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## 7. BUSINESS OVERVIEW

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### 7.1 HISTORY

Our Promoter and Managing Director, Lee Teik Keong acquired a 50.0% equity interest in RCSB (which was then a mobile retail shop operator, selling mobile phones and physical card reloads) in 2007 from Lau Chik Huat (a non-related party). In 2010, Lee Teik Keong and our Executive Director, Agnes Wong Eei Nien, acquired the remaining 45.0% and 5.0% equity interests in RCSB, respectively, from Che Beak Chee (a non-related party). As Lee Teik Keong was working with his previous employer at the time, RCSB remained dormant between 2007 and 2010.

Subsequently in 2018, Yau Ming Teck, Chui Mee Chuen, Wong Koon Wai and Lim Willie subscribed for new ordinary shares in RCSB, representing approximately 9.70%, 1.30%, 0.74%, and 1.30% equity interests in RCSB. Sim Min Yew later acquired the 1.30% equity interests in RCSB from Lim Willie in 2023. Pursuant to the Acquisition, the shareholders of RCSB emerged at our Company's level to facilitate our Listing, where RCSB became a wholly-owned subsidiary of our Company.

#### Growth of our business

We commenced our business in the distribution of electronic reloads for mobile airtime and data via an SMS reload system and a web portal, namely "onlinereload.net" (which is presently known as the SRS Portal), in 2011. Our initial business activities involve the purchase of electronic reloads for mobile airtime and data from distributors and the sale of the electronic reloads to users via SMS and our SRS Portal. At the time, our user base mainly comprised SRS corporate users who were reload retailers.

Upon commencement of our business, we enabled our reload retailers to sell electronic reloads for mobile airtime and data on customised digital platforms that are developed by us and customised with their company name and logo. The customised digital platforms are linked to our back-end system to enable purchases of electronic reloads for mobile airtime and data. As such, customers of reload retailers can purchase electronic reloads for mobile airtime and data through the customised digital platforms. In such instances, the reload retailers will purchase electronic reloads for mobile airtime and data from us for their onward sale to their customers.

In line with the growing use of smartphones and mobile applications, we developed our own mobile application, i.e. the SRS App (which was then known as "SRS Mobile"), which was launched in 2013. SRS App had the same function as our SRS Portal and can be downloaded by the public via digital distribution platforms. With SRS App, our user base extended to include not only reload retailers but also mobile application operators as well as SRS end-users.

Since 2015, we have expanded the services offered through our SRS platform to enable:-

- (i) payment of postpaid mobile network services ~ this function, which was launched in 2015, allows our users to make payment for postpaid mobile network services;
- (ii) purchase of prepaid and postpaid digital TV services ~ these functions, which were launched in 2015, allow our users to purchase electronic reloads for prepaid digital TV services and make payment for postpaid digital TV services;
- (iii) payment of utilities and internet services ~ this function, which was launched in 2016, allows our users to pay for water and electricity utilities, maintenance services of national sewerage systems and internet services;
- (iv) purchase of application and eWallet credits ~ this function, which was launched in 2016, allows our users to purchase vouchers to be used in other mobile applications;
- (v) purchase of mobile airtime and data services for international mobile network brands ~ this function, which was launched in 2019, allows our users to purchase mobile airtime and data service from certain selected telecommunication operators in Indonesia, Nepal, Bangladesh, and India;
- (vi) payment for quit rent and assessment ~ this function, which was launched in 2019, allows our users to pay for quit rent and assessment with certain municipal councils;

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**7. BUSINESS OVERVIEW (CONT'D)**

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- (vii) payment for education loan and instalment plan ~ this function, which was launched in 2020, allows our users to pay for certain education loans and instalment plans;
- (viii) purchase of games credits ~ this function, which was launched in 2021, allows our users to purchase electronic reloads for games credits; and
- (ix) purchase of travel e-sims ~ this function, which was launched in 2023, allows our users to purchase travel e-sim reloads when travelling to selected countries.

We began to accept top-ups of credits from users through bank transfers in 2011. We later began to accept top-ups of credits through JomPAY in 2017, Billplz in 2018, Touch ‘n Go’s eWallet in 2020 and over-counter transactions at 7-Eleven convenience stores in 2021. We began to work with Fass Payment Solution Sdn Bhd in January 2022 to allow our users, typically SRS corporate users, to receive payments from their customers (who are typically end-users) via debit cards. These SRS corporate users can register for this service through our SRS App. In line with the recent trends to grow payment via QR code globally, we also began to allow payments from our users using DuitNow through our SRS App since February 2023.

Over the years, our SRS platform has grown from just enabling electronic reloads for mobile airtime and data to a variety of services including electronic reloads for prepaid digital TV credit, games credits, application credit and eWallet credit as well as bill payments services. In order to standardise our mobile application and web portal under a single brand, we renamed our mobile application from “SRS Mobile” to “SRS”. We also set up “SRS.my”, in addition to our web portal “onlinereload.net” in 2021. For avoidance of doubt, we established “SRS.my” to promote our SRS App more effectively as “SRS.my” aligns with our apps’ branding, which allows our users to easily recognise us. Despite this, “onlinereload.net” remains active as many long-time users still prefer it due to the familiarity and convenience over the years.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.2 OVERVIEW OF OUR BUSINESS

#### 7.2.1 Overview of our principal business activity

Our Company was incorporated in Malaysia under the Act on 21 September 2023 as a public company under the present name to embark on the Listing. Through our sole Subsidiary, RCSB, we are principally involved in the distribution of electronic reloads as well as the provision of bill payment services via our SRS platform.

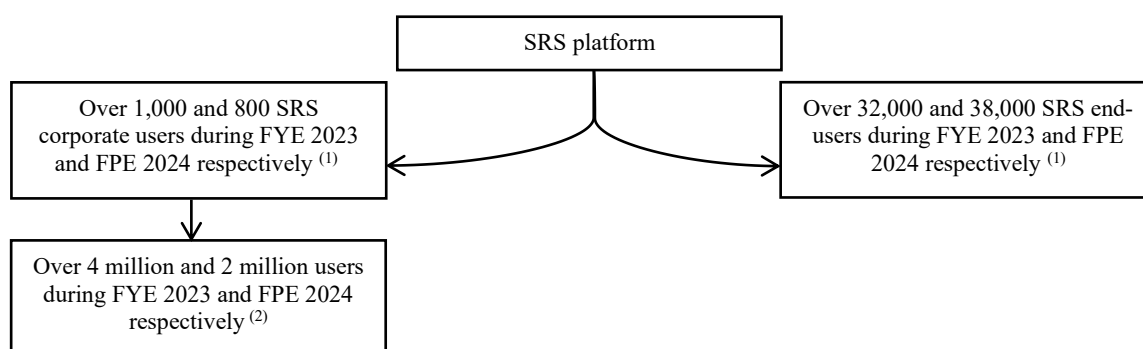
Our user base comprises:-

- (i) SRS corporate users, which refer to:-
  - (a) reload retailers (such as resellers, mobile phone shops, sundry shops and apparel shops), which provide electronic reload and bill payment services through utilising both the front-end interfaces and back-end system of our SRS platform. Further explanation on front-end interfaces and back-end system of our SRS platform are described in Section 7.2.3 of this Prospectus; and
  - (b) third-party mobile application operators, who are operators of consumer applications. These companies have their own mobile applications connected:-
    - directly to the back-end system of SRS platform through API, such as Sohoj operated by our SRS corporate user, Dotlines Sdn Bhd; or
    - through the back-end system of SRS corporate users via an API, which is then connected to the back-end system of our SRS platform through API.

Our SRS corporate users utilise our SRS platform to distribute electronic reloads to, and facilitate bill payment services for, their own users.

- (ii) SRS end-users, which refer to users who use the electronic reload and bill payment services for personal use through either our SRS App or SRS Portal.

During FYE 2023 and FPE 2024, our Group extended our services to over 4 million and 2 million users respectively through a network of over 1,000 and 800 SRS corporate users respectively and over 32,000 and 38,000 SRS end-users respectively via our SRS platform. A diagram illustrating the number of our Group's users during FYE 2023 and FPE 2024 is as follows:-



#### Notes:-

- (1) SRS end-users and SRS corporate users are required to register an account with us.
- (2) The end-users of SRS corporate users are not required to register an account with us, and thus they would not have a binding contractual relationship with us.

Our electronic reload services encompass sourcing electronic reloads for mobile airtime, mobile data, prepaid digital TV, games credits, application credit and eWallet credit from a network of distributors and/or directly from a service provider. Our Group diligently maintains ample stocks to consistently meet our users' demands.

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**7. BUSINESS OVERVIEW (CONT'D)**


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Our Group consistently enhances our SRS platform by incorporating feedback from our users and aligning with emerging technological trends. In terms of customer service, our Group has implemented a programmed customer service helpline to address enquiries on our SRS platform. If queries exceed the customer service helpline's capabilities, they will be redirected to our customer service personnel. Presently, our Group employs two (2) customer service personnel, who are reachable via our customer service helpline on weekdays from 10:00 a.m. to 6:00 p.m.

**7.2.2 Services offered through our SRS platform**
**7.2.2.1 Electronic reload services**

Our SRS platform enables electronic reloads for a variety of services as follows:-

(i) Mobile airtime reloads

Mobile airtime reloads denote the credit available in a mobile network account, enabling users to make calls, send messages and utilise mobile data. Typically, users pay for these services upfront as part of their telecommunications plans with telecommunication operators.

Electronic reloads for mobile airtime denote the procedure of replenishing or adding credit to a prepaid mobile network account.

(ii) Mobile data reloads

Mobile data facilitates internet connectivity on mobile devices, enabling users to access the internet, send and receive emails, utilise mobile applications and engage in various online activities.

Mobile data prepaid reloads allow the acquisition of bandwidth plans upfront, granting users access to the internet for a specified duration and/or a designated amount of bandwidth.

(iii) Prepaid digital TV reloads

Prepaid digital TV refers to digital television services delivered over IP (as opposed to cable or satellite broadcasting), requiring payment in advance. Prepaid digital TV electronic reloads entail payment for accessing prepaid digital TV content for a specific duration or specific channel(s).

(iv) Games credits

Games encompass both video games and mobile games. Video games can be installed on game consoles or personal computers or played in web browsers. Conversely, mobile games are downloaded and installed on mobile devices from digital distribution platforms or through games platforms.

Electronic reloads for games credits involve replenishing or reloading in-game currency or credits utilised within games or games platforms. Many games and games platform utilise virtual currencies or credits that players can earn, purchase or acquire through playing the games. These credits are often used to purchase in-game items, unlock features or enhance the gaming experience.

(v) Application credit and eWallet credit

Application credits enable users to perform transactions for products and services offered within the application while eWallet credits enable users to perform transactions within and out of the application and to transfer money.

Application credit and eWallet credit electronic reloads involve the process of topping up funds within the application to enable electronic transactions.

**7. BUSINESS OVERVIEW (CONT'D)**

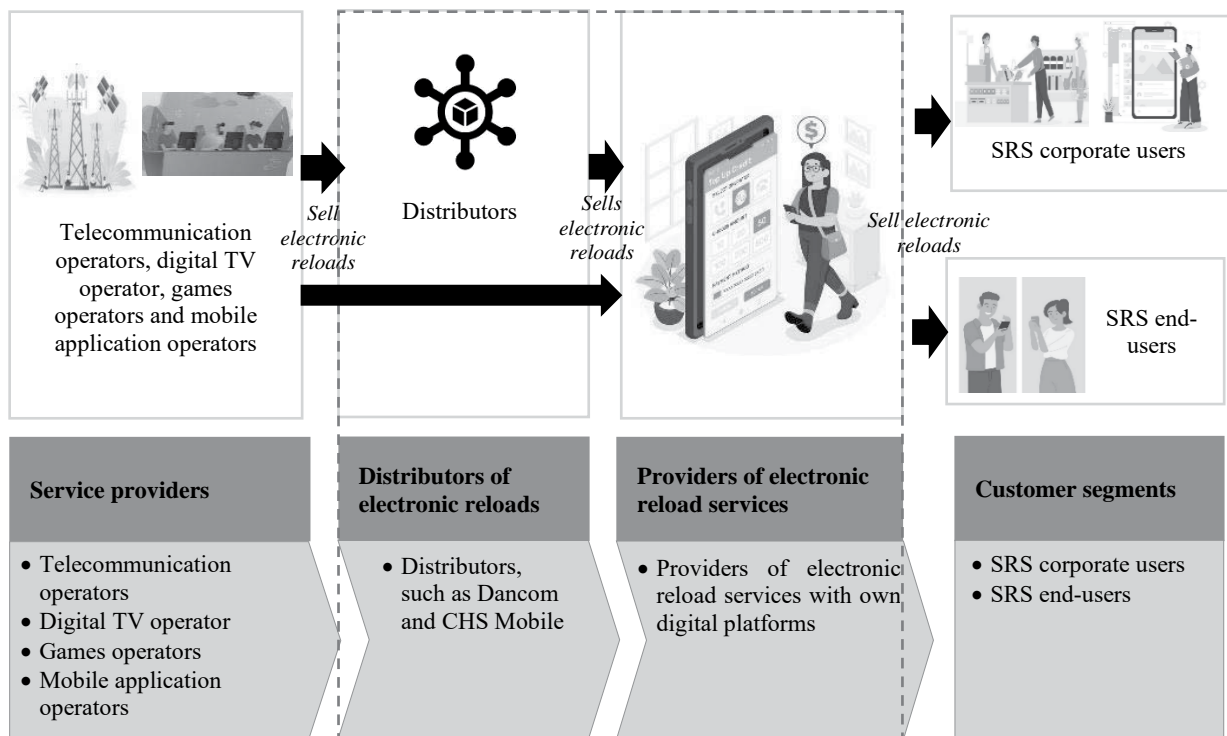
Typically, service providers will distribute their electronic reloads either (i) through distributors, who then sell the electronic reloads to the providers of electronic reload services; or (ii) directly engage with the providers of electronic reload services to sell their electronic reloads. Distributors are companies directly engaged by the service providers to sell their electronic reloads. Meanwhile, providers of electronic reloads are not directly engaged by the service providers and usually offer a variety of electronic reloads.

Providers of electronic reload services with own digital platforms will then distribute the electronic reloads through their platforms. As illustrated below, our Group acts as a:-

- (a) provider of electronic reload services, where we purchase electronic reloads through distributors for onward sale through our SRS platform; and
- (b) distributor, where we have been appointed as a distributor by two (2) telecommunication operators, i.e. Digi Telecommunications Sdn Bhd and Celcom Mobile Sdn Bhd, where we can purchase electronic reloads directly from them for onward sale through our SRS platform. As distributors are required to commit to certain volume of purchases, we will seek to be distributors for other service providers after our business grows and we can justify the commitment to larger purchase volumes in the future.

Our SRS platform allows users to purchase electronic reloads. Once purchase is made, our SRS platform automatically communicates the details to the service providers' or distributors' systems. This enables status updates on our users' accounts with the respective service providers. This integration of our SRS platform with the systems of the service providers or distributors via API ensures real time updates on the electronic reloads purchased by our users in their accounts with the respective service providers

Our Group's role in the industry value chain for this business segment is illustrated in the diagram below:-



**Note:-**

[- - -] depicts our Group's role.

As illustrated above, our Group purchases electronic reloads through distributors as well as directly from one of the telecommunication operators for our onward sale through our SRS platform.

**7. BUSINESS OVERVIEW (CONT'D)**

**7.2.2.2 Bill payment services**

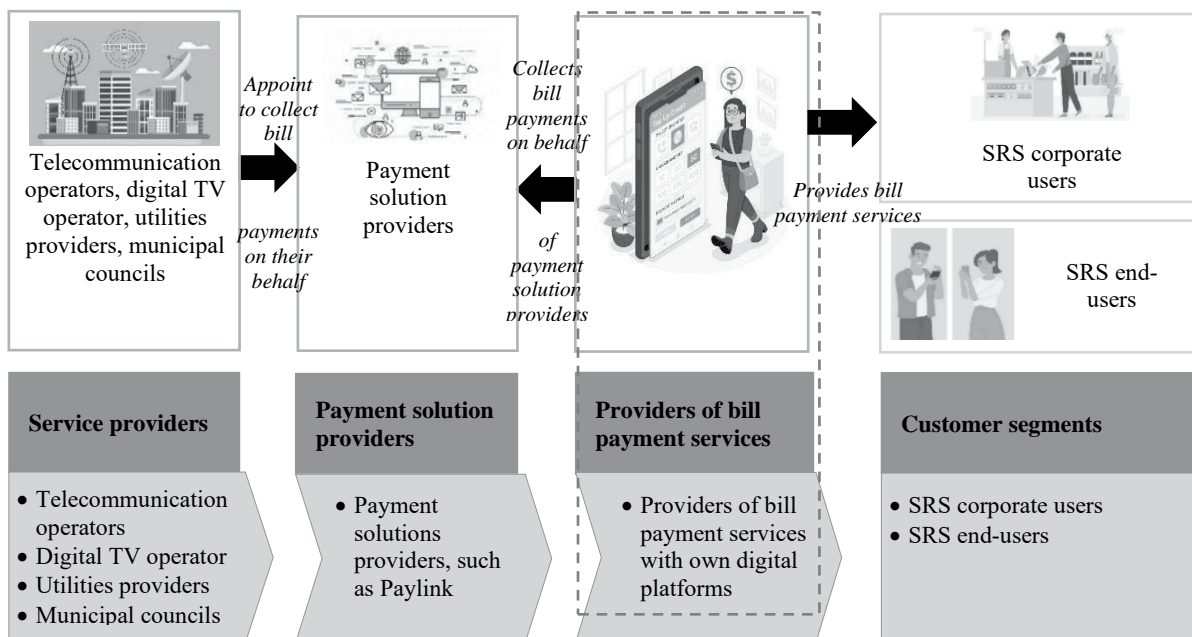
Our SRS platform also facilitates the payment of bills for a diverse range of services as follows:-

- (i) postpaid mobile network services, refer to mobile services for which payment is made at the end of a billing cycle;
- (ii) water, electricity utilities and maintenance services of national sewerage systems, which are essential services provided to the public where users typically settle payments for their usage at the end of a billing cycle;
- (iii) postpaid digital TV, refer to postpaid digital television service where payment is paid at the end of a billing cycle;
- (iv) internet services, refer to internet connectivity and are typically paid for at the end of a billing cycle;
- (v) quit rent and assessment payment; and
- (vi) education loan and instalment plan payment.

Typically, service providers permit payment solution providers to collect bill payments on their behalf. In turn, payment solution providers will then engage providers of bill payment services, such as our Group, to collect such payments on their behalf. Thus, payment solutions providers are companies directly permitted by service providers to collect these bill payments. Meanwhile, providers of bill payment solutions are companies offering bill payment services on their digital platforms to their users. In essence, payment solution providers leveraging on the digital platforms and the user base of the providers of bill payment solutions to collect bill payments.

Our SRS platform facilitates the bill payments for our users. Upon payment by our users, our SRS platform will automatically communicate the details of such bill payments with the service providers through the system of the payment solution providers. This enables status updates on bill payments in our users' accounts with the respective service providers. This integration of our SRS platform with the systems of the payment solution providers via API will ensure real time updates on bill payment status in our users' accounts with their respective service providers.

Our Group's role in the industry value chain for this business segment is illustrated in the diagram below:-



**Note:-**

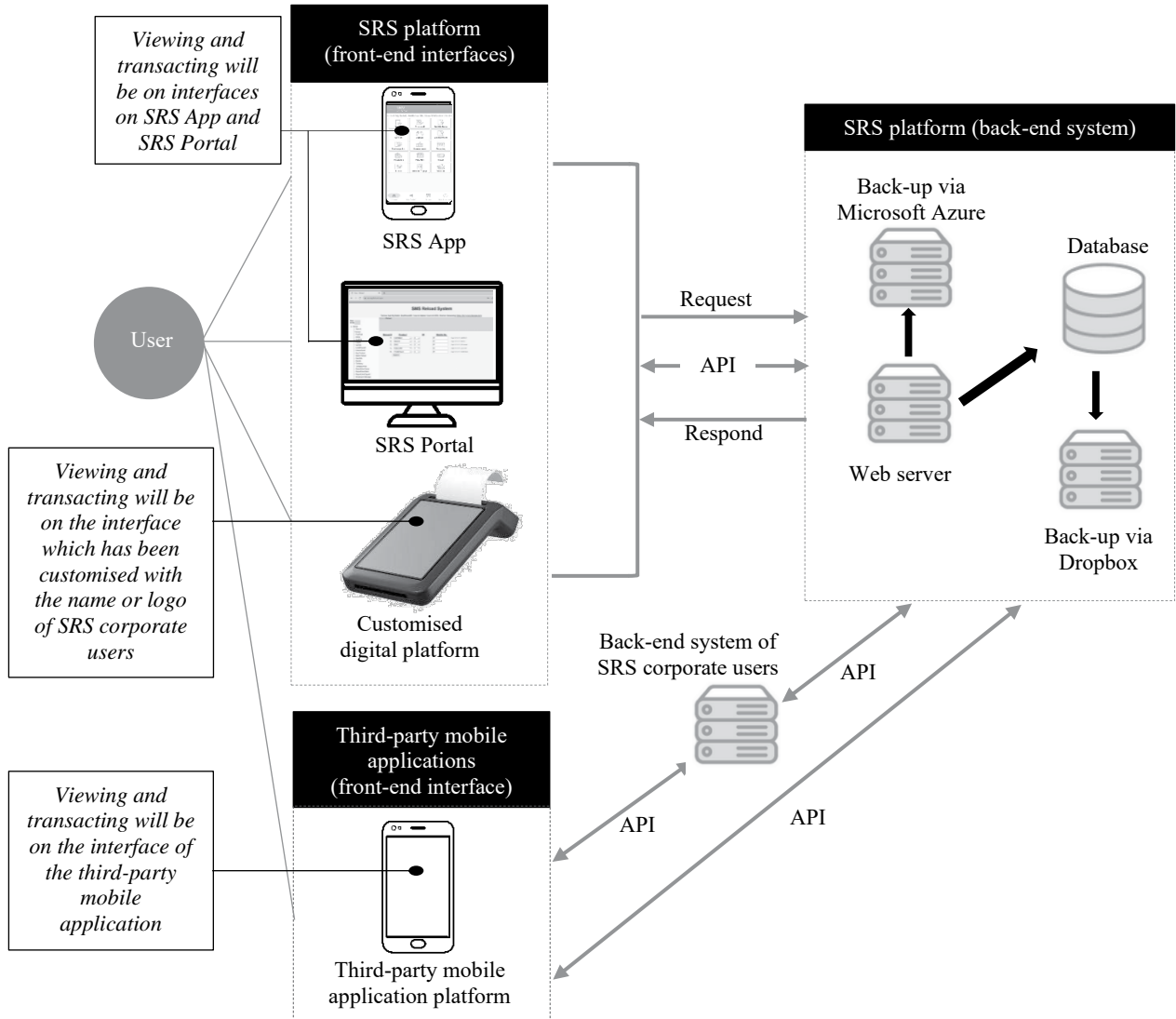
[- - -] depicts our Group's role.

**7. BUSINESS OVERVIEW (CONT'D)**

**7.2.3 SRS platform**

Our SRS platform comprises the front-end interfaces (namely SRS App, SRS Portal and customised digital platform) and the back-end system. Our Group’s electronic reload and bill payment services may also be offered through third-party mobile applications, which are integrated with our SRS platform’s back-end system.

Our SRS platform is as illustrated below:-



**7.2.3.1 Front-end interfaces and back-end system**

Our SRS platform developed by our Group encompasses:-

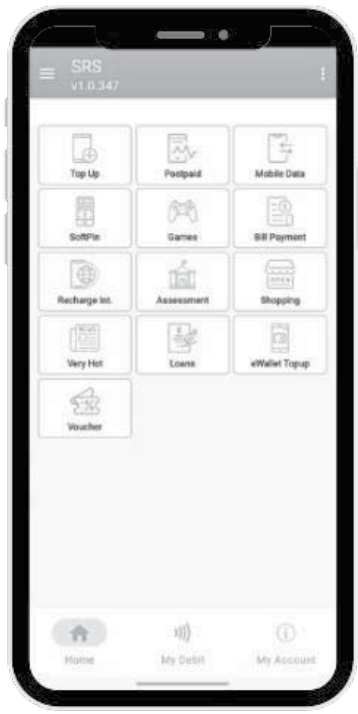
- (i) The front-end interfaces, comprising the following:-
  - (a) our SRS App, a user-friendly mobile application available for free download, enabling users to effortlessly purchase electronic reloads and settle bill payments.

Our SRS App’s interface runs on Apple iOS, Google Android and HarmonyOS. For illustration, our SRS App’s interface which runs on Google Android is depicted as below:-

**7. BUSINESS OVERVIEW (CONT'D)**

Top left menu allows users to:

- sign up of account
- view account information
- view credit available
- access list of electronic reload and bill payment services offered by our Group, which is also displaced as individual icons on the front page of SRS App
- view rebates

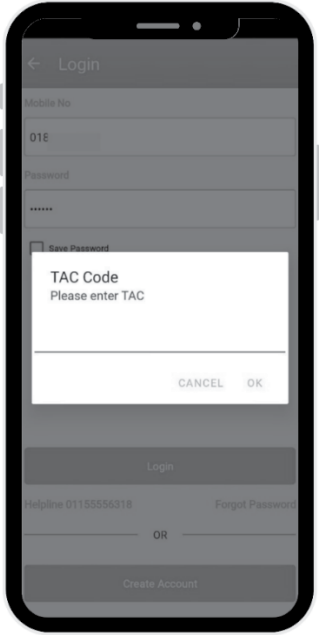
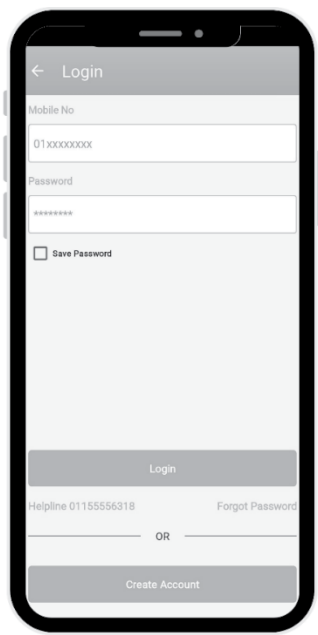


Top right menu allows users to access to top-up credits in SRS App account

**Home:** To revert to the main page (the interface presently viewed)  
**MyDebit:** To pay using debit card  
**My Account:** Access to view or change information on personal account

The user interfaces for some of the key functions via our SRS App are as follows:-

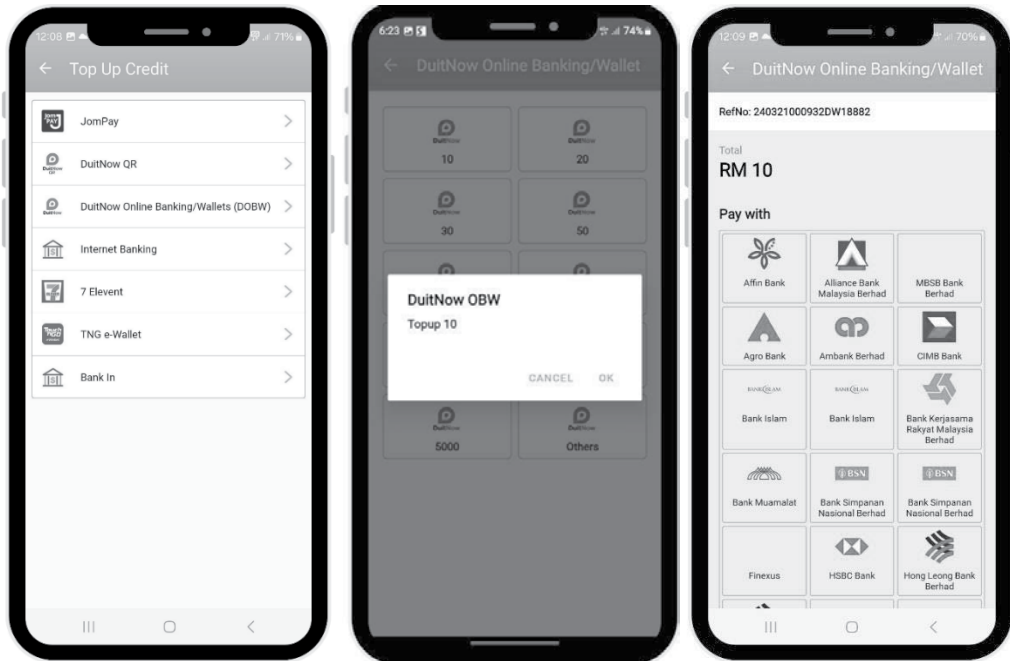
➤ **Logging in**



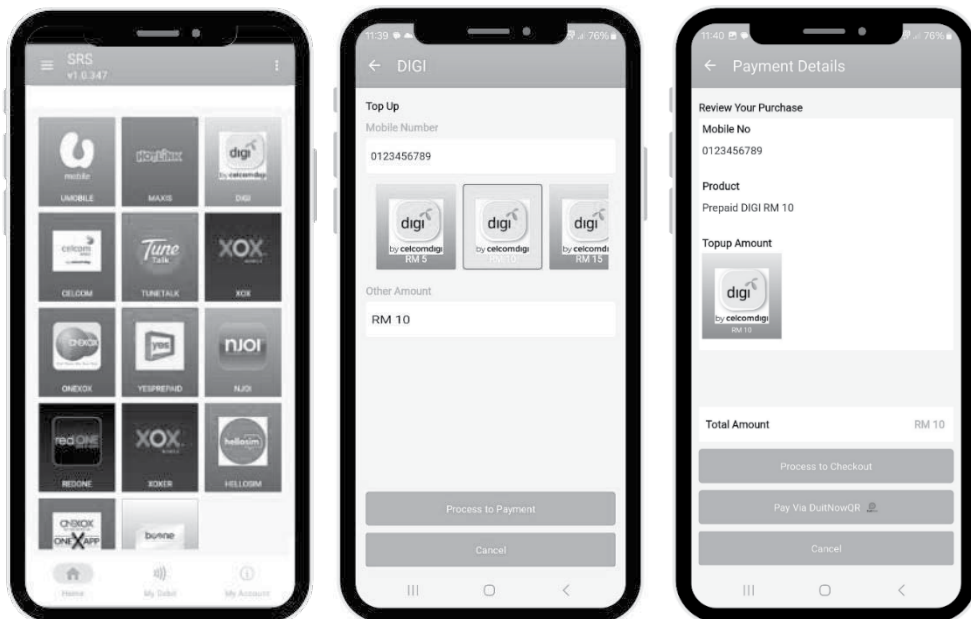


**7. BUSINESS OVERVIEW (CONT'D)**

➤ Performing credit top-ups



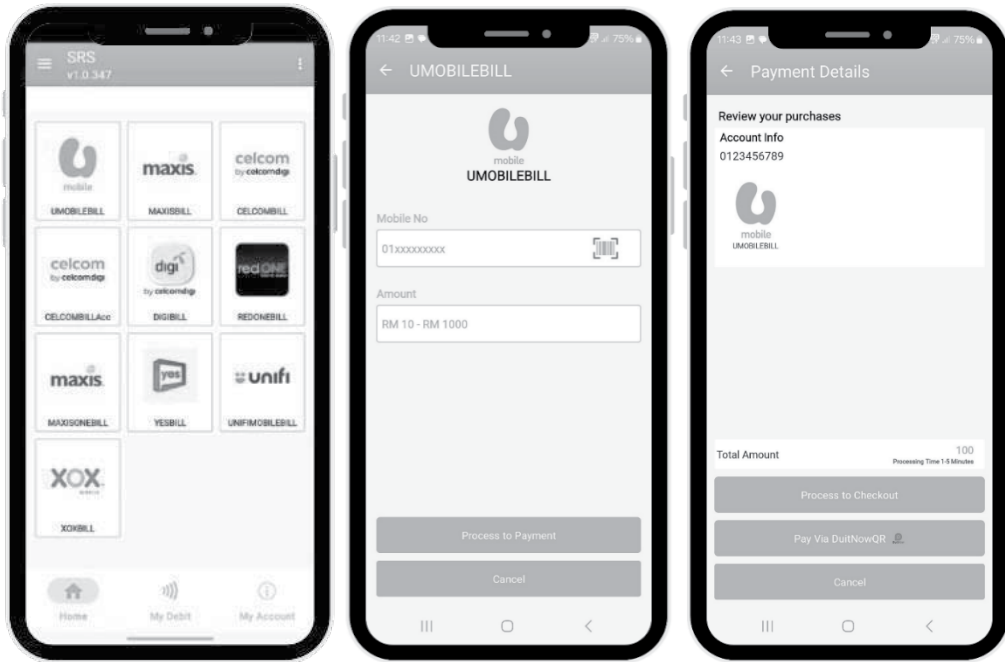
➤ Performing electronic reload services



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**7. BUSINESS OVERVIEW (CONT'D)**

➤ Performing bill payments

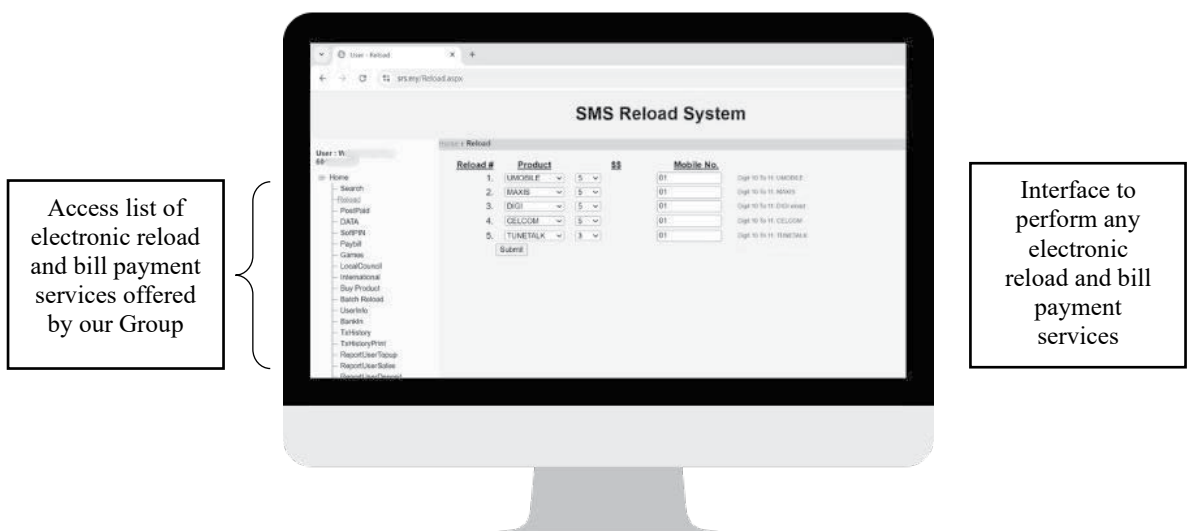


SRS end-users who intend to use our SRS App must register an account through our SRS App.

- (b) our SRS Portal, a seamlessly accessible web platform for users, facilitating electronic reload purchases and bill payments with ease. Our SRS Portal can be accessed through all mobile and desktop browsers.

The registration of SRS corporate users who intend to use our SRS Portal is facilitated by our business development personnel using our internal admin portal. Meanwhile, SRS end-users who intend to use our SRS Portal must register an account through our SRS App.

Our SRS Portal’s interface, which can be accessed via [onlinereload.net](http://onlinereload.net) or [srs.my](http://srs.my), is depicted below:



- (c) our customised digital platform is a customised mobile application interface created by our Group for our SRS corporate users. Its functionality is similar to our SRS App, though it is rebranded under our SRS corporate users’ own brand name and logo. It is connected to the back-end system of our SRS platform, thereby allowing it to carry out the electronic reload and bill payment services offered by our Group.

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**7. BUSINESS OVERVIEW (CONT'D)**


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The registration of SRS corporate users that require our customised digital platform will be facilitated by our business development personnel through our internal admin portal.

Essentially, our Group remains behind the scenes, providing the infrastructure, technology, or expertise, while these SRS corporate users will use our customised digital platform under their own brand name or logo to provide the electronic reload and bill payment services to their users. Typically, these SRS corporate users market their services through social media and/or their own agents through customised mobile application downloaded in handheld point-of-sale terminals.

This approach provides the flexibility for our SRS corporate users to leverage on our SRS platform without having to invest in or develop their own mobile application platform. Additionally, the customised digital platforms can be tailored to meet the specific needs and preferences of our SRS corporate users and their target market. This practice is commonly known as “white labelling”.

- (ii) Our back-end system, which is the underlying infrastructure and software that powers the functionality of our digital platform and applications. It typically includes servers, database and application logic that work together to manage data, process requests and perform various tasks required for the operations of the front-end interfaces of our SRS platform. In simpler terms, our back-end system is responsible for handling the “behind-the-scenes” operations of the above interfaces.

Our back-end system seamlessly integrates with back-end systems of various service providers through designated distributors/payment solution providers via APIs. This integration optimizes the collection and processing of bill payments for these service providers.

There are no differences in terms of revenue model and process flow between the abovementioned front-end interfaces.

For security, our Group employs a two (2)-tier backup strategy to safeguard our online operations and ensure data integrity. Firstly, our Group leverages on “Microsoft Azure” server’s mirroring feature to create daily backups of all running scripts and system configurations. This server mirroring process ensures that a complete and up-to-date replica of the production environment is maintained, enabling swift restoration in the event of any system failures or data loss. Concurrently, our Group utilises “Dropbox”, a separate cloud-based backup solution, to securely back up all inventory information on hourly basis. This backup approach provides an additional layer of protection, ensuring that critical data related to inventory management is securely stored off-site and can be readily accessed and restored when needed.

While Microsoft Azure focuses on system scripts, our Group uses Dropbox exclusively for inventory data. This two (2)-tier backup strategy ensures that inventory backups remain unaffected by system changes, whilst effectively mitigates the risk of data loss and ensures business continuity. The combination of server mirroring and cloud-based backups not only safeguards our Group’s online operations but also facilitates efficient disaster recovery processes, minimising potential downtime and the associated losses.

Our SRS Portal was fully developed in-house in 2011 by our Managing Director, Lee Teik Keong, who had honed his skills in IT platform and system development, including for web pages and text-based game messages for SMS and ringtone related programs, through his previous work experiences. Lee Teik Keong later worked closely with an outsourced developer to develop our SRS App in 2013, wherein Lee Teik Keong was in charge in designing the platform framework and development of the back-end system, while the development of the front-end interface of our SRS App was carried out by an outsourced developer. Pursuant thereto, the SRS platform is fully owned by our Group. Since our Group’s Chief Technical Officer, Chew Kim Wei joined RCSB in 2014, the enhancements and updates of both our SRS Portal and SRS App are undertaken in-house.

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**7. BUSINESS OVERVIEW (CONT'D)**


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Essentially, our SRS platform provides our Group with a competitive advantage for our business as:-

- it allows our Group to offer a wide range of products. This sets our Group apart from those services providers or bill payment providers that offer only part of the services offered by our Group. Thus, this provides convenience to our users as they have access to electronic reload and bill payments services within a single platform;
- it is developed, operated and managed in-house. This provides our Group with greater:-
  - flexibility, as we can control the development of our SRS platform;
  - scalability, as we can increase or vary the services offered; and
  - reliability, as we can minimise business disruptions due to platform-related issues such as malfunctions and data inconsistencies, as well as the risk of exposure of our users' private and confidential information to outsourced developers;
- it is easily accessible through different types of mobile devices and is supported by various mobile operating systems as well as mobile and desktop browsers;
- it allows SRS end-users to pay and purchase application credits for other mobile applications using credits in our SRS platform which can be topped up using various payment channels, including bank transfers and over-the-counter transactions at 7-Eleven convenience stores. This allows the unbanked population to pay for bill payment and electronic reloads;
- it provides convenience to our SRS corporate users to utilise customised digital platforms to conduct their businesses under their brand name and logo;
- it provides SRS corporate users with access to electronic reloads as and when required. Thus, SRS corporate users do not have to source electronic reloads from multiple suppliers or incur costs to purchase stocks of electronic reloads for their onwards sale to users;
- it allows SRS end-users to earn rebates for every purchase of electronic reloads and bill payment made while SRS corporate users can earn a share of the commission revenue; and
- it already has a large network of 4 million users through a network of over 1,000 SRS corporate users, and a network of over 32,000 SRS end-users for the FYE 2023. Having our SRS platform enables our Group to maintain business relationship with our users, particularly our SRS corporate users. Switching from our SRS platform to other digital platforms would be an inconvenience as they will need to reinstall and train their employees/agents to use the new digital platform. However, there are no restrictions for our SRS corporate users to switch from our SRS platform to other digital platforms.

### 7.2.3.2 Third-party mobile applications

In addition to our SRS platform, our Group also extends our electronic reload and bill payment services to third-party mobile application operators through:-

- (i) SRS corporate users. In these instances, our Group establishes a connection between the back-end systems of our Group and our SRS corporate users via an API and at the same time, such SRS corporate users also establish a connection between its back-end system and the third-party mobile applications via an API, thereby enabling the processing of electronic reloads and bill payment transactions in collaboration with the platforms of such third-party mobile application operators; and
- (ii) SRS corporate users' mobile applications directly. In these instances, our Group establishes a connection between our back-end system and our SRS corporate users' mobile applications via an API, thereby enabling the processing of electronic reloads and bill payment transactions in collaboration with the platforms of such mobile application operators.

**7. BUSINESS OVERVIEW (CONT'D)**

**7.2.3.3 Credit top-up and rebates**

To conduct transactions through our SRS platform, users must first top up credit into their accounts. Subsequently, users can utilise the credited amount in their SRS platform accounts to carry out the electronic reload and bill payment services offered by our Group. Credit top-up can be executed through the following channels:-

<b>Automated payment channels</b>	<b>Manual payment channel</b>
<ul style="list-style-type: none"> <li>• JomPAY</li> <li>• Touch ‘n Go’s eWallet<sup>(1)</sup></li> <li>• DuitNow</li> <li>• Over-counter transactions at 7-Eleven convenience stores</li> <li>• Billplz</li> </ul>	<ul style="list-style-type: none"> <li>• Bank transfers</li> </ul>

**Note:-**

- (1) The option for top-up credit via Touch ‘n Go’s eWallet is currently available for Google Android and Apple iOS users only.

For SRS corporate users, they have the option to enroll for ‘FassPay MyDebit’ through our Group’s partnership with Fass Payment Solutions Sdn Bhd, a payment solution provider, which facilitates debit card payments service by SRS corporate users.

For electronic reload services, our users will enjoy rebates with every purchase of electronic reloads. This serves to incentivise users to consistently opt for our SRS platform over other providers of electronic reload services that offer lower to no rebates. Similarly, our users will also enjoy rebates for bill payment transactions performed through our SRS platform. The transaction flow for such rebates is further illustrated in Sections 7.2.4(i) and (ii) of this Prospectus.

Credit balances that are not used for a period of three (3) years from the date of loading or top up will be forfeited by RCSB unless a refund request (upon RCSB’s approval in writing) has been processed by RCSB at its absolute discretion. No charges will be imposed for any such refund requests.

**7.2.4 Services and revenue model**

For the Financial Years/Period Under Review up to the LPD, we offer the following services through our SRS platform:-

<b>Service type</b>	<b>Description</b>	<b>Revenue model</b>		
Electronic reload services	<p>Users can perform electronic reload services for:-</p> <ul style="list-style-type: none"> <li>➤ mobile airtime and data services provided by following mobile network brands:- <table border="1" style="margin-left: 20px;"> <tr> <td> <ul style="list-style-type: none"> <li>▪ Celcom / Digi</li> <li>▪ Hotlink</li> <li>▪ U Mobile</li> <li>▪ Yes</li> <li>▪ Unifi Mobile</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>▪ XOX</li> <li>▪ Tune Talk</li> <li>▪ RedONE</li> <li>▪ BeONE</li> <li>▪ HelloSIM</li> </ul> </td> </tr> </table> </li> </ul> <p>This also includes:-</p> <ul style="list-style-type: none"> <li>- travel e-sims for selected countries such as Japan, Korea, and Taiwan; and</li> <li>- mobile airtime and data services for international mobile network brands in Indonesia, Nepal, Bangladesh and India;</li> </ul> <ul style="list-style-type: none"> <li>➤ prepaid digital TV services, i.e. NJOI;</li> <li>➤ games credits for following:- <ul style="list-style-type: none"> <li>- video games (e.g. Call of Duty);</li> <li>- mobile games (e.g. Mobile Legend); and</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Celcom / Digi</li> <li>▪ Hotlink</li> <li>▪ U Mobile</li> <li>▪ Yes</li> <li>▪ Unifi Mobile</li> </ul>	<ul style="list-style-type: none"> <li>▪ XOX</li> <li>▪ Tune Talk</li> <li>▪ RedONE</li> <li>▪ BeONE</li> <li>▪ HelloSIM</li> </ul>	<p>Our Group earns a commission revenue from distributors/telecommunication operator as more particularly illustrated in Section 7.2.4(i) of this Prospectus.</p>
<ul style="list-style-type: none"> <li>▪ Celcom / Digi</li> <li>▪ Hotlink</li> <li>▪ U Mobile</li> <li>▪ Yes</li> <li>▪ Unifi Mobile</li> </ul>	<ul style="list-style-type: none"> <li>▪ XOX</li> <li>▪ Tune Talk</li> <li>▪ RedONE</li> <li>▪ BeONE</li> <li>▪ HelloSIM</li> </ul>			

**7. BUSINESS OVERVIEW (CONT'D)**

Service type	Description	Revenue model		
	<ul style="list-style-type: none"> <li>- games platforms (e.g. PlayStation and Steam);</li> <li>➤ application credits, i.e. CEPat token and Grab Driver applications;</li> <li>➤ eWallet credits, i.e. Touch 'n Go; and</li> <li>➤ other credits such as electricity utility in Indonesia and digital vouchers for GrabFood.</li> </ul>			
Bill payment services	<p>Users can make bill payment for:-</p> <ul style="list-style-type: none"> <li>➤ postpaid mobile network services bills for following mobile network brands:- <table border="1" style="margin-left: 20px;"> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>▪ Maxis</li> <li>▪ Celcom / Digi</li> <li>▪ U Mobile</li> <li>▪ Yes</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>▪ RedONE</li> <li>▪ Unifi Mobile</li> <li>▪ XOX</li> </ul> </td> </tr> </tbody> </table> </li> <li>➤ utility bills for water and electricity utilities, and maintenance services of national sewerage systems, such as Air Selangor and Indah Water;</li> <li>➤ postpaid digital TV services, i.e. Astro;</li> <li>➤ internet services, such as Unifi; and</li> <li>➤ other bill payment services including quit rent and assessment as well as education loan and instalment plan such as PTPTN and SINGER.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maxis</li> <li>▪ Celcom / Digi</li> <li>▪ U Mobile</li> <li>▪ Yes</li> </ul>	<ul style="list-style-type: none"> <li>▪ RedONE</li> <li>▪ Unifi Mobile</li> <li>▪ XOX</li> </ul>	<p>Our Group earns commission revenue from the payment solution providers as more particularly illustrated in Section 7.2.4(ii) of this Prospectus.</p>
<ul style="list-style-type: none"> <li>▪ Maxis</li> <li>▪ Celcom / Digi</li> <li>▪ U Mobile</li> <li>▪ Yes</li> </ul>	<ul style="list-style-type: none"> <li>▪ RedONE</li> <li>▪ Unifi Mobile</li> <li>▪ XOX</li> </ul>			

The revenue model and transaction flow for our services are as follows:-

(i) Electronic reload services

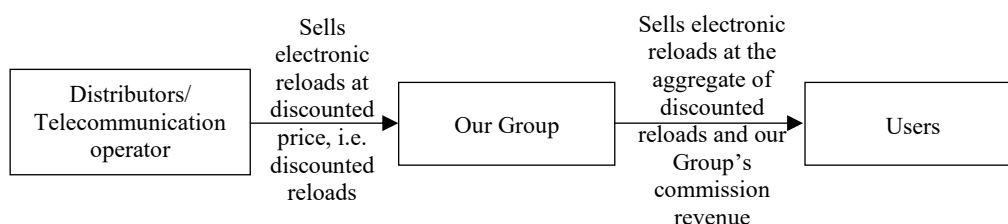
Our Group mainly earns a margin as commission revenue from providing electronic reload services. In such instances, our Group procures electronic reloads from distributors/telecommunication operator at a discounted rate (“**discounted reloads**”). We have been funding the purchase of these electronic reloads through our internally generated funds. The difference between the face value of electronic reloads and the discounted reloads represents a “**gross commission revenue**” to our Group. Our Group retains a portion of the gross commission revenue, which represents “**our Group’s commission revenue**”, whilst passing the remaining portion of gross commission revenue to incentivise our users as part of the sale (“**users’ share of commission revenue**”).

For clarity, the sharing of gross commission revenue between our Group and our users is market driven rather than being determined at fixed rates. It is determined in the following manner:-

- the gross commission revenue is determined by the discounted reloads purchased by our Group based on the prevailing market rates at the point of purchase; and
- our users’ share of commission revenue is determined based on the prevailing market rates for bulk buyers, i.e. our SRS corporate users, at the point of sale. For clarity, such rates offered by our Group are determined with due consideration to the anticipated rates desired by the potential purchasing users and based on the volume of purchases at each point of sale, which is our main consideration in determining our users’ share of commission revenue.

**7. BUSINESS OVERVIEW (CONT'D)**

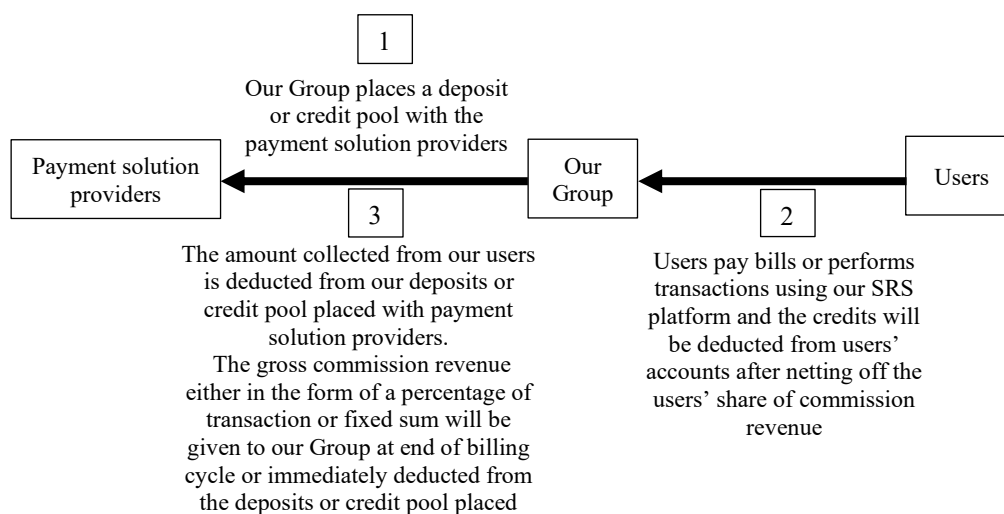
This transaction flow is as illustrated below:-



In essence, the gross commission revenue equals to the aggregate of our Group's commission revenue and users' share of commission revenue.

(ii) Bill payment services

A typical transaction flow is as illustrated below:-



(1) Our Group will begin by placing a deposit or a credit pool with the payment solution providers on a daily basis during working days. The quantum of deposits or credit pool placed is determined by considering the transaction volume over the preceding three (3) days and any upcoming holidays, during which we will be unable to place deposits or credit due to the potential non-operation of the payment solution providers. We have been funding these deposits and credit pool through our internally generated funds.

(2) When our users make a bill payment or perform any other transactions using our SRS platform, the credits will be deducted from our users' accounts after netting off the users' share of commission revenue.

For clarity, our Group retains a portion of the gross commission revenue, whilst passing the remaining portion of gross commission revenue in a fixed sum or percentage of the transaction value, where applicable to incentivise our users to perform such transactions. This portion of the gross commission revenue will not be directly transferred to the user. Instead, such amount will be immediately netted off for them when they perform bill payment transactions on our SRS platform. Unlike the electronic reload services, our Group will determine the minimum portion of gross commission revenue to be retained before distributing the balance to our users as their share of the gross commission revenue.

(3) Once a user performs a transaction, an amount will correspondingly be deducted from our deposits or credit pool placed with the payment solution providers in either the following manner:-

**7. BUSINESS OVERVIEW (CONT'D)**

- (a) a full amount of the bill payment made will be immediately deducted from the deposits or credit pool placed and an incentive will be given by the payment solution provider at the end of a billing cycle to our Group (“**incentive**”); or
- (b) an amount of the bill payment made after netting off a commission will be immediately deducted from the deposits or credit pool placed (“**commission**”).

The incentive and commission are recognised as our Group’s gross commission revenue. The gross commission revenue is determined and agreed upfront between the Group and the payment solution provider, with adjustments made from time to time in either:-

- (aa) a percentage of the transaction value; or
- (bb) a fixed sum.

Our Group’s revenues for the Financial Years/Period Under Review are as follows:-

	Audited			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Gross billings				
➤ Electronic reload services	586,320	531,622	530,669	318,005
➤ Bill payment services	211,167	177,138	155,565	90,082
	<b>797,487</b>	<b>708,760</b>	<b>686,234</b>	<b>408,087</b>
Less: users’ share of commission revenue	(37,180)	(31,466)	(20,816)	(13,901)
<b>Gross Sales</b>	<b>760,307</b>	<b>677,294</b>	<b>665,418</b>	<b>394,186</b>
Less: Gross purchases	(755,526)	(671,107)	(657,621)	(389,101)
<b>Our Group’s commission revenue</b>	<b>4,781</b>	<b>6,187</b>	<b>7,797</b>	<b>5,085</b>

**7.2.5 Principal market and business segments****7.2.5.1 Principal market**

The principal market is Malaysia, which contributed to 100.00% of our Group’s revenue for the Financial Years/Period Under Review.

**7.2.5.2 User base segments**

Our Group’s user base comprises:-

(i) SRS corporate users

This user segment represented 99.70%, 99.78%, 99.59% and 98.79% of the Gross Sales for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

(ii) SRS end-users

This user segment represented 0.30%, 0.22%, 0.41% and 1.21% of the Gross Sales for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

Our Group’s Gross Sales by the types of users are as follows:-

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
SRS corporate users								
- Reload retailers	647,932	85.22	556,795	82.21	530,958	79.79	302,639	76.77
- Third-party mobile application operators	110,061	14.48	118,998	17.57	131,764	19.80	86,788	22.02
	757,993	99.70	675,793	99.78	662,722	99.59	389,427	98.79
SRS end-users	2,314	0.30	1,501	0.22	2,696	0.41	4,759	1.21
<b>Total Gross Sales</b>	<b>760,307</b>	<b>100.00</b>	<b>677,294</b>	<b>100.00</b>	<b>665,418</b>	<b>100.00</b>	<b>394,186</b>	<b>100.00</b>



**7. BUSINESS OVERVIEW (CONT'D)**

Overall, the number of users for our SRS platform for the Financial Years/Period Under Review are as below:-

	FYE 2021 (‘000)	FYE 2022 (‘000)	FYE 2023 (‘000)	FPE 2024 (‘000)
No. of users <sup>(1)</sup> through our SRS corporate users <sup>(2)</sup>				
- Reload retailers	3,723	2,727	2,592	1,257
- Third-party mobile application operators	1,197	1,412	1,454	997
	4,920	4,139	4,046	2,254
No. of SRS end-users <sup>(1)</sup>	29	20	33	38
<b>No. of users <sup>(1)</sup></b>	<b>4,949</b>	<b>4,159</b>	<b>4,079</b>	<b>2,292</b>

The number of users based on type of front-end interfaces are as follows:-

	FYE 2021 (‘000)	FYE 2022 (‘000)	FYE 2023 (‘000)	FPE 2024 (‘000)
SRS platform				
- SRS App and SRS Portal	925	727	906	642
- Customised digital platform	2,827	2,020	1,719	653
	3,752	2,747	2,625	<b>1,295</b>
Third-party mobile application	1,197	1,412	1,454	997
<b>No. of users <sup>(1)</sup></b>	<b>4,949</b>	<b>4,159</b>	<b>4,079</b>	<b>2,292</b>

**Notes:-**

- (1) Being the number of users identified by telephone number, either registered directly with our SRS platform or through SRS corporate users, who performed at least one (1) transaction for electronic reloads or bill payment services during the financial year/period. For clarity, an individual may hold more than one telephone number.
- (2) Refers to the number of users reached out by SRS corporate users. The number of SRS corporate users for the Financial Years/Period Under Review are as follows:-

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
SRS corporate users	983	947	1,007	811

**7.2.6 Our principal place of business**

Our business is principally operated in Malaysia and as such, our sales are solely generated from Malaysia. Our headquarter and branch office are located in Kelana Centre Point, Selangor since 1 November 2023 and 1 April 2014 respectively.

Location	Description	Address	Built-up area
Headquarter	Management office, business development and marketing activities	729, 7th Floor, Block A, Kelana Centre Point, Jalan SS 7/19, 47301 Petaling Jaya, Selangor	1,194.79 sq. ft.
Branch office	Customer service, technical support, operational activities, finance and administrative functions	818, 8th Floor, Block A, Kelana Centre Point, Jalan SS 7/19, 47301 Petaling Jaya, Selangor	1,194.79 sq. ft.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.3 KEY ACHIEVEMENTS AND AWARDS

#### 7.3.1 Key events and milestones

The table below sets out the key events and milestones in the history and development of our business:-

Year	Key Events and Milestones
2011	<ul style="list-style-type: none"> <li>▪ Commenced business in distribution of electronic reloads for mobile airtime and data via an SMS reload system and a web portal, namely “onlinereload.net” (which is presently known as the SRS Portal) and offering customised digital platforms to users</li> <li>▪ Accept top-ups of credits from users through bank transfers</li> </ul>
2013	Launched SRS App (which was then known as “SRS Mobile”)
2015	<ul style="list-style-type: none"> <li>▪ Extended service offering to allow for payment of postpaid mobile network services</li> <li>▪ Extended service offering to allow for purchase of prepaid and postpaid digital TV services</li> </ul>
2016	<ul style="list-style-type: none"> <li>▪ Extended service offering to allow for payment of utilities and internet services</li> <li>▪ Extended service offering to allow for purchase of application and eWallet credits</li> </ul>
2017	Accept top-ups of credits from users through JomPAY
2018	Accept top-ups of credits from users through Billplz
2019	<ul style="list-style-type: none"> <li>▪ Extended service offering to allow for purchases of mobile airtime and data services for international mobile network brands</li> <li>▪ Extended service offering to allow for payment for quit rent and assessment</li> </ul>
2020	<ul style="list-style-type: none"> <li>▪ Extended service offering to allow for payment for education loan and instalment plan</li> <li>▪ Accept top-ups of credits from users through Touch ‘n Go’s eWallet</li> </ul>
2021	<ul style="list-style-type: none"> <li>▪ Extended service offering to allow for purchases of games credits</li> <li>▪ Set up “SRS.my” and renamed “SRS Mobile” to “SRS”</li> <li>▪ Accept top-ups of credits from users through over-counter transactions at 7-Eleven convenience stores</li> </ul>
2022	Began to work with Fass Payment Solution Sdn Bhd to allow our users, typically SRS corporate users, to receive payments from their customers (who are typically end-users) via debit cards
2023	<ul style="list-style-type: none"> <li>▪ Began to allow payments from our users using DuitNow through SRS App</li> <li>▪ Extended service offering to allow for purchases of travel e-sims</li> </ul>

### 7.4 OUR COMPETITIVE STRENGTHS

Our competitive strengths are as follows:-

- (i) *We have established a large network of users*

A large proportion of our Gross Sales is derived from SRS corporate users, ranging from 98.79% to 99.78%, while the remaining 0.22% to 1.21% of our Gross Sales is derived from SRS end-users during the Financial Years/Period Under Review.

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**7. BUSINESS OVERVIEW (CONT'D)**


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During the Financial Years/Period Under Review, we had over 800 SRS corporate users, comprising reload retailers, such as resellers, mobile phone shops, sundry shops and apparel shops, as well as third-party mobile application operators. Through our network of these SRS corporate users, particularly those who utilise customised digital platforms created by us, we extended our services to over 4 million users during FYE 2023. For clarity, those SRS corporate users operate on customised digital platforms to provide electronic reload and bill payment services:-

- (a) through handheld point-of-sale terminals (equipped with customised mobile application developed by us) placed at multiple locations of their agents' premises, such as mobile phone shops, sundry shops and apparel shops; and
- (b) to end-users who sign up directly through their customised digital platforms.

Our Group has built business relationships with our major customers spanning an average of eight (8) years during the Financial Years/Period Under Review, and we have been receiving recurring orders from them. This is an indication of our ability to successfully retain our major customers. We attribute this success to our ability in providing reliable electronic reload and bill payment services to our users through our SRS platform.

In addition to SRS corporate users, we have also built a network of SRS end-users, who utilise the electronic reload and bill payment services for personal use. During the FYE 2023 and FPE 2024, we have over 32,000 and 38,000 SRS end-users.

Our large network of users denotes the traction our SRS platform has built over the years and sets a foundation for us to further grow our user base and extend our services offered on our SRS platform, as elaborated in Section 7.22.2 of this Prospectus.

(ii) *Our SRS platform offers a wide range of services*

Our SRS platform offers a wide range of electronic reload and bill payment services as detailed in Section 7.2.2 of this Prospectus.

The diverse range of electronic reload and bill payment services offered via our SRS platform allows us to meet different users' needs. This sets us apart from other providers of electronic reload services or providers of bill payment services that offer only some of these services, as our comprehensive offering ensures our users can access a wide variety of electronic reload and bill payment services all in one platform. By providing a one-stop solution, we enhance convenience and reduce the hassle of managing multiple platforms for different electronic reload and bill payment services.

From the SRS end-users' perspective, the ability to purchase electronic reloads and make bill payments through a single platform or at a single retail storefront (in cases where a user is transacting through an SRS corporate user) eliminates the inconvenience of opening multiple mobile applications or going to separate locations to purchase electronic reloads and/or make bill payments.

As for the SRS corporate users, the ability to offer electronic reloads and bill payment for various services to users through a single platform will also eliminate any inconvenience of installing multiple platforms and training their employees/agents to utilise various platforms.

(iii) *We have long working relationships with our suppliers*

As illustrated in Section 7.2.4 of this Prospectus, the gross commission revenue is determined by the discounted reloads purchased by, as well as the incentive/commission payable to, the Group. Hence, it is critical for us to procure the most favourable discounted reloads and incentive/commission from our suppliers. The ability to secure such favourable discounted reloads and incentive/commission will directly influence the profitability and competitiveness of our Group in the market.

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**7. BUSINESS OVERVIEW (CONT'D)**


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Over the years, we have built long-term working relationships with our major suppliers, having built an average of eight (8) years of working relationships. By maintaining these relationships, our Group ensures a consistent supply of discounted reloads as well as the receipt of favourable incentive/commission, which are essential for sustaining our business operations. The continuity and stability provided by these long-term relationships allow us to negotiate more favourable discounted reloads and incentive/commission with our suppliers, ultimately enhancing our gross commission revenue.

In addition to securing more favourable rates, the long-term relationships with our suppliers also contribute to operational efficiency. Reliable suppliers mean fewer disruptions in the supply chain and timely deliveries. This enables us to meet our users' demands promptly and efficiently.

(iv) *Our SRS platform is developed, operated and managed in-house and is easily accessible*

Our SRS platform, which comprises the front-end interfaces (namely SRS App, SRS Portal and customised digital platform) and the back-end system, is internally developed. Our Group's back-end system is also integrated with third-party mobile applications.

We operate and manage our SRS platform in-house. Our technical department, led by our Chief Technical Officer, possesses the technical know-how and expertise required to operate, enhance and update our SRS platform.

As our SRS platform is developed, operated and managed in-house, we are able to reap the following benefits:-

- (a) **Flexibility** – We are able to control the entire development of our SRS platform, right from the initial development up to the various enhancements, improvements and upgrades;
- (b) **Scalability** – We are able to conveniently increase or decrease the service offerings in our SRS platform, according to changes in growth plans as well as market demands;
- (c) **Reliability** – We are able to minimise business disruptions due to platform-related issues such as malfunctions or data inconsistencies which typically leads to an interruption of business continuity and efficiency. Our in-house technical personnel will be able to promptly process bugs as compared to the need to contact the outsourced developers and arrange for a rectification procedure; and
- (d) **Security** – We are able to minimise the risk of exposure of our users' private and confidential information to outsourced developers. This is because we do not have to share private and confidential information with outsourced developers as we handle all enhancement, operation and maintenance works in-house.

In addition, our SRS App can be used in various types of mobile devices as it is supported on various mobile operating systems. Our SRS Portal can also be accessed through various mobile and desktop browsers. This provides our users with the convenience of accessing our SRS App and SRS Portal through such devices.

Further, it would be inconvenient for our SRS corporate users to switch to other digital platforms as they will need to reinstall and train their employees/agents to use a new digital platform after having used our customised digital platform. Thus, SRS corporate users are less likely to stop using our services should we continue to provide them with the access to our customised digital platform and back-end system with minimal disruptions and provide prompt customer service.

(v) *We have experienced and dedicated Key Senior Management team*

Our Key Senior Management is experienced in their respective fields. Prior to founding our Group, our Managing Director, Lee Teik Keong, honed his skills in IT platform and system development. He has been instrumental in charting the overall strategic business direction of our Group since we commenced our business in 2011.

**7. BUSINESS OVERVIEW (CONT'D)**

Our Managing Director is supported by our Executive Director, Agnes Wong Eei Nein and our dedicated Key Senior Management team who have accumulated experience in their respective fields, namely our Chief Technical Officer, Chew Kim Wei; our Chief Financial Officer, Hong Chuan Keong and our Operations Manager, Lai Yun Teng. Further details of our Key Senior Management profiles are elaborated in Section 5.4.2 of this Prospectus.

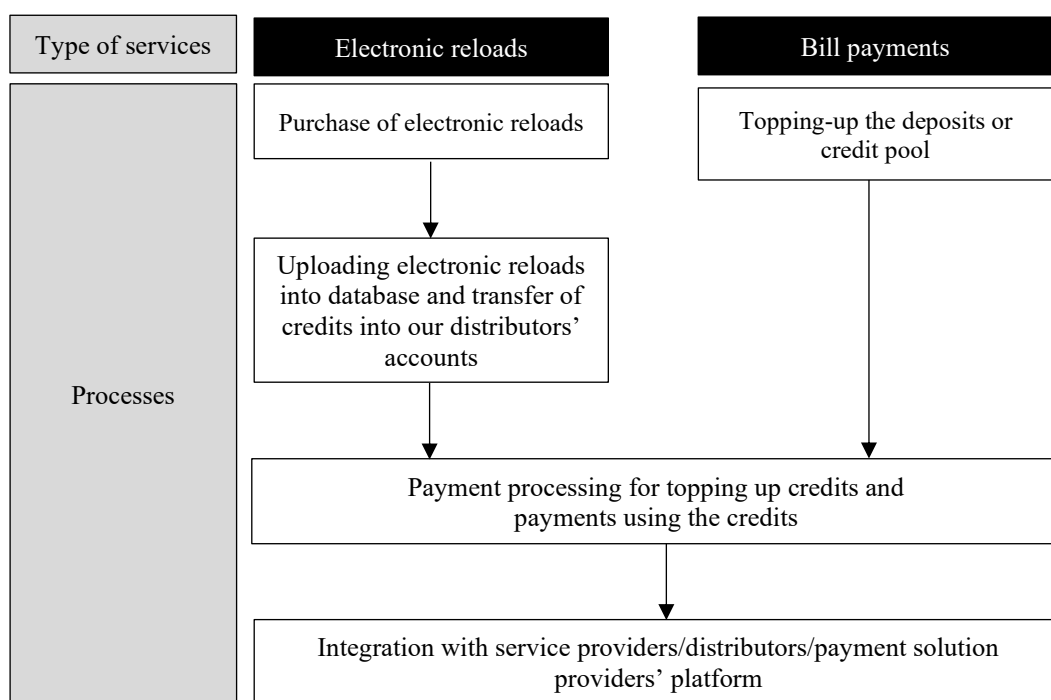
We believe that the combination of our Key Senior Management team’s experience and expertise have been integral to our success and will continue to be a key growth factor in our future development.

**7.5 PROCESS FLOWS**

Our operational activities for operating and managing our SRS platform can be segmented into two (2) broad areas:-

**7.5.1 Electronic reloads and bill payment processing**

Our electronic reloads and bill payment processing flows are as illustrated below:-



(i) Purchase of electronic reloads / Topping-up the deposits or credit pool

Our inventory level of electronic reloads and the deposits/credit pool maintained with payment solution providers for our bill payment services are constantly monitored by our Operations Manager on a daily basis. Should it fall below our minimum required level, our Operations Manager will immediately procure more stock of electronic reloads for mobile airtime, mobile data, prepaid digital TV, games credits, application credit and eWallet credit from distributors/telecommunication operator, or topping-up deposits/credit pool with payment solution providers.

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**7. BUSINESS OVERVIEW (CONT'D)**

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(ii) Uploading of electronic reloads into our database and transfer of credits into our account with distributors

There are two (2) types of electronic reloads received from distributors/telecommunication operator, i.e. electronic pins and electronic credits, depending on the suppliers, wherein some suppliers will supply both electronic pins and electronic credits while others supply either electronic pins or electronic credits.

For electronic pins, our operations personnel will upload information of the electronic pins (such as electronic reloads pin serial number, expiry date and value) into our database. For electronic credits, the credits are immediately transferred to our account with the distributors.

Our operations personnel will thereafter check to ensure that the total amount of electronic reloads in our database and credits purchased and deposit or credit pool matches our orders.

(iii) Payment processing

There are two (2) types of payments:-

(a) **Topping up credits**

Prior to purchasing electronic reloads and making bill payments, our users need to top up credit in their accounts on our SRS platform. For automated payment channels (such as JomPAY, Touch 'n Go's eWallet, DuitNow, Billplz and over-the-counter transactions at 7-Eleven convenience stores), our back-end system will process the top-up credits and will automatically communicate with payment gateways or financial institutions' systems to authorise and complete the transactions. Thereafter, our back-end system will immediately and automatically update the credit available in our users' respective accounts in our SRS platform.

For bank transfers, which is a manual payment channel, our users will submit their bank transfer details via our SRS platform. Our Operations Manager will verify the receipt of the bank transfer and confirm the transaction within one (1) hour during business operating hours (Monday to Friday from 9:00 a.m. to 6:00 p.m.). Upon confirmation, our back-end system will automatically update the credit available in our users' respective accounts in our SRS platform.

For clarity, the money received by our Group from the users' topping-up of credits will be deposited in RCSB's bank account.

(b) **Processing of payments using credits**

Our back-end system processes our user's payment for electronic reloads or bills by immediately deducting their credit balance in our SRS platform.

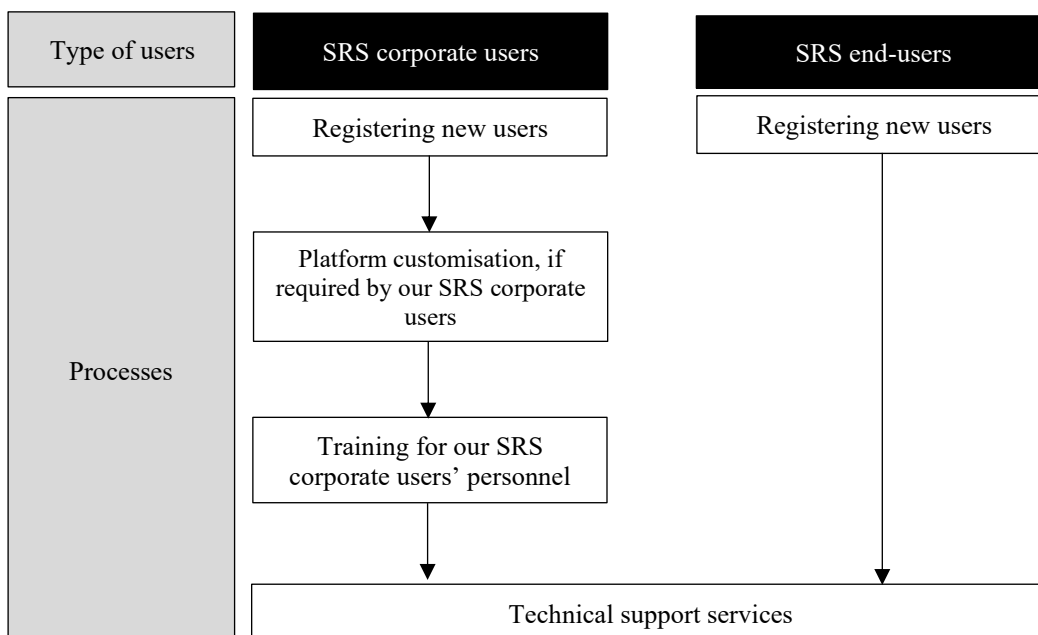
(iv) Integration with service providers/distributors/payment solution providers' platforms

Our back-end system will automatically communicate the details of the electronic reload purchases or bill payments to the service providers/distributors/payment solution providers' systems. Thereafter, our user's account with the service providers will be immediately and automatically updated with the available electronic reload credit or bill payment status.

**7. BUSINESS OVERVIEW (CONT'D)**

**7.5.2 Setting up an account for new users on the SRS platform**

The processes involved for setting up an account for new users on the SRS platform are as illustrated below:-



(i) Registering new users

New users (save for SRS corporate users that require our customised digital platform) are required to register an account with us through our SRS App only. During account registration, new users will need to verify their identity by uploading their identification card and a self-portrait on our SRS App (“**Verification Process**”). Thereafter, the details of our SRS end-users will be verified against their identification card and self-portrait. This process is generally automated using an artificial intelligence (“**AI**”) enabled system. In cases where the AI-enabled system is unable to complete the verification, our operations personnel will manually perform the verification. Upon verification, our SRS end-users will be automatically approved to commence transactions on our SRS platform. For clarity, the existing SRS end-users who have not verified their identity will also need to complete the Verification Process in order to continue using the SRS App. This Verification Process aims to further strengthen the security of the SRS App.

In respect of SRS corporate users that require our customised digital platform, registration is facilitated by our business development personnel using an internal admin portal, which can only be accessed by our Group’s employees. For clarity, registration cannot be done through our SRS Portal. Upon registration, the users may use either our SRS App or SRS Portal to perform transactions in our SRS platform. Every user is bound by the terms of use under our SRS App and SRS Portal (“**T&C**”):-

- (a) by clicking on the “I agree to the Terms and Conditions above” checkbox when logging into the account under the SRS App for the first time as a new user, the said new user has agreed to be legally bound by the T&C for their use of the SRS App. For sake of clarity, by accessing our SRS Portal, the said user has also agreed to be legally bound by the said T&C for their use of our SRS Portal;
- (b) SRS App and SRS Portal (collectively, “**SRS**”) allow users to reload credits to their registered accounts under the SRS and such credits can only be used for such services provided by SRS;
- (c) any personal data provided by the users for the purpose of amongst others, registering an account or using the services within the SRS will be held and used by RCSB pursuant to the privacy policy under the SRS (“**Privacy Policy**”) on servers in Malaysia;

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**7. BUSINESS OVERVIEW (CONT'D)**

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- (d) the credits associated with the SRS is not insured or guaranteed by any person or entity;
- (e) the registered account will not be expired or deactivated if it is not in use and any credit balance which was not used for a period of three (3) years from the date of loading or top up will be forfeited by RCSB unless a refund (upon RCSB's approval in writing) has been processed by RCSB for such users at RCSB's absolute discretion;
- (f) if the user uses the functionality within the SRS, the user consents to the transmission of user information to RCSB, its agents and/or service providers and authorises RCSB, its agents and/or service providers to record, process and store such user information as necessary for the functionality within the SRS and for purposes described in the Privacy Policy;
- (g) upon RCSB's request, the user agrees to defend, indemnify and hold harmless RCSB and its affiliated companies, employees, contractors, officers and directors from any and all claims, suits, damages, costs, lawsuits, fines, penalties, liabilities, expenses (including attorney's fees) that arise from the user's use or misuse of the SRS (including online payment), violation of the T&C or violation of any rights of a third party. RCSB reserves the right to assume the exclusive defence and control of any matter otherwise subject to indemnification by the user, in which event the user will cooperate in asserting any available defences. In the event of any third-party claim that the SRS or the user's possession and use of the SRS infringes that third party's intellectual property right, RCSB, not Apple Inc. or Google LLC or Huawei Technologies Co., Ltd will be solely responsible for the investigation, defence, settlement and discharge of any such intellectual property infringement claim;
- (h) SRS is provided to the user on an 'as is' basis and the user of the SRS is using the SRS at his or her own risk. To the fullest extent allowable under applicable law, RCSB disclaims all warranties and conditions, whether express or implied, including any warranties or conditions that the SRS is merchantable, of satisfactory quality, reliable, accurate, fit for a particular purpose or need, non-infringing or free of defects or errors or able to operate on an uninterrupted basis, or that the use of the SRS by the user is in compliance with laws applicable to the user or that user information transmitted in connection with the SRS (including as part of online payment) will be successfully, accurately or securely transmitted;
- (i) RCSB will not be liable to the user for:-
  - any loss of income, business, goodwill or profits arising out of the T&C;
  - any unauthorised access to or alteration, theft or destruction of the registered account;
  - the consequences of any delay or mistake relating to the use of the SRS caused by any circumstances beyond RCSB's control;
  - any loss or damage which was not caused by RCSB's breach of the T&C or breach of legal duty of care;
  - any loss or damage which was not a reasonably foreseeable result of either RCSB's breach of the agreement with the user or breach of legal duty of care. Loss or damage is "reasonably foreseeable" if, at the time RCSB and user entered into the agreement for the T&C, such loss was contemplated by the user and by RCSB; or
  - any loss or damage suffered by user as a result of the user failing to take reasonable precautions against such loss or damage;



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**7. BUSINESS OVERVIEW (CONT'D)**


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- (j) any trademarks, service marks, graphics and logos used in connection with the SRS are the trademarks of their respective owners (collectively “Marks”). The Marks shall not be copied, imitated or used, in whole or in part, without the prior written permission of the relevant registered trademark holder. The Marks are protected by copyright, trademark, patent, trade secret, international treaties, laws and other proprietary rights, and also may have security components that protect digital information only as authorised by the relevant registered trademark holder; and
- (k) users acknowledge that they are responsible for addressing any third-party claims relating to their breach of obligations therein the T&C in respect of the permitted uses of the SRS and agree to notify RCSB of such third-party claims of which they become aware. Users agree to release RCSB from any liability resulting from such breach as well as the infringement by users of any proprietary rights of any third party.

In addition to the above, new SRS corporate users are required to sign an undertaking letter and verify their identity by sending their business registration documents, identification card and a self-portrait via email or phone messaging application before registering with us. Our operations personnel will verify the identity based on the documentation and approve the registration of our SRS corporate users’ accounts.

Our back-end system will then create an account for our SRS corporate user and send a temporary password to them via WhatsApp. Our SRS corporate user will then need to enter the temporary password to change it to a new password.

(ii) Platform customisation

Our SRS corporate users have the option to use our SRS App, SRS Portal and/or customised digital platforms.

For our customised digital platforms, we will first customise the platform based on our SRS corporate users’ specifications such as the inclusion of their company name and logo. In addition, we assist the SRS corporate users in integrating the financial institutions’ systems for the processing of top-up credits. This integration facilitates automatic notifications from the financial institutions, enabling SRS corporate users to verify and complete the processing of top-up credits seamlessly. We can also set up other payment channels upon request by our SRS corporate users in the customised digital platform.

(iii) Training of SRS corporate users’ personnel

Our technical personnel will provide training to our SRS corporate users’ personnel after the platform configuration stage. The scope of our training includes performing transactions, checking credit balances and checking transaction records.

(iv) Technical support services

We have a programmed customer service helpline to address enquiries on our SRS platform. If enquiries exceed the service helpline’s capabilities, they will be redirected to our customer service personnel. Our customer service personnel are reachable via our customer service helpline on weekdays from 10:00 a.m. to 6:00 p.m.

## 7.6 QUALITY ASSURANCE

Our Group undertakes the following quality assurance measures:-

(i) Testing of system

We perform tests to ensure that our SRS platform is operating seamlessly after the platform configuration process and after any further enhancements, updates or customisations performed on our SRS platform, i.e.:-

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**7. BUSINESS OVERVIEW (CONT'D)**


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- (a) testing the functionality of our SRS platform by logging in with username and password and/or accessibility of SRS Portal via web browsers; and
- (b) testing the functionality of the API link to ensure our SRS platform front-end interfaces are integrated with our back-end system. This is done by performing top up of credit and bill payment transactions to ensure that the back-end system is able to process these transactions and the account is automatically updated upon performing the transaction.
- (ii) Continuous improvements and upgrades of our SRS platform
- In order to maintain the security and performance of our SRS platform, our technical personnel will constantly improve and enhance our SRS platform. These include:-
- (a) updates of security and protection measures used to protect our SRS platform against cyber threats and attacks;
- (b) improve features based on the feedback collected from our users and to keep up with the latest trends. Such improvements include enhancing our user friendliness of our SRS platform and expanding available payment channels for topping up credits in users' accounts; and
- (c) adding more product offerings to cater to the needs of our users.

**7.7 R&D**

Our R&D activities are spearheaded by our Managing Director and carried out by our technical department, which is led by our Chief Technical Officer. As our SRS platform has already been set up, our R&D activities mainly focus on ensuring our SRS platform remains relevant and updated with current technological trends. Such activities include gathering the latest knowledge and trend from internet and media, and acquiring new programming tools. We generally focus our R&D activities on the following areas:-

(i) Back-end system enhancement

We seek to enhance our back-end system from time to time based on feedback from existing users and our understanding of current technological trends. This includes:-

- (a) enhancing our security and protection measures by procuring the latest cybersecurity solutions to protect against cyber threats and attacks. Mobile operating systems generally update their requirements for security and protection measures from time to time to keep up with the latest cyber threats. We update our security and protection measures to adhere to the latest requirements set out by mobile operating systems. We also update our security and protection measures as and when required by financial institutions in order to enable payment processing using JomPAY and DuitNow;
- (b) adopting the latest programming language to support the latest mobile operating systems used in mobile devices; and
- (c) enhancing the functionality of our API used in our back-end system.

During the Financial Years/Period Under Review till the LPD, we undertook the following back-end enhancements:-

- enhanced the security solutions for SRS Portal to protect against distributed denial-of-service (DDoS) attacks;
- implemented device identification and IP verification, thus allowing us to identify from which device or IP address the user is accessing our SRS platform;
- upgraded SRS Portal from using Dynamic Domain Name System (DynDNS) to Hypertext Transfer Protocol Secure (https) which uses encryption for secure network communications;
- enhanced SRS App to allow for user self-verification;

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**7. BUSINESS OVERVIEW (CONT'D)**


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- improved security of data by Android Keystore system which prevents extraction of data from outside of the Android device and reducing unauthorised access of data within the Google Android device by requiring an authorised key algorithm, operation or purpose to access the data;
- improved security of data by using tools such as ProGuard to encrypt a code;
- programme the SRS App to follow the permissions management set by Google Android;
- integrated with service providers' back-end system using API to enable outstanding bill balances of users to be updated on a real-time basis; and
- installed an AI enabled system in the SRS platform to automate the verification of the details of our SRS end-users against their identification card and self-portrait.

(ii) SRS platform enhancement

We seek to constantly update our SRS platform to add or change service offerings. Throughout the Financial Years/Period Under Review till the LPD, we have continuously updated and released updates with enhancements and bug fixes.

Other than the salaries of our Directors and Key Senior Management who are involved in our R&D activities, we did not incur any other expenses on R&D during the Financials Years/Period Under Review.

**7.8 DISTRIBUTION CHANNELS AND MARKETING ACTIVITIES****7.8.1 Distribution channels**

Our Group presently either provides our electronic reload services and bill payment services through our SRS corporate users to their users, or directly transact with our SRS end-users. Essentially, our SRS corporate users, numbering over 800 during the Financial Years/Period Under Review stand out as a strong distribution channel for us. Through them, particularly those who utilise customised digital platforms created by us, we extended our services to over 4 million and 2 million users during FYE 2023 and FPE 2024, respectively.

**7.8.2 Marketing strategies**

Our Group employs the following marketing strategies:-

(i) Network of users from SRS corporate users

With over ten (10) years of establishment in the mobile airtime reloads industry, we have built a strong network of SRS corporate users for our SRS platform. We work with SRS corporate users as we can leverage on their network of users to extend the reach of our SRS platform, including fostering collaborations with the customers of our SRS corporate users as set out in Section 7.22.2(ii) of this Prospectus. These SRS corporate users enabled us to extend our services to over 4 million and 2 million users in FYE 2023 and FPE 2024 respectively.

We will continue cultivating and enhancing our working relationship with our SRS corporate users by maintaining the reliability of our services. This includes ensuring the continuous availability of our SRS platform and maintaining the quality of our technical support service.

(ii) Digital advertising

We utilise search engine optimisation to increase visibility and traffic to our SRS platform. We also advertise on Google and Shopee to create awareness and promote our SRS platform. We incurred RM3,141, RM975, RM254 and nil in advertisement expenses for the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively.

**7. BUSINESS OVERVIEW (CONT'D)****7.9 TECHNOLOGY**

We use the following technologies to develop and manage our SRS platform:-

<b>Technology</b>	<b>Description</b>
Programming language	We use programming languages to develop and enhance our SRS platform. This includes general purpose programming languages to develop software and mobile application such as Java, C++, Swift and Kotlin.
Software framework	We utilise a software framework to develop and run our SRS platform. We currently use .NET Framework.
Cloud computing platform	Our back-end system utilises cloud computing platforms, i.e. Microsoft Azure and Dropbox, to facilitate the processing of transactions on our SRS platform as well as enable disaster recovery. We also leverage on cloud computing platforms for data storage, including storage of electronic reload inventories.
Image storage platform	We use an image storage platform, i.e. firebase, to digitally store images of business registration documents, identification cards and self-portraits provided by our users.
Relational database management system	We use a relational database management system, i.e. Microsoft SQL Server to store, process and manage data.
Remote access and control software	We use remote access and control software to remotely access and control SRS corporate users' devices to resolve any technical issues. We currently use TeamViewer.

**7.10 KEY MACHINERY AND EQUIPMENT**

We do not utilise any machinery and equipment in our operations due to the nature of our business operations.

**7.11 CAPACITY AND UTILISATION**

Both capacity and rate of utilisation are not relevant to our Group due to the nature of our business where transactions are managed using our SRS platform. Therefore, our business is not constrained by any machinery or equipment, premises size and/or number of personnel.

**7.12 SEASONALITY**

We do not experience any material seasonality or cyclicity in our business as the demand for our services are neither subject to seasonal fluctuations nor cyclical variations.

**7.13 INTERRUPTIONS TO BUSINESS AND OPERATIONS**

We have not experienced any material interruptions to our business during the past twelve (12) months prior to the LPD.

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The Government implemented several periods of MCO commencing from 18 March 2020 to control and reduce COVID-19 transmissions in the country. There are various measures and standard operating procedures implemented, included, among others, controls on the movement of people within Malaysia and international travel, and restrictions on business, government, educational, cultural, recreational and other activities.

**7. BUSINESS OVERVIEW (CONT'D)****Effect of COVID-19 on our business operations in Malaysia**

During the MCO period, our employees were restricted from working from our premises due to temporary closure of our premises. However, as our SRS platform operates online, we are able to carry out our business operations as usual. Meanwhile, all of our employees were working from home until receipt of approval from MITI to return to work in office on 12 January 2021.

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

**Impact on our financial performance**

Post the COVID-19 pandemic, our financial performance continued to grow and was not impacted by the pandemic. Our Group’s revenue grew from RM4.78 million in FYE 2021 to RM6.19 million in FYE 2022, and further increased to RM7.80 million in FYE 2023 and RM5.09 million in FPE 2024.

As at the LPD, our Group incurred additional cost of approximately RM3,000 to implement precautionary measures at our premises to minimise the risk of COVID-19 infections and to comply with the standard operating procedures imposed by the Government. Such additional cost incurred did not have a material impact on our Group’s financial performance.

**7.14 TYPES, SOURCES AND AVAILABILITY OF PURCHASES**

Our Group’s purchases comprise:-

- (i) electronic reloads which are purchased from distributors/telecommunication operator; and
- (ii) credits placed with payment solution providers.

Throughout the Financial Years/Period Under Review till the LPD, we did not experience any shortage or difficulty in obtaining electronic reloads or placing credits.

The table below sets out the breakdown of purchases by type of supplies for the Financial Years/Period Under Review:-

Type of supplies	Audited			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Electronic reloads	547,509	501,601	506,248	298,142
Credits for bill payments	208,755	173,118	154,348	87,615
<b>Total</b>	<b>756,264</b>	<b>674,719</b>	<b>660,596</b>	<b>385,757</b>

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**7. BUSINESS OVERVIEW (CONT'D)**

**7.15 MAJOR CUSTOMERS**

Our top five (5) major customers for the Financial Years/Period Under Review are as follows:-

**FYE 2021**

Major Customers	Customer type	Services provided	RM'000	% of Gross Sales	Length of business relationship as at LPD
Real One Group <sup>(1)</sup>	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	177,637	23.36	10 years
Iqka Collection Services	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	137,662	18.11	8 years
Dotlines Sdn Bhd <sup>(4)</sup>	SRS corporate user <sup>(3)</sup>	Electronic reload and bill payment services	46,639	6.13	6 years
Neraca Gemilang Marketing	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	41,944	5.52	10 years
Sixty Eight Topup Dot Com	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	26,265	3.46	11 years
<b>Total</b>			<b>430,147</b>	<b>56.58</b>	

**FYE 2022**

Major Customers	Customer type	Services provided	RM'000	% of Gross Sales	Length of business relationship as at LPD
Iqka Collection Services	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	155,520	22.96	8 years
Real One Group <sup>(1)</sup>	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	130,089	19.21	10 years
Dotlines Sdn Bhd <sup>(4)</sup>	SRS corporate user <sup>(3)</sup>	Electronic reload and bill payment services	39,453	5.82	6 years
Neraca Gemilang Marketing	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	33,162	4.90	10 years
Celcocon Sdn Bhd	SRS corporate user <sup>(3)</sup>	Electronic reload services	21,537	3.18	6 years
<b>Total</b>			<b>379,761</b>	<b>56.07</b>	

**FYE 2023**

Major Customers	Customer type	Services provided	RM'000	% of Gross Sales	Length of business relationship as at LPD
Iqka Collection Services	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	170,689	25.65	8 years
Real One Group <sup>(1)</sup>	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	104,567	15.72	10 years
Celcocon Sdn Bhd	SRS corporate user <sup>(3)</sup>	Electronic reload services	35,750	5.37	6 years
Dotlines Sdn Bhd <sup>(4)</sup>	SRS corporate user <sup>(3)</sup>	Electronic reload and bill payment services	34,070	5.12	6 years
Neraca Gemilang Marketing	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	33,278	5.00	10 years
<b>Total</b>			<b>378,354</b>	<b>56.86</b>	

**7. BUSINESS OVERVIEW (CONT'D)****FPE 2024**

Major Customers	Customer type	Services provided	RM'000	% of Gross Sales	Length of business relationship as at LPD
Iqka Collection Services	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	111,698	28.34	8 years
Real One Group <sup>(1)</sup>	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	56,409	14.31	10 years
Celcopon Sdn Bhd	SRS corporate user <sup>(3)</sup>	Electronic reload services	23,050	5.85	6 years
Neraca Gemilang Marketing	SRS corporate user <sup>(2)</sup>	Electronic reload and bill payment services	20,280	5.14	10 years
Dotlines Sdn Bhd <sup>(4)</sup>	SRS corporate user <sup>(3)</sup>	Electronic reload and bill payment services	17,800	4.51	6 years
<b>Total</b>			<b>229,237</b>	<b>58.15</b>	

**Notes:-**

(1) For Financial Years/Period Under Review, our Gross Sales contributed by Real One Group comprised the following:-

Real One group of companies	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	% of Gross Sales	RM'000	% of Gross Sales	RM'000	% of Gross Sales	RM'000	% of Gross Sales
Real One Solution	108,955	14.33	82,921	12.24	50,754	7.63	28,135	7.14
Momey Resources	68,682	9.03	47,168	6.97	53,813	8.09	28,274	7.17
<b>Total</b>	<b>177,637</b>	<b>23.36</b>	<b>130,089</b>	<b>19.21</b>	<b>104,567</b>	<b>15.72</b>	<b>56,409</b>	<b>14.31</b>

(2) These companies or group of companies are reload retailers.

(3) These companies are third-party mobile application operators.

(4) We provided mobile airtime reloads, prepaid digital TV reloads and bill payment services to this company. In the meantime, Dotlines Sdn Bhd, as a customer, also supplied us with eWallet credit during FPE 2024 as highlighted in Note (8), Section 7.16 of this Prospectus. For clarity, our customers, which are also served as our suppliers, contributed approximately 0.06% to 6.13% of our Gross Sales during the Financial Years/Period Under Review.

Our Group sells to both SRS corporate users and SRS end-users. SRS corporate users generally use our electronic reload and bill payment services in large volumes as they sell our services to their users. As such, our top five (5) major customers are SRS corporate users which contributed 56.58%, 56.07%, 56.86% and 58.15% of our Group's Gross Sales for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively.

Our Group is dependent on Iqka Collection Services and Real One Group, both of which have individually contributed more than 14.00% to our Gross Sales during the Financial Years/Period Under Review. In particular, the Gross Sales contribution from Iqka Collection Services increased from 18.11% in FYE 2021 to 22.96% in FYE 2022, 25.65% in FYE 2023 and 28.34% in FPE 2024. Meanwhile the Gross Sales contribution from Real One Group decreased from 23.36% in FYE 2021 to 14.31% in FPE 2024.

**7. BUSINESS OVERVIEW (CONT'D)**

While our Group does not have long-term contracts with these companies, we have maintained a mutually beneficial and trusted working relationship of eight (8) years and ten (10) years with Iqka Collection Services and Real One Group, respectively, as at the LPD. Further, as we offer our services via our SRS platform, the switching of digital platforms would be an inconvenience to our SRS corporate users as they will need to reinstall and train their employees/agents to use a new digital platform. Thus, SRS corporate users are less likely to stop using our services if we continue to provide them with an SRS platform with minimal disruptions and provide prompt customer service.

**7.16 MAJOR SUPPLIERS**

Our top five (5) major suppliers for the Financial Years/Period Under Review are as follows:-

**FYE 2021**

Major Suppliers	Supplier type	Products / Services offered	RM'000	% of purchases	Length of business relationship as at LPD
Enzon	Distributor <sup>(1)</sup>	Electronic reload services <sup>(3)</sup>	259,973	34.38	8 years
Paylink	Payment solution provider <sup>(2)</sup>	Bill payment services <sup>(4)</sup>	75,820	10.03	9 years
ATX Distribution Sdn Bhd	Distributor / payment solution provider <sup>(1)(2)</sup>	Electronic reload and bill payment services <sup>(5)</sup>	70,763	9.36	9 years
Dancom	Distributor <sup>(1)</sup>	Electronic reload services <sup>(6)</sup>	45,238	5.98	10 years
SSN Marketing Sdn Bhd	Distributor <sup>(1)</sup>	Electronic reload services <sup>(6)</sup>	37,658	4.98	7 years
<b>Total</b>			<b>489,452</b>	<b>64.73</b>	

**FYE 2022**

Major Suppliers	Supplier type	Products / Services offered	RM'000	% of purchases	Length of business relationship as at LPD
Enzon	Distributor <sup>(1)</sup>	Electronic reload services <sup>(3)</sup>	268,889	39.85	8 years
Paylink	Payment solution provider <sup>(2)</sup>	Bill payment services <sup>(4)</sup>	75,230	11.15	9 years
ATX Distribution Sdn Bhd	Distributor / payment solution provider <sup>(1)(2)</sup>	Electronic reload and bill payment services <sup>(5)</sup>	56,750	8.41	9 years
CHS Mobile	Distributor <sup>(1)</sup>	Electronic reload services <sup>(7)</sup>	41,460	6.14	3 years
Dancom	Distributor <sup>(1)</sup>	Electronic reload services <sup>(6)</sup>	37,425	5.55	10 years
<b>Total</b>			<b>479,754</b>	<b>71.10</b>	



**7. BUSINESS OVERVIEW (CONT'D)****FYE 2023**

Major Suppliers	Supplier type	Products / Services offered	RM'000	% of purchases	Length of business relationship as at LPD
Enzon	Distributor <sup>(1)</sup>	Electronic reload services <sup>(3)</sup>	274,661	41.58	8 years
Paylink	Payment solution provider <sup>(2)</sup>	Bill payment services <sup>(4)</sup>	89,180	13.50	9 years
ATX Distribution Sdn Bhd	Distributor / payment solution provider <sup>(1)(2)</sup>	Electronic reload and bill payment services <sup>(5)</sup>	88,426	13.39	9 years
CHS Mobile	Distributor <sup>(1)</sup>	Electronic reload services <sup>(7)</sup>	44,596	6.75	3 years
Prepaid Solution Sdn Bhd	Distributor <sup>(1)</sup>	Electronic reload services <sup>(7)</sup>	29,006	4.39	8 years
<b>Total</b>			<b>525,869</b>	<b>79.61</b>	

**FPE 2024**

Major Suppliers	Supplier type	Products / Services offered	RM'000	% of purchases	Length of business relationship as at LPD
Enzon	Distributor <sup>(1)</sup>	Electronic reload services <sup>(3)</sup>	167,491	43.42	8 years
Paylink	Payment solution provider <sup>(2)</sup>	Bill payment services <sup>(4)</sup>	63,285	16.41	9 years
ATX Distribution Sdn Bhd	Distributor / payment solution provider <sup>(1)(2)</sup>	Electronic reload and bill payment services <sup>(5)</sup>	37,351	9.68	9 years
Dotlines Sdn Bhd	Distributor <sup>(1)</sup>	Electronic reload services <sup>(8)</sup>	34,974	9.07	6 years
CHS Mobile	Distributor <sup>(1)</sup>	Electronic reload services <sup>(7)</sup>	20,572	5.33	3 years
<b>Total</b>			<b>323,673</b>	<b>83.91</b>	

**Notes:-**

- (1) These companies may be distributors directly engaged by the service providers as well as providers of electronic reloads, depending on the types of electronic reloads supplied.
- (2) These companies are payment solution providers engaged by the service providers.
- (3) This company supplies us mobile airtime reloads, mobile data reloads, prepaid digital TV reloads, games credits, application credit and eWallet credit.
- (4) We collect bill payments on behalf of this company for water, electricity utilities, maintenance services of national sewerage systems, quit rent and assessment as well as education loan.
- (5) This company supplies us with eWallet credit and on its behalf, we also collect bill payments for water, electricity utilities, maintenance services of national sewerage systems and postpaid digital TV.
- (6) These companies supply us with mobile airtime reloads and mobile data reloads.
- (7) These companies supply us with mobile airtime reloads.

**7. BUSINESS OVERVIEW (CONT'D)**

- (8) This company supplies us with eWallet credit. In the meantime, Dotlines Sdn Bhd, as a supplier, also purchased mobile airtime reloads and prepaid digital TV reloads from us as well as utilised our bill payment services during the Financial Years/Period Under Review as highlighted in Note (4), Section 7.15 of this Prospectus. For clarity, our suppliers, which are also served as our customers, contributed approximately 0.02% to 13.39% to our total purchases during the Financial Years/Period Under Review.

For the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, our Group purchased 64.73%, 71.10%, 79.61% and 83.91% of the total purchases from our top five (5) major suppliers, respectively. Our Group is not dependent on any of our major suppliers for the Financial Years/Period Under Review, save for Enzon which supplied 34.38%, 39.85%, 41.58% and 43.42% of our Group’s total purchases. While our Group does not have any long-term contract with Enzon, we have maintained a mutually beneficial and trusted working relationship of eight (8) years with Enzon as at the LPD. Therefore, if Enzon stops supplying to us, there may be a temporary supply disruption to our business operations if we are unable to find a suitable replacement in a timely manner. We require such a replacement supplier to provide electronic reloads at commercially acceptable prices and in the necessary volume.

Meanwhile, we are not dependent on the other major suppliers, as their contribution to our purchases is not significantly high relative to that from Enzon. We are also able to source similar services from other suppliers if necessary. However, we prefer to work with these major suppliers as transacting in large volumes with these suppliers enable us to obtain greater discounts for electronic reloads as well as better terms and rates for the incentive or commission from rendering bill payment services. During each Financial Years/Period Under Review, we procured electronic reloads and bill payment services from over 30 suppliers, respectively.

For the Financial Years/Period Under Review, we have not experienced any material dispute with our major suppliers.

**7.17 APPROVALS, MAJOR LICENCES AND PERMITS OBTAINED**

Details of approvals, major licences and permits applicable to our Group as at the LPD are as follows:-

No.	Company	Description of approval/ licence/ permit	Issuing authority	Licence application no.	Effective date / Expiry date	Major conditions imposed	Status of compliance
1.	RCSB	Business licence for our Group’s headquarter at 729, 7 <sup>th</sup> floor, Block A, Kelana Centre Point, Jalan SS7/19, 47301 Petaling Jaya, Selangor	MBPJ	EL2540000666039	1 January 2025/ 31 December 2025	Nil	N/A
2.	RCSB	Business licence for our Group’s branch office at 818, 8 <sup>th</sup> floor, Block A, Kelana Centre Point, Jalan SS7/19, 47301 Petaling Jaya, Selangor	MBPJ	EL2540000666050	1 January 2025/ 31 December 2025	Nil	N/A


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**7. BUSINESS OVERVIEW (CONT'D)**


**7.18 REGISTERED INTELLECTUAL PROPERTY RIGHTS, PATENTS AND TRADEMARKS**

As at the LPD, our Group does not hold or own any registered intellectual property rights, patents and trademarks and/or any intellectual property rights, patents and trademarks that are in the process of registration, save as disclosed below:-

**Registered trademark**

Trademark	Registered owner	Approving Authority	Description	Trademark no.	Registration validity
	RichTech	Malaysia	Class 36: bill payment services; bill payment services provided through a website; electronic bill payment services; online bill payment services; processing of electronic bill payments; conducting cashless payment transactions; e-wallet payment services; electronic bill payment services; electronic payment services; electronic processing of electronic payments via a global computer network; electronic money transfers; transfer of funds for the purchase of goods, via electronic communication networks.	TM2023039836	29 December 2023 to 29 December 2033

**Trademark application**

Trademark	Applicant	Approving Authority	Description	Application No.	Application Date	Status
	RCSB	Malaysia	Class 36: Automated payment services; collection of payments for goods and services; conducting cashless payment transactions; e-wallet payment services; electronic bill payment services; online bill payment services; payment services provided via wireless telecommunications apparatus and devices.	TM2021002353 <sup>(1)</sup>	26 January 2021	Pending further directions to be advised by Intellectual Property Corporation of Malaysia (“MyIPO”) on the re-application
				<b>Re-application No.</b>	<b>Re-application Date</b>	
				TM2024038216 <sup>(1)</sup>	4 December 2024	

**Note:-**

- (1) Pursuant to a notice of provisional refusal dated 17 November 2021 issued by the MyIPO (“**Notice by MyIPO**”), the trademark applications are found not to be in compliance with the requirements of the Trademark Act 2019 as the trademarks sought to be registered are a letter that is not stated in a special or unique manner and not having any distinctive characteristics, in which the letter ‘S’ was seen as a common ‘S’ letter and was not presented in a special or unique manner. Notwithstanding to the aforesaid, pursuant to the Notice by MyIPO, RCSB was given options to appeal within two (2) months from the date of the Notice by MyIPO. As at the LPD, a re-application has been submitted.

**7. BUSINESS OVERVIEW (CONT'D)**

Any non-registration of the trademarks would not have a material impact on our Group's business. The only risk that associates with the non-registration of the aforesaid trademarks would be a false representation of certain parties or entities as our Group by applying the similar designs of the said trademarks.

Notwithstanding the foregoing, it has been mitigated on the following basis:-

- (a) As at the LPD, there is no similar design of the said trademarks under the App Store or Google Play Store or Huawei AppGallery which might possibly mislead the user; and
- (b) In any event, if any of the users is so misled to download the application within the App Store or Google Play Store or Huawei AppGallery (as the case may be) which carries the similar design as the aforesaid trademarks, the said users would not be able to login to the account under said application by using the login details that they have registered under the SRS platform.

**7.19 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS/ AGREEMENTS/ INTELLECTUAL PROPERTY RIGHTS/ LICENCES OR PERMITS/ BUSINESS PROCESSES**

The business and profitability of our Group are not materially dependent on any commercial or financial contracts, agreements, intellectual property rights, major licences and permits, and production or business processes as at the LPD.

**7.20 EMPLOYEES**

As at the FPE 2024 and the LPD, our Group has a total of 11 permanent employees. The following table sets out the breakdown of our Group's employees (all are Malaysians) based on job functions:-

Category	No. of employees				
	FYE 2021	FYE 2022	FYE 2023	FPE 2024	As at the LPD
Directors	2	2	2	2	2
Accounts <sup>(1)</sup>	1	1	2	2	2
Operations <sup>(2)</sup>	6	5	4	4	4
Business development <sup>(3)</sup>	-	-	1	1	1
Technical <sup>(4)</sup>	1	1	2	2	2
<b>Total</b>	<b>10</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>11</b>

**Notes:-**

- (1) The accounts department is in charge of preparing financial statements and bookkeeping as well as invoice processing.
- (2) The operations department is in charge of monitoring electronic reloads stock inventory levels, procuring new electronic reloads, verifying identities of customers and approving registration of SRS end-users' accounts as well as addressing enquiries on our SRS platform.
- (3) The business development department is in charge of implementing marketing strategies, namely digital advertising, as well as verifying identities of customers and approving registration of SRS corporate users' accounts.
- (4) The technical department is in charge of enhancing and updating the SRS platform as well as rectifying any technical issues and provide training to SRS corporate users' personnel after their customised digital platforms have been installed.

None of our Group's employees belong to any trade unions and there has been no industrial dispute in the past.

Our Board is of the view that we have adequate resources to facilitate our Group's business operations based on the current organisation structure as:-

- (i) a majority of our business operations are automated through our SRS platform, reducing the need for a large headcount to manage our Group's business activities;

**7. BUSINESS OVERVIEW (CONT'D)**

- (ii) our SRS platform is fully developed and thus, our two (2) technical personnel presently focus on updating and enhancing the platform as well as rectifying technical issues. Thus, two (2) technical personnel are sufficient to carry out these tasks;
- (iii) we presently focus on corporate users, wherein one (1) business development personnel is sufficient to verify the identities of new corporate users and oversee marketing activities; and
- (iv) four (4) operations personnel are sufficient to manage stock levels and procure inventories, while two (2) accounts personnel are sufficient to handle financial statements preparation, bookkeeping and invoice processing.

As our Group intends to grow the number of end-users, we will hire up to eight (8) new business development personnel and up to four (4) customer support service personnel to manage users' technical issues, as indicated in Section 7.22.2 (ii) of this Prospectus.

**7.21 PROPERTIES, PLANTS AND EQUIPMENT****7.21.1 Properties owned by our Group**

Our Group does not own any properties as at the LPD.

**7.21.2 Material properties leased /rented by our Group from third parties**

There is no material property leased / rented from third parties by our Group as at the LPD. However, the summary of the properties leased/rented by our Group from our Directors for our business operations as at the LPD is as follows:-

<b>Property address and Title details</b>	<b>Lessor / Landlord</b>	<b>Lessee / Tenant</b>	<b>Description / Existing Use</b>	<b>Date of issuance of CCC or equivalent</b>	<b>Tenure</b>	<b>Land area/ Built-up area (sq. ft.)</b>	<b>Rental per annum (RM)</b>
No. 729, 7 <sup>th</sup> Floor, Block A, Kelana Centre Point, Jalan SS 7/19, 47301 Petaling Jaya, Selangor held under the strata land title being PM 3894, M1/7/301, Lot 50859, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor ("Unit 729")	Lee Teik Keong	RCSB	One (1) unit of office suits/ premise for the headquarter of our Group's business	6 December 1997	1 November 2024 - 31 October 2025 <sup>(1)</sup>	1,194.79	21,600
No. 818, 8 <sup>th</sup> Floor, Block A, Kelana Centre Point, Jalan SS7/19, 47301 Petaling Jaya, Selangor held under the strata land title being PM 3894, M1/8/322, Lot 50859, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor ("Unit 818")	Lee Teik Keong and Agnes Wong Eei Nien	RCSB	One (1) unit of office suits/ premise for the branch office of our Group's business	6 December 1997	1 January 2024 – 31 October 2026 <sup>(1)</sup>	1,194.79	18,000

**Note:-**

- (1) Subject to automatic renewal of one (1) year upon expiry of each subsequent tenure, unless otherwise terminated by the parties mutually in writing.

**7.21.3 Properties leased by our Group to third party**

Our Group does not own any property for lease or rent to third party as at the LPD.

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**7. BUSINESS OVERVIEW (CONT'D)**


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**7.22 BUSINESS PROSPECTS AND PLANS****7.22.1 Business prospects**

According to the IMR Report, the electronic reload and bill payment services industry in Malaysia grew at a CAGR of 12.9% between 2019 and 2023. Moving forward, IMR expects the electronic reload and bill payment services industry size in Malaysia to grow at a CAGR of 11.5% between 2024 and 2026. The industry is expected to be driven by the large and growing customer base of prepaid mobile network plan users, increased usage of the internet, economic growth and rising disposable income and advantages of performing transactions via digital platforms.

In particular, sales of mobile airtime and data reloads in Malaysia, which can be measured using sales of mobile airtimes and data reloads by telecommunication operators, grew from RM8.5 billion in 2020 to an estimated RM9.7 billion in 2023, registering a CAGR of 4.5%. Further, the local digital payment industry grew at a CAGR of 18.0% between 2020 and 2023. The IMR estimates that the digital payment industry in Malaysia will grow by a further 16.1% between 2024 and 2026. The increasing sales of mobile airtime and data reloads as well as growing digital payment industry in Malaysia illustrate growing demand for our Group's electronic reload and bill payment services.

In relation to the above, our Group's business strategies and plans moving forward are as follows:-

**7.22.2 Business strategies and plans****(i) To expand our user base of SRS end-users**

In the past, our Group's sales efforts have been mainly targeted at SRS corporate users. During the Financial Years/Period Under Review, our SRS end-users merely contributed 0.30%, 0.22%, 0.41% and 1.21% of our Group's total Gross Sales for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively.

In contrast, for the FYE 2023, our Group has a network of over 1,000 SRS corporate users, comprising reload retailers and third-party mobile application operators, who have reached out to over 4 million users.

We thus intend to expand our SRS end-user base as this would allow us to:-

- (a) tap onto a broader customer base of end-user;
- (b) extend our service offerings, as elaborated in Section 7.22.2 (iii) of this Prospectus; and
- (c) direct access to users of our SRS platform, thus allowing us to better serve our users by understanding their purchase patterns and needs as well as be less reliant on SRS corporate users.

In order to expand our SRS end-user base, our Group plans to intensify our marketing and promotional activities. These marketing and promotional activities will focus on creating awareness and encouraging usage of our SRS platform. Once we have created awareness and attracted SRS end-users to use our SRS platform, these SRS end-users would be able to enjoy the benefits of purchasing electronic reloads and carrying out bill payments through our SRS platform, thus encouraging them to continue using our SRS platform.

The marketing and promotional activities we intend to invest in will include:-

- (aa) Marketing activities – our Group intends to invest in search engine optimisation to increase visibility and traffic to our corporate website and social media platform advertisement such as Instagram and TikTok to promote SRS platform;
- (bb) Promotional activities – our Group intends to offer rewards to new and existing SRS end-users for transacting via our SRS platform. Such rewards would include discount vouchers and reward vouchers in the form of credits to encourage registration of new SRS end-users and to promote continuous usage of our SRS platform; and

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**7. BUSINESS OVERVIEW (CONT'D)**


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- (cc) Collaborations with retailers – our Group intends to collaborate with retailers which own chain stores to promote our SRS App and SRS Portal by conducting promotional activities and placing our banners at their retail stores. In January 2024, our Group has signed the Collaboration Agreement with Hari-Hari, an apparel retailer with over 100 retail outlets located throughout Malaysia. As at the LPD, we have placed our banners at all Hari-Hari retail stores.

Pursuant to the Collaboration Agreement, both parties agreed to collaborate for, amongst others, the deployment of our SRS App and SRS Portal via the QR code (which upon scanning will direct potential customers to our SRS App and SRS Portal) to be placed at over 100 retail outlets of Hari-Hari or any of its associate outlets for a period of two (2) years. Through the collaboration, our Group anticipates that we would be able to expand our user base of SRS end-users by leveraging on the extensive network of retail outlets of Hari-Hari and its market segment, which serves the low to middle-income group, which is also the captive market of our Group.

Pursuant to the IPO, we will set aside RM4.50 million of our gross proceeds to be raised from the Public Issue for the abovementioned marketing and promotional activities.

- (ii) To continuously grow our sales via collaborations

Our Group intends to continue to grow our sales by seeking collaborations with business partners that offer a complementary range of services and have established networks of customers. By so doing, we will be able to tap into their customer base to grow transactions through our SRS platform. In particular, our Group begun rolling out electronic reload and bill payment services for the customers of Fass Payment Solutions Sdn Bhd (“**Collaboration Partner**”).

To begin with, we are working with the Collaboration Partner to offer our services to a retail customer (“**Retailer A**”) which has a chain of over 200 retail outlets. We estimate that we will complete the roll out of our services at the retail outlets of the Retailer A by the first quarter of 2025.

Through the collaboration, the Collaboration Partner will act as an SRS corporate user, facilitating the offering of our electronic reload and bill payment services through its payment terminals placed at the retail outlets of the Retailer A. Thus, we will need to integrate our back-end system with the back-end system of the Collaboration Partner.

As at the LPD, we are in the midst of finalising the specific terms related to the integration of our back-end system with the Collaboration Partner’s back-end system. This aims to ensure seamless connectivity and operational efficiency between both parties’ systems, addressing technical requirements, data exchange protocols, security measures and any other pertinent integration aspects. We are actively engaged in the discussions to align on these critical details, which will be formalised in the final agreement.

Moving forward, we will continue to seek similar collaborations with other potential business partners, including their customers, who offer complementary range of services and have established networks of customers. These collaborations will typically enable us to expand our user base, resulting in increased demand for our electronic reload and bill payment services. As such, we expect that we will require a larger working capital to purchase stocks for electronic reload services to facilitate larger volume of transactions. To this end, we have earmarked RM3.00 million from our gross proceeds to be raised from the Public Issue for the purchase of stocks for electronic reload services.

Further, to cater for the expected growth in our user base including through these collaborations, we expect that we will require a larger customer service department to attend to our users’ enquiries and provide customer support services. We also expect that we would need to expand our business development team to handle marketing activities, including seeking for more collaborations. As such, we intend to hire up to four (4) customer support service personnel and up to eight (8) business development personnel by the end of 2025. The salaries (including statutory contribution) for such recruitments will be funded via the Group’s internally generated funds.

## 7. BUSINESS OVERVIEW (CONT'D)

To house our expanded workforce, we plan to relocate to the New Office to be acquired, the details of which are elaborated in Note 2, Section 4.7.1 of this Prospectus.

(iii) To extend our service offerings offered on our SRS platform

Thus far, our Group has been extending our services through our SRS platform and our range of services have grown from electronic reload services for mobile airtime to payment of postpaid mobile network services bills, payment of water and electricity utilities and maintenance services of national sewerage systems, purchase of mobile airtime credit and data services for international mobile network brands, electronic reload services for games credits, prepaid digital TV credit, application credit and eWallet credit.

As we continue to grow our business, it is vital that we keep up with market trends to remain competitive. As such, we intend to continuously expand our range of services offered through our SRS platform that are relevant to the market trends and needs by constantly keeping ourselves up-to-date with the market trends.

Our Group observed the opportunity in offering a marketplace for SRS corporate users to sell products. As we already have an existing base of over 4 million users and coupled with the intention to expand our SRS end-user base, we intend to offer the products and services that our SRS end-users can purchase via our SRS App.

In particular, we intend to extend the product range on our SRS App and SRS Portal to include apparel. Pursuant to the Collaboration Agreement, Hari-Hari will utilise our SRS App and SRS Portal as sales channels to market its products. In this respect, Hari-Hari would be able to tap on our network of users and at the same time, we can increase the usership of our SRS App and SRS Portal amongst our users and grow our revenue stream. With such a collaboration, we will be able to expand our revenue stream by earning a commission from the sale of Hari-Hari's products through our SRS App and SRS Portal.

As at the LPD, we have designed the user interface for the front-end of the SRS App based on finalised wireframes and mock-ups to cater for this apparel marketplace, and have commenced coding of the front-end of the SRS App. Our tentative timeline for launching the marketplace on our SRS App is as follows:-

Timeline	Details
1 <sup>st</sup> quarter of 2025	<ul style="list-style-type: none"> <li>▪ Configuring and integrating back-end system to cater for marketplace</li> <li>▪ Completion of coding for front-end</li> <li>▪ Integration with existing SRS App</li> <li>▪ Integration with Hari-Hari's back-end system</li> </ul>
2 <sup>nd</sup> quarter of 2025	<ul style="list-style-type: none"> <li>▪ Testing of SRS App in terms of performance and usability</li> <li>▪ Launching of marketplace on SRS App</li> </ul>

The costs involved in the launching of the marketplace in SRS App is minimal as the coding, configuration and integration works will mainly be conducted in-house. As such, any costs involved will be fully funded via internally generated funds of our Group.

The tentative timeline for launching the marketplace on our SRS App is by the 2<sup>nd</sup> quarter of 2025. Should the launching of the marketplace on our SRS App be successful, our Group will consider including the marketplace on our SRS Portal. For information purpose, as at the LPD, there is no prior regulatory approval required to operate an online marketplace save for the approval required to incorporate a business entity.

Thereafter, we will continue to seek other opportunities to expand our range of products and brands offered through the marketplace.

### 7.23 GOVERNING LAWS AND REGULATIONS

The following is an overview of the material laws and regulations that are relevant to the business operations of our Group in Malaysia:-



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**7. BUSINESS OVERVIEW (CONT'D)**


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(i) LGA

According to the LGA and the by-laws of the relevant local authorities in Peninsular Malaysia, we are required to obtain and maintain business premise licences to carry out our operations at each of our operating premises.

The business licences granted by the local authority shall be valid for a period not exceeding three (3) years and are subject to renewal. A person to whom such licence has been granted is required to exhibit the licence at all times in some prominent place of the licensed premises and shall produce the licence if required to do so by any officer of the local authority authorized to demand the same.

Any person who contravenes any of the provisions of the LGA and/or the by-laws of the relevant authorities in Peninsular Malaysia shall be liable for an offence and shall on conviction, be liable to a fine not exceeding RM500.00 or to imprisonment for a term not exceeding six (6) months or to both.

Our business premise is at the District of Petaling Jaya, and therefore it is a requirement to comply with Licensing of Trades, Businesses and Industries (Petaling Jaya City Council) By-laws 2007 whereby no person shall operate any activity of trade, business and industry or use any place or premise in the local area of the council for any activity of trade, business and industry without a licence issued by the licensing authority. Any person who contravenes any provision therein shall, on conviction be liable to a fine not exceeding RM2,000.00 or to imprisonment for a term not exceeding 1 year or to both and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continue after conviction.

Our properties which are used for our business operations are issued with valid business licences and as at the LPD, there has been no non-compliance of our Group in relation to the LGA that may have a material adverse impact on our business operations.

(ii) NLC

The NLC is the primary land law legislation in Malaysia which applies to land located in Peninsular Malaysia and the Federal Territory of Labuan. Under the NLC, there are three categories of land use, being “building”, “industry” and “agriculture”. The category of land use, if any, is endorsed on the documents of title issued by the state authority. All alienated lands in Peninsular Malaysia and the Federal Territory of Labuan are also subject to implied conditions as more particularly described in the NLC and express conditions imposed by the state authority.

Upon any breach arising of any condition to which any alienated land is for the time being subjected to, (i) the land shall become liable to forfeiture to the state authority and (ii) except in a case where a fine is imposed or where action for the purpose of causing the breach to be remedied is first required to be taken, the land administrator shall proceed with the enforcement of the forfeiture in accordance to the provisions of the NLC.

Our Group does not own any property/land and as for the premises rented by our Group, there is no breach and/or non-compliance of any property or land use conditions to carry out our business operations and there has been no non-compliance of our Group in relation to the NLC that may have a material adverse impact on our business operations.

(iii) PDPA

The PDPA is a legislation that aims to regulate the collection, holding, processing and use of personal data in the context of commercial transaction and to prevent malicious use of personal information.

Section 5 of the PDPA requires a data user to comply with seven (7) personal data protection principles under the PDPA when processing a personal data, which shall include the general principle, notice and choice principle, disclosure principle, security principle, retention principle, data integrity principle and access principle.

## 7. BUSINESS OVERVIEW (CONT'D)

Section 7(1) of PDPA also provides that a data user shall by written notice inform a data subject, amongst others, (i) that personal data of the data subject is being processed by or on behalf of the data user, and shall provide a description of the personal data to that data subject; (ii) the purposes for which the personal data is being or is to be collected and further processed; and of any information available to the data user as to the source of that personal data.

The recent Personal Data Protection (Amendment) Act 2024 (“**Amendment Act**”) which was been gazetted on 17 October 2024 has further introduced several significant changes to the PDPA, amongst others substituting “Data User” term for “Data Controller” and imposing a direct obligation of data processor to comply with the security principle i.e. ensuring practical steps are taken to protect the personal data from loss, misuse, modification, unauthorised or accidental access or disclosure, alteration or destruction.

Notwithstanding the foregoing, only certain provisions of the said Amendment Act have come force effective from 1 January 2025, namely Sections 7, 11, 13 and 14 contained therein, the remaining provisions have not come into force.

Any breaches of the PDPA under section 5 on conviction, shall be liable to a fine not exceeding RM300,000.00 or to imprisonment for a term not exceeding 2 years or to both whereas for any acts of including but not limited to knowingly or recklessly, without the consent of the data user collect or disclose the data that is held by the data user; procure the disclosure to another person of personal data that is held by the data user and offers to sell personal data that he has collected shall constitute as an offence pursuant to section 130 of the PDPA, which on conviction, be liable to a fine not exceeding RM500,000.00 or to imprisonment for a term not exceeding 3 years or to both.

Our Group has incorporated a set of privacy policy into our SRS App and SRS Portal, respectively, as a matter of compliance with the aforesaid principles required under the PDPA and accordingly, there has been no breach and/or non-compliances of our Group in relation to the PDPA that may have a material adverse impact on our business operations.

The above summary does not purport to be an exhaustive description of all laws and regulations of which our Group’s business is subject to. As at the LPD, there are no breach of laws and regulations governing our business operations, and environmental issues which may materially affect our Group’s operation and usage of our properties.

### 7.24 ENVIRONMENTAL, SOCIAL AND GOVERNANCE MEASURES

#### 7.24.1 Environmental

Our Group is committed to supporting environmental conservation and care through the incorporation of sustainable practices in our business operations. These initiatives encompass the measures we have implemented or intend to implement (as the case may be) and include the following:-

- (i) We take pride in our SRS platform to provide electronic reload services, a departure from conventional physical voucher cards. As our SRS platform is digital, this significantly reduces our ecological footprint. This move reflects our pledge to minimize paper waste, conserve natural resources, and contribute to a cleaner environment;
- (ii) We have embraced a paperless strategy by transitioning our office documents to digital formats, significantly reducing our reliance on printing paper. Within our administrative operations, we actively discourage unnecessary printing and promote the use of digital documentation among our staff. Unless requested otherwise by stakeholders, our outgoing documents such as invoices are primarily in digital formats;
- (iii) Our preferred approach for advertising revolves around our SRS platform instead of traditional print mediums which consume natural resources such as paper. Employing search engine optimisation, we aim to enhance visibility and drive traffic to our SRS platform; and
- (iv) As part of our energy conservation initiative, we have replaced traditional tubes with energy-efficient light-emitting diode (LED) tubes in our headquarters and branch office, and plan to implement this initiative in our New Office. These tubes are recognised for their energy-saving capabilities, significantly reducing our electricity consumption.

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**7. BUSINESS OVERVIEW (CONT'D)**


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**7.24.2 Social**

Our Group is dedicated to conducting responsible business operations that consider all stakeholders and the local community. We understand the immense value of our employees as key assets and, therefore, we endeavor to retain and cultivate skilled talent through the following practices:-

- (i) ensure a safe, healthy and conducive work environment for our employees;
- (ii) abolish inappropriate behaviors and practices, encompassing workplace bullying, discrimination based on individual differences, discriminatory or sexual harassment, intimidation, and victimisation;
- (iii) ensure equal access to opportunities regardless of one's age, gender and sexual orientation, and disability or any other relevant characteristics;
- (iv) ensure the preservation of fundamental workers' rights by eradicating all forms of child labour and forced labour;
- (v) empower our workforce by supporting their personal and professional growth; and
- (vi) cultivate a diverse and inclusive culture that recognises and values individuality.

In addition, our Group has taken various corporate social responsibility initiatives to serve the needs of the community, including the following:-

- (a) In 2023 and 2024, our Group contributed through monetary donations to an organisation that provides complimentary shelter, meals, and medical care for elderly. Our financial support aims to improve their well-being and enhance their quality of life; and
- (b) In 2023, our Group participated by offering monetary contributions to an organisation committed to partnering with children and families to overcome extreme poverty and address injustice. These contributed funds were specifically allocated to the Education Fund and Child Sponsorship programs, aiming to create a more sustainable and promising world for the most vulnerable children.

**7.24.3 Governance**

We are committed to upholding the standards of corporate governance where our Board and employees uphold a high standard of integrity, transparency and accountability in our business dealings and conduct.

Save for certain practices of the MCCG, the compliance of which could only be achieved or becomes applicable upon the listing of our Shares on the ACE Market, (such as the recommended disclosures to be made in our Company's Annual Report and Corporate Governance Report), we have adopted the MCCG practices by codifying the provisions of the practices into our Board Charter, Board Committee's terms of reference and other board policies and procedures.

In addition, our Group has adopted the Anti-Bribery and Anti-Corruption policy towards bribery where we have put in place the policies and procedures to ensure strict compliance with the Malaysian Anti-Corruption Commission Act 2009. In relation to our Group's risk management, our Group has put in place a risk management framework to monitor closely on the risk associated with our Group's business as well as the Whistleblowing Policy and Personal Data Protection Policy to ensure and promote fairness in business dealings.

**7.24.4 Additional Disclosures/ Other Matters****7.24.4.1 Tax Underestimation**

There were two (2) tax related non-compliances by our Group, impositions of the 'penalties' of which were made by Inland Revenue Board ("IRB") against RCSB within five (5) years preceding the LPD. The details of the same are set out below:-

- (i) a 'penalty' in the amount of RM39,454.10 on the underestimation of corporate tax payable by RCSB in the sum of RM735,058.64 for the year of assessment 2020 ("Tax Non-Compliance No. 1"); and

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**7. BUSINESS OVERVIEW (CONT'D)**


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- (ii) a 'penalty' in the amount of RM40,510.07 on the underestimation of corporate tax payable by RCSB in the sum of RM793,000.96 for the year of assessment 2022 ("Tax Non-Compliance No. 2").

Notwithstanding to the above, the aforesaid impositions by IRB are not expected to have any material impact on our Group's business operations and financial condition on the following basis:-

- (a) the aforesaid impositions have been duly settled on 28 October 2021 (in respect of Tax Non-Compliance No. 1) and 29 August 2023 (in respect of Tax Non-Compliance No. 2), respectively. As at the LPD, no further action was pursued by IRB against RCSB;
- (b) RCSB has also obtained a valid and subsisting certificate of tax compliance (with its validity period until 31 December 2024) as a proof of its compliance;
- (c) a failure to provide an accurate tax estimation does not fall under the types of non-compliance under Part VIII of the Income Tax Act 1967. The Income Tax Act 1967 clearly indicated that additional tax payable shall be recoverable as if the tax were due and payable and as such, the additional tax payable shall not be constituted as a 'fine' or 'penalty' imposed against our Group; and
- (d) the total amount of the aforesaid imposition by IRB was only a nominal sum of RM79,964.17 whereby it amounts to approximately 1.97%, 1.45% and 1.13% of the Group's PBT, for FYE 2021, FYE 2022 and FYE 2023, respectively.

Notwithstanding to the aforesaid, to mitigate the similar occurrence of the said non-compliances in the future, our Group has appointed a new tax agent, namely TGS Advisory Sdn Bhd, effective from 16 April 2024 as well as implemented a comprehensive internal guide pertaining to our Group's future yearly corporate tax submission.

#### 7.24.4.2 Late Payment Charges

On 6 December 2024, there were two (2) late payment charges amounting to RM89,999.99 (comprising RM68,000.00 for year of assessment 2021 and RM21,999.99 for year of assessment 2022, respectively) imposed by IRB against RCSB due to amongst others, such alleged delays in submission of forms, payment by instalments on accounts of tax and the wrong use of payment code to remit relevant corporate tax payments.

As at the LPD, the nature of such impositions are pending further details to be advised by the IRB and the IRB has also not advised a payment due date for the settlement in respect of the same.

Notwithstanding to the above, the aforesaid imposition by IRB is not expected to have any material impact on our Group's business operations and financial condition on the following basis:-

- (i) our Company's newly appointed tax agent has indicated that, based on the acknowledgement receipts from IRB in respect of RCSB's filing of Form CP204 for the years of assessment 2021 and 2022, all such submission forms were filed timely and that only one monthly instalment payment arising from year of assessment 2021 was delayed;
- (ii) as at the LPD, no other further action was pursued by IRB against RCSB;
- (iii) the total amount of the aforesaid impositions by IRB only amount to approximately 1.68%, 0.40%, 1.27% and 2.03% of the Group's PBT, for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively.

As referred to under Section 7.24.4.1 of this Prospectus, to prevent/mitigate the similar occurrence of the said non-compliances in the future, our Group has appointed a new tax agent, namely TGS Advisory Sdn Bhd, as well as implemented a comprehensive internal guide pertaining to our Group's future yearly corporate tax submission.

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**7. BUSINESS OVERVIEW (CONT'D)**

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**7.24.4.3 Standard Operating Procedures for Annual Screening and Sales Collection Due Diligence**

Our Group has implemented a set of standard operating procedures for annual screening of customers and due diligence on sales collection to enhance compliance, mitigate financial risks, and maintain the integrity of our business operations, including, amongst others:-

- (i) identifying the top 10 customers and conducting annual screening on them after the end of each financial year, which include, amongst others, the following:-
  - (a) engaging relevant professionals to perform credit tip-off services (CTOS) search, winding-up search, bankruptcy search, CCM search and public domain search; and
  - (b) confirming the validity and relevance of the licences as well as accessing the financial capabilities of the top 10 customers.
- (ii) due diligence procedures to ensure the authenticity of sales collections from the top 10 customers, which include, amongst others, the following:-
  - (a) cross-verifying payment details against approved payment methods and agreed-upon terms; and
  - (b) verifying the collection source and amount against company records.

**7.25 EXCHANGE CONTROL**

Our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

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**8. IMR REPORT**

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PROVIDENCE STRATEGIC PARTNERS SDN BHD  
(1238910-A)  
67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz  
46200 Petaling Jaya, Selangor, Malaysia.  
T: +603 7625 1769

Date: 23 December 2024

The Board of Directors  
**RICHTECH DIGITAL BERHAD**  
729, 7th Floor Block A, Kelana Centre Point  
Jalan SS7/19, Kelana Jaya  
47301 Selangor

Dear Sirs/Madam,

**Independent Market Research (“IMR”) Report on the Electronic Reload and Bill Payment Services Industry and Electronic Commerce (“e-Commerce”) Market in Malaysia in conjunction with the Listing of RICHTECH DIGITAL BERHAD on the ACE Market of Bursa Malaysia Securities Berhad**

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PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this IMR report on the Electronic Reload and Bill Payment Services Industry and e-Commerce Market in Malaysia for inclusion in the Prospectus of RICHTECH DIGITAL BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of the industry within the confines of secondary statistics, primary research and evolving industry dynamics. We believe that this IMR report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive.

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without the prior express written consent of PROVIDENCE.

For and on behalf of PROVIDENCE:

A handwritten signature in black ink, appearing to read 'Melissa Lim', with a long horizontal flourish extending to the right.

MELISSA LIM  
EXECUTIVE DIRECTOR

**About PROVIDENCE STRATEGIC PARTNERS SDN BHD:**

*PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions and competitive landscape.*

**About MELISSA LIM:**

*Melissa Lim is the Executive Director of PROVIDENCE. She has approximately 15 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.*

## 8. IMR REPORT (CONT'D)



RichTech Digital Berhad and its subsidiary (collectively referred to as “RichTech Group” or “the Group”) are principally involved in the distribution of electronic reloads as well as the provision of bill payment services via its digital platform. RichTech Group’s principal market is Malaysia.

As such, this IMR report focuses on the following:

- **The electronic reload and bill payment services industry in Malaysia**, as this chapter covers the industry which RichTech Group operates in; and
- **The e-commerce market in Malaysia**, as this chapter covers the demand for e-commerce marketplace as RichTech Group intends to extend the range of services offered through its digital platform to include a marketplace in the future.

# 1 THE ELECTRONIC RELOAD AND BILL PAYMENT SERVICES INDUSTRY IN MALAYSIA

## DEFINITION AND SEGMENTATION

Electronic reloads refer to reloads of digital products that are performed electronically. These digital products include:

- (i) **mobile airtime and data** – Generally, mobile airtime and data are used for prepaid mobile network plans, which require purchase or payment on an upfront basis to utilise the telecommunication operators’ services. The purchase of electronic reloads for mobile airtime will provide users with access to the telecommunication operators’ offerings such as calls, messages and/or mobile data. Meanwhile, the purchase of electronic reloads for mobile data refers to the acquisition of bandwidth plans upfront, granting users access to the internet for a specified duration and/or a designated amount of bandwidth. This allows users to access the internet, send and receive emails, utilise mobile applications and engage in various online activities.

Mobile airtime and data are not required for postpaid mobile network plans as postpaid mobile network plans require the user to sign up for a contract with a specified amount of airtime for a fixed period. The user will be billed on a monthly basis, regardless of airtime usage;

- (ii) **digital television (“TV”) services** – Refer to satellite TV and internet protocol (IP) TV services typically received via the internet, wherein the purchase of electronic reloads for digital TV services entails payment for accessing prepaid digital TV content for a specific duration or specific channel(s); and
- (iii) **games** – Refer to video and mobile games, wherein the purchase of electronic reloads for games involves replenishing or reloading in-game currency or credits utilised within games or games platforms. Many games and games platforms utilise virtual currencies or credits that players can earn, purchase or acquire through playing the games. These credits are often used to purchase in-game items, unlock features or enhance the gaming experience.

Meanwhile, bill payment services refer to the payment of bills for various services, including postpaid mobile network, utilities, internet and digital TV services, quit rent and assessment, instalment plans and loans. These bill payment services are offered via a digital platform so that users can use the credits available in the respective digital payment platforms to make these bill payments. It does not include bill payments paid through electronic wallets (“eWallet(s)”) or paid electronically using other methods. It also does not include bill payments for the digital platform operators’ own products and services such as payments for postpaid mobile network plans through a mobile application operated by a telecommunication operator.

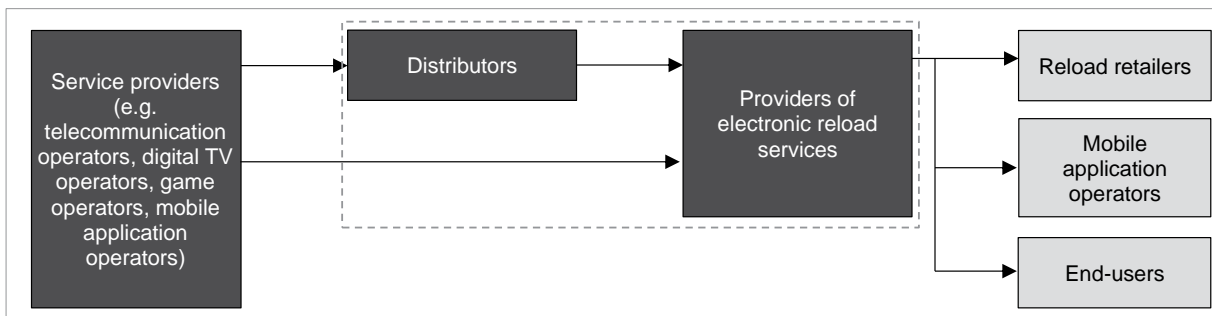
The industry value chain for electronic reload services in Malaysia begins with service providers selling their electronic reload credits to either distributors or providers of electronic reload services. Distributors will sell electronic reloads in bulk to providers of electronic reload services. Meanwhile, providers of electronic reload services who purchase the electronic reloads will sell directly to end-users, reload

**8. IMR REPORT (CONT'D)**



retailers (which include mobile phone, sundry and apparel shops) and/or mobile application operators (who are operators of other mobile applications).

**Industry value chain for electronic reload services in Malaysia**



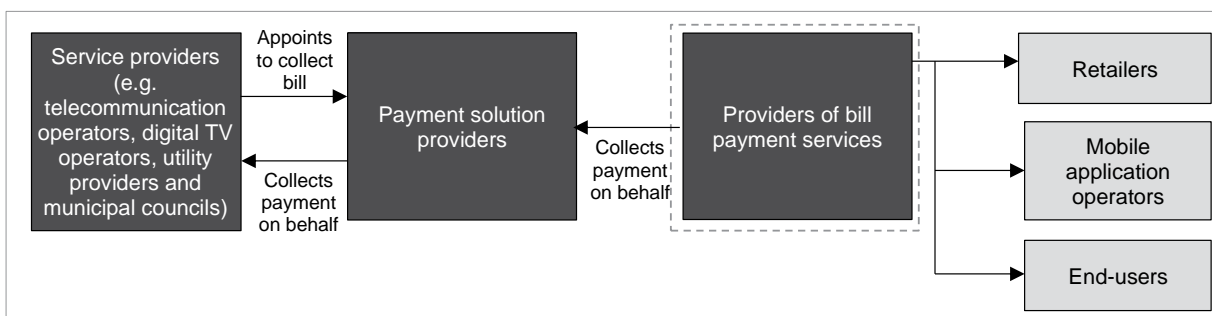
Note:

(i) [ ] denotes the activities in which RichTech Group is involved

Source: PROVIDENCE

Meanwhile, the industry value chain for bill payment services begins with the service providers appointing a payment solution provider to collect bills on their behalf. These payment solution providers will then work with providers of bill payment services to collect bill payments on their behalf from users of their digital platform, and this may include end-users, retailers (which include mobile phone, sundry and apparel shops) and/or mobile application operators (who are operators of other mobile applications).

**Industry value chain for bill payment services in Malaysia**



Note:

(ii) [ ] denotes the activities in which RichTech Group is involved

Source: PROVIDENCE

**INDUSTRY PERFORMANCE, SIZE AND GROWTH**

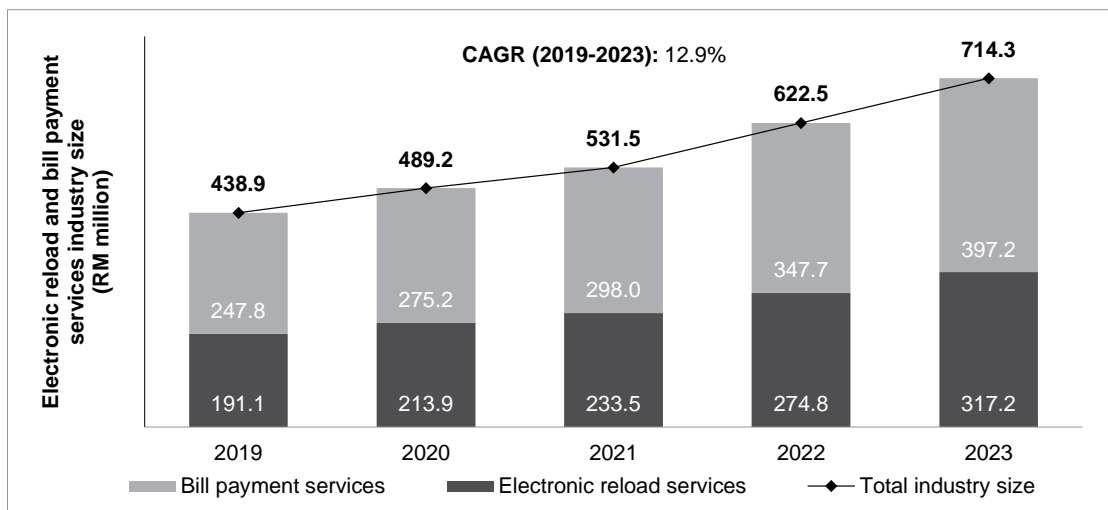
The electronic reload and bill payment services industry size in Malaysia can be measured by the commissions and/or incentives generated from electronic reload and bill payment services through the sale of electronic reloads or through facilitating bill payment services. The electronic reload and bill payment services industry in Malaysia grew from RM438.9 million in 2019 to RM714.3 million in 2023, registering a compound annual growth rate (“CAGR”) of 12.9%. Moving forward, the electronic reload and bill payment services industry in Malaysia is expected to continue to grow at a CAGR of 11.5%, from an estimated RM804.4 million in 2024 to RM1.0 billion in 2026.



8. IMR REPORT (CONT'D)



Electronic reload and bill payment services industry size in Malaysia



Source: Future Market Insights, PROVIDENCE analysis

KEY GROWTH DRIVERS

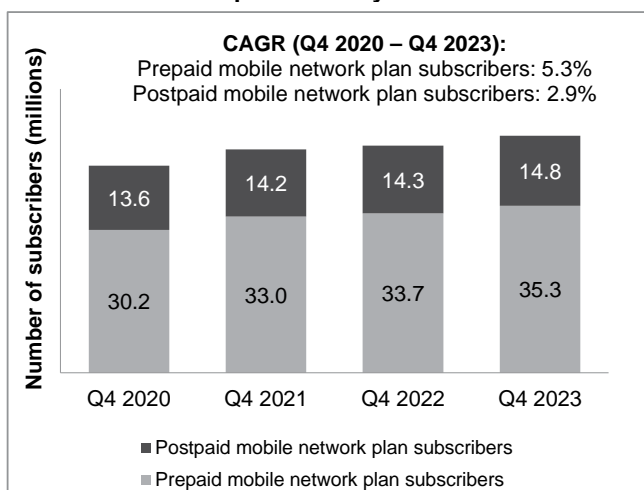
Large and growing customer base of prepaid mobile network plan users will drive the demand for electronic reload services

Mobile airtime and data electronic reloads, which are used by prepaid mobile network plan users, are among the most common services sold by providers of electronic reload services in Malaysia. As such, the number of users for prepaid mobile network plans will denote the demand for mobile airtime and data electronic reloads, which will drive demand for the electronic reload and bill payment services industry.

As at the fourth quarter of 2023, the number of subscriptions for prepaid mobile network plans stood at 35.3 million, comprising 70.5% of the total mobile subscriptions in Malaysia.<sup>1</sup> The number of subscriptions for prepaid mobile network plans has also been growing, from 30.2 million as at fourth quarter of 2020 to 35.3 million as at fourth quarter of 2023, registering a CAGR of 5.3%.

Meanwhile, while the number of subscriptions for postpaid mobile network plans has been growing, it grew at a relatively slower CAGR of 2.9% between fourth quarter of 2020 and fourth quarter of 2023, from 13.6 million as at fourth quarter of 2020 to 14.8 million as at fourth quarter of 2023. In 2023, number of subscriptions for postpaid mobile network plans comprised the remaining 29.5% of the total mobile subscriptions in Malaysia.<sup>2</sup>

Number of mobile subscriptions by type of network plan in Malaysia



Source: Malaysian Communications and Multimedia Commission ("MCMC")

<sup>1</sup> Source: MCMC

<sup>2</sup> Source: MCMC

## 8. IMR REPORT (CONT'D)



This can also be seen through the growth in sales of mobile airtime and data reloads. Sales of mobile airtime and data reloads in Malaysia, which can be measured using sales of mobile airtimes and data reloads by telecommunication operators, grew from RM8.5 billion in 2020 to an estimated RM9.7 billion in 2023, registering a CAGR of 4.5%.<sup>3</sup>

The high number of subscriptions for prepaid mobile network plans is primarily due to the advantages that prepaid mobile network plans provide, which include:

- **Cost effectiveness**

In Malaysia, unlimited prepaid mobile network plans can be obtained at a minimum of RM30 on a monthly basis while it would cost RM50 and above for the same unlimited service offerings for postpaid network plans. As such, it is generally cheaper to use prepaid mobile network plans as compared to postpaid network plans.

- **Flexibility**

Generally, users who use prepaid mobile plans are required to top up their account only when they need it, as opposed to making monthly payments depending on the plan they subscribed for, in order to utilise the airtime. As such, prepaid mobile network plans remain popular amongst the population in Malaysia, including target segments such as students, foreign workers and low-income earners.

- **No commitments and less requirements**

In addition, prepaid mobile network plan users are not bound to long-term contracts. Further, there are typically more requirements to register for a postpaid network plan, particularly for non-Malaysians. Telecommunication operators typically require non-Malaysians to provide a copy of their passport and a deposit in order to register for a postpaid network plan. As such, this deters some individuals including non-Malaysians, from registering for postpaid network plans but opting for prepaid mobile network plans instead.

While postpaid network plans offer the convenience of making a single bill payment at the end of the month, a large majority of the mobile network users in Malaysia still use prepaid mobile network plans due to the abovementioned reasons.

This is further supported by the growing B40 households within Malaysia resulting in an increase in percentage of B40 households from 14.8% in 2012 to 16.1% in 2022.<sup>4</sup> The Department of Statistics had also reclassified the B40 household group in 2022, wherein the classification of B40 household groups have changed from RM4,849 and below prior to 2022 to RM5,249 and below in 2022. This resulted in some household income groups from the M40 category falling into the B40 household income group. This change in classification was mainly to reflect the economic environment in Malaysia in light of rising inflation rates. The growing B40 household group in Malaysia will also create demand for prepaid mobile network plan, thus increasing demand for electronic reloads for mobile airtime and data, as the B40 household income category will be more cost conscious and likely to subscribe to prepaid mobile network plans.

### **Increased usage of the internet will encourage purchase of electronic reloads and payment of bills via digital platforms**

Over the years, the number of internet users has been growing. Malaysia's internet adoption, represented by fixed broadband penetration rates, increased from 37.2% as at the fourth quarter of 2020 to reach 48.2% as at the third quarter of 2024.<sup>5</sup> Meanwhile, Malaysia's mobile internet adoption, represented by

<sup>3</sup> Source: Maia Research Analysis

<sup>4</sup> Source: Department of Statistics Malaysia ("DOSM"). Latest publicly available information is as at 2022

<sup>5</sup> Source: MCMC

## 8. IMR REPORT (CONT'D)



mobile broadband subscriptions increased from 38.8 million subscriptions as at the fourth quarter of 2020 to 45.0 million subscriptions as at the third quarter of 2024.<sup>6</sup>

The accessibility of both fixed and mobile internet has improved over the years as a result of the increasing affordability of internet services in Malaysia. Internet and mobile network service providers are increasingly offering innovative and competitive data packages for fixed and mobile broadband, which include large data allowances and affordable smartphones. The Access Pricing Framework depicted in the Eleventh Malaysia Plan (2016 – 2020), which aims to reduce prices and increase broadband speed, has also played a role in encouraging the affordability of internet services. In 2018, competition amongst internet and mobile network service providers was further intensified via the Mandatory Standard on Access Pricing, which led to a reduction in the prices of internet services. Beginning 1 March 2023, consumers of fixed broadband<sup>7</sup> will enjoy a reduced monthly rate of RM254.64 for 100 megabits per second (“Mbps”) in 2023, and further reduced to RM217.65 in 2024 and then to RM186.21 in 2025, in comparison to RM515.00 in 2020. The National Digital Network Plan (“JENDELA”) will further improve connectivity in the country through the provision of higher quality broadband at lower prices.

As strong and stable telecommunication networks are required to quickly and securely perform transactions of electronic reloads and bill payments via smartphones or other mobile devices, the growth of internet adoption is expected to encourage the growth of the electronic reload and bill payment services industry in Malaysia.

Further, the Government of Malaysia (“Government”) has also released the Malaysia Digital Economy Blueprint, which outlined plans to accelerate Malaysia to become a technologically advanced economy. Under the blueprint, the Government aims to drive digital transformation in the public sector by ensuring federal and state-level agencies adopt cashless payments as the preferred method for payment, as well as creating an inclusive digital society through the promotion of electronic payment onboarding programme for merchants and consumers. This initiative is expected to result in a growth in utilisation of bill payment services in Malaysia.

### Economic growth and rising disposable income in Malaysia

Malaysia is a developing country with positive economic growth, with its gross national income (“GNI”) per capita growing from RM42,838 in 2020 to an estimated RM52,955 in 2023.<sup>8</sup> As the living standards and disposable income of the population continue to improve, especially for urban households, it is expected to continue contributing to the growth of the electronic reload and bill payment services industry in Malaysia.

Meanwhile, the urbanisation rate in Malaysia also saw growth, from 77.2% in 2020 to 78.7% in 2023.<sup>9</sup> The growing urbanisation rate in Malaysia signifies an increase in the number of people migrating to urban areas for better employment opportunities. Urban lifestyle generally demands mobility, flexibility and instant communication, thus making mobile phones an indispensable tool for urban dwellers. Thus, compared to rural dwellers, urban residents have greater spending power and lead busier lifestyles, leading to the need for convenience, including carrying out transactions of electronic reloads and bill payments via digital platforms. As a result of this, the electronic reload and bill payment services industry in Malaysia is expected to continue experiencing growth.

### The advantages of performing transactions for electronic reloads and bill payments via digital platforms

Currently, modern lifestyles revolve around speed and convenience as working adults live busy lives with limited amount of time. As such, working adults would opt to perform transactions electronically via digital

<sup>6</sup> Source: MCMC

<sup>7</sup> Price for fixed broadband refers to prices for layer 3 high speed broadband network services.

<sup>8</sup> Source: DOSM

<sup>9</sup> Source: World Bank

**8. IMR REPORT (CONT'D)**

platforms instead of traditional payment services due to the ease and convenience experienced through electronic transactions.

Further, digital platforms offer better transparency compared to traditional transactional methods. By utilising data storage and cloud computing, customer financial data can be stored in the cloud to allow for ease of data tracking and analysis. In addition, customers can also refer to their historical transactions through the digital platform.

As such, this has led to a growth in bill payment services in Malaysia. The local digital payment industry, as measured by values of transactions performed online and through digital platforms, grew at a CAGR of 18.0%, from RM1.4 billion in 2020 to RM2.3 billion in 2023.<sup>10</sup> The abovementioned benefits are expected to contribute to the increased adoption of digital platforms to perform electronic reload and bill payment transactions. PROVIDENCE estimates that the digital payment industry in Malaysia will grow by a further 16.1% between 2024 and 2026.

**PRODUCT / SERVICE SUBSTITUTION**

There are currently no substitutes for prepaid and postpaid mobile network services as these are the 2 options offered by telecommunication operators for mobile services. There are also no substitutes for games, utilities, internet, TV services, quit rent and assessment, instalment plans and loans.

However, electronic reload and bill payment services that are transacted via digital platforms can be substituted through the purchase of electronic reloads directly from the service providers or through eWallets. Nevertheless, purchasing electronic reloads directly from service providers will not allow users to enjoy the discounts through digital platforms. Performing such transactions digitally through the service providers' application or an eWallet may also require the user to have a bank account or credit card, which would not be possible for the underbanked population.

**SUPPLY FACTORS****Availability of electronic reloads**

Electronic reloads are key supplies for distributors and providers of electronic reload services. These electronic reloads are generally readily available to be purchased by distributors and providers of electronic reload services. Industry players must have their own network of suppliers from whom they can procure sufficient electronic reloads at competitive rates.

**COMPETITIVE OVERVIEW**

The competitive landscape of the electronic reload and bill payment services industry in Malaysia comprises companies that are involved in the distribution of electronic reloads with digital platforms that enable bill payments who are based in Malaysia. PROVIDENCE estimates there are approximately 50 industry players that have digital platforms to facilitate the sale of electronic reloads or bill payment services. Of these 50 industry players, PROVIDENCE has identified 13 industry players, including RichTech Group, on the basis that they:

- (i) Provide electronic reload services;
- (ii) Operate and manage mobile applications that enable bill payments for products and services offered within the mobile application. This excludes companies that enable bill payment for its own products and services, as well as companies that enable payment for products and services that are not offered within the mobile application;

<sup>10</sup> Source: Allied Market Research

**8. IMR REPORT (CONT'D)**



(iii) Offer their services either through a mobile application and/or web portal;

(iv) Have a revenue of RM1.0 million and above.

These identified industry players are as detailed below:

Company name	Product/service offerings			Latest available financial year ended ("FYE")	Revenue <sup>(iii)</sup> (RM '000)	Gross profit ("GP") <sup>(iv)</sup> (RM'000)	GP margin <sup>(v)</sup> (%)	PAT / Loss After Tax <sup>(vi)</sup> (RM '000)	PAT margin <sup>(vii)</sup> (%)
	Electronic reloads <sup>(i)</sup>	Bill payments <sup>(ii)</sup>	Other services						
Anypay Sdn Bhd	✓	✓	Ticketing services	30 September 2023 <sup>(viii)</sup>	459,916 <sup>(ix)</sup>	2,866 <sup>(ix)</sup>	0.6	1,376 <sup>(ix)</sup>	0.3
ATX (M) Sdn Bhd	✓	✓	Subscriptions, parcel delivery	30 June 2024	1,278 <sup>(ix)</sup>	477 <sup>(ix)</sup>	37.3	(391) <sup>(ix)</sup>	-
Dotlines Sdn Bhd	✓	✓	-	31 December 2023	68,002	3,246	4.8	194	0.3
e-Pay (M) Sdn Bhd	✓	✓	Point-of-sales terminal	31 December 2023	137,879 <sup>(ix)</sup>	36,847 <sup>(ix)</sup>	26.7	4,785 <sup>(ix)</sup>	3.5
HPCS Sdn Bhd	✓	✓	-	31 December 2023	5,607	1,331	23.7	154	2.7
limmpact Sdn Bhd	✓	✓	-	31 December 2023	3,805	2,466	64.8	(2,028)	-
ManagePay Services Sdn Bhd	✓	✓	Remittance, delivery, shopping	31 December 2022	9,062 <sup>(ix)</sup>	1,816 <sup>(ix)</sup>	20.0	(2,487) <sup>(ix)</sup>	-
OTA MY Sdn Bhd	✓	✓	Prepaid starter pack distribution, very important person ("VIP") numbers and VIP number plates, postpaid and broadband registration	30 September 2023	2,381 <sup>(ix)</sup>	2,268 <sup>(ix)</sup>	95.3	210 <sup>(ix)</sup>	8.8
Panda Marketing Sdn Bhd	✓	✓	-	31 December 2023	7,226	85	1.2	(310)	-
PayLink Global (M) Sdn Bhd	✓	✓	Insurance payment	31 December 2023	6,992 <sup>(ix)</sup>	1,954 <sup>(ix)</sup>	27.9	(165) <sup>(ix)</sup>	-
<b>RichTech Group</b>	✓	✓	-	<b>31 December 2023</b>	<b>7,797</b>	<b>7,654</b>	<b>98.2</b>	<b>5,374</b>	<b>68.9</b>
Sea Gamer Mall Sdn Bhd	✓	X	Gift cards	31 December 2023	670,901 <sup>(ix)</sup> <sup>(x)</sup>	32,782 <sup>(ix)</sup>	4.9	4,060 <sup>(ix)</sup>	0.6
Simplepay Gateway Sdn Bhd	✓	✓	Gift Cards, compounds payment	31 December 2023	12,965 <sup>(ix)</sup>	8,153 <sup>(ix)</sup>	62.9	(258) <sup>(ix)</sup>	-

## 8. IMR REPORT (CONT'D)



### Notes:

- (i) Electronic reloads may include mobile airtime credit, mobile data credit, prepaid digital TV credit, games credit, application credit and eWallet credit.
- (ii) Bill payments may include payment services for postpaid mobile network, utilities, postpaid digital TV and internet services, maintenance services of national sewerage systems, quit rent and assessment as well as education loan and instalment plan.
- (iii) Revenue may refer to the commission from the electronic reloads sold or the value of electronic reloads sold as well as the commission and/or incentive from the bill payment made or the value of the bill payment made. The manner in which revenues are recognised may differ from one company to another and may include users' share of commission and/or rebates.
- (iv) Based on the GP of the company which is involved in the distribution of electronic reloads and provision of bill payment services, unless otherwise specified.
- (v) GP margin is computed based on GP over revenue.
- (vi) Based on the PAT of the company which is involved in the distribution of electronic reloads and provision of bill payment services, unless otherwise specified.
- (vii) PAT margin is computed based on PAT over revenue.
- (viii) FYE period is between 1 July 2022 and 30 September 2023 due to changes in the FYE of the company
- (ix) Financial information may be generated from other services, other than distribution of electronic reloads and provision of bill payment services as segmental financial information is not publicly available.
- (x) Based on the segmental information of the company's distribution of electronic reloads and provision of bill payment services.
- (xi) Revenue was generated from both local and international sales.
- (xii) Information based on publicly disclosed information as at 23 December 2024.

Source: PROVIDENCE analysis, various company websites, Companies Commission of Malaysia

The barriers to entry of the electronic reload and bill payment services industry is moderately low due to low capital expenditure requirements. While industry players must acquire a network of suppliers to procure their electronic reloads and have sufficient capital to purchase these electronic reloads, the capital expenditure requirements are not high. However, the competitiveness of the electronic reloads and bill payment industry player is dependent on its capability to cultivate and maintain a network of customers to sell electronic reloads and bill payment services as well as to procure and maintain a network of suppliers from whom it can procure sufficient electronic reloads and bill payment credits at competitive rates, experience to manage inventories of electronic prepaid reloads, develop suitable pricing strategies, offer a wide range of services and provide efficient and reliable maintenance and technical support services to its users.

### MARKET/INDUSTRY REVENUE SHARE

Based on the industry size for electronic reload and bill payment services in Malaysia of RM714.3 million in 2023, RichTech Group garnered an industry revenue share of 4.0% in 2023 based on its gross commission revenue of RM28.6 million in 2023.

RichTech Group has also sold approximately 5.5% of the total mobile airtime and data reloads in Malaysia, which can be measured using sales of mobile airtimes and data reloads by telecommunication operators of RM9.7 billion in 2023 and its gross billings for electronic reloads of RM530.7 million in FYE 2023.



## 2 OVERVIEW OF THE E-COMMERCE MARKET IN MALAYSIA

E-commerce channels include online retail platforms, e-commerce marketplaces as well as personal shopper platforms which can deliver products from several retailers to consumers. The e-commerce market size in Malaysia increased, in terms of transaction values, from USD3.0 billion (RM12.4 billion<sup>11</sup>) in 2019 to USD13.0 billion (RM59.3 billion<sup>11</sup>) in 2023, registering a CAGR of 44.3%. Moving forward, the e-commerce market in Malaysia is forecast to grow at CAGR of 42.9% from USD18.6 billion (RM84.9 billion<sup>11</sup>) in 2024 to reach a market size of USD38.0 billion (RM173.5 billion<sup>11</sup>) by 2026. The growth of the e-commerce market in Malaysia has been, and is expected to continue to be driven, by the following factors:

**(i) Growing population and disposable income will create continuous demand for the retail industry**

Population growth will contribute to the increase in e-commerce sales. The population of Malaysia increased from 32.4 million in 2020 to an estimated 33.4 million in 2023.<sup>12</sup> During the same period, Malaysia's GNI per capita grew from RM42,838 in 2020 to an estimated RM52,955 in 2023.<sup>12</sup> The increase in GNI indicates a growing disposable income which would give rise to greater spending power amongst the population. With greater spending power, consumers in Malaysia will be more inclined to purchase consumer products, which would, in turn, benefit the e-commerce market.

**(ii) Government initiatives that can support the growth of the e-commerce industry**

Under Budget 2025, the Government of Malaysia proposed to extend individual income tax exemption on childcare allowances to include care for the elderly, and an increase in cash assistance allocation under the Department of Social Welfare from RM2.4 billion to RM2.9 billion. This is expected to increase the disposable income of the population, which may be channelled to retail spending through e-commerce platforms.

In addition, the Government has implemented a national initiative to drive the growth of e-commerce in the country, namely the National E-Commerce Strategic Roadmap 2021-2025 (NESR 2.0). This national initiative will focus on e-commerce adoption, capitalising on export potential, strengthening e-commerce fulfilment capabilities, spearheading e-commerce innovation, tapping into the power or data, as well as improving consumer and seller protection. Further, under Budget 2025, the Government also proposed to allocate RM24.0 million for promotion of e-commerce activities under Malaysia External Trade Development Corporation (MATRADE), Majlis Amanah Rakyat (MARA) and Malaysia Digital Economy Corporation (MDEC). Collectively, these initiatives are expected to drive the growth of e-commerce industry in Malaysia.

<sup>11</sup> Exchange rates from USD to RM were converted based on average annual exchange rates extracted from published information from Bank Negara Malaysia for:

2019: USD1 = RM4.1427

2023, 2024 and 2025: USD1= RM4.5653

<sup>12</sup> Source: DOSM



### **3 PROSPECTS AND OUTLOOK FOR RICHTECH GROUP**

The electronic reload and bill payment services industry in Malaysia, as indicated by the commissions generated from electronic reload and bill payment services through the sale of electronic reloads or through facilitating bill payment services, has been growing at a CAGR of 12.9% between 2019 and 2023. Moving forward, PROVIDENCE estimates that the electronic reload and bill payment services industry in Malaysia will grow at a CAGR of 11.5% between 2024 and 2026.

The industry is expected to be driven by the large and growing customer base of prepaid mobile network plan users, increased usage of the internet, economic growth and rising disposable income, as well as advantages of performing transactions via digital platforms.

As an industry player offering electronic reload and bill payment services in Malaysia, RichTech Group stands to benefit from the positive outlook of the electronic reload and bill payment services industry in Malaysia. RichTech Group also stands to benefit from the growing e-commerce market in Malaysia in light of its expansion plan to extend its service offering to include a marketplace for apparel.

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**9. RISK FACTORS**

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**YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING KEY RISK FACTORS WHICH MAY HAVE A MATERIAL ADVERSE IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR COMPANY.**

**9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS****9.1.1 We are dependent on our major customers**

We are dependent on Iqka Collection Services and Real One Group, both of which have individually contributed more than 14.00% to our Gross Sales during the Financial Years/Period Under Review. In particular, the Gross Sales contribution from Iqka Collection Services increased from 18.11% in FYE 2021 to 22.96% in FYE 2022, 25.65% in FYE 2023 and 28.34% in FPE 2024. Meanwhile, the Gross Sales contribution from Real One Group decreased from 23.36% in FYE 2021 to 14.31% in FPE 2024.

Iqka Collection Services and Real One Group are our SRS corporate users and they use our electronic reload and bill payment services in large volumes as they sell our services to their customers. We thus leverage on the network of stores/outlets of our SRS corporate users to deploy our electronic reload and bill payment services.

Like any of our users, we do not enter into long-term contracts or purchase commitments with these major customers. Therefore, should they choose to terminate our services or not transact via our SRS platform and we are unable to secure substitute users in a timely manner, we may face adverse impacts on our business operations and financial performance.

While we have maintained mutually beneficial and trusted working relationships of eight (8) years and ten (10) years with Iqka Collection Services and Real One Group, respectively, as at the LPD, and the switching of digital platforms would be an inconvenience to these SRS corporate users as they will need to reinstall and train their employees/agents to use a new digital platform, there can be no assurance that they will not cease transacting via our SRS platform in the future.

**9.1.2 We may be affected by technological advancements and changes in market preferences and trends**

The electronic reload and bill payment services we offer are subject to evolving technological advancements and changes in market preferences and trends. For the Financial Years/Period Under Review, 72.37% to 77.38% of our Gross Sales were generated from electronic reload services, including electronic reloads for mobile airtime reloads, mobile data reloads, prepaid digital TV reloads, games credits, application credit and eWallet credit. As a significant portion of our Gross Sales was generated from electronic reload services, we rely on continued market preferences for the services we provide, namely, the electronic reloads for mobile airtime reloads, mobile data reloads, prepaid digital TV reloads, games credits, application credit and eWallet credit.

While changes in market preferences and technological trends could impact these services, we are committed to adapting to these changes to sustain our business performance and growth. In addition, we remain vigilant to the shift in market preferences and advancements relating to digital platforms. Our Group's business presently involves the distribution of electronic reloads and the provision of bill payment services via our SRS platform. Although changes in market preferences and technological advancements in digital transactions may occur, we are dedicated to ensuring the relevance of our SRS platform to mitigate the potential impacts on our business performance and growth.

Our range of electronic reload services has grown from just mobile airtime credit to a wide range of electronic reload services and bill payment services we offer today. Our method of distribution of electronic reloads and provision of bill payment services has also evolved from an SMS reload system and a web portal to our SRS platform, comprising a mobile application named "SRS App", a web portal named "SRS Portal" and customised digital platforms.

Despite our ongoing efforts, there can be no assurance that we will have sufficient resources or the ability to accurately anticipate and respond to new market preferences and technological changes in a timely and cost-effective manner. There can be no assurance that this would not have an adverse impact on our Group's business operations and financial performance.

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**9. RISK FACTORS (CONT'D)**

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**9.1.3 We may be affected by security breaches**

We retain information of our users in our computers and our database hosted by the established hosting providers. As such, we may face risks of external security threats such as hacking, espionage and cyber intrusion, as well as internal security breaches of computers used by our employees. These include unauthorised access to restricted information by our employees.

Any such security breaches can compromise the security of our data and/or users' data, thus materially and adversely affecting our business operations. Failure to protect our proprietary and users' information from security breaches could adversely damage our business reputation and brand name, leading to long-term repercussions on our business operations.

As we work with established hosting providers to host our data and information from our back-end system on transactions performed on our SRS platform, our SRS platform would not be disrupted in the event of a malware attack on our internal networks and systems. In addition, our electronic reloads stocks are encrypted. Since incorporation till the LPD, we have not experienced any data breaches or security threats that have materially impacted and disrupted our Group's business operations. Despite this, there is also no assurance that such security measures are adequate to safeguard us from security breaches on information of our users stored on our computers.

**9.1.4 We are dependent on our Executive Directors and Key Senior Management for the continuing success of our Group**

The continuing success of our Group's business is dependent on the capabilities, experience and efforts of our Executive Directors and Key Senior Management. Prior to founding our Group, our Managing Director, Lee Teik Keong, honed his skills in IT platform and system development. He has been instrumental in charting the overall strategic business direction of our Group since we commenced our business in 2011. He is supported by our Executive Director, Agnes Wong Eei Nein and our dedicated Key Senior Management team, namely our Chief Technical Officer, Chew Kim Wei; our Chief Financial Officer, Hong Chuan Keong and our Operations Manager, Lai Yun Teng. They have experience in their relevant industry which enabled us to manage the business operations of our Group, including the sourcing of electronic reloads, managing the operations of SRS platform, securing of new users, undertaking marketing and promotion activities, managing financial functions as well as instrumental in our expansion plans.

We believe that our business continuity and future success are dependent upon the continued services of our Executive Directors and Key Senior Management. The loss of any of our Executive Directors and Key Senior Management simultaneously or within a short span of time without suitable and timely replacement, or our inability to recruit or retain competent personnel could have an unfavourable and material impact on our Group's ability to compete effectively and this in turn may affect our business and operating results.

**9.1.5 We are exposed to the risk of network disruptions or failures that could adversely affect our operations**

Due to the nature of our business, we rely on our ability to receive, process and monitor a large number of electronic transactions. These transactions can be performed via our SRS platform on a real-time basis throughout the day. We are thus dependent on our network connection to operate. As such, should there be any network failures caused by events that may be beyond our control, such as power failures, natural disasters and network connectivity downtime, this may disrupt our distribution of electronic reloads and provision of bill payment services via our SRS platform to our users.

Although we have not experienced any material network disruptions for the Financial Years/Period Under Review and up to LPD, there can be no assurance that such events will not occur in the future.

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**9. RISK FACTORS (CONT'D)**

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**9.1.6 We are dependent on our major supplier**

Our Group sources electronic reloads from distributors/service provider and engage payment solution providers to perform bill payment services to facilitate our business. During the Financial Years/Period Under Review, 34.38%, 39.85%, 41.58% and 43.42% of our Group's purchases were from Enzon for electronic reloads.

While we have maintained a mutually beneficial and trusted working relationship of eight (8) years with Enzon as at the LPD, we do not have any long-term contract with them. Therefore, if Enzon stops supplying to us, there may be a temporary supply disruption to our business operations if we are unable to find a suitable replacement in a timely manner. We require such a replacement supplier to provide electronic reloads at commercially acceptable prices and in the necessary volume, failing which, our business operations and financial performance may be adversely affected.

**9.1.7 There is no assurance that our business prospects and plans will be successful**

As part of our business prospects and plans as set out in Section 7.22 of this Prospectus, we intend to, amongst others, expand our user base of SRS end-users, continuously grow our sales via collaborations as well as extend our services offered on our SRS platform.

Whilst we believe that our business prospects and plans will be beneficial to the overall performance of our Group, the expected benefits may not materialise immediately at all or may take a longer time to materialise, which may affect our anticipated results and profitability in the short term. Further, the execution of our business plans may also result in additional operational expenditures on sales and marketing activities. Such additional operational expenditures will increase our Group's operational costs, which may adversely affect our profit margin.

Hence, there is no guarantee that we will be able to successfully execute our business plans nor assure that we will be able to anticipate all business and operational risks that may arise from our business plans. Any failure or delays in managing and executing our business growth strategies/plans may lead to materially adverse effects on our future business prospects and financial performance.

**9.1.8 Our business requires working capital to grow**

The distribution of electronic reloads and provision of bill payment services require working capital for the purchase of electronic reloads and/or placing of a deposit or credit pool with payment solution providers. During the Financial Years/Period Under Review, our working capital was funded by our Group's internally generated funds. While we are currently having sufficient working capital for our present business operations, we will require additional funding if we wish to significantly grow our business in the future. Should we be unable to secure additional funding, or if such additional funding is available only on unfavourable terms, we may not be able to capture such business opportunities. There is no assurance that we will have sufficient working capital to purchase electronic reloads and/or place a deposit or credit pools with payment solution providers to expand our business in the future.

**9.2 RISKS RELATING TO OUR INDUSTRY****9.2.1 We are exposed to inherent risks of the electronic reload and bill payment services industry**

As we are principally involved in the distribution of electronic reloads as well as the provision of bill payment services via our SRS platform, we are subject to risks relating to the electronic reload and bill payment services industry. Any challenges, downturns and/or decline in the demand of such services in the industry which could be depicted by the number of mobile prepaid subscriptions and mobile-broadband penetration rates, will cause an adverse effect on our business, financial condition, results of operations and prospects.

The electronic reload and bill payment services industry may be affected by a number of factors which include changes in market trends or consumer preferences. Thus, the occurrence of any of challenges, downturns and/or decline in the industry or changes in market trends or consumer preferences are beyond our control and there is no assurance that we will not be affected by such events.

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**9. RISK FACTORS (CONT'D)**

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**9.2.2 We face competition from other industry players**

We face competition from existing providers of electronic reload and bill payment service as well as potential new entrants. Some of these competitors may have more resources, greater capacity as well as financial and marketing resources. As such, our Group's future success and competitiveness largely depend on, amongst others, our capability in cultivating and maintaining a network of users and suppliers from whom we can procure sufficient electronic reloads and bill payment credits at competitive rates, experience in managing inventories of electronic prepaid reloads, pricing strategies, ability to continue offering a wide range of services on our SRS platform as well as maintaining efficient and reliable maintenance and technical support services to our users.

Further, as the barrier to entry to the industry is moderately low due to the low capital expenditure requirements, we may also face risks from potential new competitors and these new competitors may have more resources, greater capacity as well as financial and marketing resources. These new competitors may also resort to competitive strategies such as lower product pricing to capture market share.

Therefore, there is no guarantee that we can or will remain competitive due to the constantly changing user preference and competitive business environment. In the event where we fail to compete effectively or maintain our competitiveness in the market, our business, results of operations and prospects may be adversely affected.

**9.2.3 We face the risk of new laws and regulations relating to our Group's business model being introduced and implemented**

Our Group mainly operates in the electronic reload and bill payments services industry in Malaysia. As at the LPD, we possess all major licences, permits, certificates and approvals which are required for us to conduct our business operations. Please refer to Section 7.17 of this Prospectus for further details of our major licences, permits, certificates and approvals.

Notwithstanding the foregoing, new laws and regulations may be introduced and enforced from time to time which may require additional approvals, licences and/or permits to be obtained in addition to those we currently have, or additional requirements may be imposed on the operations of our business. Barring any unforeseen circumstances, our Group may face the risk of not being able to meet the additional requirements in time to obtain such additional approvals, licences or permits. Further, our Group may not be able to adjust our business model to comply with such new laws and regulations in a timely manner. As such, we could be subjected to operational disruption and/or penalties which may lead to material adverse impact to our business operations and financial performance.

Notwithstanding to the foregoing, for Financial Years/Period Under Review and up to LPD, our Group did not encounter any circumstances of non-renewal or revocation of approvals, licences and permits.

**9.2.4 We may be affected by any adverse developments in political, economic and government policies**

Any changes in the political, social, economic and regulatory conditions in Malaysia could adversely affect our business operations and financial performance. Changes in the political, social, economic and regulatory conditions could arise from, amongst others, changes in political leadership, occurrence of civil war or disorder, changes in import tariffs and related duties and regulatory structures.

Similarly, any global or regional economic downturn could also affect overall business and consumer confidence, sentiments as well as investments, which may subsequently affect the demand for our services. As such, there can be no assurance that any adverse political, social, regulatory or economic developments which are beyond our control, will not materially affect our business and financial performance.

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**9. RISK FACTORS (CONT'D)**

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**9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES**

**9.3.1 There is no prior market for our Shares**

Prior to our Listing, there has been no public market or public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop or if the active market is developed, that such market will be sustained.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market.

**9.3.2 Our Listing is exposed to the risk that it may be aborted or delayed**

Our Listing may be aborted or delayed should any of the following occurs:-

- (i) the selected investors fail to subscribe for their portion of our IPO Shares;
- (ii) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein; or
- (iii) we are unable to meet the public shareholding spread requirement set by Bursa Securities, whereby at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

Where prior to the issuance and allotment or transfer of our IPO Shares:-

- (a) the SC issues a stop order pursuant to subsection 245(1) of the CMSA, the applications for our IPO Shares shall be deemed to be withdrawn and cancelled and we or such other person who received the monies shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to paragraph 245(7)(a) of the CMSA; or
- (b) our Listing is aborted, investors will not receive any IPO Shares, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment or transfer of our IPO Shares:-

- (aa) the SC issues a stop order pursuant to subsection 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to paragraph 245(7)(b) of the CMSA; or
- (bb) our Listing is aborted other than pursuant to a stop order by the SC under subsection 245(1) of the CMSA, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either:-
  - a consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
  - a solvency statement from our Directors.

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**9. RISK FACTORS (CONT'D)**

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**9.3.3 The trading price and trading volume of our Shares following our Listing may be volatile**

The trading price and volume of our Shares may fluctuate due to various factors, some of which would not be within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

**9.3.4 Our Promoters will be able to exert significant influence over our Company**

As disclosed in Section 5.1.3 of this Prospectus, our Promoters will collectively hold in aggregate 53.54% of our enlarged issued share capital after our IPO. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. There can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders.

**9.3.5 Payment of dividends**

Our ability to declare dividends to our shareholders will depend on, amongst others, our future financial performance, distributable reserves and cash flows. This, in turn, is dependent on our operating results, capital requirements and on our ability to implement our future plans, general economic conditions and other factors specific to our industry, many of which are beyond our control. As such, there is no assurance that we will be able to pay dividends to our shareholders.

We are an investment holding company and conduct substantially all of our operations through our sole Subsidiary. Accordingly, dividends and other distributions received from our sole Subsidiary are our principal source of income. The receipt of dividends from our sole Subsidiary may also be affected by the passage of new laws, adoption of new regulations and other events outside our control as well as our sole Subsidiary may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. In addition, changes in accounting standards may also affect the ability of our sole Subsidiary and consequently, our ability to pay dividends.

Further, our payment of dividends may adversely affect our ability to fund unexpected capital expenditure as well as our ability to make interest and principal repayments on any borrowings that we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms. Further, if we incur new borrowings subsequent to our Listing, we may be subject to additional covenants restricting our ability to pay dividends.

Dividend payments are not guaranteed and our Board may decide, at its sole and absolute discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

Further details of our dividend policy are set out in Section 12.7 of this Prospectus.

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## 10. RELATED PARTY TRANSACTIONS

### 10.1 RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, a “related party transaction” is a transaction entered into by a listed corporation or its subsidiaries that involves the interest, direct or indirect, of a related party. A “related party” of a listed corporation is:-

- (i) a director, having the meaning given in subsection 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiary or holding company or a chief executive of the listed corporation, its subsidiary or holding company;
- (ii) a major shareholder including any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation or its subsidiary or holding company, having an interest or interests in one (1) or more voting shares in a corporation and the number or aggregate number of those shares is:-
  - (a) 10% or more of the total number of voting shares in the corporation; or
  - (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) a person connected with such director or major shareholder.

#### 10.1.1 Material related party transactions entered into by our Group

Our Board confirmed that there are no material related party transactions, existing or proposed, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/or persons connected with them for the Financial Years/Period Under Review and up to the LPD. However, the related party transactions entered by our Group which involve the interests, direct or indirect, of our Directors are as follows:-

Transacting parties	Interested person	Nature of relationship	Nature of transaction	FYE 2021	FYE 2022	FYE 2023	FPE 2024	1 August 2024 up to LPD
				RM'000				
Lee Teik Keong and RCSB	Lee Teik Keong	Lee Teik Keong is our Promoter, Director and substantial shareholder as well as the director and shareholder of RCSB.	Rental of the office located at No. 729, 7 <sup>th</sup> Floor, Block A, Kelana Centre Point, Jalan SS 7/19, 47301 Petaling Jaya, Selangor for a rental of RM21,600 per annum (“Unit 729”) and this rental shall subsist after the Listing <sup>(1)</sup>	-	-	4 / 0.07% of our PAT	13 / 0.39% of our PAT	9 / - <sup>(3)</sup>
Agnes Wong Eei Nien, Lee Teik Keong and RCSB	Agnes Wong Eei Nien, Lee Teik Keong	Agnes Wong Eei Nien and Lee Teik Keong are our Promoters, Directors and substantial shareholders as well as the directors and shareholders of RCSB	Rental of the office located at No. 818, 8 <sup>th</sup> Floor, Block A, Kelana Centre Point, Jalan SS7/19, 47301 Petaling Jaya, Selangor for a rental of RM18,000 per annum (“Unit 818”) and this rental shall subsist after the Listing <sup>(2)</sup>	18 / 0.59% of our PAT	18 / 0.43% of our PAT	18 / 0.33% of our PAT	10 / 0.30% of our PAT	8 / - <sup>(3)</sup>

**10. RELATED PARTY TRANSACTIONS (CONT'D)****Notes:-**

- (1) RCSB rented the Unit 729 since November 2023. The rental rate is in line with those of other premises within the vicinity, which ranges from RM18,000 to RM28,800 per annum. Our Board is of the opinion that such rental is being carried out at arm's length basis and based on terms and conditions which are not unfavourable to the Group.
- (2) RCSB rented the Unit 818 since April 2014. The rental rate is in line with those of other premises within the vicinity, which ranges from RM18,000 to RM28,800 per annum. Our Board is of the opinion that such rental is being carried out at arm's length basis and based on terms and conditions which are not unfavourable to the Group.
- (3) The percentage is not able to be ascertained as at the LPD as our Group's audited financial statements for 1 August 2024 up to the LPD is not available.

Our Board has further confirmed that there are no material related party transactions that we have entered into with the related parties but have not yet effected as at the date of this Prospectus.

Moving forward, if there are potential related party transactions, the related parties must first inform our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into. Our Audit and Risk Management Committee is responsible for the review of the terms of all related party transactions. In order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:-

- (i) Recurrent related party transactions ("RRPTs")
  - (a) At least two (2) other contemporaneous transactions with third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or
  - (b) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the RRPTs are not detrimental to us.

Our Board may seek a mandate from our shareholders at general meetings of our Company to enter into any RRPTs. The said shareholders' mandate will enable us to enter into such RRPTs which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such RRPTs as and when they are entered into. The interested persons shall abstain from voting on resolutions pertaining to the respective RRPTs.

- (ii) Other related party transactions

Assessments will be carried out to determine:-

- (a) whether the terms of the related party transaction are fair and on arm's length basis, and whether these terms would apply on the same basis if the transaction did not involve a related party;
- (b) the rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and
- (c) whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.



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**10. RELATED PARTY TRANSACTIONS (CONT'D)**

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In accordance with the Listing Requirements, a related party transaction may require prior approval of our shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the non-interested shareholders are concerned, and whether the transaction is to the detriment of non-interested shareholders. In such instances, the independent adviser shall also advise the non-interested shareholders on whether they should vote in favour of the transaction.

For a related party transaction that requires prior approval of our shareholders, our Directors, major shareholders and/or persons connected with them having any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, our Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings.

In addition, to safeguard the interests of our Group and our non-interested shareholders and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

**10.2 TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

Our Directors (including the directors of our Subsidiary) have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the Financial Years/Period Under Review and up to the LPD.

**10.3 LOAN AND/OR ADVANCES****10.3.1 Due to/from related parties**

Our Directors (including the directors of our Subsidiary) have confirmed that there is no loan and/or advances made by our Group to or for the benefit of related parties for the Financial Years/Period Under Review and up to the LPD.

**10.3.2 Due to/from Directors**

There is no outstanding amount due to/from our Directors for the Financial Years/Period Under Review and up to the LPD, except for FYE 2021, where there was an amount due from RCSB to Lee Teik Keong, the Managing Director, of RM42,010 for the purchase of a motor vehicle, which has been fully settled by RCSB during the FYE 2022.

**10.4 FINANCIAL ASSISTANCE PROVIDED (INCLUDING GUARANTEES OF ANY KIND) FOR THE BENEFIT OF RELATED PARTIES**

Our Directors (including the directors of our Subsidiary) have confirmed that there is no financial assistance provided (including guarantees of any kind) by our Group to or for the benefit of related parties for the Financial Years/Period Under Review and up to the LPD.

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**10. RELATED PARTY TRANSACTIONS (CONT'D)**

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**10.5 PROVISION OF GUARANTEES BY OUR SUBSTANTIAL SHAREHOLDERS FOR BANKING AND LEASING FACILITIES GRANTED TO OUR GROUP**

Our Directors (including the directors of our Subsidiary) have confirmed that there are no provisions of guarantees provided by our substantial shareholders for banking and leasing facilities granted to our Group in respect of the Financial Years/Period Under Review and up to the LPD.

**10.6 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS**

**10.6.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee assesses the financial risk and matters relating to related party transactions and conflict of interest situation that arose, persist or may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate or mitigate such conflicts. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflicts of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length and are not to the detriment of the interest of our Company's minority shareholders. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

**10.6.2 Our Group's policy on related party transactions**

Related party transactions by their nature, involve conflict of interest between our Group and the related parties with whom our Group has entered into such transactions. Any such related party transactions may individually and in aggregate give rise to potential conflicts of interest.

It is the policy of our Group that all related party transactions in the course of our business are made on an arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and these terms are not detrimental to our non-interested shareholders who are not part of the transaction. The related parties and any other parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations and voting on resolutions pertaining to the matters and/or transactions where a conflict of interest may arise.

In addition, our Directors are required to make an annual disclosure of any related party transactions and conflicts of interest with our Group, and our Audit and Risk Management Committee must carry out an annual assessment of our Directors which include an assessment of such related party transactions and/or conflict of interest. Our Audit and Risk Management Committee will in turn report and make the appropriate recommendations to our Board after its evaluation and assessment.

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## 11. CONFLICT OF INTEREST

### 11.1 CONFLICT OF INTEREST

#### 11.1.1 Interest in similar business and in businesses of our customers and suppliers

As at the LPD and save as disclosed below, none of our Directors (including the directors of our Subsidiary) and/or substantial shareholders have any interest, direct or indirect, in any businesses or corporations that carry on a similar trade as that of our Group or are customers or suppliers of our Group:-

Company	Principal activities	Nature	Interested substantial shareholders	Nature of interest in our Company
Aquilla Services Sdn. Bhd. (“Aquilla”)	Business management consultancy services	Service provider	Yau Ming Teck will be our substantial shareholder before our IPO but after the Acquisition. Nonetheless, he will cease to be our substantial shareholder after our IPO.	Yau Ming Teck is a major shareholder of Aquilla by holding 75% equity interest therein, as at the LPD.
Hari-Hari	To act as wholesaler, retailer, importer, exporter and agent in any business related to apparel, garments, footwear, accessories and related services; to carry on the business of online shopping, net marketing, internet advertising, e-commerce and others; to own, operate business of convenience store	Business partner	Yau Ming Teck will be our substantial shareholder before our IPO but after the Acquisition. Nonetheless, he will cease to be our substantial shareholder after our IPO.	Yau Ming Teck is a shareholder of Hari-Hari by holding 4% equity interest therein as well as its chief financial officer, as at the LPD.

(i) Aquilla

Our Group is of the view that the interests of Yau Ming Teck in Aquilla may give rise to existing or potential conflict of interest situation as Aquilla, being a service provider to our Group, is our company secretary, to provide such company secretarial services to our Group, for the purpose of our Listing. As such, Aquilla is considered as one (1) of our Group’s existing service providers as at the LPD.

Notwithstanding the foregoing, as at the LPD, our Group confirms such existing or potential conflict of interest situation has been mitigated on the following basis:-

- (a) Yau Ming Teck will cease to be our substantial shareholder as his shareholding will be less than 5.0% of our total enlarged issued share capital after our IPO, being 4.61% only thereof;
- (b) Yau Ming Teck is merely a shareholder and not a director of Aquilla whereby he is not involved in the day-to-day management and operations of Aquilla as well as decision making on business related matters of Aquilla;
- (c) Aquilla’s business is not in competition with our Group’s as Aquilla is principally involved in a business which is entirely different from our Group’s nature of trade and as such, there is a clear delineation of businesses between both Aquilla and our Group;

## 11. CONFLICT OF INTEREST (*CONT'D*)

- (d) the services provided by Aquilla to our Group are company secretarial services which are compliance related services whereby the total fees paid by our Group during the Financial Years/Period Under Review to Aquilla up to the LPD was only RM48,519.08;
- (e) the company secretarial services were provided by specified group of persons authorised under Section 235 of the Act whereby Yau Ming Teck is not a person authorised to be the company secretary for all the entities within our Group; and
- (f) the company secretarial services were provided on arm's length basis and on normal commercial terms which were not more favourable to Aquilla than those generally available to other company secretarial firms, after taking into consideration that the fees quoted by Aquilla were based entirely on standard market rates, which are consistent with those charged across their client base.

(ii) *Hari-Hari*

Our Group is of the view that the interests of Yau Ming Teck in Hari-Hari may give rise to potential conflict of interest situation as Hari-Hari, being a business partner of our Group, will amongst others, provide such service of advertising and promoting our SRS App and SRS Portal by displaying such banners containing our QR code within the associate outlets of Hari-Hari at the consideration payable by RCSB, through a business collaboration with our Group. Further details of the collaboration agreement entered into between Hari-Hari and our Group are set out under Section 15.4(ii) of this Prospectus.

Notwithstanding the foregoing, as at the LPD, our Group confirms such potential conflict of interest situation has been mitigated on the following basis:-

- (a) Yau Ming Teck will cease to be our substantial shareholder as his shareholding will be less than 5.0% of our total enlarged issued share capital after our IPO, being 4.61% only thereof;
- (b) Hari-Hari's business is not in competition with our Group's as Hari-Hari is principally involved in a business which is entirely different from our Group's nature of trade and as such, there is a clear delineation of businesses there between;
- (c) Our Group is not dependent on Hari-Hari, in which such agreement may be terminated at any time, without the need to assign any reason thereto, by issuing a prior sixty (60) days' notice, in the event that our Group decides to discontinue the Collaboration Agreement; and
- (d) Yau Ming Teck is not a substantial shareholder nor a director of Hari-Hari.

The Collaboration Agreement is based on normal commercial terms in the view of our management as our Group will ensure that the said collaboration will not be more favourable to Hari-Hari than those generally available to third parties in the market which our Group intends to collaborate in the future pursuant to Section 7.22.2(i)(c) of this Prospectus.

In any event, our Group's Audit and Risk Management Committee will supervise any conflict of interest or potential conflict of interest situations, and our Board will disclose such conflict of interest, if any, for resolution as and when they arise.

Further, any conflict of interest or potential conflict of interest situations, including related party transactions, is subject to our Group's monitoring and oversight procedures for related party transactions.

Please refer to Section 10.6 of this Prospectus for further details of the aforesaid monitoring and oversight procedures.

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**11. CONFLICT OF INTEREST (CONT'D)**

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**11.2 DECLARATION BY THE ADVISERS ON CONFLICT OF INTEREST**

**11.2.1 Principal Adviser, Sponsor, Underwriter and Placement Agent**

KAF IB has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent to our Group in respect of our Listing.

**11.2.2 Solicitors**

DLT has confirmed that there is no existing or potential conflict of interest in its capacity as the Solicitors to our Group in respect of our Listing.

**11.2.3 Auditors and Reporting Accountants**

TGS TW PLT has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in respect of our Listing.

**11.2.4 IMR**

Providence has confirmed that there is no existing or potential conflict of interest in its capacity as the IMR to our Group in respect of our Listing.

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## 12. FINANCIAL INFORMATION

### 12.1 HISTORICAL FINANCIAL INFORMATION

Our historical financial information throughout the Financial Years/Period Under Review has been prepared in accordance with MFRS and without any audit clarification. The historical combined financial information presented below should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Section 12.3 of this Prospectus and our historical combined financial statements and the accompanying notes as set out in the Accountants’ Report included in Section 13 of this Prospectus.

#### 12.1.1 Combined statements of profit or loss and other comprehensive income

The summary of our combined statements of profit or loss and other comprehensive income for the Financial Years/Period Under Review are as follows:-

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue	4,781	6,187	7,797	4,325	5,085
Cost of sales	(139)	(131)	(143)	(76)	(117)
<b>GP</b>	<b>4,642</b>	<b>6,056</b>	<b>7,654</b>	<b>4,249</b>	<b>4,968</b>
Other income	79	70	240	106	162
Administrative expenses	(647)	(601)	(814)	(448)	(684)
Selling, distribution and other expenses	(20)	(13)	(18)	(6)	(9)
<b>Profit from operations</b>	<b>4,054</b>	<b>5,512</b>	<b>7,062</b>	<b>3,901</b>	<b>4,437</b>
Finance costs	(1)	-	-	-	-
<b>PBT</b>	<b>4,053</b>	<b>5,512</b>	<b>7,062</b>	<b>3,901</b>	<b>4,437</b>
Taxation	(999)	(1,285)	(1,688)	(924)	(1,068)
<b>PAT</b>	<b>3,054</b>	<b>4,227</b>	<b>5,374</b>	<b>2,977</b>	<b>3,369</b>
<b>Profit attributable to:</b>					
Owners of the Company	<b>3,054</b>	<b>4,227</b>	<b>5,374</b>	<b>2,977</b>	<b>3,369</b>
EBITDA (RM’000) <sup>(1)</sup>	4,030	5,503	6,884	3,831	4,338
EBITDA margin (%) <sup>(2)</sup>	84.29	88.94	88.29	88.58	85.31
GP margin (%) <sup>(3)</sup>	97.09	97.88	98.17	98.24	97.70
PBT margin (%) <sup>(4)</sup>	84.77	89.09	90.57	90.20	87.26
PAT margin (%) <sup>(5)</sup>	63.88	68.32	68.92	68.83	66.25
Basic EPS (sen) <sup>(6)</sup>	2.07	2.86	3.64	2.01	2.28
Diluted EPS (sen) <sup>(7)</sup>	1.51	2.09	2.65	1.47	1.66
Effective tax rate (%) <sup>(8)</sup>	24.65	23.31	23.90	23.69	24.07

#### Notes:-

- (1) The table below sets forth a reconciliation of our PBT to EBITDA:-

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM’000	RM’000	RM’000	RM’000	RM’000
PBT	4,053	5,512	7,062	3,901	4,437
Adjusted for:-					
- Finance costs	1	-	-	-	-
- Depreciation	55	61	62	36	63
- Interest income	(79)	(70)	(240)	(106)	(162)
<b>EBITDA</b>	<b>4,030</b>	<b>5,503</b>	<b>6,884</b>	<b>3,831</b>	<b>4,338</b>

- (2) Computed based on EBITDA divided by revenue of our Group.

**12. FINANCIAL INFORMATION (CONT'D)**

- (3) Computed based on GP divided by the revenue of our Group.
- (4) Computed based on PBT divided by the revenue of our Group.
- (5) Computed based on PAT attributable to the owners of the Company divided by the revenue of our Group.
- (6) Computed based on PAT attributable to the owners of the Company divided by the issued share capital of 147,790,000 Shares before our IPO.
- (7) Computed based on PAT attributable to the owners of the Company divided by the enlarged issued share capital of 202,453,000 Shares after our IPO.
- (8) Effective tax rate is calculated based on taxation divided by PBT of our Group.

**12.1.2 Combined statements of financial position**

Our combined statements of financial position as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 July 2024 are as follows:-

	<b>Audited</b>			
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	278	224	177	350
<b>Total non-current assets</b>	<b>278</b>	<b>224</b>	<b>177</b>	<b>350</b>
<b>Current assets</b>				
Inventories	5,225	8,837	11,812	8,468
Other receivables	325	236	398	604
Cash and bank balances	4,793	4,149	4,731	11,827
<b>Total current assets</b>	<b>10,343</b>	<b>13,222</b>	<b>16,941</b>	<b>20,899</b>
<b>TOTAL ASSETS</b>	<b>10,621</b>	<b>13,446</b>	<b>17,118</b>	<b>21,249</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	-	-	2	2
Invested equity	810	810	810	810
Retained earnings	5,769	8,796	12,770	16,139
<b>TOTAL EQUITY</b>	<b>6,579</b>	<b>9,606</b>	<b>13,582</b>	<b>16,951</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liability	13	15	13	18
<b>Total non-current liabilities</b>	<b>13</b>	<b>15</b>	<b>13</b>	<b>18</b>
<b>Current liabilities</b>				
Other payables	48	115	105	139
Prepaid balances	3,698	2,915	2,779	3,320
Amount due to a director	42	-	-	-
Tax payable	241	795	639	821
<b>Total current liabilities</b>	<b>4,029</b>	<b>3,825</b>	<b>3,523</b>	<b>4,280</b>
<b>TOTAL LIABILITIES</b>	<b>4,042</b>	<b>3,840</b>	<b>3,536</b>	<b>4,298</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,621</b>	<b>13,446</b>	<b>17,118</b>	<b>21,249</b>

**12. FINANCIAL INFORMATION (CONT'D)****12.2 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our Group's capitalisation and indebtedness as at 30 November 2024 after taking into consideration the effects of the Acquisition, our IPO and utilisation of proceeds from our Public Issue:-

	<b>Unaudited as at 30.11.2024 RM'000</b>	<b>(I) After our IPO RM'000</b>	<b>(II) After (I) and utilisation of proceeds RM'000</b>
<b>Total indebtedness</b>	-	-	-
Capitalisation:-			
Share capital	13,598	27,264	26,311
Merger deficit	(12,786)	(12,786)	(12,786)
Retained earnings	17,212	17,212	14,998
<b>Total equity</b>	<b>18,024</b>	<b>31,690</b>	<b>28,523</b>
<b>Total capitalisation and indebtedness</b>	<b>18,024</b>	<b>31,690</b>	<b>28,523</b>
<b>Gearing ratio (times) <sup>(1)</sup></b>	-	-	-

**Note:-**

(1) Computed based on total indebtedness over the total equity.

**12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis on our Group's financial conditions and results of operations for the Financial Years/Period Under Review should be read in conjunction with the historical combined financial statements and the accompanying notes, assumptions and bases as set out in the Accountants' Report included in Section 13 of this Prospectus. There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in. Please refer to Note 3 of the Accountants' Report set out in Section 13 of this Prospectus for further details on the accounting policies of our Group.

This discussion and analysis contain data derived from our audited combined financial statements as well as forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ significantly from those anticipated in the forward-looking statements as a result of a number of factors, including those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 9 of this Prospectus.

**12.3.1 Review of our operations**

We are principally involved in the distribution of electronic reloads as well as the provision of bill payment services via our SRS platform. Our users comprise SRS corporate users and SRS end-users.

Please refer to Section 7 of this Prospectus for further information about our business activities.



**12. FINANCIAL INFORMATION (CONT'D)**

**(i) Revenue**

RCSB is in sales of electronic reloads and provision of bill payment services via our SRS platform. The revenue associated with the sales of electronic reloads and the provision of bill payment services is presented on a net basis, which represents the margin earned as our Group's commission revenue. Our Group's commission revenue is earned from the distributors/service providers upon using of the prepaid balance maintained by users at our SRS platform and is recognised at a point in time when the transaction occurs.

Our Group's commission revenue is derived from the Gross Sales after netting-off the gross purchases from distributors/telecommunication operator and/or payments to the payment solution providers. As for the margin of our Group's commission revenue, it is mainly influenced by the portion of commission revenue retained by us vis-à-vis the portion allocated to our users.

The revenue segmentation of our Group for the Financial Years/Period Under Review is set out below:-

**(a) Revenue by business activities**

	Audited									Unaudited			Audited		
	FYE 2021			FYE 2022			FYE 2023			FPE 2023			FPE 2024		
	Reloads RM'000	BillPay RM'000	Total RM'000	Reloads RM'000	BillPay RM'000	Total RM'000	Reloads RM'000	BillPay RM'000	Total RM'000	Reloads RM'000	BillPay RM'000	Total RM'000	Reloads RM'000	BillPay RM'000	Total RM'000
Gross billings <sup>(1)</sup>	586,320	211,167	797,487	531,622	177,138	708,760	530,669	155,565	686,234	309,669	93,392	403,061	318,005	90,082	408,087
Less: Users' share of commission revenue <sup>(2)</sup>	(36,103)	(1,077)	(37,180)	(28,300)	(3,166)	(31,466)	(20,281)	(535)	(20,816)	(12,501)	(361)	(12,862)	(12,992)	(909)	(13,901)
Gross Sales	550,217	210,090	760,307	503,322	173,972	677,294	510,388	155,030	665,418	297,168	93,031	390,199	305,013	89,173	394,186
Less: Gross purchases <sup>(3)</sup>	(546,975)	(208,551)	(755,526)	(498,916)	(172,191)	(671,107)	(503,968)	(153,653)	(657,621)	(293,661)	(92,213)	(385,874)	(300,726)	(88,375)	(389,101)
Our Group's commission revenue <sup>(4)</sup>	<b>3,242</b>	<b>1,539</b>	<b>4,781</b>	<b>4,406</b>	<b>1,781</b>	<b>6,187</b>	<b>6,420</b>	<b>1,377</b>	<b>7,797</b>	<b>3,507</b>	<b>818</b>	<b>4,325</b>	<b>4,287</b>	<b>798</b>	<b>5,085</b>
Gross commission revenue <sup>(5)</sup>	39,345	2,616	41,961	32,706	4,947	37,653	26,701	1,912	28,613	16,008	1,179	17,187	17,279	1,707	18,986
Our Group's commission revenue margin <sup>(6)</sup>	8.24%	58.83%	11.39%	13.47%	36.00%	16.43%	24.04%	72.02%	27.25%	21.91%	69.38%	25.16%	24.81%	46.75%	26.78%

**Notes:-**

- (1) Being the gross value of the sales of electronic reloads and bill payment services carried out through our SRS platform for the relevant financial years/period.
- (2) Being the portion of gross commission revenue attributable to our users for purchasing electronic reloads and/or carrying out bill payment services through our SRS platform.
- (3) Being the gross purchases from distributors/telecommunication operator and/or payments to the payment solution providers.

**12. FINANCIAL INFORMATION (CONT'D)**

- (4) Being the portion of gross commission revenue attributable to us associated with the sales of electronic reloads and provision of bill payment services.
- (5) Comprising the total gross commission revenue attributable to our Group as well as our users.
- (6) Calculated by dividing our Group's commission revenue by the gross commission revenue.

(b) Revenue by user base

The table below sets out our Gross Sales by the types of users for the Financial Years/Period Under Review:-

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
SRS corporate users										
- Reload retailers	647,932	85.22	556,795	82.21	530,958	79.79	308,042	78.95	302,639	76.77
- Third-party mobile application operators	110,061	14.48	118,998	17.57	131,764	19.80	74,500	19.09	86,788	22.02
	757,993	99.70	675,793	99.78	662,722	99.59	382,542	98.04	389,427	98.79
SRS end-users	2,314	0.30	1,501	0.22	2,696	0.41	7,657	1.96	4,759	1.21
<b>Total Gross Sales</b>	<b>760,307</b>	<b>100.00</b>	<b>677,294</b>	<b>100.00</b>	<b>665,418</b>	<b>100.00</b>	<b>390,199</b>	<b>100.00</b>	<b>394,186</b>	<b>100.00</b>

Noticeably, our total Gross Sales during the Financial Years/Period Under Review were largely derived from SRS corporate users (comprised the reload retailers and third-party mobile applications), which accounted for over 98.0% of our total Gross Sales, ranging from 98.79% to 99.78%.

The table below sets out the average Gross Sales per user for the Financial Years/Period Under Review:-

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
Gross Sales (RM'000)	760,307	677,294	665,418	390,199	394,186
No. of users ('000) <sup>(1)</sup>	4,949	4,159	4,079	2,796	2,292
<b>Gross Sales/user (RM)</b>	<b>153.63</b>	<b>162.85</b>	<b>163.13</b>	<b>139.56</b>	<b>171.98</b>

**Note:-**

- (1) Being the number of users, identified by telephone number, either registered directly with our SRS platform or through our SRS corporate users.

The number of our users decreased by 15.96% from 4.95 million in FYE 2021 to 4.16 million in FYE 2022 and thereafter, decreased by 1.92% to 4.08 million in FYE 2023, in line with the decrease in our total Gross Sales during the same periods. During the FPE 2023 and FPE 2024, the number of our users decreased by 18.21% from 2.80 million in FPE 2023 to 2.29 million in FPE 2024. However, our average Gross Sales per user improved by 6.18% to RM163.13 in FYE 2023 (FYE 2021: RM153.63) and by 23.23% to RM171.98 in FPE 2024 (FPE 2023: RM139.56) during the Financial Years/Period Under Review. For clarity, unlike conventional consumer goods which typically result in only one sale per user, our services can generate multiple sales from a single user.

**12. FINANCIAL INFORMATION (CONT'D)**(c) Revenue by front-end interfaces

The table below sets out our Gross Sales by the types of front-end interfaces for the Financial Years/Period Under Review:-

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
SRS platform										
- SRS App and SRS Portal	194,870	25.63	159,447	23.54	148,596	22.33	170,451	43.68	173,010	43.89
- Customised digital platform	455,376	59.89	398,849	58.89	385,058	57.87	145,248	37.23	134,388	34.09
	650,246	85.52	558,296	82.43	533,654	80.20	315,699	80.91	307,398	77.98
Third-party mobile applications	110,061	14.48	118,998	17.57	131,764	19.80	74,500	19.09	86,788	22.02
<b>Total Gross Sales</b>	<b>760,307</b>	<b>100.00</b>	<b>677,294</b>	<b>100.00</b>	<b>665,418</b>	<b>100.00</b>	<b>390,199</b>	<b>100.00</b>	<b>394,186</b>	<b>100.00</b>

Although our Gross Sales contributed by the SRS platform have slightly declined from 85.52% in FYE 2021 to 80.20% in FYE 2023 and from 80.91% in FPE 2023 to 77.98% in FPE 2024, SRS platform remained the major contributor to our overall Gross Sales. In contrast, our Gross Sales contributed by the third-party mobile applications have been on a consistent growth from 14.48% in FYE 2021 to 19.80% in FYE 2023 and from 19.09% in FPE 2023 to 22.02% in FPE 2024.

**Commentaries:-**Comparison between FYE 2021 and FYE 2022

Despite a 10.27% or RM4.31 million decrease in gross commission revenue to RM37.65 million (FYE 2021: RM41.96 million) in line with 11.13% decrease in our gross billings, our Group's commission revenue increased by 29.50% or RM1.41 million to RM6.19 million (FYE 2021: RM4.78 million) due largely to the improvement in our Group's commission revenue from:-

- (aa) electronic reload services, which grew by 36.11% or RM1.17 million to RM4.41 million (FYE 2021: RM3.24 million); and
- (bb) bill payment services, which grew by 15.58% or RM0.24 million to RM1.78 million (FYE 2021: RM1.54 million).

Noticeably, our Group's commission revenue margin attributable to bill payment services has declined by 22.83% to 36.00% (FYE 2021: 58.83%) as a result of a substantially lower portion of the associated gross commission revenue retained by our Group for the FYE 2022. This is in line with our Group's business strategy of retaining a minimum portion of gross commission revenue attributable to bill payment services before distributing the balance to our users throughout the Financial Years/Period Under Review.

Nevertheless, our overall Group's commission revenue margin improved by 5.04% to 16.43% (FYE 2021: 11.39%) owing to the improvement in our Group's commission revenue margin attributable to electronic reload services, which grew by 5.23% to 13.47% (FYE 2021: 8.24%). This was attributed primarily to the market consolidation that transpired within the electronic reload services sector during the year, notably after the economy reopened.

As a result of the lower gross commission revenue and coupled with our higher proportion of sharing the gross commission revenue attributable to electronic reload services, the users' share of commission revenue decreased by 15.36% to RM31.47 million (FYE 2021: RM37.18 million).

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## 12. FINANCIAL INFORMATION (*CONT'D*)

For clarity, since the commencement of MCO in early 2020, our Group has experienced margin squeeze as a result of heightened competition stemming from new players entering the electronic reload and bill payment services sector, as observed by our management. The imposition of MCO since 2020 has significantly curtailed the movements of the general public. Ironically, this restriction has led to an expansion in the number of users and the volume of electronic reload and bill payment services. The industry has since experienced strong growth, attracting new entrants eager to capitalise on the surge in demand, but at the same time, such competition had inevitably resulted in margin squeeze to all industry players as a whole. The same has been carried through to FYE 2021.

The strong growth experienced in the electronic reload and bill payment services sector during FYE 2020 and FYE 2021 has gradually tapered off following the normalisation of business activities as Malaysia entered the 'Transition to Endemic' phase on 1 April 2022 and the 'Endemic' phase on 1 May 2022, with the restrictions imposed during the MCO being lifted ("**Business Normalisation**"). Noticeably, certain new entrants during the MCO have displayed a comparatively diminished level of activity in the electronic reload and bill payment services sector as observed by the management of RichTech. This shift in dynamics, marked by a consolidation of market players, and coupled with the competitive advantage of our SRS platform (as stated in Section 7.4 of this Prospectus), has positively influenced our Group's commission revenue, paving the way for a more favourable landscape within the industry ("**shift in market dynamics and our Group's competitive advantages**").

As a consequence of the Business Normalisation, our gross billings and Gross Sales have decreased by 11.13% and 10.92% to RM708.76 million (FYE 2021: RM797.49 million) and RM677.29 million (FYE 2021: RM760.31 million) respectively during FYE 2022. Nevertheless, our average Gross Sales per user had improved by RM9.22 or 6.00% to RM162.85 (FYE 2021: RM153.63) in tandem with the improvement in our Group's commission revenue margin during the year.

### Comparison between FYE 2022 and FYE 2023

Despite a 24.01% or RM9.04 million decrease in gross commission revenue to RM28.61 million (FYE 2022: RM37.65 million), our Group's commission revenue increased by 26.01% or RM1.61 million to RM7.80 million (FYE 2022: RM6.19 million) due largely to the net effect of the following:-

- (aa) 45.58% or RM2.01 million increase in our Group's commission revenue attributable to electronic reload services to RM6.42 million (FYE 2022: RM4.41 million); and
- (bb) 22.47% or RM0.40 million decrease in our Group's commission revenue attributable to bill payment services to RM1.38 million (FYE 2022: RM1.78 million).

Notwithstanding the decline in our Group's commission revenue attributable to bill payment services, the associated margin from the same improved by 36.02% to 72.02% (FYE 2022: 36.00%) due mainly to a substantially higher portion of the associated gross commission revenue retained by our Group for the FYE 2023 in line with our Group's business strategy of retaining a minimum portion of gross commission revenue attributable to bill payment services before distributing the balance to our users throughout the Financial Years/Period Under Review. In short, despite a decrease in the gross billings coupled with lower incentive and commission given by the payment solution providers, the Group's proactive measures to retain a higher portion of the gross commission revenue was instrumental in improving the margin.

In tandem with the improved margin from electronic reload services by 10.57% to 24.04% (FYE 2022: 13.47%), our overall Group's commission revenue margin also improved by 10.82% to 27.25% (FYE 2022: 16.43%). This was attributed primarily to the shift in market dynamics and our Group's competitive advantages as discussed earlier, which enabled us to improve our overall margin for the electronic reload and bill payment services rendered.

As a result of the lower gross commission revenue and coupled with our higher proportion of sharing the overall gross commission revenue, the users' share of commission revenue decreased by 33.84% to RM20.82 million (FYE 2022: RM31.47 million).

**12. FINANCIAL INFORMATION (CONT'D)**

Following the Business Normalisation during the 2<sup>nd</sup> quarter of FYE 2023, our gross billings and Gross Sales decreased by 3.18% and 1.75% to RM686.23 million (FYE 2022: RM708.76 million) and RM665.42 million (FYE 2022: RM677.29 million) respectively during FYE 2023. Nevertheless, the average Gross Sales per transacting user had also improved by RM0.28 or 0.17% to RM163.13 (FYE 2022: RM162.85) in tandem with the improvement in our Group's commission revenue margin during the year.

Comparison between FPE 2023 and FPE 2024

In line with the increase in gross commission by 10.47% or RM1.80 million to RM18.99 million (FPE 2023: RM17.19 million), our Group's commission revenue increased by 17.55% or RM0.76 million to RM5.09 million (FPE 2023: RM4.33 million) due largely to the net effect of the following:-

- (aa) 22.22% or RM0.78 million increase in our Group's commission revenue attributable to electronic reload services to RM4.29 million (FPE 2023: RM3.51 million); and
- (bb) 2.44% or RM0.02 million decrease in our Group's commission revenue attributable to bill payment services to RM0.80 million (FPE 2023: RM0.82 million).

Noticeably, our Group's commission revenue margin attributable to bill payment services has declined by 22.63% to 46.75% (FPE 2023: 69.38%) as a result of a substantially lower portion of the associated gross commission revenue retained by our Group for the FPE 2024. This is in line with our Group's business strategy of retaining a minimum portion of gross commission revenue attributable to bill payment services before distributing the balance to our users during the FPE 2024.

In tandem with the improved margin from electronic reload services by 2.90% to 24.81% (FPE 2023: 21.91%), our overall Group's commission revenue margin also improved by 1.62% to 26.78% (FPE 2023: 25.16%). This was attributed primarily to the shift in market dynamics and our Group's competitive advantages as discussed earlier, which enabled us to improve our overall margin for the electronic reload and bill payment services rendered. Further, our Group noted that the shift in market dynamics has normalised during 2024.

In tandem with the higher gross commission revenue, the users' share of commission revenue also increased by 8.09% to RM13.90 million (FPE 2023: RM12.86 million).

Pursuant to the shift in market dynamics and our Group's competitive advantages, our gross billings and Gross Sales increased by 1.25% and 1.02% to RM408.09 million (FPE 2023: RM403.06 million) and RM394.19 million (FPE 2023: RM390.20 million) respectively during FPE 2024. Further, our average Gross Sales per transacting user had also improved by RM32.42 or 23.23% to RM171.98 (FPE 2023: RM139.56) in tandem with the improvement in our Group's commission revenue margin during the financial period.

**(ii) Cost of Sales**

The table below sets out the breakdown and analysis of our Group's cost of sales for the Financial Years/Period Under Review:

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchases <sup>(1)</sup>	23	16.55	7	5.34	18	12.59	-	-	-	-
Direct labour <sup>(2)</sup>	116	83.45	124	94.66	125	87.41	76	100.00	117	88.64
<b>Total</b>	<b>139</b>	<b>100.00</b>	<b>131</b>	<b>100.00</b>	<b>143</b>	<b>100.00</b>	<b>76</b>	<b>100.00</b>	<b>117</b>	<b>100.00</b>

**Notes:-**

- (1) Comprise purchase of hardware, such as laptop and desktop computers, and printers as well as software such as TeamViewer and Dropbox.
- (2) Comprise salaries, allowances and other emoluments for our directors of RCSB who are instrumental in operating and managing our SRS platform.

**12. FINANCIAL INFORMATION (CONT'D)**

Our cost of sales, being the direct expenses attributable to the operation and management of our SRS platform, comprise substantially the salaries, allowances and other emoluments for our directors of RCSB.

**Commentaries:-**Comparison between FYE 2021 and FYE 2022

Our cost of sales reduced slightly to RM0.13 million (FYE 2021: RM0.14 million) due mainly to the lower purchase of hardware and software during the year which has been partly set-off by a higher bonus payment to our directors of RCSB.

Comparison between FYE 2022 and FYE 2023

Our cost of sales increased slightly to RM0.14 million (FYE 2022: RM0.13 million) due mainly to the higher purchase of hardware and software during the year.

Comparison between FPE 2023 and FPE 2024

Our cost of sales increased to RM0.12 million (FPE 2023: RM0.08 million) due mainly to the salaries increased for our directors of RCSB.

**(iii) GP and GP Margin**

The table below sets out the breakdown and analysis of our Group's GP for the Financial Years/Period Under Review:-

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
GP (RM'000)	4,642	6,056	7,654	4,249	4,968
GP Margin (%)	97.09	97.88	98.17	98.24	97.70
Margin based on Gross Sales (%) <sup>(1)</sup>	0.61	0.89	1.15	1.09	1.26

**Note:-**

- (1) For the avoidance of doubt, the margins based on Gross Sales are for illustration purpose only and do not accurately reflect the Group's financial performance.

**Commentaries:-**Comparison between FYE 2021 and FYE 2022

Our GP increased by 30.60% or RM1.42 million to RM6.06 million (FYE 2021: RM4.64 million) and at the same time, our GP margin has also improved by 0.79% from 97.09% for the FYE 2021 to 97.88% for the FYE 2022. Such improvements are in tandem with the increase in our Group's commission revenue, which was attributed primarily to the consolidation of market players that have positively influenced our Group's commission revenue margin, as more elaborated in the commentaries under Section 12.3.1(i) of this Prospectus.

Comparison between FYE 2022 and FYE 2023

Our GP increased by 26.24% or RM1.59 million to RM7.65 million (FYE 2022: RM6.06 million) and at the same time, our GP margin has also improved by 0.29% from 97.88% for the FYE 2022 to 98.17% for the FYE 2023. Such improvements are in tandem with the increase in our Group's commission revenue margin, as more elaborated in the commentaries under Section 12.3.1(i) of this Prospectus.

Comparison between FPE 2023 and FPE 2024

Our GP increased by 16.94% or RM0.72 million to RM4.97 million (FPE 2023: RM4.25 million). However, our GP margin has slightly decreased by 0.54% from 98.24% for the FPE 2023 to 97.70% for the FPE 2024 due mainly to the increased in cost of sales, as more elaborated in the commentaries under Section 12.3.1(ii) of this Prospectus.

**12. FINANCIAL INFORMATION (CONT'D)**

Notwithstanding that, the Group believes that the increase in cost of sales, which comprised substantially the salaries, allowances and other emoluments for our directors of RCSB, will not have any material impact to our GP margin moving forward given the quantum of cost of sales vis-à-vis the associated revenue as illustrated in the commentaries above, where the variation in GP margin was less than 1.00% during the Financial Years/Period Under Review.

**(iv) Other income**

Other income comprised the interest income received from fixed income investment and bank balances. The detail breakdown of which are set out as below:-

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest income from:-										
- bank balances	63	79.75	70	100.00	240	100.00	106	100.00	162	100.00
- fixed income investment	16	20.25	-	-	-	-	-	-	-	-
<b>Total</b>	<b>79</b>	<b>100.00</b>	<b>70</b>	<b>100.00</b>	<b>240</b>	<b>100.00</b>	<b>106</b>	<b>100.00</b>	<b>162</b>	<b>100.00</b>

**Commentaries:-**Comparison between FYE 2021 and FYE 2022

Our other income decreased by 12.50% or RM0.01 million to RM0.07 million (FYE 2021: RM0.08 million) due mainly to the realisation of our fixed income investment during FYE 2021 and hence, no interest income was derived from fixed income investment for the FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our other income increased by 242.86% or RM0.17 million to RM0.24 million (FYE 2022: RM0.07 million) due mainly to the interest income received from financial institutions.

Comparison between FPE 2023 and FPE 2024

Our other income increased by RM0.05 million to RM0.16 million (FPE 2023: RM0.11 million) due mainly to the interest income received from financial institutions.

**(v) Administrative expenses**

The detailed breakdown of our administrative expenses for the Financial Years/Period Under Review is as follows:-

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs	346	53.48	323	53.74	365	44.84	202	45.09	303	44.30
Professional fees	55	8.50	68	11.31	123	15.11	95	21.21	141	20.61
Depreciations	55	8.50	61	10.15	62	7.62	36	8.04	63	9.21
Tax and charges	52	8.04	37	6.16	58	7.13	34	7.59	41	5.99
Utilities	35	5.41	47	7.82	53	6.51	30	6.70	29	4.24
Upkeep and maintenance	17	2.63	23	3.82	32	3.93	14	3.12	17	2.49
Rental	18	2.78	18	3.00	22	2.70	11	2.45	23	3.36
Office expenses	14	2.16	12	2.00	11	1.35	4	0.89	6	0.88
Directors' fees	-	-	-	-	3	0.37	-	-	25	3.65
Others <sup>(1)</sup>	55	8.50	12	2.00	85	10.44	22	4.91	36	5.27
<b>Total</b>	<b>647</b>	<b>100.00</b>	<b>601</b>	<b>100.00</b>	<b>814</b>	<b>100.00</b>	<b>448</b>	<b>100.00</b>	<b>684</b>	<b>100.00</b>

**12. FINANCIAL INFORMATION (CONT'D)****Note:-**

- (1) Comprise entertainment expenses, gift and donation, sundry expenses, advertisement expenses, penalty and training expenses.

**Commentaries:-***Comparison between FYE 2021 and FYE 2022*

Our administrative expenses reduced by 7.69% or RM0.05 million to RM0.60 million (FYE 2021: RM0.65 million) due mainly to the decrease in other expenses by 83.33% or RM0.05 million to RM0.01 million (FYE 2021: RM0.06 million) as we settled a penalty imposed by IRB during FYE 2021 for RM0.04 million due to the underestimation of tax payable in the sum of RM735,058.64 for the year of assessment of 2020.

*Comparison between FYE 2022 and FYE 2023*

Our administrative expenses increased by 35.00% or RM0.21 million to RM0.81 million (FYE 2022: RM0.60 million) due mainly to the following:-

- (a) increase in staff costs by 15.63% or RM0.05 million to RM0.37 million (FYE 2022: RM0.32 million) resulting from the salaries adjustments and the higher headcounts in FYE 2023;
- (b) increase in professional fees by 71.43% or RM0.05 million to RM0.12 million (FYE 2022: RM0.07 million) due to higher professional fees incurred for the Listing undertaken by our Group; and
- (c) increase in others expenses by 8 times or RM0.08 million to RM0.09 million (FYE 2022: RM0.01 million) as we settled a penalty imposed by IRB during FYE 2023 for RM0.04 million due to the underestimation of tax payable in the sum of RM793,000.56 for the year of assessment of 2022 and additional sundry expenses of RM0.04 million particularly for staff welfare and cleaning fees.

*Comparison between FPE 2023 and FPE 2024*

Our administrative expenses increased by 51.11% or RM0.23 million to RM0.68 million (FPE 2023: RM0.45 million) due mainly to the following:-

- (a) increase in staff costs by RM0.10 million to RM0.30 million (FPE 2023: RM0.20 million) resulting from the salaries adjustments;
- (b) the increase in professional fees by RM0.04 million to RM0.14 million (FPE 2024: RM0.10 million) due to higher professional fees incurred for the Listing undertaken by our Group; and
- (c) the directors' fees of RM0.03 million (FPE 2023: Nil) for our Non-Executive Directors.

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**12. FINANCIAL INFORMATION (CONT'D)****(vi) Selling, distribution and other expenses**

The detailed breakdown of our selling, distribution and other expenses for the Financial Years/Period Under Review is as follows:-

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Travelling and accommodation expenses	4	20.00	7	53.85	8	44.44	4	66.67	3	33.33
Insurance and road tax	12	60.00	4	30.77	8	44.44	-	-	5	55.56
Postage and courier	3	15.00	2	15.38	2	11.12	2	33.33	1	11.11
Fair value loss on other investment	1	5.00	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20</b>	<b>100.00</b>	<b>13</b>	<b>100.00</b>	<b>18</b>	<b>100.00</b>	<b>6</b>	<b>100.00</b>	<b>9</b>	<b>100.00</b>

**Commentaries:-**

Our selling, distribution and other expenses, which comprised mainly expenses relating to travelling and accommodation as well as insurance and road tax, do not fluctuate materially in absolute terms during the Financial Years/Period Under Review.

**(vii) Finance costs**

The detailed breakdown of our finance costs for the Financial Years/Period Under Review is as follows:-

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Interest expense on lease liability	1	-	-	-	-

**Commentaries:-**

Our finance costs for the Financial Years/Period Under Review comprised interest expense on lease liability in relation to motor vehicles purchased under hire purchase arrangement. We have not incurred any finance costs since FYE 2022 due mainly to the full settlement of the hire purchase in FYE 2021.

**(viii) PBT and PAT**

Taking into consideration the various factors affecting our Group's GP, GP margin, other income, administrative expenses and finance costs, our Group's PBT during the Financial Years/Period Under Review are depicted as below:-

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	4,053	5,512	7,062	3,901	4,437
PBT Margin (%)	84.77	89.09	90.57	90.20	87.26
PAT	3,054	4,227	5,374	2,977	3,369
PAT Margin (%)	63.88	68.32	68.92	68.83	66.25

**Commentaries:-****Comparison between FYE 2021 and FYE 2022**

In tandem with the improvement in our Group's commission revenue by RM1.41 million to RM6.19 million (FYE 2021: RM4.78 million):-

**12. FINANCIAL INFORMATION (CONT'D)**

- (a) our PBT increased by 36.05% or RM1.46 million to RM5.51 million (FYE 2021: RM4.05 million) and similarly, our PBT margin increased to 89.09% (FYE 2021: 84.77%); and
- (b) our PAT increased by 38.69% or RM1.18 million to RM4.23 million (FYE 2021: RM3.05 million) and similarly, our PAT margin increased to 68.32% (FYE 2021: 63.88%).

Comparison between FYE 2022 and FYE 2023

In tandem with the improvement in our Group's commission revenue by RM1.61 million to RM7.80 million (FYE 2022: RM6.19 million):-

- (a) our PBT increased by 28.13% or RM1.55 million to RM7.06 million (FYE 2022: RM5.51 million) and similarly, our PBT margin increased to 90.57% (FYE 2022: 89.09%); and
- (b) our PAT increased by 26.95% or RM1.14 million to RM5.37 million (FYE 2022: RM4.23 million) and similarly, our PAT margin increased to 68.92% (FYE 2022: 68.32%).

Comparison between FPE 2023 and FPE 2024

In tandem with the improvement in our Group's commission revenue by RM0.76 million to RM5.09 million (FPE 2023: RM4.33 million):-

- (a) our PBT increased by 13.85% or RM0.54 million to RM4.44 million (FPE 2023: RM3.90 million); and
- (b) our PAT increased by 13.09% or RM0.39 million to RM3.37 million (FPE 2023: RM2.98 million).

Notwithstanding the above, our PBT and PAT margins decreased to 87.26% (FPE 2023: 90.20%) and 66.25% (FPE 2023: 68.83%) respectively due mainly to the increase in salaries for the directors of RCSB and staff.

**(ix) Taxation**

The table below sets out our Group's income tax expense for the Financial Years/Period Under Review:-

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Taxation	999	1,285	1,688	924	1,068
Effective tax rate (%)	24.65	23.31	23.90	23.69	24.07
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00

For the Financial Years/Period Under Review, we do not have any outstanding or provision for withholding tax.

**Commentaries:-**

Save for the FYE 2021 and FPE 2024, our effective tax rate during the Financial Years/Period Under Review was fairly consistent and slightly lower than the statutory tax rate of 24% due mainly to the tax savings from change in tax rates from 17% to 15% on the first tranche of chargeable income for those companies with paid-up capital of not more than RM2.50 million, and gross business income of not more than RM50.00 million.

## 12. FINANCIAL INFORMATION (CONT'D)

For the FYE 2021, our tax expenses stood at RM1.00 million. Our effective tax rate of 24.65% was slightly higher than the statutory tax rate of 24% due mainly to the additional tax for non-deductible expenses of RM0.02 million, which mainly comprised depreciation expense for non-qualifying asset, such as motor vehicles.

For the FPE 2024, our tax expenses stood at RM1.07 million. Our effective tax rate of 24.07% was slightly higher than the statutory tax rate of 24% driven by the additional tax for non-deductible expenses of RM0.01 million, which mainly comprised professional fees and depreciation expense for non-qualifying asset, such as motor vehicles.

### 12.3.2 Significant Factors Affecting Our Operations and Financial Performance

Our financial condition and results of operations have been and will continue to be affected by various key factors primarily relating to the industry in which we operate. These factors include but are not limited to the following:-

**(i) We are dependent on our major customers**

We are dependent on Iqka Collection Services and Real One Group, which have contributed more than 14.00% of the Gross Sales during the Financial Years/Period Under Review. In particular, the Gross Sales contribution from Iqka Collection Services has increased from 18.11% in FYE 2021 to 22.96% in FYE 2022, 25.65% in FYE 2023 and 28.34% in FPE 2024. Meanwhile the Gross Sales contribution from Real One Group has decreased from 23.36% in FYE 2021 to 14.31% in FPE 2024.

While we do not have long-term contracts with these companies, we have maintained mutually beneficial and trusted working relationships of eight (8) years and ten (10) years with Iqka Collection Services and Real One Group, respectively, as at the LPD. Further, as we offer our services via our SRS platform, the switching of service provider would inconvenience our SRS corporate users to reinstall and train their employees/agents to use a new digital platform. Thus, SRS corporate users are less likely to stop using our services should our Group continue to provide them with our SRS platform with minimal disruptions and provide prompt customer service.

**(ii) Disruptions in business operations due to COVID-19**

During the MCO period, our employees were restricted from working from our premises due to temporary closure of our premises. However, as our SRS platform operates online, we are able to carry out our business operations as usual. Meanwhile, all of our employees worked from home until receipt of approval from MITI to return to work in the office on 12 January 2021.

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

**(iii) Impact of inflation**

Our financial performance during the Financial Years/Period Under Review was not materially affected by the inflation. However, there can be no assurance that future inflation would not have an impact on our business and financial performance.

**(iv) Impact of government, economic, fiscal or monetary policies**

Save for policies in relation to COVID-19, there were no government, economic, fiscal or monetary policies or factors which had materially affected our operations during the Financial Years/Period Under Review. There is no assurance that our financial performance will not be adversely affected by the impact of further change in government, economic, fiscal or monetary policies or factors moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.2.4 of this Prospectus.

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**12. FINANCIAL INFORMATION (CONT'D)**


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**(v) Compliance with local licensing, certification and regulatory requirements**

There was no non-compliance with licensing, certification and regulatory requirements including government, economic, fiscal or monetary policies which may have materially affected or could materially affect our operations.

**(vi) We may be affected by technological advancements and changes in market preferences and trends**

The electronic reload and bill payment services we offer, as with any IT based solutions, are prone to evolving technological advancements and changes in market preferences and trends. In particular, the electronic reload and bill payment industry, which we operate in, is dependent on the continued market acceptance and preference towards mobile prepaid and electronic transactions. Changes in these preferences or trends or the introduction of new digital solutions that could render our solutions irrelevant could adversely affect our business performance growth. As such, our future growth and success would significantly depend on our ability to successfully and accurately anticipate technological changes and upgrade our solutions in a timely and cost-effective manner.

In order to mitigate this risk, we constantly keep abreast of the latest changes in the market and the adoption of new technologies. We also regularly obtain users' feedback in order to ensure we are meeting their needs and market trends. By upholding this practice in the past, we believe that we have been able to successfully introduce new services. Our range of electronic reload and bill payment services has grown from just mobile reload services to various electronic reload and bill payment services.

**(vii) Competitive strengths**

Our competitive strengths, which have enabled us to compete effectively in the industry we operate in include our established network of users, the wide range of services offered through our SRS platform, our long working relationships with our suppliers, our SRS platform is developed, operated and managed in-house, and our experienced and dedicated Executive Directors and Key Senior Management team.

Please refer to Section 7.4 of this Prospectus for further details of our competitive strengths.

**12.3.3 Significant changes on the financial position and results**

Save as disclosed in Section 6.2.1 of this Prospectus, there is no significant change that has occurred which may have a material effect on the financial position and results of our Group subsequent to the FPE 2024 and up to the LPD.

**12.4 LIQUIDITY AND CAPITAL RESOURCES****12.4.1 Working capital**

Our business had been financed solely by our internal source of funds comprising our cash deposited with licensed banks and cash generated from our business operations.

As at 31 July 2024, we had cash and bank balances of RM11.83 million. Our working capital as at 31 July 2024 was RM16.62 million, being the difference between our current assets of RM20.90 million and current liabilities of RM4.28 million.

As at the LPD, we have cash and bank balances of RM14.26 million. Our working capital as at the LPD is RM18.95 million, being the difference between the current assets of RM21.48 million and current liabilities of RM2.53 million.

**12. FINANCIAL INFORMATION (CONT'D)**

Based on the above sources of funds, the expected cash flow to be generated from our operations as well as proceeds to be raised from our Public Issue, our Board believes that we have adequate working capital to meet our present and foreseeable future working capital requirements for a period of 12 months from the date of this Prospectus.

**12.4.2 Cash flow**

The summary of our Group's cash flow based on our Group's historical combined statements of cash flows for the Financial Years/Period Under Review is as follows:-

	<b>Audited</b>			
	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>	<b>FPE 2024</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net cash from operating activities	2,545	605	1,995	7,332
Net cash from/(used in) investing activities	6	(7)	(15)	(236)
Net cash used in financing activities	(1,994)	(1,242)	(1,398)	-
Net cash increase/(decrease) in cash and cash equivalents	557	(644)	582	7,096
Cash and cash equivalents at beginning of financial year/period	4,236	4,793	4,149	4,731
<b>Cash and cash equivalents at end of financial year/period</b>	<b>4,793</b>	<b>4,149</b>	<b>4,731</b>	<b>11,827</b>
Cash and cash equivalents at the end of the financial years/period comprise:-				
- Cash and bank balance	<b>4,793</b>	<b>4,149</b>	<b>4,731</b>	<b>11,827</b>

**Commentaries:-****(i) Net cash from operating activities**FYE 2021

Net cash from operating activities for the FYE 2021 was RM2.55 million, which comprised PBT of RM4.05 million, adjusted downward for non-cash and other non-operating items totalling RM0.02 million as well as for working capital changes totalling RM0.10 million, interest received of RM0.06 million and net of tax payment of RM1.44 million.

The working capital changes were mainly due to the increase in inventories by RM0.74 million mainly attributable to higher purchases which was in line with our Group's growth in Gross Sales by 15.63% or RM102.78 million to RM760.31 million in FYE 2021, which had been partially set-off by the following:-

- (a) decrease in other receivables by RM0.23 million due to lower deposit or credit pool balance with the payment solution providers; and
- (b) increase in prepaid balances by RM0.41 million due to higher unutilised credit balances maintained in our SRS platform.

FYE 2022

Net cash from operating activities for the FYE 2022 was RM0.61 million, which comprised PBT of RM5.51 million, adjusted downward for non-cash and other non-operating items totalling RM0.01 million as well as for working capital changes totalling RM4.23 million, interest received of RM0.07 million and net of tax payment of RM0.73 million. The working capital changes were mainly due to the:-

**12. FINANCIAL INFORMATION (CONT'D)**

- (a) increase in inventories by RM3.61 million which was in tandem with the higher inventories retention. This is primarily attributed to our Group's strategy to maintain higher inventory level to accommodate the extended holiday season, ensuring uninterrupted supply and meeting the anticipated users' demand. In addition, our cash position allowed us to purchase extra inventories for potential growth. This proactive approach allows us to maintain a balance between the inventory level and cash flow; and
- (b) decrease in prepaid balances by RM0.78 million due to lower unutilised credit balances maintained in our SRS platform,

which had been partially set-off by decrease in other receivables by RM0.09 million due to lower deposit or credit pool balance with the payment solution providers.

FYE 2023

For the FYE 2023, our Group recorded net cash from operating activities of RM2.00 million, which comprised PBT of RM7.06 million, adjusted downward for non-cash and other non-operating items totalling RM0.18 million as well as for working capital changes totalling RM3.27 million, interest received of RM0.24 million and net of tax payment of RM1.85 million. The working capital changes were mainly due to the:-

- (a) increase in inventories by RM2.97 million which was in tandem with the higher inventories retention. This is primarily attributed to our Group's strategy to maintain higher inventory level to accommodate the extended holiday season, ensuring uninterrupted supply and meeting the anticipated users' demand. In addition, our cash position allowed us to purchase extra inventories for potential growth. This proactive approach allows us to maintain a balance between the inventory level and cash flow;
- (b) increase in other receivables by RM0.16 million due mainly to the prepayment of listing expenses of RM0.08 million; and
- (c) decrease in prepaid balances by RM0.14 million due to lower unutilised credit balances maintained in our SRS platform.

FPE 2024

Net cash from operating activities for the FPE 2024 was RM7.33 million, which comprised PBT of RM4.44 million, adjusted downward for non-cash and other non-operating items totalling RM0.10 million as well as adjusted upward for working capital changes totalling RM3.71 million, interest received of RM0.16 million and net of tax payment of RM0.88 million.

The working capital changes were mainly due to the increase in other receivables by RM0.21 million due mainly to the prepayment of listing expenses, which had been partially set-off by the following:-

- (a) decrease in inventories by RM3.34 million due to lower purchases made in FPE 2024; and
- (b) increase in prepaid balance by RM0.54 million due to higher unutilised credit balances maintained in our SRS platform.

**(ii) Net cash from/(used in) investing activities**FYE 2021

Net cash from investing activities was RM0.01 million, mainly attributed to the proceeds from disposal of fixed income investment of RM0.25 million and interest received of RM0.02 million. However, this was partly set-off by the acquisition of motor vehicle and computer equipment of RM0.26 million.

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**12. FINANCIAL INFORMATION (CONT'D)**


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FYE 2022

Net cash used in investing activities was RM0.01 million, mainly attributed to the acquisition of computer equipment of RM0.01 million.

FYE 2023

Net cash used in investing activities was RM0.02 million, mainly attributed to the acquisition of computer equipment of RM0.02 million.

FPE 2024

Net cash used in investing activities was RM0.24 million, mainly attributed to acquisition of motor vehicle of RM0.22 million.

**(iii) Net cash used in financing activities**FYE 2021

Net cash used in financing activities was RM1.99 million, mainly attributed to the dividend paid of RM2.00 million, partly set-off by the advances from directors of RM0.04 million.

FYE 2022

Net cash used in financing activities was RM1.24 million, mainly attributed to the dividend paid of RM1.20 million.

FYE 2023

Net cash used in financing activities stood at RM1.40 million, mainly attributed to the dividend paid of RM1.40 million.

FPE 2024

We have not used any cash for financing activities in FPE 2024.

**12.4.3 Financial instruments, treasury policies and objectives**

For the Financial Years/Period Under Review and up to the LPD, we do not utilise any financial instruments. We do not maintain any foreign currency bank accounts to receive proceeds from our sales and payments. Our main treasury policy is to maintain sufficient working capital to finance our business and operations as well as our commitments for operating and capital expenditure. Our internal source of funds include cash in hand and cash generated from operations. The primary objective is to have sustainable shareholders' equity and working capital to ensure we have the ability to continue as a going concern and grow our business in order to maximise shareholders' value.

During the Financial Years/Period Under Review, our Group has operated without any borrowings, despite experiencing higher funding requirements for inventory as such funding needs have been fully met through our internally generated funds.

**12.4.4 Material capital commitment**

We do not have any material capital commitments for capital expenditure contracted or known to be contracted, which may have a material effect on the financial position of our Group as at the LPD.

**12.4.5 Material litigation, claims or arbitration**

As at the LPD, neither our Company nor our Subsidiary is engaged in any material litigation or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or business and our Directors do not know of any proceeding pending and threatened, and of any fact likely to give rise to any proceeding which might materially and adversely affect our business and financial position.

**12. FINANCIAL INFORMATION (CONT'D)****12.4.6 Contingent liabilities**

As at the LPD, we do not have any contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position of our Group.

**12.4.7 Key financial ratios**

The following table sets out certain key financial ratios of our Group for the Financial Years/Period Under Review:-

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Inventories turnover period (days) <sup>(1)</sup>	2	4	6	6
Current ratio (times) <sup>(2)</sup>	2.57	3.46	4.81	4.88

**Notes:-**

- (1) Computed based on the average inventories divided by our Group's gross purchases of the respective financial years/period, multiplied by 365 days for each financial year or by 213 days for each financial period.
- (2) Computed based on the current assets over current liabilities of the respective financial years/period.

Our Group operates without trade receivable and trade payable as our SRS platform facilitates the transactions in real time with immediate settlement. Consequently, our business model requires the supplies to be readily available prior to the transactions.

In addition, we have no borrowings during the Financial Years/Period Under Review and up to the LPD. In view of the foregoing, the trade receivables turnover period, trade payables turnover period and gearing ratio are not applicable.

**12.4.7.1 Inventories turnover period**

A summary of our Group's inventories for the Financial Years/Period Under Review is set out as below:-

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Opening inventories (RM'000)	4,487	5,225	8,837	11,812
Closing inventories (RM'000)	5,225	8,837	11,812	8,468
Average inventories (RM'000) <sup>(1)</sup>	4,856	7,031	10,325	10,140
Gross purchases (RM'000)	755,526	671,107	657,621	389,101
<b>Inventories turnover period (days) <sup>(2)</sup></b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>6</b>

**Notes:-**

- (1) Computed based on the average sum of the opening inventories and closing inventories of the respective financial years/period.
- (2) Computed based on the average inventories divided by our Group's gross purchases of the respective financial years/period, multiplied by 365 days for each financial year or by 213 days for FPE 2024.

Our Group's inventories mainly comprise the deposits and/or credit pool with the payment solution providers and electronic reloads.



## 12. FINANCIAL INFORMATION (CONT'D)

Our inventories turnover period increased two (2) days in both FYE 2022 and FYE 2023. This was mainly attributed to higher inventories at the end of the respective financial years resulting from higher inventories retention as elaborated in Section 12.3.1(i) of this Prospectus. For clarity, our Company typically increases our inventories purchases when we have more financial resources available and the pricing of electronic reloads is attractive.

Our inventories turnover period remained at six (6) days during FYE 2023 and FPE 2024, which is relatively low as a result of our daily inventory monitoring approach to ensure prompt fulfilment of users' demand.

Notwithstanding the above, our inventories turnover period remained relatively low throughout the Financial Years/Period Under Review, ranging from two (2) to six (6) days, as result of our daily inventory monitoring approach to ensure prompt fulfilment of users' demand.

### 12.4.7.2 Current ratio

A summary of current ratio for the Financial Years/Period Under Review is set out as below:-

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Current assets (RM'000)	10,343	13,222	16,941	20,899
Current liabilities (RM'000)	4,029	3,825	3,523	4,280
<b>Current ratio (times) <sup>(1)</sup></b>	2.57	3.46	4.81	4.88

#### Note:-

- (1) Computed based on the current assets over current liabilities of the respective financial years/period.

As at 31 December 2022, current ratio increased to 3.46 times (31 December 2021: 2.57 times), which was mainly due to the following:-

- (i) increase in inventories by RM3.61 million in tandem with higher inventories retention in FYE 2022; and
- (ii) decrease in prepaid balances by RM0.78 million due to lower unutilised credit balances maintained in our SRS platform.

As at 31 December 2023, current ratio increased to 4.81 times (31 December 2022: 3.46 times), due mainly to increase in inventories by RM2.97 million which was in tandem with the higher inventories retention in FYE 2023.

As at 31 July 2024, current ratio increased to 4.88 times (31 December 2023: 4.81 times), due mainly to increase in cash and bank balances by RM7.10 million due to RCSB's strategy of maintaining approximately six (6) days' inventories as there is no extended holiday season, thereby freeing up more cash as well as no dividend declared during the FPE 2024.

## 12.5 TREND INFORMATION

As at the LPD, our Board confirms that there are no:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on our financial performance, position and operations, other than those discussed in Sections 6, 9 and 12 of this Prospectus;
- (ii) material commitments for capital expenditure, other than those discussed in Section 6.5.1 of this Prospectus;

**12. FINANCIAL INFORMATION (CONT'D)**

- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, other than those discussed in Sections 6, 9 and 12 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue and/or profits, other than those disclosed in this Section 12, the information on our Group as set out in Sections 6 and 7 of this Prospectus and our business strategies and plans as set out in Section 7.22 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not necessarily indicative of the future financial performance and position; and
- (vi) known trends, demand, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources.

**12.6 ORDER BOOK**

Due to the nature of our business where there are no long-term contracts or purchase orders with our users, we do not have an order book.

**12.7 DIVIDEND POLICY**

Our Group currently does not have a fixed dividend policy. Nonetheless, it is our intention to pay dividends to our shareholders in the future to allow them to participate in our profits. The declaration of dividends is subject to the discretion of our Board. Actual dividends proposed and declared may vary depending on the financial performance and cash flows of our Group.

As we are an investment holding company, our ability to declare and pay dividends is dependent upon the dividends we receive from our Subsidiary from time to time. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial or economic restrictions on the ability of our Subsidiary to transfer funds in the form of cash dividends, loans or advances to us. The payment of dividends by our Subsidiary is dependent upon various factors, including but not limited to their distributable profits, financial performance and cash flow requirements for operations and capital expenditures, as well as other factors that our Directors deem relevant.

The dividends declared and paid by RCSB during the Financial Years/Period Under Review and up to the LPD are as follows:-

	<b>FYE 2021</b> <b>RM'000</b>	<b>FYE 2022</b> <b>RM'000</b>	<b>FYE 2023</b> <b>RM'000</b>	<b>FPE 2024</b> <b>RM'000</b>	<b>Up to the LPD</b> <b>RM'000</b>
Dividend paid/declared	<sup>(1)</sup> 2,000	<sup>(2)</sup> 1,200	<sup>(3)</sup> 1,400	-	-

**Notes:-**

- (1) An interim dividend of RM173.91 per RCSB Share in respect of FYE 2021 was declared on 14 October 2021 and paid on 1 November 2021.
- (2) An interim dividend of RM104.35 per RCSB Share in respect of FYE 2022 was declared and paid on 7 October 2022.
- (3) An interim dividend of RM121.74 per RCSB Share in respect of FYE 2023 was declared on 17 August 2023 and paid on 1 September 2023.

The dividends paid were funded entirely via our Company's internally generated funds.

Our Group intends to declare a dividend of 0.5 sen per Share in respect of FYE 2024 after the allotment of our Issue Shares and Offer Shares but prior to our Listing. The dividend will be funded by the internally generated funds of our Group. The dividend to be paid will not affect our Group's business operations.

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**13. ACCOUNTANTS' REPORT**

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**RICHTECH DIGITAL BERHAD**  
**Registration No: 202301037196 (1531119-U)**  
(Incorporated in Malaysia)

**ACCOUNTANTS' REPORT**  
**FOR THE FINANCIAL YEARS ENDED**  
**31 DECEMBER 2021, 31 DECEMBER 2022,**  
**31 DECEMBER 2023 AND FOR THE**  
**FINANCIAL PERIOD ENDED 31 JULY 2024**

**TGS TW PLT**  
**CHARTERED ACCOUNTANTS**

**13. ACCOUNTANTS' REPORT (CONT'D)**



The Board of Directors  
RichTech Digital Berhad  
No. 729, 7th Floor, Block A  
Kelana Centre Point  
Jalan SS7/19  
47301 Petaling Jaya  
Selangor Darul Ehsan

TGS TW PLT  
202106000004 (LLP0026851-LCA) & AF002345  
Chartered Accountants  
Unit E-16-2B,  
Level 16, Icon Tower (East)  
No.1, Jalan 1/68F, Jalan Tun Razak  
50400 Kuala Lumpur.  
Tel : +603 9771 4326  
Email: tgsaudit@tgs-tw.com  
www.tgs-tw.com

Dear Sirs,

**Reporting Accountants' Opinion on the Financial Information (as defined herein) contained in the Accountants' Report of RichTech Digital Berhad ("the Company")**

**Opinion**

We have audited the accompanying combined financial statements ("Financial Information") of the Company and of its subsidiary (collectively known as "the combining entities" or "RichTech Group") which comprise the combined statements of financial position as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 July 2024 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the combining entities for the financial years ended 31 December 2021, 31 December 2022, 31 December 2023 and for the financial period ended 31 July 2024, and material accounting policy information and other explanatory notes, as set out on pages 5 to 35.

This Financial Information have been prepared for inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad. This report is prepared for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the accompanying Financial Information give a true and fair view of the combined financial position of the combining entities as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 July 2024, and of their financial performance and of their cash flows for the financial years ended 31 December 2021, 31 December 2022, 31 December 2023 and for the financial period ended 31 July 2024 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Paragraph 10.04 of Chapter 10, Part II Division 1, Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia.

**Basis for opinion**

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

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**Basis for opinion (Cont'd)***Independence and other ethical responsibilities*

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

**Responsibilities of the Directors for the Financial Information**

The Directors of the combining entities are responsible for the preparation of the Financial Information of the combining entities that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of Financial Information of the combining entities that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Information of the combining entities, the Directors are responsible for assessing the combining entities’ ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the combining entities or cease operations, or have no realistic alternative but to do so.

**Reporting Accountants’ responsibilities for the audit of the Financial Information**

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

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**Reporting Accountants' responsibilities for the audit of the Financial Information (Cont'd)**

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

- Identify and assess the risks of material misstatement of the Financial Information of the combining entities, 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 combining entities' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the combining entities' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the Financial Information of the combining entities 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 combining entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Information of the combining entities, including the disclosures, and whether the Financial Information of the combining entities represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Financial Information of the combining entities or business activities within the combining entities to express an opinion on the Financial Information of the combining entities. We are responsible for the direction, supervision and performance of the combining entities audit. We remain solely responsible for our audit opinion.

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

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**Restriction on distribution and use**

This report is made solely to the Company and for inclusion in the prospectus of the Company to be issued in relation to the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for no other purposes. We do not assume responsibility to any other person for the content of this report.

**Other matters**

The significant events occurring after the end of the financial period ended 31 July 2024 have been disclosed in Note 1(d) to the combined financial statements.

The comparative information in respect of the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity, combined statements of cash flows and related notes to the combined financial statements for the financial period ended 31 July 2023 has not been audited.

A handwritten signature in black ink, appearing to be 'TGS'.

TGS TW PLT  
202106000004 (LLP0026851-LCA) & AF002345  
Chartered Accountants

A handwritten signature in black ink, appearing to be 'A.'.

OOI POH LIM  
03087/10/2025 J  
Chartered Accountant

KUALA LUMPUR  
23 December 2024

**13. ACCOUNTANTS' REPORT (CONT'D)****RICHTECH DIGITAL BERHAD**

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 JULY 2024**

	Note	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.12.2023 RM	Audited 31.7.2024 RM
<b>ASSETS</b>					
<b>Non-current asset</b>					
Property, plant and equipment	4	278,473	223,985	176,848	349,451
		<u>278,473</u>	<u>223,985</u>	<u>176,848</u>	<u>349,451</u>
<b>Current assets</b>					
Inventories	5	5,225,144	8,837,525	11,812,469	8,468,023
Other receivables	6	325,058	235,808	398,108	604,285
Cash and bank balances		4,792,791	4,148,895	4,730,509	11,827,473
		<u>10,342,993</u>	<u>13,222,228</u>	<u>16,941,086</u>	<u>20,899,781</u>
<b>Total assets</b>		<u>10,621,466</u>	<u>13,446,213</u>	<u>17,117,934</u>	<u>21,249,232</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	7 (a)	-	-	2,000	2,000
Invested equity	7 (b)	810,000	810,000	810,000	810,000
Retained earnings		5,769,192	8,796,246	12,770,377	16,139,638
<b>Total equity</b>		<u>6,579,192</u>	<u>9,606,246</u>	<u>13,582,377</u>	<u>16,951,638</u>
<b>LIABILITIES</b>					
<b>Non-current liability</b>					
Deferred tax liability	8	12,629	15,000	13,000	18,000
		<u>12,629</u>	<u>15,000</u>	<u>13,000</u>	<u>18,000</u>
<b>Current liabilities</b>					
Other payables	9	47,875	114,646	104,334	138,616
Prepaid balances	10	3,698,345	2,914,857	2,779,174	3,320,357
Amount due to a Director	11	42,010	-	-	-
Tax payable		241,415	795,464	639,049	820,621
		<u>4,029,645</u>	<u>3,824,967</u>	<u>3,522,557</u>	<u>4,279,594</u>
<b>Total liabilities</b>		<u>4,042,274</u>	<u>3,839,967</u>	<u>3,535,557</u>	<u>4,297,594</u>
<b>Total equity and liabilities</b>		<u>10,621,466</u>	<u>13,446,213</u>	<u>17,117,934</u>	<u>21,249,232</u>

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



**13. ACCOUNTANTS' REPORT (CONT'D)****RICHTECH DIGITAL BERHAD**

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021, 31 DECEMBER 2022,  
31 DECEMBER 2023 AND FINANCIAL PERIODS ENDED 31 JULY 2023 AND 31 JULY 2024**

		<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
		<b>1.1.2021</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2023</b>	<b>1.1.2024</b>
		<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
		<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.7.2023</b>	<b>31.7.2024</b>
<b>Note</b>		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Revenue	12	4,781,309	6,187,316	7,796,762	4,324,861	5,084,905
Cost of sales		(138,861)	(130,915)	(142,424)	(75,956)	(117,415)
<b>Gross profit</b>		<u>4,642,448</u>	<u>6,056,401</u>	<u>7,654,338</u>	<u>4,248,905</u>	<u>4,967,490</u>
Other income		79,101	69,924	240,374	105,889	162,893
Administrative expenses		(646,750)	(600,868)	(814,520)	(448,073)	(684,108)
Selling, distribution and other expenses		(20,701)	(13,653)	(18,143)	(5,637)	(8,776)
<b>Profit from operations</b>		<u>4,054,098</u>	<u>5,511,804</u>	<u>7,062,049</u>	<u>3,901,084</u>	<u>4,437,499</u>
Finance costs	13	(820)	-	-	-	-
<b>Profit before tax</b>	14	<u>4,053,278</u>	<u>5,511,804</u>	<u>7,062,049</u>	<u>3,901,084</u>	<u>4,437,499</u>
Taxation	15	(998,978)	(1,284,750)	(1,687,918)	(924,180)	(1,068,238)
<b>Profit for the financial years/ periods</b>		<u><u>3,054,300</u></u>	<u><u>4,227,054</u></u>	<u><u>5,374,131</u></u>	<u><u>2,976,904</u></u>	<u><u>3,369,261</u></u>
<b>Profit for the financial years/ periods attributable to:</b>						
Owners of the combining entities		<u><u>3,054,300</u></u>	<u><u>4,227,054</u></u>	<u><u>5,374,131</u></u>	<u><u>2,976,904</u></u>	<u><u>3,369,261</u></u>
<b>Total comprehensive income for the financial years/ periods attributable to:</b>						
Owners of the combining entities		<u><u>3,054,300</u></u>	<u><u>4,227,054</u></u>	<u><u>5,374,131</u></u>	<u><u>2,976,904</u></u>	<u><u>3,369,261</u></u>
<b>Earnings per share:</b>						
Basic	16	<u><u>0.02</u></u>	<u><u>0.03</u></u>	<u><u>0.04</u></u>	<u><u>0.02</u></u>	<u><u>0.02</u></u>
Diluted	16	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>

\* There is no dilutive earnings per share as the combining entities do not have any dilutive instruments for the financial years/periods.

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

**13. ACCOUNTANTS' REPORT (CONT'D)****RICHTECH DIGITAL BERHAD**

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS  
ENDED 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023 AND  
FINANCIAL PERIODS ENDED 31 JULY 2023 AND 31 JULY 2024**

	Note	Share capital RM	Invested equity RM	Retained earnings RM	Total equity RM
<b>Audited</b>					
<b>At 1 January 2021</b>		-	810,000	4,714,892	5,524,892
Profit for the financial year, representing total comprehensive income for the financial year		-	-	3,054,300	3,054,300
<b>Transaction with owners of the combining entities:</b>					
Dividend to owners	17	-	-	(2,000,000)	(2,000,000)
<b>At 31 December 2021</b>		-	810,000	5,769,192	6,579,192
Profit for the financial year, representing total comprehensive income for the financial year		-	-	4,227,054	4,227,054
<b>Transaction with owners of the combining entities:</b>					
Dividend to owners	17	-	-	(1,200,000)	(1,200,000)
<b>At 31 December 2022</b>		-	810,000	8,796,246	9,606,246
Profit for the financial year, representing total comprehensive income for the financial year		-	-	5,374,131	5,374,131
<b>Transactions with owners of the combining entities:</b>					
Issuance of ordinary shares	7 (a)	2,000	-	-	2,000
Dividend to owners	17	-	-	(1,400,000)	(1,400,000)
<b>At 31 December 2023</b>		2,000	810,000	12,770,377	13,582,377
Profit for the financial period, representing total comprehensive income for the financial period		-	-	3,369,261	3,369,261
<b>At 31 July 2024</b>		2,000	810,000	16,139,638	16,951,638

**13. ACCOUNTANTS' REPORT (CONT'D)****RICHTECH DIGITAL BERHAD**

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS  
ENDED 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023 AND  
FINANCIAL PERIODS ENDED 31 JULY 2023 AND 31 JULY 2024 (CONT'D)**

	Note	Share capital RM	Invested equity RM	Retained earnings RM	Total equity RM
<b>Unaudited</b>					
<b>At 1 January 2023</b>		-	810,000	8,796,246	9,606,246
Profit for the financial period, representing total comprehensive income for the financial period		-	-	2,976,904	2,976,904
<b>At 31 July 2023</b>		-	810,000	11,773,150	12,583,150

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

**13. ACCOUNTANTS' REPORT (CONT'D)****RICHTECH DIGITAL BERHAD**

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS  
ENDED 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023 AND  
FINANCIAL PERIODS ENDED 31 JULY 2023 AND 31 JULY 2024**

	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2023 to 31.7.2023 RM	Audited 1.1.2024 to 31.7.2024 RM
Note					
<b>Cash flows from operating activities</b>					
Profit before tax	4,053,278	5,511,804	7,062,049	3,901,084	4,437,499
Adjustments for:					
Depreciation of property, plant and equipment	54,543	61,104	62,194	36,064	62,973
Fair value loss of other investment	1,025	-	-	-	-
Interest income	(79,101)	(69,924)	(239,661)	(105,889)	(162,893)
Interest expenses	820	-	-	-	-
Operating profit before working capital changes	4,030,565	5,502,984	6,884,582	3,831,259	4,337,579
Changes in working capital:					
(Increase)/Decrease in inventories	(737,877)	(3,612,381)	(2,974,944)	4,429,285	3,344,446
Decrease/(Increase) in other receivables	233,952	89,250	(162,300)	221,637	(206,177)
Increase/(Decrease) in prepaid balances	407,287	(783,488)	(135,683)	386,874	541,183
(Decrease)/Increase in other payables	(13,349)	66,771	(10,312)	57,857	34,282
Cash generated from operations	3,920,578	1,263,136	3,601,343	8,926,912	8,051,313
Interest received	63,145	69,924	239,661	105,889	162,893
Tax paid	(1,439,141)	(735,498)	(1,846,333)	(242,496)	(881,666)
Tax refund	-	7,168	-	-	-
Net cash from operating activities	2,544,582	604,730	1,994,671	8,790,305	7,332,540
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	(259,617)	(6,616)	(15,057)	(6,708)	(235,576)
Proceed from disposal of other investment	250,000	-	-	-	-
Interest received	15,956	-	-	-	-
Net cash from/(used in) investing activities	6,339	(6,616)	(15,057)	(6,708)	(235,576)

**13. ACCOUNTANTS' REPORT (CONT'D)****RICHTECH DIGITAL BERHAD**

(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS  
ENDED 31 DECEMBER 2021, 31 DECEMBER 2022, 31 DECEMBER 2023 AND  
FINANCIAL PERIODS ENDED 31 JULY 2023 AND 31 JULY 2024 (CONT'D)**

	Audited 1.1.2021 to 31.12.2021	Audited 1.1.2022 to 31.12.2022	Audited 1.1.2023 to 31.12.2023	Unaudited 1.1.2023 to 31.7.2023	Audited 1.1.2024 to 31.7.2024
Note	RM	RM	RM	RM	RM
<b>Cash flows from financing activities</b>					
Interest paid	(820)	-	-	-	-
Advances from/(Repayments to) a Director	41,389	(42,010)	-	-	-
Proceed from issue of share capital	-	-	2,000	-	-
Repayment of lease liability	(34,756)	-	-	-	-
Dividend paid	(2,000,000)	(1,200,000)	(1,400,000)	-	-
Net cash used in financing activities	<u>(1,994,187)</u>	<u>(1,242,010)</u>	<u>(1,398,000)</u>	<u>-</u>	<u>-</u>
<b>Net cash increase/(decrease) in cash and cash equivalents</b>					
	556,734	(643,896)	581,614	8,783,597	7,096,964
<b>Cash and cash equivalents at beginning of the financial years</b>					
	<u>4,236,057</u>	<u>4,792,791</u>	<u>4,148,895</u>	<u>4,148,895</u>	<u>4,730,509</u>
<b>Cash and cash equivalents at end of the financial years/periods</b>					
	<u><u>4,792,791</u></u>	<u><u>4,148,895</u></u>	<u><u>4,730,509</u></u>	<u><u>12,932,492</u></u>	<u><u>11,827,473</u></u>
<b>Cash and cash equivalents at end of the financial years/periods comprises:</b>					
Cash and bank balances	<u>4,792,791</u>	<u>4,148,895</u>	<u>4,730,509</u>	<u>12,932,492</u>	<u>11,827,473</u>



**13. ACCOUNTANTS' REPORT (CONT'D)****RICHTECH DIGITAL BERHAD**

(Incorporated in Malaysia)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. Corporate information****(a) Introduction**

This report has been prepared solely to comply with the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of RichTech Digital Berhad ("the Company") in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (hereinafter defined as "the Listing") and should not be relied upon for any other purposes.

**(b) Background**

The Company was incorporated on 21 September 2023 as a public limited liability company and domiciled in Malaysia.

The registered office of the Company is located at Unit 521, 5<sup>th</sup> Floor, Lobby 6, Block A, Damansara Intan, No. 1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 729, 7<sup>th</sup> Floor, Block A, Kelana Centre Point, Jalan SS 7/19, 47301 Petaling Jaya, Selangor Darul Ehsan.

**(c) Principal activities**

The Company's principal activity is investment holding.

The details of the subsidiary as of the date of this report is as follow:

<b>Name of company</b>	<b>Effective interest</b>	<b>Date of incorporation</b>	<b>Principal activities</b>
RichTech Communications Sdn. Bhd. ("RC")	100	16 October 2001	Distribution of electronic reload services as well as the provision of bill payment services via the SRS platform.

**13. ACCOUNTANTS' REPORT (CONT'D)**

**1. Corporate information (Cont'd)**

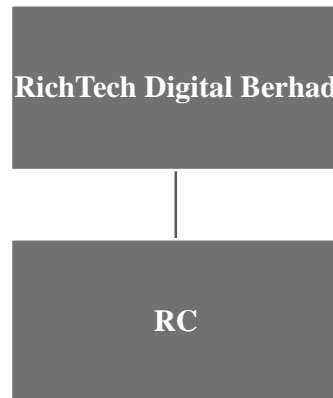
**(d) Acquisition**

The RichTech Group has been formed pursuant to the completion of the acquisition of its subsidiary by the Company prior to the listing and quotation on the ACE Market of Bursa Securities.

The Company entered into a conditional Share Sale Agreement on 28 February 2024 to acquire the entire equity interest in RC for a purchase consideration of RM13,596,496 to be satisfied by the issuance of 147,788,000 ordinary shares in the Company at an issue price of RM0.092 per share.

The acquisition was completed on 21 November 2024 and consolidated using merger method of accounting.

Following the completion of the acquisition of RC, the group structure of the Company is as follows:



**(e) Auditors**

The relevant financial years of the audited financial statements used for the purpose of the combined financial statements (“Relevant Financial Years/Periods”) and the auditors are as follows:

<b>Company</b>	<b>Relevant Financial Years/Periods</b>	<b>Auditors</b>
RichTech Digital Berhad	FPE 31 December 2023	TGS TW PLT
	FPE 31 July 2024	TGS TW PLT
RC	FYE 31 December 2021	TGS TW PLT
	FYE 31 December 2022	TGS TW PLT
	FYE 31 December 2023	TGS TW PLT
	FPE 31 July 2024	TGS TW PLT

*FPE - Financial period ended*

*FYE - Financial year ended*



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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**1. Corporate information (Cont'd)**

**(e) Auditors (Cont'd)**

The audited financial statements of RichTech Digital Berhad and RC for the Relevant Financial Years/Periods reported above were not subject to any qualification or modification.

**2. Basis of preparation**

**(a) Statement of compliance**

The combined financial statements of the combining entities have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 1(c) to this report, which were under common control throughout the reporting years by virtue of common controlling shareholders.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the reporting years.

The combined financial statements of the combining entities have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

**(i) Adoption of new and amended standards**

During the financial years, the combining entities have adopted the following and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for the current financial period:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of the amendments to MFRSs did not have any significant impact on the combined financial statements of the combining entities.

**13. ACCOUNTANTS' REPORT (CONT'D)**

**2. Basis of preparation (Cont'd)**

**(a) Statement of compliance (Cont'd)**

**(ii) Standards issued but not yet effective**

The combining entities have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the combining entities:

		Effective dates for financial years/period beginning on or after
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classifications and Measurement of Financial Instruments	1 January 2026
Annual Improvements - Volume 11	Amendments to MFRS 1 Amendments to MFRS 7 Amendments to MFRS 9 Amendments to MFRS 10 Amendments to MFRS 107	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountabilities: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The combining entities intend to adopt the above new and amendments to MFRSs when they become effective.

The initial applications of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the combined financial statements of the combining entities.

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**13. ACCOUNTANTS' REPORT (CONT'D)**


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**2. Basis of preparation (Cont'd)****(b) Functional and presentation currency**

These combined financial statements are presented in Ringgit Malaysia ("RM"), which is the combining entities' functional currency. All financial information is presented in RM and has been rounded to nearest RM, unless otherwise stated.

**(c) Significant accounting judgements, estimates and assumptions**

The preparation of the combining entities' combined financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

**Judgements**

There are no significant areas of critical judgements in applying the combining entities' accounting policies that have significant effect on the amount recognised in the combined financial statements.

**Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment

The combining entities regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment are disclosed in Note 4 to the combined financial statements.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The combining entities estimate the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the combining entities' products, the combining entities might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 5 to the combined financial statements.

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**13. ACCOUNTANTS' REPORT (CONT'D)**


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**2. Basis of preparation (Cont'd)****(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Key sources of estimation uncertainty (Cont'd)**Determination of transaction prices

The combining entities are required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the combining entities assess the impact of any variable consideration in the contract due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods are based on invoices values. Discounts are not considered as they are not only given in rare circumstances.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The combining entities recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**3. Material accounting policies**

The combining entities apply the material accounting policies set out below, consistently throughout all periods presented in the combined financial statements unless otherwise stated.

**(a) Consolidation**Common control business combination outside the scope of MFRS 3

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, and accordingly the accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

In applying merger accounting, combined financial statements items of the combining entities or businesses for the reporting years in which the common control combination occurs, and for any comparative years disclosed, are included in the financial statements of the entity as if the combination had occurred from the date when the combining entities first came under the control of the controlling party or parties prior to the common control combination.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**3. Material accounting policies (Cont'd)****(a) Consolidation (Cont'd)**Common control business combination outside the scope of MFRS 3 (Cont'd)

A single uniform set of accounting policies is adopted by the entity. Therefore, the entity recognised the assets, liabilities and equity of the combining entities or business at the carrying amounts in the combined financial statements of the controlling party or parties to the common control combination.

The carrying amounts are included as if such combined financial statements had been prepared by the controlling party, including adjustments required for conforming the entity's accounting policies and applying those policies to all years presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the entity.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On combination, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in merger reserve.

**(b) Property, plant and equipment****(i) Recognition and measurement**

Property, plant and equipment are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefit associated with the item will flow to the combining entities and the cost of the item can be measured reliably.

**(ii) Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the combining entities and their cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

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**13. ACCOUNTANTS' REPORT (CONT'D)**


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**3. Material accounting policies (Cont'd)****(b) Property, plant and equipment (Cont'd)****(iii) Depreciation**

Depreciation is recognised in the profit or loss on straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Computer equipment	20%
Furniture and fittings	20%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

**(c) Leases****(i) Recognition exemption**

The combining entities have elected not to recognised right-of-use assets and liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The combining entities recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(d) Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is calculated using the first-in-first-out basis.

**(e) Financial instruments**

At the reporting date, the combining entities carry financial assets at amortised cost on their combined statements of financial position. The combining entities' financial assets at amortised cost are other receivables and cash and bank balances.

At the reporting date, the combining entities carry only financial liabilities at amortised cost on their combined statements of financial position. The combining entities' financial liabilities at amortised cost include other payables, prepaid balances and amount due to a Director.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**3. Material accounting policies (Cont'd)**

**(f) Revenue recognition**

**(i) Revenue from contract with customers**

The combining entities recognise revenue from the following major sources:

Commission revenue

The combining entities are in sales of electronic reloads and provision of bill payment services via its SRS platform. The revenue associated with the sales of electronic reloads and the provision of bill payment services is presented on a net basis, which represents the margin earned as the combining entities' commission revenue. The combining entities' commission revenue is earned from the service providers upon usage of the prepaid balance maintained by users at the SRS platform and is recognised at a point in time when the transaction occurs.

The combining entities' commission revenue is derived from the gross sales after netting-off the gross purchases from/payments to service providers.

**(ii) Interest income**

Interest income comprises the interest income received from fixed income investment and bank balances.

**13. ACCOUNTANTS' REPORT (CONT'D)**

**4. Property, plant and equipment**

	<b>Computer equipment RM</b>	<b>Furniture and fittings RM</b>	<b>Motor vehicles RM</b>	<b>Total RM</b>
<b>Audited</b>				
<b>Cost</b>				
At 1 January 2021	71,434	58,441	449,641	579,516
Additions	20,278	-	239,339	259,617
At 31 December 2021	91,712	58,441	688,980	839,133
Additions	6,616	-	-	6,616
At 31 December 2022	98,328	58,441	688,980	845,749
Additions	15,057	-	-	15,057
At 31 December 2023	113,385	58,441	688,980	860,806
Additions	15,250	-	220,326	235,576
At 31 July 2024	128,635	58,441	909,306	1,096,382
<b>Accumulated depreciation</b>				
At 1 January 2021	37,712	55,409	412,996	506,117
Charge for the financial year	8,432	1,490	44,621	54,543
At 31 December 2021	46,144	56,899	457,617	560,660
Charge for the financial year	12,185	1,050	47,869	61,104
At 31 December 2022	58,329	57,949	505,486	621,764
Charge for the financial year	13,836	490	47,868	62,194
At 31 December 2023	72,165	58,439	553,354	683,958
Charge for the financial period	8,847	-	54,126	62,973
At 31 July 2024	81,012	58,439	607,480	746,931
<b>Carrying amount</b>				
At 31 December 2021	45,568	1,542	231,363	278,473
At 31 December 2022	39,999	492	183,494	223,985
At 31 December 2023	41,220	2	135,626	176,848
At 31 July 2024	47,623	2	301,826	349,451



**13. ACCOUNTANTS' REPORT (CONT'D)**

**4. Property, plant and equipment (Cont'd)**

(a) Depreciation charge of right-of-use assets are as follows:

	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.12.2023 RM	Audited 1.1.2024 to 31.7.2024 RM
Motor vehicle	36,643	-	-	-

**5. Inventories**

	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.12.2023 RM	Audited 31.7.2024 RM
Deposits and/or credit pool with the payment solution providers/distributors and electronic reloads	5,225,144	8,837,525	11,812,469	8,468,023

	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2023 to 31.7.2023 RM	Audited 1.1.2024 to 31.7.2024 RM
<b>Recognised in profit or loss:</b>					
Inventories recognised as gross purchases	755,525,368	671,106,246	657,621,067	385,874,322	389,101,215

**6. Other receivables**

	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.12.2023 RM	Audited 31.7.2024 RM
Advances to suppliers	255,340	183,000	238,920	-
Deposits	1,840	1,840	7,360	6,360
Non-trade receivables	67,878	50,968	29,433	9,695
Prepayments	-	-	42,395	52,230
Prepayments for Initial Public Offering	-	-	80,000	536,000
	325,058	235,808	398,108	604,285

**13. ACCOUNTANTS' REPORT (CONT'D)**

**6. Other receivables (Cont'd)**

Non-trade receivables are unsecured, non-interest bearing and repayable on demand.

Included in the deposits is an amount of RM3,000 and RM1,500 (31.12.2021: RMNil, 31.12.2022: RMNil and 31.12.2023: RM3,000 and RM1,500) paid to a Director, Lee Teik Keong for rental deposit and utilities deposit respectively.

**7. Share capital/Invested equity**

(a) Share capital

	Number of ordinary shares			
	Audited 31.12.2021 Units	Audited 31.12.2022 Units	Audited 31.12.2023 Units	Audited 31.7.2024 Units
<b>Issued and fully paid:</b>				
At beginning of the financial years/date of incorporation	-	-	1,000	2,000
Issuance of shares	-	-	1,000	-
At end of the financial years/period	-	-	2,000	2,000
	Amount			
	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.12.2023 RM	Audited 31.7.2024 RM
<b>Issued and fully paid:</b>				
At beginning of the financial years/date of incorporation	-	-	1,000	2,000
Issuance of shares	-	-	1,000	-
At end of the financial years/period	-	-	2,000	2,000

The Company was incorporated with a paid-up share capital of RM1,000 comprising 1,000 ordinary shares that was subscribed for working capital on the date of incorporation.

During the financial year ended 31 December 2023, the Company subsequently issued 1,000 new ordinary shares of RM1 each at RM1,000 for working capital purposes.

The new ordinary shares issued in financial year ended 31 December 2023 shall rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

**13. ACCOUNTANTS' REPORT (CONT'D)**

**7. Share capital/Invested equity (Cont'd)**

(b) Invested equity

	Number of ordinary shares			
	Audited 31.12.2021 Units	Audited 31.12.2022 Units	Audited 31.12.2023 Units	Audited 31.7.2024 Units
<b>Issued and fully paid:</b>				
At beginning/end of the financial years/period	11,500	11,500	11,500	11,500
	Amount			
	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.12.2023 RM	Audited 31.7.2024 RM
<b>Issued and fully paid:</b>				
At beginning/end of the financial years/period	810,000	810,000	810,000	810,000

Invested equity comprised the aggregate number of issued and paid-up ordinary shares of RC.

**8. Deferred tax liability**

	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.12.2023 RM	Audited 31.7.2024 RM
At beginning of the financial years	3,850	12,629	15,000	13,000
Recognised in profit or loss	8,779	2,371	(2,000)	5,000
At end of the financial years/period	12,629	15,000	13,000	18,000

The balance of deferred tax liability is made up of tax effect on temporary differences arising from:

	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.12.2023 RM	Audited 31.7.2024 RM
Property, plant and equipment	12,629	15,000	13,000	18,000

**13. ACCOUNTANTS' REPORT (CONT'D)****9. Other payables**

	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.12.2023 RM	Audited 31.7.2024 RM
Non-trade payables	-	-	-	45,000
Accruals	47,875	114,646	104,334	93,616
	<u>47,875</u>	<u>114,646</u>	<u>104,334</u>	<u>138,616</u>

**10. Prepaid balances**

Prepaid balances represent the unutilised credit balances maintained by the users and stored in the combining entities platform for the purchase of electronic reloads and bill payment services, which is non-interest bearing and non-refundable.

**11. Amount due to a Director**

Amount due to a Director is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

**12. Revenue**

	Audited 1.1.2021 to 31.12.2021 RM	Audited 1.1.2022 to 31.12.2022 RM	Audited 1.1.2023 to 31.12.2023 RM	Unaudited 1.1.2023 to 31.7.2023 RM	Audited 1.1.2024 to 31.7.2024 RM
<b>Revenue form contracts with customers:</b>					
Electronic reloads services and bill payment services	<u>4,781,309</u>	<u>6,187,316</u>	<u>7,796,762</u>	<u>4,324,861</u>	<u>5,084,905</u>
<b>Timing of revenue recognition:</b>					
At a point in time	<u>4,781,309</u>	<u>6,187,316</u>	<u>7,796,762</u>	<u>4,324,861</u>	<u>5,084,905</u>
<b>Geographical market:</b>					
Malaysia	<u>4,781,309</u>	<u>6,187,316</u>	<u>7,796,762</u>	<u>4,324,861</u>	<u>5,084,905</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****12. Revenue (Cont'd)**

The details of the commission revenue associated with the sales of electronic reloads and provision of bill payment services are as follows:

	<b>Audited</b> <b>1.1.2021</b> <b>to</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>1.1.2022</b> <b>to</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2023</b> <b>to</b> <b>31.12.2023</b> <b>RM</b>	<b>Unaudited</b> <b>1.1.2023</b> <b>to</b> <b>31.7.2023</b> <b>RM</b>	<b>Audited</b> <b>1.1.2024</b> <b>to</b> <b>31.7.2024</b> <b>RM</b>
Gross sales of electronic reloads services and bill payment services	760,306,677	677,293,562	665,417,829	390,199,183	394,186,120
Gross purchases	<u>(755,525,368)</u>	<u>(671,106,246)</u>	<u>(657,621,067)</u>	<u>(385,874,322)</u>	<u>(389,101,215)</u>
	<u>4,781,309</u>	<u>6,187,316</u>	<u>7,796,762</u>	<u>4,324,861</u>	<u>5,084,905</u>

**13. Finance cost**

	<b>Audited</b> <b>1.1.2021</b> <b>to</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>1.1.2022</b> <b>to</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2023</b> <b>to</b> <b>31.12.2023</b> <b>RM</b>	<b>Unaudited</b> <b>1.1.2023</b> <b>to</b> <b>31.7.2023</b> <b>RM</b>	<b>Audited</b> <b>1.1.2024</b> <b>to</b> <b>31.7.2024</b> <b>RM</b>
Interest expense on lease liability	820	-	-	-	-

**14. Profit before tax**

Profit before tax is determined after charging/(crediting) amongst others, the following items:

	<b>Audited</b> <b>1.1.2021</b> <b>to</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>1.1.2022</b> <b>to</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2023</b> <b>to</b> <b>31.12.2023</b> <b>RM</b>	<b>Unaudited</b> <b>1.1.2023</b> <b>to</b> <b>31.7.2023</b> <b>RM</b>	<b>Audited</b> <b>1.1.2024</b> <b>to</b> <b>31.7.2024</b> <b>RM</b>
Auditors' remuneration	30,000	40,000	45,000	23,333	22,500
Depreciation of property, plant and equipment	54,543	61,104	62,194	36,064	62,973
Fair value loss on other investment	1,025	-	-	-	-
Interest income	(79,101)	(69,924)	(239,661)	(105,889)	(162,893)
Directors' fee	-	-	3,000	-	25,000
Short-term leases (a)	<u>18,000</u>	<u>18,000</u>	<u>21,600</u>	<u>10,500</u>	<u>23,100</u>

- (a) The combining entities lease office premises with contract terms of not more than one year. These leases are short-term lease. The combining entities have elected not to recognise right-of-use assets and lease liabilities for these leases.

**13. ACCOUNTANTS' REPORT (CONT'D)****15. Taxation**

	<b>Audited</b> <b>1.1.2021</b> <b>to</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>1.1.2022</b> <b>to</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2023</b> <b>to</b> <b>31.12.2023</b> <b>RM</b>	<b>Unaudited</b> <b>1.1.2023</b> <b>to</b> <b>31.7.2023</b> <b>RM</b>	<b>Audited</b> <b>1.1.2024</b> <b>to</b> <b>31.7.2024</b> <b>RM</b>
<b>Tax expenses recognised in profit or loss</b>					
Current years/periods tax	945,498	1,282,379	1,679,296	914,558	1,049,341
Under provision in prior financial years	44,701	-	10,622	10,622	13,897
	<u>990,199</u>	<u>1,282,379</u>	<u>1,689,918</u>	<u>925,180</u>	<u>1,063,238</u>
<b>Deferred tax</b>					
Originating and reversal of temporary differences	8,779	2,371	(2,000)	(1,000)	5,000
	<u>998,978</u>	<u>1,284,750</u>	<u>1,687,918</u>	<u>924,180</u>	<u>1,068,238</u>

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the combining entities are as follows:

	<b>Audited</b> <b>1.1.2021</b> <b>to</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>1.1.2022</b> <b>to</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2023</b> <b>to</b> <b>31.12.2023</b> <b>RM</b>	<b>Unaudited</b> <b>1.1.2023</b> <b>to</b> <b>31.7.2023</b> <b>RM</b>	<b>Audited</b> <b>1.1.2024</b> <b>to</b> <b>31.7.2024</b> <b>RM</b>
Profit before tax	<u>4,053,278</u>	<u>5,511,804</u>	<u>7,062,049</u>	<u>3,901,084</u>	<u>4,437,499</u>
At Malaysian statutory tax rate of 24% (31.12.2021: 24%, 31.12.2022: 24%, 31.12.2023: 24% and 31.7.2023: 24%)	972,787	1,322,833	1,694,892	936,260	1,065,000
Change in tax rate for the first and second tranches of chargeable income	(42,000)	(42,000)	(45,000)	(45,000)	(45,000)
Expenses not deductible for tax purposes	23,490	3,917	27,404	22,298	34,341
Under provision of tax expense in prior financial years	44,701	-	10,622	10,622	13,897
	<u>998,978</u>	<u>1,284,750</u>	<u>1,687,918</u>	<u>924,180</u>	<u>1,068,238</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****16. Earnings per share**Basic earnings per share

The calculation of basic earnings per share was based on the profit for the financial years/periods attributable to ordinary equity holders of the combining entities and a weighted average number of ordinary shares issued calculated as follows:

	<b>Audited</b> <b>1.1.2021</b> <b>to</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>1.1.2022</b> <b>to</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2023</b> <b>to</b> <b>31.12.2023</b> <b>RM</b>	<b>Unaudited</b> <b>1.1.2023</b> <b>to</b> <b>31.7.2023</b> <b>RM</b>	<b>Audited</b> <b>1.1.2024</b> <b>to</b> <b>31.7.2024</b> <b>RM</b>
Profit attributable to owners of the combining entities	3,054,300	4,227,054	5,374,131	2,976,904	3,369,261
Number of enlarged ordinary shares (units)	147,790,000	147,790,000	147,790,000	147,790,000	147,790,000
Basic earnings per ordinary shares	0.02	0.03	0.04	0.02	0.02

Diluted earnings per share

There is no diluted earnings per share as the combining entities do not have any dilutive potential ordinary shares outstanding as at the end of the reporting period.

**17. Dividends**

	<b>Audited</b> <b>1.1.2021</b> <b>to</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>1.1.2022</b> <b>to</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2023</b> <b>to</b> <b>31.12.2023</b> <b>RM</b>	<b>Unaudited</b> <b>1.1.2023</b> <b>to</b> <b>31.7.2023</b> <b>RM</b>	<b>Audited</b> <b>1.1.2024</b> <b>to</b> <b>31.7.2024</b> <b>RM</b>
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Dividends recognised as distribution to owners of combining entities

Richtech Communications  
Sdn. Bhd.

Interim single-tier dividend of RM121.74 per ordinary share in respect of the financial year ended 31 December 2023 declared on 17 August 2023 and paid on 1 September 2023

-	-	1,400,000	-	-
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**13. ACCOUNTANTS' REPORT (CONT'D)**

**17. Dividends (Cont'd)**

	<b>Audited</b> <b>1.1.2021</b> <b>to</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>1.1.2022</b> <b>to</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2023</b> <b>to</b> <b>31.12.2023</b> <b>RM</b>	<b>Unaudited</b> <b>1.1.2023</b> <b>to</b> <b>31.7.2023</b> <b>RM</b>	<b>Audited</b> <b>1.1.2024</b> <b>to</b> <b>31.7.2024</b> <b>RM</b>
Dividends recognised as distribution to owners of combining entities (Cont'd)					
<u>Richtech Communications</u> <u>Sdn. Bhd.</u>					
Interim single-tier dividend of RM104.35 per ordinary share in respect of the financial year ended 31 December 2022 declared on 7 October 2022 and paid on 7 October 2022	-	1,200,000	-	-	-
<u>Richtech Communications</u> <u>Sdn. Bhd.</u>					
Interim single-tier dividend of RM173.91 per ordinary share in respect of the financial year ended 31 December 2021 declared on 14 October 2021 and paid on 1 November 2021	2,000,000	-	-	-	-
	<u>2,000,000</u>	<u>1,200,000</u>	<u>1,400,000</u>	<u>-</u>	<u>-</u>

The Board of Directors do not recommend any final dividend in respect of the current financial period.



**13. ACCOUNTANTS' REPORT (CONT'D)****18. Staff costs**

	<b>Audited</b> <b>1.1.2021</b> <b>to</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>1.1.2022</b> <b>to</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2023</b> <b>to</b> <b>31.12.2023</b> <b>RM</b>	<b>Unaudited</b> <b>1.1.2023</b> <b>to</b> <b>31.7.2023</b> <b>RM</b>	<b>Audited</b> <b>1.1.2024</b> <b>to</b> <b>31.7.2024</b> <b>RM</b>
<b>Staff costs:</b>					
Salaries, wages and other emoluments	307,848	289,835	322,850	179,650	267,607
Defined contribution plans	33,401	28,597	36,141	18,985	30,816
Social security contributions	4,647	4,122	5,538	2,970	4,538
	<u>345,896</u>	<u>322,554</u>	<u>364,529</u>	<u>201,605</u>	<u>302,961</u>
<b>Remuneration for Directors:</b>					
Salaries, wages and other emoluments	102,000	110,000	110,000	67,500	104,500
Defined contribution plans	12,480	12,480	12,480	7,280	11,680
Social security contributions	1,720	1,819	1,995	1,176	1,235
	<u>116,200</u>	<u>124,299</u>	<u>124,475</u>	<u>75,956</u>	<u>117,415</u>
	<u>462,096</u>	<u>446,853</u>	<u>489,004</u>	<u>277,561</u>	<u>420,376</u>

**19. Reconciliation of liability arising from financing activities**

The table below show the details changes in the liability of the combining entities arising from financing activities, including both cash and non-cash changes:

	<b>At</b> <b>1.1.2021</b> <b>RM</b>	<b>Drawdown</b> <b>RM</b>	<b>Repayment</b> <b>RM</b>	<b>At</b> <b>31.12.2021</b> <b>RM</b>
Lease liability	<u>34,756</u>	<u>-</u>	<u>(34,756)</u>	<u>-</u>

**20. Related party disclosures****(a) Identifying related parties**

For the purposes of these combined financial statements, parties are considered to be related to the combining entities if the combining entities have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the combining entities and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

**13. ACCOUNTANTS' REPORT (CONT'D)**

**20. Related party disclosures (Cont'd)**

(a) Identifying related parties (Cont'd)

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the combining entities either directly or indirectly. The key management personnel comprise the Directors and management personnel of the combining entities, having authority and responsibility for planning, directing and controlling the activities of the combining entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the combined financial statements, the significant related party transactions of the combining entities are as follows:

	<b>Audited</b> <b>1.1.2021</b> <b>to</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>1.1.2022</b> <b>to</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2023</b> <b>to</b> <b>31.12.2023</b> <b>RM</b>	<b>Unaudited</b> <b>1.1.2023</b> <b>to</b> <b>31.7.2023</b> <b>RM</b>	<b>Audited</b> <b>1.1.2024</b> <b>to</b> <b>31.7.2024</b> <b>RM</b>
<b>Transactions with</b>					
<b>Directors:</b>					
- Rental deposit paid	-	-	4,500	-	-
- Short-term lease paid	18,000	18,000	21,600	10,500	23,100

(c) Compensation of key management personnel

The key management personnel compensation during the financial years/periods are as follows:

	<b>Audited</b> <b>1.1.2021</b> <b>to</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>1.1.2022</b> <b>to</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>1.1.2023</b> <b>to</b> <b>31.12.2023</b> <b>RM</b>	<b>Unaudited</b> <b>1.1.2023</b> <b>to</b> <b>31.7.2023</b> <b>RM</b>	<b>Audited</b> <b>1.1.2024</b> <b>to</b> <b>31.7.2024</b> <b>RM</b>
Salaries, wages and other emoluments	134,400	149,600	182,200	99,250	134,950
Defined contribution plans	16,320	16,775	21,000	10,625	15,200
Social security contributions	1,847	1,994	2,838	1,429	2,018
	<u>152,567</u>	<u>168,369</u>	<u>206,038</u>	<u>111,304</u>	<u>152,168</u>

**13. ACCOUNTANTS' REPORT (CONT'D)****21. Segment information****(a) Business segments**

For management purposes, the combining entities are predominantly involved in distribution of electronic reload services as well as the provision of bill payment services via the SRS platform.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the combined financial statements.

Information about operating segments has not been reported separately as the combining entities' revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment.

**(b) Geographic information**

Revenue based on the geographical location is disclosed in Note 12 to the combined financial statements. Non-current asset information based on the geographical location of assets are as follow:

	<b>Audited</b> <b>31.12.2021</b> <b>RM</b>	<b>Audited</b> <b>31.12.2022</b> <b>RM</b>	<b>Audited</b> <b>31.12.2023</b> <b>RM</b>	<b>Audited</b> <b>31.7.2024</b> <b>RM</b>
Malaysia	<u>278,473</u>	<u>223,985</u>	<u>176,848</u>	<u>349,451</u>

Non-current assets for this purpose consist of property, plant and equipment.

**(c) No disclosure on major customer information as no customer represents equal or more than 10% of the combining entities' revenue.****22. Financial instruments****(a) Classification of financial instruments**

Financial assets and financial liabilities are measured on an ongoing basis at amortised cost.

**13. ACCOUNTANTS' REPORT (CONT'D)****22. Financial instruments (Cont'd)****(a) Classification of financial instruments (Cont'd)**

The following table analyses the financial assets and liabilities in the combined statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	<b>Audited</b> <b>31.12.2021</b>	<b>Audited</b> <b>31.12.2022</b>	<b>Audited</b> <b>31.12.2023</b>	<b>Audited</b> <b>31.7.2024</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>At amortised cost</b>				
<b>Financial assets</b>				
Other receivables	69,718	52,808	36,793	16,055
Cash and bank balances	4,792,791	4,148,895	4,730,509	11,827,473
	<u>4,862,509</u>	<u>4,201,703</u>	<u>4,767,302</u>	<u>11,843,528</u>
<b>At amortised cost</b>				
<b>Financial liabilities</b>				
Other payables	47,875	114,646	104,334	138,616
Prepaid balances	3,698,345	2,914,857	2,779,174	3,320,357
Amount due to a Director	42,010	-	-	-
	<u>3,788,230</u>	<u>3,029,503</u>	<u>2,883,508</u>	<u>3,458,973</u>

**(b) Financial risk management objectives and policies**

The combining entities' financial risk management policy is to ensure that adequate financial resources are available for the development of the combining entities' operations whilst managing its credit and liquidity risks. The combining entities operate within clearly defined guidelines that are approved by the Board and the combining entities' policy is not to engage in speculative transactions.

The following sections provide details regarding the combining entities' exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

**(i) Credit risk**

Credit risk is the risk of a financial loss to the combining entities if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The combining entities' exposure to credit risk arises principally from other receivables and cash and bank balances. There are no significant changes as compared to previous years.

The combining entities have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**22. Financial instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

At each reporting date, the combining entities assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the combining entities determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the combined statements of financial position as at the financial years/period represent the combining entities' maximum exposure to credit risk.

There are no significant changes as compared to previous financial years.

(ii) Liquidity risk

Liquidity risk refers to the risk that the combining entities will encounter difficulty in meeting its financial obligations as they fall due. The combining entities' exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The combining entities' funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The combining entities finance its liquidity through internally generated cash flows and minimise liquidity risk by keeping committed credit lines available.

All financial liabilities of the combining entities are assessed as current and correspondingly, no detailed maturity analysis is deemed necessary.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate its fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**23. Capital commitment**

	Audited 31.12.2021 RM	Audited 31.12.2022 RM	Audited 31.12.2023 RM	Audited 31.7.2024 RM
<b>Authorised and approved for:</b>				
- Purchase of motor vehicle	-	-	219,327	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**24. Capital management**

The combining entities' objective when managing capital are to safeguard the combining entities' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the combining entities may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the combining entities' approach to capital management during the financial years/period.

The combining entities are not subject to any externally imposed capital requirements.

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**13. ACCOUNTANTS' REPORT (CONT'D)**

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**RICHTECH DIGITAL BERHAD**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**

We, the undersigned, being two of the Directors of the combining entities, do hereby state that, in the opinion of the Directors, the combined financial statements set out on pages 5 to 35 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the combined financial position of the combining entities as at 31 December 2021, 31 December 2022, 31 December 2023 and 31 July 2024 and of their combined financial performance and cash flows for the financial years ended 31 December 2021, 31 December 2022, 31 December 2023 and for the financial periods ended 31 July 2024 and 31 July 2023.

Signed by the Board of Directors in accordance with a resolution of the Directors dated 23 December 2024



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LEE TEIK KEONG



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AGNES WONG EEI NIEN

KUALA LUMPUR

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**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA  
COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024**

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**RICHTECH DIGITAL BERHAD**  
**Registration No.: 202301037196 [(1531119-U)]**  
(Incorporated in Malaysia)

**PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 JULY 2024**

**TGS TW PLT**  
**CHARTERED ACCOUNTANTS**



**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**



The Board of Directors  
**RichTech Digital Berhad**  
No. 729, 7<sup>th</sup> Floor, Block A  
Kelana Centre Point  
Jalan SS7/19  
47301 Petaling Jaya  
Selangor Darul Ehsan

TGS TW PLT  
202106000004 (LLP0026851-LCA) & AF002345  
Chartered Accountants  
Unit E-16-2B,  
Level 16, Icon Tower (East)  
No.1, Jalan 1/68F, Jalan Tun Razak  
50400 Kuala Lumpur.  
Tel : +603 9771 4326  
Email: tgsaudit@tgs-tw.com  
www.tgs-tw.com

Dear Sirs,

**RICHTECH DIGITAL BERHAD (“RICHTECH” OR “THE COMPANY”)  
REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF  
FINANCIAL POSITION AS AT 31 JULY 2024**

We have completed our assurance engagement to report on the compilation of Pro Forma Combined Statements of Financial Position of RichTech and of its subsidiary (collectively known as “the combining entities” or “RichTech Group”) as at 31 July 2024.

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Combined Statements of Financial Position are set out in Note 1 of the Pro Forma Combined Statements of Financial Position, and in accordance with the requirements of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines-Equity issued by the Securities Commission Malaysia (“Prospectus Guidelines”) and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants (“Guidance Note”) (“Applicable Criteria”).

The Pro Forma Combined Statements of Financial Position have been compiled by the Directors for illustrative purposes only and for inclusion into the prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing”).

As part of this process, information about the combining entities’ combined financial position has been extracted by the Directors from the audited statements of financial position of the combining entities as at 31 July 2024, on which was reported by us to the members of the combining entities on 23 December 2024 without any modification.

**Directors’ Responsibility for the Pro Forma Combined Statements of Financial Position**

The Board of Directors is solely responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis of the Applicable Criteria.

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**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**


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**Our Independence and Quality Control**

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

Our firm applies *International Standard on Quality Management (“ISQM”) 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Our Responsibility**

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the Pro Forma Combined Statements of Financial Position have been properly compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (“ISAE”) 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Combined Statements of Financial Position.

The purpose of the Pro Forma Combined Statements of Financial Position included in the Prospectus is solely to illustrate the impact of a significant event or transaction or unadjusted financial information on the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors of the Company in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:-

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Combined Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**



**Our Responsibility (Cont'd)**

The procedures selected depend on our judgement, having regard to our understanding of the nature of the combining entities, the event or transaction in respect of which the Pro Forma Combined Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria.

**Other Matter**

This report has been prepared solely for the purpose of inclusion in the Prospectus of RichTech in connection with the Listing. It is not intended to be used for any other purposes. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'ALB'.

TGS TW PLT  
202106000004 (LLP0026851-LCA) & AF002345  
Chartered Accountants

A handwritten signature in black ink, appearing to be 'P.L.'.

OOI POH LIM  
3087/10/2025 J  
Chartered Accountant

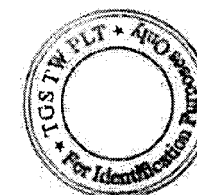
Kuala Lumpur  
23 December 2024

**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**

**RICHTECH DIGITAL BERHAD  
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024**

The Pro Forma Combined Statements of Financial Position of the Group as at 31 July 2024 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 31 July 2024 and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position.

	Note	As at 31 July 2024 RM	Adjustments for Acquisition RM	Proforma I After Acquisition RM	Adjustments for Public Issue RM	Proforma II After Public Issue RM	Adjustments for Utilisation of Proceeds RM	Proforma III After Utilisation of Proceeds RM
<b>ASSETS</b>								
<b>Non-current asset</b>								
Property, plant and equipment	3.01	-	349,451	349,451	-	349,451	-	349,451
<b>Total non-current asset</b>		-		349,451		349,451		349,451
<b>Current assets</b>								
Inventories	3.02	-	8,468,023	8,468,023	-	8,468,023	3,000,000	11,468,023
Other receivables	3.03	-	604,285	604,285	-	604,285	(536,000)	68,285
Cash and bank balances	3.04	2,000	11,825,473	11,827,473	13,665,750	25,493,223	(5,629,750)	19,863,473
<b>Total current assets</b>		2,000		20,899,781		34,565,531		31,399,781
<b>Total assets</b>		2,000		21,249,232		34,914,982		31,749,232

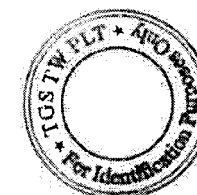


**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**

**RICHTECH DIGITAL BERHAD  
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**

The Pro Forma Combined Statements of Financial Position of the Group as at 31 July 2024 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 31 July 2024, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position. (Cont'd)

	Note	As at 31 July 2024	Adjustments for Acquisition	Proforma I After Acquisition	Adjustments for Public Issue	Proforma II After Public Issue	Adjustments for Utilisation of Proceeds	Proforma III After Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
<b>EQUITY AND LIABILITIES</b>								
<b>EQUITY</b>								
Share capital	3.05	2,000	13,596,496	13,598,496	13,665,750	27,264,246	(952,581)	26,311,665
Merger deficit	3.06	-	(12,786,496)	(12,786,496)	-	(12,786,496)	-	(12,786,496)
Retained earnings	3.07	(52,233)	16,191,871	16,139,638	-	16,139,638	(2,213,169)	13,926,469
<b>Total equity</b>		<b>(50,233)</b>		<b>16,951,638</b>		<b>30,617,388</b>		<b>27,451,638</b>
<b>LIABILITIES</b>								
<b>Non-current liability</b>								
Deferred tax liabilities	3.08	-	18,000	18,000	-	18,000	-	18,000
<b>Total non-current liability</b>		<b>-</b>		<b>18,000</b>		<b>18,000</b>		<b>18,000</b>





**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**

**RICHTECH DIGITAL BERHAD**

**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024**

**1. BASIS OF PREPARATION**

The Pro Forma Combined Statements of Financial Position of the Group has been prepared for illustrative purposes and on the assumptions that all the transactions mentioned as per Note 2 to the Pro Forma Combined Statements of Financial Position had taken place on 31 July 2024.

The Pro Forma Combined Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the audited combined financial statements of the combining entities for the financial period ended 31 July 2024 and in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Prospectus Guidelines, except for the adoption of the following new accounting policy:

**Merger method of accounting**

The Pro Forma Combined Statements of Financial Position are combined using the merger method as these companies are under the common control by the same party both before and after the acquisition of RichTech Communications Sdn. Bhd. ("RCSB"). When the merger method is used, the difference between the cost of investment recorded by the Group and the share capital of the subsidiary are accounted for as merger deficit in the Pro Forma Combined Statements of Financial Position.

RCSB is regarded as a continuing entity resulting from the reorganisation exercise because the management of RCSB, which participated in the reorganisation exercise was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

**2. LISTING SCHEME**

**(i) Pro Forma I: Acquisition**

The Acquisition entails acquiring the entire equity interest of RCSB, for total purchase consideration of RM13,596,496 to be satisfied via the issuance of 147,788,000 new shares at an issue price of RM0.092 per share based on the net assets of RCSB as at 31 December 2023.

The Acquisition was completed on 21 November 2024.

**(ii) Pro Forma II: Initial Public Offering ("IPO")**

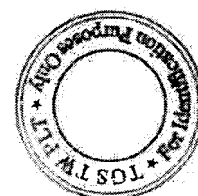
The IPO entails the following:

**(a) Public Issue**

The Public Issue of 54,663,000 new ordinary shares in RichTech at an issue price of RM0.250 per share.

**(b) Offer for Sale**

The Offer for Sale of 25,307,000 new ordinary shares in RichTech by the selling shareholders at an issue price of RM0.250 per share.



**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**

**RICHTECH DIGITAL BERHAD**

**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**

**2. LISTING SCHEME (CONT'D)**

**(ii) Pro Forma II: Initial Public Offering ("IPO") (Cont'd)**

The IPO entails the following: (Cont'd)

**(b) Offer for Sale (Cont'd)**

RichTech will not receive any proceeds from the Offer for Sale. Based on the issue price, the total gross proceeds raised from the Offer for Sale of up to RM6,326,750 will accrue entirely to the selling shareholders and will be utilised by the selling shareholders. All fees and expenses relating to the Offer for Sale will be fully borne by the selling shareholders.

The Offer for Sale is not illustrated as it has no impact on the Pro Forma Combined Statements of Financial Position.

In conjunction with the IPO, the Company would seek the listing and quotation of its entire enlarged issued share capital comprising 202,453,000 ordinary shares in RichTech on the ACE Market of Bursa Malaysia Securities Berhad.

**(iii) Pro Forma III: Utilisation of Proceeds**

Gross proceeds from the Public Issue of RM13,665,750 are expected to be utilised as follows:

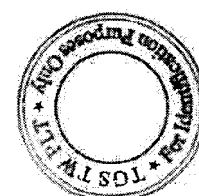
<b>Details of use of proceeds</b>	<b>Estimated timeframe for the use of proceeds upon Listing</b>	<b>RM</b>	<b>% of total gross proceeds from the Public Issue</b>
Marketing and promotional activities	24 months <sup>(1)</sup>	4,500,000	32.93%
Acquisition of new office	24 months <sup>(1)</sup>	3,000,000	21.95%
General working capital <sup>^</sup>	12 months <sup>(1)</sup>	3,000,000	21.95%
Listing expenses <sup>*</sup>	Immediately <sup>(1)</sup>	3,165,750	23.17%
<b>Total estimated proceeds</b>		<b>13,665,750</b>	<b>100.00%</b>

(1) From the date of listing of the Shares.

<sup>^</sup> The Group intends to utilise RM3,000,000 from the gross proceeds from the Public Issue to fund the working capital of the Group's daily operation by purchasing the stocks for electronic reload services.

<sup>\*</sup> If the actual proceeds are higher than budgeted above, the excess will be used for working capital. Conversely, if the actual proceeds are lower than budgeted above, the proceeds allocated for working capital will be reduced accordingly.

The listing expenses are estimated at RM3,165,750 and will be set off against the share capital and profit or loss accordingly. The apportionment is disclosed in Notes 3.05 and 3.07.





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**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**


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**RICHTECH DIGITAL BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)****3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION****3.01 PROPERTY, PLANT AND EQUIPMENT**

The movements in property, plant and equipment are as follows:

	RM
As at 31 July 2024	-
Pursuant to Acquisition	<u>349,451</u>
As per Pro Forma I to III	<u><u>349,451</u></u>

**3.02 INVENTORIES**

The movements in inventories are as follows:

	RM
As at 31 July 2024	-
Pursuant to Acquisition	<u>8,468,023</u>
As per Pro Forma I to II	8,468,023
Pursuant to Utilisation of Proceeds - General working capital	<u>3,000,000</u>
As per Pro Forma III	<u><u>11,468,023</u></u>

**3.03 OTHER RECEIVABLES**

The movements in other receivables are as follows:

	RM
As at 31 July 2024	-
Pursuant to Acquisition	<u>604,285</u>
As per Pro Forma I to II	604,285
Pursuant to Utilisation of Proceeds Less: Listing expenses	<u>(536,000)</u>
As per Pro Forma III	<u><u>68,285</u></u>



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**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**


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**RICHTECH DIGITAL BERHAD****NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)****3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.04 CASH AND BANK BALANCES**

The movements in cash and bank balances are as follows:

	<b>RM</b>
As at 31 July 2024	2,000
Pursuant to Acquisition	<u>11,825,473</u>
As per Pro Forma I	11,827,473
Pursuant to Public Issue	<u>13,665,750</u>
As per Pro Forma II	25,493,223
Pursuant to Utilisation of Proceeds	
Less: Listing expenses	(2,629,750)
Less: General working capital	<u>(3,000,000)</u>
As per Pro Forma III	<u><u>19,863,473</u></u>

**3.05 SHARE CAPITAL**

The movements in share capital are as follows:

	<b>RM</b>
As at 31 July 2024	2,000
Pursuant to Acquisition	<u>13,596,496</u>
As per Pro Forma I	13,598,496
Pursuant to Public Issue	<u>13,665,750</u>
As per Pro Forma II	27,264,246
Pursuant to Utilisation of Proceeds	
Less: Listing expenses*	<u>(952,581)</u>
As per Pro Forma III	<u><u>26,311,665</u></u>

\* The listing expenses of RM952,581 directly attributable to the Public Issue will be offset against share capital and the remaining listing expenses of RM2,213,169 that attributable to the Listing will be expensed off to profit and loss.



**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**

**RICHTECH DIGITAL BERHAD**

**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**

**3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**3.06 MERGER DEFICIT**

The movements in merger deficit are as follows:

	<b>RM</b>
As at 31 July 2024	-
Pursuant to Acquisition	<u>(12,786,496)</u>
As per Pro Forma I to III	<u><u>(12,786,496)</u></u>

**3.07 RETAINED EARNINGS**

The movements in retained earnings are as follows:

	<b>RM</b>
As at 31 July 2024	(52,233)
Pursuant to Acquisition	<u>16,191,871</u>
As per Pro Forma I to II	16,139,638
Pursuant to Utilisation of Proceeds	
Less: Listing expenses*	<u>(2,213,169)</u>
As per Pro Forma III	<u><u>13,926,469</u></u>

\* The listing expenses of RM952,581 directly attributable to the Public Issue will be offset against share capital and the remaining listing expenses of RM2,213,169 that attributable to the Listing will be expensed off to profit and loss.

**3.08 DEFERRED TAX LIABILITIES**

The movements in deferred tax liabilities are as follows:

	<b>RM</b>
As at 31 July 2024	-
Pursuant to Acquisition	<u>18,000</u>
As per Pro Forma I to III	<u><u>18,000</u></u>



**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**

**RICHTECH DIGITAL BERHAD**

**NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**

**3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

**3.09 OTHER PAYABLES**

The movements in other payables are as follows:

	RM
As at 31 July 2024	52,233
Pursuant to Acquisition	<u>86,383</u>
As per Pro Forma I to III	<u><u>138,616</u></u>

**3.10 PREPAID BALANCES**

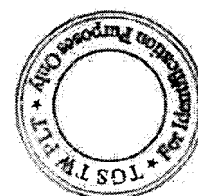
The movements in prepaid balances are as follows:

	RM
As at 31 July 2024	-
Pursuant to Acquisition	<u>3,320,357</u>
As per Pro Forma I to III	<u><u>3,320,357</u></u>

**3.11 TAX PAYABLE**

The movements in tax payable are as follows:

	RM
As at 31 July 2024	-
Pursuant to Acquisition	<u>820,621</u>
As per Pro Forma I to III	<u><u>820,621</u></u>



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**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA  
COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024 (CONT'D)**

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**RICHTECH DIGITAL BERHAD**

**PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2024**

**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors in accordance with a resolution dated 23 December 2024.

On behalf of the Board of Directors



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Lee Teik Keong  
Director



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Agnes Wong Eei Nien  
Director

## 15. STATUTORY AND ADDITIONAL INFORMATION

### 15.1 SHARE CAPITAL

- (i) As at the date of this Prospectus, our Company has only one (1) class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (ii) No securities will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of the issue of this Prospectus.
- (iii) Save for the issuance of our subscriber's shares upon our incorporation, 1,000 Shares on 16 November 2023, 147,788,000 Shares for the Acquisition as well as Public Issue as disclosed in this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company or our Subsidiary have been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, during the Financial Years/Period Under Review and up to the date of this Prospectus. Details of our share capital are set out in Section 6.1 of this Prospectus. Details of the share capital of our Subsidiary are set out in Section 6.4(ii) of this Prospectus.
- (iv) None of the share capital of our Company or our Subsidiary is under option or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- (v) As at the LPD, save for the Pink Form Shares reserved for subscription by our Eligible Persons as disclosed in Section 4.3.1(ii) of this Prospectus,
  - (a) no Director or employee of our Group has been or is entitled to be given or has exercised any options to subscribe for any share of our Company or our Subsidiary; and
  - (b) there is no scheme involving our Directors or employees of our Group in the shares of our Company or our Subsidiary.
- (vi) Our Company and our Subsidiary do not have any outstanding convertible debt security, option, warrant or uncalled capital as at the date of this Prospectus.

### 15.2 EXTRACTS OF OUR CONSTITUTION

The following is extracted from our Constitution and is qualified in its entirety by the remainder of the provision of our Constitution and by applicable law.

Words	Definitions
Act	The Companies Act 2016 and any statutory modification, amendment or re-enactment thereof and any written law for the time being in force made thereunder concerning companies and affecting the Company.
Board or Board of Directors	The Board of Directors of the Company for the time being of the Company.
Central Depositories Act	Securities Industry (Central Depositories) Act 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force.
CMSA	Capital Markets and Services Act 2007, and any statutory modification, amendment or re-enactment thereof for the time being in force.

**15. STATUTORY AND ADDITIONAL INFORMATION (CONT'D)**

<b>Words</b>	<b>Definitions</b>
Company	RichTech Digital Berhad [Registration No. 202301037196 (1531119-U)] including any change of name from time to time.
Constitution	This Constitution as originally framed or as altered from time to time by way of passing a Special Resolution.
Directors	The Directors for the time being of the Company, as defined in Section 2(1) of the CMSA and unless otherwise stated, includes any person duly appointed and acting as an alternate director for the time being.
Exchange	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)] and/or any other share stock, or securities exchange upon which the Shares of the Company is listed.
Listing Requirements	The Main Market or ACE Market Listing Requirements (as the case may be) issued by the Exchange, including any modifications or amendments thereto that may be made from time to time.
Member or Members or any like expression	Any person/persons for the time being holding Share(s) in the Company and whose name appears in the Register including Depositors whose names appear on the Record of Depositors (except Bursa Malaysia Depository Nominees Sdn. Bhd. in its capacity as bare trustee).
Ordinary Resolution	Has the meaning assigned thereto by Section 291 of the Act.
Record of Depositors	A record provided by the Bursa Depository to the Company or its Registrar or its issuing house pursuant to the Rules.
Register or Register of Members	The Register of Members to be kept pursuant to the Act and unless otherwise expressed to the contrary, includes the Record of Depositors.
Rules	Rules of the Bursa Depository as defined under the Central Depositories Act and any appendices thereto, as amended, modified and supplemented from time to time.
Securities	Any securities as defined in Section 2(1) of the CMSA.
Special Resolution	Has the meaning assigned thereto by Section 292 of the Act.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless there are otherwise defined here or in the context otherwise requires.

**(i) Transfer of securities**

The provision in our Company's Constitution in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:-

**“Clause 39 – Procedure for transfer**

The transfer of any Deposited Securities shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such Securities.

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**15. STATUTORY AND ADDITIONAL INFORMATION (CONT'D)**

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**Clause 49 – Transmission of securities from another stock exchange**

Where:-

- (a) the Securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities, and subject to compliance with and there being no contravention of any Applicable Laws,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of companies in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of companies in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.”

**(ii) Remuneration of Directors**

The provisions in our Company’s Constitution in respect of the remuneration of Directors are as follows:-

**“Clause 123 – Remuneration of Directors**

The fees and any benefits payable to the Directors of the Company and its subsidiary(ies) including any compensation for loss of employment of Director or former Director shall be approved by an Ordinary Resolution of the Company in general meeting annually and such remuneration (unless such resolution otherwise provides) shall be divided among the Directors in such proportions and manner as the Directors may determine provided always that:-

- (a) fee payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the shareholders in general meeting;
- (b) remuneration and other emoluments (including bonus, benefits or any other emoluments) payable to executive Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such remuneration and emoluments may not include a commission on or percentage of turnover. Nothing herein shall prejudice the powers of the Directors to appoint any of their members to be the employee or agent of the Company at such remuneration and upon such terms as they think fit provided that such remuneration shall not include commission on or percentage of turnover;
- (c) fees of Directors and any benefits payable to Directors shall be subject to annual shareholders’ approval at a general meeting;
- (d) any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (e) the fees and/ or benefits payable to non-executive Directors who is also Director of the subsidiary(ies) includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiary(ies), but does not include insurance premium or any issue of Securities.



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**15. STATUTORY AND ADDITIONAL INFORMATION (CONT'D)**

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**Clause 124 – Reimbursement of expenses to Directors**

The Company may repay to any Directors all such reasonable expenses as he may incur in attending and returning from meetings of the Directors, or any committee of the Directors or general meeting of the Company or in connection with the business of the Company in the course of the performance of their duties as Directors.

**Clause 125 – Special Remuneration**

The Directors may grant special remuneration to Director who (on request by the Director) is willing to:-

- (a) render any special or extra services to the Company; or
- (b) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits (other than non-executive Directors), or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

**Clause 139 – Director may act in his professional capacity**

Unless prohibited by Applicable Laws, a Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company and provided further that such shall be upon normal commercial terms.

**Clause 141 – Director may become director of other corporation**

A Director of the Company may be or become a director or other officer of or otherwise be interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise in any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment.

**Clause 155 – Remuneration of Managing Director**

The remuneration of a Managing Director or Managing Directors or executive Directors pursuant to this Constitution and subject to the terms of any agreement entered into in any particular case shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.”

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**15. STATUTORY AND ADDITIONAL INFORMATION (CONT'D)****(iii) Voting and borrowing powers of Directors**

The provisions in our Company's Constitution in respect of the voting and borrowing powers of the Directors are as follows:-

**“Clause 151 – Determination of issues by majority and Chairman's second or casting vote**

Subject to this Constitution, questions arising at any meeting of the Board of Directors of the Company shall be determined by a majority of votes of all the Directors present at the meeting and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes the Chairman of the meeting shall have a second or casting vote except when at the meeting only two (2) Directors are present and form the quorum or at which only two (2) Directors are competent to vote on the question at issue, in which event the Chairman shall not have a second or casting vote and the question arising at the meeting shall be deemed to have been lost or not carried.

**Clause 142 – Disclosure of interest and restriction on discussion and voting**

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by law. Subject to Section 222 of the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, provided that none of the other directors present disagree, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested provided always that he has complied with Section 221 of the Act and all other relevant provisions of the Act and the Constitution.

**Clause 135 – General borrowing powers of Directors**

Subject to the Act, the Directors may exercise all the powers to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:-

- (a) borrow money from any person, bank, firm or company;
- (b) to mortgage or charge its undertaking, property and uncalled capital, or any part thereof;
- (c) to issue debentures and other Securities, whether outright or as security for any debt, liability or obligation of the Company, its subsidiaries or any other party;
- (d) the Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise; and
- (e) the Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its subsidiaries.”

**(iv) Changes in capital or variation of class rights and rights, preferences and restrictions attached to each class of securities relating to voting dividend, liquidation and any special rights**

The provisions in our Company's Constitution in respect of the changes in capital and variation of class rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights, which are no less stringent than those required by law, are as follows:-

**15. STATUTORY AND ADDITIONAL INFORMATION (CONT'D)****“Clause 15(a) – Variation of class rights**

Subject to the provisions of Sections 71 and 91 of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a Special Resolution passed at a separate meeting of the shareholders of that class. Where necessary majority of such a Special Resolution is not obtained at the meeting, consent in writing from the holders representing not less than seventy-five per centum (75%) of the total voting rights of the shareholders of that class obtained within two (2) months of the meeting, shall be as valid and effectual as a Special Resolution carried at the meeting.

To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons who are shareholders present in person or represented by proxy holding at least one-third (1/3) of the number of issued Shares of the class, excluding any Shares of that class held as treasury Shares and that any holder of Shares of the class present in person or by proxy may demand a poll.

If that class of Shares only has one (1) holder, a quorum is constituted by one (1) person present holding Shares of such class. For an adjourned meeting, quorum is one (1) person present holding Shares of such class. To every such Special Resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

**Clause 17 – Pre-emption**

Subject to any direction to the contrary that may be given by the Company in general meeting and subject always to this Constitution and the Act, all new Shares or other Securities shall, before issue, be offered to Members who at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiry of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new Shares or Securities which (by reason of the ratio which the new Shares or Securities bear to Shares or Securities held by persons entitled to an offer of new Shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution in such manner as they think most beneficial to the Company.

**Clause 65 – Power to alter capital**

Section 84 of the Act shall not apply to the Company. The Company may alter its share capital in any one or more of the following ways by passing as Ordinary Resolution to:-

- (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Share from which the subdivided Share is derived;
- (b) subdivide its Shares or any of the Shares, such that whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Share from which the subdivided Shares is derived;
- (c) cancel Shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the Shares so cancelled; and

**15. STATUTORY AND ADDITIONAL INFORMATION (CONT'D)**

- (d) subject to the provisions of this Constitution and the Act, convert and/or reclassify any class of Shares into another class of Shares.

Anything done in pursuance of this Clause shall be done in the manner provided herein and subject to any conditions imposed by the Act, in so far as they shall be applicable, and, so far as they shall not be applicable, in accordance with the terms of the resolution authorising the same, and, so far as such resolution shall not be applicable, in such manner as the Directors deem most expedient.”

**15.3 LIMITATION ON THE RIGHT TO OWN SECURITIES**

There are no limitations on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by law or by constituent documents of our Company.

**15.4 MATERIAL CONTRACTS**

Save as disclosed below, our Group has not entered into any material contracts which are not in the ordinary course of our Group’s business within the Financial Years/Period Under Review and up to the date of this Prospectus:-

- (i) share sale agreement dated 28 February 2024 entered into between our Company and the Vendors to acquire the entire issued share capital of RCSB, for a purchase consideration of RM13,596,496 via the issuance of 147,788,000 new Shares at an issue price of RM0.092 per Share for the purpose of the Acquisition. The Acquisition was completed on 21 November 2024;
- (ii) Collaboration Agreement, for amongst others, the deployment of the SRS App and SRS Portal via our QR code (which upon scanning will direct potential customers to the SRS App and SRS Portal) to be placed at such business premises, either owned or rented by Hari-Hari or any of its associate outlets (“**Premises**”) for a period of twenty-four (24) months commencing from 2 May 2024, unless it is terminated by either party within sixty (60) calendar days prior written notice to the party without assigning any reason whatsoever (“**Term**”). In return, Hari-Hari shall be entitled to amongst others, trade or market its apparel via the SRS App or SRS Portal as well as thirty (30%) of the total net profit generated from the margin/commission of all electronic reload and bill payment services attributable to RCSB from the SRS App or SRS Portal, downloaded via such QR code displayed at the Premises, on a monthly basis by end of each calendar month.

During the Term, RCSB shall amongst others, do such acts as may be required to enable Hari-Hari in utilising the SRS platform, to trade its apparel, subject to such further deliberation and finalisation on the technical aspects and charges that may be applicable. For the aforesaid purpose, RCSB shall enter into such definitive and written agreement to be entered into with Hari-Hari within twelve (12) months from 2 May 2024, unless otherwise mutually agreed by RCSB and Hari-Hari in writing.

Either party shall also be entitled to terminate the Collaboration Agreement if the other party:-

- (a) fail or neglect to observe, keep or perform, any of the material obligations, undertakings, representations, and warranties as well as terms and conditions of the Collaboration Agreement and such non-performance is not remedied or a satisfactory explanation is not given by the defaulting party within fourteen (14) days after a written show cause notice by the non-defaulting party has been issued;
- (b) becomes insolvent or unable to pay its debts as they become due;
- (c) there is a commencement of any voluntary proceedings, by, for, or against the other party under any bankruptcy, insolvency or debtor’s relief law; or

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**15. STATUTORY AND ADDITIONAL INFORMATION (CONT'D)**

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- (d) the liquidation or dissolution; and
- (iii) Underwriting Agreement.

As at the LPD, there is no concern on material contract (including contract that our Group's business or profitability is materially dependent on and material contract that is not in our Group's ordinary course of business) which could have a material adverse impact to our Group's business operations or financial condition.

**15.5 MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

As at the LPD, our Group is not engaged in any material litigation, claim and/ or arbitration, whether as plaintiff or defendant, which might materially and adversely affect our business or financial position, and our Directors (including the directors of our subsidiary) confirm that there are no legal proceedings, pending or threatened, or of any fact likely to give rise to any legal proceeding which may materially and adversely affect our business or financial position.

The Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our Group's financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

**15.6 PUBLIC TAKE-OVERS OFFERS**

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

- (i) no public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by us in respect of other companies' shares.

**15.7 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFITS AND TAXATION**

Our Group has not established any other place of business outside of Malaysia and we do not transact with any foreign customers or suppliers and as such, our Group is not subject to governmental laws, decrees, regulations and/or other legislations that may affect the repatriation of capital and remittance of profit by or to our Group.

Under the single-tier taxation system in Malaysia, dividends received from corporations are exempted from tax. Further, dividends paid by corporations in Malaysia are not subject to withholding tax. Gains arising from the disposal of listed shares are not subject to tax in Malaysia, to the extent that the gains are capital in nature.

**15.8 CONSENTS**

- (i) The written consent of the Principal Adviser, Sponsor, Underwriter and Placement Agent, Company Secretary, Solicitors, Share Registrar and Issuing House for the inclusion in this Prospectus of their names and all references herein in the form and context in which such names appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of its name, Reporting Accountants' Report on the Compilation of Pro Forma Combined Statements of Financial Position as at 31 July 2024 and the Accountants' Report and all references herein in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

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**15. STATUTORY AND ADDITIONAL INFORMATION (CONT'D)**

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- (iii) The written consent of the IMR for the inclusion in this Prospectus of its name, the IMR Report and all references herein in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

**15.9 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our registered office during the normal office hours for a period of 6 months from the date of this Prospectus:-

- (i) the Constitution;
- (ii) the material contracts as referred to in Section 15.4 of this Prospectus;
- (iii) the IMR Report as set out in Section 8 of this Prospectus;
- (iv) Accountants' Report referred to in Section 13 of this Prospectus;
- (v) Reporting Accountants' Report on the Compilation of Pro Forma Combined Statements of Financial Position as at 31 July 2024 as included in Section 14 of this Prospectus;
- (vi) the letters of consent as referred to in Section 15.8 of this Prospectus;
- (vii) the audited financial statement of our Company for the financial period from 21 September 2023 (date of incorporation) to 31 December 2023 and FPE 2024; and
- (viii) the audited financial statements for our Subsidiary for the Financial Years/Period Under Review.

**15.10 RESPONSIBILITY STATEMENTS**

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

KAF IB, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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## 16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

**THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.**

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and *vice versa*.

### 16.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10:00 A.M., 21 JANUARY 2025

CLOSING OF THE APPLICATION PERIOD: 5:00 P.M., 31 JANUARY 2025

In the event of any changes to the date or time stated above, we will advertise a notice of the changes in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and make an announcement of such changes on Bursa Securities’ website accordingly.

**Late Applications will not be accepted.**

### 16.2 METHODS OF APPLICATION

All Applications must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<b>Types of application and category of investors</b>	<b>Application method</b>
Applications by the Malaysian Public:-	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application.
(ii) Non-Individuals	White Application Form only.
Applications by Eligible Persons	Pink Application Form only.
Applications by selected investors	The placement agent(s) will contact the selected investors directly. They should follow the placement agent(s) instructions.

Eligible Persons and selected investors may still apply for our IPO Shares offered to the Malaysian Public via the White Application Form, Electronic Share Application or Internet Share Application.

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## **16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

### **16.3 ELIGIBILITY**

#### **16.3.1 General**

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities. **The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted** for the Applications.

Only **ONE (1)** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

**MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.**

**AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.**

#### **16.3.2 Application by the Malaysian Public**

You can only apply for our IPO Shares if you fulfill all of the following:-

- (i) you must be one of the following:-
  - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
  - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
  - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;
- (ii) you must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and
- (iii) you must submit Applications by using only one of the following methods:
  - (a) White Application Form;
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

#### **16.3.3 Application by the Eligible Persons**

The Eligible Persons who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.



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## 16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*CONT'D*)

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Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, our Issuing House, KAF IB, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

### 16.4 APPLICATION BY WAY OF AN APPLICATION FORM

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.25 for each IPO Share.

Payment must be made out in favour of “**TIH SHARE ISSUE ACCOUNT NO. 788**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

**Tricor Investor & Issuing House Services Sdn Bhd**  
(Registration No. 197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later than 5:00 p.m. on 31 January 2025 or by such other time and date specified in any change to the date or time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to our Issuing House.

### 16.5 APPLICATION BY WAY OF AN ELECTRONIC SHARE APPLICATION

Only **Malaysian individuals** may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

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**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**


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**16.6 APPLICATION BY WAY OF AN INTERNET SHARE APPLICATION**

Only **Malaysian individuals** may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions or Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, CGS International Securities Malaysia Sdn. Bhd. (*formerly known as CGS-CIMB Securities Sdn. Bhd.*), Moomoo Securities Sdn Bhd and Malacca Securities Sdn Bhd. A processing fee will be charged by the respective Internet Participating Financial Institutions or Securities Firms (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions or Securities Firms.

**16.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE**

Our Issuing House, on the authority of our Board reserves the right to:-

- (i) reject Applications which:
  - (a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (b) are illegible, incomplete or inaccurate; or
  - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at any time within fourteen (14) days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

**16.8 OVER/UNDER-SUBSCRIPTION**

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website <https://tiih.online>, within one (1) business day after the balloting event.

**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of our Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation as set out in Section 4.3.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

**16.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS**

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner:-

**16.9.1 For applications by way of Application Forms**

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten (10) Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

**16.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (i) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Securities Firms of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution or Securities Firms (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth (5<sup>th</sup>) Market Day from the balloting date.

**16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions or Securities Firms (or arranged with the Authorised Financial Institutions) not later than ten (10) Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from our Issuing House.

**16.10 SUCCESSFUL APPLICANTS**

If you are successful in your application:-

- (i) Our IPO Shares allotted to you will be credited into your CDS Account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Depository Rules.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

**16.11 ENQUIRIES**

Enquiries in respect of the Applications may be directed as follows:-

<b>Mode of Application</b>	<b>Parties to direct the enquiries</b>
Application Forms	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Applications	Participating Financial Institution
Internet Share Applications	Internet Participating Financial Institutions or Securities Firms and Authorised Financial Institution

The results of the allocation of IPO shares derived from successful balloting will be made available to the public at our Issuing House website <https://tjih.online> within one (1) Market Day after the balloting date.

You may also check the status of your Application at the above website, five (5) Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities.