total revenue) are involved in the provision of software application and system development; and

(b) market capitalisation of below RM200.0 million.

The PE multiples of the comparable companies are as follows:

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

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

Note:

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

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

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

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

(a) the adjusted PAT of the Target Group for FYE 2023 of RM1.4 million, which has been adjusted for:

   (i) non-recurring expenses of RM0.7 million;

   (ii) non-recurring income of RM0.1 million;

   (iii) amortisation of intangible assets of RM0.05 million;

   (iv) expected credit losses on trade receivables of RM0.04 million; and

   (v) corporate tax of 24.0% on the chargeable income of RM0.5 million.

(b) the management accounts of the Target Group for FPE 2024.

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

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

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

Notes:

* Less than RM1,000.

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

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

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

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

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

2.5 Mode of settlement of the Purchase Consideration

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

(a) Cash Consideration, the mode of payment of which is as set out in Section 4 of Appendix II; and

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

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

2.6 Basis of determining the Issue Price

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

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

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

2.7 Ranking of the Consideration Shares

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

2.8 Listing of and quotation for the Consideration Shares

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

2.9 Profit Guarantee

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

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

GSSB

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

DOTSB

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

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

(a) pay our Company such amount equivalent to the Deficiency directly following which our Company shall release the Retention Sum to the Vendors in full in accordance with their shareholding proportion of GSSB Sale Shares and DOTSB Sale Shares as set out above within 14 days from the Maturity Date; or

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

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

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

For illustration purposes:

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

Deficiency	=	Profit Guarantee in aggregate for the Profit Guarantee Period + aggregate audited LAT for FYE 2025 and 2026
	=	RM2,843,404 + RM2,000,000
	=	RM4,843,404

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

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

Deficiency	=	Profit Guarantee in aggregate for the Profit Guarantee Period - aggregate audited PAT for FYE 2025 and 2026
	=	RM2,843,404 - RM2,000,000
	=	RM843,404

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

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

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

Deficiency	=	Profit Guarantee in aggregate for the Profit Guarantee Period - aggregate audited PAT for FYE 2025 and 2026
	=	RM2,843,404 - RM2,000,000
	=	RM843,404

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

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

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

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

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

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

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

2.10 Assumption of liabilities and estimated financial commitments

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

2.11 Additional financial commitment required

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

3. RATIONALE OF THE PROPOSED ACQUISITIONS

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

(a) the Proposed Acquisitions will reduce our Group's reliance on our existing customer base and diversify into different regions in Malaysia;

(b) the Proposed Acquisitions will expand our product offerings and therefore strengthen our position as a retail management solutions provider in Malaysia;

(c) our Group will be able to leverage on the technical expertise and resources of the Target Group to assist in the growth of our Group's existing business operations;

(d) the favourable outlook and prospects of the Target Group as set out in Sections 5.3 and 5.4.

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

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

4. EFFECTS OF THE PROPOSED ACQUISITIONS

4.1 Issued share capital

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

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

Notes:

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

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

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

4.2 Substantial shareholders' shareholdings

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

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

Notes:

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

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

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

4.3 NA and gearing

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

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

Notes:

(1) After deducting estimated expenses of approximately RM0.4 million in relation to the Proposed Acquisitions.

(2) Not applicable as our Company does not have any borrowings as at 31 December 2023.

(3) Not applicable as our Company and the Target Group will not have any borrowings upon completion of the Proposed Acquisitions.

4.4 EPS

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

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

4.5 Convertible securities

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

5. INDUSTRY OVERVIEW AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.3 Prospects and future plans of Target Group

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

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

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

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

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

(a) streamlining shared services: by centralising human resources, finance, administrative and procurement functions, our Group will achieve better allocation of resources, streamlined reporting, improve finance and cost control and drive greater efficiency. The Target Group aims to implement and merge these functions with Panda by first quarter of 2026;

(b) leveraging technical resources and shared expertise between the Target Group and Panda by consolidating the software development teams and standardising their software development frameworks by first quarter of 2026. These efforts will improve performances, drive greater operational efficiency and scalability across our Group; and

(c) expanding cross-selling opportunities: the Target Group aims to increase revenue through synergy with Panda by selling Panda's solutions starting in second quarter of 2025, amongst others, business to business ("**B2B**") solution, Business Analytics Dashboard, Sub-let Rental Management System, Customer Relationship Management modules and E-invoice solution. The initial focus will be on integrating the Target Group's customer base with Panda by introducing bundled offerings to existing pool of customers.

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

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

6. RISK FACTORS

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

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

6.1 Completion risk

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

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

6.2 Investment risk

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

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

6.3 Achievability of Profit Guarantee

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

7. HISTORICAL SHARE PRICES

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

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

(Source: Bloomberg)

8. APPROVALS REQUIRED

The Proposed Acquisitions are subject to the following:

(a) approval-in-principle of Bursa Securities, which was obtained on 9 April 2025, for the listing of and quotation for the Consideration Shares on the ACE Market of Bursa Securities;

(b) approval of the shareholders of our Company for the Proposed Acquisitions at the EGM to be convened; and

(c) any other relevant authorities and/or parties, if required.

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

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

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

10. STATEMENT BY OUR BOARD

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

11. ADVISER

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

12. HIGHEST PERCENTAGE RATIO

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

13. ESTIMATED TIMEFRAME FOR COMPLETION

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

The tentative timetable for the Proposed Acquisitions is as follows:

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

14. OUTSTANDING CORPORATE EXERCISE

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

15. EGM

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

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

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

16. FURTHER INFORMATION

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

Please refer to the attached appendices for further information.

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

LOO CHEE WEE
Executive Director

1. INFORMATION ON GSSB

1.1 BACKGROUND INFORMATION

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

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

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

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

1.2 SHARE CAPITAL

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

1.3 DIRECTORS AND SHAREHOLDERS

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

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

1.4 SUBSIDIARY AND ASSOCIATED COMPANY

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

1.5 HISTORICAL FINANCIAL INFORMATION

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

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

Notes:

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

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

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

<u>Commentaries</u>

(a) FYE 2023 compared to FYE 2022

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

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

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

(b) FYE 2022 compared to FYE 2021

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

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

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

(c) FYE 2021 compared to FYE 2020

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

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

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

1.6 MATERIAL COMMITMENT

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

1.7 CONTINGENT LIABILITIES

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

1.8 MATERIAL LITIGATION

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

1.9 MATERIAL CONTRACTS

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

1.10 LIST OF ASSETS OWNED

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

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

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2. INFORMATION ON DOTSB

2.1 BACKGROUND INFORMATION

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

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

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

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

2.2 SHARE CAPITAL

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

2.3 DIRECTORS AND SHAREHOLDERS

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

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

2.4 SUBSIDIARY AND ASSOCIATED COMPANY

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

2.5 HISTORICAL FINANCIAL INFORMATION

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

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

Notes:

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

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

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

<u>**Commentaries**</u>

(a) FYE 2023 compared to FYE 2022

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

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

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

(b) FYE 2022 compared to FYE 2021

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

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

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

(c) FYE 2021 compared to FYE 2020

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

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

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

2.6 MATERIAL COMMITMENT

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

2.7 CONTINGENT LIABILITIES

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

2.8 MATERIAL LITIGATION

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

2.9 MATERIAL CONTRACTS

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

2.10 LIST OF ASSETS OWNED

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

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

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APPENDIX II – SALIENT TERMS OF THE SSA

The salient terms of the SSA are as follows:

1. CONDITIONAL AGREEMENT TO SALE AND PURCHASE

1.1 In consideration of the Vendors' and the Company's (collectively referred to as "**Parties**" for the purpose of Appendix II) mutual promises set out in the SSA and the Purchase Consideration provided in accordance with **Section 4** of **Appendix II**, the Vendors (as the registered holders and beneficial owners of GSSB Sale Shares and DOTSB Sale Shares agree to sell and the Company agrees to purchase the GSSB Sale Shares and DOTSB Sale Shares from the Vendors (on a willing seller and willing buyer basis) at the Purchase Consideration on the terms and subject to the Conditions Precedents (as defined in **Section 2.1** of **Appendix II**).

1.2 The GSSB Sale Shares and DOTSB Sale Shares are sold free from all claims and encumbrances and with full legal and beneficial title and together with all rights, privileges, obligations, benefits and advantages attaching thereto (including all dividends and distributions (if any) which may be declared, made or paid in respect thereof) with effect from the actual date on which the completion of the sale and purchase of GSSB Sale Shares and DOTSB Sale Shares by the performance by the Parties of their respective obligations under **Section 4.1** and **Section 7.2** of **Appendix II** ("**Completion**") have taken place ("**Completion Date**") in accordance with **Section 7** of **Appendix II** and on the basis of the warranties, representations and undertakings of the Vendors contained in Clause 7, Clause 8 and Annexure 2 of the SSA ("**Warranties**").

1.3 The Vendors and the Company agree that the purchase of the GSSB Sale Shares and DOTSB Sale Shares from the Vendors shall include all of the rights, privileges, and obligations attached to GSSB Sale Shares and DOTSB Sale Shares.

1.4 The Vendors are only obliged to complete the sale and the Company is only obliged to complete the purchase of any of the GSSB Sale Shares and DOTSB Sale Shares if the sale and purchase of all the GSSB Sale Shares and DOTSB Sale Shares are completed simultaneously.

2. CONDITION PRECENDENT

2.1 The Proposed Acquisitions is subject to the following conditions precedent ("**Conditions Precedent**") being fulfilled, obtained or waived (as the case may be) within 180 days from the date of the SSA or such other extended date the Parties may agree in writing ("**Conditional Period**"):

(i) the Company, having obtained the approval of its shareholders at an extraordinary general meeting to be convened, for the purchase of the GSSB Sale Shares and DOTSB Sale Shares in accordance with the terms of the SSA;

(ii) the Company, having obtained the approval-in-principle of Bursa Securities for the listing of and quotation for the Consideration Shares to be issued to the Vendors; and

(iii) the Parties, having obtained, where necessary, the approval of such governmental or regulatory authorities, relating to the sale and purchase of the GSSB Sale Shares and DOTSB Sale Shares being obtained by the Parties, if required and such approvals being in full force and effect as of Completion. Where such approval is subject to conditions, such conditions being reasonably acceptable to the Parties and if such conditions are to be fulfilled on or before Completion, such conditions having been fulfilled on or before such date.

2.2 The SSA will become unconditional on the date when all the Conditions Precedent are fulfilled, obtained or, if applicable waived, in accordance with the provisions of the SSA within the Conditional Period. The date on which the last Condition Precedent is fulfilled, obtained or, if applicable waived is referred to as the Unconditional Date.

3. WAIVER & NON-FULFILLMENT OF CONDITIONS PRECEDENT

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

4. PURCHASE CONSIDERATION

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

(i) prior to the execution of the SSA, the sum of **RM200,000.00** only, being the deposit as part payment towards the Purchase Consideration ("**Earnest Deposit**") has been paid on 24 October 2024 by the Company to the solicitor of the Vendors ("**Vendors' Solicitors**") as stakeholders, the receipt of which is hereby acknowledged by the Vendors;

(ii) upon the execution of the SSA, a sum of **RM1,506,042.40** only ("**Balance Deposit**") has been paid on 28 November 2024 by the Company to the Vendors' Solicitors as stakeholders, as part payment towards the Purchase Consideration;

(iii) the Earnest Deposit and the Balance Deposit shall collectively be referred to as "**Deposit**" representing 10.0% of the Purchase Consideration;

(iv) within 7 business days upon the Unconditional Date, the Company's Solicitors are authorised to release the Deposit into the account of the GSSB and DOTSB ("**Target Group**") for the purposes of settlement of the Outstanding Loan (as defined in Section 6.2 of Appendix II) which upon such settlement, the balance of the Deposit, if any, shall be released to the Vendors in accordance with the shareholding proportion of the Sale Shares;

(v) within 14 days from the Unconditional Date or such other extended date as may be mutually agreed by the Parties hereto in writing (which in any event it shall be within 30 days from the Unconditional Date ("**Completion Period**") or any extension thereof), a sum of **RM5,971,148.40** being 35.0% of the Purchase Consideration ("**Tranche 1 Payment**"), shall be paid by way of Consideration Shares to the Vendors; and

(vi) within 14 days from the Unconditional Date or such other extended date as may be mutually agreed by the Parties hereto in writing (which in any event it shall be within the Completion Period or any extension thereof), the cash sum of **RM6,539,829.20** only ("**Tranche 2 Payment**") shall be paid by the Company to the Company's Solicitors as stakeholders. As and when applicable, the Company's Solicitors are authorised to utilise an amount equivalent to the remaining Outstanding Loan from the Tranche 2 Payment for the settlement of the remaining Outstanding Loan to the account of the Target Group, and thereafter to pay the remaining Tranche 2 Payment to the Vendors.

4.2 In light of the Profit Guarantee provided by the Vendors in accordance with **Section 5** of **Appendix II**, the Vendors hereby agree that the remaining sum of **RM2,843,404.00** only ("**Retention Sum**") shall be retained and only be paid to the Vendors within 14 days from the Maturity (as defined in Section 5.2(ii) of **Appendix II** below) ("**Maturity Date**") and to be dealt with in accordance with **Section 5** of **Appendix II** within 14 days from the Maturity Date.

4.3 The cash portion of the Purchase Consideration shall be settled and paid by way of cash, inter-bank transfers, cheques or bank drafts, or any other method to be mutually agreed by the Parties.

5. PROFIT GUARANTEE

5.1 In consideration of the Company acquiring GSSB Sale Shares and DOTSB Sale Shares, the Vendors unconditionally and irrevocably, jointly and severally, guarantee and covenant with the Company that the audited PAT of the Target Group for FYE 2025 and FYE 2026 shall collectively attain and achieve the profit guarantee i.e. audited PAT of no less than RM1,421,702 only per annum for each of the financial year of FYE 2025 and FYE 2026 respectively or RM2,843,404 collectively for the FYE 2025 and FYE 2026 on an aggregate basis ("**Profit Guarantee**").

5.2 Computation of Profit Guarantee

(i) For the purpose of computation of the PAT and determination of the performance of the Profit Guarantee, the PAT shall be based on the Target Group's audited financial statements for FYE 2025 and FYE 2026 as may be verified, approved and certified by the Target Group's auditors ("**Certified Accounts**"), a copy of which shall be delivered by the Company to the Vendors within 3 business days from the Maturity Date, which shall in the absence of manifest error or fraud, be conclusive, final and binding on the Vendors and the Company. The Certified Accounts shall be prepared in accordance with the Malaysian Financial Reporting Standards.

(ii) The date where the Target Group's audited financial statements for FYE 2026 are made available shall be referred to as "**Maturity Date**".

(iii) Depending on the audited PAT of the Target Group, the following treatments shall apply upon Maturity Date:

a. In the event the aggregate of the audited PAT of the Target Group for FYE 2025 and FYE 2026 are lower than the Profit Guarantee or in the event that the Target Group shall incur an aggregate LAT for FYE 2025 and FYE 2026, the Vendors shall, jointly and severally, compensate the Company in cash such sum equivalent to the deficiency between the actual aggregate PAT/ LAT so achieved for FYE 2025 and FYE 2026 and the Profit Guarantee ("**Deficiency**") whereby the Vendors may opt to:-

(1) pay the Company such amount equivalent to the Deficiency to the Company directly following which the Company shall release the Retention Sum to the Vendors in full in accordance with the shareholding proportion of the GSSB Sale Shares and DOTSB Sale Shares within 14 days from the Maturity Date; or

(2) request the Company to deduct the Deficiency from the Retention Sum and the Company shall release the remaining sum of the Retention Sum to the Vendors in full in accordance with the shareholding proportion of the GSSB Sale Shares and DOTSB Sale Shares within 14 days from the Maturity Date;

b. In the event the aggregate of the Target Group's audited PAT for FYE 2025 and FYE 2026 shall be equivalent to or exceed the Profit Guarantee, then the Profit Guarantee shall be deemed fully satisfied by the Vendors and the Retention Sum shall be paid by the Company to the Vendors in full in accordance with the shareholding proportion of the GSSB Sale Shares and DOTSB Sale Shares within 14 days from the Maturity Date failing which the Company shall be liable to pay the Vendors interest on such sum that remains outstanding calculated at the rate of 8.0% per annum on a daily basis commencing from the 15th day from the Maturity Date till the date such sum that remains outstanding is fully paid.

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

6. SPECIAL CONDITIONS

6.1 Simultaneously upon the execution of the SSA, Mr. Ho Soo Cherng ("**HSC**") and Mr. Ding Chew Keat ("**DCK**") shall enter into a employment agreement/letter of employment with the Target Group, on terms and conditions to be mutually agreed upon by the Parties, in respect of their retainment as the directors or appointment as the managers in the Target Group and/or their respective job scopes to be agreed in the said agreement/letter.

6.2 The Vendors hereby jointly and severally undertake and shall cause and procure their company, Day One Solution Sdn Bhd ("**DOSSB**") to provide an irrevocable letter of undertaking to the Company that DOSSB shall, together with the Vendors, jointly and severally undertake to repay the full amount of the loan owing by DOSSB to the Target Group of approximately RM2,000,000.00 and all incidental liabilities (other than trade payables) remaining outstanding and payable by the Target Group (as at Completion) ("**Outstanding Loan**"). The Outstanding Loan was loaned to DOSSB for its working capital requirements through multiple drawdowns between September 2022 and December 2023, bearing an interest rate of 4.4% per annum. Notwithstanding the aforesaid, the Vendors agree and authorise the Company or the Vendors' Solicitors and/or the Company's solicitors to deduct the Outstanding Loan from the Purchase Consideration and to pay the amount equivalent to the Outstanding Loan into the account of the Target Group.

6.3 The Vendors confirm and undertake that the working capital requirements of the Target Group shall be sufficiently maintained by the Target Group for at least 6 months from the Completion with at least 70.0% of the retained earnings to be maintained in the form of net current assets (out of which at least 20.0% of the retained earnings to be maintained in the form of cash at bank), and the Vendors undertake not to declare any distribution of retained earnings of the Target Group as at FYE 2023 and thereafter.

6.4 The Company shall take all necessary steps to ensure that the Vendors are entitled to appoint Mr. Cheok Kian Hing (the "**Vendor Representative**") (or any of the Vendors, in the event Mr. Cheok Kian Hing is not eligible to be appointed as the director of the Company for any reason whatsoever) to serve as a member of the Board of Directors of the Company. The Company agrees to take all necessary actions to appoint the Vendor Representative to the Board of Directors of the Company within 14 days from the Completion Date. The Vendor Representative shall, upon appointment, have the same rights, privileges, and responsibilities as other members of the Company's Board of Directors, including, but not limited to, the right to receive notices, attend, and vote at all meetings of the Board of Directors.

7. COMPLETION

7.1 If the Conditions Precedent are fulfilled, obtained or waived, as the case may be, (in accordance with the provisions of the SSA) within the Conditional Period and subject to the full settlement of the Purchase Consideration (save and except for the Retention Sum) by the Company to the Vendors or their stakeholders and the fulfilment of **Section 7.2** of **Appendix II** by the Vendors, the Completion of the sale and purchase of GSSB Sale Shares and DOTSB Sale Shares shall take place on the Completion Date.

7.2 Delivery of Documents and Registration of Transfer of Sale Shares

(i) The Vendors shall procure, execute and deposit the following documents with the Company's solicitor within 7 business days from the date of the SSA:

a. the instrument of transfer (i.e. the Instrument of Transfer of Shares pursuant to Section 105 of the Act) duly executed by the Vendors as transferors of the GSSB Sale Shares and DOTSB Sale Shares in favour of the Company ("**Transfer**");
b. the original share certificates in respect of GSSB Sale Shares and DOTSB Sale Shares free from all encumbrances and with full legal and beneficial title duly registered in the names of the Vendors;
c. the undated directors' resolution in writing of the Target Group duly signed by all directors of the Target Group approving and authorizing:

(1) the transfer and registration of the GSSB Sale Shares and DOTSB Sale Shares in the name of the Company;

(2) the issuance of the new share certificate(s) in the name of the Company; and

(3) the cancellation of the previous share certificates registered in the names of the Vendors;

d. the undated letter(s) of resignation of Mr. Yeow Cheng Hock ("**YCH**") and CKH;

e. the undated directors' resolution in writing of the Company duly signed by all the directors of the Company authorizing the change of signatories of all bank account(s) of the Company to the representative(s) nominated by the Company; and

f. any other documents necessarily required to enable the effective transfer of the Sale Shares to the Company and enable the Company to become the registered holder thereof.

(ii) The Company may at its absolute discretion waive any requirement contained **in Section 7.1(i)** of **Appendix II** but shall not be obliged to complete the purchase of any of the GSSB Sale Shares and DOTSB Sale Shares unless the remaining requirement have been fulfilled, failing which the SSA shall be terminated with the consequential effect and thereafter no Party shall have any claims against the other Parties.

8. TERMINATION

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

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

(i) a Party commits a material breach of the terms or conditions of the SSA, and such breach is not capable of being remedied; or

(ii) a Party commits a material breach of the terms or conditions of the SSA and, if such breach is capable of being remedied, such Party fails, refuses or neglects to remedy such breach within 30 days (or such longer period as may be agreed by the other Parties) after written notice has been given to such Party by any of the other Parties providing particulars of the breach and requiring such remedy; or

(iii) a Party applies for an order or an order is made declaring such Party (as applicable) bankrupt, insolvent, liquidated or wound up or granting such Party a moratorium or protection from its creditors; or a petition for bankruptcy or a winding-up shall been presented against such Party unless such Party has contested in good faith such petition within 30 days (or such longer period as may be agreed by the other Parties) of its presentation in Court and the petition is dismissed, struck off, discharged, stayed, suspended, withdrawn or set aside within 120 days (or such longer period as may be agreed by the other Parties) from the date of its presentation in Court; or an order is made or a members' resolution is passed or any legislation enacted for the winding-up of such Party (except as part of a bona fide scheme of reconstruction or amalgamation); or if such Party compounds with its creditors; or a trustee, administrator, liquidator, receiver, receiver and manager, custodian or similar official is appointed for such Party or for any substantial part of its assets or properties; or if such Party enters into or proposes to enter into any scheme of arrangement or compromise (except as part of a bona fide scheme of reconstruction or amalgamation) with any of its creditors or contributories;

(iv) where a Party is an individual, such Party dies, becomes of unsound mind, incapacitated, commit an act of bankruptcy or is adjudicated a bankrupt;

(v) if any distress or execution or other process of a Court of competent jurisdiction is levied upon or issued against any substantial part of the assets or property of a Party and such distress, execution or other process (as the case may be) is not satisfied by such Party within 30 days thereof (or such longer period as may be agreed by the other Parties), or unless any of the foregoing is contested in good faith within 30 days (or such longer period as may be agreed by the other Parties) and dismissed, struck off, withdrawn, suspended, set aside or discharged within 120 days thereof (or such longer period as may be agreed by the other Parties); or

(vi) if any of the Warranties is untrue or inaccurate and the Vendors fail or refuse to remedy the same within 14 days (or such longer period as may be agreed by the other Parties) from its receipt of the Company's written notice for such remedy.

8.3 Termination by the Vendors

(i) Upon the occurrence of an Event of Default by the Company, the Vendors may, at any time and while the Company's default as described herein subsists give a Notice of Termination to the Company to terminate the SSA forthwith without prejudice to all other rights and remedies available at any time to the Vendors and to take such actions or proceedings as it deems fit to claim damages and loss and all costs and expenses (on a full indemnity basis) incurred in connection with such actions or proceedings.

(ii) Upon termination, the Vendors shall require the Company to return all documents provided herein to the Company within 7 days from the date of termination with all the Vendors' rights and interest in the Target Group intact.

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

8.4 Termination by the Company

(i) Upon the occurrence of an Event of Default by the Vendors, the Company may, at any time and while the Vendors' default as described herein subsists give a Notice of Termination to the Vendors to terminate the SSA forthwith without prejudice to all other rights and remedies available at any time to the Company and to take such actions or proceedings as it deems fit to claim damages and loss and all costs and expenses (on a full indemnity basis) incurred in connection with such actions or proceedings.

(ii) Upon termination, the Company shall require the Vendors to return all documents provided herein to the Vendors within 7 days from the date of termination.

(iii) The Vendors shall refund all the monies (without interest) paid by the Company under the SSA and **Section 8.6** of **Appendix II** herein shall thereafter applied.

8.5 Termination by Either the Vendors or the Company

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

8.6. Consequences of Termination

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

(i) the SSA will be null and void and of no further effect;

(ii) save as set out in **Section 8.6(iii)** of **Appendix II**, each Party will have no further obligations to the other Party;

(iii) the termination will be without prejudice to any rights and liabilities arising as a result of, or in connection with, any antecedent breaches of the SSA; and

(iv) the Vendors shall have the absolute right to re-sell the GSSB Sale Shares and DOTSB Sale Shares to such persons in such manner at such price and on such terms as the Vendors may think fit.

9. NON-COMPETITION

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

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

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

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GROSS SYNERGY SDN. BHD.
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

AND

REPORTS

FOR THE YEAR ENDED 31 DECEMBER 2023

K.H. CHONG & CO PLT
CHARTERED ACCOUNTANTS
(LLP0033721-LCA) AF 1258

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GROSS SYNERGY SDN. BHD.
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REPORT AND STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2023

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GROSS SYNERGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

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

PRINCIPAL ACTIVITY

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

RESULTS

	Company RM
Profit for the year	544,769

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

DIVIDENDS

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

RESERVES AND PROVISIONS

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

SHARES AND DEBENTURES

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

SHARE OPTIONS

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

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

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GROSS SYNERGY SDN. BHD.
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DIRECTORS

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

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

DIRECTORS' BENEFITS

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

Since the end of the previous year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

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

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

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GROSS SYNERGY SDN. BHD.
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DIRECTORS' REMUNERATION

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

INDEMNITY AND INSURANCE COST

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

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

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

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

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OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

(b) any contingent liability of the Company which has arisen since the end of the year.

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

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

AUDITORS' REMUNERATIONS

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

	Company 2023 RM
Statutory audit	8,500

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GROSS SYNERGY SDN. BHD.
(Incorporated in Malaysia)

AUDITORS

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

Approved and signed on behalf of the Directors,

DING CHEW KEAT

Director

HO SOO CHERNG

Director

Date: 22 AUG 2024

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GROSS SYNERGY SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

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

Signed on behalf of the Directors,

DING CHEW KEAT
Director

HO SOO CHERNG
Director

Date: 22 AUG 2024

STATUTORY DECLARATION

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

Subscribed and solemnly declared by)
the above Ding Chew Keat at Puchong in the)
state of Selangor on 22 AUG 2024)

Before me,

PESURUHJAYA SUMPAH MALAYSIA
No. PJS: B 678
Firdaus binti
Mohd Shariff
1.1.2022-
31.12.2024

COMMISSIONER FOR OATHS

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

K.H. Chong & Co PLT
(LLP0033721-LCA & AF 1258)
Chartered Accountants
No. 24-2, Jalan PJS 11/28,
Bandar Sunway,
46150 Petaling Jaya, Selangor.
Tel: 03-56325105 Email: khchongco@yahoo.com

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

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Malaysia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROSS SYNERGY SDN. BHD. Registration No.:**199201019333**(Company No.:**250837-P**)
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Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the sole director.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

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

Other Matters

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

K.H. CHONG & CO PLT	CHONG KEAN HUAT
LLP0033721-LCA & AF 1258	No. 02032/06/2026 J
Chartered Accountants	Partner of the firm
Petaling Jaya	
Date: 22 AUG 2024	

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GROSS SYNERGY SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

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

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

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GROSS SYNERGY SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

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

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

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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1 GENERAL INFORMATION

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

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

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

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

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

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

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2 BASIS OF PREPARATION

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

The principal accounting policies adopted are set out below:

3.1 PROPERTY PLANT AND EQUIPMENT

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

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

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

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

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

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3.1 PROPERTY PLANT AND EQUIPMENT(Cont'd)

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

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

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

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

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

3.2 INTANGIBLE ASSETS

a) Research and development

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

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

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3.2 **INTANGIBLE ASSETS**

a) Research and development (Cont'd)

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

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

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

b) Computer Software

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

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

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

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

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

3.3 FINANCIAL ASSETS

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

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

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

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

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

Change in fair value are recognised in profit or loss.

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

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

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

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

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

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3.3 FINANCIAL ASSETS (CONT'D)

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

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

iv) ***Impairment of Financial Assets***

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

Objective evidence could include:-

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

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

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

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

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iv) ***Impairment of Financial Assets*** (cont'd)

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

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

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

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

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

3.4 **CASH AND CASH EQUIVALENTS**

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

3.5 **LIABILITIES AND EQUITY**

3.51 ***Classification Of Liabilities And Equity***

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

3.52 ***Equity Instruments***

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

3.52 ***Equity Instruments*** (cont'd)

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

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

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

3.6 **FINANCIAL LIABILITIES**

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

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

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

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

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

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

ii) ***Financial Liabilities Measured At Amortised Cost***

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

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3.6 FINANCIAL LIABILITIES (CONT'D)

ii) ***Financial Liabilities Measured At Amortised Cost*** (Cont'd)

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

iii) ***Loan Commitments Measured At Cost Less Impairment***

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

iv) ***De-recognition Of Financial Liabilities***

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

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

3.7 INCOME TAX

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

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

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

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

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

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3.7 **INCOME TAX** (CONT'D)

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carry forward of unused tax losses and unused tax credits.

Deferred tax liabilities and assets are not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax liabilities are also not recognised for temporary difference associated with the initial recognition of goodwill.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply tothe period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

3.8 **PROVISIONS**

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, when it is probable that a transfer of economic benefits will be required in settlement, and when a reliable estimate of the obligation 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 monthly is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3.9 **FINANCIAL INSTRUMENTS**

(a) Initial recognition and measurement

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial

3.9 FINANCIAL INSTRUMENTS (CONT'D)

(A)Initial recognition and measurement (cont'd)

asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Subsequent measurement of financial assets

After initial recognition measurement, the Company measures its financial assets which are debt instruments at amortised cost using the effective interest method.

All financial assets (other than financial asset measured at fair value through profit or loss) are subject to review for impairment in accordance with impairment and uncollectibility of financial assets.

(c) Subsequent measurement of financial liabilities

After initial recognition, the Company measures its financial liabilities at amortised cost using the effective interest method.

(d) **Recognition of gains and losses**

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or liability is derecognised or impaired, and through the amortisation process of the instrument.

(e) **Impairment of financial assets**

At the end of each reporting period, financial assets that are measured at cost or amortised cost are assessed as whether there is objective evidence of impairment. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. For a financial asset measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

If such a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For a financial asset measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

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3.9 FINANCIAL INSTRUMENTS (CONT'D)

(e) **Impairment of financial assets** (cont'd)

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in profit or loss.

(f) **Derecognition of financial instruments**

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

3.10 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of non-financial assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If such an indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are charged to profit or loss.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value-in-use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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3.10 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONT'D)

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals are recognised in the profit or loss.

3.11 **LEASES**

a) **Finance leases and hire purchase**

Assets acquired under financed leases and hire purchase which transfer substantially at the risks and rewards to the Company are recognized initially at amounts equal to the fair value of the leased assets or if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this practicable to determine; if not the incremental borrowing rate of the Company is used.

Any initial direct costs incurred by the Company are added to the amount recognized as an asset. The assets are capitalised as property, plant and equipment and the corresponding liability to the lessor are treated as finance lease obligations. The property, plant and equipment capitalized are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability using the effective interest method. The finance charges are recognised in the profit or loss over the period of the lease term so as to produce a constant periodic rate on the remaining lease and hire purchase liabilities.

b) **Operating leases**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments are under operating leases are recognised as an expense on a straight-line basis over the lease term.

3.12 **TRADE RECEIVABLES**

Trade receivables are recognised initially at the transaction prices. They are subsequently measured at the undiscounted amount of cash expected to be received, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

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3.13 INVENTORIES

Inventories are stated at the lower of cost and estimated selling price less costs to complete the sale.

The cost comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of conversion includes costs directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of the production facilities.

At each reporting date, Inventories are assessed for impairment. If the inventory is impaired, the carrying amount is reduced to its selling price less costs to complete the sale; the impairment loss is recognized immediately in the statement of comprehensive income. When the impairment indicators no longer exist, the impairment loss is reversed and a new carrying amount is the lower of the cost and the revised selling price less costs to complete the sale.

3.14 EMPLOYEE BENEFITS OBLIGATIONS

a) **Short term employee benefits**

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees rendered the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled.

b) **Defined contribution plans**

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligations to pay further contribution or make direct benefit payments to the employees if the fund does not hold sufficient assets to pay all employees benefits relating to the employee service in the current or prior periods.

Contributions are recognised as employee benefits expenses when they are due unless the form part of the costs of an asset such as inventories or property, plant and equipment. If contribution payments exceed the contribution due for service, the excess is recognized as an asset to the extent that the prepayment will reduce future payments.

c) **Profit sharing and bonus plan**

The Company recognizes the expected cost of profit-sharing and bonus payments only when the Company has a present legal or constructive obligation (no realistic alternative but to make such payments) and a reliable estimate of the obligation can be made.

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3.14 EMPLOYEE BENEFITS OBLIGATIONS (CONT'D)

d) **Profit sharing and bonus plan** (cont'd)

Profit-sharing and bonuses payable within 12 months or more after the end of the period in which the employees rendered the related services are measured at the undiscounted amount of benefits expected to be paid in exchange for that service. These short-term benefits are recognised in statement of comprehensive income unless they form part of an asset such as inventories or property, plant and equipment.

Proft-sharing and bonuses payable within 12 months or more after the end of the period in which the employees render the related service are measured at the present value of obligations at the reporting date. Changes in the liabilities are recognised in statement of comprehensive income unless they form part of the costs of an asset such as inventories or property, plant and equipment.

e) **Termination benefits**

Termination benefits are payments due to employees are a result of the decision of the Company to terminate the employment or an employee's decision to accept voluntarily an offer of benefits by the Company in exchange for termination of employment. They are recognised as a liability and an expense only when the Company is demonstrably committed to a termination, which the Company has a detailed formal plan for termination and without realistic possibility or withdrawal from the plan.

The Company measures termination benefits at the best estimate of the expenditure that would be required to settle the obligation at the reporting date. If the termination benefits are due more than 12 months after the end of the reporting period, they are then measured at their discounted present value.

3.15 SHARE CAPITAL

Ordinary shares issued that carry no put option and no mandatory contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company are classified as equity instruments.

3.16 STATEMENTS OF CASH FLOWS

The Company adopts the indirect method in the preparation of the statement of cash flows.

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash with insignificant risk of changes in value.

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3.17 TRADE PAYABLES

Trade payables are recognised initially at the transaction prices, and subsequently measured at the undiscounted amount of cash expected to be paid.

3.18 REVENUE RECOGNITION

Revenue is measured at fair value of their consideration received or receivable for the sale of goods and services rendered. Revenue is shown net of goods and services tax, returns, rebates and discounts and amount collected on behalf of third parties.

(a) Sale of goods and services

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the buyer and where the Company does not have continuing managerial involvement and effective control over the goods sold.

Revenue from services rendered is recognised in accordance to the term of arrangements and is measured at the fair value of consideration received or receivable.

(b) Interest income

Interest income is recognized using the effective interest method. Interest income also consist of late payment charges receivable from customer.

3.19 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions on the reported amounts of revenue, expenses, assets and liabilities, and the disclosures of contingent liabilities at the reporting date. The Company makes estimates and assumptions concerning the future; that rarely equal the related actual results.

The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial years are outlined below:

<u>Current and deferred taxes</u>

The Company is subject to income tax whereby significant judgement is required in

3.19 **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS** (CONT'D)

Current and deferred taxes (Cont'd)

determining the capital allowances and deductibility of certain expenses during estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the course of ordinary business.

The Company recognises liabilities for tax matter based on estimates of whether additional taxes will be due. If the final outcome of these tax matters is different from the amounts that were initially recognised, such difference will impact the current tax and/or deferred tax provisions in the financial period in which such determination is made.

Deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against unutilised tax losses and deductible temporary differences can be utilised. This involves judgement regarding the future financial performance of the Company in which the deferred tax asset has been recognised.

Classification of non-current bank borrowings

Term loans, finance leases and hire purchase arrangements entered into by the Company include repayment on demand clauses at the discretion of financial institutions. The Company believes that in the absence of a default being committed by the Company, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of term loans, finance leases and hire purchase obligations have been classified between current and non-current liabilities based on their repayment period.

Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives determined by the management; which ranges from 1 to 13 years which are the common life expectancy of these assets. Changes in the expected level of usage and technological developments could have an impact on the economic useful lives and residual values of these assets and therefore may require revision in depreciation charges in the future.

Registration No.:
199201019333

250837	P

GROSS SYNERGY SDN. BHD.
(Incorporated in Malaysia)

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

4. **PROPERTY, PLANT AND EQUIPMENT**

Cost	As at 1/1/2023 RM	Additions RM	Disposals RM	As at 31/12/2023 RM
Air-conditioner	60,228	2,220	-	62,448
Fax machine	2,190	-	-	2,190
Electrical installations	144,441	-	-	144,441
Motor vehicles	725,269	45,744	-	771,013
Office equipment	82,232	878	-	83,110
Computer equipment	237,443	54,266	-	291,709
Furniture & fittings	220,853	6,830	-	227,683
Signboard	10,460	-	-	10,460
Renovations	341,492	-	-	341,492
	1,824,608	**109,938**		**1,934,546**

Accumulated Depreciation	As at 1/1/2023 RM	Additions RM	Disposals RM	As at 31/12/2023 RM
Air-conditioner	52,232	2,958	-	55,190
Fax machine	2,190	-	-	2,190
Electrical installations	104,616	13,275	-	117,891
Motor vehicles	242,756	129,777	-	372,533
Office equipment	59,316	5,370	-	64,686
Computer equipment	198,864	27,723	-	226,587
Furniture & fittings	158,014	19,917	-	177,931
Signboard	7,925	844	-	8,769
Renovations	259,906	27,020	-	286,926
	1,085,819	**226,884**	**-**	**1,312,703**

Net carrying amount	As at 31/12/2023 RM	As at 31/12/2022 RM
Air-conditioner	7,258	7,996
Fax machine	-	-
Electrical installations	26,550	39,825
Motor vehicles	398,480	482,513
Office equipment	18,424	22,916
Computer equipment	65,122	38,579
Furniture & fittings	49,752	62,839
Signboard	1,691	2,535
Renovations	54,566	81,586
	621,843	**738,789**

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. **PROPERTY, PLANT AND EQUIPMENT** (CONT'D)

	2023 RM	2022 RM
The Company acquired property, plant and equipment through cash payments during the year under review as follows:-	71,038	29,344
Property, plant and equipment acquired through hire purchase arrangement:	642,101	603,141
Motor vehicles Net carrying amount at year end	398,480	482,513

Property, plant and equipment fully depreciated as of the year end at cost but still in use by the Company amounted to RM 122,128 (2022: RM 122,128).

5 **INTANGIBLE ASSETS**

SOFWARE (DEVELOPMENT COSTS)

The Company's info-tech team continuously develops various uniquely-designed application software, to integrate the use of computers and related info-tech gadgets for commercial use and application in the retailing industries for the company's customers.

Development costs that are directly attributable to the designing-testing of these identifiable uniquely developed application software [to integrate with computers and info-tech gadgets] controlled by the Company are recognised as intangible assets.

Costs that are capitalised as part of these identifiable commercial software product include direct software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet the criteria stipulated in Note 3.2 earlier are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

These commercially developed application computer software are separately recognised as assets from property, plant and equipment from the point at which the asset is ready for use over their estimated useful lives, which does not exceed three (3) years.

	2023 RM	2022 RM
Software costs recognised as of the year end 31December 2023	583,477	220,167

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

6 OTHER INVESTMENT

Quoted shares in Malaysia, at cost	2023	2022
	RM	**RM**
At beginning of the year	52,197	52,197
Additions during the year	-	-
Disposal during the year	(52,197)	-
	-	52,197
Fair value based on closing market price quotation on the Bursa Malaysia Securities Berhad as at year end date.	-	44,800

7 INVENTORIES

	2023	2022
	RM	**RM**
Information Technology - equipment, cash registers and related accessories at cost	81,201	81,201

8 TRADE RECEIVABLES

The Company provides a credit term of between 30 to 90 days to customers; otherwise credit terms are assessed on a case to case basis by the management.

9 OTHER RECEIVABLES, SUNDRY DEPOSITS AND PREPAYMENTS

	2023	2022
	RM	**RM**
Other receivables (including income tax recoverable)	2,161,235	23,028
Sundry deposits	79,200	638,900
Prepayments	36,365	22,959
	2,276,800	684,887

Other receivables, sundry deposits and prepayments consist of advanced payments for certain expenditures, deposits in the ordinary course of business and these advances are unsecured, interest free and refundable in cash or cash equivalent.

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GROSS SYNERGY SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10 CASH AND CASH EQUIVALENTS

	2023 RM	2022 RM
Cash in hand	9,000	10,389
Cash at bank	57,718	1,690,862
	66,718	1,701,251

11 SHARE CAPITAL

Issued and fully paid	Number of ordinary shares with no par value 2023 Units	2022 Units	2023 RM	2022 RM
At beginning and end of financial year end				
Ordinary shares	100,000	100,000	100,000	100,000

12 RETAINED PROFITS

The Company's retained profits at the year of the end are all distributable as dividends under the single tier systems.

13 BORROWINGS

	2023 RM	2022 RM
Current		
Secured – Murabahah Term Financing-i & Fixed Term Loan	90,899	100,000
Hire purchase creditor	84,018	84,018
Non-current		
Secured- Murabahah Term Financing-I & Fixed Term Loan	1,107,845	877,644
Hire purchase creditor	223,168	279,970
	1,50,930	1,341,632

Borrowings under Murabahah Term Financing-I & Fixed Term Loan

During the year under review, the Company had accepted and secured an additional fixed loan facility from a financial institution at a financing rate of 4 % p.a (fixed) for a tenure of 7 Years. (2022: an Islamic Financing Facility at a financing rate based on a Ceiling Profit Rate of Base Financing Rate (BFR) + 4% p.a. or 10.0% p.a. whichever is higher. BFR is currently at 5.65%)

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

13. **BORROWINGS** (CONT'D)

	2023 RM	2022 RM
Hire purchase and finance lease liabilities		
Future minimum lease payments		
Not later than one (1) year	101,652	226,680
Later than one (1) year but not later than 2 years	101,652	226,680
Later than two (2) years but not later than five (5) years	145,414	1,266,578
Total future minimum lease payments	348,718	1.719,938
Less: Future finance charges	34,359	378,306
Present value of finance lease liabilities	314,975	1,341,632
Present value of finance lease liabilities		
Not later than one (1) year	91,807	184,018
Later than one (1) year but not later than 2 years	91,807	184,018
Later than two (2) years but not later than five (5) years	131,361	973,596
	314,975	1,341,632
Less: Amount due within 12 months	91.807	184,018
Amount due after 12 months	223,168	1,157,614

Borrowings under Murabahah Term Financing-i (Cont'd)
The facility is secured as follows:-

- Letter of Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad under the Pemulih Government Guarantee Scheme-I;
- Jointly & severally guaranteed by ALL directors of the Company;
- Corporate Guaranteed by BEST FORTUNE SDN. BHD. (201301035320 [1065148-M])

Borrowings under Fixed Term Loan (Cont'd)

- Jointly & severally guaranteed by ALL directors of the Company;
- Corporate Guaranteed by DAY ONE SOLUTIONS SDN.BHD. (202101023689/ [1423989-A])

Borrowings under Hire Purchase Arrangement

Hire purchase and lease liabilities are effectively secured rights to the leased assets reverted to the lessor in the event of default. Effective interest rate on the finance lease and hire purchase for the year is between 3.39% to 3.87% (2022: 3.87%) per annum.

14 **TRADE PAYABLES**

The Company enjoys a credit term of between 30 to 90 days from trade suppliers.

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

15 OTHER PAYABLES AND ACCRUED LIABILITIES

	2023 RM	2022 RM
Other payables	13,540	10,889
Sales and services tax payable	35,178	37,234
Accrued liabilities	483,624	444,887
	532,242	493,010

Other payables consist of advanced payments received from thirds parties in the ordinary course of business; and these are unsecured, interest free and repayable on demand in cash or cash equivalent.

16 REVENUE

	2023 RM	2022 RM
Sales of goods and services	6,285,861	8,436,921

17 OTHER OPERATING INCOME

	2023 RM	2022 RM
Dividend received	900	1,800
Gain on disposal of property, plant and equipment	7,000	159,000
Other service income from a related party	941,968	1,506
	949,868	162,306

18 EMPLOYEE BENEFITS

	2023 RM	2022 RM
Directors' remuneration [Note 19]	826,150	647,640
Employee provident fund contributions	499,280	425,747
Employment insurance scheme contribution	4,625	3,591
Salaries, wages, overtime, allowances and commission	2,467,064	1,647,582
Socso & HRDF contributions	42,272	59,874
Staff bonus and ang pow	476,896	360,797
	4,316,287	3,145,231

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

18 **EMPLOYEE BENEFITS** (CONT'D)

	2023	2022
Contributions attributable to directors:	**RM**	**RM**
Employee provident fund contributions	148,137	107,221
HRDF contributions	7,151	5,234
Socso contributions	3,926	3,340
	159,214	115,795

19 **KEY MANAGEMENT PERSONNEL COMPENSATION**

	2023	2022
	RM	**RM**
Directors' remuneration	684,480	523,440
Directors' bonus	110,070	124,200
Directors' allowance	30,600	-
	826,150	647,640

20 **FINANCE COSTS**

	2023	2022
	RM	**RM**
Hire purchase and finance lease interest	9,185	5,684

21 **PROFIT BEFORE TAX**

	2023	2022
Profit from operations is stated after charging:	**RM**	**RM**
Auditors' remuneration	8,500	8,500
Amortisation of self-developed software	73,389	73,389
Depreciation of property, plant and equipment	226,884	214,015
Directors' remuneration, bonus, allowance and fees (Note 19)	826,150	647,640
Employees benefits (excluding directors' remuneration - Note 18)	3,490,137	2,497,591
Hire purchase and finance lease interest	9,185	5,684
Rental	133,600	145,200
And crediting:		
Dividend income	900	850
Wage subsidies from Socso	-	-
Gain on disposal of property, plant and equipment	7,000	159,000
Sundry income	941,968	1,506

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

22 **INCOME TAX EXPENSE**

	2023	**2022**
	RM	**RM**
Current tax expense		
- Current year	171,112	157,514
	171,112	157,514

The explanation of the relationship between tax expense and profit before taxation is as follows:

	2023	2022
	RM	RM
Numerical reconciliation between effective tax rate and the Malaysian tax rate:		
Profit before tax	715,881	744,306
Income tax charge at statutory tax rate of 24% (2021:24%)	171,811	178,633
Non-taxable income	(1,262)	(38,592)
Effect of income subject to tax rate of 17%	(42,476)	(52,101)
Expense not deductible for tax purpose	84,854	79,087
Tax effect of deferred tax	-	-
Utilisation of capital allowance	(41,815)	(9,513)
Tax (income)/ expense	171,112	157,514

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

23 **FINANCIAL INSTRUMENTS**

Financial Risk Management Objectives and Policies

The operations of the Company are subject to variety of risks, including interest rate risk, foreign currency risk, credit risk, liquidity risk and cash flow risk. It is the Company's policy not to engage in speculative transactions. The Company has adopted following policies to minimise the Company's exposure to risks and or/cost associated with financing, investing and operating activities of the Company:-

i) **Interest rate risk**

The Company's exposure to interest risk arises from the impact of interest rate changes charged by the bank from interest bearing borrowings and hire purchase payables. Interest rate of hire purchase payables are fixed at the inception of the hire purchase arrangement.

As the Company has no significant borrowings from banks, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

Interest rates on hire purchase payables are disclosed in Note 13 to the financial statements.

ii) **Foreign currency risk**

The Company is deemed exposed to minimal foreign exchange risk as its operations are not substantially denominated in foreign currency; other than certain overseas payment denominated in foreign currency for services rendered during the course of its operations. The costs of these services are normally passed on to customers as they are incurred.

iii) **Liquidity risk**

The Company practices prudent liquidity risk management to minimize mismatch of financial assets with liabilities and maintain sufficient cash resources to fund working capital requirement.

iv) **Cash flow risk**

The company consistently reviews its cash flow position regularly to manage its cash flow requirement to ensure that all its' commitments are met as they fall due.

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

23 **FINANCIAL INSTRUMENTS** (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

v) **Credit risk**

The Company is exposed to credit risk mainly from trade receivables and other receivables; and the Company extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history.

Fair Value of Financial Assets and Financial Liabilities

The carrying amounts of the Company's financial assets and liabilities (financial instruments of the Company) as of 31 December 2023 are reasonable approximation of fair values due to their short-term nature.

24 **ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS**

NEW MFRSs ADOPTED DURING THE FINANCIAL YEAR

On 1 January 2021, the Company has adopted the following MFRS and Amendments to MFRSs issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2021:

	New/Amendments to MFRSs and IC Interpretation effective for the first time	**Effective on/after**
1	Covid-19-Related Rent Concessions' (Amendments to MFRS 16 Leases)	1 June 2021
2	Interest Rate Benchmark—Phase 2 (Amendments o MFRS 7)	1 January 2022

The adoption of the above MFRSs and Amendments to MFRSs does not have any material impact to the financial statements of the Company.

The Company has not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations that have been issued but are not yet effective:

	New/Amendments to MFRSs not yet effective but available for early adoption	**Effective on/after**
1	'Covid-19 – Related Rent Concessions beyond 30 June 2022' (Amendment to MFRS 16 Leases)	1 April 2022

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GROSS SYNERGY SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

NEW MFRSs ADOPTED DURING THE FINANCIAL YEAR (Cont'd)

	New/Amendments to MFRSs not yet effective but available for early adoption	**Effective on/after**
2	'Reference to the Conceptual Framework' (Amendments to MFRS 3 Business Combinations)	1 January 2022
3	Property, Plant and Equipment Proceeds before Intended Use' (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
4	Onerous Contracts—Cost of Fulfilling a Contract' (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
5	Annual Improvements to MFRS Standards 2018–2020 (Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments and MFRS 141 Agriculture)	1 January 2022
6	Classification of Liabilities as Current or Non-current' (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
7	MFRS 17 "Insurance Contracts" and its amendments	1 January 2023
8	Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 Making Materiality Judgements)	1 January 2023
9	'Definition of Accounting Estimates' (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error)	1 January 2023

26 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on

22 AUG 2024

Company No.

1067228	W

201301037399

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

AND

REPORTS

FOR THE YEAR ENDED 31 DECEMBER 2023

K.H. CHONG & CO PLT
CHARTERED ACCOUNTANTS
(LLP0033721-LCA) AF 1258

Company No.

1067228	W

201301037399

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

REPORT AND STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Contents	Pages

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of providing information technology development and support services, general trading to the retailing industries. There has been no significant change in the nature of these activities during the period under review.

RESULTS

	Company RM
Profit for the year attributable to owners of the Company	549,183

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

DIVIDENDS

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

RESERVES AND PROVISIONS

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

SHARES AND DEBENTURES

The Company has issued 49,000 new shares ordinary shares of RM 1.00 for cash, ranking pari passu in respect with the existing ordinary shares of the Company during the year under review.

SHARE OPTIONS

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

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

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

DIRECTORS

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

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

DIRECTORS' BENEFITS

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

Since the end of the previous year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' INTERESTS

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

Share interest in the Company	**Number of Ordinary Shares**			
	At 01.01.2023	**Bought**	**Sold**	**At 31.12.2023**
HO SOO CHERNG	200	9,800	-	10,000
DING CHEW KIAT	200	9,800	-	10,000
YEOW CHENG HOCK	300	14,700	-	15,000
CHEOK KIAN HING	300	14,700	-	15,000

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

DIRECTORS' REMUNERATION

Details of directors' remunerations are set out in Note10 in the financial statements.

INDEMNITY AND INSURANCE COST

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

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

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

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

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

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

(a) any charge on the assets of the Company which has arisen since the end of the year under review and secures the liability of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the year under review.

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

AUDITORS' REMUNERATION

Total amount paid to or receivable by the auditors as remuneration for their services as auditors from the Company are as follows:

	RM
Statutory audit	3,500

Company No.: **201301037399 (1067228-W)**

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

AUDITORS

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

Approved and signed on behalf of the Directors,

DING CHEW KEAT

Director

HO SOO CHERNG

Director

Date: 22 AUG 2024

Company No.: **201301037399 (1067228-W)**

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT BY DIRECTORS

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

Signed on behalf of the Directors,

DING CHEW KEAT	**HO SOO CHERNG**
Director	Director

Date: **22 AUG 2024**

STATUTORY DECLARATION

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

Subscribed and solemnly declared by)
the above Ding Chew Keat at Puchong in the)
state of Selangor on **22 AUG 2024**)

PESURUHJAYA SUMPAH
No. PJS: B 678
Firdaus binti
Mohd Shariff
1.1.2022-
31.12.2024
MALAYSIA

Before me,

COMMISSIONER FOR OATHS

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

K.H. Chong & Co PLT
(LLP0033721-LCA & AF 1258)
Chartered Accountants
No. 24-2, Jalan PJS 11/28,
Bandar Sunway,
46150 Petaling Jaya, Selangor.
Tel: 03-56325105 Email: khchongco@yahoo.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAY ONE TECHNOLOGY SDN. BHD.(Company No.:201301037399(1067228-W))

(Incorporated in Malaysia)

Opinion

We have audited the financial statements of Day One Technology Sdn. Bhd., which comprise the statement of financial position as at 31 December 2023 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 31.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Malaysia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("ByLaws") and the International Ethics Standards Board for Accountants' *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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DAY ONE TECHNOLOGY SDN. BHD.(Company No.:**201301037399(1067228-W)**)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DAY ONE TECHNOLOGY SDN. BHD. (Company No.:**201301037399 (1067228-W)**)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the sole director.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DAY ONE TECHNOLOGY SDN. BHD. (Company No.:**201301037399 (1067228-W)**)
(Incorporated in Malaysia)

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

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

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

Other Matters

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

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

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

Petaling Jaya

Date: 22 AUG 2024

Company No.: 201301037399 (1067228-W)

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 RM	2022 RM
ASSETS			
NON- CURRENT ASSET			
Property, plant and equipment	4	130,883	147,747
CURRENT ASSETS			
Inventories		17,374	30,357
Trade receivables	5	1,834,066	272,897
Other receivables, deposits, and prepayments		13,962	13,734
Tax recoverable		57,224	49,993
Cash and bank balances		298,852	125,318
		2,221,478	492,299
CURRENT LIABILITIY			
Trade payables	7	1,039,222	25,610
Borrowings – fixed loan	11	25,905	-
Provision for taxation		-	
Other payables and accrued liabilities	8	80,004	163,482
		1,145,331	189, 092
NET CURRENT ASSETS		1,076,347	303,207
		1,207,230	450,954
CAPITAL AND RESERVES			
Share capital	6	50,000	1,000
Retained earnings		999,137	449,954
		1,049,137	450,954
NON-CURRENT LIABILITIES			
Borrowings	11	158,093	-
		1,207,230	450,954

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

Company No.: 201301037399 (1067228-W)

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM	2022 RM
Revenue	9	4,892,177	1,164,654
Cost of goods & services		(3,726,314)	(703,105)
Gross profit		1,165,863	461,459
Other Income		210	-
Other operating expenses		(25,328)	(25,203)
Administration expenses		(465,588)	(401,464)
Profit from operation	10	675,157	34,882
Finance cost		(5,917)	-
		669,240	34,882
Taxation	12	(120,057)	(1,331)
Net profit for the financial year		549,183	33,551
Total comprehensive income for the year		549,183	33,551

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

Company No.: 201301037399 (1067228-W)

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

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

	Share capital RM	Retained profits RM	Total RM
As at 1 January 2022	1,000	416,403	417,403
Comprehensive income for the year	-	33,551	33,551
As at 31 December 2022	1,000	449,954	450,954
Increase in paid up	49,000	-	49,000
Comprehensive income for the year	-	549,183	549,183
As at 31 December 2023	50,000	999,137	1,049,137

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

Company No.: 201301037399 (1067228-W)

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	669,240	34,882
Adjustments for:		
Interest expense	5,917	-
Depreciation of property, plant and equipment	25,328	25,203
Operating profit before working capital changes	700,485	60,085
Decrease/(Increase) in inventories	12,983	(11,011)
Increase in trade and other receivables	(1,568,568)	(3,035)
Decrease/Increase in trade and other payables	930,134	53,935
Cash (used in)/generated from operating activities	(625,451)	99,974
Tax paid	(120,116)	(20,004)
Interest paid	(5,917)	-
Net cash (used in)/generated from operating activities	(50,999)	79,970
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property, plant and equipment	(8,464)	(154,372)
Net cash used in investing activity	(8,464)	(154,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	49,000	-
Proceeds from bank loan	200,000	-
Repayment of bank loan	(16,003)	-
Net cash generated from financing activities	232,997	-
Net (decrease)/increase in cash and cash equivalents	173,534	(74,402)
Cash and cash equivalents at the beginning of the year	125,318	199,720
Cash and cash equivalents at the end of the year	298,852	125,318
Represented By:-		
Cash in hand and at bank	298,852	125,318

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

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

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

1 GENERAL INFORMATION

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

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

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

The Company is principally engaged in the business of IT system development and general trading. There has been no significant changes in the nature of the activities during the financial year under review.

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

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

2 BASIS OF PREPARATION

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

The principal accounting policies adopted are set out below:

3.1 PROPERTY, PLANT AND EQUIPMENT

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

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

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

3.1 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

and the cost of the item can be measured reliably.

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

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

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

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

	Rate
Air-conditioner	10 %
Office equipment	10 to 100 %
Computer	40%
Furniture and fittings	8 to 100%

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

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

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

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

3.2 **INTANGIBLE ASSETS** (CONT'D)

a) Research and development

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

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

a) Computer Software

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

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

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

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

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

3.3 FINANCIAL ASSETS

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

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

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

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

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

Change in fair value are recognised in profit or loss.

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

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

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

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

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

3.3 FINANCIAL ASSETS (Cont'd)

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

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

iii) ***Impairment of Financial Assets***

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

Objective evidence could include:-

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

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

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

3.3 **FINANCIAL ASSETS** (Cont'd)

iv) ***Impairment of Financial Assets*** *(cont'd)*

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

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

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

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

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

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

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

3.4 **CASH AND CASH EQUIVALENTS**

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

3.5 LIABILITIES AND EQUITY

3.5.1 *Classification Of Liabilities And Equity*

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

3.5.2 *Equity Instruments*

Ordinary shares are classified as equity. Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Company accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

3.6 FINANCIAL LIABILITIES

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

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

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

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

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

Company No.: **201301037399 (1067228-W)**

DAY ONE TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)

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

3.6 FINANCIAL LIABILITIES (CONT'D)

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

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

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

ii) ***Financial Liabilities Measured At Amortised Cost***

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

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

iii) ***Loan Commitments Measured At Cost Less Impairment***

Commitment to receive loan that meet the conditions of Section 11 of MPERS are measured at cost less impairment.

iv) ***De-recognition Of Financial Liabilities***

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

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

3.7 INCOME TAX

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

3.7 INCOME TAX (CONT'D)

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

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

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

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

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carry forward of unused tax losses and unused tax credits.

Deferred tax liabilities and assets are not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax liabilities are also not recognised for temporary difference associated with the initial recognition of goodwill.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

3.8 PROVISIONS

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, when it is probable that a transfer of economic benefits will be required in settlement, and when a reliable estimate of the obligation 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 monthly is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Company No.: **201301037399 (1067228-W)**

DAY ONE TECHNOLOGY SDN. BHD.
(IncorpoOrated in Malaysia)

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

3.9 FINANCIAL INSTRUMENTS

(a) Initial recognition and measurement

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Subsequent measurement of financial assets

After initial recognition measurement, the Company measures its financial assets which are debt instruments at amortised cost using the effective interest method.

All financial assets (other than financial asset measured at fair value through profit or loss) are subject to review for impairment in accordance with impairment and uncollectibility of financial assets.

(c) Subsequent measurement of financial liabilities

After initial recognition, the Company measures its financial liabilities at amortised cost using the effective interest method.

(d) Recognition of gains and losses

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or liability is derecognised or impaired, and through the amortisation process of the instrument.

(e) Impairment of financial assets

At the end of each reporting period, financial assets that are measured at cost or amortised cost are assessed as whether there is objective evidence of impairment. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. For a financial asset measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

If such a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3.9 **FINANCIAL INSTRUMENTS**

(e) Impairment of financial assets (cont'd)

For a financial asset measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in profit or loss.

(f) Derecognition of financial instruments

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

3.10 **IMPAIRMENT OF NON-FINANCIAL ASSETS**

The carrying amounts of non-financial assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If such an indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are charged to profit or loss.

Company No.: **201301037399 (1067228-W)**

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3.10 **IMPAIRMENT OF NON-FINANCIAL ASSETS** (CONT'D)

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value-in-use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals are recognised in the profit or loss.

3.11 TRADE RECEIVABLES

Trade receivables are recognised initially at the transaction prices. They are subsequently measured at the undiscounted amount of cash expected to be received, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

3.12 **INVENTORIES**

Inventories are stated at the lower of cost and estimated selling price less costs to complete the sale.

The cost comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of conversion includes costs directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of the production facilities.

At each reporting date, Inventories are assessed for impairment. If the inventory is impaired, the carrying amount is reduced to its selling price less costs to complete the sale; the impairment loss is recognized immediately in the statement of comprehensive income. When the impairment indicators no longer exist, the impairment loss is reversed and a new carrying amount is the lower of the cost and the revised selling price less costs to complete the sale.

3.13 **SHARE CAPITAL**

Ordinary shares issued that carry no put option and no mandatory contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company are classified as equity instruments.

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

3.14 STATEMENTS OF CASH FLOWS

The Company adopts the indirect method in the preparation of the statement of cash flows.

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash with insignificant risk of changes in value.

3.15 TRADE PAYABLES

Trade payables are recognised initially at the transaction prices, and subsequently measured at the undiscounted amount of cash expected to be paid.

3.16 **REVENUE RECOGNITION**

SALES OF GOODS AND SERVICES

Revenue from sales of goods is recognized when the significant risks and rewards of the ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of goods and services taxes, rebates and discounts and amounts collected on behalf of third parties.

Revenue from services rendered is recognized in accordance to the terms of arrangements and is measured at the fair value of consideration received or receivable.

3.17 EMPLOYEES BENEFITS

3.17.1 Short-Term Employment Benefits

Short-term employment benefits, such as wages, salaries and other benefits (including bonuses, sick leave and non-monetary benefits) that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services rendered up to the end of the reporting period. And these benefits are measured at the amounts expected to be paid when the liabilities are settled.

3.17.2 Defined Contribution Plan

Contributions payable to the defined plan is recognised as a liability and an expense when the employees have rendered services to the Company.

3.18 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions on the reported amounts of revenue, expenses, assets and liabilities, and the disclosures of contingent liabilities at the reporting date.

3.18 **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS** (CONT'D)

The Company makes estimates and assumptions concerning the future; that rarely equal the related actual results.

The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial years are outlined below:

Current and deferred taxes

The Company is subject to income tax whereby significant judgement is required in determining the capital allowances and deductibility of certain expenses during estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the course of ordinary business.

The Company recognises liabilities for tax matter based on estimates of whether additional taxes will be due. If the final outcome of these tax matters is different from the amounts that were initially recognised, such difference will impact the current tax and/or deferred tax provisions in the financial period in which such determination is made.

Deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against unutilised tax losses and deductible temporary differences can be utilised. This involves judgement regarding the future financial performance of the Company in which the deferred tax asset has been recognised.

Classification of non-current bank borrowings

Term loans, finance leases and hire purchase arrangements entered into by the Company include repayment on demand clauses at the discretion of financial institutions. The Company believes that in the absence of a default being committed by the Company, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of term loans, finance leases and hire purchase obligations have been classified between current and non-current liabilities based on their repayment period.

Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives determined by the management; which ranges from 1 to 13 years which are the common life expectancy of these assets. Changes in the expected level of usage and technological developments could have an impact on the economic useful lives and residual values of these assets and therefore may require revision in depreciation charges in the future.

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4 PROPERTY, PLANT AND EQUIPMENT

	As at 1/1/2023 RM	Additions RM	Disposals RM	As at 31/12/2023 RM
Cost				
Computer	29,207	8,464	-	37,671
Office equipment	4,366	-	-	4,366
Workstation facilities	134,494	-	-	134,494
Air-conditioner	6,850	-	-	6,850
Furniture and fittings	11,867	-	-	11,867
	186,784	8,464	-	195,248

Accumulated Depreciation	As at 1/1/2023 RM	Additions RM	Disposals RM	As at 31/12/2023 RM
Computer	20,421	9,691	-	30,112
Office equipment	1,139	404	-	1,543
Workstation facilities	13,449	13,450	-	26,899
Air-conditioner	1,370	685	-	2,055
Furniture and fittings	2,658	1,098	-	3,756
	39,037	25,328	-	64,365

Carrying Amount	**2023** RM	**2022** RM
Computer	7,559	8,786
Office equipment	2,823	3,227
Workstation facilities	107,595	121,045
Air-conditioner	4,795	5,480
Furniture and fittings	8,111	9,209
	130,883	147,747

5 TRADE RECEIVABLES

The Company currently allows a trade credit term of between 30 days to 90 days to all its customers.

6 SHARE CAPITAL

Issued and fully paid Ordinary Shares	**NUMBER OF SHARES 2023 Units**	**2022 Units**	**2023 RM**	**2022 RM**
At beginning of the year	1,000	1,000	1,000	1,000
Increase during the period	49,000	-	49,000	-
At end of the period	50,000	1,000	50,000	1,000

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

7 TRADE PAYABLES

The Company enjoys trade credit terms of between 30 to 90 days from its goods and service suppliers. Included in trade payables is RM 499,249 (2022: RM 25,610) due from a company which directors of the Company has financial interest.

8 OTHER PAYABLES AND ACCRUED LIABILITIES

	2023 RM	2022 RM
Other payables	36,859	120,732
Accrued liabilities	43,145	42,750
	80,004	163,482

9 REVENUE

	2023 RM	2022 RM
Sales of good and services	4,892,177	1,164,654

10 PROFIT BEFORE TAX

10.1 DISCLOSURE ITEMS	2023 RM	2022 RM
Profit from operations is stated after charging:		
Auditor' remuneration		
- Current year provision	3,500	2,500
Depreciation of property, plant and equipment	25,328	25,203
EPF, EIS and Socso Contributions	98,616	85,958
Management fees	48,000	48,000
Rental of premises	42,000	42,000
Salaries, overtime, allowance and bonus (Including those attributable to Directors)	697,233	697,186

10.2 KEY MANAGEMENT PERSONNEL COMPENSATION

	2023 RM	2022 RM
Directors' EPF, EIS & Socso contributions	22,888	16,639
Directors Remuneration	164,250	63,000
Directors' Fees	-	80,000

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

11. BORROWINGS

During the period under review, the Company had accepted and secured a fixed loan/HTG (PGGS) of RM 200,000.00 for working purposes for a tenure of 84 months @ a fixed rate of 4.00 % p.a.; with a repayable monthly instalment of RM 2,740.00 with an adjustment in the last instalment. The loan facility has been secured in the following manner:-

- 80% guaranteed by the Government of Malaysia under Bank Negara Malaysia's Fund for Small & Medium Enterprise – High Tech & Green Facility (HTG);
- Guarantees as follows:
  i) Joint & several guarantees by all directors of the Company;
  ii) Corporate guarantee by the Company's holding Company and sister Company respectively - Day One Solutions Sdn. Bhd. and Gross Synergy Sdn. Bhd.

As of the end of period under review the Company's obligation under borrowings are as follows:-

Current	**2023**
Secured – borrowings	25,905
Non-Current	
Secured – borrowings	158,093
	183,998
Repayable as follows:-	
Not later than one (1) year	32,880
Later than one (1) year but not than 2 years	32,880
Later than two (2) years but not later than 7 years	142,984
	208,744
Less: Future interest charges	24,746
Present Value of financial obligation	183,998
Payable within one (1) year	25,905
Payable after more than one (1) year	158,093
	183,998

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

12. INCOME TAX EXPENSE

	2023	2022
Current Tax Expense	**RM**	**RM**
Current Year	120,057	1,331
Total income tax expense	120,057	1,331

The income expense is reconciled to the accounting profit at the applicable tax rate as follows:

	2023	2022
	RM	**RM**
Profit before tax	669,240	34,882
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	160,618	8,372
Tax effect of :-		
Tax benefit effect as SME @ 17% (2022: 17%)	(45,000)	(2,442)
Non-deductible expenses	6,948	4,361
Utilisation of capital allowances	(2,509)	(8,960)
Total income tax expense	120,057	1,331

13. FINANCIAL INSTRUMENTS

	2023	2022
	RM	**RM**
Categories of financial instruments are as follows:-		
Financial assets as costs and amortised costs		
Trade receivables	1,834,006	272,897
Cash and bank balances	298,852	123,318
Total financial assets	2,132,858	396,215
Financial liabilities as costs and amortised costs		
Trade payables	1,039,222	25,610
Other payables and accrued liabilities	80,004	163,482
	1,119,226	199,688

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

14. RELATED PARTY TRANSACTION

During the year under review, transactions with companies which directors have financial interest are as follows:-

	2023 RM	2022 RM
Sales:		
Gross Synergy Sdn. Bhd.	130,429	114,612
Cost of Services:		
Gross Synergy Sdn. Bhd.	850,000	-
Best Fortune Sdn. Bhd.	-	16,000
Day One Solutions Sdn. Bhd.	48,000	32,000

15. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been authorised for issue by the Board of Directors on 22 AUG 2024

SCS Global Advisory (M) Sdn. Bhd. 200901020913 (864010-V)
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Strictly Private & Confidential

29 November 2024

The Board of Directors
PANDA ECO SYSTEM BERHAD
28, 28-1, 30, 30-1, 32-1 and 34-1
Jalan PPM13
Plaza Pandan Malim Business Park
75250 Melaka

Dear Sirs,

FAIR MARKET VALUE OF THE ENTIRE EQUITY INTEREST IN GROSS SYNERGY SDN BHD ("GS") AND DAY ONE TECHNOLOGY SDN BHD ("DOT") (COLLECTIVELY REFERRED TO AS THE, "TARGET COMPANIES") ("EVALUATION")

1. INTRODUCTION

On 29 November 2024, M & A Securities Sdn Bhd had, on behalf of the Board of Directors of Panda Eco System Berhad ("**Panda Eco System**") ("**Board**") announced that the Panda Eco System proposed to acquire:

(i) 100,000 ordinary shares in GS, representing 100.00% of the issued share capital of GS from Yeow Cheng Hock, Ho Soo Cherng, Ding Chew Keat and Cheok Kian Hing (collectively referred to as the "**Vendors**"); and

(ii) 50,000 ordinary shares in DOT, representing 100.00% of the issued share capital of DOT from Vendors,

for a total purchase consideration of RM17.06 million ("**Purchase Consideration**") (collectively referred to as the "**Proposed Acquisitions**").

SCS Global Advisory (M) Sdn Bhd ("**SCS Global**") was appointed by the Board on 25 September 2024 as the Independent Valuer to provide an opinion on the fair market value of the entire equity interest in Target Companies ("**Letter**"). This Letter is prepared for the Board of Panda Eco System and is intended solely for inclusion in the circular to shareholders of Panda Eco System in connection with the Proposed Acquisitions.

2. BACKGROUND INFORMATION ON TARGET COMPANIES

2.1 Information of GS

GS was incorporated in Malaysia on 15 October 1992 as a private limited company under the Companies Act 1965 and deemed registered under the Companies Act 2016. As at 15 November 2024, being the latest practicable date ("**LPD**"), GS's issued share capital is RM100,000 comprising 100,000 ordinary shares in GS. The principal activity of GS is involved in the provision of information technology ("**IT**") support services. GS is also involved in the trading in cash registers and equipment related to retail industry.

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

Name	Director/Shareholder	No. of GS shares	% held in GS
Yeow Cheng Hock	Director and Shareholder	30,000	30.00
Ho Soo Cherng	Director and Shareholder	20,000	20.00
Ding Chew Keat	Director and Shareholder	20,000	20.00
Cheok Kian Hing	Director and Shareholder	30,000	30.00
		100,000	**100.00**

As at the LPD, GS does not have any subsidiary or associate company.

Based on the latest audited financial statement of GS as at 31 December 2023, GS recorded a profit after taxation ("**PAT**") of RM544,769 and net assets ("**NA**") of RM2,399,494.

2.2 Information of DOT

DOT was incorporated in Malaysia on 22 October 2013 as a private limited company under the Companies Act 1965 and deemed registered under the Companies Act 2016. As at the LPD, DOT's issued share capital is RM50,000, comprising 50,000 ordinary shares in DOT. The principal activity of DOT is the provision of IT system development. DOT is also involved in the general trading.

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

Name	Director/Shareholder	No. of DOT Shares	% held in DOT
Yeow Cheng Hock	Director and Shareholder	15,000	30.00
Ho Soo Cherng	Director and Shareholder	10,000	20.00
Ding Chew Keat	Director and Shareholder	10,000	20.00
Cheok Kian Hing	Director and Shareholder	15,000	30.00
		50,000	**100.00**

As at the LPD, DOT does not have any subsidiary or associate company.

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

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3. TERMS OF REFERENCE

The basis of our opinion is the fair market value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The concept of market value presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the valuation date, not those at any other date.

3.1 Sources of Information

The sources of information and documents provided to us or which are available to us to form our opinion on the fair market value of the equity interest in Target Companies are as follows:

(i) Panda Eco System's announcement on the Proposed Acquisitions dated 29 November 2024;

(ii) share sale agreement ("**SSA**") entered between Panda Eco System and the Vendors dated 28 November 2024;

(iii) audited financial statements of Target Companies for the financial year ended ("**FYE**") 31 December 2021 to FYE 31 December 2023;

(iv) unaudited management accounts of Target Companies for the 6-month financial period ended 30 June 2024;

(v) financial forecast and projection of the Target Companies from FYE 31 December 2024 to FYE 31 December 2029 prepared by the management of the Target Companies ("**Financial Projections**");

(vi) other relevant information, documents, representation and explanation provided by the management of Target Companies ("**Management**"); and

(vii) other publicly available information.

We have relied on Panda Eco System and Target Companies, their Board of Directors and management to take due care to ensure that all necessary information, documents and representations in relation to the Proposed Acquisitions and Target Companies provided to us by them to facilitate our Evaluation are accurate, valid and complete in all material aspects, and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate. Accordingly, we have not independently verified the aforesaid information provided to us for its feasibility, reliability, accuracy and/or completeness, and we express no opinion on any such information and have not undertaken any independent investigation into the businesses and affairs of the Target Companies and all relevant parties involved in the Proposed Acquisitions.

Nonetheless, after making all reasonable enquiries and reviews conducted, where possible, we are satisfied that sufficient information has been obtained and have no reason to believe that the aforesaid information provided to us was unreliable, incomplete, misleading and/or inaccurate as at the LPD which might reasonably affect our Evaluation and opinion as set out in this Letter.

We have not undertaken an independent investigation into the business of Panda Eco System and Target Companies. We have assumed that the Proposed Acquisitions will be implemented based on the terms set out in the SSA without material waiver or modification. It should be noted that valuation is highly dependent on, amongst others, the achievability of the Profit Guarantees (as defined hereinafter) and the prevailing economic, market and other conditions that may change significantly over a relatively short period of time. It should also be highlighted that the valuation may be materially or adversely affected should the actual results or events differ from any of the bases and assumptions upon which the relevant reports were based.

3.2 Date of Opinion

The date of our opinion is 15 November 2024 (herein also referred to as the "**Date of Opinion**").

3.3 Scope and Limitation of Review

SCS Global was not involved in the formulation or any deliberation and negotiation on the terms and conditions of any corporate exercise intended to be undertaken by Panda Eco System or Target Companies. Our role as the Independent Valuer does not extend to expressing an opinion on the commercial merits of any corporate exercise intended to be undertaken by Panda Eco System or Target Companies, and this remains solely the responsibility of the Board of Panda Eco System, although we may draw upon their views in arriving at our opinion.

As such, where comments or points of consideration are included on matters that may be commercially oriented, these are incidental to our overall Evaluation and concern matters, which we may deem material for disclosure. Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Evaluation and/or any corporate exercise contemplated by the parties.

The directors and management of Panda Eco System and Target Companies are responsible to make available to us all relevant information pertaining to the Evaluation, including informing us of any material changes in the subject matters which may have an impact on our opinion.

Our work includes holding discussions with and making enquiries on the directors and management of Panda Eco System regarding the Proposed Acquisitions (other than information on Target Companies) as well as the directors and Management of Target Companies regarding representations made on Target Companies. We rely on the directors and Management of Target Companies' oral and written representations, and in no event shall we, our partners, principals, directors, shareholders, agents or employees be liable for any misrepresentations by the directors and Management of Target Companies.

Our procedures and inquiries did not include any verification work that constituted an audit of the information that we relied upon in preparing this Letter. Further, certain information relied upon is only representation of the directors and Management of Target Companies, as well as reliance on third party experts (where applicable) as explained in the relevant sections of this Letter.

With regards to the Profit Guarantees (defined hereinafter) provided by the Vendors, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimation and judgement by the directors and Management of Target Companies on the financial performance of Target Companies and of which the directors and Management of Target Companies are solely responsible for the bases and assumptions as well as the preparation and presentation of the same.

The preparation of this Letter is based on market, economy, industry and other conditions prevailing as at the Date of Opinion, as well as publicly available information and information provided to us by Panda Eco System and Target Companies. Such conditions may change significantly over a relatively short period of time. No representation or warranty, whether expressed or implied, is given by SCS Global that the information and documents provided will remain unaltered subsequent to the issuance of this Letter.

However, should SCS Global become aware of any significant change affecting the information contained in this Letter, being informed of any material changes in the subject matters which may have an impact on SCS Global's opinion or have reasonable grounds to believe that any statement in this Letter is misleading or deceptive that there is material omission in this Letter, we will immediately notify the Board of Panda Eco System. If circumstances require, a supplementary Letter will be issued to the Board of Panda Eco System.

We have obtained a responsibility statement from the directors and management of Panda Eco System and Target Companies that all material facts, financial and other information essential to our Evaluation have been disclosed to us and that they have seen this Letter and they, individually and collectively, accept full responsibility for the accuracy of such information contained in this Letter, and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

4. CREDENTIALS, EXPERIENCE AND EXPERTISE OF SCS GLOBAL

SCS Global is a corporate finance advisory firm in Malaysia licensed by the Securities Commission Malaysia to carry out the regulated activities advising on corporate finance under the Capital Markets and Services Act 2007. SCS Global's expertise spans diverse areas and domains, including initial public offerings, mergers and acquisitions, secondary equity issuance as well as independent valuation advisory services.

SCS Global has undertaken the role as an Independent Valuer in the past two years prior to the date of this Letter, which include the following engagements:

(i) appointment by Dataprep Holdings Bhd as an Independent Valuer to conduct a valuation of the entire equity interest of DACS Network Solutions Sdn Bhd for the board's evaluation of the proposed acquisition; and

(ii) appointment by PT. Putra Mulia Telecommunication ("**PMT**"), a subsidiary of OCK Group Berhad, as a Financial Advisor to conduct a valuation of the entire equity interest of the company for PMT's board of directors' evaluation on proposed corporate exercise(s) and/or transaction(s).

Premised on the foregoing, SCS Global is capable and competent in carrying out its role and responsibilities as the Independent Valuer to provide an opinion on the fair market value of the entire equity interest in Target Companies in relation to the Proposed Acquisitions.

5. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information on Target Companies based on the audited financial statements of Target Companies for FYE 31 December 2021 to FYE 31 December 2023 is set out below:

5.1 Historical Financial Performance

GS	Audited 31 December		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Revenue	6,348	8,437	6,286
Cost of sales	(4,342)	(6,258)	(4,479)
Gross Profit	**2,006**	**2,179**	**1,807**
Other operating expenses	(1,159)	(937)	(685)
Other operating income	105	162	950
Administrative expenses	(400)	(516)	(1,179)
Selling and distribution	(109)	(138)	(89)
Profit from operations	**443**	**750**	**804**
Finance cost	(1)	(6)	(88)
Profit before taxation	**442**	**744**	**716**
Taxation expense	(80)	(157)	(171)
PAT	**362**	**587**	**545**

DOT	Audited 31 December		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Revenue	940	1,164	4,892
Cost of sales	(562)	(703)	(3,726)
Gross Profit	**378**	**461**	**1,166**
Other operating income	25	-	(1)
Other operating expenses	(7)	(25)	(25)
Administrative expenses	(338)	(401)	(466)
Profit from operations	**58**	**35**	**675**
Finance cost	-	-	(6)
Profit before taxation	**58**	**35**	**669**
Taxation expense	(9)	(1)	(120)

DOT	Audited 31 December		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
PAT	**49**	**34**	**549**

5.2 Historical Financial Position

GS	Audited 31 December		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Non-current assets	539	884	1,005
Current assets	2,021	3,351	3,756
Total assets	**2,560**	**4,235**	**4,761**
Share capital	100	100	100
Retained earnings	1,468	1,755	2,299
Total equity	**1,568**	**1,855**	**2,399**
Non-current liabilities	-	1,157	1,331
Current liabilities	992	1,223	1,031
Total liabilities	**992**	**2,380**	**2,362**
Total equity and liabilities	**2,560**	**4,235**	**4,761**

DOT	Audited 31 December		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Non-current assets	18	148	131
Current assets	534	492	2,221
Total assets	**552**	**640**	**2,352**
Share capital	1	1	50
Retained earnings	416	450	999
Total equity	**417**	**451**	**1,049**

DOT	**Audited 31 December**		
	2021	**2022**	**2023**
	RM'000	**RM'000**	**RM'000**
Non-current liabilities	-	-	158
Current liabilities	135	189	1,145
Total liabilities	**135**	**189**	**1,303**
Total equity and liabilities	**552**	**640**	**2,352**

5.3 Historical Cash Flows

GS	**Audited 31 December**		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
Net cash (used in)/generated from:			
Operating activities	305	400	(1,346)
Investing activities	(580)	(774)	(443)
Financing activities	(60)	1,342	155
Net (decreased)/ increased in cash and cash equivalents	**(335)**	**968**	**(1,634)**
Cash and cash equivalents at the beginning of the financial year	1,068	733	1,701
Cash and cash equivalents at the end of the financial year	**733**	**1,701**	**67**

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DOT	Audited 31 December		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Net cash (used in)/generated from:			
Operating activities	(287)	80	(51)
Investing activities	(20)	(155)	(8)
Financing activities	-	-	233
Net (decreased)/ increased in cash and cash equivalents	**(307)**	**(75)**	**174**
Cash and cash equivalents at the beginning of the financial year	507	200	125
Cash and cash equivalents at the end of the financial year	**200**	**125**	**299**

Note:

(1) Less than RM500.

The financial statements of Target Companies for the financial year under review were prepared in accordance with the Malaysian Financial Reporting Standards. No audit qualifications were reported in Target Companies' audited financial statements during the financial years under review, and no exceptional and/or extraordinary items were reported in Target Companies' audited financial statements for the financial years under review.

5.4 Financial Commentaries

FYE 31 December 2021 vs FYE 31 December 2022

GS's revenue increased to RM8.44 million for the FYE 31 December 2022 from RM6.35 million for the FYE 31 December 2021, representing an increase of RM2.09 million or 32.91%. The increase in revenue is mainly attributable to higher sales of hardware and software to the customers for opening new outlets post-COVID-19 pandemic.

GS' PAT increased to RM0.59 million for FYE 31 December 2022 from RM0.36 million for the FYE 31 December 2021, representing an increase of RM0.23 million or 63.89%. The increase in PAT was mainly attributable to the following:

(i) decrease in other operating expenses by RM0.22 million, mainly attributable to the absence of director fee; and

(ii) increase in gross profit by RM0.17 million as a result of higher sales of hardware and software as explained above, which was partially offset by the following:

(i) increase in administrative expenses by RM0.12 million mainly due to the increase in depreciation of property, plant and equipment, amortisation of intangible assets and management fee; and

(ii) increase in taxation expenses by RM0.08 million.

DOT's revenue increased to RM1.16 million for the FYE 31 December 2022 from RM0.94 million for the FYE 31 December 2021, representing an increase of RM0.22 million or 23.40%. The increase in revenue is mainly attributable to increase in sales of project management solutions to manage customers' software customisation and increase in sales of software.

DOT's PAT decreased marginally to RM0.03 million for the FYE 31 December 2022 from RM0.05 million for the FYE 31 December 2021, representing a decrease of RM0.02 million or 40.00%.

FYE 31 December 2022 vs FYE 31 December 2023

GS's revenue decreased to RM6.29 million for the FYE 31 December 2023 from RM8.44 million for the FYE 31 December 2022, representing a decrease of RM2.15 million or 25.47%. The decrease in revenue was mainly due to lower demand for hardware and software from our customers.

GS's PAT decreased to RM0.55 million for the FYE 31 December 2023 from RM0.59 million for the FYE 31 December 2022, representing a decrease of RM0.04 million or 6.78%. The decrease in PAT was mainly due to the following:

(i) decrease in gross profit of RM0.37 million as a result of a decrease in revenue as explained above;

(ii) increase in other operating expenses and administrative expenses by RM0.41 million mainly due to an increase in staff costs,

which was partially offset by the increase in other incomes by RM0.79 million mainly attributable to the secondment cost charged to DOT.

DOT's revenue increased to RM4.89 million for the FYE 31 December 2023 from RM1.16 million for the FYE 31 December 2022, representing an increase of RM3.73 million or 321.55%. The increase in revenue was mainly due to higher subscription of its newly developed self-checkout system and sales of its related hardware.

DOT's PAT increased to RM0.55 million for FYE 31 December 2023 from RM0.03 million for the FYE 31 December 2022, representing an increase of RM0.52 million or 1,733.33%. The increase in PAT was mainly due to the increase in gross profit of RM0.71 million as a result of increase in revenue as explained above, which was partially offset by the increase in taxation expense by RM0.12 million and increase in administrative expenses by RM0.07 million mainly due to the increase in staff costs and directors' remuneration.

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6. INDUSTRY OUTLOOK

6.1 Overview and Outlook of Malaysia Economy

The Malaysian economy expanded by 5.3% in the third quarter of 2024 (2Q 2024: 5.9%), driven by strong investment activity and continued improvement in exports. Investment activity was underpinned by strong spending on structures and machinery and equipment (M&E), while household spending sustained its expansion amid positive labour market conditions and policy support. In the external sector, exports continued to strengthen on the back of recovering external demand and positive spillovers from the global tech upcycle. Meanwhile, imports also grew at a faster pace, following strong demand for capital and intermediate goods to support rising investments and trade. On the supply side, most sectors remained supportive of growth. In particular, the improvement in the manufacturing sector was driven by export-oriented clusters. However, growth was partly offset by maintenance activities in the mining sector. On a quarter-on-quarter, seasonally-adjusted basis, growth momentum moderated to 1.8% (2Q 2024: 2.9%). Overall, the Malaysian economy expanded by 5.2% in the first three quarters of 2024.

During the quarter, both headline and core inflation remained stable at 1.9% (2Q 2024: 1.9%). Higher inflation was observed for diesel (20.1%; 2Q 2024: 5.3%) and vehicle insurance (0.8%; 2Q 2024: -0.1%), which was offset by broader moderation in inflation for food and beverages (1.6%; 2Q 2024: 1.9%), particularly food away from home, cereals, and fresh vegetables. On the whole, the share of Consumer Price Index (CPI) items recording monthly price increases was lower at 38.9% during the quarter (2Q 2024: 49.4%).

Year to date, both headline and core inflation averaged at 1.8%. Spillovers from the diesel price adjustment to broader prices have been contained, given effective mitigation and enforcement measures to minimise the impact on business costs and pass-through to retail prices. Going forward, the outlook for inflation will depend on the implementation of further domestic policy measures on subsidies and price controls, as well as global commodity prices and financial market developments.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2024, published on 15 November 2024, Bank Negara Malaysia)

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

Overall, real gross domestic product in 2024 is revised upward, ranging between 4.8% and 5.3%, surpassing the initial target of 4% to 5%.

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

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

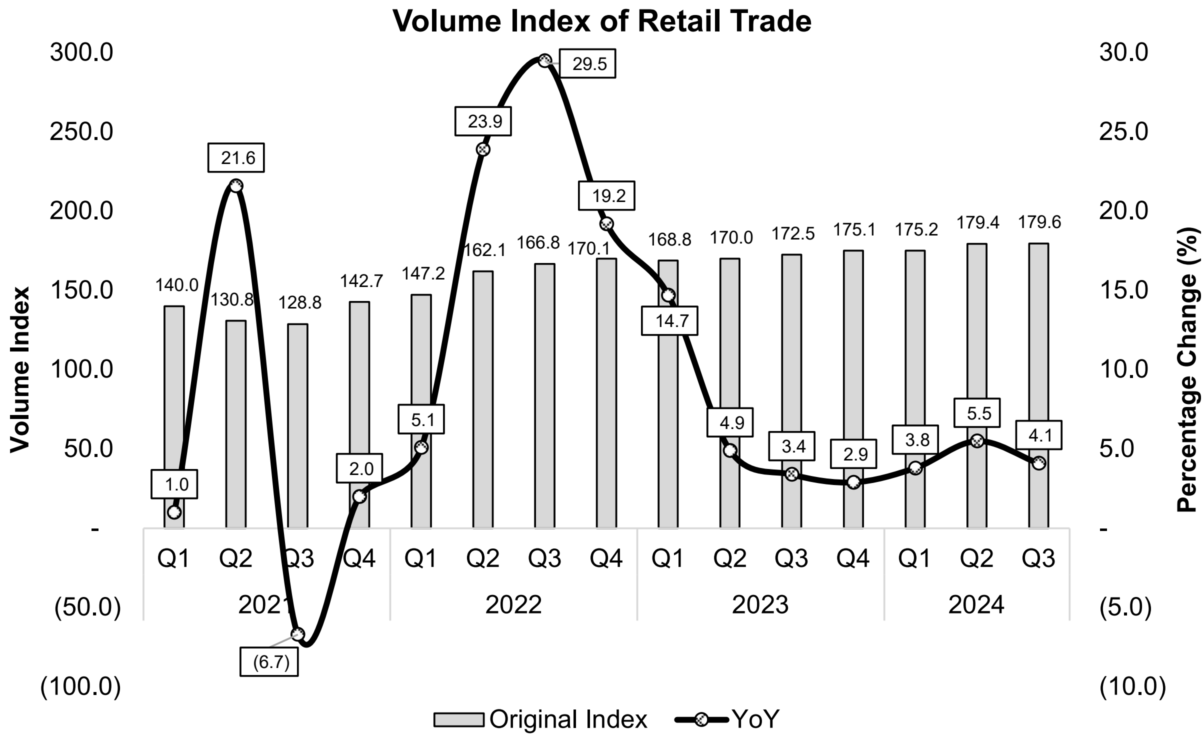
6.2 Overview and Outlook of the Retail Industry in Malaysia

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

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

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

Conversely, within the same period, seasonally adjusted volume index of retail trade declined -1.1% as compared to the previous quarter.



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

SCS

7. VALUATION METHOD

7.1 Basis and Method Used to Form an Opinion on the Evaluation

In establishing our opinion on the fair market value of the entire equity interest in Target Companies, SCS Global considered various valuation methodologies, which are commonly used for valuation and took into consideration Target Companies' earnings-generating capabilities, its sustainability as well as various business considerations and risk factors affecting its business.

The valuation methodology considered and selected by SCS Global to determine the fair market value of the entire equity interest in Target Companies is solely based on the discounted free cash flow to equity ("**FCFE**") methodology as the underlying value of Target Companies is likely to be derived from its continuous business operations.

Further, SCS Global has also considered the other valuation methodologies and found that the following methodologies are not suitable for arriving at the fair market value of the entire equity interest in Target Companies based on the following factors:

Valuation Methodologies	Discussion
Relative Valuation Analysis ("**RVA**")	RVA seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial value. Under RVA, reference was made to the valuation statistics of comparable companies to get an indication of the current market expectation with regards to the implied value of the equity interest in the Target Companies and compared the implied trading multiples to determine the firm's financial value. We have identified 6 comparable companies listed on Bursa Securities (as defined herein) based on the following criteria: (i) majority of its businesses (largest revenue contribution of more than 50.0% of its revenues) are involved in the provision of software application and system development; and (ii) market capitalisation of below RM200.00 million. Kindly refer to Section 7.2 for the details of comparable companies. We have considered the RVA and have concluded that this valuation is not suitable for determining the fair market value of the entire equity interest in Target Companies after assessing the following factors: (i) similarity in size in terms of market capitalisation. The Purchase Consideration of RM17.06 million for the acquisition of the entire equity interest in the Target Companies is relatively smaller as compared to the market capitalisation of comparable companies; and

Valuation Methodologies	Discussion
	(ii) similarity in financial performance in terms of revenue and PAT track records. The total revenue (RM11.18 million) and total PAT (RM1.10 million) of both Target Companies for the FYE 31 December 2023 are relatively lower as compared to the TTM revenue and TTM PAT of comparable companies.

<u>Summary of market capitalisation, trailing twelve months ("**TTM**") financial result of comparable companies</u>

Comparable companies	Market capitalisation	TTM revenue	TTM PAT
	RM million	RM million	RM million
Agmo Holdings Berhad	182.00	36.41	6.98
Censof Holdings Berhad	140.83	106.33	8.26
Cuscapi Berhad	170.06	41.73	13.24
Excel Force MSC Berhad	179.92	29.02	8.28
OpenSys (M) Berhad	163.10	92.09	12.83
Rexit Berhad	135.98	32.07	13.21

Comparable Transaction Analysis ("**CTA**")	CTA is a valuation method which seeks to compare against other recent comparable transactions undertaken by companies listed on local stock exchanges that had entered into acquisitions of similar assets. It also reflects a reasonable estimate of multiples or premiums that others have paid for similar companies in the past. We have conducted our searches on precedent transactions for the past 3 years from S&P Capital IQ as at the Date of Opinion. The criteria that we have selected are (i) Industry classification: software and services, (ii) geographical location: Malaysia and (iii) implied equity value of up to RM50.00 million. As a result of the above, we noted 2 transactions involving companies engaged in a similar business to Target Companies. However, due to limited transactions identified, we are of the view that such transactions are not suitable for determining the fair market value of the entire equity interest in Target Companies.
Revalued Net Asset Valuation ("**RNAV**")	RNAV method seeks to adjust the net asset value of a company by taking into consideration the valuation of the company's assets to determine the adjusted value of the firm's financial value. It should be noted that the RNAV may not accurately reflect the potential of Target Companies as the potential value of Target Companies is highly dependent on the future growth of the company.

7.2 Discounted FCFE Methodology

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

In arriving at the appropriate discount rate for Target Companies, we have applied the prevailing risk-free rate and market risk premium, as well as adopted the betas of available comparable companies with relevant adjustments made taking into consideration the gearing and the risk profile as well as other risk factors that may affect Target Companies.

All information obtained was sourced from Bloomberg as at the Date of Opinion unless stated otherwise.

The projected FCFE is determined annually based on Target Companies' Financial Projections, which shall be discounted using the cost of equity. The cost of equity takes into account a combination of risk factors associated with the industry in which Target Companies is involved, namely, the systematic risk, i.e. the inherent market risk such as interest rate fluctuation, and the capital structure, i.e. the financing risk. These risks are translated into the required rate of return as determined below, which is built upon the Capital Asset Pricing Model ("**CAPM**"). The cost of equity is estimated based on the following formula:

Cost of equity = Risk-Free Rate + [Re-levered Beta X (Market Return – Risk-Free Rate)]

For the purpose of determining the appropriate equity risk premium in estimating the cost of equity, the comparable companies' beta was adjusted (de-levered) for their respective gearing ratio and statutory tax rate. The average unlevered beta is then re-levered based on the gearing ratio and statutory tax rate of the Target Companies. The gearing ratio refers to total debts divided by market capitalisation.

To identify the comparable companies, SCS Global has attempted to search for publicly listed comparable companies on Bursa Malaysia Securities Berhad ("**Bursa Securities**") that are principally involved in the provision of software applications and system development.

We have conducted our search based on the above criteria where the majority of its businesses (largest revenue contribution of more than 50.0% of its revenues) are involved in the provision of software application and system development with a market capitalisation of below RM200.00 million. Based on the above criteria, a total of 6 comparable companies listed on Bursa Securities were selected.

By limiting the selection of comparable companies to Malaysia, which are similar in market demographics and characteristics, will provide more compatible data without the need for any adjustments. Any normalisation of market data involving comparable companies other than those in Malaysia may potentially be erroneous as parameters, such as market return, expected inflation and expected growth in gross domestic product (GDP), used for normalising the multiples may change significantly over a short period of time.

The details of the comparable companies as at the Date of Opinion are set out as follows:

Comparable Companies	Principal activities
Agmo Holdings Berhad	Agmo Holdings Berhad is an investment holding company. Through its subsidiaries, it is involved in the provision of digital solutions and application development. It has four operating segments as follows: (i) development of bespoke digital solutions which is involved in developing end-to-end customised solutions that address specific goals or challenges faced by their clients; (ii) provision of digital platform-based services which involved products developed in-house and offered to customers on a subscription basis; (iii) provision of subscription, hosting, technical support, and maintenance services, which involves providing hosting and subscription services to its customers under several third-party cloud computing platforms. Its technical support services comprise troubleshooting and rectification of faults and issues faced by the users while maintenance services comprise adaptive maintenance, corrective maintenance and preventive maintenance; and (iv) provision of training and development services which is involved in providing training courses on various subjects related to programming.
Censof Holdings Berhad	Censof Holdings Berhad is a technology investment holding company. Through its subsidiaries, it is involved in financial management software solutions. It has three operating segments as follows: (i) financial management solutions segment for government and for commercial which is involved in designing, developing, implementing and marketing financial management software and related services; (ii) wealth management solutions segment which is involved in providing services for portfolio management, fund accounting, unit registry, selling agent and online transaction; and (iii) digital technology segment which is involved in providing information technology consultancy and services for system integration, cloud-based solutions, e-procurement and e-tendering.
Cuscapi Berhad	Cuscapi Bhd is an investment holding. Through its subsidiaries, it is involved in the following operating segments: (i) sale of the point-of-sales (POS) segment which is involved in the sale of software, hardware, maintenance services and other support services of point-of-sales; and (ii) trading of digital assets.

Comparable Companies	Principal activities
Excel Force MSC Berhad	Excel Force MSC Berhad is principally engaged in the development, provision and maintenance of software application solutions for the financial services industry, specifically stockbroking companies and investment banks. It has three operating segments as follows: (i) application solutions for sales of software applications and products on an outright purchase basis; (ii) maintenance services for the provision of maintenance services; and (iii) application services provider for the provision of application services on monthly recurring fixed and variable charges.
OpenSys (M) Berhad	OpenSys (M) Berhad is an investment holding company. Through its subsidiaries, it is involved in the following operating segments: (i) hardware including the sale, assembly and distribution of cheque deposit machines, cash recycling machines and other hardware equipment.; and (ii) software solution and services including the sale of software, software customisation, support and maintenance, after-sale services, cheque processing outsourcing, outsourcing of payment kiosks and cash-in-transit services.
Rexit Berhad	Rexit Berhad is an investment holding company. Through its subsidiaries, it principally engages in the provision of IT solutions and related services, which include software-based activities and hardware sales.

The details of the input parameters for CAPM as the Date of Opinion are set out as follows:

Comparable company	Market Capitalisation	2-year levered beta	Gearing ratio	Tax rate	Unlevered beta
	RM million		times	%	
Agmo Holdings Berhad	182.00	1.73	0.01	24.00	1.72
Censof Holdings Berhad	140.83	1.73	0.02	24.00	1.71
Cuscapi Berhad	170.06	2.13	(1)	24.00	2.13
Excel Force MSC Berhad	179.92	0.89	0.05	24.00	0.86
OpenSys (M) Berhad	163.10	0.91	0.10	24.00	0.85
Rexit Berhad	135.98	0.77	0.05	24.00	0.75
				Average	**1.34**

Note:

(1) Less than 0.01.

In the evaluation of the fair market value of the entire equity interest in Target Companies, and based on the discounted FCFE methodology using the Financial Projections as provided by the Management, the following were noted:

Cost of Equity Inputs	**GS**	**DOT**
Average unlevered beta of comparable companies	1.34	
Estimated debt to equity ratio of Target Companies	-[(1)]	
Tax rate	24.00%	
Levered beta of Target Companies	1.34	
Risk-free rate	3.88%	
Market return	9.19%	
Terminal growth rate	2.00%	
Cost of equity derived using CAPM	11.00%	
Fair market value of the entire equity interest in the Target Company	RM12.53 million	RM6.53 million

Note:

(1) Assumed no debt as the Target Companies will repay all the outstanding balance of the borrowings and hire purchases as stipulated in SSA. After discussing with the management of Panda Eco System and Target Companies, it is anticipated that Target Companies will not require any borrowings to carry out the business activities after the Proposed Acquisitions.

The Financial Projections have been prepared based on a set of assumptions made by the Management, which include assumptions about future events and outlook that may or may not necessarily occur. The results of the Financial Projections can be materially affected by economic and other circumstances. The actual results may vary considerably from Financial Projections.

The specific key assumptions are as follows:

(i) GS

Revenue	Revenue from FYE 31 December 2025 to FYE 31 December 2029 is projected at an annual growth rate of 10% per annum. We are of the view that the growth rate of 10% per annum is reasonable based on the following: (a) historical growth rate of the revenue ranges from -25.50% to 32.90% from FYE 31 December 2021 to FYE 31 December 2023;

<table>
<tr><td></td><td>
<table>
<tr><th></th><th>Revenue Growth</th></tr>
<tr><td>FYE 31 December 2020 vs FYE 31 December 2021</td><td>-0.07%</td></tr>
<tr><td>FYE 31 December 2021 vs FYE 31 December 2022</td><td>32.90%</td></tr>
<tr><td>FYE 31 December 2022 vs FYE 31 December 2023</td><td>-25.50%</td></tr>
</table>
(b) recorded RM4.26 million in revenue based on the unaudited management account for the 6-month financial period ended 30 June 2024; and
(c) based on Panda Eco System's Prospectus, the independent market report presented by Providence Strategic Partners Sdn Bhd, the retail management solutions industry in Malaysia grew from RM176.1 million in 2018 to RM351.1million 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.
</td></tr>
<tr><td>Gross profit margin</td><td>
The gross profit margin is projected to be 25% from FYE 31 December 2025 to FYE 31 December 2029.
We are of the view that the gross profit margin of 25% is reasonable given that the historical gross profit margin ranges from 25.82% to 31.60%.
<table>
<tr><th></th><th>GP margin</th></tr>
<tr><td>FYE 31 December 2021</td><td>31.60%</td></tr>
<tr><td>FYE 31 December 2022</td><td>25.82%</td></tr>
<tr><td>FYE 31 December 2023</td><td>28.75%</td></tr>
</table>
</td></tr>
<tr><td>Other income</td><td>The other income is projected to be RM850,000 per annum plus 2.00% year-on-year increase for the secondment costs charges to DOT.</td></tr>
<tr><td>Other operating expenses, administrative expenses, and selling</td><td>(a) The director salaries to be paid from FYE 31 December 2025 to FYE 31 December 2029 are as follows:</td></tr>
</table>

<table>
<tr><td>and distribution expenses</td><td>
<table>
<tr><th></th><th>FYE 31 December 2023</th><th>FYE 31 December 2025 – FYE 31 December 2029</th></tr>
<tr><td>Yeow Cheng Hock</td><td>RM72,000</td><td>-</td></tr>
<tr><td>Cheok Kian Hing</td><td>RM141,000</td><td>-</td></tr>
<tr><td>Ding Chew Keat</td><td>RM142,620</td><td>RM214,620</td></tr>
<tr><td>Ho Soo Cherng</td><td>RM141,060</td><td>RM213,060</td></tr>
<tr><td>Total</td><td>RM496,680</td><td>RM427,680</td></tr>
</table>
(b) There will be management fees amounting to RM36,000 for the FYE 31 December 2025 (FYE 31 December 2023: RM72,000) related to accounting and tax services incurred. Such management fees will not be incurred from FYE 31 December 2026 to FYE 31 December 2029, due to the expected synergies to be achieved following the proposed acquisition by Panda Eco System.
</td></tr>
<tr><td>Property, plant and equipment</td><td>Assumed two motor vehicles will be disposed to directors at an expected combined net book value of RM0.24 million in FYE 31 December 2025.</td></tr>
<tr><td>Other receivables</td><td>Assumed GS will receive the proceeds for the amount due from Day One Solutions Sdn Bhd amounting to RM2.09 million in FYE 31 December 2025 as per stipulated in SSA.</td></tr>
<tr><td>Borrowings and hire purchases</td><td>Assumed GS will fully repay the outstanding borrowings and hire purchases in FYE 31 December 2025 as stipulated in SSA.</td></tr>
<tr><td>Capital expenditures on property, plant and equipment as well as intangible assets.</td><td>(a) Capital expenditures on property, plant and equipment are projected at RM0.05 million from FYE 31 December 2025 to FYE 31 December 2029 based on Management's best estimate with the historical capital expenditure incurred.

(b) Capital expenditures on intangible assets are projected at RM0.30 million from FYE 31 December 2025 to FYE 31 December 2029 based on Management's best estimate with the historical capital expenditure incurred.</td></tr>
</table>

<table>
<tr><td>Trade receivables turnover days</td><td>The turnover days for trade receivables are estimated to be approximately 53 days which is within the historical range.

<table><tr><th></th><th>Trade receivables turnover days</th></tr><tr><td>FYE 31 December 2021</td><td>56 days</td></tr><tr><td>FYE 31 December 2022</td><td>40 days</td></tr><tr><td>FYE 31 December 2023</td><td>65 days</td></tr></table>
We also noted from audited financial statements that the credit terms given to customers range between 30 days to 90 days.</td></tr>
<tr><td>Inventory turnover days</td><td>The turnover days for inventory are estimated to be approximately 9 days which is within the historical range.

<table><tr><th></th><th>Inventory turnover days</th></tr><tr><td>FYE 31 December 2021</td><td>13 days</td></tr><tr><td>FYE 31 December 2022</td><td>9 days</td></tr><tr><td>FYE 31 December 2023</td><td>6 days</td></tr></table></td></tr>
<tr><td>Trade payables turnover days</td><td>The turnover days for trade payables are estimated to be approximately 34 days which is within the historical range.

<table><tr><th></th><th>Trade payables turnover days</th></tr><tr><td>FYE 31 December 2021</td><td>42 days</td></tr><tr><td>FYE 31 December 2022</td><td>28 days</td></tr><tr><td>FYE 31 December 2023</td><td>33 days</td></tr></table>
We also noted from audited financial statements that the credit terms given to customers range between 30 days to 90 days.</td></tr>
</table>

(ii) DOT

<table>
<tr><td>Revenue</td><td>Revenue for the from FYE 31 December 2025 to FYE 31 December 2029 is projected at an annual growth rate of 10% per annum.

We are of the view that the growth rate of 10% per annum is reasonable based on the following:

(a) historical growth rate of the revenue ranges from -14.27% to 320.05% from FYE 31 December 2021 to FYE 31 December 2023;
<table><tr><th></th><th>Revenue Growth</th></tr><tr><td>FYE 31 December 2020 vs FYE 31 December 2021</td><td>-14.27%</td></tr><tr><td>FYE 31 December 2021 vs FYE 31 December 2022</td><td>23.86%</td></tr><tr><td>FYE 31 December 2022 vs FYE 31 December 2023</td><td>320.05%</td></tr></table>
(b) recorded RM1.69 million in revenue based on the unaudited management account for the 6-month financial period ended 30 June 2024; and

(c) based on Panda Eco System's Prospectus, the independent market report presented by Providence Strategic Partners Sdn Bhd, the retail management solutions industry in Malaysia grew from RM176.1 million in 2018 to RM351.1million 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.</td></tr>
<tr><td>Gross profit margin</td><td>The gross profit margin is projected to be 25% from FYE 31 December 2025 to FYE 31 December 2029.

We are of the view that the gross profit margin of 25% is reasonable given that the historical gross profit margin ranges from 23.83% to 40.22%.
<table><tr><th></th><th>GP margin</th></tr><tr><td>FYE 31 December 2021</td><td>40.22%</td></tr><tr><td>FYE 31 December 2022</td><td>39.63%</td></tr><tr><td>FYE 31 December 2023</td><td>23.83%</td></tr></table></td></tr>
</table>

<table>
<tr><td>Other operating expenses, administrative expenses, and selling and distribution expenses</td><td>(c) The directors' salaries to be paid from FYE 2025 to FYE 2029 are as follows:
<table><tr><th></th><th>FYE 31 December 2023</th><th>FYE 2025 31 December – FYE 31 December 2029</th></tr><tr><td>Yeow Cheng Hock</td><td>RM47,250</td><td>-</td></tr><tr><td>Cheok Kian Hing</td><td>RM63,000</td><td>-</td></tr><tr><td>Ding Chew Keat</td><td>RM27,000</td><td>RM27,000</td></tr><tr><td>Ho Soo Cherng</td><td>RM27,000</td><td>RM27,000</td></tr><tr><td>Total</td><td>RM164,250</td><td>RM54,000</td></tr></table>
(d) There will be no management fees (FYE 31 December 2023: RM48,000) related to legal professional fees from FYE 31 December 2025 to FYE 31 December 2029 due to the expected synergies to be achieved following the proposed acquisition by Panda Eco System.</td></tr>
<tr><td>Borrowings</td><td>Assumed DOT will fully repay the outstanding borrowing in FYE 31 December 2025 as stipulated in SSA.</td></tr>
<tr><td>Capital expenditures on property, plant and equipment</td><td>Capital expenditures on property, plant and equipment are projected at RM0.01 million from FYE 31 December 2025 to FYE 31 December 2029 based on Management's best estimate with the historical capital expenditure incurred.</td></tr>
<tr><td>Trade receivables turnover days</td><td>The turnover days for trade receivables are estimated to be approximately 70 days, which is within the historical range.
<table><tr><th></th><th>Trade receivables turnover days</th></tr><tr><td>FYE 31 December 2021</td><td>58 days</td></tr><tr><td>FYE 31 December 2022</td><td>74 days</td></tr><tr><td>FYE 31 December 2023</td><td>79 days</td></tr></table>
We also noted from audited financial statements that the credit terms given to customers range between 30 days to 90 days.</td></tr>
</table>

<table>
<tr><td>Inventory turnover days</td><td>The turnover days for inventory are estimated to be approximately 7 days, which is within the historical range.

<table><tr><th></th><th>Inventory turnover days</th></tr><tr><td>FYE 31 December 2021</td><td>6 days</td></tr><tr><td>FYE 31 December 2022</td><td>13 days</td></tr><tr><td>FYE 31 December 2023</td><td>2 days</td></tr></table></td></tr>
<tr><td>Trade payables turnover days</td><td>The turnover days for trade payables are estimated to be approximately 58 days, which is within the historical range.

<table><tr><th></th><th>Trade payables turnover days</th></tr><tr><td>FYE 31 December 2021</td><td>94 days</td></tr><tr><td>FYE 31 December 2022</td><td>27 days</td></tr><tr><td>FYE 31 December 2023</td><td>52 days</td></tr></table>
We also noted from audited financial statements that the credit terms given to customers range between 30 days to 90 days.</td></tr>
</table>

The general assumptions are as follows:

(i) there will be no significant changes in the principal activities, key management personnel, operating policies, accounting and business policies presently adopted by Target Companies;

(ii) the Financial Projections have been prepared based on prevailing economic conditions and information available as at the date of its preparation and do not encompass any assessment of the potential for future changes in the economic conditions in Malaysia that may affect Target Companies' operations;

(iii) there will be no significant changes to the prevailing economic, political and market conditions in Malaysia and elsewhere that will have direct and indirect effects on the activities and performance of Target Companies and the business of Target Companies' customers and suppliers;

(iv) there will be no material changes to the present legislation and Target Companies' activities or the market in which it operates;

(v) there will be no significant changes in the estimated credit period granted or received by Target Companies;

(vi) the statutory income tax rate and other relevant duty and tax rates for Target Companies will remain at existing rates with no significant changes in the bases of taxation, and there will be no significant changes in the structure which would adversely affect the cash flows of Target Companies;

(vii) there will be no material adverse effect from service disruptions, equipment or network breakdown or other similar occurrences, wars, epidemics, terrorist attacks and other natural risks, both domestic and foreign, which will adversely affect the operations, income and expenditure of Target Companies;

(viii) the rate of inflation will not fluctuate significantly from their projected levels;

(ix) there will be no termination of any significant agreements or contracts from which the legal rights accruing to Target Companies, in respect of the principal activities are derived. Such agreements or contracts are assumed to be renewed based on current terms upon expiry;

(x) there will be adequate supply of manpower and other relevant resources to Target Companies for its business activities;

(xi) there will be no significant changes in wages, supplies, administration, overhead expenses and other costs other than those forecast and projected;

(xii) there will be no substantial impairment to the carrying value of Target Companies' investment, property, plant and equipment and other assets;

(xiii) the capital expenditure will be incurred as scheduled with no material changes in the expected cost or price and there will be no material acquisition or disposal of property, plant and equipment other than those planned; and

(xiv) there will be no major legal proceedings against Target Companies which will adversely affect the activities or performance of Target Companies or give rise to any contingent liability which will materially affect the financial position or business of Target Companies.

For the purpose of determining the terminal value involved in the discounted FCFE methodology, we have used the stable growth model to compute the terminal value of Target Companies in the FYE 31 December 2029 as this usually applies to companies that are growing but at a moderate pace.

The terminal value is computed based on the FCFE for the FYE 31 December 2029 at a terminal growth rate of 2.0%, with reference to the average historical 10 years of Malaysia's inflation rate.

Based on the underlying assumptions of the Financial Projections, we have performed a sensitivity analysis on 2 key parameters, namely the cost of equity and terminal growth rate, as these assumptions have a significant impact on the valuation of Target Companies. We have varied the values adopted for the cost of equity and terminal growth rate on a 0.5% upward and downward variance, respectively, on the midpoint of the valuation to arrive at a reasonable range of the fair market value of the entire equity interest in Target Companies.

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The result of the sensitivity test is as shown below:

	Low case		Base case		High case	
	GS	**DOT**	**GS**	**DOT**	**GS**	**DOT**
Cost of equity	11.50%		11.00%		10.50%	
Terminal growth rate	1.50%		2.00%		2.50%	
Fair market value of the entire equity interest in Target Companies	RM11.48 million	RM5.92 million	RM12.53 million	RM6.53 million	RM13.85 million	RM7.28 million
Total value	RM17.40 million		RM19.06 million		RM21.13 million	

In our analysis, we did not apply a discount for lack of marketability to the fair market value of Target Companies after considering the following:

(i) the subjectivity inherent in the determination of illiquidity discount as the liquidity of the Comparable Companies' shares vary according to the respective trading performance and the efficiency of the respective market (i.e. Malaysia); and

(ii) the application of a control premium, which is also highly subjective, may contra the effects of the illiquidity discount on the valuation. Notably, Panda Eco System is acquiring the entire equity interest (i.e. 100.00%) in Target Companies pursuant to the Proposed Acquisitions.

Based on the above, the fair market value of the entire equity interest in Target Companies ranges from RM17.40 million to RM21.13 million with a base case fair market value of RM19.06 million.

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8. CONCLUSION

It should be recognised that the valuation of any entity is always subject to a great deal of uncertainty and involves a high degree of subjectivity and element of judgment. Because of the susceptibility of valuations to inputs of the model applied, valuations can change quite quickly in response to market changes or changes in the surrounding circumstances, including the market outlook (whether in general or relating to the industry itself).

In establishing our opinion on the valuation of the equity interest in Target Companies, SCS Global has considered various valuation methodologies, which are commonly used for valuation and took into consideration Target Companies' future earnings generating capabilities and its sustainability as well as various business considerations and risk factors affecting its business.

Further, the discounted FCFE methodology, to a certain extent, places reliance on the Financial Projections, which is the net result of forecasting a range of variables for significant periods of time, most of which cannot be forecast and projected with a high degree of precision. Key variables such as economic growth, demand, competition and regulatory policies are beyond the control of Target Companies. The Financial Projections are also typically very sensitive to small changes in key variables and changes in environmental and economic conditions.

As such, relatively small changes in key variables can have a significant impact on the output of the abovementioned valuation model. As a result, the range of values that can be produced by a particular valuation model can be quite wide using combinations of assumptions which individually may appear reasonable. A degree of professional judgment is required to establish the range of values in any valuation exercise.

Based on our Evaluation, the fair market value of the entire equity interest in Target Companies ranges from RM17.40 million to RM21.13 million with a base case fair market value of RM19.06 million.

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SCS

9. RESTRICTIONS

Save for the purpose stated herein, this Letter cannot be relied upon by any party other than Panda Eco System. Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this Letter, in whole or in part. We are not required to give testimony or to be in attendance in court with reference to the opinion herein provided. Neither SCS Global nor any of its members or employees undertakes responsibilities arising in any way whatsoever to any person in respect of this Letter, including any error or omission therein, however caused, as a result of the unauthorised circulation, publication, reproduction or use of this Letter, or any part hereof.

Should SCS Global become aware of any significant change affecting the information contained in this Letter or have reasonable grounds to believe that any statement in this Letter is misleading or deceptive or have reasonable grounds to believe that there is material omission in this Letter, we will immediately notify the Board of Panda Eco System. If circumstances require, a supplementary letter will be issued to the Board of Panda Eco System.

Yours faithfully
SCS Global Advisory (M) Sdn Bhd

PHUA YEE BOON, CFA
Director, Corporate Finance

Gross Synergy Sdn. Bhd. (250837 P)
No.19, Jalan Nirwana 35, Taman Nirwana, 68000 Ampang Selangor.
Tel: 603-92833628 Fax: 603-92818628. Email: hr@grosssynergy.com

Date: 24 APR 2025

PANDA ECO SYSTEM BERHAD
28-1 & 30-1, Jalan PPM 13
Plaza Pandan Malim Business Park
75250 Melaka

Dear Sir/Madam,

PANDA ECO SYSTEM BERHAD
PROPOSED ACQUISITION OF GROSS SYNERGY SDN. BHD.

On behalf of the Board of Directors of GROSS SYNERGY SDN. BHD. (**"GSSB"**) (**"Board"**), we report that after due inquiries during the period between 31 December 2023, being the date to which the latest audited financial statements of GSSB have been made, and up to the date of this letter, being a date not earlier than 14 days before the date of this circular in relation to the Proposed Acquisition of GSSB, that:

I. in our opinion, the business of GSSB has been satisfactorily maintained;

II. in our opinion, no circumstances have arisen since the latest audited financial statements of GSSB which have adversely affected the trading or the value of the assets of GSSB;

III. the current assets of GSSB appear in the books at values which are believed to be realisable in the ordinary course of business;

IV. there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by GSSB;

V. there are no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in GSSB since the latest audited financial statements of GSSB; and

VI. there has been no material changes in the published reserves or any unusual factors affecting the profits of GSSB since the date of the latest audited financial statements of GSSB.

Yours faithfully,
For and on behalf of the Board of
GROSS SYNERGY SDN. BHD.

HO SOO CHERNG
Director

DAY ONE TECHNOLOGY

(+603) 9286 3628 (Office)
enquiry@dayone.my
Day One Technology Sdn. Bhd. (1067228-W)
No.19B, Jalan Nirwana 35, Taman Nirwana, 68000 Ampang Selangor, Malaysia

Date: 24 APR 2025

PANDA ECO SYSTEM BERHAD
28-1 & 30-1, Jalan PPM 13
Plaza Pandan Malim Business Park
75250 Melaka
(Attn: Board of Directors)

Dear Sir/Madam,

PANDA ECO SYSTEM BERHAD
PROPOSED ACQUISITION OF DAY ONE TECHNOLOGY SDN. BHD.

On behalf of the Board of Directors of DAY ONE TECHNOLOGY SDN. BHD. ("**DOTSB**") ("**Board**"), we report that after due inquiries during the period between 31 December 2023, being the date to which the latest audited financial statements of DOTSB have been made, and up to the date of this letter, being a date not earlier than 14 days before the date of this circular in relation to the Proposed Acquisition of DOTSB, that:

I. in our opinion, the business of DOTSB has been satisfactorily maintained;

II. in our opinion, no circumstances have arisen since the latest audited financial statements of DOTSB which have adversely affected the trading or the value of the assets of DOTSB;

III. the current assets of DOTSB appear in the books at values which are believed to be realisable in the ordinary course of business;

IV. there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by DOTSB;

V. there are no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in DOTSB since the latest audited financial statements of DOTSB; and

VI. there has been no material changes in the published reserves or any unusual factors affecting the profits of DOTSB since the date of the latest audited financial statements of DOTSB.

Yours faithfully,
For and on behalf of the Board of
DAY ONE TECHNOLOGY SDN. BHD.

DING CHEW KEAT
Director

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board, and the Directors collectively individually accept full responsibility for the accuracy, completeness and correctness of the information contained in this Circular and confirm that, after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement misleading.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS

Consent

M&A Securities has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

Conflict of interest

M&A Securities has no conflict of interest that exists or is likely to exist in its capacity as the Adviser to Panda in relation to the Proposed Acquisitions.

3. MATERIAL LITIGATION

As at LPD, neither Panda nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and to the best of our Board's knowledge and belief, our Board is not aware of any proceeding, pending or threatened against the Panda Group or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Panda Group.

4. MATERIAL COMMITMENTS

As at LPD, there are no material commitments incurred or known to be incurred by our Group that is likely to have an impact on our profits or NA upon becoming enforceable.

5. CONTINGENT LIABILITIES

As at LPD, there are no contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact on the ability of our Group to meet its obligations as and when they fall due.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours (except public holidays) from the date of this Circular up to and including the date of the EGM:

(i) Constitution of our Company and the Target Group;

(ii) Audited consolidated financial statements of our Group for FYE 31 December 2022 and 2023 and the latest unaudited consolidated financial statements of our Group for the 9-months financial period ended 30 September 2024;

(iii) Audited financial statements of the Target Group for FYE 2022 and 2023;

(iv) Letter of consent and declaration of conflict of interest as referred to in **Section 2 of this Appendix**;

(v) The SSA referred to in **Appendix II**; and

(vi) Valuation letter by SCS Global enclosed in **Appendix V.**

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Panda Eco System Berhad ("**Panda**" or the "**Company**") will be held at Ames Hotel Melaka, Jalan PKAK 2, Pusat Komersial Ayer Keroh, 75450 Ayer Keroh, Melaka on Monday, 26 May 2025 at 11:00 a.m. or immediately upon the conclusion of the 3rd AGM of the Company scheduled to be held on the same day at 10:00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTION

(I) PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN GROSS SYNERGY SDN BHD ("GSSB"); AND

(II) PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN DAY ONE TECHNOLOGY SDN BHD ("DOTSB"),

FROM YEOW CHENG HOCK, CHEOK KIAN HING, HO SOO CHERNG AND DING CHEW KEAT ("VENDORS"), FOR A TOTAL PURCHASE CONSIDERATION OF RM17.1 MILLION TO BE SATISFIED VIA A COMBINATION OF CASH AND ISSUANCE OF NEW ORDINARY SHARES IN PANDA ("PROPOSED ACQUISITIONS")

"**THAT**, subject to the approvals of all relevant authorities and/or persons being obtained, approval be and is hereby given for Panda to acquire such number of ordinary shares representing the entire equity interest in GSSB and DOTSB for a purchase consideration of RM17,060,424 to be fully satisfied via cash consideration of RM11,089,276 and allotment and issuance of 19,462,674 new ordinary shares in Panda ("**Panda Shares**") at an issue price of RM0.3068 each to the Vendors, subject to and upon such terms and conditions as set out in the conditional share sale agreement dated 28 November 2024 ("**SSA**") entered into between the Company and the Vendors for the Proposed Acquisitions.

THAT, approval be and is hereby given to the Directors of the Company to issue and allot 19,462,674 new Panda Shares at an issue price of RM0.3068 each ("**Consideration Shares**") credited as fully paid-up upon such terms and conditions as set out in the SSA.

THAT, such Consideration Shares shall, upon issuance and allotment, rank equally in all respects with the existing Panda Shares, except that the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distributions, which may be declared, made or paid, for which the entitlement date is prior to the date of issuance and allotment of the Consideration Shares.

AND THAT the Directors of the Company be and are authorised to do all acts, deeds and things and execute all documents as they may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Acquisitions with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by any relevant authorities and to take all steps as they may consider necessary or expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Acquisitions."

BY ORDER OF THE BOARD

LIM LI HEONG
SSM PC No. 202008001981 (MAICSA 7054716)

WONG MEE KIAT
SSM PC No. 202008001958 (MAICSA 7058813)

Company Secretaries

Kuala Lumpur
25 April 2025

Notes:

(1) For the purpose of determining who shall be entitled to participate in this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 19 May 2025. Only a member whose name appears on this Record of Depositors shall be entitled to participate in the EGM or appoint a proxy to attend, speak and vote on his/her/its behalf.

(2) A member entitled to attend and vote at the EGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate and vote in his/her place.

(3) A member who is entitled to attend and vote at the EGM shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote on his/her behalf at the same meeting. A proxy may but need not be a member of the Company, and need also not be an advocate, an approved company auditor or a person approved by the registrar of the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid.

*(4) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), he/she may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*

*(5) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*

(6) The instrument appointing a proxy and the power of attorney or other authority, if any, shall be in writing under the hand of appointer or of his attorney duly authorised in writing or a copy of that power of attorney, certified by an advocate and solicitor, or where the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration in the proxy form must be initialled.

(7) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty four (24) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) <u>In hard copy form</u>

In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(ii) By electronic form

The Proxy Form can be electronically lodged with the Company's Share Registrar via TIIH Online at https://tiih.online. Please follow the procedures set out in the Administrative Guide for the EGM.

(8) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than twenty four (24) hours before the time appointed for holding the EGM or immediately upon the conclusion of the 3rd AGM of the Company scheduled to be held on the same day at 10:00 a.m., whichever is later, at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

*(9) For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:-*

(i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:-

(a) at least two (2) authorised officers, of whom one shall be a director; or

(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

(10) Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

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

*(12) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*

(a) Identity card (NRIC) (Malaysian), or

(b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or

(c) Passport (Foreigner).

*(13) For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment of authorised representative executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.*

(14) Shareholders are advised to check the Company's website and announcements from time to time for any changes to the administration of the EGM.

(15) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of EGM will be put to vote by poll.

Personal data privacy:

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

(i) consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of processing and the administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclose of the proxy(ies) and/or representative(s) personal data by the Company for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member’s breach of warranty.

PANDA ECO SYSTEM BERHAD
202201028635 (1474332-M)
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING ("EGM")

Day and Date	:	Monday, 26 May 2025
Time	:	11:00 a.m. or immediately upon the conclusion of the 3rd AGM of the Company scheduled to be held on the same day at 10:00 a.m., whichever is later
Venue	:	Ames Hotel Melaka, Jalan PKAK 2, Pusat Komersial Ayer Keroh, 75450 Ayer Keroh, Melaka

REGISTRATION

The registration counter starts at 10:00 a.m. on Monday, 26 May 2025 and will remain opened until the conclusion of the EGM or such time as may be determined by the Chairman of the Meeting.

Shareholders or proxies are requested to produce/show their original MyKAD or Passport (for non-Malaysians) to the registration staff for verification purposes. Please ensure the original MyKAD or Passport is returned to you thereafter.

Please take note that no person will be allowed to register on behalf of another person, even with the original MyKAD or Passport of that person.

Upon verification, shareholders or proxies will also be given the identification wristbands for voting purposes. No person will be allowed to enter the meeting hall without the identification wristband. There will be no replacement for the identification wristband if it is lost or misplaced.

CORPORATE MEMBERS

Corporate members who wish to appoint corporate representatives instead of a proxy, must deposit their original or duly certified certificate of appointment of corporate representative to Tricor Investor & Issuing House Services Sdn. Bhd. ("**TIIH**") on or before the Annual General Meeting.

Attorneys appointed by power of attorney are required to deposit their power of attorney with TIIH not later than Sunday, 25 May 2025 at 11:00 a.m. to attend and vote at the EGM.

PROXY

The appointment of proxy may be made in hard copy form or by electronic means in the following manner and must be received by the Company at least twenty-four (24) hours before the time appointed for holding the EGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid:

(i) In hard copy form

By hand or post to the office of the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(ii) By electronic form

You may also submit your proxy appointment electronically via TIIH Online website at https://tiih.online. Please do read and follow the procedures below to submit proxy form electronically.

ELECTRONIC LODGEMENT OF PROXY FORM

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	▪ Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. ▪ If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	▪ After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. ▪ Select the corporate event: "**PANDA ECO SYSTEM BERHAD EGM"**. ▪ Read and agree to the Terms and Conditions and confirm the Declaration. ▪ Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. ▪ Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. ▪ Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. ▪ Review and confirm your proxy(s) appointment. ▪ Print the form of proxy for your record.
ii. Steps for Corporate or Institutional shareholders	
Register as a User with TIIH Online	▪ Access TIIH Online at https://tiih.online. ▪ Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder selects **"Create Account by Representative of Corporate Holder".** ▪ Complete the registration form and upload the required documents. ▪ Registration will be verified, and you will be notified by email within one (1) to two (2) working days. ▪ Proceed to activate your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.

Proceed with submission of form of proxy	▪ Login to TIIH Online at https://tiih.online. ▪ Select the corporate event: **"PANDA ECO SYSTEM BERHAD EGM"**. ▪ Agree to the Terms & Conditions and Declaration. ▪ Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. ▪ Prepare the file for the appointment of proxies by inserting the required data. ▪ Login to TIIH Online, select corporate event: **"PANDA ECO SYSTEM BERHAD EGM"**. ▪ Proceed to upload the duly completed proxy appointment file. ▪ Select "Submit" to complete your submission. ▪ Print the confirmation report of your submission for your record.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose determining who shall be entitled to attend the EGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 19 May 2025 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

NO RECORDING OR PHOTOGRAPHY

No recording or photography of the EGM proceedings is allowed without prior written permission of the Company.

ENQUIRY

If you have any enquiry prior to the meeting, you may contact the Share Registrar during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except public holidays) at:

Tricor Investor & Issuing House Services Sdn Bhd		
Telephone Number	General Line	603-2783 9299
Fax Number	603-2783 9222	
Email	is.enquiry@vistra.com	

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

PROXY FORM

No. of shares held	CDS Account no.
Telephone no.	Email address

*I/We ______________________ NRIC/Passport no./Registration no. ______________

of ____
being a *member/members of PANDA ECO SYSTEM BERHAD, hereby appoint:

(1) Name of proxy : ______________ NRIC/Passport no. : ______________

Address : ____

____

Email address : ______________ Telephone no. : ______________

(2) Name of proxy : ______________ NRIC/Passport no. : ______________

Address : ____

____

Email address : ______________ Telephone no. : ______________

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the EGM of the Company to be held at Ames Hotel Melaka, Jalan PKAK 2, Pusat Komersial Ayer Keroh, 75450 Ayer Keroh, Melaka on Monday, 26 May 2025 at 11:00 a.m. or immediately upon the conclusion of the 3rd AGM of the Company scheduled to be held on the same day at 10:00 a.m., whichever is later, in respect of my/our shareholding in the manner indicated below:

Please indicate with a "x" in the spaces provided whether you wish your votes to be cast for or against the resolution. In the absence of specific instructions, your proxy will vote or abstain as he/she thinks fit.

No.	**Ordinary Resolution**	**For**	**Against**
1.	Proposed Acquisitions		

Dated this _____ day of _____________ 2025

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	**Percentage (%)**
Proxy 1		
Proxy 2		
Total		**100**

____

Signature/Seal

** Strike out whichever is not applicable*

* *Manner of execution:*

(a) *If you are an individual member, please sign where indicated.*

(b) *If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.*

(c) *If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:*

(i) *at least two (2) authorised officers, of whom one shall be a director; or*

(ii) *any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.*

Notes:

(1) *For the purpose of determining who shall be entitled to participate in this EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 19 May 2025. Only a member whose name appears on this Record of Depositors shall be entitled to participate in the EGM or appoint a proxy to attend, speak and vote on his/her/its behalf.*

(2) *A member entitled to attend and vote at the EGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate and vote in his/her place.*

(3) *A member who is entitled to attend and vote at the EGM shall be entitled to appoint not more than two (2) proxies to attend, participate, speak and vote on his/her behalf at the same meeting. A proxy may but need not be a member of the Company, and need also not be an advocate, an approved company auditor or a person approved by the registrar of the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which the appointment shall be invalid.*

(4) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), he/she may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*

(5) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular omnibus account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*

(6) *The instrument appointing a proxy and the power of attorney or other authority, if any, shall be in writing under the hand of appointer or of his attorney duly authorised in writing or a copy of that power of attorney, certified by an advocate and solicitor, or where the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. Any alteration in the proxy form must be initialled.*

(7) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than twenty four (24) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:-

(i) <u>In hard copy form</u>

In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(ii) <u>By electronic form</u>

The Proxy Form can be electronically lodged with the Company's Share Registrar via TIIH Online at <u>https://tiih.online</u>. Please follow the procedures set out in the Administrative Guide for the EGM.

(8) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than twenty four (24) hours before the time appointed for holding the EGM or immediately upon the conclusion of the 3rd AGM of the Company scheduled to be held on the same day at 10:00 a.m., whichever is later, at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

*(9) For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:-*

(i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:-

(a) at least two (2) authorised officers, of whom one shall be a director; or
(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

(10) Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

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

*(12) Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:*
(a) Identity card (NRIC) (Malaysian), or
(b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
(c) Passport (Foreigner).

(13) For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the ORIGINAL certificate of appointment of authorised representative executed in the manner as stated in the proxy form if this has not been lodged at the Company's registered office earlier.

(14) Shareholders are advised to check the Company's website and announcements from time to time for any changes to the administration of the EGM.

(15) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice of EGM will be put to vote by poll.

Personal data privacy:

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

(i) consents to the collection, use and disclose of the member's personal data by the Company (or its agents) for the purpose of processing and the administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclose of the proxy(ies) and/or representative(s) personal data by the Company for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses, and damages as a result of the member's breach of warranty.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE SHARE REGISTRAR OF PANDA ECO SYSTEM BERHAD
(Registration No. 202201028635 (1474332-M))
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

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