

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF PAPPAJACK BERHAD (“PAPPAJACK” OR THE “COMPANY”) DATED 11 MARCH 2022 (“ELECTRONIC PROSPECTUS”)

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

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, Kenanga Investment Bank Berhad (“**Kenanga IB**”) or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a paper/printer copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

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

Close of Application

Applications will be accepted from 10.00 a.m. on 11 March 2022 and will close at 5.00 p.m. on 18 March 2022. In the event there is any change to the timetable, Pappajack will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

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

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

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

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

PROSPECTUS

THIS PROSPECTUS IS DATED 11 MARCH 2022



PAPPAJACK BERHAD

Registration No. 202001042414 (1398735-V)
(Incorporated in Malaysia under the Companies Act 2016)

Principal Adviser, Sponsor, Sole Underwriter
and Sole Placement Agent

kenanga

KENANGA INVESTMENT BANK BERHAD
Registration No. 197301002193 (15678-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

PUBLIC ISSUE OF 167,000,000 NEW ORDINARY SHARES IN PAPPAJACK BERHAD COMPRISING:

- 33,400,000 NEW ORDINARY SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 6,680,000 NEW ORDINARY SHARES AVAILABLE FOR APPLICATION BY THE ELIGIBLE PERSONS;
- 83,500,000 NEW ORDINARY SHARES AVAILABLE FOR PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY; AND
- 43,420,000 NEW ORDINARY SHARES AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS;

AT AN ISSUE PRICE OF RM0.30 PER SHARE PAYABLE IN FULL UPON APPLICATION IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("ACE MARKET").



PAPPAJACK BERHAD

Registration No. 202001042414 (1398735-V)
(Incorporated in Malaysia under the Companies Act 2016)

No.11B, Jalan TK1/11A, Taman Kinrara, Seksyen 1, 47180 Puchong, Selangor.

TEL : 03 -8080 4884 EMAIL : enquiry@pappajack.com.my / whistleblowing@pappajack.com.my

<http://www.pappajack.com.my>

PAPPAJACK BERHAD

PROSPECTUS
THIS PROSPECTUS IS DATED 11 MARCH 2022

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

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

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX (6) MONTHS FROM THE DATE OF THIS PROSPECTUS.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 32.

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

RESPONSIBILITY STATEMENTS

The Directors and Promoters (as defined in this Prospectus) of Pappajack Berhad (“**Pappajack**” or the “**Company**”) 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 that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Kenanga Investment Bank Berhad (“**Kenanga IB**”), being the Principal Adviser, Sponsor, Sole Underwriter and Sole 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 the IPO (as defined in this Prospectus).

STATEMENTS OF DISCLAIMER

Approval has been obtained from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for our Listing (as defined in this Prospectus). Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

Bursa Securities is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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

OTHER STATEMENTS

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

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

This Prospectus is prepared and published solely in connection with our IPO under the laws of Malaysia. Our Shares are issued/ offered in Malaysia solely based on the contents of this Prospectus. Our Company, our Promoters and the Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

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

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith. It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall be illegal, unenforceable, avoidable or void in any such country and jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the electronic Prospectus and this Prospectus registered by the SC are the same.

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

If you are in doubt of the validity or integrity of an electronic Prospectus, you should immediately request from us, the Principal Adviser or the Issuing House (as defined in this Prospectus), a paper/ printed copy of this Prospectus. In the event of any discrepancies arising between the contents of the electronic Prospectus and the contents of the paper/ printed copy of this Prospectus for any reason whatsoever, the contents of the paper/ printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with the SC, shall prevail.

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

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

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

- (i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of an electronic Prospectus, to the extent of the contents of the electronic Prospectus situated on the web server of the Internet Participating Financial Institution which may be viewed via web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of an electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties; and

- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an electronic Prospectus, the accuracy and reliability of an electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium.

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

INDICATIVE TIMETABLE

An indicative timetable for our IPO is set out below:

Events	Date
Opening of application for our IPO	10:00 a.m., 11 March 2022
Closing of application for our IPO	5:00 p.m., 18 March 2022
Balloting of applications	23 March 2022
Allotment of Shares to successful applicants	30 March 2022
Listing on the ACE Market of Bursa Securities	1 April 2022

In the event there is any change to the timetable, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Words importing the singular include the plural and vice versa. Words importing a gender include any gender. References to persons include a corporation. Any reference to words such as “we”, “us”, “our” and “ourselves” in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to “Pappajack” and “our Company” in this Prospectus are to Pappajack Berhad, references to the “Pappajack Group” or “our Group” are to our Company and our subsidiaries taken as a whole. Unless the context otherwise requires, references to “Management” are to our Directors and Key Management personnel as at the date of this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Any reference in this Prospectus, the Application Form, Electronic Share Application or Internet Share Application to any legislation, statute or statutory provision shall be a reference to the statute or legislation of Malaysia and includes any statutory modification, amendment or re-enactment thereof, unless otherwise indicated.

All reference to dates and times are references to dates and times in Malaysia unless otherwise stated. All references to the “LPD” in this Prospectus are to 14 February 2022, which is the latest practicable date prior to the registration of this Prospectus with the SC.

This Prospectus includes statistical data provided by us and various third parties. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where there is no source stated, it can be assumed that the information originates from us or is extracted from the IMR Report prepared by Smith Zander International Sdn Bhd which is included in Section 7 of this Prospectus. Smith Zander International Sdn Bhd has been appointed to provide the IMR Report. In compiling its data for the review, Smith Zander International Sdn Bhd had relied on its research methodology, industry sources, published materials, its own private databases and direct contacts within the industry.

Certain numbers presented in this Prospectus have been rounded off to the nearest thousand or two (2) decimal places, where applicable and hence may not be exact. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

If there are any discrepancies or inconsistencies between the English and Bahasa Malaysia versions of this document, the English version shall prevail. Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated. The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast”, or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our future overall business development and operations;
- (ii) our financial performance and financing plans including earnings, cash flow and liquidity;
- (iii) potential growth opportunities;
- (iv) our business strategies, trends and competitive position and the effect of such competition;
- (v) the plans and objectives of our Company for future operations; and
- (vi) the general industry environment, including the demand and supply for our products and services.

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

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) government policy, legislation or regulation.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 on “Risk Factors” and Section 12 on “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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

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DEFINITIONS

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

ACE Market	:	ACE Market of Bursa Securities
Acquisition	:	Acquisition of the entire issued share capital of Pappajack Holdings comprising of 103,230,866 ordinary shares by our Company from the shareholders of Pappajack Holdings for a purchase consideration of RM108,020,896 wholly satisfied by the issuance of 500,999,999 new Shares at an issue price of approximately RM0.22 per Share
Acquisition SSA	:	Conditional share sale agreement entered into between our Company and the respective vendors of Pappajack Holdings in relation to the Acquisition dated 9 June 2021 as disclosed in Section 5.5.1 (a) of this Prospectus
Act	:	Companies Act 2016, including amendments from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent, a person appointed by Bursa Depository under the Rules
ADA Code	:	ADA (Broker) Code
Admission	:	Admission of our Shares to the Official List of the ACE Market
Application	:	Application for our IPO Shares by way of Application Form, the Electronic Share Application or the Internet Share Application
Application Form(s)	:	The printed application form for the application of our IPO Shares
ATM	:	Automated Teller Machine
Board	:	Board of Directors of Pappajack
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Cash Capital	:	Capital in cash for Pappajack Group's deployment of pawn loans
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account(s)	:	An account established by Bursa Depository for the recording of deposits of securities and for dealings in such securities by the Depositor
Central Depositories Act or SICDA	:	Securities Industry (Central Depositories) Act 1991
CMCO	:	Conditional movement control order

DEFINITIONS *(Cont'd)*

CMSA	:	Capital Markets and Services Act 2007, including amendments from time to time and any re-enactment thereof
COVID-19	:	Coronavirus disease (COVID-2019). An infectious disease caused by a newly discovered strain of coronavirus. This new virus and disease began its outbreak in December 2019 and it is now a pandemic affecting many countries globally. 'CO' stands for corona, 'VI' for virus, and 'D' for disease
Depositor	:	A holder of a CDS Account
Director(s)	:	Director(s) of our Company and shall have the meaning given in Section 2 of the CMSA
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet and/or an electronic storage medium, including but not limited to CD-ROMs
Electronic Application	Share	: Application for our IPO Shares through a Participating Financial Institution's ATM
Eligible Persons	:	Employees of our Group who are eligible to participate under the Public Issue
EPS	:	Earnings per Share
FPE	:	Financial period ended 30 September
FYE	:	Financial year ended/ending 31 December, as the case may be
Government	:	Government of Malaysia
GP	:	Gross profit
IMR Report	:	Independent Market Research Report on the pawnbroking industry in Malaysia prepared by Smith Zander
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Applications, which is set out in Section 15 of this Prospectus
Internet Application	Share	: Application for our IPO Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering comprising the Public Issue
IPO Price	:	RM0.30 per IPO Share, being the price payable by investors under the Public Issue
IPO Share(s)	:	The Public Issue Shares
Issuing House or Share Registrar or Tricor	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))

DEFINITIONS (Cont'd)

Kenanga IB or Principal Adviser or Sponsor or Sole Underwriter or Sole Placement Agent	:	Kenanga Investment Bank Berhad (Registration No. 197301002193 (15678-H)), our principal adviser, sponsor, sole underwriter and sole placement agent
Key Management	:	Key management personnel of our Group comprising Lim Chee Hsiung and Wong Koon Wai
KPKT	:	Kementerian Perumahan dan Kerajaan Tempatan or the Ministry of Housing and Local Government of Malaysia
Listing	:	Listing of and quotation of our entire enlarged share capital on the ACE Market of Bursa Securities
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
Listing Scheme	:	The Pre-IPO Reorganisation, IPO and Listing collectively
LPD	:	14 February 2022, being the latest practicable date prior to the registration of this Prospectus with the SC
LRT	:	Light Rail Transit
Malaysian Public	:	Malaysian citizens, companies, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	A day on which Bursa Securities is open for trading in securities
MCO	:	Movement control order
MD&A	:	Management discussion and analysis
MFRS	:	Malaysian Financial Reporting Standards, as issued by the Malaysian Accounting Standards Board
MITI	:	Ministry of International Trade and Industry
MRT	:	Mass Rapid Transit
MYIPO	:	Intellectual Property Corporation of Malaysia
NA	:	Net assets
NBV	:	Net book value
NRP	:	National Recovery Plan
Official List	:	A list specifying all securities which have been admitted for listing and which have not been removed from the ACE Market
Participating Financial Institution(s)	:	The participating financial institution(s) for the Electronic Share Application, which is set out in Section 15 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation

DEFINITIONS *(Cont'd)*

PE Multiple	:	Price earnings multiple
Period Under Review	:	FYE 2018, FYE 2019, FYE 2020 and FPE 2021, collectively
Pink Form Shares	:	The total of 6,680,000 Public Issue Shares of our Company representing 1.00% of the enlarged issued share capital of our Company at the IPO Price to be issued to the Eligible Persons
Placement Shares	:	126,920,000 IPO Shares made available by way of private placement allocated in the following manner: <ul style="list-style-type: none"> • 83,500,000 Shares to Bumiputera investors approved by MITI; and • 43,420,000 Shares to selected investors
Pre-IPO Reorganisation	:	The pre reorganisation of the IPO pursuant to the Acquisition
Promoters	:	Collectively, TSE Sejahtera, Lim Boon Hua, Lim Siew Fang, Law Book Ching and Lee Kooi Lan
Prospectus	:	This prospectus dated 11 March 2022
Public Issue	:	The invitation by our Company to the public to subscribe for the Public Issue Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Public Issue Shares	:	The 167,000,000 new Shares, which are the subject of the Public Issue
Record of Depositors	:	A record provided by Bursa Depository to our Company under Chapter 34 of the Rules
RMCO	:	Recovery MCO
RM or sen	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
Rules	:	Rules of Bursa Depository
SC	:	Securities Commission Malaysia
Share(s)	:	Ordinary share(s) in our Company
Smith Zander or IMR	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V)), our independent market researcher
Sqft	:	Square feet
Sqm	:	Square metres
TSE Sejahtera	:	TSE Sejahtera Sdn. Bhd. (Registration No. 202101011923 (1412222-H))
Underwriting Agreement	:	The underwriting agreement dated 16 February 2022 entered into between our Company and Kenanga IB pursuant to our Listing

DEFINITIONS (Cont'd)**SUBSIDIARIES OF PAPPAJACK**

DGH	:	DGH Sdn. Bhd. (Registration No. 201901011119 (1320447-T))
DG Kapar	:	Dhoby Ghaut (Kapar) Sdn. Bhd. (Registration No. 201801038882 (1300913-X))
DGM	:	Dhoby Ghaut (M) Sdn. Bhd. (Registration No. 201801040274 (1302305-T))
DG Sel	:	Dhoby Ghaut (Sel) Sdn. Bhd. (Registration No. 201901011147 (1320475-P))
DG Holdings	:	Dhoby Ghaut Holdings Sdn. Bhd. (Registration No. 201401023427 (1099514-T))
PG Bertuah	:	Pajak Gadai Bertuah Sdn. Bhd. (Registration No. 201301023924 (1053753-U))
PG BT Cleaning	:	Pajak Gadai BT Cleaning Sdn. Bhd. (Registration No. 201101013319 (941459-A))
PG Consistent Reach	:	Pajak Gadai Consistent Reach Sdn. Bhd. (Registration No. 201801020314 (1282333-X))
PG Mashita	:	Mashita Holdings Sdn. Bhd. (Registration No. 201801042041 (1304073-W))
PG Pappajack	:	Pajak Gadai Pappajack Sdn. Bhd. (Registration No. 201301021248 (1051078-U))
PG Pappajack Sehati	:	Pajak Gadai Pappajack Sehati Sdn. Bhd. (Registration No. 201601006023 (1176949-W))
PG PPJ	:	Pajak Gadai PPJ Sdn Bhd (Registration No. 201601027188 (1198127-K))
PG PPJack	:	Pajak Gadai PPJack Sdn. Bhd. (Registration No. 201601027203 (1198142-X))
PG PPJ Sehati	:	Pajak Gadai PPJ Sehati Sdn. Bhd. (Registration No. 201601038862 (1209803-T))
PG PPJ Sejiwa	:	Pajak Gadai PPJ Sejiwa Sdn. Bhd. (Registration No. 201901011162 (1320490-D))
PG Tetap Sejiwa	:	Pajak Gadai Tetap Sejiwa Sdn. Bhd. (Registration No. 200901020807 (863904-X))
PG TMI	:	Pajak Gadai TMI Sdn. Bhd. (Registration No. 201801010594 (1272609-T))
PG TSE	:	Pajak Gadai TSE Sdn. Bhd. (Registration No. 201801020441 (1282460-H))

DEFINITIONS *(Cont'd)*

Pappajack Holdings	:	Pappajack Holdings Berhad (Registration No. 201901005157 (1314484-H))
PPJ Abadi	:	PPJ Abadi Sdn. Bhd. (Registration No. 201901027130 (1336457-K))
PPJ Berkati	:	PPJ Berkati Sdn. Bhd. (Registration No. 201901039667 (1348997-V))
PPJ Consistent Reach	:	Consistent Reach Holdings Sdn. Bhd. (Registration No. 201801042032 (1304064-A))
PPJ Landas Emas	:	PPJ Landas Emas Sdn. Bhd. (Registration No. 201901039804 (1349134-A))
PPJ Maju	:	PPJ Maju Sdn. Bhd. (Registration No. 201901039669 (1348999-A))
PPJ Makmur	:	PPJ Makmur Sdn. Bhd. (Registration No. 201901025621 (1334950-X))
PPJ Mandiri	:	PPJ Mandiri Sdn. Bhd. (Registration No. 201901039663 (1348993-X))
PPJ Rezeki	:	PPJ Rezeki Sdn. Bhd. (Registration No. 201901025624 (1334953-U))
PPJ Sejaya	:	PPJ Sejaya Sdn. Bhd. (Registration No. 201901025620 (1334949-K))
PPJ Sinar	:	PPJ Sinar Sdn. Bhd. (Registration No. 201901027133 (1336460-K))
PPJ Sukses	:	PPJ Sukses Sdn. Bhd. (Registration No. 201901038907 (1348237-U))

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1. CORPORATE DIRECTORY**DIRECTORS**

Name and Designation	Address	Nationality
Chong Chee Fire Independent Non-Executive Chairman	3, Jalan Anggerik Oncidium 31/71H Kota Kemuning, Seksyen 31 40460 Shah Alam Selangor	Malaysian
Lim Boon Hua Managing Director/ Chief Executive Officer	No. 4 Jalan Tekoma 4 Ambang Botanic 41200 Klang Selangor	Malaysian
Law Book Ching Executive Director	No.2, Jalan DU 5/B Palmiera Kinrara Residence Bandar Kinrara 47100 Puchong Selangor	Malaysian
Dato' Magaret Ting Thien Hung Independent Non-Executive Director	Amaya Saujana Block 3 3-3A-10, Persiaran Golf Saujana Seksyen U2 40150 Shah Alam Selangor	Malaysian
Koo Woon Kan Independent Non-Executive Director	16, Jalan Rebung 3 Bandar Botanic 41200 Klang Selangor	Malaysian
Cheong Woon Yaw Independent Non-Executive Director	No. 20, Jalan 1/140A Taman Salak Selatan 57100 Kuala Lumpur	Malaysian

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1. CORPORATE DIRECTORY (Cont'd)**AUDIT COMMITTEE**

Name	Designation	Directorship
Koo Woon Kan	Chairman	Independent Non-Executive Director
Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director
Cheong Woon Yaw	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Magaret Ting Thien Hung	Chairman	Independent Non-Executive Director
Koo Woon Kan	Member	Independent Non-Executive Director
Cheong Woon Yaw	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Magaret Ting Thien Hung	Chairman	Independent Non-Executive Director
Koo Woon Kan	Member	Independent Non-Executive Director
Cheong Woon Yaw	Member	Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Koo Woon Kan	Chairman	Independent Non-Executive Director
Dato' Magaret Ting Thien Hung	Member	Independent Non-Executive Director
Cheong Woon Yaw	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARY** : Wong Youn Kim (MAICSA 7018778)
CCM Practising Certificate 201908000410
- Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
- Telephone No. : (603) 2241 5800
Facsimile No. : (603) 2282 5022
- REGISTERED OFFICE** : Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
- Telephone No. : (603) 2241 5800
Facsimile No. : (603) 2282 5022
- HEAD OFFICE/ PRINCIPAL PLACE OF BUSINESS** : 11B, Jalan TK1/11A
Taman Kinrara Seksyen 1
47180 Puchong
Selangor
- Telephone No. : (603) 8080 4884
Email Address : enquiry@pappajack.com.my
Website : http://pappajack.com.my/
- PRINCIPAL SPONSOR, UNDERWRITER AND PLACEMENT AGENT** **ADVISER, SOLE AND SOLE** : Kenanga Investment Bank Berhad
Level 17, Kenanga Tower
No. 237, Jalan Tun Razak
50400 Wilayah Persekutuan
Kuala Lumpur
- Telephone No. : (603) 2172 2888
Facsimile No. : (603) 2172 2999
- LEGAL ADVISERS AND SOLICITORS** : Mah-Kamariyah & Philip Koh
Advocates and Solicitors
- 3A07, Block B, Phileo Damansara II
15, Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor
- Telephone No. : (603) 7956 8686
Facsimile No. : (603) 7956 2208

1. CORPORATE DIRECTORY (Cont'd)

- AUDITORS AND REPORTING ACCOUNTANTS** : Baker Tilly Monteiro Heng PLT
Baker Tilly Tower, Tower 1, Avenue 5
Bangsar South
59200 Kuala Lumpur
- Telephone No. : (603) 2297 1000
Facsimile No. : (603) 2282 9980
- Partner : Paul Tan Hong
- Approval No. : 03459/11/2023 J
- Professional Qualification : Chartered Accountant – Member of
Malaysia Institutes of Accountants
(MIA Membership No.: 40209)
Fellow Member of ACCA
- SHARE REGISTRAR AND ISSUING HOUSE** : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
- Telephone No. : (603) 2783 9299
Facsimile No. : (603) 2783 9222
- INDEPENDENT RESEARCHER MARKET** : Smith Zander International Sdn Bhd
15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
- Telephone No. : (603) 2732 7537
- Person-in-charge : Dennis Tan Tze Wen
- Qualification : Bachelor of Science from
Memorial University of
Newfoundland, Canada
- LISTING SOUGHT** : ACE Market of Bursa Securities

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2. PROSPECTUS SUMMARY

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

2.1 OVERVIEW

We were incorporated in Malaysia under the Companies Act 2016 on 22 December 2020 as a private limited company under the name of Pappajack Sdn Bhd. Subsequently on 24 June 2021, our Company was converted into a public limited company and assumed our present name of Pappajack Berhad.

An illustration of our Group structure is set out in Section 5.2 of this Prospectus.

The principal activities of all of our subsidiaries are licenced pawnshops. Further details of our subsidiaries are set out in Section 5.4 of this Prospectus.

2.2 SUMMARY OF OUR BUSINESS

We are involved in pawnbroking industry in Malaysia. Further details on our business are set out in Section 6 of this Prospectus.

2.2.1 Business Activities

Our present business activity is pawnbroking. Further details on our business activities are set out in Section 6.2.1 of this Prospectus.

2.2.2 Revenue Segmentation

Our revenue segmentation by business segments for the FYE 2018 to FYE 2020 and FPE 2021 is summarised in the following diagram:

Revenue by Business Segment	Audited							
	FYE 2018		FYE 2019		FYE 2020		FPE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Pawnbroking [#]	4,581	45.76	7,292	37.97	13,884	45.12	14,321	56.37
Sale of unredeemed or bid pledges	5,429	54.24	11,915	62.03	16,885	54.88	11,086	43.63
Total revenue	10,010	100.00	19,207	100.00	30,769	100.00	25,407	100.00
No. of pawnbroking outlets	8		17		25		25	

Note:

[#] Pawnbroking comprises predominantly interest charges and one-off administrative fees.

Further details on our revenue segmentation by business activities are set out in Section 6.2.4 of this Prospectus.

2.2.3 Markets

Our market presence is in Malaysia. Further details on our network of pawnbroking outlets are set out in Section 6.2.3 of this Prospectus.

2. PROSPECTUS SUMMARY (Cont'd)

2.2.4 Customers

Our customers for our pawn loans are the general public aged 18 years and above who seek micro-loans. Our target customers are population who may be financially unserved or underserved by conventional financial institutions. Our customers who purchase the unredeemed or bid pledges comprise mainly scrap collectors.

Further details on our customers are set out in Section 6.11 of this Prospectus.

2.2.5 Operational Outlets

As at the LPD, we have 25 pawnbroking outlets at the respective locations set out in the table below. Further details on our pawnbroking outlets are set out in Section 6.2.3 of this Prospectus.

State	Location	Company Name
Selangor	Kapar Klang	DG Kapar
	Sungai Way	DG Holdings
	Semenyih	DG Sel
	Puchong Prima	PG Bertuah
	Kota Damansara	PG Consistent Reach
	Bayu Tinggi, Klang	PG Pappajack
	Klang station	PG PPJ Sehati
	Sungai Buloh	PPJ Consistent Reach
	Klang Sentral	PPJ Sinar
	Puchong Kinrara	PG PPJack
	Puchong Utama	PG TMI
	Shah Alam	PG TSE
Pulau Pinang	Butterworth	DGM
	Ayer Itam	PG BT Cleaning
	Bayan Lepas	PG Pappajack Sehati
	Bukit Mertajam	PPJ Makmur
	Georgetown	PPJ Sejaya
Kuala Lumpur	Pandan Jaya	PG Mashita
	Pantai Dalam	PG PPJ
	Kuchai lama	PG Tetap Sejiwa
Johor	Tampoi	DGH
	Skudai	PPJ Abadi
Perak	Chemor	PPJ Rezeki
	Ipoh Town	PG PPJ Sejiwa
Negeri Sembilan	Seremban	Pappajack Holdings

2.3 IMPACT OF COVID-19

2.3.1 COVID-19

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020.

To contain the spread of COVID-19 within Malaysia, the Government implemented movement restrictions commencing from 18 March 2020 through MCO, CMCO and RMCO. The RMCO provides further relaxation of economic, social and travel restrictions but not international travels. The Government may implement some form of movement control in the future if the spread of COVID-19 continues, increases or recurs after restrictive measures are relaxed.

Under the MCO, our outlets were not allowed to carry on business and when the CMCO was imposed in place of the MCO, our pawnbroking outlets reopened subject to implanting measures to prevent and minimise the spread of COVID-19.

2. PROSPECTUS SUMMARY *(Cont'd)*

Due to continuous spike in COVID-19, the Government had implemented a second phase of CMCO, MCO or RMCO at different periods in states and federal territories that recorded alarming levels of COVID-19 infection rates beginning October 2020. As the COVID-19 cases continued to increase, a third phase MCO was further imposed starting from 6 May 2021 at different periods in affected states and federal territories. The second and third phases of MCO had no impact to our business operations as our pawnbroking outlets were allowed to operate, subject to the compliance of a set of strict standard operating procedures.

Please refer to Section 6.10 of this Prospectus for further details on the impact of COVID-19 on our Group.

2.4 SUMMARY OF RISK FACTORS

Our business is subject to a number of risk factors, many of which are outside our control. Before investing in our Shares, you should carefully consider, along with the other matters set out in this Prospectus, the risk factors set out in Section 4 of this Prospectus.

The following are some of the key risks faced by us in our business operations:

(i) Our Business is Exposed to Unlawful and Suspicious Pawn Transactions and Transactions of Stolen Gold or Luxury Watches

We are subject to the risk arising from the use of our pawnbroking services for money laundering or terrorists financing purposes as there is no assurance that the measures taken for prevention of unlawful dealings can fully eliminate transactions of stolen gold or luxury watches in our pawnbroking outlets. If we are convicted, we may be subject to imprisonments and/or fines. We also face the risk of losing the pledges when confiscated by the police which will result in financial losses to us. Consequently our financial position and results of operations may be adversely affected if such transaction occurs.

(ii) We Are Subject to Regulatory Requirements for Pawnbroking Business

We are subject to the Pawnbrokers Act 1972 and the regulations made thereunder. Our failure to comply with the Pawnbrokers Act 1972 will result in our pawnbroking licences being suspended, revoked or may not be renewed upon expiry which will disrupt our operations and could have a material adverse effect on our business operation and financial performance.

(iii) We Require Cash Capital to Grow Our Business Operations

We require Cash Capital for the provision of pawn loans to our customers. To finance our Cash Capital requirements, we have been relying on internally generated funds as well as capital injections from shareholders, and shareholders' advances.

For the next 12 months from the date of this Prospectus, our Group plans to finance our Cash Capital requirements from our IPO proceeds, internally generated funds and existing shareholders' funds. Moving forward, after 12 months from the date of this Prospectus, we will continue to utilise our internally generated funds and existing shareholders' funds to finance our Cash Capital requirements. Further, We may also raise additional funds from bank borrowings and/or the capital market to finance any future expansions of our pawnbroking business when required. The issuance of additional securities could result in dilution of our shareholders. The incurrence of indebtedness through issuance of debt securities would result in increased in debt service obligation which may impact our financial performance. We do not foresee any major difficulties in obtaining bank financing for purposes of financing Cash Capital requirements after our Listing. However, if we obtain bank financing to finance our Cash Capital requirements, our borrowing cost is subject to interest rates imposed by the banks. Any material increase in the interest rates imposed on us by the banks will increase our finance costs which may impact our overall profit margin.

2. PROSPECTUS SUMMARY (Cont'd)

(iv) We are Exposed to Liquidity Risk

Our pawnbroking business requires substantial Cash Capital for our business operations and thus, the liquidity of our pawnbroking business is dependent on our timely access to, and the costs associated with, raising and maintaining Cash Capital. In the event we receive an increase in demand for new pawn loans from customers, a decrease in pawn loan repayment from our customers, as well as a delay in the sale of unredeemed or bid pledges to scrap collectors and watch purchasers, our pawnbroking business may be exposed to liquidity risk. The decrease in pawn loan repayment from our customers and the delay in the sale of unredeemed or bid pledges to scrap collectors and watch purchasers may cause temporary deficit in our internally generated funds which may potentially impact our ability in maintaining sufficient liquidity and funds to meet daily cash needs (i.e. operating costs and expenses as well as the issuance of new pawn loans). Subsequently, this may thus impact our business operations and financial performance. However, for the past 3 FYE 2018 to 2020, FPE 2021 and up to the LPD, we have not experienced any instances whereby we are not able to maintain sufficient funds to meet our daily cash needs.

In the past 3 FYE 2018 to 2020, FPE 2021 and up to the LPD, our Cash Capital was generated from internally generated funds, as well as capital injections from shareholders and shareholders' advances. Moving forward, we will continue to utilise our IPO proceeds, internally generated funds and existing shareholders' funds to maintain our Cash Capital requirements. Further, we may also raise funds from bank borrowings and/or the capital market to finance future expansions of our pawnbroking business when required. In the event we raise funds through bank borrowings, we may face the risk of a mismatch in timing to generate sufficient cash flow through the repayment of pawn loans by our customers and the sale of unredeemed or bid pledges to scrap collectors and watch purchasers to repay our bank borrowings on time. As such, this may impact our financial performance as well as adversely affect our credibility as a borrower.

Our average pawn loan receivables turnover periods for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021 were 134, 130, 137 and 157 days respectively. As set out in Section 12.9.1 of this prospectus, as at the LPD, approximately RM92.11 million of the outstanding trade receivables as at 30 September 2021 have been collected and/or recovered via auctions and sales to scrap collectors while the remaining of approximately RM22.25 million have yet to be collected.

The total balance trade receivables of approximately RM22.25 million which have yet to be collected, have not exceeded the credit period as at 30 September 2021. This amount will be settled via cash redemptions and/or if defaulted, will be recovered via our cash recovery process post LPD. Our cash recovery process may be delayed due to limited auction activities conducted by the KPKT.

As a result of the movement restrictions our Group experienced extended holding periods of up to 3 months for the sale of unredeemed or bid pledges to the scrap collectors in the FYE 2020 and the FPE 2021. In total, during the movement restriction, our Group experienced a holding periods of up to 7 months for each MCO Period (i.e. 1st MCO and 2nd MCO), from the day the pawn tickets expired, up to the sale of unredeemed or bid pledges to the scrap collectors. However, unfavourable market value of unredeemed pledges or bid pledges was not a factor in contributing to the extended holding period during the said period. The longer period to liquidate the unredeemed or bid pledges did not result in our Group being unable to deploy pawn loans during the movement restriction.

2. PROSPECTUS SUMMARY *(Cont'd)*

Notwithstanding the above, we may hold onto pledges and sell to scrap collectors and watch purchasers when the market value of unredeemed or bid pledges is favourable to our Group. There is no assurance that moving forward, we will continue to be able to maintain sufficient liquidity and funds to meet daily cash needs (i.e. operating costs and expenses as well as the issuance of new pawn loans).

(v) **Our Pledge Value is Susceptible to Gold Price Volatility**

We primarily receive gold as pledges for the provision of pawn loans to our customers. The pledge value of gold against our total pledge value was 100.00%, 99.55%, 99.42% and 98.72% for FYE 2018, FYE 2019, FYE 2020 and FPE 2021 respectively. As such, the pledge value is influenced by gold price volatility as we offer pawn loans to our customers against the pledges of gold based on a loan margin which factors in the prevailing market value of the pledge.

Our financial performance will be significantly affected by a sudden and/or prolonged downward movements in gold price given that the underlying value of the pledges are marked to gold price. During such event, our customers may not redeem the pledges and we may sell the unredeemed or bid pledges at lower prices, which may adversely and materially affect our profitability and financial performance.

(vi) **We Are Dependent on our Managing Director and Key Management for Continued Success and Future Growth of Our Business**

We are dependent on our Managing Director/ Chief Executive Officer, Mr. Lim Boon Hua, and Key Management in our business. Our success to date has been largely attributable to their efforts in implementing our Group's business strategies. The loss of the services of our key personnel without suitable and/or timely replacements, may have an adverse impact on our business and financial performance.

(vii) **Our Business Operations May Be Affected As A Result of Sudden Crisis Such As the COVID-19 Pandemic**

On 11 March 2020, COVID-19, was declared a worldwide pandemic by the World Health Organization.

To reduce the spread of COVID-19 within Malaysia, the Government has implemented measures to restrict the movement of people, economic and other activities, including MCO, CMCO and RMC0.

Please refer to Section 6.10 of this Prospectus for further details on the impact of COVID-19 on our Group.

Further details on the risk factors are set out in Section 4 of this Prospectus.

2.5 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

- (i) We are positioned to serve the population who may be financially unserved or underserved, to offer short-term micro-loans.
- (ii) The pawn loans we offer are all collateralised by pledges.

2. PROSPECTUS SUMMARY (Cont'd)

- (iii) We have capabilities in providing quick access to pledge-backed short-term micro-loans.
- (iv) Our outlet personnel have the necessary technical skills and knowledge to efficiently serve our customers.
- (v) We have an experienced key management team.
- (vi) We have a network of pawnbroking outlets which are strategically located at convenient locations, in close proximity to residential housing areas or commercial areas and with easy access to public transportation such as buses, LRT and MRT.

Further details on our competitive strengths are set out in Section 6.4 of this Prospectus.

2.6 FUTURE PLANS AND BUSINESS STRATEGIES

Our future plans are to expand our network of pawnbroking outlets to increase our market presence in Malaysia.

Further details on our future plans and business strategies are set out in Section 6.5 of this Prospectus.

2.7 DIRECTORS AND KEY MANAGEMENT OF OUR GROUP

Our Directors and Key Management are as follows:

Name	Designation
<u>Directors</u>	
Chong Chee Fire	Independent Non-Executive Chairman
Lim Boon Hua	Managing Director/ Chief Executive Officer
Law Book Ching	Executive Director
Dato' Magaret Ting Thien Hung	Independent Non-Executive Director
Koo Woon Kan	Independent Non-Executive Director
Cheong Woon Yaw	Independent Non-Executive Director
<u>Key Management</u>	
Lim Chee Hsiung	Chief Operating Officer
Wong Koon Wai	Chief Financial Officer

Please refer to Sections 8.2 and 8.3 of this Prospectus for further details of our Directors and Key Management.

2. PROSPECTUS SUMMARY (Cont'd)

2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS OF OUR GROUP

The following table sets out the shareholdings of our Promoters and substantial shareholders before and after our IPO:

Name	Country of Incorporation/ Nationality	^(a) No. of Shares Held Before the IPO				^(b) No. of Shares Held After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
<u>Promoters and Substantial Shareholders</u>									
TSE Sejahtera	Malaysia	319,638,347	63.80	-	-	319,638,347	47.85	-	-
Lim Boon Hua	Malaysian	-	-	335,103,674	^(c) 66.89	-	-	335,103,674	^(c) 50.17
Law Book Ching	Malaysian	-	-	319,638,347	^(d) 63.80	-	-	319,638,347	^(d) 47.85
Lim Siew Fang	Malaysian	-	-	319,638,347	^(d) 63.80	-	-	319,638,347	^(d) 47.85
Lee Kooi Lan	Malaysian	15,465,327	3.09	319,638,347	^(e) 63.80	15,465,327	2.32	319,638,347	^(e) 47.85

Notes:

- (a) Based on the issued share capital of 501,000,000 Shares before the Public Issue.
(b) Based on the enlarged issued share capital of 668,000,000 Shares after the Public Issue.
(c) Deemed interested by virtue of the interests of his spouse (Lee Kooi Lan) in our Company and his interest in TSE Sejahtera pursuant to Section 8 of the Act.
(d) Deemed interested by virtue of his/her interest in TSE Sejahtera pursuant to Section 8 of the Act.
(e) Deemed interested by virtue of the interests of her spouse (Lim Boon Hua) in our Company pursuant to Section 8 of the Act

Please refer to Section 8.1 of this Prospectus for further details of our Promoters and substantial shareholders.

2.9 FINANCIAL HIGHLIGHTS

Historical Statements of Profit or Loss and Other Comprehensive Income

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income for the Period Under Review as well as the historical unaudited combined statement of profit or loss and other comprehensive income of our Group for the FPE 2020.

	Audited			Unaudited	Audited
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2020 RM'000	FPE 2021 RM'000
Revenue	10,010	19,207	30,769	20,315	25,407
Cost of sales	(6,052)	(13,263)	(16,951)	(11,034)	(14,895)
GP	3,958	5,944	13,818	9,281	10,512
Other income	46	62	366	316	80
Administrative expenses	(1,492)	(2,316)	(2,328)	(1,125)	(2,082)
Operating profit	2,512	3,690	11,856	8,472	8,510
Finance costs	(196)	(373)	(744)	(472)	(506)
PBT	2,316	3,317	11,112	8,000	8,004
Taxation	(745)	(1,355)	(2,907)	(1,891)	(2,578)
PAT/ Total comprehensive income for the financial year	1,571	1,962	8,205	6,109	5,426
Profit/(Loss) attributable to:					
- Owners of the Group	1,571	1,962	8,209	6,110	5,436
- Non-controlling interests	-	-	(4)	(1)	(10)

2. PROSPECTUS SUMMARY (Cont'd)

	Audited			Unaudited	Audited
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2020 RM'000	FPE 2021 RM'000
	1,571	1,962	8,205	6,109	5,426
EBITDA ⁽¹⁾	3,074	4,780	13,381	9,557	9,993
GP margin (%) ⁽²⁾	39.54	30.95	44.91	45.69	41.37
PBT margin (%) ⁽³⁾	23.14	17.27	36.11	39.38	31.50
PAT margin (%) ⁽³⁾	15.69	10.22	26.67	30.07	21.36
Basic EPS (sen) ⁽⁴⁾	0.31	0.39	1.64	1.22	1.09
Diluted EPS (sen) ⁽⁵⁾	0.24	0.29	1.23	0.91	0.81

Notes:

(1) The interest income, finance costs and depreciation for the Period Under Review are as follows:-

	Audited			Unaudited	Audited
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2020 RM'000	FPE 2021 RM'000
Interest income	-	-	(9)	(6)	-
Finance costs	196	373	744	472	506
Depreciation	562	1,090	1,534	1,091	1,483

EBITDA is a supplemental measure of our performance and is not required by or presented in accordance with the MFRS.

(2) Calculated based on GP over revenue.

(3) Calculated based on PBT/ PAT over revenue.

(4) Calculated based on PAT attributable to the owners for the financial year/period over our number of Shares in issue of 501,000,000 Shares before our IPO.

(5) Calculated based on PAT attributable to the owners for the financial year/period over our enlarged number of Shares in issue of 668,000,000 Shares after our IPO.

The increase in revenue for the past 3 FYE 2018 to FYE 2020 and FPE 2021 was mainly due to the expansion of our pawnbroking outlets from 8 outlets in the FYE 2018 to 25 outlets in the FPE 2021, funded by the capital injections from shareholders and shareholders' advances to increase our Group's Cash Capital to deploy pawn loans to our customers.

Historical Statements of Cash Flows

	Audited			Unaudited	Audited
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000	FPE 2020 RM'000	FPE 2021 RM'000
Net cash used in operating activities	(6,805)	(20,885)	(37,237)	(23,578)	(9,157)
Net cash used in investing activities	(587)	(1,917)	(2,288)	(1,417)	(655)
Net cash from/(used in) financing activities	9,786	28,535	43,540	27,646	(718)
Cash and cash equivalents					
Net changes	2,394	5,733	4,015	2,651	(10,530)
At the beginning of the financial year/period	3,516	5,910	11,643	11,643	15,658
At the end of the financial year/period	5,910	11,643	15,658	14,294	5,128

2. PROSPECTUS SUMMARY (Cont'd)

In view of the inherent nature of our pawnbroking business operations which entails the continuous deployment of cash flows as pawn loans to earn interest income, external funding such as Cash Capital injections by our shareholders and advances from shareholders were undertaken to support increased business activities of our Group.

Our pawn loans extended to customers are classified as trade receivables as working capital cash flows while the source of funds for the pawn loans are capital injections by our shareholders and advances from shareholders which were injected as cash flows for our operating activities were classified as financing activities. The classification of capital injection by our shareholders and advances from shareholders as financing activities is in accordance with the disclosure requirements of MFRS 7 Financial Instruments: Disclosures.

As a result, our Group recorded negative operating cash flow position of RM6.81 million, RM20.89 million, RM37.24 million, RM23.58 million and RM9.16 million in the FYE 2018, FYE 2019, FYE 2020, FPE 2020 and FPE 2021 respectively.

Please refer to Section 12 of this Prospectus for further details.

Sources of Cash Capital

Sources of Cash Capital	FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021
Internally generated funds ⁽ⁱ⁾ (RM'000)	2,220	3,169	9,886	7,278	7,083
Capital injections from shareholders (RM'000)	10,287	29,551	34,113	28,913	⁽ⁱⁱ⁾ (42)
Shareholders' advances (RM'000)	-	-	12,000	-	-
	10,287	29,551	46,113	28,913	(42)
Total	12,507	32,720	55,999	36,191	7,041

Notes:

(i) Based on the PAT of our Group after adjusting for non-cash items.

(ii) There is no capital injections from shareholders in the FPE 2021. The amount relates to the repayment of advances to shareholders.

2.10 PARTICULARS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and the principal details of our IPO Shares are as follows:

Number of new Shares to be issued under the Public Issue:	167,000,000
Enlarged number of Shares upon Listing:	668,000,000
IPO Price:	RM0.30
Market capitalisation upon Listing (based on the IPO Price and enlarged number of Shares upon Listing)	RM200,400,000

Please refer to Section 3 of this Prospectus for further details of our IPO.

2. PROSPECTUS SUMMARY (Cont'd)

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

- (a) the moratorium applies to the Promoters' entire shareholdings for a period of 6 months from the date of admission to the ACE Market of Bursa Securities ("**First 6-Month Moratorium**");
- (b) upon the expiry of the First 6-Month Moratorium, the Promoters' aggregate shareholdings amounting to at least 45.0% of our enlarged issued ordinary share capital remain under moratorium for a further period of 6 months ("**Second 6-Month Moratorium**"); and
- (c) upon the expiry of the Second 6-Month Moratorium, the Promoters' may sell, transfer or assign up to a maximum of 1/ 3 per annum (on a straight line basis) of the Shares held under moratorium.

Further details on the moratorium on the sale of our Shares are set out in Section 9.2 of this Prospectus.

2.11 UTILISATION OF PROCEEDS

We expect to use the gross proceeds from the Public Issue of RM50,100,000 in the following manner:

	Description of Utilisation	Estimated Timeframe for Utilisation Upon Listing	Amount (RM'000)	Percentage (%)
(i)	Expansion of pawnbroking outlets	Within 12 months	19,220	38.36
(ii)	Cash Capital for our existing 20 pawnbroking outlets	Within 12 months	27,080	54.05
(iii)	Estimated listing expenses	Immediate	3,800	7.59
	Total Public Issue Proceeds		50,100	100.00

Further details on the utilisation of proceeds are set out in Section 3.7 of this Prospectus.

2.12 DIVIDEND POLICY

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

Further details on our dividend policy are disclosed in Section 12.16 of this Prospectus.

3. DETAILS OF OUR IPO

3.1 OPENING AND CLOSING APPLICATIONS

Application for our IPO Shares under the IPO will open at 10:00 a.m. on 11 March 2022 and will remain open until 5:00 p.m. on 18 March 2022.

3.2 INDICATIVE TIMETABLE

An indicative timetable for our IPO is set out below:

Event	Date
Opening of application for our IPO	10:00 a.m., 11 March 2022
Closing of application for our IPO	5:00 p.m., 18 March 2022
Balloting of applications	23 March 2022
Allotment of IPO Shares to successful applicants	30 March 2022
Listing on the ACE Market	1 April 2022

In the event there is any change to the timetable, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

3.3 PARTICULARS OF OUR IPO

The Public Issue of 167,000,000 new Shares are issued at the IPO Price payable in full on Application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:

3.3.1 Public Issue

The Public Issue of 167,000,000 Shares at the IPO Price representing 25.00% of our enlarged issued share capital will be made available for Application in the following manner:

(i) Malaysian Public (via Balloting)

33,400,000 Public Issue Shares representing 5.00% of our enlarged issued share capital, to be allocated via balloting will be made available for Application by the Malaysian Public, of which at least 50.00% shall be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

(ii) Eligible Persons

6,680,000 Public Issue Shares representing 1.00% of our enlarged issued share capital, will be made available for Application by the Eligible Persons.

3. DETAILS OF OUR IPO (Cont'd)

The Pink Form Shares will be allocated to eligible Key Management and employees of our Group based on the following criteria as approved by our Board:

- (a) the eligible employee must be a full time and confirmed employee of our Group;
- (b) the eligible employee must be on our Group's payroll;
- (c) seniority and position;
- (d) length of service;
- (e) past performance and respective contribution made to our Group; and
- (f) the eligible employee must be at least 18 years of age.

No Pink Form Shares will be allocated to the business associates of our Group and none of the Directors of our Company will be entitled to apply for the Pink Form Shares.

Details of the Pink Form Shares allocation to the Eligible Persons are as follows:

	Number of Persons	Pink Form Shares Allocation
Key Management	1	1,600,000
Employees	39	5,080,000
		6,680,000

Please refer to Section 8.3.1 of this Prospectus for the allocation of the Pink Form Shares to the Key Management of our Group.

As at the LPD, save for the allocation made available for Application as disclosed Section 3.3.3, to the extent known to our Company:

- (a) there are no substantial shareholders, Directors or member of the key management intending to subscribe for the IPO Shares allocated under Section 3.3.1(i) of this Prospectus for the Malaysian Public; and
- (b) there is no person intending to subscribe for more than 5.0% of the IPO Shares allocated under Section 3.3.1(i) of this Prospectus for the Malaysian Public.

(iii) Private Placement

- (a) 83,500,000 Public Issue Shares representing 12.50% of our enlarged issued share capital will be made available by way of private placement to Bumiputera investors approved by MITI.
- (b) 43,420,000 Public Issue Shares representing 6.50% of our enlarged issued share capital will be made available by way of private placement to selected investors.

3. DETAILS OF OUR IPO (Cont'd)

3.3.2 Underwriting Arrangement and Allocation of the IPO Shares

In summary, the IPO Shares will be allocated in the following manner:

	No. of Shares	% of Enlarged Share Capital
Malaysian Public (via balloting)	33,400,000	5.00
Eligible Persons	6,680,000	1.00
Private placement to selected investors	43,420,000	6.50
Bumiputera investors (via private placement)	83,500,000	12.50
Total	167,000,000	25.00

The 33,400,000 Public Issue Shares made available for Application by the Malaysian Public and the 6,680,000 Pink Form Shares made available to the Eligible Persons under Sections 3.3.1(i) and 3.3.1(ii) of this Prospectus respectively are fully underwritten by our Sole Underwriter.

All the 83,500,000 IPO Shares made available to Bumiputera investors approved by MITI by way of private placement under Section 3.3.1(iii)(a) of this Prospectus ("**MITI Tranche**") are not underwritten. Irrevocable undertakings have been or will be obtained from MITI's approved Bumiputera investors to subscribe for the IPO Shares available under the private placement.

All the 43,420,000 IPO Shares made available to selected investors by way of private placement under Sections 3.3.1(iii)(b) of this Prospectus are not underwritten. Irrevocable undertakings have been or will be obtained from selected investors to subscribe for the IPO Shares available under the private placement.

In the event of an under-subscription of the MITI Tranche, the unsubscribed MITI Tranche shall be offered to Bumiputera institutional investors. Any MITI Tranche not taken up by the Bumiputera institutional investors, will be made available for Application by the Bumiputera public as part of the balloting process. Subsequently, any of the MITI Tranche that are not taken up shall be made available to selected institutional investors via private placement and/or available for Application by the Malaysian Public.

In the event of an under-subscription of the IPO Shares made available to selected investors by way of private placement, the unsubscribed IPO Shares will be made available for Application by the Malaysian Public.

Any unsubscribed Pink Form Shares will be re-offered to our Group's other Eligible Persons before being re-allocated to the Malaysian Public and/or selected investors via the private placement. Any unsubscribed Public Issue Shares by the Malaysian Public will be made available for Application by way of private placement to selected investors.

The allocation of our IPO Shares shall be on a fair and equitable manner and shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares.

3. DETAILS OF OUR IPO (Cont'd)

There is no minimum subscription amount to be raised from the IPO. All the IPO Shares are either subscribed by the selected investors, pursuant to their irrevocable undertakings or fully underwritten by our Sole Underwriter. The number of IPO Shares offered under the Public Issue will not be increased via any over-allotment or "greenshoe" option.

3.3.3 Share Capital

As at the LPD, the issued share capital for our Company is RM108,020,897 comprising 501,000,000 Shares.

Upon the allotment and issue of the Public Issue Shares pursuant to our IPO, our enlarged issued share capital of our Company will be RM157,777,088 comprising 668,000,000 Shares as follows:

	Number of Shares	Share Capital (RM)
Existing issued share capital	501,000,000	108,020,897
New Shares to be issued pursuant to the Public Issue	167,000,000	50,100,000
Estimated listing expenses directly attributable to the Public Issue	-	(343,809)
Enlarged issued share capital upon Listing	668,000,000	157,777,088
IPO PRICE PER SHARE (RM)		0.30
PROFORMA CONSOLIDATED NA		
Proforma consolidated NA (attributable to the owners of the Group) as at 30 September 2021 (based on the enlarged issued share capital of 668,000,000 Shares after the Public Issue and utilisation of proceeds) (RM'000)		160,175
Proforma consolidated NA (attributable to the owners of the Group) per Share (based on the enlarged issued share capital of 668,000,000 Shares) (RM)		0.24
MARKET CAPITALISATION OF OUR COMPANY (based on the IPO Price and enlarged issued share capital after the Public Issue) (RM'000)		200,400

Our market capitalisation upon Listing, based on the IPO Price and our enlarged issued share capital of 668,000,000 Shares will be RM200,400,000. The IPO Price is payable in full upon Application, subject to the terms and conditions of this Prospectus. The board lot size for our enlarged issued share capital upon Listing will be standardised at 100 units per board lot.

3. DETAILS OF OUR IPO (Cont'd)

3.3.4 Classes of Shares and Ranking

As at the date of this Prospectus and upon completion of our IPO, we have only 1 class of share in our Company, namely ordinary shares.

Our Public Issue Shares upon allotment and issuance will rank equally in all respects with our then existing Shares including voting rights and will be entitled to all dividends, rights and distributions that may be declared after its date of allotment and issuance.

Subject to any special rights attached to any shares which we may issue in the future, our shareholders shall, in proportion to the amount paid on the shares held by them, be entitled to share in the profits paid out by us as dividends or other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution, after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

Each shareholder shall be entitled to be present and to vote at our general meeting in person or by proxy or by attorney or by duly authorised representative. Each person shall be entitled to appoint more than 1 proxy to attend and vote at our general meeting. At any general meeting convened by our Company, a resolution put to the vote of the meeting shall be decided by poll. On a poll, every such person present shall have 1 vote for every 1 Share he holds.

3.4 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES

Our IPO Price of RM0.30 per IPO Share was determined and agreed upon by us and our Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent after taking into consideration the following factors:

- (i) our pro forma consolidated NA (attributable to the owners of the Group) per Share of RM0.24 as at 30 September 2021 based on our enlarged share capital of 668,000,000 Shares, after the IPO and subsequent to the utilisation of proceeds from our Public Issue as set out in Section 3.7 of this Prospectus;
- (ii) based on our historical audited combined statements of profit or loss and other comprehensive income of our Group for the FYE 2020, we recorded a PAT attributable to the owners of the Company from continuing operations of RM8.21 million representing:
 - (a) net EPS of 1.64 sen (based on the existing issued share capital of 501,000,000 Shares as at the LPD) resulting in net PE Multiple of 18.29 times; and
 - (b) net EPS of 1.23 sen (based on our enlarged share capital of 668,000,000 Shares upon Listing) resulting in net PE Multiple of 24.39 times;
- (iii) our competitive strengths as described in Section 6.4 of this Prospectus;
- (iv) our business strategies as described in Section 6.5 of this Prospectus; and
- (v) industry overview as set out in Section 7 of this Prospectus respectively.

3. DETAILS OF OUR IPO (Cont'd)

Prospective investors should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. Prospective investors should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares. You are also reminded to consider carefully the risk factors as set out in Section 4 of this Prospectus.

3.5 EXPECTED MARKET CAPITALISATION UPON LISTING

Based on the IPO Price of RM0.30, the total market capitalisation of our Company upon Listing shall be RM200,400,000.

3.6 DILUTION

Dilution is the amount by which the IPO Price to be paid by the applicants for our Shares under the IPO exceeds our proforma NA per Share immediately after the implementation of the Listing Scheme. The proforma NA (attributable to the owners of the Group) per Share as at 30 September 2021 based on the issued share capital of 501,000,000 Shares before the IPO is approximately RM113.45 million or RM0.23 per Share.

Pursuant to the Public Issue of 167,000,000 new Shares at the IPO Price and after adjusting for the effects of the utilisation of proceeds, the proforma NA (attributable to the owners of the Group) as at 30 September 2021 will increase to approximately RM160.18 million or RM0.24 per Share based on the enlarged issued capital of 668,000,000 Shares after the IPO. This represents an immediate increase in adjusted NA of RM0.01 per Share to our existing shareholders and an immediate dilution in NA of RM0.06 per Share to our new investors. The following table illustrates such dilution on a per Share basis:

	RM
IPO Price	0.30
Proforma NA (attributable to the owners of the Group) per Share as at 30 September 2021 (before adjusting for the Public Issue)	0.23
Increase in proforma NA (attributable to the owners of the Group) per Share after adjusting for the Public Issue and utilisation of proceeds	0.01
Proforma NA (attributable to the owners of the Group) per Share after the IPO	0.24
Dilution in NA (attributable to the owners of the Group) per Share to new investors	0.06
Dilution in NA (attributable to the owners of the Group) per Share to new investors as a percentage of the IPO Price	20.00%

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3. DETAILS OF OUR IPO (Cont'd)

Save as disclosed below, there has been no acquisition of any of our Shares by our Promoters, substantial shareholders, Directors or Key Management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares since our incorporation up to the LPD.

	No. of Shares Before Our IPO	No. of Issue Shares ⁽²⁾	Total Consideration (RM)	Average Cost Per Share (RM)
Promoter and Substantial Shareholder				
TSE Sejahtera	⁽¹⁾ 319,638,347	-	68,917,406	⁽³⁾ 0.22
Lee Kooi Lan	15,465,327	-	3,334,488	⁽³⁾ 0.22
Key Management				
Lim Chee Hsiung	1,365,884	-	294,499	⁽³⁾ 0.22
Wong Koon Wai	-	1,600,000	480,000	0.30
New Investors				
Public Issue	-	167,000,000	50,100,000	0.30

Notes:

- (1) Pursuant to the:
- (a) transfer of 1 Share held by Lim Boon Hua to TSE Sejahtera in relation to the Pre-IPO Reorganisation; and
- (b) terms of the Acquisition SSA, TSE Sejahtera, being the nominated private limited company owned by Lim Boon Hua, Lim Siew Fang and Law Book Ching, was (at the request of such shareholders) allotted and issued all of the Shares to be issued to Lim Boon Hua, Lim Siew Fang and Law Book Ching for payment of the purchase consideration payable to such persons in accordance with the terms of the Acquisition SSA. Please refer to Section 5.5.1 for further details of the Acquisition SSA and the Shares issued to TSE Sejahtera as the nominee of such shareholders.
- (2) Assuming all the Pink Form Shares are fully subscribed.
- (3) Rounded up to RM0.22.

3.7 UTILISATION OF PROCEEDS

We expect to use the gross proceeds from the Public Issue of RM50,100,000 in the following manner:

	Description of Utilisation	Estimated Timeframe for Utilisation Upon Listing	Amount (RM'000)	Percentage (%)
(i)	Expansion of pawnbroking outlets	Within 12 months	19,220	38.36
(ii)	Cash Capital for our existing 20 pawnbroking outlets	Within 12 months	27,080	54.05
(iii)	Estimated listing expenses	Immediate	3,800	7.59
	Total Public Issue Proceeds		50,100	100.00

3. DETAILS OF OUR IPO (Cont'd)**(i) Expansion of Pawnbroking Outlets**

As at the LPD, our Group has incorporated 5 new companies as set out below and our Group intends to utilise a total amount of RM19.22 million for the initial set up costs and working capital requirements for the 5 new pawnbroking outlets.

We will allocate a total of RM16.00 million for the 4 new outlets to be operated by our indirect wholly-owned subsidiaries (namely, PPJ Landas Emas, PPJ Maju, PPJ Mandiri and PPJ Sukses) with RM4.00 million allocated to each of the new pawnbroking outlets. The balance amounting to RM3.22 million will be utilised for a new outlet to be operated by a subsidiary which we have 80.50% equity interest (namely, PPJ Berkat).

The breakdown of the initial set up cost and working capital for each of the 5 new pawnbroking outlets is set out as follows:

Our 5 New Pawnbroking Outlets	Town/State	Initial Setup Costs (RM'000)	Working Capital (RM'000)	Total (RM'000)
PPJ Maju	Pekan Ampang, Selangor	300	3,700	4,000
PPJ Mandiri	Setapak, Kuala Lumpur	300	3,700	4,000
PPJ Landas Emas	Puchong, Selangor	-	4,000	4,000
PPJ Sukses	Nibong Tebal, Pulau Pinang	-	4,000	4,000
PPJ Berkat	Bandar Pusat Jengka, Pahang	-	3,220	3,220
Total		600	18,620	19,220

The initial set up cost for PPJ Maju and PPJ Mandiri pawnbroking outlets is estimated to be at RM300,000 each which includes the cost for renovation. In the event that the initial setup costs have been incurred before the receipt of proceeds raised from the IPO, the IPO proceeds will be used to replenish any internally generated funds used for the purpose of the initial setup costs of PPJ Maju and PPJ Mandiri. The balance amounting to RM18.62 million will be utilised as the working capital for the new pawnbroking outlet as tabulated above mainly to finance the deployment of more pawn loans, rental for the outlets as well as salaries for new employees.

The expected timeline for the completion of renovation, approval of relevant licences, and to operationalise each new pawnbroking outlet ranges approximately from 6 to 9 months from the application of the final approval for the pawnbroking licence from KPKT, taking into consideration of the impact of the COVID-19 pandemic.

The expected timeframe to operationalise the 5 new pawnbroking outlets, subject to the receipt of proceeds raised from the IPO to fund the working capital (e.g. Cash Capital for the issuance of new pawn loans, rental for the outlets as well as salaries for new employees), are as follows:

Our 5 New Pawnbroking Outlets	Town/State	Estimated timeframe to commence operation
PPJ Sukses	Nibong Tebal, Pulau Pinang	Up to 3 months
PPJ Landas Emas	Puchong, Selangor	Up to 3 months
PPJ Berkat	Bandar Pusat Jengka, Pahang	Up to 3 months
PPJ Maju	Pekan Ampang, Selangor	Up to 6 months
PPJ Mandiri	Setapak, Kuala Lumpur	Up to 6 months

Please refer to Section 6.5 of this Prospectus for further information on our expansion of new pawnbroking outlets.

3. DETAILS OF OUR IPO (Cont'd)**(ii) Cash Capital for Our Existing 20 Pawnbroking Outlets**

The proceeds from the Public Issue earmarked for Cash Capital of RM27.08 million will be allocated to our 20 existing pawnbroking outlets which have been identified as pawnbroking outlets with higher growth rate, in the following proportion:

No.	Our existing 20 Pawnbroking Outlets	Town/State	Amount (RM'000)
(1)	DG Kapar	Klang, Selangor	1,500
(2)	DGH	Johor Bahru, Johor	2,000
(3)	DGM	Butterworth, Pulau Pinang	1,000
(4)	DG (Sel)	Semenyih, Selangor	1,000
(5)	PG PPJ Sejiwa	Ipoh, Perak	1,000
(6)	Pappajack Holdings	Seremban, Negeri Sembilan	1,080
(7)	PG BT Cleaning	Ayer Itam, Pulau Pinang	1,000
(8)	PG Consistent Reach	Petaling Jaya, Selangor	1,000
(9)	PG Mashita	Pandan Jaya, Kuala Lumpur	1,500
(10)	PG Pappajack Sehati	Bayan Lepas, Pulau Pinang	1,000
(11)	PG PPJ Sehati	Klang, Selangor	1,000
(12)	PG PPJack	Puchong, Selangor	1,000
(13)	PG TMI	Puchong, Selangor	1,500
(14)	PG TSE	Shah Alam, Selangor	1,500
(15)	PPJ Abadi	Skudai, Johor	1,000
(16)	PPJ Consistent Reach	Sungai Buloh, Selangor	1,500
(17)	PPJ Makmur	Bukit Mertajam, Pulau Pinang	2,000
(18)	PPJ Rezeki	Chemor, Perak	1,500
(19)	PPJ Sejaya	George Town, Pulau Pinang	2,000
(20)	PPJ Sinar	Klang, Selangor	2,000
	Total		27,080

The total proceeds of RM27.08 million allocation for the Cash Capital of each outlet as tabulated above will be utilised to finance the deployment of more pawn loans.

The pawnbroking operation of our Group is sufficient in maintaining the working capital for the operational expenses, which include, but not limited to the operational expenses such as rental for the outlets as well as salaries for employees of all our 25 existing pawnbroking outlets.

Any Cash Capital which have been allocated for the respective outlet and are not utilised will be channelled to other outlets as above which require additional Cash Capital.

(iii) Estimated Listing Expenses

Our listing expenses are estimated to be RM3,800,000, details of which are as follows:

	Estimated Value (RM'000)	Percentage of Total Estimated Value (%)
Estimated Listing Expenses⁽¹⁾		
Professional fees ⁽²⁾	2,139	56.29
Brokerage, underwriting and placement fees	1,300	34.21
Printing, advertising and other miscellaneous expenses relating to the Listing ⁽³⁾	361	9.50
Total	3,800	100.00

3. DETAILS OF OUR IPO (Cont'd)

Notes:

- (1) *If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for Cash Capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for Cash Capital purposes.*
- (2) *Includes fees for the Principal Adviser, Reporting Accountants, Solicitors and Independent Market Researcher and other professional advisers as well as the Issuing House.*
- (3) *Includes fees payable to authorities (such as lodgement fees payable to the Companies Commission of Malaysia, and other incidental of related expenses in connection with our IPO)*

We will bear all expenses and fees incidental to our listing, which include professional fees, brokerage, underwriting and placement fees, regulatory fess, printing, advertising and other miscellaneous fees, the aggregate of which is estimated to be RM3.80 million. Any difference arising from the utilisation as set out above will be adjusted accordingly with our Cash Capital requirements.

3.8 UNDERWRITING, COMMISSION, BROKERAGE AND PLACEMENT FEES

3.8.1 Underwriting Commission

Our Sole Underwriter has agreed to underwrite 33,400,000 Public Issue Shares made available for application by the Malaysian Public and 6,680,000 Pink Form Shares made available to the Eligible Persons as set out in Sections 3.3.1(i) and 3.3.1(ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of 2.50% of the total value of the underwritten Shares based on the IPO Price.

3.8.2 Brokerage Fee

We will pay brokerage at the rate of 1.00% on the IPO Price in respect of all successful applications that bear the stamp of either Kenanga IB, the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

3.8.3 Placement Fee

Our Sole Placement Agent has agreed to place out 126,920,000 IPO Shares to be issued and/or offered to selected investors. We are obliged to pay our Sole Placement Agent a placement fee at the rate of between 0.85% to 2.25% of the value of Shares placed out to selected investors at the IPO Price.

3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We had on 16 February 2022 entered into the Underwriting Agreement with the Sole Underwriter whereby the Sole Underwriter has agreed to underwrite 33,400,000 Public Issue Shares made available for application by the Malaysian Public and 6,680,000 Pink Form Shares made available to the Eligible Persons as set out in Sections 3.3.1(i) and 3.3.1(ii) of this Prospectus upon the terms and subject to the conditions as set out in the Underwriting Agreement.

A summary of the salient terms of the Underwriting Agreement are set out in the following Sections.

3. DETAILS OF OUR IPO (Cont'd)

3.9.1 Agreement to Underwrite

The obligations of the Sole Underwriter under the Underwriting Agreement are conditional upon:

- (i) the Underwriting Agreement having been duly executed by Pappajack and the Sole Underwriter and stamped within the statutory time frame and not being terminated or rescinded pursuant to the provisions of the Underwriting Agreement and the Underwriting Agreement remaining in full force and effect and no breach in respect of Underwriting Agreement has occurred;
- (ii) there having been on or prior to the last date and time for receipt of application and payment for the Public Issue Shares in accordance with the Prospectus and the Application Form ("**Closing Date**"), neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial or otherwise) of Pappajack and any company within the Pappajack Group, which is material in the context of the Listing and Public Issue from that set forth in the Prospectus and the Application Form, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the reasonable opinion of the Sole Underwriter, which makes any of the representations and warranties contained in the Underwriting Agreement untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of and/or failure by Pappajack to perform any of the warranties or undertakings contained in the Underwriting Agreement;
- (iii) the delivery to the Sole Underwriter:
 - (a) prior to the date of the registration of the Prospectus, a copy certified as a true copy by an authorised officer of Pappajack, of the constitution of Pappajack and all the resolutions of the Directors and the shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus and the Application Form and the issue and allotment of the Public Issue Shares under the Public Issue and confirming that the Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus and the Application Form; and
 - (b) a certificate, in the form or substantially in the form contained in the Underwriting Agreement, dated the date of the Prospectus signed by duly authorised officers of Pappajack stating among others, that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Section 3.9.1(ii) above;
- (iv) the Prospectus and the Application Form being in the form and substance satisfactory to the Sole Underwriter;
- (v) the delivery to the Sole Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Directors of Pappajack as the Sole Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of Pappajack and the companies within the Pappajack Group;

3. DETAILS OF OUR IPO (Cont'd)

- (vi) the Sole Underwriter having been satisfied that sufficient arrangements have been made by Pappajack to ensure payment of the expenses referred to in the Underwriting Agreement;
- (vii) the Listing and Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;
- (viii) Pappajack having complied and that the Listing and Public Issue is in compliance with all applicable laws and the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;
- (ix) Pappajack having fully complied with all the conditions which are required to be complied with prior to the issuance of the Prospectus and the Application Form or the Closing Date imposed by the SC and Bursa Securities in respect of the Listing and Public Issue;
- (x) the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the Listing and the lodgement of the Prospectus with the CCM on or before its release;
- (xi) Bursa Securities has agreed and approved in principle on or prior to the Closing Date to the admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of Pappajack on the ACE Market of Bursa Securities, and if such approvals shall be conditional, all conditions thereto being in terms acceptable to the Sole Underwriter on or prior to the Closing Date being reasonably satisfied and such approval not being withdrawn, revoked, suspended, terminated or lapsed and that such listing and quotation shall be granted two (2) clear Market Days after the submission to Bursa Securities of the relevant documents including the receipt of confirmation from Bursa Depository confirming that the securities accounts of all successful applicants have been duly credited and the Issuing House has confirmed that the notices of allotment have been despatched to entitled holders;
- (xii) the approval of the Directors of Pappajack via a resolution for the appointment of the Sole Underwriter;
- (xiii) the Prospectus having been issued within forty-five (45) days of the date of the Underwriting Agreement or within such extended period as may be determined by the Sole Underwriter;
- (xiv) the issue of the Public Issue Shares having been approved by Bursa Securities and any other relevant authorities and the shareholders of Pappajack in a general meeting and such authorisation has not been amended, withdrawn, revoked, suspended, terminated or lapsed and all conditions of the approval has been complied with;
- (xv) all necessary approvals and authorisations required in relation to the Listing and Public Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
- (xvi) the Sole Underwriter having been satisfied that on or prior to the Closing Date, there is no breach of, or failure on the part of Pappajack to comply with, any of its obligations under the Underwriting Agreement which would give rise to a material adverse effect; and

3. DETAILS OF OUR IPO (Cont'd)

- (xvii) all the resolutions remaining in full force and effect as at the Closing Date and none having been rescinded, revoked or varied.

If any of the conditions set out the Underwriting Agreement is not satisfied by the Closing Date, the Sole Underwriter shall thereupon be entitled to terminate the Underwriting Agreement and in that event, except for the liability of Pappajack for the payment of the underwriting commission and the costs and expenses as provided in the Underwriting Agreement incurred prior to the termination and any claims pursuant to the Underwriting Agreement, there shall be no further claims by either parties against each other, and the parties shall be released and discharged from their respective obligations under the Underwriting Agreement provided that the Sole Underwriter may at its discretion and with respect to its obligations, waive compliance with any of the provisions of Section 3.9.1 above. Thereafter, the Underwriting Agreement shall be terminated and be of no further force and effect and none of the parties shall have a claim against the other, save and except in respect of any antecedent breaches. The Sole Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Sole Underwriter's rights under the Underwriting Agreement. For avoidance of doubt, there is no waiver from compliance with any condition or modification of any of the conditions aforesaid unless such waiver is expressed in writing and signed by the Sole Underwriter.

3.9.2 Termination/Lapse of the Underwriting Agreement

Notwithstanding anything contained in the Underwriting Agreement, the Sole Underwriter may by notice in writing to the Pappajack given at any time before the listing date, terminate, cancel or withdraw its commitment to underwrite the underwritten shares if:

- (i) there is any breach by Pappajack of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Sole Underwriter within such number of days as stipulated by the Sole Underwriter to Pappajack in writing or as stipulated in the notice informing Pappajack of such breach or by the Closing Date, whichever is earlier; or
- (ii) there is withholding of information which is required to be disclosed by or to the Sole Underwriter, pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days as stipulated by the Sole Underwriter to Pappajack in writing or as stipulated in the notice informing Pappajack of such breach which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Pappajack Group, the success of the Listing, or the distribution or sale of the Public Issue Shares; or
- (iii) there shall have occurred, happened or come into effect, or which in the opinion of the Sole Underwriter is likely to occur, any material and adverse change to the business or financial condition of Pappajack or the Pappajack Group; or
- (iv) there shall have occurred, happened or come into effect any of the following circumstances:
 - (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing;

3. DETAILS OF OUR IPO (Cont'd)

- (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);
- (c) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, national emergency, civil war or commotion, hijacking, terrorism;
- (d) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power;
- (e) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, outbreak of disease, epidemics, pandemic, the imposition of lockdowns or similar measures to control the spread of any epidemic or other acts of God;
- (f) any government requisition or other occurrence of any nature whatsoever which is reasonably likely to have a material adverse effect or materially affect the success of the Listing;
- (g) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading for three (3) consecutive Market Days or more; and/or
- (h) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the ACE Market of Bursa Securities due to exceptional financial circumstances or otherwise,

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

- (v) there is failure on the part of Pappajack to perform any of its obligations contained in the Underwriting Agreement which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Sole Underwriter within such number of days as stipulated by the Sole Underwriter to Pappajack in writing or as stipulated in the notice informing Pappajack of such breach or by the Closing Date, whichever is earlier; or
- (vi) the approval of Bursa Securities for the Listing is revoked, or withdrawn, or subject to the conditions not acceptable to the Sole Underwriter; or
- (vii) the Closing Date does not occur by 31 March 2022 or such other extended date as may be agreed in writing by the Sole Underwriter; or
- (viii) the Public Issue is stopped or delayed by Pappajack or any regulatory authorities for any reason whatsoever (unless such delay has been approved by the Sole Underwriter; or

3. DETAILS OF OUR IPO (Cont'd)

- (ix) any commencement of legal proceedings or action against any member of the Pappajack Group or any of their directors which would have or is likely to have a material adverse effect or make it impracticable to enforce contracts to allot and/or transfer the Public Issue Shares; or
- (x) any of the resolutions or approvals referred to in the Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have a material adverse effect; or
- (xi) any material statements contained in the Prospectus has become or been discovered to be untrue, inaccurate or misleading in any respect, or matters have arisen or have been discovered which would, if any of the Prospectus were to be issued at that time, constitute a material omission therefrom as of the latest practicable date of the Prospectus.

In the event of termination pursuant to Section 3.9.2, the respective parties to the Underwriting Agreement shall, save and except for any antecedent breach, be released and discharged from their obligations under the Underwriting Agreement without prejudice to their rights under the Underwriting Agreement whereupon the Underwriting Agreement shall be of no further force or effect save for the following:

- (i) the liability of Pappajack for the payment of costs and expenses as provided in the Underwriting Agreement incurred prior to or in connection with such termination shall remain;
- (ii) the liability of Pappajack for the payment of the underwriting commission as provided in the Underwriting Agreement shall remain;
- (iii) Pappajack shall return any moneys paid without interest thereon to the Sole Underwriter within three (3) Market Days of the receipt of such notice of termination from the Sole Underwriter; and
- (iv) the provisions Clauses 1 (Definitions), 3 (Representation, Warranties and Undertakings), 6 (Underwriting Commission), 8 (Termination/Lapse of Agreement), 14 (Costs and Expenses), 16 (Notice), 17 (Time), 19 (No Assignment), 24 (Severability), 26 (Knowledge and Acquiescence), 29 (Modifications), 30 (Governing Law and Jurisdiction), 34 (Whole Agreement), 36 (Money Laundering Laws) and 37 (Anti-Corruption Laws) of the Underwriting Agreement shall continue to apply notwithstanding such termination,

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

In the event that the Underwriting Agreement is terminated pursuant to Section 3.9.2(iv) above, the Sole Underwriter and Pappajack may confer with a view to defer the Listing and Public Issue by amending its terms, or the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither the Sole Underwriter nor Pappajack shall be under any obligation to enter into a fresh agreement.

Pappajack shall further refund to the Sole Underwriter the subscription monies, if any, paid by the Sole Underwriter for the subscription of the underwritten shares pursuant to the Underwriting Agreement not later than seven (7) days after Pappajack's receipt of the termination notice from the Sole Underwriter, failing which the Sole Underwriter shall be entitled to charge interest at the rate of eight per centum (8%) per annum on the amount outstanding to be calculated on a daily basis until the date of full payment of the amount outstanding.

3. DETAILS OF OUR IPO (Cont'd)

3.9.3 Force Majeure

Notwithstanding anything contained in the Underwriting Agreement, it will be an event of force majeure if the Sole Underwriter is unable to perform its obligations stipulated in the Underwriting Agreement resulting from any event or series of events beyond the reasonable control of the Sole Underwriter, including without limitation where any one of the following occurs:

- (i) any new law, regulation, directive, policy or ruling or any material change in any law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Sole Underwriter or any event or series of events beyond the reasonable control of the Sole Underwriter or which seriously affects or will seriously affect the business of Pappajack and/or the companies within the Pappajack Group;
- (ii) any act or acts of God, national disorder, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting or other labour disputes, any unavailability of transportation or severe economic dislocation, natural catastrophe, earthquake, typhoon, acts of warfare, sabotages, outbreak of war, outbreak of disease, epidemics, pandemic, the imposition of lockdowns or similar measures to control the spread of any epidemic, acts of terrorism or the declaration of a state of national emergency;
- (iii) any material adverse change or development involving a prospective change in national or international monetary, financial, political or economic conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia or overseas) or currency exchange rates or the occurrence of any combination of any of the foregoing which adversely affects or could have been reasonably expected to affect:
 - (a) the business of Pappajack and/or the Pappajack Group; or
 - (b) the success of the Listing and Public Issue;
- (iv) the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (a) on or after the date of the Underwriting Agreement; and
 - (b) prior to the Closing Date,
 - lower than 85% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for three (3) consecutive Market Days; and/or
- (v) the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for three (3) consecutive Market Days.

3. DETAILS OF OUR IPO (Cont'd)

In the event of a force majeure pursuant to the Underwriting Agreement, the Sole Underwriter may, at any time prior to or on the Listing Date:

- (i) terminate the Underwriting Agreement by giving notice to Pappajack in the manner set out in the Underwriting Agreement; or
- (ii) subject to prior consultation with Pappajack, request for the Closing Date to be extended to such reasonable date as the Sole Underwriter may decide.

Upon delivery of the notice of termination pursuant to the Underwriting Agreement, the Underwriting Agreement will terminate where after each party's rights and obligations will cease and none of the parties will have any claim against each other save and except such claims in respect of the costs and expenses of the Sole Underwriter and underwriting commission as set out in the Underwriting Agreement and Pappajack shall return any moneys paid without interest thereon to the Sole Underwriter within three (3) Market Days of the receipt of such notice of termination from the Sole Underwriter.

In the event of a delivery of a request to extend the Closing Date as set out in the Underwriting Agreement, Pappajack shall not unreasonably withhold consent to such request for the extension of the Closing Date.

The delivery of a request as set out in the Underwriting Agreement shall not preclude the Sole Underwriter from giving any further request(s) for extension pursuant to the clause as set out in the Underwriting Agreement or giving a notice to terminate pursuant to the Underwriting Agreement.

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4. RISK FACTORS

You should carefully consider the risk factors listed below, in addition to the other information in this Prospectus. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares.

If you are in any doubt as to the information contained in this Section, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

4.1 RISKS RELATING TO OUR BUSINESS OPERATIONS

4.1.1 Our Business is Exposed to Unlawful and Suspicious Pawn Transactions and Transactions of Stolen Gold or Luxury Watches

We are subject to the risk arising from the use of our pawnbroking services for money laundering or terrorists financing purposes. As at the LPD, there is no incidence of breaches against the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001. However, there can be no assurance that the measures taken to prevent the use of our pawnbroking services for money laundering or terrorists financing purposes can fully eliminate unlawful and suspicious pawn transactions in our pawnbroking outlets. If we are convicted, we may be subject to imprisonments and/or fines.

The measures taken to prevent unlawful and suspicious dealings include ensuring that pledges received are directly from the rightful owners, verifying the identity of customers before pawn transactions, recording the identification details of customers and pledge assessment, as disclosed in Section 6.3.2(i)(a) and (b) and Section 6.3.5(i) of this Prospectus. Further, the adequacy of our Group's internal controls system to minimise the risk of stolen items being received at pawnbroking outlets had been reviewed by our management team and an independent internal control advisor. However, there is no assurance that the measures taken for prevention of unlawful dealings can fully eliminate transactions of stolen gold or luxury watches in our pawnbroking outlets. In the event of transactions of stolen gold or luxury watches, we face the risk of losing the pledges when confiscated by the police and as a result may not be able to recover the losses incurred. This may subsequently adversely affect our profitability. In the past 3 FYE 2018 to FYE 2020, FPE 2021 and up to the LPD, there were 8 occurrences whereby our customers' pledges were confiscated by the police to assist with police investigation. There were no pledges confiscated by the police from 1st October 2021 up to the LPD. The total loss incurred from the confiscation was RM79,326.90 and was not recovered. Any loss arising from confiscation of pledges are not covered under the jeweller's block insurance policy and will be written off 12 months from the date of pawn ticket issuance.

4.1.2 We Are Subject to Regulatory Requirements for Pawnbroking Business

Our business operations are governed by the KPKT, and are governed by the regulations under the Pawnbrokers Act 1972. Under the Pawnbrokers Act 1972, a pawnbroking licence is mandatory for opening and operating a pawnbroking outlet. Such licence is valid for a period of 2 years and is subject to renewal provided that the pawnbroking outlet adheres to the regulations enforced by the KPKT. Please refer to Section 6.18 of this Prospectus for information on our pawnbroking licences.

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4. RISK FACTORS (Cont'd)

In the event of non-compliance to the regulations imposed by the KPKT, our pawnbroking licences may be suspended, revoked or may not be renewed upon expiry. We are able to appeal to the KPKT in instances of suspension, revocation and non-renewal of our pawnbroking licences. If the KPKT's decision remains the same, we will be able to operate until the pledges held by the affected pawnbroking outlet(s) have been redeemed by our customers or the latest period of redemption for the pledges have expired, and we will also be able to sell the unredeemed and bid pledges. However, we will not be allowed to process new pawn transactions. Any suspension, revocation or failure to obtain, maintain or renew our pawnbroking licences may materially and adversely affect our business operations and financial performance. Since the incorporation of our business up to the LPD, we have not experienced any suspension or revocation of our pawnbroking licences. As at the LPD, there are 10 pawnbroking outlets with pawnbroking licences that will expire in less than 12 months. If we are not successful in renewing these respective licences upon expiry, we will not be able to operate the affected pawnbroking outlets and this may subsequently adversely affect our financial performance. Even though we have not experienced any instances of failure in obtaining, maintaining or renewing our pawnbroking licences as at the LPD, there is no assurance that we will be able to continue to successfully renew all our pawnbroking licences moving forward.

Further, if there are any changes in legislation, regulations and/or policies governing the pawnbroking industry leading to further and/or stricter requirements being imposed by the KPKT which we are required to comply with, our business operations may be restricted or we may incur higher operating costs. In the event that the increased operating costs cannot be passed on to our customers, we will have to absorb any cost increments which may adversely impact our business operations and profitability

4.1.3 We Require Cash Capital to Grow Our Business Operations

We require Cash Capital for the provision of pawn loans to our customers. To finance our Cash Capital requirements, we have been relying on internally generated funds as well as capital injections from shareholders and shareholders' advances. Our internally generated funds are used to fund all operating costs and expenses and the issuance of new pawn loans. The capital injections from shareholders and shareholders' advances are used to fund the issuance of new pawn loans and the paid-up capital required for each new pawnbroking outlet. As such, we have been dependent on capital injections from shareholders and shareholders' advances in the past 3 FYE 2018 to FYE 2020 to the LPD to expand our business in terms of the issuance of new pawn loans and the number of pawnbroking outlets. In the FYE 2018, FYE 2019 and FYE 2020, capital injections from shareholders and shareholders' advances amounted to approximately RM10.29 million, RM29.55 million and RM46.11 million, respectively. In FPE 2021, there was no capital injections from shareholders and shareholders' advances. As at the LPD, the outstanding shareholders' advances amounted to RM12.00 million.

In the past 3 FYE 2018 to FYE 2020, FPE 2021 and up to the LPD, we did not obtain bank financing to fund our Cash Capital requirements as capital injections from shareholders and shareholders' advances can be raised and at a shorter timeframe as opposed to obtaining bank financing.

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4. RISK FACTORS (Cont'd)

For the next 12 months from the date of this Prospectus, our Group plans to finance our Cash Capital requirements from our IPO proceeds, internally generated funds and existing shareholders' funds. Moving forward, after 12 months from the date of this Prospectus, we will continue to utilise our internally generated funds and existing shareholders' funds to finance our Cash Capital requirements. Further we may also raise additional funds from bank borrowings and/or the capital market to finance future expansions of our pawnbroking business when required. The issuance of additional securities could result in dilution of our shareholders. The incurrence of indebtedness through issuance of debt securities would result in increased in debt service obligation which may impact our financial performance. We do not foresee any major difficulties in obtaining bank financing for purposes of financing Cash Capital requirements after our Listing. However, if we obtain bank financing to finance our Cash Capital requirements, our borrowing cost is subject to interest rates imposed by the banks. Any material increase in the interest rates imposed on us by the banks will increase our finance costs which may impact our overall profit margin.

As at the LPD, we have not failed to obtain Cash Capital for our business operations to deploy pawn loans to our customers. However, there is no assurance that we will be able to continue to obtain and maintain our Cash Capital for our operations. In the event that we are unable to obtain and maintain our Cash Capital, our business operations may be affected as we may be required to reduce our pawn loan offerings to customers. This may affect our ability to generate more revenue in terms of interest charges and/or sale of unredeemed pledges, which may adversely impact our financial performance.

4.1.4 We Are Exposed to Liquidity Risk

Our pawnbroking business requires substantial Cash Capital for our business operations and thus, the liquidity of our pawnbroking business is dependent on our timely access to, and the costs associated with, raising and maintaining Cash Capital. In the event we receive an increase in demand for new pawn loans from customers, a decrease in pawn loan repayment from our customers, as well as a delay in the sale of unredeemed or bid pledges to scrap collectors and watch purchasers, our pawnbroking business may be exposed to liquidity risk. The decrease in pawn loan repayment from our customers and the delay in the sale of unredeemed or bid pledges to scrap collectors and watch purchasers may cause temporary deficit in our internally generated funds which may potentially impact our ability in maintaining sufficient liquidity and funds to meet daily cash needs (i.e. operating costs and expenses as well as the issuance of new pawn loans). Subsequently, this may thus impact our business operations and financial performance. However, for the past 3 FYE 2018 to 2020, FPE 2021 and up to the LPD, we have not experienced any instances whereby we are not able to maintain sufficient funds to meet our daily cash needs.

In the past 3 FYE 2018 to 2020, FPE 2021 and up to the LPD, our Cash Capital was generated from internally generated funds, as well as capital injections from shareholders and shareholders' advances. Moving forward, we will continue to utilise our IPO proceeds, internally generated funds and existing shareholders' funds to maintain our Cash Capital requirements. Further, we may also raise funds from bank borrowings and/or the capital market to finance future expansions of our pawnbroking business when required. In the event we raise funds through bank borrowings, we may face the risk of a mismatch in timing to generate sufficient cash flow through the repayment of pawn loans by our customers and the sale of unredeemed or bid pledges to scrap collectors and watch purchasers to repay our bank borrowings on time. As such, this may impact our financial performance as well as adversely affect our credibility as a borrower.

Our average pawn loan receivables turnover periods for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021 were 134, 130, 137 and 157 days respectively. As set out in Section 12.9.1 of this prospectus, as at the LPD, approximately RM92.11 million of the outstanding trade receivables as at 30 September 2021 have been collected and/or recovered via auctions and sales to scrap collectors while the remaining of approximately RM22.25 million have yet to be collected.

4. RISK FACTORS (Cont'd)

The total balance trade receivables of approximately RM22.25 million which have yet to be collected have not exceeded the credit period as at 30 September 2021. This amount will be settled via cash redemptions and/or if defaulted, will be recovered via our cash recovery process post LPD. Our cash recovery process may be delayed due to limited auction activities conducted by the KPKT.

As a result of the movement restriction, our Group experienced extended holding periods of up to 3 months for the sale of unredeemed or bid pledges to the scrap collectors in the FYE 2020 and the FPE 2021. In total, during the movement restriction, our Group experienced a holding period of up to 7 months for each MCO Period (i.e. 1st MCO and 2nd MCO), from the day the pawn tickets expired, up to the sale of unredeemed or bid pledges to the scrap collectors. The 7 months are inclusive of the period for reminder notice of expiration of pawn tickets of up to 1 month, the grace period of up to 1 month for customers to redeem or re-pawn the pledges, the extended holding period of up to 3 months due to limited public auction activities and the review of pre-auction list by the KPKT of 1 to 2 months. However, unfavourable market value of unredeemed pledges or bid pledges was not a factor in contributing to the extended holding period during the said period. The longer period to liquidate the unredeemed or bid pledges did not result in our Group being unable to deploy pawn loans during the movement restriction.

Notwithstanding the above, we may hold onto pledges and sell to scrap collectors and watch purchasers when the market value of unredeemed or bid pledges is favourable to our Group. There is no assurance that moving forward, we will continue to be able to maintain sufficient liquidity and funds to meet daily cash needs (i.e. operating costs and expenses as well as the issuance of new pawn loans). If we fail to maintain sufficient liquidity and funds to meet daily cash needs, it may adversely affect our business operations and financial performance.

Please refer to Section 12.9.1 of the Prospectus for details on our trade receivables turnover.

4.1.5 We Are Dependent on Skilled, Reliable and Trustworthy Outlet Personnel for the Provision of Pawnbroking Services

We believe that one of the key factors for the continuous growth and success of our business is the extensive knowledge and experience of our skilled outlet personnel in providing pawnbroking services to our customers, particularly their skills in pledge assessment and price valuation. Further, our ability to provide quality customer service is also largely dependent on the performance of our outlet personnel. In the event our outlet personnel are not able to execute their responsibilities in a satisfactory manner to our customers or if our Group is unable to retain and maintain our team of capable outlet personnel or replace any possible loss of such skilled personnel, our customer satisfaction levels may decline causing our business operations to be adversely affected.

However, on certain occasions in the past, we have had outlet personnel with insufficient experience in identifying or verifying counterfeit pledges or pledges with low gold purity, which had caused us to accept these counterfeit pledges or pledges with low gold purity. Since the incorporation of our business up to the LPD, there were 16 transactions whereby our customers' pledges were identified as counterfeit items or pledges with low gold purity after the pledges were accepted and upon internal audit checks conducted by our Area Manager. The total loss of all these transactions combined was approximately RM40,000 and was not recovered. Nevertheless, this loss incurred was not material to our Group. Any loss arising from counterfeit pledges or pledges with low gold purity are not covered under our jeweller's block insurance policy and will be written off. Subsequently, upon implementation of an enhanced standard operating procedure involving consultations with our Area Managers in identifying the authenticity of pledges effective March 2020, there has been no occurrence whereby our customers' pledges were identified as counterfeit items or pledges with low gold purity, as at the LPD.

4. RISK FACTORS (Cont'd)

Further, due to the nature of our business which involves cash and valuable pledges, we are dependent on reliable and trustworthy outlet personnel for our operations. Failure to employ reliable and trustworthy outlet personnel may expose us to the risks of fraud, mismanagement or mishandling of cash and pledges, and we may be subject to loss and damages, which may adversely damage our reputation and profitability. In the past 3 FYE 2018 to FYE 2020, FPE 2021 and up to the LPD, we did not experience any occurrences of fraud, mismanagement or mishandling of cash and pledges in any of our pawnbroking outlets.

4.1.6 Our Pledge Value is Susceptible to Gold Price Volatility

We primarily receive gold as pledges for the provision of pawn loans to our customers. The pledge value of gold against our total pledge value was 100.00%, 99.55%, 99.42% and 98.72% for FYE 2018, FYE 2019, FYE 2020 and FPE 2021 respectively. As such, the pledge value is influenced by gold price volatility as we offer pawn loans to our customers against the pledges of gold based on a loan margin which factors in the prevailing market value of the pledge.

Further, we also sell our unredeemed or bid pledges (i.e. gold) to scrap collectors at an agreed amount which is guided by the prevailing market value of gold. Gold is a commodity and hence, its price fluctuates. Gold prices are affected by various factors, amongst others, interest rates, fluctuation in USD, global or regional economic or political circumstances, market speculations as well as market supply and demand of gold. For the past 3 FYE 2018 to FYE 2020, FPE 2021 and up to the LPD, the price of gold has fluctuated between USD1,178.40 per ounce and USD2,067.15 per ounce, as shown in the chart below:



Source: World Gold Council

In the event that gold prices experience sudden and/or prolonged downward movements, the value of our pledges for our pawnbroking business may be reduced and our customers may not redeem the pledges. If our customers do not redeem their pledges and the pledge values decline, we may sell the unredeemed or bid pledges at lower prices, which may adversely and materially affect our profitability and financial performance.

4. RISK FACTORS (Cont'd)

4.1.7 We Are Dependent on Our Managing Director and Key Management for Continued Success and Future Growth of Our Business

The continued success and future growth of our Group are largely dependent on the contributions and involvement of our Managing Director/ Chief Executive Officer, Lim Boon Hua who is also our Promoter and substantial shareholder, as well as the Key Management in our business. Lim Boon Hua is responsible for spearheading and steering the overall strategic direction of our Group. With his experience and knowledge of the pawnbroking industry and our business, he plays an important role in formulating and implementing strategies and policies to drive the growth and expansion of our Group. Additionally, our Key Management personnel are equipped with the relevant knowledge and skills in their respective fields of work to ensure the smooth operations of our business.

We recognise that our Group's continuing success and future growth depend on the capabilities and continuing efforts of Lim Boon Hua and our Key Management. As such, the resignation or loss of Lim Boon Hua and any of our Key Management without suitable and timely replacements may adversely impact our Group's operations, financial performance as well as future growth of our business.

4.1.8 Our Future Growth Depends on Our Ability to Implement Our Business Strategy

We plan to grow our pawnbroking business by further expanding our network of pawnbroking outlets. In order to successfully implement our business strategy, we are required to identify suitable locations for our new pawnbroking outlets. In accordance with the policy and criteria for the issuance of new pawnbroking licence by KPKT, a minimum paid-up capital of RM4.00 million is required to obtain a pawnbroking licence for each new pawnbroking outlet. The minimum paid-up capital of RM4.00 million can be used as our working capital to fund the pawn loans and other operating costs for the new establishments as well as to cover the renovation costs for each of our new pawnbroking outlet.

There is no assurance that the execution of our business strategy can be performed successfully. In the event that we are unable to manage our expansion plans and the related risks and costs, such failure may adversely affect our business operations and financial performance.

Further, in accordance with the Pawnbrokers Act 1972, we are required to obtain a pawnbroking licence for each new pawnbroking outlet. A pawnbroking licence will only be granted subject to the compliance of regulations imposed by the KPKT. In the event that we are unable to comply to the regulations or if new restrictions are implemented by the KPKT on the issuance of new pawnbroking licences, our business expansion plan may be impeded.

In addition, the implementation of our business strategy may also be influenced by various factors beyond our control, such as changes in economic conditions as well as social and political environment in Malaysia which may affect the commercial viability of our business strategy. The success of our business strategy could also be adversely affected by other factors such as entrants of new competitors or attractive loan margins offered by our competitors, which may affect the competitiveness of our pawnbroking services. Hence, there is no assurance that we will be successful in executing our business strategy, nor can we assure that we will be able to anticipate all business, operational and industry risks arising from our business strategy.

Moreover, even if we are able to successfully execute our business strategy and expand our network of pawnbroking outlets, there is no assurance that our earnings to be generated from the operations of our new pawnbroking outlets will be sufficient to cover our operating costs and the initial capital outlay for our respective new pawnbroking outlets.

4. RISK FACTORS (Cont'd)

4.1.9 We May Be Subject to Risk of Electronic Security Breaches and/or Disruptions in Our Pawn System

Our pawn system stores a large database of confidential information of our customers. Storing data electronically may expose our database to external security threats such as malware attacks, hacking, espionage and cyber intrusion, as well as internal electronic security breaches which include unauthorised access to restricted information by employees. Failure to protect our customers' information from electronic security breaches implies non-compliance to the Personal Data Protection Act 2010 in which we may be subject to penalties in terms of fines and imprisonments. Additionally, our reputation may also be adversely impacted which may subsequently cause long term repercussions on our business operations.

Further, our pawn system is critical for our employees to carry out day-to-day business operations. Any prolonged breakdown or failure of our pawn system to operate due to factors such as computer viruses or damage to the pawn system may lead to disruptions to our operations which will adversely impact our customers' satisfaction and our reputation in the pawnbroking industry. Further, there is no assurance that our operations can be sufficiently supported by our disaster recovery systems and back-up systems in the event of a prolonged breakdown of our pawn system. As at the LPD, our Group has not experienced any security breaches and/or disruptions in our pawn system.

4.1.10 We May Be Exposed to Physical Security Risks

We offer pawn loans to our customers against the pledges of gold and luxury watches and the pledges are stored in our pawnbroking outlets until the customers redeem the pledges or until the sale of unredeemed or bid pledge to scrap collectors. As the pledges are valuable items, we are exposed to physical security risks of burglary, theft, fraud or misappropriation of cash or pledges by third parties or by our employees. Further, we are exposed to the risks arising from the potential accumulation of customer pledges with an aggregate value that is substantial in a single pawnbroking outlet. We have established a formal policy on cash and pledge management and security and loss prevention at our headquarters and our respective pawnbroking outlets. Please refer to Sections 6.3.3 and 6.3.4 of this Prospectus for further information on our security and loss prevention measures as well as cash and pledge management policy respectively.

Nevertheless, there is no assurance that we will not be exposed to such security risks. If such events were to occur, we may be subject to loss and damages, which may adversely impact our financial performance and damage our reputation and business operations. Since the commencement of operations and up to the LPD, we did not experience any burglary, theft or robbery cases in any of our pawnbroking outlets. As such we have not incurred any losses due to such physical security risks.

4.1.11 Our Insurance Coverage May Not Be Adequate to Cover All Losses or Liabilities That May Arise in Connection With Our Operations

We maintain insurance coverage at levels that are customary in the pawnbroking industry to protect against various losses and liabilities in our business operations. From 1 January 2021 to the LPD, our Group has taken up jeweller's block insurance policy for our pawnbroking outlets from third party insurance providers with an aggregate sum insured of approximately RM135.63 million. Please refer to Section 6.14 of this Prospectus for further information on the insurance taken up by our Group.

4. RISK FACTORS (Cont'd)

As these insurance coverages are subject to exclusions and limitations of liability both in amount and with respect to the insured events, we are still exposed to the risk that the insurance coverage could be inadequate to cover all losses, damages or liabilities incurred due to circumstances that are excluded from the insurance coverage (e.g. war, act of terrorism and radioactive contamination), which we may incur in the course of our business operations. Moreover, we would be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could materially impact our business operations and financial performance.

In December 2021, we filed for an insurance claim which amounted to approximately RM50,000 to recover our loss caused by flooding which damaged the fittings, furniture, electrical appliances and operating equipment of PG TSE, our pawnbroking outlet located in Shah Alam, Selangor. As at the LPD, the insurance claim is still under processing and we will only receive the insurance compensation upon approval by the insurance company. If the insurance claim is not approved, the loss caused by flooding will be borne by our Group. Safe for the above claim, there were no other material claims under the jeweller's block insurance policy in the past 3 FYE 2018 to FYE 2020, FPE 2021 and up to the LPD.

4.1.12 Our Business May Be Affected by Non-renewal of Existing Tenancies and/or Increase in the Rental Rates of Our Existing and New Pawnbroking Outlets

Our pawnbroking outlets are strategically located at convenient locations in close proximity to residential housings or commercial areas, and with easy access to public transportation. As at the LPD, all the premises of our existing and new pawnbroking outlets are tenanted from independent third parties and our Promoters. While there have not been any incidents of failure in renewing our tenancies for existing and new pawnbroking outlets, there is no assurance that we are able to renew each of our tenancies for existing and new pawnbroking outlets upon expiry or on favourable terms and conditions moving forward.

In the event any of our tenancies for existing and new pawnbroking outlets are unable to be renewed upon expiry or on favourable terms and conditions, we may be required to relocate the affected pawnbroking outlets, which may incur additional costs for relocation and/or increased rental costs. Further, we may lose existing and potential customers if the new locations are less convenient and accessible as compared to the existing locations, which may adversely affect our financial performance.

In the FPE 2021, our rental costs amounted to RM1.03 million, or 6.92% of our total cost of sales. Any significant increase in rental costs for existing and new pawnbroking outlets in the future, will have an adverse and material impact on our financial position as well as our business operations.

4.1.13 Our Business Operations May Be Affected As A Result of Sudden Crisis Such As the COVID-19 Pandemic

Our business operations is subject to disruptions caused by sudden crises such as disease outbreaks, natural disasters or political crisis in Malaysia.

On 11 March 2020, the COVID-19 virus, also known as the novel coronavirus, was declared a worldwide pandemic by the World Health Organization. Our business operations were impacted by precautionary measures taken by the Government, particularly the imposition of the 1st MCO. In view of the 1st MCO, all our pawnbroking outlets were closed between 18 March 2020 and 3 May 2020. The operations of our pawnbroking outlets resumed upon the implementation of the CMCO on 4 May 2020.

4. RISK FACTORS (Cont'd)

Due to the closure of our pawnbroking outlets throughout the 1st MCO period, we were unable to secure new customers and our existing customers were unable to make new pawn transactions and/or redeem their pledges. As a result, we experienced a decline in total pawn transactions, as the pawn transactions for the month of March 2020 amounted to RM8.48 million, as compared to February 2020 at RM13.47 million. As all our pawnbroking outlets were closed throughout April 2020, we did not record any pawn transactions in April 2020. During the closure of our pawnbroking outlets, we incurred a total expenses of approximately RM0.55 million, due to the operating cost for our pawnbroking outlets (RM0.14 million), staff salaries (RM0.27 million) and other related expenses (RM0.14 million).

The imposition of the 2nd MCO beginning January 2021 for different durations up to March 2021 in states in which our pawnbroking outlets are located (i.e. Selangor, Kuala Lumpur, Pulau Pinang, Negeri Sembilan, Johor and Perak) due to the surge in COVID-19 cases in the country had no material impact to our business operations as our pawnbroking outlets were allowed to operate, subject to the compliance to a set of strict standard operating procedures. The imposition of a 3rd MCO beginning May 2021 and the NRP beginning 1 June 2021 also did not materially affect our business operations as our pawnbroking outlets were allowed to operate, subject to the compliance to a set of strict standard operating procedures. As such, our Group does not expect any impact to our financial performance for the FYE 2021 arising from the 2nd MCO, 3rd MCO and the NRP.

Nevertheless, if there are any future imposition of MCO which may result in mandatory closure of our pawnbroking outlets, our business operations may be materially impacted which may adversely affect our financial performance.

Due to the temporary closure of pawnbroking outlets throughout the 1st MCO period, we did not take possession of pledges upon the expiration of pawn tickets during the period. Upon reopening of our pawnbroking outlets, we provided a grace period of up to 4 weeks for customers to redeem or re-pawn the pledges. Thereafter, if our customers did not redeem the pledges and had no intention to redeem the pledges, we proceeded with the sale of the unredeemed or bid pledges in accordance with procedures under the Pawnbrokers Act 1972. Further, throughout the 1st MCO and 2nd MCO, no public auctions were allowed, as such, our Group did not bid and purchase the unredeemed pledges which subsequently delayed our cash recovery process. However, once public auctions were allowed to be organised after the 1st MCO and 2nd MCO period respectively, we were able to bid, purchase and sell the unredeemed pledges that should have been auctioned during the 1st MCO and 2nd MCO periods. As such, the delay in cash recovery process did not materially affect our financial performance. Throughout the 3rd MCO period and the NRP, public auctions are allowed and our cash recovery process can be conducted on a timely manner. Nevertheless, there is no assurance that public auctions will be allowed if MCO or lockdown measures with further restrictions is to be implemented in the future and if such restriction extends for a long period of time, our financial performance may be affected.

On 11 January 2021, an outlet personnel from one of our pawnbroking outlets tested positive for COVID-19. Upon confirmation of the positive COVID-19 test result, 10 employees (i.e. the outlet personnel who reported to work at the pawnbroking outlet, Area Managers, Branch Manager and Operation Manager) who were in close contact with the infected outlet personnel were immediately notified to undergo COVID-19 tests, and 6 of those close contacts tested positive for COVID-19. Upon testing, all 7 infected employees were required to undergo self-quarantine in compliance with the standard operating procedure of the Ministry of Health Malaysia and were on medical leave for 2 weeks, while the 4 remaining employees who tested negative were requested to work from home for 2 weeks. Additional details on this incident are set out in Section 6.10(e) of this Prospectus.

4. RISK FACTORS *(Cont'd)*

Save for the temporary closure of the affected pawnbroking outlet for disinfection, the operations of the affected pawnbroking outlet were not affected during the absence of the outlet personnel during their quarantine periods as we temporarily placed 2 outlet personnel from other pawnbroking outlets at the affected pawnbroking outlet to ensure business continuity. Save for the COVID-19 testing costs and outlet disinfection costs which amounted to less than RM5,000 and the temporary closure of the outlet from 11 January 2021 to 14 January 2021, there was no other impact to our business and operations.

In February 2022, 8 employees from 3 pawnbroking outlets and our headquarters were tested positive for COVID-19. Upon testing, all 8 infected employees were required to undergo home quarantine in compliance with the standard operating procedures of the Ministry of Health Malaysia. Employees that were in close contact with the infected employees were immediately notified to undergo COVID-19 tests, and were all tested negative. Nevertheless, the close contacts were also required to undergo home quarantine in compliance with the standard operating procedures of the Ministry of Health Malaysia.

The affected pawnbroking outlets and our headquarters were disinfected on the same day upon notification of the infected cases by our employees. Outlet personnel from other pawnbroking outlets were temporarily placed at the affected pawnbroking outlets to ensure business continuity. Save for the COVID-19 testing costs and disinfection costs amounting to RM5,100, there was no other impact to our business and operations.

Please refer to Section 6.10 of this Prospectus for further information on the interruptions to our business operations caused by the COVID-19 pandemic.

Further, PG TSE which is located in Shah Alam, Selangor was temporary closed between 19 December 2021 and 26 December 2021 due to flooding and subsequent clean up after the floodwater had receded. Cash and customers' pledges of PG TSE were protected from the flood as they were kept in the vault and safe. However, some of the interior fittings, furniture, electrical appliances and operating equipment (e.g. computers, printers) at PG TSE were damaged and were required to be repaired or replaced. The estimated cost for the repair and replacement of fittings, furniture, electrical appliances and operating equipment amounted to approximately RM50,000. We have filled for an insurance claim, however as at the LPD, the insurance claim is still under processing and we will only receive the insurance compensation upon approval by the insurance company. If the insurance claim is not approved, the loss caused by flooding will be borne by our Group.

Any such future crisis affecting a significantly large population may result in similar interruptions to our Group's business operations, which could adversely affect our business, results of operations and financial performance.

4.2 RISK RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES

4.2.1 We Face Competition Risk Due to the Highly Competitive and Fragmented Nature of the Industry

We operate in a highly fragmented and competitive industry, and we expect to face competition from existing industry players who are chain pawnbroking outlets and other industry players who operate individual pawnbroking outlets, as well as potential new entrants. According to the IMR Report, based on the latest available information, there are 716 companies with pawnbroking licences issued by the KPKT in Malaysia. Further, we also face indirect competition from moneylenders who are also involved in the provision of short-term micro-loans for customers who may be financially underserved, as well as Islamic pawnbroking services (Ar-Rahnu) provided by Ar-Rahnu providers.

4. RISK FACTORS (Cont'd)

To remain competitive in the pawnbroking industry, we have to offer attractive loan margins, provide quality customer service and quick service time. If we fail to remain competitive in the industry or adapt to market conditions, our financial performance will be adversely impacted and it may also affect the sustainability of our business.

4.2.2 We May Be Adversely Affected by Political, Economic, Legal and Social Conditions in Malaysia

For the past 3 FYE 2018 to FYE 2020, FPE 2021 and up to the LPD, all of our revenue was derived from our operations in Malaysia. As such, the financial performance and business prospects of our Group is subject to the political, economic, legal and social conditions in Malaysia. Any significant changes and/or developments in the political, economic, legal and social conditions in Malaysia that are beyond our control may have an adverse impact on the overall economic growth of Malaysia as well as the pawnbroking industry. Among the political, economic, legal and social uncertainties that may impose risk on our operations include changes in political leadership resulting in unstable political situations, changes in interest rates, unfavourable changes in economic conditions as well as introduction of new government policies and regulations.

As such, there is no assurance that any adverse political, economic, legal and social conditions will not lead to a material adverse impact on the business performance of our Group.

4.3 RISKS RELATING TO THE INVESTMENTS IN OUR SHARES

4.3.1 There Has Been No Prior Market for Our Shares

Prior to our Listing, there was no public trading for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. Our IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, our competitive strengths, our business strategies and prospects as well as our financial and operating history. There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The price at which our Shares will trade on the ACE Market may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perceptions of our Group, market and economic conditions.

4.3.2 There May Be a Potential Delay To or Cancellation of Our Listing

The occurrence of any one or more of the following events, may cause a delay in or cancellation of our Listing:

- (i) Our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;
- (ii) The revocation of approvals from the relevant authorities and/or parties for our Listing and/or admission for whatever reason; or
- (iii) We are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25.0% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

4. RISK FACTORS (Cont'd)

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

- (a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the Applications shall be deemed to be withdrawn and cancelled and our Company 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 Section 245(7)(a) of the CMSA; or
- (b) our Listing is aborted, investors will not receive any of our IPO Shares, 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 of our IPO Shares:

- (i) the SC issues a stop order pursuant to Section 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 Section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, 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 either:
 - (aa) the sanction of our shareholders by special resolution in a general meeting, 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
 - (bb) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from the Directors.

Nonetheless, our Board will endeavour to ensure compliance with the various requirements for our successful Listing.

4.3.3 The Interest of Our Promoters Who Control Our Group May Not be Aligned With the Interest of Our Shareholders

As disclosed in Section 8.1.1 of this Prospectus, our Promoters will collectively hold in aggregate 47.85% of our enlarged share capital upon Listing. As a result, they will be able to control the business direction and management of our Group. This includes the election of Directors, the timing and payment of dividends as well as having voting control over our Group. As such, our Promoters will likely influence the outcome of certain matters requiring the vote of our shareholders except where they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. We cannot assure you that the interests of our Promoters will be aligned with those of our other shareholders.

5. INFORMATION ON OUR GROUP (Cont'd)

5.3 SHARE CAPITAL

Our issued share capital as at the LPD is RM108,020,897 comprising 501,000,000 Shares.

Details of the changes in the issued share capital of Pappajack since its incorporation up to the LPD are as follows:

Date of Allotment	No. of Shares Allotted	Consideration	Cumulative Issued Share Capital (RM)	Cumulative No. of Shares
22.12.2020	1	Subscriber Shares	1.00	1
27.01.2022	*500,999,999	Cash	108,020,897.00	501,000,000

Note:

* *The Shares allotted and issued as consideration pursuant to the Acquisition SSA.*

Upon completion of the Public Issue, our Company's issued share capital will increase to RM157,777,088.00 comprising 668,000,000 Shares.

None of the Shares as tabulated above were issued at a discount, on special terms or on instalment payment terms.

As at the LPD, Pappajack does not have any warrant, option or convertible securities in issue or any uncalled capital.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.4 DETAILS OF OUR SUBSIDIARIES

As at the LPD, our Company has 30 subsidiaries, as follows:

No.	Company	Directors	Date/ Place Incorporation	Date of Commencement of Business	Issued Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
1.	DGH	Ong Tian Yang	02.04.2019/ Malaysia	06.02.2020	4,000,000	100	Licensed pawnshop
2.	DG Kapar	Tan Hui Koon	24.10.2018/ Malaysia	17.08.2019	4,000,000	100	Licensed pawnshop
3.	DGM	Lee Kooi Lan	02.11.2018/ Malaysia	28.09.2019	4,000,000	100	Licensed pawnshop
4.	DG Sel	Soo Jon Teng	02.04.2019/ Malaysia	11.02.2020	4,000,000	100	Licensed pawnshop
5.	DG Holdings	Lim Siew Fang	27.06.2014/ Malaysia	09.08.2019	4,000,000	100	Licensed pawnshop
6.	PG Bertuah	Lim Siew Fang Soo Jon Teng	10.07.2013/ Malaysia	17.12.2013	⁽¹⁾ 4,000,000	100	Licensed pawnshop
7.	PG BT Cleaning	Lim Boon Keong Tan Chai Heng	20.04.2011/ Malaysia	02.01.2019	4,000,000	100	Licensed pawnshop
8.	PG Consistent Reach	Law Book Ching Ng Cheng Lam Ng Shyh Chyuh	04.06.2018/ Malaysia	01.11.2018	4,000,000	100	Licensed pawnshop

5. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Directors	Date/ Place Incorporation	Date of Commencement of Business	Issued Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
9.	PG Mashita	Wong Pui Yin	16.11.2018/ Malaysia	20.09.2019	4,000,000	100	Licensed pawnshop
10.	PG Pappajack	Lim Boon Hua Wong Pui Yin	21.06.2013/ Malaysia	01.02.2014	4,000,000	100	Licensed pawnshop
11.	PG Pappajack Sehati	Lau Nian Choon Tan Chai Heng	25.02.2016/ Malaysia	27.12.2016	4,200,000	100	Licensed pawnshop
12.	PG PPJ	Lim Chee Hsiung Lim Boon Keong	12.08.2016/ Malaysia	07.09.2017	4,000,000	100	Licensed pawnshop
13.	PG PPJack	Lee Kooi Lan Choo Ai Khuan	12.08.2016/ Malaysia	01.03.2017	4,000,000	100	Licensed pawnshop
14.	PG PPJ Sehati	Tan Hui Koon	22.11.2016/ Malaysia	03.06.2017	4,000,000	100	Licensed pawnshop
15.	PG PPJ Sejiwa	Chew Leng Chow	02.04.2019/ Malaysia	19.2.2020	4,000,000	100	Licensed pawnshop
16.	PG Sejiwa	See Swee Choy Lee Kun Way	09.07.2009/ Malaysia	09.07.2012	⁽¹⁾ / ₍₂₎ 1,000,000	100	Licensed pawnshop
17.	PG TMI	Ong Tian Yang	19.03.2018/ Malaysia	01.06.2019	4,000,000	100	Licensed pawnshop
18.	PG TSE	Law Book Ching Ng Shyh Chyuh	05.06.2018/ Malaysia	02.01.2019	4,000,000	100	Licensed pawnshop

5. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Directors	Date/ Place Incorporation	Date of Commencement of Business	Issued Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
19.	Pappajack Holdings	Lim Boon Hua Chew Leng Chow	15.02.2019/ Malaysia	18.09.2019	106,940,233.33	100	Licensed pawnshop
20.	PPJ Abadi	Lee Kha Yee	01.08.2019/ Malaysia	19.08.2020	4,000,000	100	Licensed pawnshop
21.	PPJ Berkat	Choo Ai Khuan	04.11.2019/ Malaysia	Has commenced business ⁽⁴⁾	4,000,000	⁽³⁾ 80.5	Licensed pawnshop
22.	PPJ Consistent Reach	Choo Ai Khuan	16.11.2018/ Malaysia	19.09.2019	4,000,000	100	Licensed pawnshop
23.	PPJ Landas Emas	Lim Chee Hsiung	04.11.2019/ Malaysia	Has commenced business ⁽⁴⁾	4,000,000	100	Licensed pawnshop
24.	PPJ Maju	Ong Tian Yang	04.11.2019/ Malaysia	Has commenced business ⁽⁴⁾	3,200,000	100	Licensed pawnshop
25.	PPJ Makmur	Chin Sook Fong	19.07.2019/ Malaysia	13.10.2020	4,000,000	100	Licensed pawnshop
26.	PPJ Mandiri	Kelvin Eng Si Jie	04.11.2019/ Malaysia	Has commenced business ⁽⁴⁾	4,000,000	100	Licensed pawnshop
27.	PPJ Rezeki	Kelvin Eng Si Jie	19.07.2019/ Malaysia	19.08.2020	4,000,000	100	Licensed pawnshop

5. INFORMATION ON OUR GROUP (Cont'd)

No.	Company	Directors	Date/ Place Incorporation	Date of Commencement of Business	Issued Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
28.	PPJ Sejaya	Lim Chee Hsiung	19.07.2019/ Malaysia	13.10.2020	4,000,000	100	Licensed pawnshop
29.	PPJ Sinar	Tan Hui Koon	01.08.2019/ Malaysia	19.08.2020	4,000,000	100	Licensed pawnshop
30.	PPJ Sukses	Chin Sook Fong	29.10.2019/ Malaysia	Has commenced business ⁽⁴⁾	4,000,000	100	Licensed pawnshop

Notes:

- (1) PG Tetap Sejiwa and PG Bertuah were acquired in 2014.
- (2) At the relevant application period for the pawnbroking license, the relevant guidelines imposed by KPKT then only required an entity, which seek to obtain and hold a pawnbroking licence, to have a Cash Capital of RM2,000,000 in a recognised bank account.
- (3) The remaining equity interests of 19.50% is held by an independent shareholder (Har Hock Lee) who is our strategic investor to assist us in the expansion of our first pawnbroking outlet in Pahang.
- (4) The subsidiary has yet to commence its business. The subsidiary will commence its licensed pawnshop operations after the completion of our Listing utilising the proceeds raised from the Public Issue as disclosed in Section 3.7 (i) of this Prospectus. The principal activities as stated is the intended principal activity of the subsidiary. Please refer to Section 6.5 of this Prospectus for further details on the status of the subsidiary.

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

5. INFORMATION ON OUR GROUP (Cont'd)**5.4.1 Information on Our Material Subsidiaries**

As at the LPD, Pappajack Berhad has a total of 30 subsidiaries. Set out below are our material subsidiaries and further details on all our subsidiaries are set out in Section 5.4 of this Prospectus.

(i) Pappajack Holdings**(a) Background and History**

Pappajack Holdings was incorporated in Malaysia under the Act as a public company on 15 February 2019, under its present name.

(b) Principal Place of Business

Pappajack Holdings' principal place of business is located at No. 42, Jalan Dato Bandar Tunggal, 70000 Seremban, Negeri Sembilan.

(c) Principal Activities and Products/Services

The principal activity of Pappajack Holdings is to operate as a licenced pawnshop.

(d) Share Capital

As at the LPD, the issued share capital of Pappajack Holdings is RM106,940,233.33 comprising 103,230,866 ordinary shares.

The changes in Pappajack Holdings' issued share capital since incorporation are as follows:

(i) Ordinary shares

Date of Allotment	No. of Ordinary Shares Allotted	Nature of transaction	Consideration	Cumulative Number of Shares	Cumulative Issued Share Capital (RM)
15.02.2019	100,000	Subscriber's share	Cash	100,000	100,000
21.03.2019	3,900,000	Allotment	Cash	4,000,000	4,000,000
23.12.2020	8,315,000	Redemption of redeemable preference shares*	Otherwise than cash	12,315,000	12,315,000
23.12.2020	45,147,381	Capitalisation of advances*	Otherwise than cash	57,462,381	59,304,394
23.12.2020	45,768,485	Acquisition*	Otherwise than cash	103,230,866	106,940,233

5. INFORMATION ON OUR GROUP (Cont'd)

Note:

* Ordinary shares allotted as consideration shares pursuant to the share sale agreement dated 23 December 2020 entered into between Pappajack Holdings and the respective shareholders of PG Bertuah, PG BT Cleaning, PG Consistent Reach, PG Pappajack, PG Pappajack Sehati, PG PPJ, PG PPJ Sehati, PG PPJack, PG TSE and PG Tetap Sejiwa for the acquisition of the entire equity interest in each of the aforementioned companies by Pappajack Holdings, for a total purchase consideration of RM47,637,376 and the capitalisation of advances of RM46,990,911, satisfied by the allotment of 90,915,866 ordinary shares in Pappajack Holdings, together with the issuance of 8,315,000 ordinary shares of Pappajack Holdings for the redemption of 8,315,000 redeemable preference shares ("SSA 1"). As at the LPD, the sale and purchase transaction as contemplated under the SSA 1 has been completed.

(ii) Redeemable Preference Shares

Date of Allotment	No. of redeemable preference shares Allotted	Nature of transaction	Consideration	Cumulative Number of redeemable preference shares	Cumulative preference share capital (RM)
30.10.2019	1,400,000	↓ Allotment of redeemable preference shares	Cash	1,400,000	1,400,000
27.11.2019	1,525,000		Cash	2,925,000	2,925,000
31.12.2019	1,200,000		Cash	4,125,000	4,125,000
31.01.2020	255,000		Cash	4,380,000	4,380,000
31.03.2020	695,000		Cash	5,075,000	5,075,000
31.05.2020	1,100,000		Cash	6,175,000	6,175,000
30.06.2020	100,000		Cash	6,275,000	6,275,000
30.07.2020	1,800,000		Cash	8,075,000	8,075,000
27.08.2020	100,000		Cash	8,175,000	8,175,000
06.10.2020	140,000		Cash	8,315,000	8,315,000
23.12.2020	(8,315,000)		Redemption of redeemable preference shares	-	-

(e) Shareholder

Pappajack Holdings is a wholly owned subsidiary of Pappajack following the completion of the Acquisition SSA on 27 January 2022. Please refer to Section 5.5.1 of the Prospectus for more details on the Acquisition SSA.

5. INFORMATION ON OUR GROUP (Cont'd)**(f) Subsidiary or Associated Company**

As at the LPD, Pappajack Holdings has 29 subsidiary companies and does not have any associated company. The subsidiary companies consist of DGH, DG Kapar, DGM, DG Sel, DG Holdings, PG Bertuah, PG BT Cleaning, PG Consistent Reach, PG Mashita, PG Pappajack, PG Pappajack Sehati, PG PPJ, PG PPJack, PG PPJ Sehati, PG PPJ Sejiwa, PG Tetap Sejiwa, PG TMI, PG TSE, PPJ Abadi, PPJ Berkat, PPJ Consistent Reach, PPJ Landas Emas, PPJ Maju, PPJ Makmur, PPJ Mandiri, PPJ Rezeki, PPJ Sejaya, PPJ Sinar and PPJ Sukses.

(ii) PG Consistent Reach**(a) Background and History**

PG Consistent Reach was incorporated in Malaysia under the Act as a private company on 4 June 2018, under its present name.

(b) Principal Place of Business

PG Consistent Reach's principal place of business is located at No. 6, Ground Floor, Jalan PJU 5/8, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor.

(c) Principal Activities and Products/Services

The principal activity of PG Consistent Reach is to operate as a licenced pawnshop.

(d) Share Capital

As at the LPD, the issued share capital of PG Consistent Reach is RM4,000,000 comprising 400,000,000 ordinary shares.

The changes in PG Consistent Reach's issued share capital since incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Consideration	Cumulative Number of Shares	Cumulative Issued Share Capital (RM)
04.06.2018	100,000	Cash	100,000	100,000
13.07.2018	3,900,000	Cash	4,000,000	4,000,000

(e) Shareholder

PG Consistent Reach is a wholly owned subsidiary of Pappajack Holdings and is our indirect wholly-owned subsidiary.

(f) Subsidiary or Associated Company

As at the LPD, PG Consistent Reach does not have any subsidiary or associated company.

5. INFORMATION ON OUR GROUP (Cont'd)**(iii) PG Pappajack****(a) Background and History**

PG Pappajack was incorporated in Malaysia under the Act as a private company on 21 June 2013, under its present name.

(b) Principal Place of Business

PG Pappajack's principal place of business is located at No. 27, Jalan Bayu Tinggi 7, Taman Bayu Tinggi, 41200 Klang Selangor Malaysia.

(c) Principal Activities and Products/Services

The principal activity of PG Pappajack is to operate as a licenced pawnshop.

(d) Share Capital

As at the LPD, the issued share capital of PG Pappajack is RM4,000,000 comprising 4,000,000 ordinary shares.

The changes in PG Pappajack's issued share capital since incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Consideration	Cumulative Number of Shares	Cumulative Issued Share Capital (RM)
21.06.2013	100,000	Cash	100,000	100,000
29.07.2013	3,900,000	Otherwise than cash*	4,000,000	4,000,000

Note:

* Shares allotted pursuant to a capitalisation

(e) Shareholder

PG Pappajack is a wholly-owned subsidiary of Pappajack Holdings and is our indirect wholly-owned subsidiary.

(f) Subsidiary or Associated Company

As at the LPD, PG Pappajack does not have any subsidiary or associated company.

(iv) PPJ Sehati**(a) Background and History**

PPJ Sehati was incorporated in Malaysia under the Act as a private company on 22 November 2016, under its present name.

5. INFORMATION ON OUR GROUP (Cont'd)**(b) Principal Place of Business**

PPJ Sehati's principal place of business is located at No. 5, Ground Floor Jalan Raya Timur KS1 41000 Klang Selangor Malaysia.

(c) Principal Activities and Products/Services

The principal activity of PPJ Sehati is to operate as a licenced pawnshop.

(d) Share Capital

As at the LPD, the issued share capital of PPJ Sehati is RM4,000,000 comprising 4,000,000 ordinary shares.

The changes in PPJ Sehati's issued share capital since incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Consideration	Cumulative Number of Shares	Cumulative Issued Share Capital (RM)
22.11.2016	1,000	Cash	1,000	1,000
11.05.2017	3,999,000	Cash	4,000,000	4,000,000

(e) Shareholder

PPJ Sehati is a wholly-owned subsidiary of Pappajack Holdings and is our indirect wholly-owned subsidiary.

(f) Subsidiary or Associated Company

As at the LPD, PPJ Sehati does not have any subsidiary or associated company.

(v) PG PPJack**(a) Background and History**

PG PPJack was incorporated in Malaysia under the Act as a private company on 12 August 2016, under its present name.

(b) Principal Place of Business

PG PPJack's principal place of business is located at No. 44A, Jalan TK1/11A, Taman Kinrara Seksyen 1 Batu 7 1/2, 47180 Puchong Selangor.

(c) Principal Activities and Products/Services

The principal activity of PG PPJack is to operate as a licenced pawnshop.

5. INFORMATION ON OUR GROUP (Cont'd)**(d) Share Capital**

As at the LPD, the issued share capital of PG PPJack is RM4,000,000 comprising 4,000,000 ordinary shares.

The changes in PG PPJack's issued share capital since incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Consideration	Cumulative Number of Shares	Cumulative Issued Share Capital (RM)
12.08.2016	1,000	Cash	1,000	1,000
27.10.2016	3,999,000	Cash	4,000,000	4,000,000

(e) Shareholder

PG PPJack is a wholly-owned subsidiary of Pappajack Holdings and is our indirect wholly-owned subsidiary.

(f) Subsidiary or Associated Company

As at the LPD, PG PPJack does not have any subsidiary or associated company.

(vi) PG Tetap Sejiwa**(a) Background and History**

PG Tetap Sejiwa was incorporated in Malaysia under the Act as a private company on 9 July 2009, under the former name of Tetap Sejiwa Sdn. Bhd.

(b) Principal Place of Business

PG Tetap Sejiwa's principal place of business is located at No. 11, Jalan 1/116B, Kuchai Entrepreneurs Park, Jalan Kuchai Lama, 58200 Kuala Lumpur.

(c) Principal Activities and Products/Services

The principal activity of PG Tetap Sejiwa is to operate as a licenced pawnshop.

(d) Share Capital

As at the LPD, the issued share capital of PG Tetap Sejiwa is RM1,000,000 comprising 1,000,000 ordinary shares.

5. INFORMATION ON OUR GROUP (Cont'd)

The changes in PG Tetap Sejiwa's issued share capital since incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Consideration	Cumulative Number of Shares	Cumulative Issued Share Capital (RM)
09.07.2009	2	Cash	2	2
11.03.2010	499,998	Cash	500,000	500,000
01.07.2016	500,000	Cash	1,000,000	1,000,000

(e) Shareholder

PG Tetap Sejiwa is a wholly-owned subsidiary of Pappajack Holdings and is our indirect wholly-owned subsidiary.

(f) Subsidiary or Associated Company

As at the LPD, PG Tetap Sejiwa does not have any subsidiary or associated company.

(vii) PG TSE**(a) Background and History**

PG TSE was incorporated in Malaysia under the Act as a private company on 5 June 2018, under its present name.

(b) Principal Place of Business

PG TSE's principal place of business is located at No. 20, Tingkat Bawah, Jalan Murni 25/61 Taman Sri Muda 40000 Shah Alam Selangor.

(c) Principal Activities and Products/Services

The principal activity of PG TSE is to operate as a licenced pawnshop.

(d) Share Capital

As at the LPD, the issued share capital of PG TSE is RM4,000,000 comprising 4,000,000 ordinary shares.

The changes in PG TSE's issued share capital since incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Consideration	Cumulative Number of Shares	Cumulative Issued Share Capital (RM)
05.06.2018	100,000	Cash	100,000	100,000
27.07.2018	3,900,000	Cash	4,000,000	4,000,000

5. INFORMATION ON OUR GROUP (Cont'd)

(e) Shareholder

PG TSE is a wholly-owned subsidiary of Pappajack Holdings and is our indirect wholly-owned subsidiary.

(f) Subsidiary or Associated Company

As at the LPD, PG TSE does not have any subsidiary or associated company.

5.4.2 Information on the directors of our Subsidiaries

The following table sets out the details of the directors involved in the subsidiaries of our Group as at the LPD and their relationship with the Directors, Promoters, substantial shareholders or Key Management of our Group:

No.	Name of director(s)	Nature of involvement in the Pappajack Group	Position in the Pappajack Group	Relationship with Directors / Promoters / Substantial Shareholders / Key Management	Directorship in subsidiaries of Pappajack Group
1)	Lim Boon Hua	Director, Promoter and Substantial Shareholder	Managing Director, Chief Executive Officer	Spouse to Lee Kooi Lan Brother to Lim Siew Fang and Lim Boon Keong	PG Pappajack Pappajack Holdings Berhad
2)	Lim Siew Fang	Shareholder / Promoter	N.A.	Spouse to Lee Kun Way Mother of Lee Kha Yee Sister to Lim Boon Hua and Lim Boon Keong	PG Bertuah DG Holdings
3)	Law Book Ching	Director, Promoter and Substantial Shareholder	Executive Director	N.A.	PG Consistent Reach PG TSE
4)	Lee Kooi Lan	Promoter / Employee	Area Manager	Spouse to Lim Boon Hua	PG PPJack DGM
5)	Lim Chee Hsiung	Shareholder / Employee	Chief Operating Officer	N.A.	PG PPJ PPJ Landas Emas PPJ Sejaya
6)	Soo Jon Teng	Shareholder / Employee	Supervisor (Human Resource) ¹	N.A.	PG Bertuah DG Sel

5. INFORMATION ON OUR GROUP (Cont'd)

No.	Name of director(s)	Nature of involvement in the Pappajack Group	Position in the Pappajack Group	Relationship with Directors / Promoters / Substantial Shareholders / Key Management	Directorship in subsidiaries of Pappajack Group
7)	Lau Nian Choon	Shareholder Employee	/ Supervisor (Communication) ²	N.A.	PG Pappajack Sehati
8)	Chew Leng Chow	Shareholder Employee	/ Supervisor (Business Development) ³	N.A.	Pappajack Holdings Berhad PG PPJ Sejiwa
9)	Ng Cheng Lam	Shareholder	N.A.	N.A.	PG Consistent Reach
10)	Tan Hui Koon	Shareholder Employee	/ Area Manager	N.A.	DG Kapar PG PPJ Sehati PPJ Sinar
11)	Tan Chai Heng	Shareholder	N.A.	N.A.	PG Pappajack Sehati PG BT Cleaning
12)	Ng Shyh Chyuh	Shareholder	N.A.	N.A.	PG Consistent Reach PG TSE
13)	See Swee Choy	Shareholder	N.A.	N.A.	PG Tetap Sejiwa
14)	Chin Sook Fong	Shareholder	N.A.	N.A.	PPJ Makmur PPJ Sukses
15)	Ong Tian Yang	Shareholder Employee	/ Operation Manager	N.A.	DGH, PG TMI PPJ Maju
16)	Lee Kun Way	N.A.	N.A.	Spouse to Lim Siew Fang	PG Tetap Sejiwa
17)	Wong Pui Yin	N.A.	N.A.	N.A.	PG Pappajack PG Mashita
18)	Choo Ai Khuan	Employee	Human Resource Manager	N.A.	PG PPJack PPJ Consistent Reach PPJ Berkat

5. INFORMATION ON OUR GROUP (Cont'd)

No.	Name of director(s)	Nature of involvement in the Pappajack Group	Position in the Pappajack Group	Relationship with Directors / Promoters / Substantial Shareholders / Key Management	Directorship in subsidiaries of Pappajack Group
19)	Lim Boon Keong	Employee	Area Manager	Brother to Lim Boon Hua and Lim Siew Fang	PG BT Cleaning PG PPJ
20)	Kelvin Eng Si Jie	Employee	Area Manager	N.A.	PPJ Rezeki PPJ Mandiri
21)	Lee Kha Yee	N.A.	N.A.	Daughter to Lim Siew Fang	PPJ Abadi

Notes:

N.A. Not applicable

- 1 Supervisor on ad-hoc basis mainly in relation to identifying potential talent and assisting on recruiting matters of employees of the Pappajack Group.
- 2 Supervisor on ad-hoc basis mainly in relation to communication matters of the Pappajack Group.
- 3 Supervisor on ad-hoc basis mainly in relation to business development matters for the business expansion of the Pappajack Group.

Activities within the subsidiaries are directed, monitored and overseen by the Board of Directors and the Key Management of Pappajack Berhad.

Pappajack undertakes to replace all directors of the subsidiaries within the Pappajack Group who are not involved in the operations with employees involved in the operation of the Pappajack Group, within 12 months from the date of the Prospectus. However, the appointment of new directors to each of the subsidiaries of Pappajack Group is subject to KPKT's approval.

None of the directors within the subsidiaries of our Group, have any interest, direct or indirect in any businesses or corporations which:

- (i) carries on a similar trade as that of our Group; or
- (ii) is involved in money lending business approved and licensed by KPKT.

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5. INFORMATION ON OUR GROUP (Cont'd)**5.5 LISTING SCHEME****5.5.1 Details of the Listing Scheme**

In conjunction with and as an integral part of our listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities, our Company undertook a Listing Scheme which involved the following which are inter-conditional among each other:

(a) Pre-IPO Reorganisation**Acquisition of Pappajack Holdings via Acquisition SSA**

On 9 June 2021, Pappajack entered into a conditional share sale agreement with the shareholders of Pappajack Holdings to acquire the entire issued share capital of Pappajack Holdings comprising 103,230,866 ordinary shares in Pappajack Holdings for a purchase consideration of RM108,020,896 to be wholly satisfied by the issuance of 500,999,999 new Shares. The issue price is approximately RM0.22 per Share. Details of the issuance of Shares are as follows:

Shareholders of Pappajack Holdings	(1) Number of Ordinary Shares Held in Pappajack Holdings	(2) % of Pappajack Holdings' Issued Share Capital	Purchase Consideration (RM)	No. of Shares Issued for Payment of Purchase Consideration	(3) % of Shareholding in Pappajack
Lim Boon Hua*	36,389,247	35.25	38,077,750	(4) 176,604,280	35.25
Lim Siew Fang*	19,989,461	19.36	20,916,995	(4) 97,012,844	19.36
Law Book Ching*	9,482,656	9.19	9,922,662	(4) 46,021,222	9.19
Lee Kooi Lan	3,186,625	3.09	3,334,488	15,465,327	3.09
Soo Jon Teng*	3,872,921	3.75	4,052,629	18,796,059	3.75
Lau Nian Choon*	3,872,921	3.75	4,052,629	18,796,059	3.75
Chew Leng Chow*	5,056,606	4.90	5,291,238	24,540,718	4.90
Ng Cheng Lam	3,232,018	3.13	3,381,987	15,685,629	3.13
Datuk Lim Tong Lee	4,128,840	4.00	4,320,423	20,038,085	4.00
Tan Hui Koon	1,888,370	1.83	1,975,993	9,164,637	1.83
Tan Chai Heng	2,133,495	2.07	2,232,492	10,354,277	2.07
Ng Shyh Chyuh*	2,568,092	2.49	2,687,254	12,463,463	2.49
See Swee Choy	2,723,610	2.64	2,849,989	13,218,223	2.64
Tan Poo Chun*	1,174,389	1.14	1,228,882	5,699,544	1.14
Chin Sook Fong	844,319	0.82	883,496	4,097,649	0.82
Teoh Kok Khong*	1,298,254	1.26	1,358,494	6,300,686	1.26
Chua Ang Lee	980,500	0.95	1,025,996	4,758,562	0.95
Lim Chee Hsiung*	281,440	0.27	294,499	1,365,884	0.26
Ong Tian Yang*	127,102	0.12	133,000	616,851	0.12
Total	103,230,866	100.00	108,020,896	500,999,999	100.00

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5. INFORMATION ON OUR GROUP (Cont'd)

Notes:

(1) Further details on the shareholders' shareholdings are set out below:

Date of investment / advances	Shareholders	No. of Pappajack Holdings' Shares issued	Consideration (RM)	Price per Pappajack Holdings' Shares (RM)
February 2019 to March 2019	Existing shareholders of Pappajack Holdings	4,000,000	4,000,000	1.00
	(Shareholders as stated in note *)			
October 2019 to October 2020	Issuance of new shares of Pappajack Holdings for the redemption of the redeemable preference shares in Pappajack Holdings pursuant to SSA 1	8,315,000	8,315,000	1.00
May 2016* to October 2020	Capitalisation of advances pursuant to SSA 1	45,147,381	46,990,911	Approx. 1.04
23 December 2020	Consideration shares issued for the acquisition pursuant to SSA 1	45,768,485	47,637,376	Approx. 1.04
		103,230,866		

Note: * Includes advances made to subsidiaries of Pappajack Holdings which were subsequently capitalised at Pappajack Holdings' level

(2) All percentages are rounded to two decimal points.

(3) Based on the issued share capital of Pappajack after the Acquisition and before the IPO.

(4) Pursuant to the terms of the Acquisition SSA, TSE Sejahtera, being the nominated private limited company owned by Lim Boon Hua, Lim Siew Fang and Law Book Ching, was (at the request of such shareholders) allotted and issued all of the Shares to be issued to Lim Boon Hua, Lim Siew Fang and Law Book Ching for payment of the purchase consideration payable to such persons in accordance with the terms of the Acquisition SSA.

The purchase consideration of RM108,020,896 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the net asset (excluding the non-controlling interests) of Pappajack Holdings of RM108,020,897 as at 31 December 2020.

The Acquisition SSA was completed on 27 January 2022. After the completion of the Acquisition, the issued share capital of Pappajack increased to RM108,020,897, comprising 501,000,000 Shares.

(b) IPO

Subsequently, we will undertake an IPO, the details of which are set out in Section 3.3 of this Prospectus.

(c) Listing of and Quotation for Our Shares

Upon completion of the abovementioned IPO, we will seek the admission of our Shares into the Official List and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities.

6. BUSINESS OVERVIEW

6.1 HISTORY OF OUR BUSINESS

The history of our Group's business can be traced back to June 2013, when Lim Boon Hua and Lim Siew Fang, our Promoters jointly set-up PG Pappajack to venture into the provision of pawnbroking services. After obtaining the pawnbroking licence in February 2014, we opened our first pawnbroking outlet in Klang, Selangor. We subsequently acquired 2 operating pawnbroking outlets from third parties in Kuchai Lama, Kuala Lumpur and Puchong, Selangor in March 2014 and October 2014, respectively, and thereby increased our number of pawnbroking outlets to 3 pawnbroking outlets.

In December 2016, we expanded our operations outside the Klang Valley by opening a pawnbroking outlet in Bayan Lepas, Pulau Pinang.

We continued to expand our presence in the Klang Valley with the opening of 1 additional pawnbroking outlet in Puchong, Selangor in March 2017, 1 additional pawnbroking outlet in Klang, Selangor in June 2017, 1 pawnbroking outlet in Pantai Dalam, Kuala Lumpur in September 2017 and 1 pawnbroking outlet in Petaling Jaya, Selangor in November 2018.

With the experience gained from operating 8 pawnbroking outlets over 5 years, we opened a total of 17 additional pawnbroking outlets in 2019 and 2020. We also successfully penetrated and established our presence in other states within Peninsular Malaysia by opening pawnbroking outlets in Seremban, Negeri Sembilan in September 2019, Johor Bahru, Johor in February 2020 and Ipoh, Perak in February 2020.

As at the LPD we operate 25 pawnbroking outlets in total, with 12 located in Selangor, 3 located in Kuala Lumpur, 5 located in Pulau Pinang, 1 located in Negeri Sembilan, 2 located in Johor and 2 located in Perak.

Please refer to Section 6.2.3 and Section 6.18 of this Prospectus for further information on our network of pawnbroking outlets, and subsidiaries of our Group which are licensed to operate our 25 pawnbroking outlets, respectively.

6.2 PRINCIPAL BUSINESS ACTIVITIES AND BUSINESS MODEL

6.2.1 Our Principal Business Activities

Our Group is principally involved in the provision of pawnbroking services through a network of 25 pawnbroking outlets in Malaysia. Each pawnbroking outlet is held and operated by a subsidiary of our Group and each subsidiary is individually licensed by the KPKT.

Pawnbroking services are provided by pawnbrokers who principally offer pledges-backed short-term financing or pawn loans with a short repayment period to pawners (i.e. persons with pledges for pawn to pawnbrokers) who are the customers of pawnbroking services. A pawn loan is commonly defined as a micro-loan provided against the security of pledges such as gold (i.e. gold jewellery, gold bars and gold coins) and luxury watches.

In Malaysia, pawnbroking businesses are governed by the KPKT under the Pawnbrokers Act 1972. Every individual pawnbroking outlet is required to be licensed by the KPKT, whereby 1 licensed company holds and operates 1 pawnbroking outlet. According to the Pawnbrokers Act 1972, pawn loans provided by pawnbrokers are capped at RM10,000.00 per pawn transaction, i.e. whereby the maximum pawn loan that can be provided under one pawn ticket is RM10,000 and can comprise one or more pledges. If a single pledge exceeds RM10,000, then multiple pawn tickets will be issued that amounts to the value of the pledge. In addition, pawnbrokers are allowed to charge pawners a maximum monthly interest rate of 2.00% on the pawn amount and a maximum one-off administrative fee of RM0.50 for the issuance of pawn tickets for any pawn loans amounting to more than RM10.00. Pawn tickets are receipts that are issued to pawners as proofs of pawn transactions. The repayment duration for the pawn loans is up to 6 months and upon expiration of pawn tickets, pawners who opt to redeem the pledges later than the validity period of the pawn tickets are required to re-pawn the pledges to obtain new pawn tickets with new validity period.

6. BUSINESS OVERVIEW (Cont'd)

6.2.2 Our Business Model

We operate pawnbroking outlets which are licensed by the KPKT and as such, we adhere to the regulations under the Pawnbrokers Act 1972 and guidelines issued by the KPKT, amongst others, prescribed interest rate, administrative fees chargeable to customers and all administrative procedures set by the KPKT including procedures to sell the unredeemed or bid pledges and obligations to customers.

We provide pawn loans of up to RM10,000.00 per pawn transaction (i.e. pawn ticket) against the pledges of gold (i.e. gold jewellery, gold bars and gold coins) and luxury watches. There is no limitation on the pawn loan amount for a single pledge. For a single pledge that is worth more than RM10,000.00, pawn loan for the pledge will be disbursed and split into multiple pawn tickets as the maximum pawn loan that can be provided under one pawn ticket is RM10,000.00. The Pawnbrokers Act 1972 does not prohibit the split into multiple pawn tickets for pledge that is valued more than RM10,000. For pledges of gold, the amount of pawn loan quoted to a customer is based on a loan margin, which depends on factors such as the quality, purity and condition of the pledge. We generally provide loan margin of up to 90.00% (i.e. for gold) of the prevailing market value (i.e. spot price) of the pledge, and the loan margin is negotiable based on the quality, purity and condition of the gold. Further, we also provide pawn loans against the pledges of luxury watches with a loan margin of up to 80.00% of the prevailing market value of the luxury watches, and the loan margin is negotiable based on the quality and condition of the luxury watches. The prevailing market value of pledges (i.e. gold and luxury watches) are computed based on the spot prices published by independent third party gold trading platform and an online luxury watch trading platform respectively. We issue pawn tickets to customers with validity period of up to 6 months.

Our revenue streams can be segmented into revenue from monthly interest charges earned from the pawn loan and one-off administrative fees from our pawnbroking services, as well as the sale of unredeemed or bid pledges.

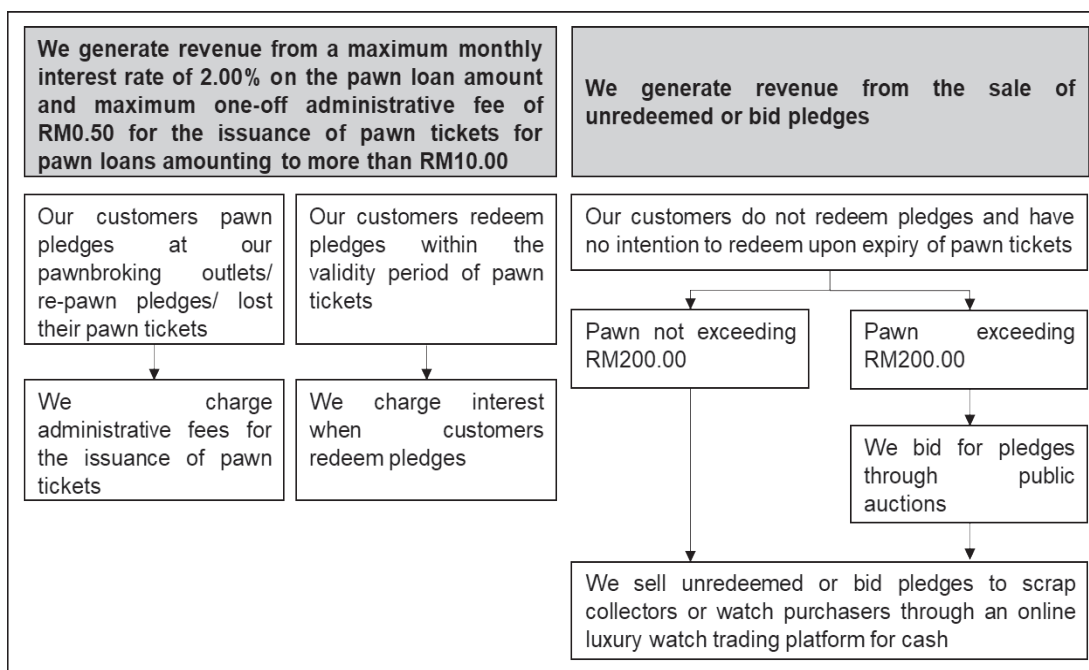
For our pawnbroking segment, we charge a maximum monthly interest rate of 2.00% on the pawn loan amount which is payable upon redemption of pledges. The interest rate for our respective pawnbroking outlets charged to our customers is a fixed interest rate pre-determined by our Group according to the competition within the area where our respective pawnbroking outlets are located. The interest rate charged is non-negotiable. The maximum monthly interest rate of 2.00% prescribed by the KPKT has not changed since 1972 and our management team has not received any notice from the KPKT on any possible interest rate revisions as at the LPD. We may also charge a maximum one-off administrative fee of RM0.50 for the issuance of pawn tickets for pawn loans amounting to more than RM10.00. As at 30 September 2021, the aggregated outstanding pawn loan transaction including interest accrued amounted to approximately RM114.36 million.

In the event customers do not redeem the pledges and have no intention to redeem the pledges upon the expiration of pawn tickets, we take possession of the unredeemed pledges from our customers as the cash recovery process for the unredeemed pawn ticket. We sell the pledges in accordance with the procedures, as follows:

- For pawns not exceeding RM200.00, we will sell the unredeemed pledges (i.e. gold) directly to scrap collectors.
- For pawns exceeding RM200.00, the unredeemed pledges (i.e. gold or luxury watches) are sold via public auctions conducted by licensed auctioneers (i.e. auctioneers recognised by the KPKT) which we generally participate once a month. We will bid for and if successful, we will purchase the bid pledges (i.e. gold and luxury watches) during the public auctions and thereafter sell the gold to scrap collectors and the luxury watches to watch purchasers through an online luxury watch trading platform. Prices of gold and luxury watches are determined according to their respective prevailing market value.

6. BUSINESS OVERVIEW (Cont'd)

The chart below illustrates our revenue streams:



The following are the key data for our Group's pawnbroking services for the FYE 2018, FYE 2019, FYE 2020 and FPE 2021:

Key operating data		FYE 2018	FYE 2019	FYE 2020	FPE 2021
Total number of pawn transactions		39,964	76,253	116,694	112,331
Range of pawn loan size per pledge		RM10.00 to RM100,000.00			
Range of interest rates offered for pawn loan (per month)		1.30% to 2.00%			
Average duration of pawn loans ⁽ⁱ⁾		134 days	130 days	137 days	157 days
Default rate ⁽ⁱⁱ⁾		15.19%	10.79%	9.19%	15.97%
- Central ^(v)	Account receivables (RM'Million)	24.30 ⁽ⁱⁱⁱ⁾	42.70 ⁽ⁱⁱⁱ⁾	72.28 ⁽ⁱⁱⁱ⁾	79.02 ⁽ⁱⁱⁱ⁾
	Pawn value (RM'Million)	50.57	86.16	140.51	117.98
	Compound annual growth rate ("CAGR")	(CAGR 2018 – 2020 : 66.69%)			Not applicable
No. of pawnbroking outlets		7	13	15	15
- Northern ^(vi)	Account receivables (RM'Million)	2.32 ⁽ⁱⁱⁱ⁾	5.48 ⁽ⁱⁱⁱ⁾	15.02 ⁽ⁱⁱⁱ⁾	19.43 ⁽ⁱⁱⁱ⁾
	Pawn value (RM'Million)	6.12	12.15	24.43	31.78
	CAGR	(CAGR 2018 – 2020 : 99.80%)			Not applicable
No. of pawnbroking outlets		1	3	7	7
- Southern ^(vii)	Account receivables (RM'Million)	- ^{(iii) (iv)}	2.01 ⁽ⁱⁱⁱ⁾	11.48 ⁽ⁱⁱⁱ⁾	15.91 ⁽ⁱⁱⁱ⁾
	Pawn value (RM'Million)	- ^(iv)	2.37	20.05	21.62
	Year-on-year growth rate ("YOY")	(YOY 2019 – 2020 : 745.99%)			Not applicable
No. of pawnbroking outlets		- ^(iv)	1	3	3

6. BUSINESS OVERVIEW (Cont'd)

Notes:

- (i) *Average duration of pawn loans is the average trade receivables turnover period, being ((average trade receivables)/(sum of total pawn values and interest income)) x 365 days. Please refer to Section 12.9.1 of this Prospectus for further details.*
- (ii) *Default rate, being ((total defaulted pawn loan value)/(total pawn loan value (not inclusive of proceeds from the sales of unredeemed pledges or bid pledges during the cash recovery process))) x 100%.*
- (iii) *Account receivables as at 31 December 2018, 31 December 2019, 31 December 2020 and FPE September 2021, respectively.*
- (iv) *Our Group commenced pawnbroking operation in the southern region during the FYE 2019.*
- (v) *Central comprises of Selangor and Kuala Lumpur.*
- (vi) *Northern comprises of Penang and Perak.*
- (vii) *Southern comprises of Negeri Sembilan and Johor.*

Our customers are the general public aged 18 years and above who seek micro-loans. Our customers are population who may be financially unserved or underserved by conventional financial institutions. As such, our pawnbroking outlets are primarily situated in close proximity to residential housing areas or commercial areas with easy access to public transportation, which provides convenience to customers when visiting our pawnbroking outlets. The processing time to verify our customers' identity and authenticity of the pledges is, on average, within 1 hour for each customer, and pawn loans can be disbursed on an immediate basis upon verification, enabling our customers to have convenient and quick access to funds for their immediate needs.

We provide pawnbroking services to customers through a network of our 25 pawnbroking outlets situated in Selangor, Kuala Lumpur, Pulau Pinang, Negeri Sembilan, Johor and Perak. All our pawnbroking outlets are located at the ground floor of shoplots. Please refer to Section 6.2.3 of this Prospectus for further information on our network of pawnbroking outlets.

In the past 3 FYE 2018 to FYE 2020, FPE 2021 and up to the LPD, our Cash Capital is generated from internally generated funds, as well as capital injections from shareholders and shareholders' advances. As at the LPD, save for the fixed annual interest rate of 4.00% incurred from the shareholders' advances, our Group does not have any borrowings to finance our pawnbroking business. As such, there are minimal risks associated to the interest rate on our Group's profitability.

A summary of our business model is illustrated in the chart below:

	Pawnbroking	Sale of unredeemed or bid pledges
Revenue stream	<p>We charge a maximum monthly interest rate of 2.00% on the pawn loan amount upon redemption of pledges</p> <p>We charge a maximum one-off administrative fee of RM0.50 for the issuance of pawn tickets for pawn loans amounting to more than RM10.00</p>	We sell the unredeemed or bid pledges in accordance with procedures under the Pawnbrokers Act 1972, if customers do not redeem the pledges and have no intention to redeem the pledges upon the expiration of pawn tickets
Type of pledges accepted	Gold (i.e. gold jewellery, gold bars and gold coins) and luxury watches	Not applicable
Customers	The general public aged 18 years and above who seek micro-loans	Scrap collectors and watch purchasers
Channels	Our network of 25 pawnbroking outlets situated in Selangor, Kuala Lumpur, Pulau Pinang, Negeri Sembilan, Johor and Perak	Scrap collectors and an online luxury watch trading platform
Source of funds	Internally generated funds, capital injections from shareholders and shareholders' advances	Not applicable

6. BUSINESS OVERVIEW (Cont'd)**6.2.3 Our Network of Pawnbroking Outlets**

The following table sets forth the details of our network of 25 pawnbroking outlets in Malaysia based on geographical location, which are in operations as well as 3 pawnbroking outlets that have obtained the pawnbroking licence but have yet to commence business operations, as at the LPD:

No.	Outlet Location	Licence Holding Company	First Licence Obtained Date	Outlet Opening Date	Current Licence Expiration Date
Selangor					
1	No.27, Jalan Bayu Tinggi 7, Taman Bayu Tinggi, 41200 Klang, Selangor	PG Pappajack	01.02.2014	04.02.2014	31.01.2024
2	A-01-01, Pangsapuri Aman, Jalan Prima 6/1, Taman Puchong Prima, 47100 Puchong, Selangor	PG Bertuah	17.12.2013	⁽¹⁾ 29.10.2014	16.12.2023
3	No.44A, Jalan TK 1/11A, Taman Kinrara Seksyen 1 Batu 7½, Jalan Puchong, 47180 Puchong, Selangor	PG PPJack	01.03.2017	07.03.2017	28.02.2023
4	No. 5, Ground Floor, Jalan Raya Timur KS 1, 41000 Klang, Selangor	PG PPJ Sehati	01.06.2017	05.06.2017	31.05.2023
5	No. 6, Ground Floor, Jalan PJU 5/8, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor	PG Consistent Reach (previously known as Consistent Reach Sdn Bhd)	01.11.2018	01.11.2018	31.10.2022
6	No. 20-G, Ground Floor, Jalan Murni 25/61, Taman Sri Muda, Seksyen 25, 40400 Shah Alam, Selangor	PG TSE (previously known as TSE Modul Development Sdn Bhd)	01.01.2019	02.01.2019	31.12.2022
7	No.19, P.T 20611, Jalan PU 5/1, Taman Puchong Utama, 47140 Puchong, Selangor	PG TMI	01.06.2019	01.06.2019	31.05.2023
8	No. 590, Jalan SS 9A/14, Seri Setia, 47300 Petaling Jaya, Selangor	DG Holdings	07.08.2019	09.08.2019	06.08.2023
9	No. 22, Jalan Besar, Pekan Kapar, 42200 Klang, Selangor	DG Kapar	16.08.2019	17.08.2019	15.08.2023

6. BUSINESS OVERVIEW (Cont'd)

No.	Outlet Location	Licence Holding Company	First Licence Obtained Date	Outlet Opening Date	Current Licence Expiration Date
10	No. 369, 369-1, Jalan 1A/3, Bandar Baru Sungai Buloh, 47000 Sungai Buloh, Selangor	PPJ Consistent Reach	18.09.2019	19.09.2019	17.09.2023
11	No. 25G, Jalan Besar, Pekan Semenyih, 43500 Semenyih, Selangor	DG Sel	10.02.2020	10.02.2020	09.02.2024
12	No.16, Ground Floor, Jalan Pos Baharu, 41300 Klang, Selangor	PPJ Sinar	17.08.2020	19.08.2020	16.08.2022
13	K11, Ground Floor (End Lot), Kinrara Plaza, Taman Kinrara, Puchong bearing postal address of No.11 A, Jalan TK 1/11A, Taman Kinrara, Seksyen 1, 47180 Puchong, Selangor.	PPJ Landas Emas	03.09.2021	<i>Have not commenced business operations</i>	02.09.2023
Kuala Lumpur					
14	No.11, Jalan 1/116B, Kuchai Entrepreneurs Park, Kuchai Lama, 58200 Kuala Lumpur	PG Tetap Sejiwa	09.07.2012	⁽²⁾ 04.03.2014	08.07.2022
15	No.13-0-4, Jalan 2/112A, Pantai Dalam, Taman Angkasapuri, 59200 Kuala Lumpur	PG PPJ	01.09.2017	08.09.2017	31.08.2023
16	No.7-G, Ground Floor, Jalan Pandan 3/5, Pandan Jaya, 55100 Kuala Lumpur	PG Mashita	18.09.2019	20.09.2019	17.09.2023
Pulau Pinang					
17	Blok A, No.23A-A, Sunway Prima, Lintang Sungai Tiram 5, 11900 Bayan Lepas, Pulau Pinang	PG Pappajack Sehati	01.10.2016	02.12.2016	30.09.2022
18	No.46A, Lintang Angsana, Bandar Baru Air Itam, 11500 Ayer Itam, Pulau Pinang	PG BT Cleaning	01.01.2019	02.01.2019	31.12.2022
19	No.4919, Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang	DGM	26.09.2019	28.09.2019	25.09.2023
20	No.241, Ground Floor, Jalan Pasar, 14000 Bukit Mertajam, Pulau Pinang	PPJ Makmur	12.10.2020	13.10.2020	11.10.2022

6. BUSINESS OVERVIEW (Cont'd)

No.	Outlet Location	Licence Holding Company	First Licence Obtained Date	Outlet Opening Date	Current Licence Expiration Date
21	No.279, Ground Floor, Jalan Burma, 10350 Pulau Pinang	PPJ Sejaya	12.10.2020	13.10.2020	11.10.2022
22	No. 170, Jalan Atas, 14300 Nibong Tebal, Pulau Pinang	PPJ Sukses	01.04.2021	<i>Have not commenced business operations</i>	31.03.2023
Negeri Sembilan					
23	No.42, Jalan Dato Bandar Tunggal, 70000 Seremban, Negeri Sembilan	Pappajack Holdings	18.09.2019	18.09.2019	17.09.2023
Johor					
24	No.48, Ground Floor, Jalan Padi 1, Taman Uda, Tampoi, 81200 Johor Bahru, Johor	DGH	05.02.2020	06.02.2020	04.02.2024
25	No.4, Jalan Barau 1, Kampung Baru Skudai, 81300 Skudai, Johor	PPJ Abadi	17.08.2020	19.08.2020	16.08.2022
Perak					
26	Ground Floor of 8, Jalan CM Yusuff, Jalan C.M. Yusuff, 30250 Ipoh, Perak	PG PPJ Sejiwa	19.02.2020	19.02.2020	18.02.2024
27	No.27, Jalan Besar, 31200 Chemor, Perak	PPJ Rezeki	18.08.2020	19.08.2020	17.08.2022
Pahang					
28	14 (BWH) Lorong Jed 1, Nadi Kota, 26400 Bandar Pusat Jengka, Pahang.	PPJ Berkat	02.09.2021	<i>Have not commenced business operations</i>	01.09.2023

Notes:

- (1) We acquired the operating pawnbroking outlet on 29 October 2014.
(2) We acquired the operating pawnbroking outlet on 4 March 2014.

6. BUSINESS OVERVIEW (Cont'd)**6.2.4 Our Revenue Segmentation****(i) Revenue Segmentation by Business Segment**

The breakdown of our Group's revenue segmentation by business segment is as follows:

Revenue Business Segment	Audited							
	FYE 2018		FYE 2019		FYE 2020		FPE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Pawnbroking #	4,581	45.76	7,292	37.97	13,884	45.12	14,321	56.37
Sale of unredeemed or bid pledges	5,429	54.24	11,915	62.03	16,885	54.88	11,086	43.63
Total revenue	10,010	100.00	19,207	100.00	30,769	100.00	25,407	100.00

Note:

Pawnbroking comprises predominantly interest charges and one-off administrative fees.

Pawnbroking is the key driver of our Group's revenue and the growth of revenue from pawnbroking depends on our ability to maintain substantial Cash Capital for the provision of pawn loans to our customers, the market demand for pawn loans and the prevailing competition in the industry, and governed by the regulations under the Pawnbrokers Act 1972 and guidelines issued by the KPKT.

Revenue generated from pawnbroking contributed 45.76%, 37.97%, 45.12% and 56.37% of our Group's total revenue for the past 3 FYE 2018 to FYE 2020 and FPE 2021 respectively. Revenue from sales of unredeemed or bid pledges contributed 54.24%, 62.03%, 54.88% and 43.63% of our Group's total revenue for the past 3 FYE 2018 to FYE 2020 and FPE 2021, respectively.

Please refer to Section 12 of this Prospectus for further information on our Group's revenue segmentation by business segment.

(ii) Revenue Segmentation by Geographical Region

The breakdown of our Group's revenue segmentation by geographical location is as follows:

Revenue by Geographical Region	Audited							
	FYE 2018		FYE 2019		FYE 2020		FPE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Central ⁽¹⁾	9,479	94.70	16,711	87.00	25,595	83.19	18,212	71.68
Northern ⁽²⁾	531	5.30	2,412	12.56	3,573	11.61	4,479	17.63
Southern ⁽³⁾	-	-	84	0.44	1,601	5.20	2,716	10.69
Total revenue	10,010	100.00	19,207	100.00	30,769	100.00	25,407	100.00

Notes:

(1) Central comprises of Selangor and Kuala Lumpur.

(2) Northern comprises of Penang and Perak.

(3) Southern comprises of Negeri Sembilan and Johor.

The central region was the largest revenue contributor to our Group by geographical region, which contributed 94.70%, 87.00%, 83.19% and 71.68% of our Group's total revenue for the past 3 FYE 2018 to FYE 2020 and FPE 2021, respectively.

6. BUSINESS OVERVIEW (Cont'd)

6.3 OPERATIONAL MODEL AND PROCESS FLOW

6.3.1 Operational Model

Our pawnbroking business is governed by the KPKT under the Pawnbrokers Act 1972 and therefore, each of our pawnbroking outlet must obtain a valid pawnbroking licence to operate.

Prior to obtaining a pawnbroking licence and setting up a pawnbroking outlet in a particular location selected by our Group, the selected location is required to be reviewed and approved by the KPKT. For every new pawnbroking outlet, we are required to establish a new company. We are also required to have a minimum paid-up capital of RM4.00 million of the new company established for the application of the pawnbroking licence.

In addition, each pawnbroking outlet is required to be set up and renovated in accordance with the specifications listed below:

- (i) The pawnbroking outlet is not allowed to be opened in a timber shophot;
- (ii) In-built vault with minimum 9-inch thick reinforced concrete walls with a safe placed in it, and an automatic door lock is required to be installed on the vault, in the pawnbroking outlet;
- (iii) Central monitoring system and closed-circuit television cameras (“**CCTVs**”) are required to be installed and maintained in the pawnbroking outlet; and
- (iv) The height of the counter in the pawnbroking outlet should not exceed 4 feet to allow customers to have an unobstructed view during the pledge assessment process.

Subsequent to the renovation of the pawnbroking outlet based on the above specifications, the KPKT will audit the pawnbroking outlet and thereafter approve and issue us a pawnbroking licence, and the local government will issue us a business licence which allows us to commence our business operations. A pawnbroking licence is valid for not exceeding 2 years and is subject to renewal upon expiration.

We are required to renew our pawnbroking licence 60 days prior to the expiry of our pawnbroking licence. An online application, accompanied with information on our total pawn transactions, pawn value, redemption value and number of customers over the past 2 years for the particular pawnbroking outlet will be submitted to KPKT for review. Upon approval, the KPKT will issue us a pawnbroking licence with a new validity period.

As stipulated in the Pawnbrokers Act 1972, our operating hours are from 8.00 a.m. to 6.00 p.m. daily and we can only conduct pawn transactions with customers aged 18 years and above and customers who do not appear to be intoxicated or of unsound mind. Further, we are required to submit monthly activity reports which contain all pawn transactions to the KPKT for monitoring purposes.

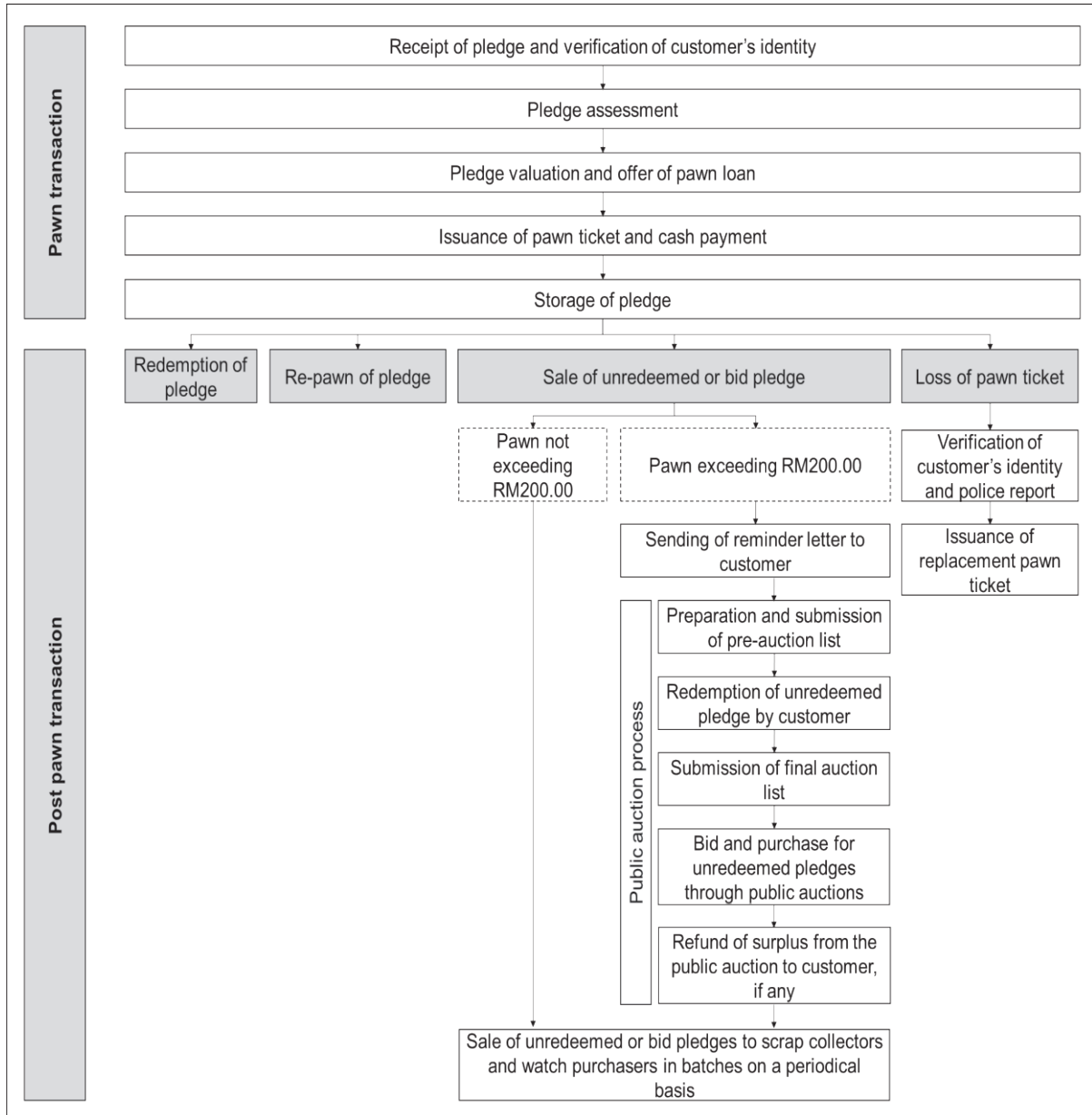
The central management of our Group’s overall business operations is based in our headquarters in Puchong, Selangor. Our Group’s headquarters is responsible for all corporate, administrative and operational matters which include opening of new pawnbroking outlets, recruitment, provision of training to employees and development of operating policies and/or procedures.

We appoint an Area Manager in each state that we operate in, who is responsible for managing the pawnbroking outlets within the state under their purview. Each pawnbroking outlet is managed by a Branch Manager who is responsible for overseeing the daily outlet operations and managing a team of outlet personnel who are responsible for attending to customers for pawn transactions. The number of outlet personnel in each pawnbroking outlet varies according to the volume of pawn transactions for each pawnbroking outlet.

6. BUSINESS OVERVIEW (Cont'd)

6.3.2 Process Flow

The typical process flow of our pawnbroking services is depicted below:



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6. BUSINESS OVERVIEW (Cont'd)

(i) Pawn Transaction

(a) Receipt of pledge and verification of customer's identity

We receive gold (i.e. gold jewellery, gold bars and gold coins) and luxury watches as pledges from our customer, together with our customer's identification card or passport for verification purposes. Upon receiving our customer's identification card or passport, our customer's profile is determined after taking into consideration factors such as type, nationality, social status (e.g. politically exposed persons ("**PEP**") and information on employment of customer, presence of abnormal pawn transaction pattern or frequency (where applicable), customer sanctioned under the United Nations Security Council Resolutions ("**UNSCR**") listing and Ministry of Home Affairs ("**MOHA**") listing, and suspicious transaction circumstances.

Further, in the event our Group deems a customer's profile to be of higher risk due to certain circumstances (e.g. the customer sending a representative to execute the pawn transaction or transaction involving a PEP), our employee will further assess our customer by obtaining additional information on the customer and ownership of the pledges (e.g. intention of performing the pawn transaction) and enquiring on source of funds for the pledges. Subsequently, our employee will consult and obtain approval from our Managing Director before proceeding with the pawn transaction.

If the customer's identification details match the list of customers sanctioned under the UNSCR listing or MOHA listing or our list of blacklisted customers with history of pawning counterfeits or unlawful assets, our Group will cease the pawn transaction immediately.

(b) Pledge assessment

Upon receiving the pledge from our customer, a pledge assessment will be conducted to verify the authenticity of the pledge.

(aa) Assessment process for gold

The assessment process for gold (i.e. gold jewellery, gold bars and gold coins) is typically conducted in 2 stages. In the first assessment stage, we conduct a visual test on the gold to check for similarities to the general market design and check against our list of fake gold listings (i.e. a list of gold designs which are considered as fake gold in the market) that may be provided by the police or through other sources (i.e. current news and scrap collectors) from time to time. We will also look out for hallmark which demonstrates the purity and grade of gold.

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6. BUSINESS OVERVIEW *(Cont'd)*

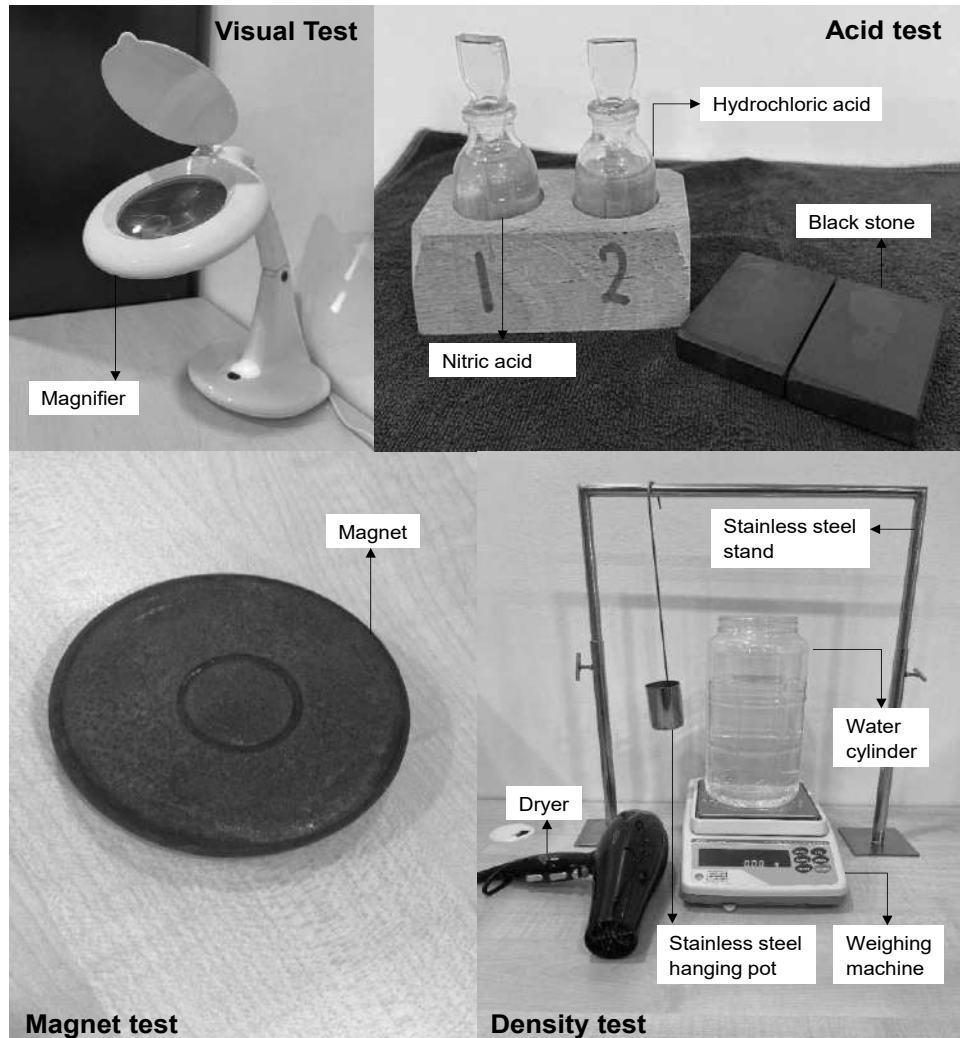
If the gold passes the first assessment stage, we will proceed to conduct the second stage verification which includes the acid test, magnet test and density test. An acid test is first carried out by scraping a small section of the gold against a black stone to form a thin gold line. The gold line will be tested by applying nitric acid on it and observing the change in colour of the gold line. If the colour remains, the gold passes the nitric acid test; whereas if the colour changes or disappears, the gold fails the nitric acid test and is rejected. Upon passing the nitric acid test, the acid test is repeated by using hydrochloric acid instead of nitric acid. If the colour of the gold line remains, the gold passes the hydrochloric acid test; whereas if the colour changes or disappears, the gold fails the hydrochloric acid test and is rejected. Upon passing both acid tests, a magnet test will be carried out for further verification. If the gold is not attracted to the magnet, it passes the magnet test, whereas if the gold is attracted to the magnet, it fails the magnet test and is rejected. Subsequent to passing the magnet test, a density test will be carried out as a final verification step. The gold passes the density test if the density ranges from 15.00 grams per cubic centimetre (g/cc) and above, depending on the grade of gold. If it is below this range, it fails the density test. The authenticity of the gold is verified upon passing all tests of the second stage verification. If it fails any of the tests, it is rejected and returned to the customer without any administrative charges as it is deemed to be not made of gold, has low gold content, or is merely gold plated or filled. Once the authenticity is verified, the gold can be accepted as a pledge.

If the authenticity of the gold cannot be confirmed after conducting the density test, we will consult our Area Manager for further verification.

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6. BUSINESS OVERVIEW (Cont'd)

The picture below shows the necessary equipment required for assessing the authenticity of gold:



(bb) Assessment process for luxury watches

The assessment process for luxury watches is typically conducted in 2 stages. In the first assessment stage, we conduct a preliminary authenticity check by examining the luxury watch's box, warranty card, user manual, service booklet and holder, watch hang tag as well as watch link.

If the luxury watch passes the first assessment stage, we will proceed to conduct the second stage verification which include physical check by examining the watch's serial number and model number. We will also conduct movement check by examining the polishing and finishing of the watch's absorber, hair spring and the engraving of the watch calibre, and mechanical test to check the functionality of the watch, as well as other checks such as bracelet check, spring bar check and watch glass check.

6. BUSINESS OVERVIEW (Cont'd)

The authenticity of the luxury watch is verified upon passing all the checks in the second stage verification. If it fails any of the checks, it will be rejected and returned to the customer without any administrative charges as it will be deemed to be ingenuine. Once the authenticity is verified, the luxury watch can be accepted as a pledge.

(c) Pledge valuation and offer of pawn loan

Upon completion of the pledge assessment process, we will determine the price of the pledge by taking into consideration its prevailing market value. We will quote and offer a maximum loan amount to our customer based on a loan margin, which depends on factors such as the quality, purity and condition of the pledge. We generally provide loan margin of up to 90.00% of the prevailing market value of gold (i.e. gold jewellery, gold bars and gold coins), and we provide loan margin of up to 80.00% of the prevailing market value of luxury watches. We also utilise historical transaction data of customers to assess the capability of customers to repay pawn loans in order to determine the loan margin. For customers who have repeatedly pawn items with us without repaying pawn loans, we may offer a lower loan margin.

The prevailing market value for the gold and luxury watches are computed based on spot prices published by independent third party gold trading platform and online luxury watch trading platform, respectively. If a customer requires loan margin of more than 90.00% of the prevailing market value of gold or more than 80.00% of the prevailing market value of luxury watches, our outlet personnel will seek approval from our Managing Director for the request, and the approval is subject to quality, purity and condition of the pledges and the profile of customer (i.e. regular customer). Further, our outlet personnel will seek approval from our Branch Manager to issue pawn tickets and/or splitting the ticket into multiple pawn tickers for a single pledge that is worth more than RM10,000.00.

(d) Issuance of pawn ticket and cash payment

If the customer agrees to the loan amount, the pawn transaction will then be documented in our pawn system by recording the customer's identification details as well as the weight, type and value of the pledge. Thereafter, a pawn ticket will be issued to the customer together with the payment of the agreed cash amount. An administrative fee of RM0.50 may be charged for the issuance of pawn tickets for pawn loans amounting to more than RM10.00. For a single pledge that is worth more than RM10,000.00, pawn loan for the pledge will be disbursed and split into multiple pawn tickets as the maximum pawn loan that can be provided under one pawn ticket is RM10,000.00.

(e) Storage of pledge

Thereafter, the pledge will be packed, labelled and stored in a safe. The pledge will be kept in storage in the respective pawnbroking outlets until the customer redeems the pledge or until the sale of unredeemed or bid pledge to scrap collectors. We are exposed to physical security risks as disclosed in Section 4.1.9 of this Prospectus. Nevertheless, our Group has taken up jeweller's block insurance policy for our pawnbroking outlets as well as pledges in transit to protect against various losses and liabilities in our business operations.

6. BUSINESS OVERVIEW (Cont'd)

(ii) Post Pawn Transaction

Subsequent to the pawn transaction, our customer may redeem the pledge within the validity period, and we will be required to return the pledge to our customer. If our customer does not redeem the pledge and have no intention to redeem the pledge upon the expiration of the pawn ticket, we will proceed to sell the unredeemed or bid pledge, in accordance with procedures under the Pawnbrokers Act 1972. In the event our customer intends to, but is unable to redeem his/her pledge within the validity period of the pawn ticket, our customer may re-pawn the same pledge to obtain a new pawn ticket with new validity period. In addition, in the event our customer loses the pawn ticket, we will reissue a new pawn ticket subject to our identification verification processes. The procedures taken for the abovementioned scenarios are listed as follows:

(a) Redemption of pledge

Pledges are redeemable within the validity period of the respective pawn tickets which is up to 6 months from the date of pawn transaction. Our customer who intends to repay the pawn loan and redeem the pledge will be required to present the relevant pawn ticket together with his/her identity card for identification verification purposes. The total principal loan amount and the accrued interest will be calculated through our pawn system.

Once the pawn loan is fully paid in cash by our customer, the pledge will then be retrieved from the vault and returned to the customer.

For a pledge that is worth more than RM10,000.00 with pawn loan issued in multiple pawn tickets, our customer will be required to repay the total principal loan amount stipulated in all pawn tickets as well as the accrued interest in order to redeem the pledge.

Our customer may also send a representative to repay the pawn loan and redeem the pledge, where in such instance, we will verify the identity of the representative with our customer prior to the redemption of the pledge.

(b) Re-pawn of pledge

In the event our customer intends to but is unable to redeem his/her pledge nearing the expiration of the pawn ticket, our customer may re-pawn the same pledge to obtain a new pawn ticket with new validity period. Our customer will be required to pay the outstanding accrued interest on the pawn loan. Subsequently, our outlet personnel will re-evaluate the value of the same pledge for the issuance of a new pawn ticket. If the revalued price of the pledge is lower than the initial value from the first pawn ticket due to a decrease in prevailing market value of pledge, our outlet personnel will seek a second opinion from Branch Manager or Area Manager in regards to whether the new pawn ticket should be issued based on the initial value or revised value of the pledge. Should the revised value of the pledge be lower than the initial value of the pledge, our customer will be required to pay the outstanding accrued interest on the pawn loan and pay the difference between the revised pawn loan and the initial pawn loan. Once the pawn loan is finalised and agreed by the customer, a new pawn ticket with validity period of up to 6 months will be issued to the customer. Generally, there is no limit to the number of issuance of new pawn tickets that can be made on the same pledge, given that the outstanding accrued interest is fully paid prior to each issuance of new pawn ticket.

6. BUSINESS OVERVIEW (Cont'd)

Our customer may also send a representative to re-pawn the pledge, where in such instance, we will verify the identity of the representative with our customer prior to the re-pawn of the pledge.

(c) Sale of unredeemed or bid pledge

We will proceed to sell the unredeemed or bid pledge if our customer does not redeem the pledge and have no intention to redeem the pledge upon the expiration of the pawn ticket, according to the standard operating procedures adopted by our Group to be in compliance with the Pawnbrokers Act 1972, as follows:

Pawnbrokers Act 1972	Standard operating procedures (adopted by our Group) in compliance with the Pawnbrokers Act 1972
<i>Section 23 (1) If any pledge shall not have been redeemed before the expiration of six months from the date of pawning, or of such longer period as may have been agreed between a pawnbroker and the pawner, or as may have been required in accordance with section 19 (on the extension of time for redemption), the pledge—</i>	
<i>(a) if pawned for a sum not exceeding two hundred ringgit shall become the property of the pawnbroker; or</i>	For pawns not exceeding RM200.00, we are not required to send a reminder letter to our customer upon expiration of the pawn ticket. We will have ownership of the unredeemed pledge and will sell the unredeemed pledge in batches on a periodical basis, directly to scrap collectors at the agreed amount which is guided by the prevailing market value.
<i>(b) if pawned for a sum exceeding two hundred ringgit shall when disposed of by the pawnbroker be disposed of by sale by auction to be conducted by a licensed auctioneer.</i>	<p>For pawns exceeding RM200.00, we will send a reminder letter at the beginning of the following month after a pawn ticket has expired, to the address provided by our customer via registered post to our customer on the following month after the expiration of pawn ticket. If the customer does not redeem and has no intention to redeem within 7 days from the date of the reminder letter, the pledge will be deemed as unredeemed and we will proceed to the public auction process.</p> <p>Prior to the public auction, a pre-auction list of the unredeemed pledges will be prepared and submitted to KPKT for its review and approval. We can accumulate more unredeemed pledges and submit the pre-auction list 2 months after the pledges are deemed as unredeemed. However, the extension of period for submission of pre-auction list requires mutual agreement between our Group and our customers, as stated in Section 23(1) of the Pawnbrokers Act 1972.</p> <p>Further, if our customers return to our pawnbroking outlets to redeem the pledges after we have submitted the pre-auction list to the KPKT, we can perform the redemption and charge the accrued interest up to the month that the pledges are redeemed.</p>

6. BUSINESS OVERVIEW (Cont'd)

<p>Pawnbrokers Act 1972</p>	<p>Standard operating procedures (adopted by our Group) in compliance with the Pawnbrokers Act 1972</p>
	<p>Upon receiving approval from KPKT for our pre-auction list, a final auction list (i.e. a list of unredeemed pledges which will be auctioned after updating to remove the pledges that have been redeemed by our customers after the submission of our pre-auction list) will be submitted to the licensed auctioneer (i.e. an auctioneer recognised by the KPKT) on the day of the public auction. In the past 3 FYE 2018 to FYE 2020 and FPE 2021, 30.07%, 25.90%, 24.05% and 16.94% of unredeemed pledges on the pre-auction list, based on number of items, were removed from the final auction list. The licensed auctioneer will advertise the public auction at least 10 days before the auction date, to KPKT and the public, in the local newspaper.</p> <p>A public auction is generally held within the first 7 days of every month whereby the licensed auctioneer will conduct the auctioning process and KPKT will act as a witness to the auctioning process. During the public auction, the licensed auctioneer will compile the result of the auction of the unredeemed pledges which will then be sent to our Group within 3 days of the public auction. The result of the auction of the unredeemed pledges will be kept in our respective pawnbroking outlet for 3 years.</p>
<p><i>(2) A pawnbroker may bid for and purchase at a sale by auction under this section a pledge pawned with him; and on such purchase he shall be deemed the absolute owner of the pledge purchased.</i></p>	<p>Our Group will participate in the public auction to bid and purchase these unredeemed pledges.</p> <p>At the public auction, we will bid and purchase the unredeemed pledges at a reserve price quoted by us for the auction, which is at a premium to our pawn transaction value regardless of the prevailing market value of such pledges at the time of auction. During the bidding process, all pawnbrokers present generally bid for pledges included in their respective auction lists submitted by them as each pawnbroker is familiar with the condition and quality of the pledges in its auction list. There are no circumstances where there are no bids on our Group's unredeemed pledges. After the purchase of the unredeemed pledges at public auctions, we will have ownership of the unredeemed pledges and will sell the unredeemed pledges in batches on a periodical basis, directly to scrap collectors and watch purchasers at the agreed amount which is guided by the prevailing market value.</p>

6. BUSINESS OVERVIEW (Cont'd)

Pawnbrokers Act 1972	Standard operating procedures (adopted by our Group) in compliance with the Pawnbrokers Act 1972
<i>(3) A pawnbroker shall send to the Registrar on the first day of every calendar month a list in the prescribed form together with such number of copies as the Registrar may require showing the result of the sales of the pledges during the preceding month. The Registrar shall keep the list affixed at his office and such public places as he may deem necessary for three months.</i>	A list in the prescribed form together with such number of copies showing the result of the auction of our Group's unredeemed pledges during the public auction for the preceding month will be submitted by the first day of the following calendar month by the licensed auctioneer on behalf of our Group to the KPKT.
<i>(4) Any person who contravenes subsection commits an offence.</i>	Not applicable

In the event that the selling price of the bid pledges are below the reserve price, we will record a loss if we proceed to sell those bid pledges. Nonetheless, if our Group does not have immediate need for cash, we will hold the bid pledges temporarily until we are able to obtain a favourable selling price, based on the prevailing market value (i.e. exceeds our reserve price) before proceeding to sell the bid pledges to scrap collectors and watch purchasers. However, if our Group intends to speed up our cash recovery process, the bid pledges will be sold immediately and the shortfall from the sale will be recorded as a loss to our Group. In the past 3 FYE 2018 to FYE 2020 and FPE 2021, all of our unredeemed or bid pledges were gold and we did not sell any of the unredeemed or bid pledges during our cash recovery process at a loss.

During the sale of the unredeemed and bid pledges of gold, the scrap collectors will assess the weight and purity of the gold. Upon confirmation, we will sell the gold at the agreed amount which is guided by the prevailing market value of the gold. For luxury watches, upon purchasing the bid pledges of luxury watches, we will put the luxury watches for sale on an online luxury watch trading platform at prevailing market value. We will deliver the luxury watches to the watch purchasers upon sales confirmation and payment.

According to the Pawnbrokers Act 1972, in the event the bid pledge for pawns exceeding RM200.00 is sold for more than the amount comprising the aggregate of the pawn loan, accrued interest and administrative fees, we will be required to notify our customer on the surplus within 7 days after the public auction via registered post. Our customer will be required to claim the surplus within 4 months from the date of the notice, and if no claim is made within the stipulated time, the surplus will be paid to the Accountant General's Department of Malaysia within 14 days after the stipulated time.

6. BUSINESS OVERVIEW (Cont'd)

(d) Loss of pawn tickets

In the event our customer loses the pawn ticket, we will request for our customer's identification details to verify the pawn transaction record in our pawn system as well as a police report made by our customer. Thereafter, we will issue a new pawn ticket as replacement to our customer at no additional cost based on the police report furnished by our customer. During a period of 7 days from the date of the filing of a lost pawn ticket to us, we are not allowed to deliver the pledge to any persons presenting the lost pawn ticket, in accordance with the Pawnbrokers Act 1972, even if our customer found the lost pawn ticket and presents his/her identity card to repay the pawn loan, or sends a representative to repay the pawn loan, to redeem the pledge.

In the past 3 FYE 2018 to FYE 2020, FPE 2021 and up to the LPD, we did not experience any disputes or complaints by customers. We have put in place a standard operating procedure on customer handling during pawn transaction and post pawn transaction to ensure customers' satisfaction on our pawnbroking services.

For complaints regarding the Group's pawnbroking services, customers may contact us at (603) 8080 4884 or via e-mail at aduan@pappajack.com.my. Alternatively, our customers may also lodge complaints with the KPKT against any pawnbrokers via (1) an online system known as, "Sistem Aduan Bersepadu "KPKT" at <https://aduan.kpkt.gov.my/aduan/>; or (2) a mobile application known as "i-Gadaian", both introduced by KPKT to facilitate engagements with the public.

6.3.3 Security and Loss Prevention

As an effort to prevent internal and external crimes such as burglary, theft and robbery, we have implemented preventive measures in all our pawnbroking outlets. Our pawnbroking outlets are installed with 24-hour CCTVs to record and monitor all activities in our premises. In addition, a central monitoring system comprising security alarm system and anti-theft system is also installed to detect intrusion or unauthorised entry into our pawnbroking outlets during non-business hours. In instances of burglary, theft or robbery, our central monitoring system will be triggered and we will be alerted by the central monitoring system provider.

In order to keep our cash and customers' pledges safe, the cash and pledges are kept in the safe in a vault built with reinforced concrete walls in accordance with the specifications and requirements of the KPKT. Additionally, all our vaults and safes are of 1-hour fire resistance in which our cash and customers' pledges that are kept in the vaults and safes can be protected from fire for 1 hour. Only authorised personnel, who are our Group's employees, have access to the vaults in the respective pawnbroking outlets.

Audit checks on the cash and pledges kept in the safe of each pawnbroking outlet are conducted once a month by our headquarters.

In terms of consumer protection, as required under the Pawnbrokers Act 1972, in the event where any our customers' pledges are lost, damaged or destroyed, for purposes of compensation to the customer, the value of the pledge is assumed to be one quarter more than the amount of the loan. As such, in accordance with the Pawnbrokers Act 1972, our Group will compensate 25% of the value of the pledge to the affected customer and the affected customer will not be required to repay the outstanding pawn loan amount. Additionally, our Group will also waive the pawn loan interests of the affected customer.

Since the commencement of operations and up to the LPD, we did not experience any burglary, theft or robbery cases in any of our pawnbroking outlets. As such, we have not incurred any losses due to such incidents.

6. BUSINESS OVERVIEW (Cont'd)

Further, in the past 3 FYE 2018 to FYE 2020, FPE 2021 and up to the LPD, we did not experience any incidence of redemption using fake pawn ticket.

6.3.4 Cash and Pledge Management

We have a policy on cash and pledge management to prevent mishandling. Our policy on cash and pledge management is designed to standardise practices with respect to cash and pledge handling to minimise and prevent possibilities of mismanagement and fraud.

Our policy on cash and pledge management outlines the responsibilities of employees in our pawnbroking outlets, including:

- (i) To receive, deposit and/or disburse cash and pledges;
- (ii) To reconcile cash and pledges with the daily pawn transactions;
- (iii) To ensure cash and pledges are handled in a safe manner;
- (iv) To ensure cash and pledges are properly stored in in the safe; and
- (v) To conduct periodic checks and audits on the cash and pledges.

Our cash ceiling policy serves as a general guideline for the maximum amount of cash to be maintained at each pawnbroking outlet for each business day. Once the cash balance exceeds the cash ceiling, the excess cash is required to be deposited into the bank account maintained by the respective pawnbroking outlets. Further, in the event any of our pawnbroking outlet does not have sufficient cash in the outlet, cash will be withdrawn from the bank account of the respective pawnbroking outlets. However, if the balance in the bank account of the respective pawnbroking outlets is insufficient, Pappajack Holdings will provide advances with no interest charges to the respective pawnbroking outlets. There is no specific timeframe on the repayment of the advances to Pappajack Holdings.

Our Branch Managers are required to submit daily position reports to the respective Area Managers for their review and for record-keeping and monitoring purposes. The respective Area Managers will follow up with the relevant pawnbroking outlets if there are any discrepancies between the physical cash position and the records. Any discrepancies will be reconciled within the same day.

In the event of fraud, mismanagement or mishandling of cash and pledges, we will take appropriate actions such as conducting internal inquiries, taking disciplinary actions and/or reporting such incidences to the police.

In the past 3 FYE 2018 to FYE 2020 and FPE 2021 and up to the LPD, we did not experience any occurrences of fraud, mismanagement or mishandling of cash and pledges in any of our pawnbroking outlets.

6.3.5 Prevention of Unlawful Dealings

According to Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Sectoral Guidelines 8 for licensed moneylenders and pawnbrokers by Bank Negara Malaysia, pawnbroking businesses form part of the moneylending activities in Malaysia. Money launderers may operate through the pawnbroking business by way of pawning stolen items (e.g. gold or luxury watches) in exchange for cash or cheques. Pawnbrokers may offer pawn loans where valuable items are used as pledges. If a borrower fails to repay the pawn loan, the pawnbroker will use the pledge as settlement for the pawn loan. Hence, criminals may use pawnbroking as a way to exchange valuable items which are proceeds of illegal activities for pawn loans.

6. BUSINESS OVERVIEW *(Cont'd)*

As such, we have established an anti-money laundering policy comprising risk mitigation strategies to prevent the use of our pawnbroking services for money laundering or terrorists financing purposes. The risk mitigation strategies include:

(i) Customer due diligence

Ensuring that pledges received are directly from the rightful owners, verifying the identity of customers before pawn transactions, recording the identification details of customers, including name, National Registration Identity Card (“**NRIC**”)/ Passport number, address, date of birth, nationality and contact details, and keeping a copy of customer’s NRIC/Passport. In addition, our pawnbroking outlets are under full surveillance with the installation of CCTVs, forming the first line of deterrence which may discourage customers with ill intentions from visiting our pawnbroking outlets. A customer’s profile is determined after taking into consideration on factors such as type, nationality, social status and information on employment of customer, presence of abnormal pawn transaction pattern or frequency (where applicable), customer sanctioned under the UNSCR listing and MOHA listing, and suspicious transaction circumstances. Further, in the event our Group deems a customer’s profile to be of higher risk (e.g. the customer sending a representative to execute the pawn transaction or transaction involving a PEP), our customer will be further assessed by obtaining additional information on the customer and ownership of the pledges (e.g. intention of performing the pawn transaction) and enquiring on source of funds for the pledges. Subsequently, an approval is required to be obtained from our Managing Director before proceeding with the pawn transaction.

If the customer’s identification details match the list of customers sanctioned under the UNSCR listing or MOHA listing or our list of blacklisted customers with history of pawning counterfeits or unlawful assets, our Group will cease the pawn transaction immediately.

(ii) Record keeping of customers and pawn transactions

Record keeping of customers’ past transaction records and details including repayment pattern records through our pawn system to ensure traceability of pawn transactions, and monthly analysis of abnormal pawn transaction pattern or frequency and pawn transactions exceeding our internally specified threshold. Our customers past transaction records and repayment pattern records provide information for our employees to identify customers with suspicious transactions given that money laundering transactions are usually repetitive in nature and involve pawn loans which are unredeemed.

Further, checks are undertaken on new and existing customers who seeks pawn loans to ascertain if they are sanctioned under the UNSCR and MOHA listings.

(iii) Suspicious transaction reporting

Our employees have been trained to be alert and able to identify suspicious transaction. When our employees sense or recognise any suspicious transaction, our employees will conduct an interview with the customer to further verify on the source of the pledges. In the event our employees suspect that the pledges are stolen goods or goods obtained via unlawful means, we will cease the pawn transaction immediately, retain the details of the NRIC/Passport of the customer and the police will be alerted.

6. BUSINESS OVERVIEW (Cont'd)

(iv) Employee screening

Employee screening procedures in line with AML/CFT guidelines are implemented during the hiring of new employees and throughout the course of their employment to ensure that our employees have no involvement in any illegal activities (e.g. personal information and employment history).

Employee re-screening exercises are also conducted during any change in the roles and responsibilities undertaken by our employees (e.g. relocation, promotion and re-designation). Additionally, we also undertake periodic conflict-of-interest declaration to identify any conflict-of-interest position that may have arisen.

(v) Employee training and raising awareness programmes

Internal trainings are scheduled and provided to employees on an annual basis and are supplemented by ad-hoc refresher and awareness briefings by our headquarters from time to time. Additionally, external trainings are also provided to employees on an ad-hoc basis. The trainings and awareness briefings focus on amongst others, AML/CFT requirements which includes customer due diligence, monitoring of customers and pawn transactions as well as awareness on possible avenues of money laundering in relation to our business.

In the event a customer is being flagged due to the customer's pledge(s) being identified as stolen item(s) or item(s) obtained from unlawful means, the customer will be blacklisted by our Group. Our Group maintains a list of blacklisted customers with history of pawning counterfeits or unlawful assets and the list is accessible by all our pawnbroking outlets. We will not accept pledges by blacklisted customers at any of our pawnbroking outlets.

We conduct pledge assessment to identify suspicious transactions/ incidents. Please refer to Section 6.3.2 (i)(a) and (b) of this Prospectus for further details. Apart from the customer due diligence process as stated under 6.3.5 (i) of this Prospectus, we also conduct screening on customers against the UNSCR and MOHA listings to prevent any violation of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001. Furthermore, we will conduct checks against the parameters set out in our Anti-Money Laundering Policy if we receive a large number and high value of pledges without proof of ownership to eliminate the possibility of suspicious transactions/ incidents. Suspicious transaction report will be prepared and submitted to the Financial Intelligence and Enforcement Department of Bank Negara Malaysia or to the police upon detection of any suspicious transactions/ incidents.

In the past 3 FYE 2018 to FYE 2020, FPE 2021 and up to the LPD, we have not encountered any incidence of suspicious transactions which require us to report to the police. However, there were 8 occurrences whereby our customers' pledges were confiscated by the police to assist with police investigation, and the losses incurred from the confiscations were not recovered. The total loss incurred from the confiscations was RM79,326.90, which was not significant and did not materially impact our financial positions. There were no pledges confiscated by the police from 1 October 2021 up to the LPD. Any loss arising from confiscation of pledges will be written off after 12 months from the date of pawn ticket issuance.

6.4 COMPETITIVE STRENGTHS

Our competitive strengths are important in sustaining our business and providing our Group with future growth opportunities.

6. BUSINESS OVERVIEW (Cont'd)

6.4.1 We Are Positioned to Serve the Population Who May Be Financially Unserved or Underserved, to Offer Short-term Micro-loans

Our pawnbroking services complement the role of conventional financial institutions for the provision of short-term micro-loans. We play a vital role in providing short-term micro-loans to population who may be financially unserved or underserved.

As any form of financing from conventional financial institutions are approved based on the borrowers' income levels and credit score ratings, the requirements to obtain loans from conventional financial institutions are more stringent and involves a lengthy loan application process. If the borrowers are unable to meet these loan requirements, they will not qualify for financing from conventional financial institutions. Thus, individuals who do not meet the income requirements and credit score ratings will have little access to personal financing. As such our short-term micro-loans are alternative financing solutions to borrowers, particularly financially unserved or underserved consumers who may need immediate funds.

Further, due to the COVID-19 pandemic, the Government implemented a MCO throughout Malaysia on 18 March 2020, CMCO on 4 May 2020 and RMCO on 10 June 2020, and reimposed a CMCO, 2nd MCO or RMCO at different periods in states and federal territories that recorded alarming levels of COVID-19 infection cases beginning October 2020. Subsequently, as COVID-19 infection cases continue to increase significantly, a 3rd MCO was further imposed beginning May 2021 and the NRP from 1 June 2021 to 28 June 2021 onwards. As a result of the pandemic and these measures that followed, Malaysia experienced negative growth of gross domestic product (GDP) at 5.64% in 2020, indicating adverse economic conditions for the year which has affected businesses and employment. As a result, many businesses, particularly small and medium enterprises (SMEs), have closed, and many employers have undertaken cost-cutting measures such as salary cuts, reduction of allowances or employee retrenchment. Individuals may experience adverse impact on their financial position and thus may seek temporary financial needs. Thereby, our pawnbroking services which are alternative financial solutions complemented the role of conventional financial institutions in providing short-term micro-loans to population who may be financially unserved or underserved.

6.4.2 The Pawn Loans We Offer Are All Collateralised by Pledges

The pawn loans we offer are fully pledge-backed against gold (i.e. gold jewellery, gold bars and gold coins) and luxury watches which safeguard the interest of our Group in the event our customers do not redeem the pledges upon expiration of the pawn tickets. The pledges hold an intrinsic value which allow us to sell the pledges for cash to recover the loan amount disbursed to our customers. As such, this provides our Group with relatively low financial risk which enables us to sustain our pawnbroking business.

Our pawnbroking business promotes responsible lending as the pawn loans we offer are all collateralised by pledges. The loan amount that we offer to our customers are computed based on the prevailing market value of the pledges

In addition, we also make aware to our customers, their obligation by reminding them on the repayment of the pawn loans and interests and to have sufficient living expenses. As such the issuance of pawn loans are conducted in a responsible manner and that customers were informed on the terms and conditions of the pawn loans, as well as being reminded on their repayment obligations and consequences to debt burden as well as losing the pledges in the event of a default of the pawn loan.

6. BUSINESS OVERVIEW (Cont'd)

6.4.3 We Have Capabilities in Providing Quick Access to Pledge-backed Short-term Micro-loans

The nature of pawnbroking services where we offer pawn loans against the security of customers' pledges allow us to provide our customers with immediate funds, after identity verification and pledge assessment processes. We are required to verify our customers' identity and authenticity of the pledges in accordance with our standard operating procedures and policies, and do not require verification on their income levels and credit ratings. Based on our standard procedure, the processing time to verify our customers' identity and authenticity of the pledges is, on average, within 1 hour for each customer, and pawn loans can be disbursed on an immediate basis upon verification, enabling our customers to have convenient and quick access to funds for their immediate needs. We adopt and practise a strict set of standard operating procedures to ensure we are in compliant with AMLA.

As a result of the adverse economic conditions due to the imposition of movement restrictions by the Government to curb the spread of the COVID-19, our customers may be experiencing adverse impact on their financial position and thus are seeking to obtain immediate funds to support their temporary financial needs. As our customers may not be able to obtain financing quickly from conventional financial institutions, our pawnbroking services have assisted our customers by providing them with immediate funds to cushion their financial difficulties during these difficult times.

6.4.4 Our Outlet Personnel Have the Necessary Technical Skills and Knowledge to Efficiently Serve Our Customers

Our continuous growth and expansion in the pawnbroking industry is attributed to our outlet personnel who are equipped with the technical skills and in-depth knowledge in providing pawnbroking services, which allows us to serve our customers efficiently. We recognise the importance of human resources as a central element to our success and as such, we prioritise on the development of technical skills and knowledge as well as managerial skills to build our team of outlet personnel.

Prior to working in our pawnbroking outlets, our new outlet personnel will be required to undergo our internal training programmes to learn the fundamentals of the pawnbroking process which include techniques on pledge assessment as well as price valuation for the pledges, assessment for gold and luxury watches for them to carry out their job responsibilities efficiently. In addition, our outlet personnel are also trained to adopt a customer-centric approach which focuses on creating a positive experience when attending to our customers.

Further, we also prioritise on the development of our Branch Managers and Area Managers by providing internal leadership and management training programmes to support them in learning, enhancing and refining their managerial skills to oversee the operations and better manage the outlet personnel of their respective pawnbroking outlets.

By leveraging on our outlet personnel's technical skills and knowledge in pawnbroking and customer service, we are able to provide our customers with pleasant pawnbroking experiences. As such, we can retain customer loyalty as well as attract new customers.

6. BUSINESS OVERVIEW (Cont'd)**6.4.5 We Have An Experienced Key Management Team**

We have a key management team that is experienced and has in-depth knowledge in each of their respective areas of operation. Our Managing Director/ Chief Executive Officer, Lim Boon Hua, has 9 years of experience in the pawnbroking industry. He is responsible for the overall strategic management of our Group and plays a pivotal role in growing the business of our Group. He is supported by an experienced key management team comprising:

Name	Designation	Years of Relevant Experience
Law Book Ching	Executive Director	4
Lim Chee Hsiung	Chief Operating Officer	6
Wong Koon Wai	Chief Financial Officer	22

Please refer to Sections 8.1.2 and 8.3.2 of this Prospectus for the profiles of our Key Management.

Our key management team has in-depth knowledge and capabilities as a result of years of experience in their respective fields. They play an active and hands-on role in spearheading their respective departments to support the growth of our Group. As a result, there is a transference of skills and knowledge to employees at all levels in our organisational structure. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand our business.

In addition, our operational processes have been reviewed by the internal control advisor and relevant internal control improvement or area of improvement highlighted by the internal control advisor have been implemented in accordance with the recommendation provided. Our systems, procedures and controls (including accounting and management systems) are adequate and sufficient, having regards to the our obligations to comply with the Listing Requirements and other relevant legal and regulatory requirements.

6.4.6 We Have A Network of Pawnbroking Outlets Which Are Strategically Located at Convenient Locations, in Close Proximity to Residential Housing Areas or Commercial Areas and With Easy Access to Public Transportation Such As Buses, LRT and MRT

As at the LPD, we have established a network of 25 pawnbroking outlets to cater for our customers in Peninsular Malaysia. Our pawnbroking outlets are located in Selangor, Kuala Lumpur, Pulau Pinang, Negeri Sembilan, Johor and Perak. Please refer to Section 6.2.3 of this Prospectus for further details on the locations of our pawnbroking outlets.

Our customers are populations who may be financially unserved or underserved by conventional financial institutions. As such, our pawnbroking outlets are strategically located at convenient locations, in close proximity to residential housing areas or commercial areas and with easy access to public transportation such as buses, LRT and MRT. This allows our customers who may not have their own transport to have easy access in seeking our pawnbroking services.

Having our pawnbroking outlets in these locations also allow us to leverage on and capture high foot and vehicle traffic which helps to increase the visibility of our pawnbroking outlets and to attract new customers, which in turn enables us to expand our market presence.

6. BUSINESS OVERVIEW (Cont'd)**6.5 FUTURE PLANS AND BUSINESS STRATEGIES****We Plan to Expand Our Network of Pawnbroking Outlets to Increase Our Market Presence in Malaysia**

As at the LPD, we have a network of 25 pawnbroking outlets in Peninsular Malaysia. We plan to continue expanding our network and at the same time penetrate new geographical markets within Peninsular Malaysia. By expanding our network, we would be able to increase our market presence and serve a wider customer base, allowing us to further strengthen our financial performance in the future.

(i) Expansion of 5 New Pawnbroking Outlets

We target to open and commence operations of 5 new pawnbroking outlets in Pulau Pinang, Pahang and Selangor upon the Listing of our Group, subject to the issuance of pawnbroking licences for the new pawnbroking outlets.

As at the LPD, we have incorporated the 5 companies (i.e. PPJ Sukses, PPJ Landas Emas, PPJ Berkat, PPJ Maju and PPJ Mandiri) required for the application of the pawnbroking licences for the respective 5 new pawnbroking outlets.

The outlet location, renovation status and pawnbroking licence application status of the 5 new pawnbroking outlets are detailed as follows:

No.	Licence Holding Company	Outlet Location	Application for pawnbroking licence	In-principal approval	Renovation	Status of Issuance of pawnbroking licence	Estimated timeframe to commence operation*
1.	PPJ Sukses	No.170, Jalan Atas, 14300 Nibong Tebal, Pulau Pinang.	Submitted	Obtained	Completed	Issued	Up to 3 months
2.	PPJ Landas Emas	K11, Ground Floor (End Lot), Kinrara Plaza, Taman Kinrara, Puchong bearing postal address of No.11 A, Jalan TK 1/11A, Taman Kinrara, Seksyen 1, 47180 Puchong, Selangor.	Submitted	Obtained	Completed	Issued	Up to 3 months
3.	PPJ Berkat	14 (BWH) Lorong Jed 1, Nadi Kota, 26400 Bandar Pusat Jengka, Pahang.	Submitted	Obtained	Completed	Issued	Up to 3 months
4.	PPJ Maju	46-G (Ground Floor), Jalan Merdeka Pekan Ampang, Main Street Pekan Ampang, 68000 Ampang, Selangor.	Submitted	Obtained	On-going	Pending approval and issuance of pawnbroking licence	Up to 6 months
5.	PPJ Mandiri	No.69-LG & G, Jalan Melati Utama 4, Taman Melati Utama, Setapak, Kuala Lumpur	Submitted	Obtained	On-going	Pending approval and issuance of pawnbroking licence	Up to 6 months

Note:

* Estimated timeframe to commence pawnbroking operations subject to the receipt of proceeds raised from the IPO.

6. BUSINESS OVERVIEW (Cont'd)

Following the approval by KPKT on the locations for the 2 new pawnbroking outlets (i.e. PPJ Maju and PPJ Mandiri), the renovation has commenced in the 4th quarter of 2021.

The expected timeline for the completion of renovation, approval of relevant licences, and to operationalise each new pawnbroking outlet ranges approximately from 6 to 9 months from the initial application of final approval for the pawnbroking licence from KPKT, taking into consideration of the impact of the COVID-19.

We intend to commence operations of these 5 new pawnbroking outlets immediately after our Listing subject to the completion of renovation for PPJ Maju and PPJ Mandiri and the issuance of pawnbroking licences for PPJ Maju and PPJ Mandiri. We plan to utilise RM19.22 million from our IPO proceeds to fund the working capital (e.g. Cash Capital for the issuance of new pawn loans, rental for the outlets as well as salaries for new employees) of the 5 new pawnbroking outlets.

(ii) Future Expansion of Pawnbroking Outlets

Our business expansion in the long term is premised on the setting up and opening of new pawnbroking outlets and/or acquiring 3rd party pawnbroking outlets to widen our network and increase our market reach. We will raise additional funds from bank borrowings and/or the capital market to finance our business expansion when required.

Beyond the expansion of our 5 new pawnbroking outlets, we intend to further expand our network of pawnbroking outlets within Peninsular Malaysia for a wider market reach. As at the LPD, we have yet to identify the locations for the further expansion of our potential new pawnbroking outlets. The geographical locations for the new pawnbroking outlets in the future will be assessed and identified by our Group as and when the timing is suitable for further expansion.

As at the LPD, save for (i) Expansion of 5 new pawnbroking outlets; and (ii) Future expansion of pawnbroking outlets, we have not identified any specific acquisition target for our expansion of pawnbroking outlets.

6.6 EMPLOYEES

As at the LPD, we have a total workforce of 92 employees, all of which are Malaysians and permanent employees. The breakdown of our employees by department is depicted as follows:

Department	Number of Employees
	As at LPD
Directors	2
Communications	2
Human resource	2
Business development	2
Finance	4
Operations	
- Central	51
- Northern	19
- Southern	10
Total	92

None of our employees belong to any labour union. In the past 3 FYE 2018 to FYE 2020, FPE 2021 and up to the LPD, there has been no labour disputes pertaining to our employees.

6. BUSINESS OVERVIEW *(Cont'd)*

6.7 PRODUCTION CAPACITY AND UTILISATION RATES

Production capacities and utilisation rates are not applicable in our business model.

6.8 MODE OF MARKETING AND SALES

We have a network of 25 pawnbroking outlets located in Selangor, Kuala Lumpur, Pulau Pinang, Negeri Sembilan, Johor and Perak as set out in Section 6.2.3 of this Prospectus. Our network of pawnbroking outlets enhances our visibility which we believe will continue to grow as our market reach expands.

As regulated by the KPKT, we are only allowed to display signboards in areas within our pawnbroking outlets' premises with a permit granted by the KPKT.

Further, we have a corporate website at <http://pappajack.com.my/>. The corporate website provides our customers with immediate searchable information on our Group, comprising our list of pawnbroking outlets, locations and contact number, as well as the policies established by our Group for corporate governance purposes.

6.9 SEASONALITY

Our Group's business is not subject to any seasonal trends. However, we may experience an increase in the number of redemptions of pledges from our customers prior to a festive period, followed by an increase in level of pawn loans after the corresponding festive period.

6.10 INTERRUPTIONS TO THE BUSINESS

Pursuant to the outbreak of the COVID-19 pandemic, our business and operations faced temporary interruptions with the imposition of MCO by the Government as described below:

(a) Impact on Our Business Operations

In efforts to curb the spread of the COVID-19 virus, the Government announced the implementation of a nationwide MCO, effective 18 March 2020 to 3 May 2020 ("1st MCO"), which caused the closure of all government and private premises except those involved in essential services, unless written permission is obtained from MITI. The imposition of the 1st MCO caused our pawnbroking outlets to be temporarily closed throughout the 1st MCO period as we were not deemed as essential services.

Subsequently, a 1st CMCO was imposed between 4 May 2020 and 9 June 2020, and a RMCO was imposed between 10 June 2020 and 31 August 2020 and subsequently extended to 21 January 2021, where Perlis was the last state to end the RMCO. These subsequent easing of control measures allowed more businesses to operate subject to the adherence to a set of strict standard operating procedures. Upon the implementation of the 1st CMCO on 4 May 2020, the operations of our pawnbroking outlets have resumed.

In view of a surge in COVID-19 cases, another CMCO was reimposed at different durations from October 2020 in states in which our pawnbroking outlets are located at (i.e. Selangor, Kuala Lumpur, Pulau Pinang, Negeri Sembilan, Johor and Perak). As our pawnbroking business is deemed as an essential service by MITI, our pawnbroking outlets were allowed to operate subject to the adherence to a set of strict standard operating procedures.

6. BUSINESS OVERVIEW (Cont'd)

Subsequently, the 2nd CMCO and the 2nd MCO were imposed beginning January 2021 for different durations up to May 2021 in states in which our pawnbroking outlets are located at (i.e. Selangor, Kuala Lumpur, Pulau Pinang, Negeri Sembilan, Johor and Perak), due to the surge in COVID-19 cases. As pawnbroking is categorised under essential services, our pawnbroking outlets were allowed to operate, subject to the compliance to a set of strict standard operating procedures. A 3rd MCO was imposed beginning May 2021 due to the surge in COVID-19 cases. Our pawnbroking outlets were allowed to operate, subject to the compliance to a set of strict standard operating procedures.

Following the resurgence of COVID-19 cases, the Government had implemented a 4-phase recovery plan, known as the NRP beginning 1 June 2021. The phases of NRP varies from one state to another, subject to the Government's announcement. Beginning 5 July 2021, states with lower record of COVID-19 cases were allowed to enter into Phase-2 NRP with further relaxation of economic activities and states which achieved certain threshold of vaccination rate or recorded cases were allowed to enter into Phase-3 NRP and Phase-4 NRP. Our pawnbroking outlets are allowed to operate, subject to the compliance to a set of strict standard operating procedures.

(b) Impact on Our Business Cash Flows, Liquidity, Financial Position and Financial Performance

Due to the temporary closure of pawnbroking outlets throughout the 1st MCO period, we were unable to secure new customers and our existing customers were unable to make new pawn transactions and/or redeem their pledges. As a result, we experienced a decline in pawn transactions in which the pawn transactions in March 2020 amounted to RM8.48 million was lower as compared to February of RM13.47 million. As all our pawnbroking outlets were closed throughout April 2020, we did not record any pawn transactions in April 2020.

With the reopening of pawnbroking outlets upon the implementation of the CMCO on 4 May 2020, we experienced an increase in the number of customers visiting our pawnbroking outlets to seek pawn loans, re-pawn or redeem their pledges. As such, the value of our pawn transactions comprising new pawn and re-pawn transactions, increased to RM16.58 million in May 2020 and RM18.69 million in June 2020.

Our policy for interest charges during the 1st MCO period was as follows:

- If the pawn ticket expires during the 1st MCO period, interest will be charged until the expiration date that falls within the 1st MCO period; and
- If the pawn ticket expires after the 1st MCO period, interest will be charged throughout the 1st MCO period.

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6. BUSINESS OVERVIEW (Cont'd)

Due to the temporary closure of pawnbroking outlets throughout the 1st MCO period, we did not take possession of pledges upon the expiration of pawn tickets during the period. Upon reopening of our pawnbroking outlets, we provided a grace period of up to 4 weeks for customers to redeem or re-pawn the pledges. Thereafter, if our customers did not redeem the pledges and had no intention to redeem the pledges, we proceeded with the sale of the unredeemed or bid pledges in accordance with procedures under the Pawnbrokers Act 1972. Further, throughout the 1st MCO and 2nd MCO, no public auctions were allowed, as such, our Group did not bid and purchase the unredeemed pledges which subsequently delayed our cash recovery process. As such, as a result of the 1st MCO and 2nd MCO, our Group experienced extended holding periods of up to 3 months for the sale of unredeemed or bid pledges to the scrap collectors in the FYE 2020 and FYE 2021. In total, during the 1st MCO and 2nd MCO, our Group experienced holding periods of up to 7 months for each MCO period, from the day the pawn tickets expired, up to the sale of unredeemed or bid pledges to the scrap collectors. The 7 months are inclusive of the period for reminder notice of expiration of pawn tickets of up to 1 month, the grace period of up to 1 month for customers to redeem or re-pawn the pledges, the extended holding period of up to 3 months due to limited public auction activities and the review of pre-auction list by the KPKT of 1 to 2 months. Nevertheless, the longer period taken to liquidate the unredeemed or bid pledges did not adversely impact the cash flow and liquidity of our Group as once public auctions were allowed to be organised after the 1st MCO and 2nd MCO period respectively, we were able to bid, purchase and sell the unredeemed pledges that should have been auctioned during the 1st MCO and 2nd MCO periods. As such, the delay in cash recovery process did not materially affect our financial performance. Throughout the 3rd MCO period and the NRP, public auctions are allowed and our cash recovery process can be conducted on a timely manner.

As at the LPD, we have cash and bank balances of approximately RM11.74 million, indicating that the COVID-19 pandemic has not adversely impacted the cash flow and liquidity of our Group. Kindly refer to Section 12 of this Prospectus for information on our cash and bank balances.

(c) Impact to Our Business and Earnings Prospects

As a result of the COVID-19 pandemic, the demand for short-term micro-loans, including pawn loans increased to ease financial difficulties caused by the adverse economic conditions which affected businesses and employments. This is reflected in the value of our pawn transactions in May 2020 of RM16.58 million and June 2020 of RM18.69 million, which increased by 23.09% and 38.75% respectively as compared to our pawn transactions pre-COVID-19 in February 2020 of RM13.47 million.

(d) Strategy and Steps Taken to Address the Impact of COVID-19

In response to the COVID-19 pandemic, our Group has established a standard safety protocol in accordance with the guidelines and standard operating procedures on COVID-19 prevention to protect our staffs and customers against potential COVID-19 infection.

The infection control measures include amongst others:

- (i) Wearing of face masks in our premises;
- (ii) Taking and recording of body temperature before entering our premises;

6. BUSINESS OVERVIEW (Cont'd)

- (iii) Scanning to check-in and checking of risk profile through the MySejahtera mobile application before entering our premises;
- (iv) Frequent sanitising and washing of hands prior to entering our premises;
- (v) Sanitising all common areas of our business premises and work places at all times after usage or attendance of customers;
- (vi) Enforcing and practicing 1 metre physical distancing; and
- (vii) Any infected employee will be quarantined and we will close our affected pawnbroking outlets for disinfection and for all employees of the affected pawnbroking outlets and their close contact in our Group to undergo COVID-19 screening tests.

While our Group has incurred additional costs in adhering to the infection control measures as per the standard operating procedures issued by MITI, the costs are not material.

(e) COVID-19 Incidents

Despite having the abovementioned infection control measures in place, on 11 January 2021, an outlet personnel from one of our pawnbroking outlets tested positive for COVID-19. Upon confirmation of the positive COVID-19 test result, 10 employees (i.e. all outlet personnel who reported to work at the pawnbroking outlet, Area Managers, Branch Manager and Operation Manager) who were in close contact with the infected outlet personnel were immediately notified to undergo COVID-19 tests, and 6 of these close contacts tested positive for COVID-19. Upon testing, all 7 infected employees were required to undergo self-quarantine in compliance with the standard operating procedures of the Ministry of Health Malaysia and were on medical leave for 2 weeks, while the 4 remaining employees who tested negative were requested to work from home for 2 weeks.

The affected pawnbroking outlet was temporarily closed from 11 January 2021 to 14 January 2021 for disinfection and resumed its operations on 15 January 2021. 2 outlet personnel from other pawnbroking outlets were temporarily placed at the affected pawnbroking outlet to ensure business continuity. Save for the COVID-19 testing costs and disinfection costs which amounted to less than RM5,000 and the temporary closure from 11 January 2021 to 14 January 2021, there was no other impact to our business and operations.

In February 2022, 8 employees from 3 pawnbroking outlets and our headquarters were tested positive for COVID-19. Upon testing, all 8 infected employees were required to undergo home quarantine in compliance with the standard operating procedures of the Ministry of Health Malaysia. Employees that were in close contact with the infected employees were immediately notified to undergo COVID-19 tests, and were all tested negative. Nevertheless, the close contacts were also required to undergo home quarantine in compliance with the standard operating procedures of the Ministry of Health Malaysia.

The affected pawnbroking outlets and our headquarters were disinfected on the same day upon notification of the infected cases by our employees. Outlet personnel from other pawnbroking outlets were temporarily placed at the affected pawnbroking outlets to ensure business continuity. Save for the COVID-19 testing costs and disinfection costs amounting to RM5,100, there was no other impact to our business and operations.

6. BUSINESS OVERVIEW (Cont'd)

Our policy for interest charges applicable during the closure of the affected pawnbroking outlet due to COVID-19 incident is as follows:

- If the pawn ticket expires during the closure of the affected pawnbroking outlet, interest will be charged until the expiration date that falls during the period of closure of the affected pawnbroking outlet.
- If the pawn ticket expires after the closure of the affected pawnbroking outlet, interest will be charged throughout the closure of the affected pawnbroking outlet.

Save for the abovementioned, we did not experience material impact to our business and earnings.

As at the LPD, we are not in breach of any laws relating to COVID-19 restrictions which may lead to penalties by the relevant authorities. Further, our financial position does not deter our plan to implement our business strategies as detailed in Section 6.5.

Further, PG TSE which is located in Shah Alam, Selangor was temporary closed between 19 December 2021 and 26 December 2021 due to flooding and subsequent clean up after the floodwater had receded. Cash and customers' pledges of PG TSE were protected from the flood as they were kept in the vault and safe. However, some of the interior fittings, furniture, electrical appliances and operating equipment (e.g. computers, printers) at PG TSE were damaged and were required to be repaired or replaced. The estimated cost for the repair and replacement of fittings, furniture, electrical appliances and operating equipment amounted to approximately RM50,000. We have filled for an insurance claim, however as at the LPD, the insurance claim is still under processing and we will only receive the insurance compensation upon approval by the insurance company. If the insurance claim is not approved, the loss caused by flooding will be borne by our Group.

Save for the abovementioned, we have not experienced any other major interruptions to our business and our operations for the past 12 months preceding the LPD.

6.11 MAJOR CUSTOMERS

Our revenue streams can be segmented into revenue from monthly interest charges and administrative fees from our pawnbroking services and the sale of unredeemed or bid pledges. Revenue from monthly interest charges and administrative fees is derived from our walk-in customers who are pawners and the contribution from each customer as a percentage of our Group's revenue is negligible. Please refer to Section 6.2.4 of this Prospectus for further details on revenue derived from our walk-in customers.

Type of walk-in individual customers

The breakdown of the type of walk-in customers is as follows:

Type of walk-in customers	FYE 2018		FYE 2019		FYE 2020		FPE 2021	
	No. of customer	%	No. of customer	%	No. of customer	%	No. of customer	%
Malaysians	35,318	88.41	65,838	86.51	102,575	87.26	98,187	87.46
Foreigners	4,632	11.59	10,269	13.49	14,979	12.74	14,075	12.54
Total	39,950	100.00	76,107	100.00	117,554	100.00	112,262	100.00

6. BUSINESS OVERVIEW (Cont'd)

Majority of our walk-in individual customers are Malaysians, comprising 88.41%, 86.51% and 87.26% of our Group's total walk-in customers for the past 3 FYE 2018 to FYE 2020 and FPE 2021, respectively. The remaining of our walk in individual customers are foreigners comprising 11.59%, 13.49% and 12.74% and 12.54% of our Group's total walk-in customers for the past 3 FYE 2018 to FYE 2020 and FPE 2021, respectively.

Revenue from the sale of unredeemed or bid pledges is derived from scrap collectors and watch purchasers through an online luxury watch trading platform. In the past 3 FYE 2018 to FYE 2020 and FPE 2021, over 98.00% of our pledges are gold pledges (i.e. gold jewellery, gold bars and gold coins). As such, our major customers only comprise scrap collectors who purchase our unredeemed or bid pledges of gold, as follows:

FYE 2018

Major Customers ⁽¹⁾	Length of Business Relationship (Years) ⁽²⁾	FYE 2018	
		RM'000	%
Customer A ⁽³⁾	4	4,444	44.40
Customer B ⁽⁴⁾	2	470	4.70
Revenue from the sale of unredeemed or bid pledges		4,914	49.10
Total revenue		10,010	100.00

FYE 2019

Major Customers ⁽¹⁾	Length of Business Relationship (Years) ⁽²⁾	FYE 2019	
		RM'000	%
Customer A ⁽³⁾	4	5,230	27.23
Customer C ⁽⁵⁾	1	1,409	7.34
Customer B ⁽⁴⁾	2	1,272	6.62
Customer D ⁽⁶⁾	1	264	1.37
Revenue from the sale of unredeemed or bid pledges		8,175	42.56
Total revenue		19,207	100.00

6. BUSINESS OVERVIEW (Cont'd)**FYE 2020**

Major Customers ⁽¹⁾	Length of Business Relationship (Years) ⁽²⁾	FYE 2020	
		RM'000	%
Customer A ⁽³⁾	4	5,591	18.17
Customer E ⁽⁷⁾	2	3,515	11.42
Customer B ⁽⁴⁾	2	3,036	9.87
Customer C ⁽⁵⁾	1	973	3.16
Revenue from the sale of unredeemed or bid pledges		13,115	42.62
Total revenue		30,769	100.00

FPE 2021

Major Customers ⁽¹⁾	Length of Business Relationship (Years) ⁽²⁾	FPE 2021	
		RM'000	%
Customer E ⁽⁷⁾	2	9,186	99.86
Customer A ⁽³⁾	4	13	0.14
Revenue from the sale of unredeemed or bid pledges		9,199	36.21
Total revenue		25,407	100.00

Notes:

- (1) For the FYE 2018, FYE 2019 and FYE 2020, we have 2, 4 and 4 major customers, respectively, who are scrap collectors which we sell the unredeemed or bid pledges to. The above are all our scrap collectors for the past 3 FYEs.
- (2) For scrap collectors which are our customers as at the LPD (i.e. Customer A and Customer E), the length of business relationship was calculated based on the date since these scrap collectors began to purchase unredeemed or bid pledges from our Group, up to the LPD. For Customer B, Customer C and Customer D, the length of business relationship was calculated based on the date since these scrap collectors began to purchase unredeemed or bid pledges from our Group up to the date which these scrap collectors last transacted with us.
- (3) Customer A, a gold bullion trader based in Selangor. Customer A is not listed on any stock exchange. We do not have a non-disclosure agreement with Customer A. However, Customer A has informed us in writing that it is not agreeable to be named in this Prospectus due to the nature of its business and to ensure the safety of its personnel who are involved in its business operations, therefore, we are not able to disclose its name.

6. BUSINESS OVERVIEW (Cont'd)

- (4) *Customer B, a gold bullion trader based in Selangor. Customer B is a subsidiary of a public listed company which is listed on the LEAP Market of Bursa Securities. We do not have a non-disclosure agreement with Customer B. However, due to the nature of its business and to ensure the safety of its personnel who are involved in its business operations, we will not disclose its name. After the FYE 2020, no unredeemed or bid pledges were sold to Customer B. However, there is nothing to prevent Customer B from being our customer again in the future.*
- (5) *Customer C, a retailer and wholesaler of jewellery and gold bullion trader based in Kuala Lumpur. Customer C is not listed on any stock exchange. We do not have a non-disclosure agreement with Customer C. However, due to the nature of its business and to ensure the safety of its personnel who are involved in its business operations, we will not disclose its name. After the FYE 2020, no unredeemed or bid pledges were sold to Customer C. However, there is nothing to prevent Customer C from being our customer again in the future.*
- (6) *Customer D, a gold bullion trader based in Pulau Pinang. Customer D is not listed on any stock exchange. We do not have a non-disclosure agreement with Customer D. However, due to the nature of its business and to ensure the safety of its personnel who are involved in its business operations, we will not disclose its name. After the FYE 2019, no unredeemed or bid pledges were sold to Customer D. However, there is nothing to prevent Customer D from being our customer again in the future.*
- (7) *Customer E, a gold bullion trader based in Selangor. Customer E is not listed on any stock exchange. We do not have a non-disclosure agreement with Customer E. However, Customer E has informed us in writing that it is not agreeable to be named in this Prospectus due to the nature of its business and to ensure the safety of its personnel who are involved in its business operations, therefore, we are not able to disclose its name.*

The sale of unredeemed or bid pledges to scrap collectors are on cash terms. We are not dependent on any of our major customers for the sale of unredeemed or bid pledges of gold as gold bullion traders are easily sourced in Malaysia. We also do not sell unredeemed or bid pledges of gold to any jewellery retailers. There is no family relationship and/or association between the scrap collectors and any of our Directors, Promoters, substantial shareholders, Key Management and/or employees.

6.12 MAJOR SUPPLIERS

We do not have any major suppliers due to the nature of our pawnbroking business as we do not purchase or require any supplies for the operation of our business. The unredeemed or bid pledges which we sell to scrap collectors and watch purchasers through an online luxury watch trading platform are received from our customers who are individuals who pawn these pledges for pawn loans.

6.13 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

We do not purchase or require any supplies for the operation of our business. The unredeemed or bid pledges which we sell to scrap collectors and watch purchasers through an online luxury watch trading platform are received from our customers who are individuals who pawn these pledges for pawn loans.

6. BUSINESS OVERVIEW (Cont'd)

In the past 3 FYE 2018 to FYE 2020, FPE 2021 and up to the LPD, our Cash Capital is generated from internally generated funds, as well as capital injections from shareholders and shareholders' advances. Details on our sources of Cash Capital for the past 3 FYE 2018 to FYE 2020 and FPE 2021 is as follows:

Sources of Cash Capital	FYE 2018	FYE 2019	FYE 2020	FPE 2020	FPE 2021
Internally generated funds ⁽ⁱ⁾ (RM'000)	2,220	3,169	9,886	7,278	7,083
Capital injections from shareholders (RM'000)	10,287	29,551	34,113	28,913	⁽ⁱⁱⁱ⁾ (42)
Shareholders' advances (RM'000)	-	-	12,000	-	-
	10,287	29,551	46,113	28,913	(42)
Total	12,507	32,720	55,999	36,191	7,041

Notes:

- (i) Based on the PAT of our Group after adjusting for non-cash items.
(ii) There is no capital injections from shareholders in the FPE 2021. The amount relates to the repayment of advances to shareholders.

6.14 INSURANCE

As at the LPD, our Group has taken up jeweller's block insurance policy for each of our 25 pawnbroking outlets which are in operations, as well as 3 pawnbroking outlets that have obtained the pawnbroking licence but have yet to commence business operations. The details of the jeweller's block insurance coverage for the FYE 2018 to FYE 2020 and the subsequent financial period up to the LPD are as follows:

Financial years	Amount (RM' Million)
FYE 2018	21.00
FYE 2019	40.00
FYE 2020	73.50
From 1 January 2021 to the LPD	135.63

In December 2021, we filed for an insurance claim which amounted to approximately RM50,000 to recover our loss caused by flooding which damaged the fittings, furniture, electrical appliances and operating equipment of PG TSE, our pawnbroking outlet located in Shah Alam, Selangor. As at the LPD, the insurance claim is still under processing and we will only receive the insurance compensation upon approval by the insurance company. If the insurance claim is not approved, the loss caused by flooding will be borne by our Group. Save for the above claim, our Group has not made any other material claims under the jeweller's block insurance policies with the third party insurance providers in the past 3 FYE 2018 to FYE 2020 and up to the LPD.

6. BUSINESS OVERVIEW (Cont'd)

Under the jeweller's block insurance policy, the stock and merchandise used in the conduct of our pawnbroking business and properties of or entrusted to our pawnbroking outlets are insured against loss or damage by, amongst others, fire, natural disasters, explosion, burglary or theft, but subject to terms, conditions and limitation of the jeweller's block insurance policy. Further, the jeweller's block insurance policy also covers the unredeemed pledges which are removed from our pawnbroking outlets and are in transit by our employees for the purpose of public auctions and for the sale to scrap collectors and watch purchasers.

Save for any exclusions and limitations of liability (e.g. war, act of terrorism and radioactive contamination) as stated in the jeweller's block insurance policy, the jeweller's block insurance policy and coverage we have subscribed for each of our pawnbroking outlets is adequate for our business and operational needs. To ensure that we have constant adequate insurance coverage, we periodically conduct reviews on our insurance coverage.

Further, we will purchase additional insurance for the transit of unredeemed pledges by third-party logistics providers.

6.15 RESEARCH AND DEVELOPMENT

We do not engage in any research and development activities as it is not the nature of our business to engage in such activities.

6.16 TECHNOLOGY USED

Our Group utilises a pawn software system for our business operations. The pawn software system facilitates the automation and streamlining of our pawnbroking services. It comprises various functions amongst others, auto calculation of loan amount and interest rate, tracking of pawn transactions, issuance of pawn tickets and management of pledges. It also assists in generating administrative reports such as monthly activity reports, as well as pre-auction and final auction lists.

Our main servers are located at our pawnbroking outlets. As an additional precautionary measure, we maintain a back-up server off-site at our headquarters. We store our data in separate locations to minimise the risk of any incidence of data loss.

We monitor the pawn software system and have in place anti-virus software together with periodic checks to prevent, detect, address and mitigate the risk of unauthorised access, misuse, computer viruses and other events that could have an impact on our business operation.

6.17 DEPENDENCY ON CONTRACTS, AGREEMENTS, DOCUMENTS OR OTHER ARRANGEMENTS

As at the LPD, save for the licenses disclosed in Section 6.18 of this Prospectus, our Group is not materially dependent on any contracts, arrangements or any matters that could affect our business or profitability.

6. BUSINESS OVERVIEW (Cont'd)

6.18 APPROVALS, MAJOR LICENCES, PERMITS AND REGISTRATIONS

As at the LPD, we hold the following major licences and permits for our business operations:

6.18.1 Pawnbroker's Licence

No.	Holder Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Reference No.	Permit/ Licence No.	Date Issuance/ Validity	Salient Conditions Imposed	Status of Compliance
1.	DGH	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 48, Ground Floor, Jalan Padi 1, Taman Uda, Tampoi, 81200 Johor Bahru, Johor	GL22993/01/01-2/040224		05.02.2022 – 04.02.2024	(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein. (b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT. (c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) Pawnbrokers Act 1972 for the period commencing from 05.02.2022 to 04.02.2024.	Complied Noted Noted
2.	DG Kapar	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 22, Jalan Besar Pekan Kapar, 42200 Klang, Selangor	GL2265/10/01-2/150823		16.08.2021 – 15.08.2023	(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein. (b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.	Complied Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Permit	Licence/ Reference No.	Permit/ Reference No.	Date Issuance/ Validity	Salient Conditions Imposed	Status of Compliance
3.	DGM	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 4919, Jalan Bagan Luar, 12000 Butterworth, Pulau Pinang	GL2285/07/01-2/250923		26.09.2021 – 25.09.2023	<p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) Pawnbrokers Act 1972 for the period commencing from 16.08.2019 to 15.08.2021.</p> <p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p> <p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) Pawnbrokers Act 1972 for the period commencing from 26.09.2019 to 25.09.2021.</p>	Noted Complied Noted Noted
4.	DG Sel	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 25G, Jalan Besar, Pekan Semenyih, 43500 Semenyih, Selangor	GL2301/10/01-2/090224		10.02.2022 – 09.02.2024	<p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p>	Complied Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Reference No.	Permit/ Licence No.	Date Issuance/ Validity	Salient Conditions Imposed	Status of Compliance
5.	DG Holdings	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: 590, Jalan SS9A/14, Seri Setia, 47300 Petaling Jaya, Selangor	GL2263/10/01-2/060823		07.08.2021 – 06.08.2023	<p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) PA 1972 for the period commencing from 10.02.2020 to 09.02.2022.</p> <p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p> <p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) Pawnbrokers Act 1972 for the period commencing from 07.08.2019 to 6.8.2021.</p>	<p>Noted</p> <p>Complied</p> <p>Noted</p> <p>Noted</p>
6.	PG Bertuah	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: A-01-01, Pangsapuri Aman, Jalan Prima 6/1, Taman Puchong Prima, Puchong, 47100 Puchong, Selangor	GL1787/10/01-5/161223		17.12.2021 – 16.12.2023	<p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p>	<p>Complied</p> <p>Noted</p>

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Permit	Licence/ Approval/ Licence/ Permit	Licence/ Reference No.	Permit/ Validity	Date Issuance/ Validity	Salient Conditions Imposed	Status of Compliance
7.	PG BT Cleaning	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 46A, Lintang Angsana, Bandar Baru Air Itam, 11500 Ayer Itam, Pulau Pinang		GL2212/07/01-2/311222		01.01.2021 – 31.12.2022	<p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) Pawnbrokers Act 1972 for the period commencing from 17.12.2019 to 16.12.2021.</p> <p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p> <p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) Pawnbrokers Act 1972 for the period commencing from 01.01.2019 to 31.12.2020.</p>	Noted Complied Noted Noted
8.	PG Consistent Reach	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 6, Ground Floor, Jalan PJU 5/8, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor		GL2220/10/01-2/311022		01.11.2020 – 31.10.2022	<p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p>	Complied Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Permit	Licence/ Approval/ Licence/ Reference No.	Permit/ Validity	Date Issuance/ Validity	Salient Conditions Imposed	Status of Compliance
9.	PG Mashita	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 7-G (Ground Floor), Jalan Pandan 3/5, Pandan Jaya, 55100 Kuala Lumpur, Wilayah Persekutuan, Kuala Lumpur	GL2272/14/01-2/170923		18.09.2021 – 17.09.2023	<p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) of the Pawnbrokers Act 1972 for the period commencing from 01.11.2018 to 31.10.2020</p> <p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p> <p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) of the Pawnbrokers Act 1972 for the period commencing from 18.09.2019 to 17.09.2021.</p>	Noted Complied Noted Noted
10.	PG Pappajack	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 27, Jalan Bayu Tinggi 7, Taman Bayu Tinggi Klang, 41200 Klang, Selangor	GL1872/10/01-5/310124		01.02.2022 – 31.01.2024	<p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p>	Complied Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Reference No.	Permit/ Reference No.	Date Issuance/ Validity	Salient Conditions Imposed	Status of Compliance
11.	PG Pappajack Sehati	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: Blok A, No. 23A-A, Sunway Prima, Lintang Sungai Tiram 5, 11900 Bayan Lepas, Pulau Pinang	GL2096/07/01-3/300922		01.10.2020 – 30.09.2022	<p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) of the Pawnbrokers Act 1972 for the period commencing from 01.02.2020 to 31.01.2022</p> <p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p> <p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) of the Pawnbrokers Act 1972 for the period commencing from 01.10.2018 to 30.09.2020</p>	Noted Complied Noted Noted
12.	PG PPJ	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 13-0-4, Jalan 2/112A, Taman Angkasapuri, Pantai Dalam, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	GL2117/14/01-3/310823		01.09.2021 – 31.08.2023	<p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p>	Complied Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Permit	Licence/ Approval/ Licence/ Permit	Licence/ Reference No.	Permit/ Issuance/ Validity	Date of Issuance/ Validity	Salient Conditions Imposed	Status of Compliance
13.	PG PPJack	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: 44A, Jalan TK 1/11A, Taman Kinrara Seksyen 1 Batu 7 1/2, Jalan Puchong, 47180 Puchong, Selangor		GL2121/10/01-2/280221		01.03.2021 – 28.02.2023	<p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 1(1) of the Pawnbrokers Act 1972 for the period commencing from 01.09.2019 to 31.08.2021.</p> <p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p> <p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 1(1) of the Pawnbrokers Act 1972 for the period commencing from 1.3.2017 to 28.02.2019.</p>	Noted Complied Noted Noted
14.	PG PPJ Sehati	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 5, Ground Floor, Jalan Raya Timur KS1, 41000 Klang Selangor		GL2124/10/01-3/310523		01.06.2021 – 31.05.2023	<p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p>	Complied Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Permit	Licence/ Approval/ Licence/ Reference No.	Permit/ Reference No.	Date Issuance/ Validity	Salient Conditions Imposed	Status of Compliance
15.	PG PPJ Sejiwa	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: Ground Floor of 8, Jalan CM Yusuff, Jalan C.M. Yusuff, 30250 Ipoh, Perak	GL2297/08/01-2/180224		19.02.2022 – 18.02.2024	<p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) of the Pawnbrokers Act 1972 for the period commencing from 01.06.2019 to 31.05.2021.</p> <p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p> <p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) Pawnbrokers Act 1972 for the period commencing from 19.2.2020 to 18.02.2022</p>	Noted Complied Noted Noted
16.	PG Tetap Sejiwa	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No.11, Jalan 1/116B, Kuchai Entrepreneurs Park, Kuchai Lama, 58200 Kuala Lumpur, Wilayah Kuala Lumpur	GL1533/14/01-5/080722		09.07.2020 – 08.07.2022	<p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p>	Complied Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Reference No.	Permit/ Licence No.	Date Issuance/ Validity	Salient Conditions Imposed	Status of Compliance
17.	PG TMI	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 19, P.T. 20611, Jalan PJU 5/1, Taman Puchong Utama, 47140 Puchong, Selangor	GL2262/10/01-2/310523		01.06.2021 – 31.05.2023	<p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) of the Pawnbrokers Act 1972 for the period commencing from 09.07.2018 to 08.07.2020.</p> <p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p> <p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) Pawnbrokers Act 1972 for the period commencing from 01.06.2019 to 31.05.2021</p>	Noted Complied Noted Noted
18.	PG TSE	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 20-G (Ground Floor), Jalan Murni 25/61, Taman Sri Muda, Seksyen 25 40400 Shah Alam, Selangor	GL2237/10/01-2/311222		01.01.2021 – 31.12.2022	<p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p>	Complied Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Reference No.	Permit/ Reference No.	Date Issuance/ Validity	Salient Conditions Imposed	Status of Compliance
19.	Pappajack Holdings	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 42, Jalan Dato Bandar Tunggal, 70000 Seremban, Negeri Sembilan	GL2275/05/01-2/170923		18.09.2021 – 17.09.2023	<p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) Pawnbrokers Act 1972 for the period commencing from 01.01.2019 to 31.12.2020.</p> <p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p> <p>(c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) Pawnbrokers Act 1972 for the period commencing from 18.09.2019 to 17.09.2021.</p>	Noted Complied Noted Noted
20.	PPJ Abadi	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 4, Jalan Barau 1, Kampung Baru Skudai, 81300 Skudai, Johor	GL2347/01/01-1/160822		17.08.2020 – 16.08.2022	<p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p>	Complied Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Reference No.	Permit/ Reference No.	Date Issuance/ Validity	Saillant Conditions Imposed	Status of Compliance
21.	PPJ Consistent Reach	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 369, 369-1, Jalan 1A/3, Bandar Baru Sungai Buloh, 47000 Sungai Buloh, Selangor	GL2276/10/01-2/170923		18.09.2021 – 17.09.2023	(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein. (b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT. (c) The renewal of the licence does not preclude the right of KPKT to enforce its powers under section 11(1) Pawnbrokers Act 1972 for the period commencing from 18.09.2019 to 17.09.2021.	Complied Noted Noted
22.	PPJ Makmur	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 241, Ground Floor, Jalan Pasar, 14000 Bukit Mertajam, Pulau Pinang	GL2350/07/01-1/111022		12.10.2020 – 11.10.2022	(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein. (b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.	Complied Noted
23.	PPJ Rezeki	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 27, Jalan Besar, 31200 Chemor, Perak	GL2351/08/01-1/170822		18.08.2020 – 17.08.2022	(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein. (b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.	Complied Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Reference No.	Permit/ Reference No.	Date Issuance/ Validity	Saillant Conditions Imposed	Status of Compliance
24.	PPJ Sinar	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 16, Ground Floor, Jalan Pos Baharu, 41300 Klang, Selangor	GL2338/10/01-1/160822		17.08.2020 – 16.08.2022	(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein. (b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.	Complied Noted
25.	PPJ Sejaya	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 279 (Ground Floor), Jalan Burma, 10350 Pulau Pinang	GL2349/07/01-1/111022		12.10.2020 – 11.10.2022	(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address as stated therein. (b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.	Complied Noted
26.	PPJ Sukses ⁽¹⁾	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 170, Jalan Atas, 14300 Nibong Tebal, Pulau Pinang	GL2358/07/01-1/10323		01.04.2021 – 31.03.2023	(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address stated herein. (b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.	Complied Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/Certificate	Approving Authority/Issuer	Type of Approval/Permit	Licence/Reference No.	Permit/Reference No.	Date Issuance/Validity	Salient Conditions Imposed	Status of Compliance
27.	PPJ Landas Emas ⁽¹⁾	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 11A, Jalan TK1/11A, Taman Kinrara, Seksyen 1, 47180 Puchong, Selangor	GL2368/10/01-1/020923	GL2368/10/01-1/020923	03.09.2021 - 02.09.2023	<p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address stated herein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p>	Complied
28.	PPJ Berkat ⁽¹⁾	KPKT	Licence to operate and carry out pawnbroking activities at the address known as: No. 14 (BWH), Lorong JED 1, Nadi Kota, 26400 Bandar Jengka, Pahang	GL2397/06/01-1/010923	GL2397/06/01-1/010923	02.09.2021 - 01.09.2023	<p>(a) All pawnbroking transactions shall be carried out on the name of the pawnbroker's licence holder and at the address stated herein.</p> <p>(b) The licence cannot be transferred or be caused to allow any other party rights to use the licence without the prior consent of the KPKT.</p>	Complied

Note:

(1) As at the LPD, PPJ Sukses, PPJ Landas Emas and PPJ Berkat have yet to commence its pawnbroking business.

None of the pawnbroker licences under the pawnbroking outlets of the Pappajack Group have been subject to revocation or suspension by the KPKT since the commencement of the business operations of each pawnbroking outlet up to the LPD.

6. BUSINESS OVERVIEW (Cont'd)

As at the LPD, there are a total of 10 pawnbroking outlets, which pawnbroking licence have a validity of less than 12 months. The details of such pawnbroking outlets are as follows:

No.	Holder of Licence/ Certificate	Pawnbroking outlet	Licence/ Permit/ Reference No.	Date of Issuance/ Validity
1.	PG Consistent Reach	No. 6, Ground Floor, Jalan PJU 5/8, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor	GL2220/10/01-2/311022	01.11.2020 – 31.10.2022
2.	PG Pappajack Sehati	Blok A, No. 23A-A, Sunway Prima, Lintang Sungai Tiram 5, 11900 Bayan Lepas, Pulau Pinang	GL2096/07/01-3/300922	01.10.2020 – 30.09.2022
3.	PG Tetap Sejiwa	No. 11, Jalan 1/116B, Kuchai Entrepreneurs Park, Kuchai Lama, 58200 Kuala Lumpur, Wilayah Kuala Lumpur	GL1533/14/01-5/080722	09.07.2020 – 08.07.2022
4.	PPJ Abadi	No. 4, Jalan Barau 1, Kampung Baru Skudai, 81300 Skudai, Johor	GL2347/01/01-1/160822	17.08.2020 – 16.08.2022
5.	PPJ Makmur	No. 241, Ground Floor, Jalan Pasar, 14000 Bukit Mertajam, Pulau Pinang	GL2350/07/01-1/111022	12.10.2020 – 11.10.2022
6.	PPJ Rezeki	No. 27, Jalan Besar, 31200 Chemor, Perak	GL2351/08/01-1/170822	18.08.2020 – 17.08.2022
7.	PPJ Sinar	No. 16, Ground Floor, Jalan Pos Baharu, 41300 Klang, Selangor	GL2338/10/01-1/160822	17.08.2020 – 16.08.2022
8.	PPJ Sejaya	No. 279 (Ground Floor), Jalan Burma, 10350 Pulau Pinang	GL2349/07/01-1/111022	12.10.2020 – 11.10.2022
9.	PG BT Cleaning	No. 46A, Lintang Angsana, Bandar Baru Air Itam, 11500 Ayer Itam, Pulau Pinang	GL2212/07/01-2/311222	01.01.2021 – 31.12.2022
10.	PG TSE	No. 20-G (Ground Floor), Jalan Murni 25/61, Taman Sri Muda, Seksyen 25 40400 Shah Alam, Selangor	GL2237/10/01-2/311222	01.01.2021 – 31.12.2022

6. BUSINESS OVERVIEW (Cont'd)

Based on the guidelines issued by the KPKT, application for renewal of pawnbroking licences will need to be submitted not less than 60 days before their date of expiry. For the pawnbroking outlets above, where their pawnbroking licences have a remaining validity period of less than 12 months, our usual practice is that applications for renewal will be submitted 3 months before the date of expiry of the pawnbroking licences. Based on our previous renewal applications, KPKT will process our application and issue the renewed pawnbroking licences before the expiry of the pawnbroking license, provided that all application documents are in order and the processing fee applicable is properly settled. At this juncture, we do not foresee any issues in renewing the pawnbroking licences which are in due course due for renewal. As at the LPD, we have not experienced any non-approval for the renewal of our pawnbroking licences.

6.18.2 Advertising Permits Issued by KPKT

No.	Holder Licence/Certificate	of Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Reference No.	Permit/ No.	Date of Issuance/ Validity	Major Conditions Imposed	Status of Compliance
1.	DGH	KPKT	Advertising permit for signboard	GP2293/10/01-3/040223		05.02.2022 – 04.02.2023	Nil	Not applicable
2.	DG Kapar ⁽¹⁾	KPKT	Advertising permit for signboard	GP2265/10/01-3/150822		16.08.2021 – 15.08.2022	Nil	Not applicable
3.	DGM ⁽¹⁾	KPKT	Advertising permit for signboard	GP2285/07/01-3/250922		26.09.2021 – 25.09.2022	Nil	Not applicable
4.	DG Sel	KPKT	Advertising permit for signboard	GP2301/10/01-3/090223		10.02.2022 – 09.02.2023	Nil	Not applicable
5.	DG Holdings ⁽¹⁾	KPKT	Advertising permit for signboard	GP2263/10/01-3/060822		07.08.2021 – 06.08.2022	Nil	Not applicable
6.	PG Bertuah ⁽¹⁾	KPKT	Advertising permits for signboard	GP1787/10/01-7/161222		17.12.2021 – 16.12.2022	Nil	Not applicable
7.	PG BT Cleaning	KPKT	Advertising permits for signboard	GP2212/07/01-3/311221		01.01.2021 – 31.12.2022	Nil	Not applicable
8.	PG Consistent Reach ⁽¹⁾	KPKT	Advertising permit for signboard	GP2220/10/01-4/311022		01.11.2021 – 31.10.2022	Nil	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/Certificate	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Reference No.	Permit/ Validity	Date of Issuance/ Validity	Major Conditions Imposed	Status of Compliance
9.	PG Mashita ⁽¹⁾	KPKT	Advertising permit for signboard	GP2272/14/01-3/170922	18.09.2021 – 17.09.2022	Nil	Nil	Not applicable
10.	PG Pappajack	KPKT	Advertising permit for signboard;	GP1872/10/01-6/100123	11.01.2022 – 10.01.2023	Nil	Nil	Not applicable
11.	PG Pappajack Sehati ⁽¹⁾	KPKT	Advertising permit for signboard	GP2096/07/01-5/120622	13.06.2021 – 12.06.2022	Nil	Nil	Not applicable
12.	PG PPJ ⁽¹⁾	KPKT	Advertising permit for signboard	GP2117/14/01-4/310821	01.09.2021 – 31.08.2022	Nil	Nil	Not applicable
13.	PG PPJack ⁽¹⁾	KPKT	Advertising permit for signboard and sticker	GP2121/10/01-4/280222	01.03.2021 – 28.02.2022	Nil	Nil	Not applicable
14.	PG PPJ Sehati	KPKT	Advertising permit for signboard	GP2124/10/01-5/150123	16.01.2022 – 15.01.2023	Nil	Nil	Not applicable
15.	PG PPJ Sejwa	KPKT	Advertising permit for signboard	GP2297/08/01-3/180223	19.02.2022 – 18.02.2023	Nil	Nil	Not applicable
16.	PG Tetap Sejwa ⁽¹⁾	KPKT	Advertising permits: (a) Signboard; (b) Others – LED box	GP1533/14/01-5/080722	09.07.2021 – 08.07.2022	Nil	Nil	Not applicable
17.	PG TMI ⁽¹⁾	KPKT	Advertising permits for signboard	GP2262/10/01-3/310522	01.06.2021 – 31.05.2022	Nil	Nil	Not applicable
18.	PG TSE	KPKT	Advertising permits for signboard	GP2237/10/01-4/311222	01.01.2022 – 31.12.2022	Nil	Nil	Not applicable
19.	Pappajack Holdings ⁽¹⁾	KPKT	Advertising permit for signboard	GP2275/05/01-3/170922	18.09.2021 – 17.09.2022	Nil	Nil	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder Licence/Certificate	of Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Reference No.	Permit/ Issuance/ Validity	Date of Issuance/ Validity	Major Conditions Imposed	Status of Compliance
20.	PPJ Abadi ⁽¹⁾	KPKT	Advertising permit for signboard	GP2347/01/01-2/160822		23.09.2021 – 16.08.2022	Nil	Not applicable
21.	PPJ Consistent Reach ⁽¹⁾	KPKT	Advertising permit for signboard	GP2276/10/01-3/170922		18.09.2021 – 17.09.2022	Nil	Not applicable
22.	PPJ Makmur ⁽¹⁾	KPKT	Advertising permit for signboard	GP2350/07/01-2/111022		12.10.2021 – 11.10.2022	Nil	Not applicable
23.	PPJ Rezeki ⁽¹⁾	KPKT	Advertising permit for signboard	GP2351/08/01-2/170822		23.09.2021 – 17.08.2022	Nil	Not applicable
24.	PPJ Sinar ⁽¹⁾	KPKT	Advertising permit for signboard	GP2338/10/01-2/160822		23.09.2021 – 16.08.2022	Nil	Not applicable
25.	PPJ Sejaya ⁽¹⁾	KPKT	Advertising permit for signboard	GP2349/07/01-2/111022		12.10.2021 – 11.10.2022	Nil	Not applicable
26.	PPJ Sukses ⁽¹⁾	KPKT	Advertising permit for signboard	GP2358/07/01-1/200422		21.04.2021 – 20.04.2022	Nil	Not applicable

Note:

- (1) In accordance with Rule 7 of the Pawnbroker (Control and Licensing) Regulations 2004, the application for renewal in respect of an advertising permit will only be required to be submitted not less than 60 days before its date of expiry. For the pawnbroking outlets above, where their advertising permits have a remaining validity of less than 12 months, our usual practice is that applications for renewal will be submitted 3 months before the date of expiry. Based on our previous renewal applications, KPKT will process the application and issue the renewed advertising permits before the expiry of the pawnbroking license, provided that all application documents are in order and the processing fee applicable is properly settled. At this juncture, we do not foresee any issues in renewing the advertising permits which are in due course due for renewal.

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6. BUSINESS OVERVIEW (Cont'd)

As at the LPD, there are a total of 25 pawnbroking outlets for which their advertising permits have a remaining validity period of less than 12 months. Our Group has renewed the advertising permits for 1 pawnbroking outlet out of the 26 pawnbroking outlets. The details of such pawnbroking outlets and the details of their renewed advertising permits are as follows:

No.	Holder of Licence/ Certificate	Type of Approval/ Licence/ Permit	Renewed Licence/ Permit/ Reference No.	Date of Issuance of Renewed Licence/ Validity
1.	PG PPJack	Advertising permit for signboard	GP2121/10/01-6/280223	1.3.2022 – 28.2.2023

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6. BUSINESS OVERVIEW (Cont'd)

6.18.3 Permits Issued by Local Authorities

Holder of Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Permit/ Reference No. (1)	Date of Issuance/ Validity	Major Conditions Imposed	Status of Compliance
1. DGH	Majlis Bandaraya Johor Bahru	(a) Licence to operate pawnbroking business; (b) Signboard RM100.00 per unit x 3	2020/55/LI/B0182/3	01.01.2022 – 31.12.2022	Nil	Not applicable
2. DG Kapar	Majlis Perbandaran Klang	(a) Licence to operate pawnbroking business; (b) Front signboard -009 1.82m x 5.18m	LL02202001937620194	01.01.2022 – 31.12.2022	Nil	Not applicable
3. DGM	Majlis Bandaraya Seberang Perai	Licence to operate pawnbroking business	34/220150/62071	04.11.2021 – 31.12.2022	Nil	Not applicable
4. DG Sel	Majlis Perbandaran Kajang	(a) Licence to operate pawnbroking business; (b) Lighted signboard not exceeding 11 Sqm	MPKJ/CL/2/82/2020	30.06.2021 – 26.06.2022	Nil	Not applicable
5. DG Holdings	Majlis Bandaraya Petaling Jaya	Trade Business and Industry Licence for the following: (a) Pawnbroking business; (b) One sided horizontal signboard with lighting (5.48M X 1.52M) (c) Two sided vertical signboard with lighting (1.82M X 1.82M) (d) Two sided vertical signboard with lighting (4.57M X 0.91M)	EL 2560000607360	01.01.2022 – 31.12.2022	Nil	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Holder of Licence/ Certificate No.	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Permit/ Reference No. ⁽¹⁾	Date of Issuance/ Validity	Major Conditions Imposed	Status of Compliance
6.	Majlis Bandaraya Subang Jaya	(a) Licence to operate a pawnbroking business; (b) Horizontal signboard with lighting	2120131200115	01.01.2022 – 31.12.2022	(a) Licence shall be displayed at the business premises at all times. (b) The licence shall be renewed 3 months before its expiry. (c) The licence holder shall abide by the rules and regulations as set out by the Majlis Bandaraya Subang Jaya.	Complied Noted Noted
7.	Majlis Bandaraya Pulau Pinang	(a) Business premise licence (b) Advertising permit no. PA002701/2020	LC2021086037/ PA009160/2021	28.10.2021 – 31.12.2022	Nil	Not applicable
8.	Majlis Bandaraya Petaling Jaya	(a) Licence to operate a pawnbroking business; (b) One sided horizontal signboard with lighting (1.8metres x 6.7 metres) (c) One sided horizontal signboard with lighting (0.3048 metres X 5.4864 metres)	L2560000623019	12.10.2021 – 31.12.2022	Nil	Not applicable
9.	Majlis Perbandaran Ampang Jaya	(a) Licence to operate a pawnbroking business; (b) Signboard with lighting	L00683386	01.01.2022 – 31.12.2022	(a) Licence shall be displayed at the business premises at all times. (b) The licence shall be renewed commencing from 1 October and before 31 December every year. (c) Copy of this license is not valid for use during court proceedings and the applicant is required to request for a certified true copy of the same from the local authority.	Complied Noted Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder of Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Permit/ Reference No. ⁽¹⁾	Date of Issuance/ Validity	Major Conditions Imposed	Status of Compliance
10.	PG Pappajack	Majlis Perbandaran Klang	(a) Licence to operate pawnbroking business; and (b) Advertising permit.	LM0101113243720143	1.1.2022 – 31.12.2022	Nil	Not applicable
11.	PG Pappajack Sehati	Majlis Bandaraya Pulau Pinang	(a) Business premise licence (b) Advertising permit no. PA0011826/2021	LC2021090376/ PA0011826/2021	28.10.2021 – 31.12.2022	Nil	Not applicable
12.	PG PPJ	Dewan Bandaraya Kuala Lumpur	(a) Licence to operate pawnbroking business; and (b) 1 unit of signboard (measuring 6.09metres x 4.27metres)	DBKL.JPPP/KM01/0450/ 09/2017	13.11.2021 – 12.11.2022	Licensing conditions (a) The Mayor of Kuala Lumpur has the right to impose additional conditions from time to time as a business control measure and to take action in accordance with the laws and acts applicable to the department/ agency related to the business. (b) The licence shall be renewed 60 days before its expiry without notice given from the Mayor of Kuala Lumpur. (c) The employees on the premises must be of 50% Malaysian citizen and 50% non-citizens holding a valid work permit ⁽³⁾ . <u>Temporary conditions</u> (a) Need to obtain approval from the Department of Fire and Rescue. (b) Inspection to be conducted by the Licensing and Business Development Department.	Noted Noted Complied Not applicable ⁽⁴⁾ In progress ⁽⁶⁾

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder of Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Permit/ Reference No. ⁽¹⁾	Date of Issuance/ Validity	Major Conditions Imposed	Status of Compliance
13.	PG PPJack	Majlis Perbandaran Subang Jaya	(a) Licence to operate pawnbroking business; (b) 2 unit of horizontal signboard with lighting (c) Two-sided signboard with lighting	2120170300032	04.09.2021 – 03.09.2022	(c) Need to obtain approval for plan/building renovation plan from the Department of Building Control. (a) Licence shall be displayed at the business premises at all times. (b) The licence shall be renewed 3 months before its expiry. (c) The licence holder shall abide by the rules and regulations as set out by the Majlis Perbandaran Subang Jaya.	In progress ⁽⁵⁾ Complied Noted Noted
14.	PG PPJ Sehati	Majlis Perbandaran Klang	(a) Business premise licence to operate pawnbroking business; and (b) Front signboard measuring 1m x 1m (c) Front signboard measuring 1m x 0.9m	LL02602201063220175	01.01.2022 – 31.12.2022	Nil	Not applicable
15.	PG PPJ Sejiwa	Majlis Bandaraya Ipoh	Business premise licence to operate pawnbroking business	G1/C/2/109/40/2020	01.01.2022 – 31.12.2022	Nil	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Holder of Licence/ Certificate No.	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Permit/ Reference No. ⁽¹⁾	Date of Issuance/ Validity	Major Conditions Imposed	Status of Compliance
16.	PG Tetap Sejiwa Dewan Bandaraya Kuala Lumpur	<p>(a) Business premise licence to operate pawnbroking business; and</p> <p>(b) 1 unit of signboard measuring 4.61*1.20 at No. 11, Jalan 1/116B, Kuchai Entrepreneurs Park, Kuchai Lama, 58200 KL/ 1 unit;</p> <p>(c) 1 unit of signboard measuring 6.76*1.84 at No. 11, Jalan 1/116B, Kuchai Entrepreneurs Park, Kuchai Lama, 58200 KL/ 1 unit.</p>	DBKL.JPPP/KM01/0150/ 08/2012	24.10.2021 – 23.10.2022	<p>(a) The Mayor of Kuala Lumpur has the right to impose additional conditions from time to time as a business control measure and to take action in accordance with the laws and acts applicable to the department/ agency related to the business.</p> <p>(b) The licence shall be renewed 60 days before its expiry without notice given from the Mayor of Kuala Lumpur.</p> <p>(c) The employees on the premises must be of 50% Malaysian citizen and 50% non-citizens holding a valid work permit ⁽³⁾.</p>	Noted
17.	PG TMI Majlis Perbandaran Subang Jaya	<p>(a) Business premise licence to operate pawnbroking business; and</p> <p>(b) Horizontal signboard with lighting</p>	MPSJ/LES/600/03/04798 -19	30.10.2021 – 31.10.2022	<p>(a) Licence shall be displayed at the business premises at all times.</p> <p>(b) The licence shall be renewed 3 months before its expiry.</p> <p>(c) The licence holder shall abide by the rules and regulations as set out by the Majlis Perbandaran Subang Jaya.</p>	Complied Noted Noted

6. BUSINESS OVERVIEW (Cont'd)

No.	Holder of Licence/ Certificate	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Permit/ Reference No. ⁽¹⁾	Date of Issuance/ Validity	Major Conditions Imposed	Status of Compliance
18.	PG TSE ⁽²⁾	Majlis Bandaraya Shah Alam	(a) Business premise licence to operate pawnbroking business; and (b) Signboard with lighting < 8MP	MBSA/LSP/LS/600-4/1/0234-20	11.03.2021 – 14.03.2022	Nil	Not applicable
19.	Pappejack Holdings	Majlis Bandaraya Seremban	Licence to operate pawnbroking business; and 1 unit of signboard with lighting	MPS(UP)35818	04.12.2021 – 03.12.2022	Nil	Not applicable
20.	PPJ Abadi	Majlis Bandaraya Iskandar Puteri	(a) Business premise licence to operate pawnbroking business; and (b) 1 unit of signboard	MBIP (L/I) 2020/09/037	01.01.2022 – 31.12.2022	Nil	Not applicable
21.	PPJ Consistent Reach	Majlis Bandaraya Shah Alam	(a) Licence to operate a pawnbroking business; (b) Lighted signboard > 8 MP (c) Lighted signboard < 8MP (2-sided)	MBSA/LSP/LS/600-4/14/LSJ/0297-19	15.10.2021 – 14.10.2022	Nil	Not applicable
22.	PPJ Makmur	Majlis Bandaraya Seberang Perai	Licence to operate pawnbroking business	35/220150/66822	12.10.2021 – 31.12.2022	Nil	Not applicable
23.	PPJ Rezeki	Majlis Bandaraya Ipoh	Business premise licence to operate pawnbroking business	G1/A/2/110/311/2020	01.01.2022 – 31.12.2022	Nil	Not applicable
24.	PPJ Sinar	Majlis Perbandaran Klang	(a) Licence to operate pawnbroking business (b) Front signboard measuring 4.27m x 1.83m	LL02589702601520218	01.01.2022 – 31.12.2022	Nil	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Holder of Licence/ Certificate No.	Approving Authority/ Issuer	Type of Approval/ Licence/ Permit	Licence/ Permit/ Reference No. ⁽¹⁾	Date of Issuance/ Validity	Major Conditions Imposed	Status of Compliance
25.	PPJ Sejaya Majlis Bandaraya Pulau Pinang	(c) Front signboard measuring 1.22m x 1.22m (a) Business premise licence; (b) Advertising permit no. PA0004554/2021	LC2021078520/ PA004554/2021	28.10.2021 – 31.12.2022	Nil	Not applicable



Notes:

- (1) *The Group will submit the applications for renewal of the business premise licences issued by the local authorities, 3 months before the date of expiry of such licences or in accordance to the conditions imposed by the respective local authorities.*
- (2) *As at the LPD, the copy of the business premise licence issued by the Majlis Bandaraya Shah Alam for the premises known as No. 20-G (Ground Floor), Jalan Murni 25/61, Taman Sri Muda, Seksyen 25, 40400 Shah Alam, Selangor issued by the Majlis Bandaraya Shah Alam is registered under the name of TSE Modul Development Sdn Bhd and as at the LPD, an application has been submitted to KPKT for transfer of ownership of the licence from TSE Modul Development Sdn Bhd to PG TSE and the business premise licence will be subsequently updated.*
- (3) *This is a general condition imposed by the Dewan Bandaraya Kuala Lumpur ("DBKL") for the purpose of restricting foreign workers, if hired by the company, to a maximum of 50% of the total workforce of PG PPJ and PG Tetap Sejiwa. Since all employees of the Pappajack Group are Malaysians, the condition has been complied with.*
- (4) *The Group has obtained the letter of exemption from the Department of Fire and Rescue.*
- (5) *The Group has submitted the request to obtain the approval from the Building Control Department of DBKL and the approval is pending issuance.*
- (6) *The Group is in the midst of liaising with the Licensing and Business Development Department of DBKL to procure a date for the inspection.*

6. BUSINESS OVERVIEW (Cont'd)

6.19 INTELLECTUAL PROPERTY RIGHTS

As at the LPD, trademarks of our Group are as set out below:

No.	Trademark/Description	Applicant Name/ Application No./ Legal Status	Class No.	Description of Class	Approving Authority	Date of Application	Date of Registration	Date Gazetted	Date of Issuance of Certificate	Date of Expiry
1.		Pappajack Holdings Berhad/ TM2021001683/ Registered	36	Financial services; financial services in the field of money lending; financial services relating to investment securities; financial services relating to loans; capital investment fund management; investment management; investment management services; financial management; investment brokerage; investment brokerage services; investment consultancy, brokerage and management services; pawn brokerage; investment management; investment management services.	MYIPO	19.01.2021	19.01.2021*	18.11.2021*	26.01.2022*	19.1.2031*
2.		Pappajack Berhad/ TM2021017174/ Under formality validation #	36	Financial services; financial services in the field of money lending; financial services relating to investment securities; financial services relating to loans; capital investment fund management; investment management; investment management services; financial management; investment brokerage; investment brokerage services; investment consultancy, brokerage and management services; pawn brokerage; investment management; investment management services.	MYIPO	24.06.2021	Pending	Pending	Pending	Pending

Notes:

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As at the LPD, the application for the registration of the trademark is still under substantive examination by MyIPO.

*

As at the LPD, MYIPO no longer issues physical copy of certificates of registration of trademarks. The aforesaid details have been extracted from the records of MYIPO.

6. BUSINESS OVERVIEW (Cont'd)

We are of the view that the risk of non-approval of our trademark registration is low and even if our trademark registration were to expire without being renewed, as in view that there is already an existing record of our trademark registration, the trademark recognition process allows us to prevent others from registering the same or a similar mark for identical or similar goods and services. In the event that the trademark applications are not approved, we anticipate that we will still be able to continue our pawnbroking business with minimal disruptions.

6.20 MATERIAL PROPERTY, PLANT, MACHINERY AND EQUIPMENT

6.20.1 Our Property

As at the LPD, we own the following property:

No.	Registered Owner/ Beneficial Owner	Title Identification/ Postal Address	Description/ Existing Use	Date of Certificate of Completion and Compliance	Express Conditions	Floor Area	Tenure	(2) Encumbrances	Audited NBV as at 31.12.2020 (RM'000)
1.	Perbadanan Pengurusan Kompleks Puteri Square ⁽¹⁾ / PG Pappajack	GRN 332493, Lot 116725, Mukim Petaling, Daerah Petaling/ Unit KPC04, No. 9, Kompleks Tempat Letak Kereta, Persiaran Puteri 1, Bandar Puteri Puchong, 47100 Puchong, Selangor Darul Ehsan	One unit of retail shop/ Retail shop	30.12.2011	Commercial building	2,072 Sqft	Freehold	Lease of a part of the land to Tenaga Nasional Berhad for a period of 30 years commencing from 12 March 2018 and ending on 11 March 2048 registered on 26 March 2018 vide presentation no. 26900/2018, 26901/2018, 26902/2018, 26903/2018, and 26904/2018	1,347
Total									1,347

Notes:

- (1) The registered owner of this property is Perbadanan Pengurusan Kompleks Puteri Square as the individual title has yet to be issued on the property owned by PG Pappajack as the beneficial owner as at the LPD.
- (2) PG Pappajack has assigned all of its rights, title and interest in the sale and purchase agreement dated 22 September 2014 and other related documents for the purchase of a unit of retail shop bearing the postal address at Unit KPC04, No. 9, Kompleks Tempat Letak Kereta, Persiaran Puteri 1, Bandar Puteri Puchong, 47100 Puchong, Selangor Darul Ehsan by virtue of a deed of assignment dated 18 November 2014 in favour of Public Bank Berhad and lodged with the Companies Commission of Malaysia on 28 November 2018.

6. BUSINESS OVERVIEW (Cont'd)

The above property owned by our Group is not in breach of any land use conditions and/or is in compliance with the relevant statutory requirements, land rules and/or building regulations/ by-laws. The above property owned by our Group is currently not utilised by our Group as one of our pawnbroking outlets. As at the LPD, the above property is currently rented out to an unrelated third party.

6.20.2 Rented Properties

(i) As at the LPD, we rented the following properties:

No.	Company (Tenant)	Landlord	Location/ Address	Postal Address	Description/ Existing Use	Tenure of Tenancy	Land area/ Built-up Area (Approximate)	Date of Issuance of CF/ CCC	Rental Payable Per Annum (RM)
1.	DGH	Tan Boon Ling	HSD 43677, PTB 11121, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor/ No. 48 (Ground Floor), Jalan Padi 1, Taman Uda, Tampoi, Johore Bahru, West Malaysia		Ground floor shoplot/ Pawnshop	3 years commencing on 1 June 2019 and expiring on 31 May 2022	164 Sqm	29.09.1993	30,000.00
2.	DG Kapar	Khoo Kim Huay	Geran 53340, Lot 1499, Mukim Kapar, Daerah Klang, Negeri Selangor/ No. 22, Jalan Besar Pekan Kapar 42200, Klang, Selangor		Ground floor shoplot/ Pawnshop	3 years commencing on 1 November 2021 and expiring on 31 October 2024	1,800 Sqft	10.02.2006	39,600.00

6. BUSINESS OVERVIEW (Cont'd)

No.	Company (Tenant)	Landlord	Location/ Address	Postal	Description/ Existing Use	Tenure of Tenancy	Land area/ Built-up Area (Approximate)	Date of Issuance of CF/ CCC	Rental Payable Per Annum (RM)
3.	DGM	Rethinasamy A/L Govindasamy	Geran 56019, Lot 2861 Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang/ Ground Floor of a five (5) storey held under Geran 56019 Lot 2861, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang		Ground floor shoplot/ Pawnshop	3 years commencing on 1 March 2019 and expiring on 28 February 2022	160 Sqm	28.05.1993	33,600.00
4.	DG Sel ⁽¹⁾	Ang Hooi Suang	Geran 53003, Lot 1 Seksyen 1, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor/ No. 25G, Jalan Besar, Pekan Semenyih, 43500 Semenyih, Selangor		Ground floor shoplot/ Pawnshop	3 years commencing on 1 April 2019 and expiring on 31 March 2022	223 Sqm	25.10.1995	43,200.00
5.	DG Holdings ⁽²⁾	Lim Khai Meng Lim Kai Ngwin Lim Guet Mooi	HSM 695, PT 590, Mukim Damansara, Daerah Petaling, Negeri Selangor/ No. 590 (Ground Floor), Jalan SS9A/14, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan		Ground floor shoplot/ Pawnshop	2 years commencing on 15 September 2021 and expiring on 14 September 2023	1,438 Sqft	28.06.1993	48,000.00

6. BUSINESS OVERVIEW (Cont'd)

No.	Company (Tenant)	Landlord	Location/ Address	Postal	Description/ Existing Use	Tenure of Tenancy	Land area/ Built-up Area (Approximate)	Date of Issuance of CF/ CCC	Rental Payable Per Annum (RM)
6.	PG Bertuah	Wong Chan Kiong	HSM 29182, PT 46911, Mukim Damansara, Daerah Petaling, Negeri Selangor/		Ground floor shoplot/ Pawnshop	2 years commencing from 1 November 2021 and expiring on 31 October 2023	850 Sqft	10.11.2008	20,400.00
7.	PG Cleaning ⁽³⁾	Chu Weng Kay Chu Weng Keat Chu Weng Yew	GRN 57171, Lot 8262, Mukim 13, Daerah Timor Laut, Negeri Pulau Pinang / Ground Floor of a three (3) storey shop house known as No.46-A, Lintang Angsana, Mk 13, Pulau Pinang		Ground floor shop lot/ Pawnshop	3 years commencing on 1 August 2021 and expiring on 31 July 2024	1,050 Sqft	29.01.1992	60,000.00
8.	PG Consistent Reach	Chong Thim Sim @ Chong Kam Sooi	HSD 145162, PT 347, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor/ No. 6, Ground Floor, Jalan PJU 5/8, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor		Ground floor shop lot/ Pawnshop	3 years commencing from 1 April 2021 and expiring on 31 March 2024	153 Sqm	14.11.2005	102,000.00

6. BUSINESS OVERVIEW (Cont'd)

No.	Company (Tenant)	Landlord	Location/ Address	Postal	Description/ Existing Use	Tenure of Tenancy	Land area/ Built-up Area (Approximate)	Date of Issuance of CF/ CCC	Rental Payable Per Annum (RM)
9.	PG Mashita	Chua Eng Ho Wa'a @ Chua Eng Wah	PM 211, M1, Lot 29810, Mukim Ampang, Daerah Hulu Langat, Negeri Selangor/ Ground floor of four (4) storey shop house known as No. 7-G, Jalan Pandan 3/5, Pandan Jaya, 55100 Kuala Lumpur		Ground floor shoplot/ Pawnshop	3 years commencing on 1 May 2019 and expiring on 30 April 2022	1,440 Sqft	01.03.1988	66,000.00
10.	PG Pappajack	Gan Chin Hooi	Geran 105308, Lot 84250, Pekan Pandamaran, Daerah Klang, Negeri Selangor/ Ground Floor, No. 27, Jalan Bayu Tinggi 7, 41200 Klang, Selangor		Ground floor shop lot/ Pawnshop	2 years commencing from 1 January 2020 and expiring on 31 December 2022	130 Sqm	01.02.2008	36,000.00
11.	PG Pappajack Sehati	Vanyong Sdn. Bhd.	GM 955, Lot 5827, Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang/ Block A, Unit No. 23A-A (Ground floor), Sunway Prima, Lintang Sungai Tiram 5, 11900 Bayan Lepas, Pulau Pinang.		Ground floor shop lot/ Pawnshop	3 years commencing from 1 December 2021 and expiring on 30 November 2024	1,045 Sqft	15.09.2010	48,000.000

6. BUSINESS OVERVIEW (Cont'd)

No.	Company (Tenant)	Landlord	Location/ Address	Postal	Description/ Existing Use	Tenure of Tenancy	Land area/ Built-up Area (Approximate)	Date of Issuance of CF/ CCC	Rental Payable Per Annum (RM)
12.	PG PPJ	Abdul Hazes bin Baba	Pajakan Negeri 49448, Lot 52003, Mukim Kuala Lumpur, Daerah Wilayah Persekutuan Kuala Lumpur/	No. 13-0-04, Jalan 2/112A, Jalan Pantai Dalam, Angkasapuri, 59200 Kuala Lumpur	Ground floor shop lot/ Pawnshop	3 years commencing from 1 December 2021 and expiring on 30 November 2024	64 Sqm	01.03.2002	48,000.00
13.	PG PPJack	Koh Sooh Chai and Koh Su Hong	PM 10072, Lot 65540, Pekan Puchong Jaya, Daerah Petaling, Negeri Selangor/	No. 44A, Jalan TK A/11A, Taman Kinrara, Seksyen 1, Batu 7 1/2, Jalan Puchong 47180 Selangor	Ground floor shop lot/ Pawnshop	3 years commencing from 1 November 2021 and expiring on 31 October 2024	122 Sqm	20.01.1997	63,000.00
14.	PG PPJ Sehati	Marie Vaithilingam Pillai Vijayalerchery A/P Karuppiyah	HSD 130818, PT 4146 Seksyen 13, Bandar Klang, Daerah Klang, Negeri Selangor/	Ground floor, No. 5, Jalan Raya Timur KS1, 41000 Klang, Selangor	Ground floor shoplot/ Pawnshop	3 years commencing from 1 November 2021 and expiring on 31 October 2024	119 Sqm	15.10.2008	36,000.00

6. BUSINESS OVERVIEW (Cont'd)

No.	Company (Tenant)	Landlord	Location/ Address	Postal Address	Description/ Existing Use	Tenure of Tenancy	Land area/ Built-up Area (Approximate)	Date of Issuance of CF/ CCC	Rental Payable Per Annum (RM)
15.	PG PPJ Sejiwa	Anita Ponnudurai	Geran 41210, Lot 2069, Bandar Ipoh, Daerah Kinta, Negeri Perak/	Ground floor shoplot/ Pawnshop	3 years commencing on 1 June 2019 and expiring on 31 May 2022	2,738 Sqft	01.03.2021	30,000.00	
16.	PG Tetap Sejiwa	Lam Khaw Chye	Ground Floor of No. 8, Jalan CM Yusuff, Jalan C.M. Yusuff, 30250 Ipoh, Perak	Ground floor and Mezzanine floor shoplot/ Pawnshop	3 years commencing from 1 September 2020 and expiring on 31 August 2023	167 Sqm	29.11.1998	77,616.00	
17.	PG TMI(4)	Ho Boon Huat	HSD 82261, PT 20611, Mukim Petaling, Daerah Petaling, Negeri Selangor/ No. 19, P.T 20611, Jalan PJU 5/1, Taman Puchong Utama, 47140 Puchong, Selangor Darul Ehsan	Ground floor shop lot/ Pawnshop	3 years commencing on 1 October 2021 and expiring on 30 September 2024	1,650 Sqft	15.04.2011	51,000.00	

6. BUSINESS OVERVIEW (Cont'd)

No.	Company (Tenant)	Landlord	Location/ Address	Postal Address	Description/ Existing Use	Tenure of Tenancy	Land area/ Built-up Area (Approximate)	Date of Issuance of CF/ CCC	Rental Payable Per Annum (RM)
18.	PG TSE	Chua Eng Ho Wa'a @ Chua Eng Wah	HSD 38127, PT 5639, Mukim Klang, Daerah Klang, Negeri Selangor/	No. 20-G, Ground Floor, Jalan Murni 25/61, Taman Sri Muda, Seksyen 25, Shah Alam, 40400 Selangor	Ground floor shoplot/ Pawnshop	3 years commencing from 1 March 2021 to 29 February 2024	1,400 Sqft	06.11.2007	66,132.00
19.	Pappajack Holdings ⁽⁶⁾	Ang Hooi Suang	Geran 85804, Lot 976, Bandar Seremban, Daerah Seremban, Negeri Sembilan/	No. 42, Jalan Dato Bandar Tunggal, 70000 Seremban, Negeri Sembilan	Ground floor of a two (2) storey lot/ shop Pawnshop	3 years commencing on 1 April 2019 and expiring on 31 March 2022	2,000 Sqft	Not applicable	36,000.00
20.	PPJ Abadi ⁽⁶⁾	Eng Wak Teng	HSD 48609, PTD 5499, Mukim Pulau, Daerah Johor Bahru, Negeri Johor/	No. 4, Jalan Barau 1, Kampung Baru Skudai, 81300 Skudai, Johor	Ground floor shop lot/ Pawnshop	3 years commencing on 1 November 2019 and expiring on 31 October 2022	137 Sqm	Not applicable	18,000.00
21.	PPJ Berkat	Har Hock Lee	PM 22850, Lot 24955, Mukim Chenor, Bandar Pusat Jengka, Daerah Maran/	14 (BWH), Lorong Jed 1, Nadi Kota, 26400, Bandar Pusat Jengka, Pahang	Ground floor shop lot/ Pawnshop	3 years commencing on 1 November 2020 and expiring on 30 October 2023	149 Sqm	No copy of CF/CCC available ⁽⁸⁾	27,600.00

6. BUSINESS OVERVIEW (Cont'd)

No.	Company (Tenant)	Landlord	Location/ Address	Postal Address	Description/ Existing Use	Tenure of Tenancy	Land area/ Built-up Area (Approximate)	Date of Issuance of CF/ CCC	Rental Payable Per Annum (RM)
22.	PPJ Consistent Reach	Wong Yean Keat	HSM 6166, PT 5198, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor/	No. 369, 369-1, Jalan 1A/3, Bandar Baru Sungai Buloh 47000 Selangor Darul Ehsan	Ground floor shoplot/ Pawnshop	3 years commencing on 1 December 2021 and expiring on 30 November 2024	1,400 Sqft	21.05.1987	90,000.00
23.	PPJ Landas Emas ⁽⁵⁾	PPG Utama Kinrara Sdn Bhd	PM 10038, M1/1/1, Lot 65507, Pekan Puchong Jaya, Daerah Petaling, Negeri Selangor/	No.11A, Jalan TK 1/11A, Taman Kinrara, Seksyen, 47180 Puchong, Selangor	Ground floor shop lot/ Not applicable	3 years commencing on 16 February 2022 and expiring on 15 February 2025	128 Sqm	November, 1997	60,000.00
24.	PPJ Maju	Ng Tian Poh & Sons Holdings Sdn Bhd	HSD 167670, PT 15752, Seksyen 4, Bandar Ampang, Daerah Ulu Langat/	No. 46-G (Ground floor), Jalan Merdeka Pekan Ampang, Main Street Pekan Ampang, 68000 Ampang, Selangor	Ground floor shoplot/ Pawnshop	3 years commencing from 15 April 2021 and expiring on 14 April 2024	189 Sqm	02.02.2008	54,000.00

6. BUSINESS OVERVIEW (Cont'd)

No.	Company (Tenant)	Landlord	Location/ Address	Postal	Description/ Existing Use	Tenure of Tenancy	Land area/ Built-up Area (Approximate)	Date of Issuance of CF/ CCC	Rental Payable Per Annum (RM)
25.	PPJ Makmur ⁽⁶⁾	Lim Yew Chiang	Pajakan Negeri 814, Lot 837 Seksyen 4, Bandar Bukit Mertajam, Daerah Seberang Perai Tengah, Negeri Pulau Pinang/		Ground floor shoplot/ Pawnshop	3 years commencing on 1 October 2019 and expiring on 30 September 2022	142 Sqm	Not applicable	26,400.00
26.	PPJ Mandiri ⁽⁹⁾	KS Services Sdn Bhd	No. 241 (Ground Floor), Jalan Pasar, 14000 Bukit Mertajam, Pulau Pinang						
			Geran 56035, Bangunan M1, Tingkat 1, Petak 17, Lot 29361, Mukim Setapak, Daerah Kuala Lumpur/		Ground floor shoplot/ Pawnshop	1 year commencing from 10 May 2021 and expiring on 9 May 2022	1,252 Sqft	05.05.2005	96,000.00
27.	PPJ Rezeki	Leong Lai Chan	No.69-LG & G, Jalan Melati Utama 4, Taman Melati Utama, 53100 Setapak, Kuala Lumpur						
			Geran 25446, Lot 27, Bandar Chemor, Daerah Kinta, Negeri Perak/		Ground floor shop lot/ Pawnshop	3 years commencing on 1 January 2020 and expiring on 31 December 2023	2,400 Sqft	03.12.2020	14,400.00
			No. 27, Jalan Besar, 31200 Chemor, Perak						

6. BUSINESS OVERVIEW (Cont'd)

No.	Company (Tenant)	Landlord	Location/ Address	Postal	Description/ Existing Use	Tenure of Tenancy	Land area/ Built-up Area (Approximate)	Date of Issuance of CF/ CCC	Rental Payable Per Annum (RM)
28.	PG Sejaya ⁽⁶⁾	Dr. Lee Kok Thong	Geran 5422, Lot 1582 Seksyen 4, Bandar George Town, Daerah Timor Laut, Negeri Pulau Pinang/	No. 279 (Ground Floor), Jalan Burma, 10350 Penang	Ground floor shoplot/ Pawnshop	3 years commencing on 1 November 2019 and expiring on 31 October 2022	109 Sqm	Occupation certificate dated 10.06.1972	56,400.00
29.	PPJ Sinar ⁽⁶⁾	Soo Kam How	Geran 52290, Lot 32 Seksyen 21, Bandar Klang, Daerah Klang, Negeri Selangor/	No. 16 (Ground Floor), Jalan Pos Baru, 41300 Klang, Selangor.	Ground floor shoplot/ Pawnshop	3 years commencing on 1 October 2019 and expiring on 30 September 2022	88 Sqm	Not applicable	60,000.00
30.	PPJ Sukses ⁽⁷⁾	Vijay A/L Maniam	GRN 43646, Lot 25, Bandar Nibong Tebal, Daerah Seberang Perai/	No. 170, Jalan Atas, 14300 Nibong Tebal, Pulau Pinang.	Ground floor shoplot/ Pawnshop	3 years commencing on 1 February 2020 and expiring on 31 January 2023	1,190 Sqft	Not applicable	36,000.00

6. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Pursuant to a Trust Deed dated 1 April 2019 entered into between Soo Jon Teng and DG Sel, Soo Jon Teng (as the director of DG Sel) held the tenancy in trust for and on behalf of DG Sel from its commencement date. Subsequently, by virtue of a Novation Agreement dated 24 February 2021 entered into between Soo Jon Teng (as the existing tenant), Ang Hooi Suang (as the landlord) and DG Sel (as the new tenant), the tenant of the premise is now DG Sel, and the existing terms and conditions of the tenancy agreement will be binding upon DG Sel and Ang Hooi Suang. Upon expiry of the existing tenancy agreement, DG Sel shall renew and enter into a new tenancy agreement in its own capacity.
- (2) Pursuant to a Trust Deed dated 15 September 2018 entered into between Lim Siew Fang (our Promoter and substantial shareholder) and DG Holdings, Lim Siew Fang (as the director of DG Holdings) held the tenancy in trust for and on behalf of DG Holdings from its commencement date. Subsequently, by virtue of a Novation Agreement dated 24 February 2021 entered into between Lim Siew Fang (as the existing tenant), Lim Khai Meng, Lim Kai Ngwin, Lim Guet Mooi (as the landlords) and DG Holdings (as the new tenant), the tenant of the premise is now DG Holdings, and the existing terms and conditions of the tenancy agreement dated 5 September 2018 will be binding upon DG Holdings and Lim Siew Fang. As at the LPD, the tenancy agreement dated 5 September 2018 has expired and DG Holdings has entered into a new tenancy agreement with the landlords in its own capacity.
- (3) Pursuant to a Trust Deed dated 16 August 2018 entered into between Lim Boon Keong (brother to Mr. Lim Boon Hua, our Promoter, substantial shareholder and Managing Director/ Chief Executive Officer) and PG BT Cleaning, Lim Boon Keong (as the director of PG BT Cleaning) held the tenancy in trust for and on behalf of PG BT Cleaning from its commencement date. Subsequently, by virtue of a Novation Agreement dated 24 February 2021 entered into between Lim Boon Keong (as the existing tenant), Chu Weng Kay, Chu Weng Keat and Chu Wen Yew (as the landlords) and PG BT Cleaning, the tenant of the premise is now PG BT Cleaning, and the existing terms and conditions of the tenancy agreement dated 16 August 2018 will be binding upon PG BT Cleaning and Lim Boon Keong. As at the LPD, the tenancy agreement dated 16 August 2018 has expired and PG BT Cleaning has entered into a new tenancy agreement with the landlords in its own capacity.
- (4) Pursuant to a Trust Deed dated 1 October 2018 entered into between Ong Tian Yang and PG TMI, Ong Tian Yang (as the director of PG TMI) held the tenancy in trust for and on behalf of PG TMI. Subsequently, by virtue of a Novation Agreement dated 24 February 2018 entered into between Ong Tian Yang (as the existing tenant) and Ho Boon Huat (as the landlord) and PG TMI (as the new tenant) the tenant of the premise is now PG TMI and the existing terms and conditions of the tenancy agreement dated 12 August 2019 will be binding upon PG TMI and Ong Tian Yang. As at the LPD, the tenancy agreement dated 12 August 2019 has expired and PG TMI has entered into a new tenancy agreement with the landlord in its own capacity.
- (5) Lim Boon Hua, Lim Siew Fang and Law Book Ching are each shareholders of PPG Utama Kinrara Sdn. Bhd. The complete date on the CF/CCC is not legible. However, based on the CF/CCC, the premise has obtained the required CF/CCC as at November 1997. Please refer to Section 10 of this Prospectus for more details on the related party transaction.

6. BUSINESS OVERVIEW (Cont'd)

- (6) Checks with the relevant authorities have confirmed that no CF or CCC was issued by the relevant authorities for each of the premises which were completed prior to the enforcement of the Street, Drainage and Buildings Act 1974 ("**SDBA**"). It is noted however that there is no requirement for a CF or CCC to be issued for the premises as the SDBA which introduced the requirement to obtain a CF or CCC only came into force on 13 June 1974 and hence the requirement for a CF or CCC to be obtained was not applicable at the time of completion of construction of the premises. As at the LPD, there are no parts of the properties which were built or rebuilt by our Group or the respective landlords of the properties after the enforcement of the SDBA which are subject to further approval under the SDBA.
- (7) Unlike the properties which are the subject matter of Note (6) above, based on the location of the property and enquiries with the relevant local council, namely the Seberang Perai City Council, the Company understands that the premise was completed prior to the enforcement of the SDBA, at which time the requirement to obtain a CF or CCC was not applicable. Accordingly, the affected tenanted outlet is treated as a premise with no evidence of requirement for CF or CCC or occupation permit and the owner or the local council are unable to locate a copy of the CF or CCC. As at the LPD, there are no parts of the property which were built or rebuilt by our Group or the landlord of the property after the enforcement of the SDBA which are subject to further approval under the SDBA.
- (8) Checks with the relevant local council, namely the District Council of Maran, have confirmed that based on their internal records, a CF was issued by the relevant authorities for the premise in the year 1997. It is noted however that there is no copy of the CF or CCC in respect of the premise in possession of the owner or the local council, as the local council does not retain records which are more than 10 years old.
- (9) *Lim Boon Hua and Lim Siew Fang are each directors and shareholders of KS Services Sdn. Bhd. ("**KS Services**"). Please refer to Section 10 of this Prospectus for more details on the related party transaction.*

Save as disclosed in Note (7) above, our rented properties in Section 6.20.2 of this Prospectus are not in breach of any of the land use conditions or current applicable laws, rules and building regulations.

All of our rented properties have a record of validly obtained CF/ CCC or occupation permit, where the requirement of CF/ CCC is applicable. However, we will continue to liaise with the property owner of PPJ Sukses and the relevant local council, namely the Seberang Perai City Council, to obtain a written confirmation that CF/CCC is not applicable/required.

Pursuant to the SBDA, any person who occupies or permits to be occupied any building or any part thereof without a CF/ CCC will be liable to a fine not exceeding RM250,000 or imprisonment for a term of up to 10 years, or to both. By-Law 28 of the Uniform Building By-Laws 1984 ("**Building By-Laws**") stipulates that no person shall occupy or permit to be occupied any building or any part thereof, other than a singly built detached house, unless a CF/ CCC, a partial CF/ CCC or a temporary CF/ CCC has been issued under the Building By-laws for such building and any failure to comply with such by-law shall render such person liable to prosecution under the SBDA.

6. BUSINESS OVERVIEW *(Cont'd)*

The likelihood of the affected stores to be found in breach of the SBDA or the By-Law 28 of the Building By-laws is low as there is no case law precedent found by our legal advisers on prosecution by the relevant authorities in Malaysia against a tenant for his/her/its failure in furnishing or providing a certificate of fitness for occupation or a certificate of completion and compliance in respect of a tenanted property.

The one tenanted outlet with no evidence of requirement for CF or CCC or occupation permit, i.e. PPJ Sukses, is not expected to give rise to any material adverse effect on the business operations of the Company. In the event that the relevant landlord and the Company is unable to obtain a written confirmation that CF or CCC or occupation permit is not applicable, our Group will be able to terminate the affected existing tenancy and to find alternative premise for occupation. In this respect, the cost of moving to an alternative compliant premise, including payment of tenancy deposits and the carrying out of necessary renovation works, is estimated not to exceed RM300,000, which we do not deem to be material in view of the overall revenue of our Group. We also do not anticipate that the potential disruption to the operations of our Group arising from the need to transfer operations to an alternative premise will give rise to a material adverse effect on our financial position, as based on our experience in establishing new outlets, the process of renovating an alternative premise and moving our ongoing operations to such premise is anticipated to require a period of between 5 to 6 months and we anticipate that we will be given some prior notice by the landlord or the relevant authority before being required to relocate our operations from the affected outlet.

(ii) Option to Renew

As at the LPD, we tenant the space of all the pawnbroking outlets operated under our Group. We generally enter into tenancies which are between 1 to 3 years that are renewable at our option for 1 or up to two additional 3 years terms. The option for renewal may be exercised by way of a notice to the respective landlords and provided that there are no previous or subsisting breach of the terms and conditions of the tenancy agreements.

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6. BUSINESS OVERVIEW (Cont'd)

6.21 GOVERNING LAWS AND REGULATIONS INCLUDING ENVIRONMENTAL CONCERNS

Our Group's business operations are subject to the following key governing laws and regulations:

- (i) Pawnbrokers Act 1972 and its regulations

The Pawnbrokers Act 1972, together with its relevant regulations, including the Pawnbrokers (Control and Licensing) Regulations 2004 and Pawnbrokers (Compounding of Offences) Regulations 2018 are the principal legislations governing the provision of pawnbroking services in Malaysia.

Under the Pawnbrokers Act 1972, no person shall carry on business as pawnbroker unless he holds a valid licence granted pursuant to the Pawnbrokers Act 1972 by the KPKT. Upon issuance of the pawnbrokers' licence, such licence is non-transferable and cannot be assigned to any other third-party without KPKT's written consent.

Any person who carries on business as a pawnbroker without a valid licence, or who continues to carry on such business after his licence has expired or been suspended or revoked commits an offence and shall on conviction be liable to a fine of not less than RM20,000 or to imprisonment for a term not exceeding 5 years or to both and in the case of a second or subsequent offence shall also be liable to whipping in addition to such punishment.

For purposes of the Pawnbrokers Act 1972, any person who –

- (a) receives or takes of or from any person whomsoever any article by way of security for the repayment of any sum or sums of money, not exceeding RM10,000, advanced thereon; or
- (b) purchases or received or takes in articles and pays or advances or lends thereon any sum or sums of money, not exceeding RM10,000, with or under an agreement or understanding expressed or implied or to be from the nature and character of the dealing reasonably inferred that those articles may afterwards be redeemed or repurchased on any terms,

shall be deemed to be a person carrying on the business of business of taking articles in pawn, and every such transaction, article, payment, advance and loan shall be deemed a pawning, pledge or loan respectively within the Pawnbrokers Act 1972.

Section 10A of the Pawnbrokers Act 1972 stipulates that KPKT may impose further conditions as it may think fit, upon the issuance of the pawnbroking licence. In the event such conditions are imposed by KPKT, the licensee is required to comply with the same. Section 10C of the Pawnbrokers Act 1972 stipulates that a licensed pawnbroker shall at all times display his licence at a conspicuous part of the premises where he carries on his pawnbroking business. Please refer to Section 6.18.1 of this Prospectus for further information on the salient terms of such conditions imposed by KPKT in relation to our Group's pawnbroker's licences.

Every licenced pawnbroker has a duty to submit to KPKT any book, account or document which contains the pawnbroking transactions within such time as specified by KPKT pursuant to Section 13A of the Pawnbrokers Act 1972.

6. BUSINESS OVERVIEW (Cont'd)

Section 13B of the Pawnbrokers Act 1972 stipulates that no advertisement relating to pawnbroking business shall be issued or published by a licenced pawnbroker unless an advertising permit has been obtained from KPKT. In order to obtain the advertising permit, the licenced pawnbroker shall ensure that the information contained in the advertisement is approved by KPKT, per the Regulations (as defined below).

As at the LPD, each of the 25 existing operating pawnbroking businesses in our Group holds a valid pawnbroking licence and advertising permit as required under the Pawnbrokers Act 1972. Please refer to sections 6.18.1 and 6.18.2 for details of the pawnbroker's licences and advertising permits obtained by our Group.

Section 22(1) of the Pawnbrokers Act 1972 provides that licensed pawnbrokers have a duty to ensure the safekeeping of pledged items and to insure the pledged items against loss or damage and Section 29 of the Pawnbrokers Act 1972 requires licensed pawnbrokers to report any suspicious transactions which may arise during their course of business.

Pawnbrokers (Control and Licensing) Regulations 2004 ("Regulations")

All new applications for a licence to carry out pawnbroking business shall be made through the KPKT's online system by furnishing such information in the form provided under Schedule A of the Regulations and accompanied by supporting documents. Each of the directors of the applicant (which is a company) shall submit a search report issued by the Department of Insolvency Malaysia for companies registered with the Companies Commission Malaysia and ensure that he has not been involved in any bankruptcy or winding-up proceedings.

The directors of the company must also provide a declaration in such form as provided in Schedule D of the Regulations, which requires the directors to confirm, amongst others, that they have not been convicted of any offence, whether under the Pawnbrokers Act 1972 or the Penal Code, involving fraud or dishonesty.

(ii) Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("**AMLA**")

The AMLA, read together with the guidelines issued by the Bank Negara Malaysia ("**BNM**") as the competent authority under AMLA, including the Sectoral Guidelines 8 for Licensed Moneylenders and Pawnbrokers and the Standard Guidelines on AML/CFT ("**AML/CFT Guide**") issued by the BNM provides for the regulatory framework for reporting institutions that are Designated Non-Financial Businesses and Professions and other non-Bank Financial Institutions ("**DNFBP**") in Malaysia to comply with the requirements in fighting against money laundering and terrorism financing.

Section 13 of AMLA stipulates that a reporting institution shall keep a record of any transaction involving the domestic currency or any foreign currency exceeding such amount as the competent authority may specify⁽¹⁾.

Section 14 of AMLA further provides that the reporting institution shall promptly report to the competent authority –

- (a) any transaction exceeding such amount as specified by the competent authority (section 14(1)(a) of AMLA);

6. BUSINESS OVERVIEW (Cont'd)

- (b) any transaction where the identity of the person involved, the transaction itself or any other circumstances concerning that transaction that gives any officer or employee of the reporting institution reason to suspect that the transaction involves proceeds of an unlawful activity or instrumentalities of an offence (section 14(1)(b) of AMLA);
- (c) any transaction or property where any officer or employee of the reporting institution has reason to suspect that the transaction or property involved is intended to be used for or by, any terrorist act, terrorist, terrorist group, terrorist entity or person who finances terrorism (section 14(1)(c) of AMLA).⁽²⁾.

For purposes of AMLA, a “reporting institution” as defined under the First Schedule of AMLA includes a licenced pawnbroker under the Pawnbrokers Act 1972. As such, each subsidiary of our Group is a reporting institution under the meaning of AMLA. As reporting institutions, each subsidiary of our Group is required to perform customer due diligence measures as stipulated in the AML/CFT Guide. The extent of customer identification required may be based on the severity of the following:

- (a) money laundering and terrorism financing risks associated with the customer, based on the background of the customer and the suspicious circumstances in which the transaction was conducted; and
- (b) type or form of transaction undertaken, whether it is of a suspicious nature or that which does not make economic sense.

The suspicious transaction reporting by the reporting institution shall be subject to the requirement and mechanisms on reporting of suspicious transactions as set out in the AML/CFT Guide.

Section 16 of AMLA is to be read together with paragraph 14H.1 of the Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Designated Non-Financial Businesses and Professions (“DNFBPs”) and Non-Bank Financial Institutions (“NBFIs”) policy document (“**Policy Document**”) issued by BNM as the competent authority. Under such Policy Document, pawnbrokers are required to conduct customer due diligence (“**CDD**”) on their customers and the person conducting the transaction, when the pledge amount is equivalent to RM3,000 and above. In this regard, it is the practice of our Group to conduct CDD on all our customers, irrespective of the pledge amount, in such manner as set out in Section 6.3.5(i) of this Prospectus.

It is mandatory since the year 2021 for DNFBPs and NBFIs (including pawnbrokers) to submit a Data and Compliance Report (“**DCR**”) annually to BNM, which our Group has complied with to date. The DCR is a supervisory tool adopted by BNM to assess the reporting institutions compliance with AMLA and the Policy Document, including the monitoring of any risks of money laundering and terrorism financing.

Notes: (1) As at the LPD, the Policy Document issued by BNM does not stipulate the monetary threshold applicable for the purpose of recording transactions. Accordingly, pawnbrokers are required to keep a record of all pawnbroking transactions. Please refer to Section 6.3.5(ii) of this Prospectus for further information on record keeping.

- (2) *The requirement to submit cash threshold reports to BNM under Section 14(1)(a) of AMLA is currently only applicable to banking institutions and licenced casinos and is not applicable to pawnbrokers. However, sections 14(1)(b) and (c) are applicable to pawnbrokers as reporting institutions.*

6. BUSINESS OVERVIEW (Cont'd)

(iii) Personal Data Protection Act 2010 (“**PDPA**”)

The PDPA 2010 governs the laws on processing of personal data in commercial transactions to protect personal data of common interest and to ensure information security, network reliability and integrity. The processing of personal data by a data user must comply with the personal data protection principles as set out in the PDPA.

As we are a data user in the carrying out of our ordinary course of business, we are required to register with the Personal Data Protection Commission and accordingly as at the LPD, each of the 25 operating pawnbroking business of the Pappajack Group have registered with the Personal Data Protection Commission.

As at the LPD, our Group has complied with all regulatory requirements which may materially affect our Group’s operations. Our Group’s business operations are not subject to any environmental rules and regulations.

6.22 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

(i) Environmental practices

Our business operations do not emit pollutants to the environment, as such environmental practices are not applicable to our Group.

(ii) Social practices

Our Group is committed to act responsibly in our business operations, to our business stakeholders as well as in supporting our community. We are involved in corporate social responsibilities (e.g. providing food stamps to low-income families) to provide positive social value to our community.

(iii) Governance practices

Our Group have put in place the following practices in demonstrating good governance:

- (a) Formal organisational structure with clear lines of reporting to Board Committees and Senior Management, including defined lines of accountability and limits of authority;
- (b) Clear, formal and documented internal policies and procedures are in place to ensure constant compliance with internal controls and relevant laws and regulations; and
- (c) Whistleblowing channel and anti-corruption framework have been put in place to promote fairness in business dealing.

7. INDUSTRY OVERVIEW

SMITH ZANDER INTERNATIONAL SDN BHD 201301028298 (1058128-V)
15-01, Level 15, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia
T : +603 2732 7537 W : www.smith-zander.com

SMITH ZANDER

Date: 18 February 2022

The Board of Directors

Pappajack Berhad
No. 11B, Jalan TK 1/11A
Taman Kinrara, Seksyen 1
47180 Puchong, Selangor

Dear Sirs/ Madams,

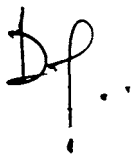
Independent Market Research Report on the Pawnbroking Industry in Malaysia (“IMR Report”)

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD (“SMITH ZANDER”) for inclusion in the Prospectus in conjunction with the listing of Pappajack Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. 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. Our research has been conducted with an “overall industry” perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies mentioned in this report or otherwise.

For and on behalf of SMITH ZANDER:



DENNIS TAN TZE WEN

MANAGING PARTNER

7. INDUSTRY OVERVIEW (Cont'd)

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The research for this IMR Report was completed on 15 February 2022.

For further information, please contact:

SMITH ZANDER INTERNATIONAL SDN BHD

15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
Malaysia
Tel: + 603 2732 7537

www.smith-zander.com

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 24 years of experience in market research and strategy consulting, including over 19 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

7. **INDUSTRY OVERVIEW** (Cont'd)

1 INTRODUCTION

Objective of the Study

This IMR Report has been prepared in conjunction with the listing of Pappajack Berhad (“Pappajack”) on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry and market(s) in which Pappajack and its subsidiaries (“Pappajack Group”) operate and to offer a clear understanding of the industry and market dynamics. As Pappajack Group is principally involved in the provision of pawnbroking services through a network of pawnbroking outlets in Malaysia, the scope of work for this IMR Report will thus address the following areas:

- (i) The pawnbroking industry in Malaysia, the industry in which Pappajack Group operates;
- (ii) Industry performance, growth drivers and key industry risks and challenges; and
- (iii) Competitive overview.

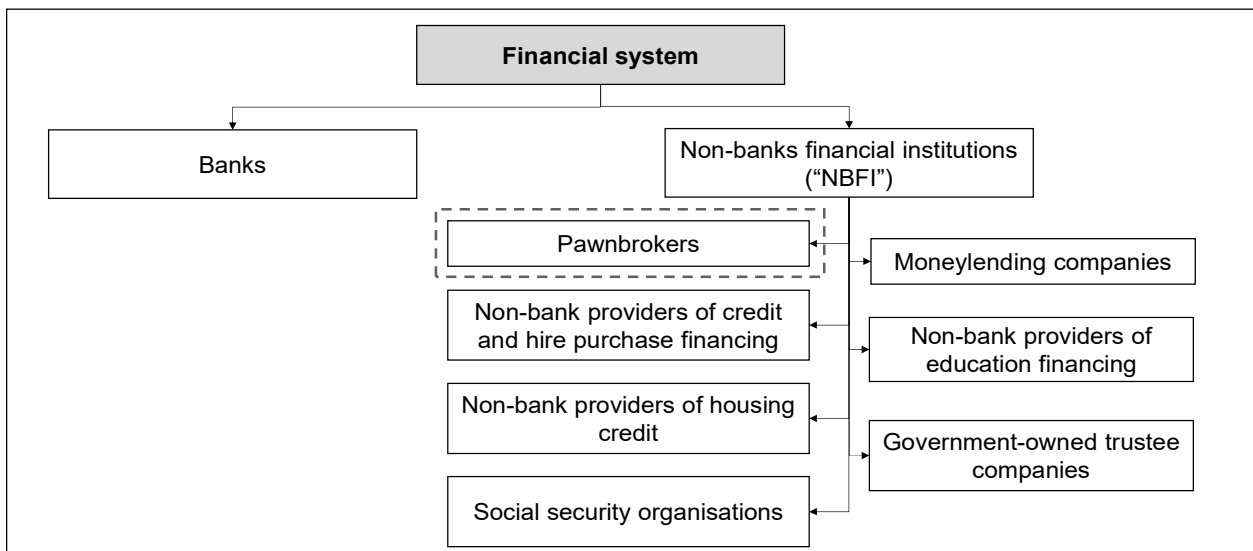
2 THE PAWNBROKING INDUSTRY IN MALAYSIA

Overview

The financial system is a set of financial institutions comprising banks and non-banks financial institutions (“NBFIs”) to facilitate exchange of funds between financial market participants such as lenders, borrowers and investors.

Within the financial system, banks are regulated by Bank Negara Malaysia (“BNM”) whereas NBFIs are generally regulated by other authorities such as the Ministry of Finance, Ministry of Housing and Local Government or Kementerian Perumahan dan Kerajaan Tempatan (“KPKT”) and Malaysia Co-operative Societies Commission. NBFIs comprise pawnbrokers, moneylending companies, non-bank providers of credit and hire purchase financing, non-bank providers of education financing, non-bank providers of housing credit, government-owned trustee companies and social security organisations, amongst others.

Composition of the financial system



Notes:

- The examples listed are not exhaustive.
- [Dashed border] denotes the key segment Pappajack Group is involved in.

Sources: BNM, SMITH ZANDER analysis

7. **INDUSTRY OVERVIEW** (Cont'd)

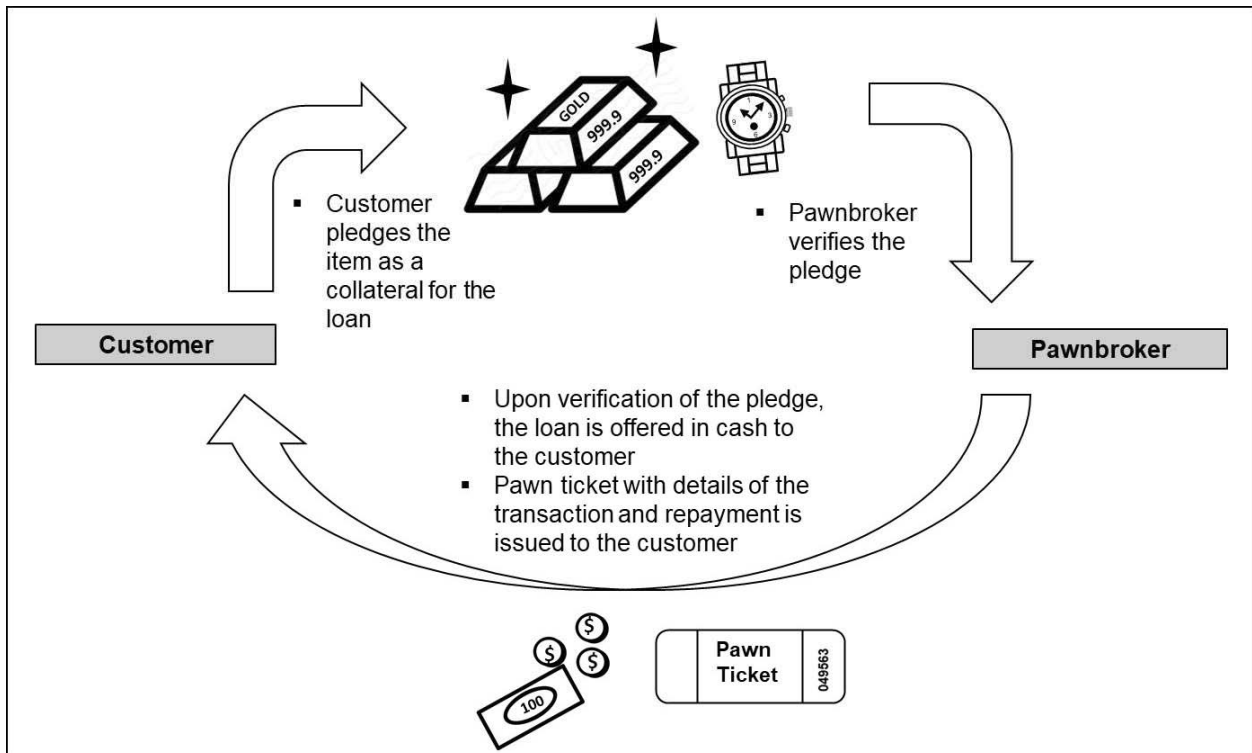
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Pawnbroking services are provided by pawnbrokers who principally offer pledge-backed short-term financing or pawn loan with a short repayment period for pawners (i.e. persons with pledges for pawn to pawnbrokers) who are the customers of pawnbroking services. A pawn loan is commonly defined as a micro-loan or microfinancing and is typically pledged against high value personal items such as gold jewellery and luxury watches. The loan offered will be based on the prevailing market value of the pledge which can be obtained from third party platforms such as MKS Precious Metals Sdn Bhd, Gold Price and World Gold Council. As the pledges hold an intrinsic value which allow pawnbrokers to recover the full loan amount disbursed to their customers by selling the pledges for cash, the short-term financing of pawn loans offered by pawnbrokers are secured and protect the pawnbrokers against potential losses from loan defaults.

In Malaysia, the pawnbroking business is governed by the KPKT under the Pawnbrokers Act 1972. Every individual pawnbroking outlet is required to be licensed by the KPKT, whereby a company has to be incorporated and licensed to operate each pawnbroking outlet. According to the Pawnbrokers Act 1972, pawn loans provided by pawnbrokers are capped at RM10,000 per transaction, i.e. whereby the maximum pawn loan that can be provided under one pawn ticket is RM10,000 and can comprise one or more pledged items. If the pledged item exceeds RM10,000, then multiple pawn tickets will be issued that amounts to the value of the pledged item. In addition, pawnbrokers charge pawners a maximum monthly interest rate of 2% on the pawn amount and may also impose a one-off administrative fee of up to RM0.50 for the issuance of pawn tickets for any pawn loans amounting to more than RM10.

Pawn tickets are receipts that are issued to pawners as proof of pawn transactions. The repayment duration for the pawn loan is up to 6 months and pawners are entitled for extension of pawn loan durations subject to the renewal of pawn tickets.

Illustration of a pawnbroking transaction



Source: SMITH ZANDER

Further, there is also Ar-Rahnu services in Malaysia, which is Islamic pawnbroking services provided by Ar-Rahnu providers (i.e. banks and non-bank financial institutions). Ar-Rahnu services are governed by the regulatory authorities that the Ar-Rahnu providers are registered with, and there is no uniform regulatory scheme that governs the licensing, incorporation and operations of Ar-Rahnu services. As such, banks

7. **INDUSTRY OVERVIEW** (Cont'd)

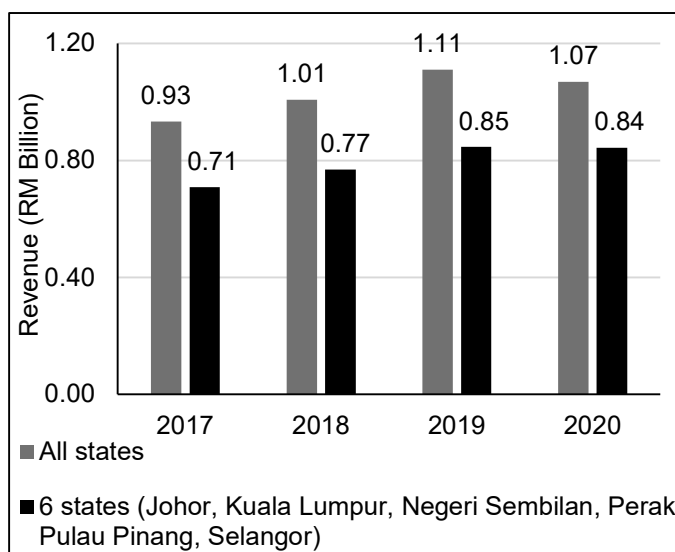
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providing Ar-Rahnu services are subject to BNM’s supervision under the Islamic Financial Services Act 2013; co-operatives providing Ar-Rahnu services are required to comply with the written directions issued from time to time by the Malaysia Co-Operative Societies Commission in consultation with the Syariah Advisory Council established under the Central Bank of Malaysia Act 1958; and state-linked companies providing Ar-Rahnu services are subject to the purview of the respective state religious authorities. Pawners are required to place high value personal items (e.g. gold jewellery) as pledges for interest-free loans offered by the Ar-Rahnu providers, and will be charged storage fees. Upon the maturity date of the loans, pawners will have to repay the loans and storage fees to redeem the pledges. Any unredeemed pledges will be put up for public auction by the Ar-Rahnu providers in exchange for cash.

Industry Performance and Growth Drivers

The pawnbroking industry in Johor, Kuala Lumpur, Negeri Sembilan, Perak, Pulau Pinang and Selangor is computed based on the revenues of licensed pawnbroking industry players in these states. The pawnbroking industry in these 6 states grew from RM0.71 billion in 2017 to RM0.85 billion in 2019, but declined slightly to RM0.84 billion in 2020, thereby registering an overall Compound Annual Growth Rate (“CAGR”) of 5.76% during the period. In 2020, the pawnbroking industry in these 6 states represented approximately 79% of the pawnbroking industry in Malaysia. The pawnbroking industry in Malaysia grew from RM0.93 billion in 2017 to RM1.11 billion in 2019, but declined slightly to RM1.07 billion in 2020, thereby registering an overall CAGR of 4.79% during the period.

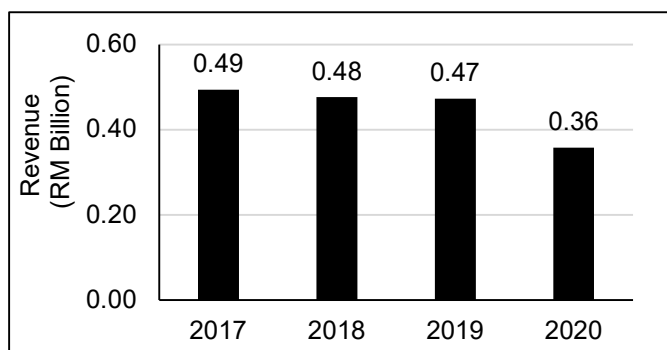
Pawnbroking Industry in Malaysia, 2017-2020



Sources: KPKT, SMITH ZANDER analysis

The Ar-Rahnu industry in Malaysia is computed based on the revenues of the banks¹ and non-bank financial institutions² that offer Ar-Rahnu services. The Ar-Rahnu industry in Malaysia declined from RM0.49 billion in 2017 to RM0.36 billion in 2020, recording a CAGR of -9.77%.

Ar-Rahnu Industry in Malaysia, 2017-2020



Source: SMITH ZANDER analysis

¹ Comprises segmental revenue for Ar-Rahnu from Bank Kerjasama Rakyat Malaysia Berhad (“Bank Rakyat”), Bank Muamalat Malaysia Berhad (“Bank Muamalat”) and Bank Pertanian Malaysia Berhad (“Agrobank”). The segmental revenue for Ar-Rahnu from Bank Islam Malaysia Berhad (“Bank Islam”) is not publicly available, hence it is not included in the computation of the Ar-Rahnu industry size in Malaysia.

² Comprises segmental revenue for Ar-Rahnu from Pos Ar-Rahnu Sdn Bhd (a subsidiary of Pos Malaysia Berhad) and Maidam Property Sdn Bhd, as well as the storage fee recorded by the Ar-Rahnu franchise outlets of Bank Rakyat. The revenue information from other non-bank financial institutions such as Koperasi YaPEIM Berhad, Koperasi Dagang Emas Berhad, Koperasi Habib Malaysia Berhad and Koperasi Permodalan Kelantan Berhad are not publicly available, hence it is not included in the computation of the Ar-Rahnu industry size in Malaysia.

7. INDUSTRY OVERVIEW (Cont'd)

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The outbreak of the coronavirus disease (“COVID-19”) since early 2020 has impacted many countries around the world. On 30 January 2020, the World Health Organisation (“WHO”) declared a public health emergency of international concern on COVID-19. Later, on 11 March 2020, the WHO made the assessment that COVID-19 can be characterised as a pandemic due to the alarming levels of spread and severity and levels of inaction.

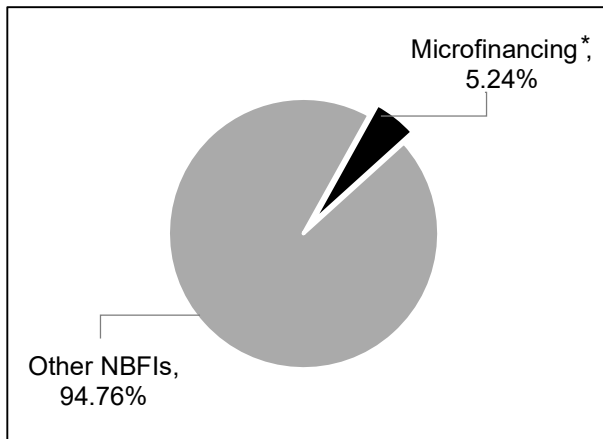
In view of the COVID-19 pandemic, Malaysia recorded a gross domestic product (“GDP”) growth of -5.6% in 2020, indicating adverse economic conditions which has affected businesses and employment. Many businesses, particularly small and medium enterprises (“SMEs”), have closed down and as a result, many employers have undertaken cost-cutting measures such as salary cuts, reduction of allowances or employee retrenchment leading to a decline in disposable income and ultimately leading to a decline in purchasing power by consumers.

As such, consumers may be experiencing adverse impact on their financial position and thus are seeking to obtain immediate funds to support their temporary financial needs. As these consumers may not be able to obtain financing quickly from financial institutions due to their inability to meet loan requirements, pawnbrokers serve as avenues for these consumers to obtain immediate funds during this period of uncertainty arising from the COVID-19 pandemic. Nevertheless, BNM forecasts the GDP growth in 2022 to be in the range of 5.5% to 6.5%, indicating improvement in economic conditions.

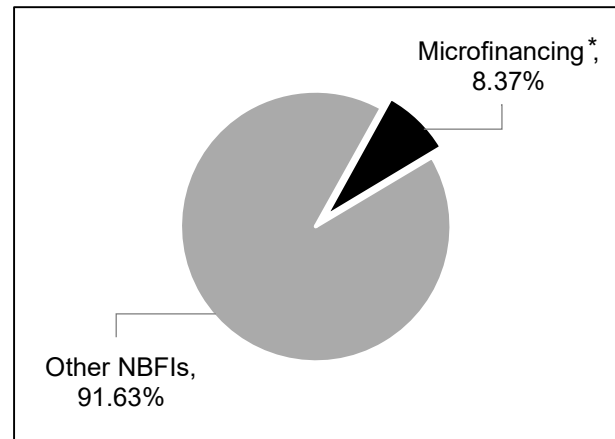
Pawnbroking services is a form of microfinancing extended by NBFIs. Microfinancing is a type of financial service and refers to small loans at interest, with or without security, extended by financial institutions or NBFIs to businesses or individuals for business or personal financing purposes.

The microfinancing segment in Malaysia, as a percentage of total NBFIs’ assets, grew from 5.24% in 2017 to 8.37% in 2019.

Composition of NBFIs’ assets which include microfinancing, 2017



Composition of NBFIs’ assets which include microfinancing, 2019



Note:

* This data includes assets of pawnbrokers, moneylending companies, non-bank providers of credit and hire purchase financing, non-bank providers of education financing, non-bank providers of housing credit, government-owned trustee company and social security organisation, as data breakdown by these individual NBFIs is not publicly available.

Sources: BNM, SMITH ZANDER analysis

Pawnbrokers play a vital role in providing short-term micro-loans to individuals who may be financially underserved. As such, pawnbroking services complement the role of conventional financial institutions in the provision of loans to individual consumers.

Financing from conventional financial institutions is approved based on requirements such as the borrowers’ income levels and credit score ratings, where these requirements are more extensive and involves a thorough loan application process. If the borrowers are unable to meet these loan requirements, they will not qualify for financing from conventional financial institutions. Thus, individuals who do not meet the income requirements

7. INDUSTRY OVERVIEW (Cont'd)**SMITH ZANDER**

and credit score ratings will have little access to personal financing from conventional financial institutions. As such, short-term micro-loans offered by pawnbrokers are alternative financing solutions to borrowers.

As the processing time for pawnbroking services is relatively quick, pawn loans can be disbursed on an immediate basis upon verification, enabling individuals to have convenient and quick access to funds for their immediate needs. While the requirements to be approved for pawn loans are deemed to be relatively straightforward, pawnbrokers are mitigated against potential losses from loan defaults as the pledges from the pawners hold intrinsic value which allow pawnbrokers to recover the loan by selling the pledges for cash. Further, pawnbrokers adopt and practise a strict set of standard operating procedures to ensure they are in compliant with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

Further, during the current times of uncertainty arising from the COVID-19 pandemic, some businesses, particularly SMEs, have closed down as a result, and employers have undertaken cost-cutting measures such as salary cuts, reduction of allowances or employee retrenchment leading to a decline in disposable income and ultimately leading to a decline in purchasing power of consumers. Consumers who are experiencing adverse impact on their income may seek to obtain immediate funds to support their temporary financial needs during this period of uncertainty.

Key Industry Risks and Challenges**► Exposure to volatility of gold prices**

Pawnbrokers extend loans pledged against high value personal items, and gold jewellery is widely used as pledged items as collateral. The loan amount is dependent on the loan margin and prevailing market prices of gold. Any unredeemed gold will be put up for public auction by the pawnbrokers in exchange for cash.

Gold is a commodity which is exposed to price volatility as a result of market demand and supply conditions. As such, pawnbrokers may be exposed to volatility of gold prices between the periods of when the pawn item is pledged and when any unredeemed item is put up for auction which will be based on prevailing market price of gold at the point of the auction. According to the World Gold Council, gold prices have increased from USD1,392.60 per troy ounce in 2019 to USD1,798.61 per troy ounce in 2021 at a CAGR of 13.65%.

However, any significant prolonged downward movement in the price of gold will result in a fall in the value of the pledged gold items. If borrowers do not repay their loans (i.e. do not redeem their pledged gold items), these pledged items will decrease in value, and pawnbrokers may not be able to recover the full principal amount of the loans extended to these borrowers. As such, the financial performance of pawnbrokers may be adversely impacted.

► Exposure to unlawful and suspicious pawn transactions and transactions of stolen luxury items

Pawnbroking is a regulated industry in Malaysia as it involves the pawning of luxury items in exchange for money. According to the Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") Sectoral Guidelines 8 for licensed moneylenders and pawnbrokers by Bank Negara Malaysia, pawnbroking businesses form part of moneylending activities in Malaysia.

Pawnbrokers offer pawn loans where valuable items are used as pledges. If a borrower fails to repay the pawn loan, the pawnbroker will the pledge via public auction as settlement for the pawn loan. Hence, certain parties and/or individuals may use pawnbroking as a way to exchange valuable items which are proceeds from illegal activities for pawn loans.

Pawnbroking outlets must identify and assess the risks associated with the luxury items pawned at their outlets by conducting customer due diligence in identifying and verifying the customer as stipulated in the Standard Guidelines on AML/CFT. By practising tight internal controls, pawnbrokers should be able to detect illegal items from being pawned and to report such suspicious transactions to the relevant authorities.

7. **INDUSTRY OVERVIEW** (Cont'd)

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3 COMPETITIVE OVERVIEW**Competitive Landscape**

In Malaysia, pawnbroking businesses that are governed by the KPKT under the Pawnbrokers Act 1972 are required to have a license to carry out business as a pawnbroker. Every pawnbroking outlet is required to be licensed by the KPKT, whereby a licence holding company is licensed to operate one pawnbroking outlet. Based on the latest available information, there were 716 companies with pawnbroking licenses issued by the KPKT in Malaysia.

Ar-Rahnu services in Malaysia are offered by banks and non-bank financial institutions, and are governed by the regulatory authorities that the institutions are registered with, (i.e. banks providing Ar-Rahnu services are subject to BNM's supervision under the Islamic Financial Services Act 2013; co-operatives providing Ar-Rahnu services are required to comply with the written directions issued from time to time by the Malaysia Co-Operative Societies Commission in consultation with the Syariah Advisory Council established under the Central Bank of Malaysia Act 1958; and state-linked companies providing Ar-Rahnu services are subject to the purview of the respective state religious authorities). Banks that provide Ar-Rahnu services include Bank Rakyat, Bank Muamalat, Agrobank and Bank Islam. Non-bank financial institutions that provide Ar-Rahnu services include Pos Ar-Rahnu Sdn Bhd (a subsidiary of Pos Malaysia Berhad), Maidam Property Sdn Bhd, Ar-Rahnu franchisees of Bank Rakyat, Koperasi YaPEIM Berhad, Koperasi Dagang Emas Berhad, Koperasi Habib Malaysia Berhad and Koperasi Permodalan Kelantan Berhad.

Key Industry Players of Pawnbroking Industry

The basis for selection of the key industry players in the pawnbroking industry in Malaysia is as follows:

- (i) Industry players holding a valid pawnbroking license issued by the KPKT;
- (ii) Industry players that own pawnbroking outlets in Peninsular Malaysia, where Pappajack Group's pawnbroking outlets are located and intend to expand into; and
- (iii) The top 5 companies in each of the states in Peninsular Malaysia, based on their respective revenues in their latest available financial years.

The industry players in this IMR Report are shown as individual companies, with each company holding a valid pawnbroking license issued by the KPKT. These companies may be part of larger groups of pawnbroking chains. However, as the relationship of these companies is not publicly available, the industry players are presented as individual companies and not as groups of companies. In instances where industry players are exempt private companies for the latest available financial year, or where industry players have no publicly available financial reports, these industry players are excluded from the basis of selection as the audited financial statements of these companies are not publicly available.

The following sets out the key industry players in the pawnbroking industry in Malaysia on the basis for selection above:

State	Pawnbroking outlets	Latest available financial year	Revenue (RM million) ^(a)
Johor	Kedai Pajak Well Chip Sdn Bhd	31 December 2020	31.49
	Pajak Gadai Bintang Sdn Bhd	31 December 2020	17.65
	Thye Shing Pawnshop Sdn Bhd	31 December 2020	16.87
	Pajak Gadai Shinegold Sdn Bhd	31 December 2020	12.64
	Teratak Alam Sdn Bhd	31 December 2020	12.21
Kuala Lumpur	Pajak Gadai Kotaniaga Sdn Bhd	30 June 2021	7.41
	LBCOM Resources Sdn Bhd	30 June 2020	7.31 ^(b)

7. INDUSTRY OVERVIEW (Cont'd)

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State	Pawnbroking outlets	Latest available financial year	Revenue (RM million) ^(a)
	Pajak Gadai Heng Seng Sdn Bhd	31 December 2020	6.20 ^(c)
	Pajak Gadai Thoong Heng Sdn Bhd	31 December 2020	6.17 ^(d)
	Pajak Gadai Heng Hua Sdn Bhd	31 March 2020	5.77 ^(e)
Negeri Sembilan	Pajak Gadai Pure Merit Sdn Bhd	31 December 2020	4.42
	Pajak Gadai Kwon Tung Kee Sdn Bhd	31 December 2020	3.61
	Pajak Gadai Choong Sin Sdn Bhd	31 December 2020	2.31
	Pajak Gadai BB Hundred Sdn Bhd	31 March 2021	2.07
	Pajak Gadai Sheng Hoong Sdn Bhd	30 June 2020	1.93
Perak	Pajak Gadai Hoong Heng Sdn Bhd	30 September 2020	11.86
	Ban Loong Tong Sdn Bhd	31 December 2020	7.02
	Ban Yong Pawn Brokers Sdn Bhd	30 June 2020	4.74 ^(d)
	Len Shen Pawnshop Sdn Bhd	31 December 2020	3.88
	Pajak Gadai Thai Sin Sdn Bhd	31 December 2020	3.58
Pulau Pinang	Pajak Gadai Kah Hin Sdn Bhd	31 December 2020	37.44 ^(d)
	Pajak Gadai Emas Jaya Sdn Bhd	31 December 2020	30.44 ^(d)
	Yeaik Loong (Butterworth) Sdn Bhd	30 June 2020	27.40
	Pajak Gadai YS Sdn Bhd	31 December 2020	27.40 ^(d)
	Shun Chang Sdn Bhd	31 December 2020	12.01
Selangor	Kedai Pajak Mun Fong Sdn Bhd	31 December 2020	20.23
	Kedai Pajak Shin Ngien Sdn Bhd	31 December 2020	12.91
	Choong Thye Pawn Shop Sdn Bhd	31 December 2020	9.65
	Choong Yee Pawnshop Sdn Bhd	31 December 2020	9.42
	Pajak Gadai Mun Tung Sdn Bhd	31 December 2020	8.16
Kedah	Pajak Gadai Thye Loy Sdn Bhd	31 December 2020	34.41 ^(f)
	Yick Chai Sdn Bhd	30 September 2020	25.05 ^(d)
	Pajak Gadai Thye Loong Sdn Bhd	31 December 2020	19.72 ^(f)
	Ju Sang Sdn Berhad	31 December 2020	18.94 ^(g)
	Kedai Pajak Gadai O&T Sdn Bhd	31 July 2019	17.61 ^(h)
Kelantan ⁽ⁱ⁾	Pajak Gadai Kota Bharu Sdn Bhd	31 December 2020	1.95
	Pajak Gadai Tanah Merah Sdn Bhd	31 May 2021	1.27
	Pajak Gadai Rakan Niaga Sdn Bhd	31 December 2020	1.18
	Pajak Gadai KB Utama Sdn Bhd	30 September 2020	0.14
Melaka	Kah Ngien Pawnshop Sdn Bhd	31 December 2020	4.24 ^(d)
	Kedai Pajak Thye Seng Bhd	31 December 2020	2.35
	Kedai Pajak Heng Soon Sdn Bhd	31 December 2020	2.30

7. INDUSTRY OVERVIEW (Cont'd)

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State	Pawnbroking outlets	Latest available financial year	Revenue (RM million) ^(a)
	Pajak Gadai Malim Maju Sdn Bhd	31 December 2020	1.87
	Pajak Gadai Semabok Sdn Bhd	31 December 2019	0.83
Pahang	Wan Thoong Sdn Bhd	31 December 2020	2.04
	Pajak Gadai Terus Wangsa Sdn Bhd	31 December 2020	0.88
	Pajak Gadai Gohtong Jaya Sdn Bhd	31 December 2020	0.71
	Sri Lembing Trading Sdn Bhd	31 October 2020	0.39
	Pajak Gadai Kum Yen Sdn Bhd	31 August 2020	0.11
Perlis ⁽ⁱ⁾	Yiksung Tong (Perlis) Sdn Bhd	31 December 2020	10.80
	Ban Yick Sdn Bhd	31 December 2020	2.31 ^(g)
	Ban Yick (Arau) Sdn Bhd	31 December 2020	1.22 ^(g)
	Permata Budi Utara Sdn Bhd	31 May 2021	0.19
Terengganu	Pajak Gadai Ah Wang Sdn Bhd	30 December 2020	1.72
	Pajak Gadai KT Ban Lee Sdn Bhd	31 December 2020	1.56
	Pajak Gadai Jit Jit Sdn Bhd	31 December 2020	1.49
	Pajak Gadai Yen Lee Sdn Bhd	31 December 2020	1.48
	Pajak Gadai Sayang Sdn Bhd	30 June 2021	1.38

Notes:

- Latest available as at 15 February 2022.
- (a) The revenue which comprises income derived from sale of unredeemed pledges and interest earned from pawnbroking services are disclosed where such information is publicly available. However, when the breakdown of revenue derived from income from sale of unredeemed pledges and interest earned from pawnbroking is not publicly available, a separate note will be indicated as the total revenue of the company may include sale of pledges redeemed and/or revenue derived from other businesses not related to pawnbroking.
- (b) Revenue comprises sale of pledges and rental income.
- (c) Revenue comprises sale of pledges (redeemed and/or unredeemed), interest and property rental income.
- (d) Revenue comprises sale of pledges (redeemed and/or unredeemed) and interest earned from pawnbroking services.
- (e) Revenue comprises sale of pledges (redeemed and/or unredeemed), interest, property rental income and dividend income.
- (f) Revenue comprises sale of pledges (redeemed and/or unredeemed), sales of jewellery and interest earned from pawnbroking services.
- (g) Revenue comprises sale of pledges (redeemed and/or unredeemed) and/or interest earned from pawnbroking services.
- (h) Revenue comprises sale of pledges (redeemed and/or unredeemed), sales of gold and interest earned from pawnbroking services.
- (i) Comprises 4 licensed pawnbroking companies only. Other licensed pawnbroking companies in Kelantan do not have publicly available financial reports or were inactive, therefore not included in the list.

Sources: KPKT, various company websites, Companies Commission of Malaysia, SMITH ZANDER analysis

There are pawnbroking outlets in Malaysia which are subsidiaries or associate companies of three public-listed companies in Singapore, namely ValueMax Group Limited, MoneyMax Financial Services Ltd and Maxi Cash Financial Services Corporation Ltd. Save for Kedai Pajak Well Chip Sdn Bhd, Thye Shing Pawnshop

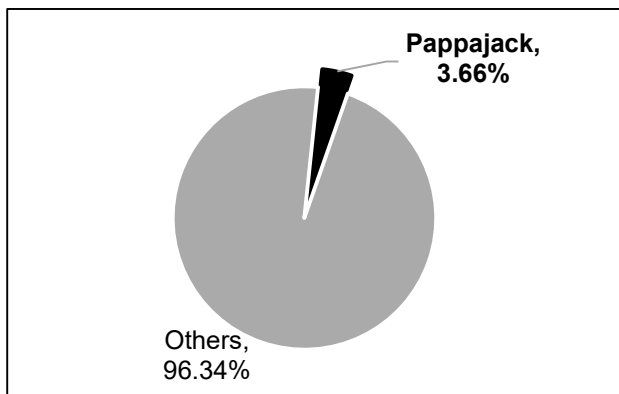
7. **INDUSTRY OVERVIEW** (Cont'd)

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and Pajak Gadai Bintang which are associate companies of ValueMax Group Limited and Pajak Gadai Pure Merit Sdn Bhd, Kedai Pajak Heng Soon Sdn Bhd, Pajak Gadai Malim Maju Sdn Bhd and Pajak Gadai Semabok Sdn Bhd which are subsidiaries of MoneyMax Financial Services Ltd, none of the other companies listed in the table above are subsidiaries or associate companies of these three public-listed companies in Singapore. There are no subsidiaries or associate companies of Maxi Cash Financial Services Corporation Ltd shown in the table above.

Industry Share

Pawnbroking industry share in the 6 states, 2020

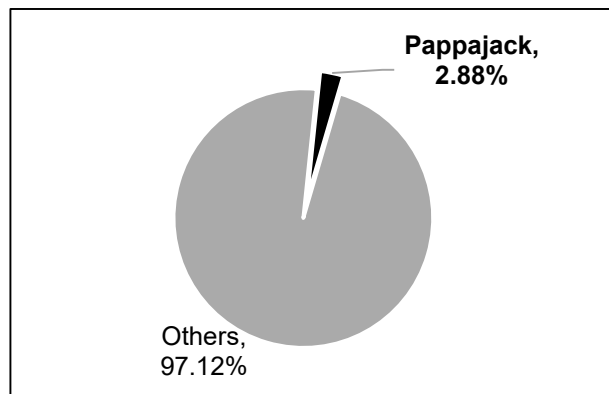


Sources: Pappajack Group, SMITH ZANDER analysis

Based on the latest available information, in 2020, the size of the pawnbroking industry in the 6 states which Pappajack Group operates, namely Johor, Kuala Lumpur, Negeri Sembilan, Perak, Pulau Pinang and Selangor, was recorded at RM0.84 billion.

For the year ended 31 December 2020, the revenue for Pappajack Group (comprising interest from pawnbroking and sale of unredeemed or bid pledges) was recorded at RM30.77 million and thereby, Pappajack Group captured a market share of 3.66% in the 6 states which it operates.

Pawnbroking industry share in Malaysia, 2020

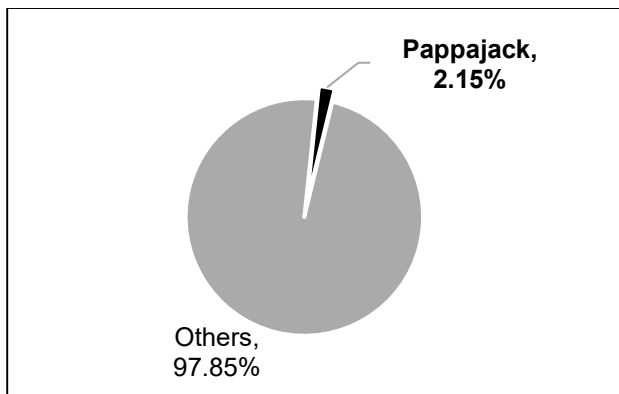


Sources: Pappajack Group, SMITH ZANDER analysis

Based on the latest available information, in 2020, the size of the pawnbroking industry in Malaysia was recorded at RM1.07 billion.

For the year ended 31 December 2020, the revenue for Pappajack Group (comprising interest from pawnbroking and sale of unredeemed or bid pledges) was recorded at RM30.77 million and thereby, Pappajack Group captured a market share of 2.88% in Malaysia.

Pawnbroking industry share in Malaysia, inclusive of the Ar-Rahnu industry, 2020



Sources: Pappajack Group, SMITH ZANDER analysis

Based on the latest available information, in 2020, the size of the pawnbroking industry in Malaysia, inclusive of the Ar-Rahnu industry was recorded at RM1.43 billion.

For the year ended 31 December 2020, the revenue for Pappajack Group (comprising interest from pawnbroking and sale of unredeemed or bid pledges) was recorded at RM30.77 million and thereby, Pappajack Group captured a market share of 2.15% in the pawnbroking industry in Malaysia inclusive of the Ar-Rahnu industry.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

8.1.1 Promoters and Substantial Shareholders' Shareholdings

The following table sets forth the shareholdings of our Promoters and substantial shareholders before and after our IPO:

Name	Country of Incorporation/ Nationality	^(a) No. of Shares Held Before the IPO				^(b) No. of Shares Held After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
<u>Promoters and Substantial Shareholders</u>									
TSE Sejahtera	Malaysia	319,638,347	63.80	-	-	319,638,347	47.85	-	-
Lim Boon Hua	Malaysian	-	-	335,103,674	^(c) 66.89	-	-	335,103,674	^(c) 50.17
Law Book Ching	Malaysian	-	-	319,638,347	^(d) 63.80	-	-	319,638,347	^(d) 47.85
Lim Siew Fang	Malaysian	-	-	319,638,347	^(d) 63.80	-	-	319,638,347	^(d) 47.85
Lee Kooi Lan	Malaysian	15,465,327	3.09	319,638,347	^(e) 63.80	15,465,327	2.32	319,638,347	^(e) 47.85

Notes:

- (a) Based on the issued share capital of 501,000,000 Shares before the Public Issue.
(b) Based on the enlarged issued share capital of 668,000,000 Shares after the Public Issue.
(c) Deemed interested by virtue of the interests of his spouse (Lee Kooi Lan) in our Company and his interest in TSE Sejahtera pursuant to Section 8 of the Act.
(d) Deemed interested by virtue of his/her interest in TSE Sejahtera pursuant to Section 8 of the Act.
(e) Deemed interested by virtue of the interests of her spouse (Lim Boon Hua) in our Company pursuant to Section 8 of the Act.

Save for our above Promoters and substantial shareholders, to the extent known to our Company, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, our Promoters and substantial shareholders have the same voting rights as the other shareholders of our Company and there is no arrangement between our Company and its shareholders with any third parties, the arrangement of which may, at a subsequent date, result in the change in control of our Company.

8.1.2 Profiles of Promoters and/or Substantial Shareholders

The profiles of our Promoters and/or substantial shareholders are as follows:

(i) TSE Sejahtera

TSE Sejahtera is our Promoter and substantial shareholder.

The company was incorporated in Malaysia under the Act on 1 April 2021 as a private limited company under the name of TSE Sejahtera Sdn. Bhd. TSE Sejahtera is principally involved as an investment holding company to the Group. As at the LPD, TSE Sejahtera holds 319,638,347 ordinary shares in our Company representing 63.80% of the entire issued share capital of our Company.

As at the LPD, the issued share capital of TSE Sejahtera is RM10,000.00 comprising of 10,000 ordinary shares.

As at the LPD, the directors of TSE Sejahtera are Lim Boon Hua, Law Book Ching and Lim Siew Fang.

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

The table below sets out the shareholders of TSE Sejahtera and their respective shareholdings in TSE Sejahtera as at the LPD:

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Law Book Ching	1,440	14.40	-	-
Lim Boon Hua	5,525	55.25	-	-
Lim Siew Fang	3,035	30.35	-	-

(ii) Lim Boon Hua

Lim Boon Hua, a Malaysian aged 46, is our Promoter, substantial shareholder, Managing Director/ Chief Executive Officer. He was appointed to the Board on 22 December 2020. He left Sekolah Menengah Kebangsaan Tanjong Sepat located at Tanjong Sepat, Selangor at the age of 16.

As an entrepreneur, he has ventured into various businesses including the supply of domestic maids and manpower, food and beverage business, as well as pawnbroking business.

He started his career with Goh Ah Lek Plastering Sdn Bhd in 1994 as a Human Resource Supervisor with the role of managing the welfare of foreign workers. In 1995, Lim Boon Hua, in his personal capacity, provided outsourcing foreign labour management services to Goh Ah Lek Plastering Sdn Bhd. In 2010, he was appointed as a Director of Goh Ah Lek Plastering Sdn Bhd.

In 1998, he founded Agensi Pekerjaan TSE Sdn Bhd which is involved in the recruitment and processing of foreign maid application agency services. In 2007, he acquired Mashita Jaya Sdn Bhd and was appointed as a director in September 2008, which supplied foreign manpower to multinational corporations including recruitment, management of foreign workers' welfare and payroll scheme, medical and health scheme, transportation and workers' permits. Between 1999 and 2020, he was involved as a partner in several companies and partnerships in the business of management and supply of labour.

In 2012, he ventured into a café chain business in Indonesia under the brand name of "Pappajack Asian Cuisine". Due to the effects of the COVID-19 pandemic, the Indonesian café business is in the midst of being scaled down.

In June 2013, Lim Boon Hua together with his sister, Lim Siew Fang (our Promoter and substantial shareholder), jointly set-up PG Pappajack to venture into the provision of pawnbroking services. PG Pappajack obtained its pawnbroking licence in 2014 and commenced its pawnbroking business in the same year. Since then and over the years, he has expanded the pawnbroking business with the continuous opening of new outlets. In June 2013 and February 2019, he was appointed as the Managing Director of PG Pappajack and Pappajack Holdings, respectively.

In his capacity as a director of companies within the Pappajack Group, Lim Boon Hua has provided business and management guidance and strategic advice to the key management of the Pappajack Group over the years. He has also played a leading role in the formulation of the business direction and strategies of the Pappajack Group. It is anticipated that going forward, he will continue to play a similar role in formulating the business direction and strategies of the Pappajack Group.

He also sits on the board of directors of several private companies in Malaysia, Singapore and Indonesia for personal investment purposes as disclosed in Section 8.2.3(a) of this Prospectus.

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

(iii) **Lim Siew Fang**

Lim Siew Fang, a Malaysian aged 47, is our Promoter and substantial shareholder. She obtained her Lower Secondary Assessment or “Sijil Rendah Pelajaran” from Sekolah Menengah Kebangsaan Tanjong Sepat located at Tanjong Sepat, Selangor, in 1990.

She is an entrepreneur who began her career in trading bird’s nest in her personal capacity since 1990. In 2012, she formed D&L Birdnest, a sole proprietorship for the trading of bird nest business. In April 2015, she was appointed as the Director of Kun Way Enterprise Sdn Bhd, where her primary responsibility was to oversee the bird’s nest trading business of the company. In November 2018, she was appointed as a Director of Din Yan Birdnest Marketing Sdn Bhd, a wholesaler of bird’s nest. In June 2019, she was appointed as Director of Tian Fu Jia Yan Trading Sdn Bhd, a company principally involved in trading bird’s nest. At both Din Yan Birdnest Marketing Sdn Bhd and Tian Fu Jia Yan Trading Sdn Bhd, she was primarily responsible for the overall business strategies and management of the companies.

In June 2013, Lim Siew Fang and Lim Boon Hua jointly set-up PG Pappajack to venture into the provision of pawnbroking services. PG Pappajack obtained its pawnbroking license in 2014 and commenced its pawnbroking business in the same year.

In September 2016 and October 2018, she was appointed as a director of Pajak Gadaai Bertuah Sdn Bhd and Dhoby Ghaut Holdings Sdn Bhd respectively.

She also sits on the board of directors of several private companies in Malaysia for personal investment purposes.

(iv) **Law Book Ching**

Law Book Ching, a Malaysian aged 53, is our Promoter, substantial shareholder and Executive Director. He was appointed to the Board on 22 December 2020. He is responsible for the development and implementation of strategic plans for our Group, namely in the area of business expansions, competition studies and corporate communications. He obtained his Malaysian Certificate of Education or “Sijil Pelajaran Malaysia” from Sekolah Menengah Kebangsaan Petaling located at Taman Sri Sentosa, Kuala Lumpur, in 1986.

He began his career as a Production Leader in Panasonic Appliances Air-Conditioning Malaysia Sdn Bhd in October 1987, where he was primarily responsible for supervising production team. In March 2003, he left Panasonic Appliances Air-Conditioning Malaysia Sdn Bhd as the Head of Production. Thereafter, he joined Consistent Reach Sdn Bhd, a company principally involved in the supply of manpower business in February 2003 as the Managing Director and shareholder, and was primarily in charge of the management of the operations of the company. He is also an investor in companies involved in the business of cleaning services, provision of contract labour and property investment and development, as detailed in Section 8.2.3(b) of this Prospectus.

In 2013, he invested in a business in Laos under a company registered as Phewvongsean Leasing Co., Ltd. As at the LPD, the business of the company has since been scaled down.

In June 2018, he was appointed as a director and is also a shareholder of PG Consistent Reach and PG TSE. He was later appointed as a director of Pappajack Holdings in October 2020.

He also sits on the board of directors of several private companies in Malaysia and Laos for personal investment purposes as disclosed in Section 8.2.3(b) of this Prospectus.

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

(v) Lee Kooi Lan

Lee Kooi Lan, a Malaysian aged 45, is our Promoter and substantial shareholder. She is the spouse of our Managing Director, Lim Boon Hua. She obtained her Lower Secondary Assessment or "Sijil Rendah Pelajaran" from Sekolah Menengah Sungai Manggis located in Banting, Selangor in year 1993. After her studies, she began her career as an administrative clerk at Goh Ah Lek Plastering Sdn Bhd in November 1994 before leaving Goh Ah Lek Plastering Sdn Bhd in July 2006. After leaving Goh Ah Lek Plastering Sdn Bhd, she joined TSE Modul Inisiatif Sdn Bhd, a company carrying out the business of a recruitment agency for foreign workers and manpower outsourcing services as a Manager, where she oversaw the operations of the company from August 2006 to January 2021.

After leaving TSE Modul Inisiatif Sdn Bhd, Lee Kooi Lan joined Pappajack Holdings in February 2021 and she has since been the Area Manager of Pappajack Holdings, where she is responsible for matters relating to communication, streamlining and coordination of all corporate and administrative matters amongst the pawnbroking outlets in the central region.

In August 2016 and November 2018, she was appointed as a director of PG PPJack and Dhoby Ghaut (M) Sdn Bhd respectively.

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

8.1.3 Changes in Shareholdings of Our Promoters and Substantial Shareholders for the Past 3 Years

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

Name	As at 22 December 2020 (Date of Incorporation)		^(a) After the Pre-IPO Reorganisation		^(b) After the IPO	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Promoters and Substantial Shareholders						
TSE Sejahtera	-	-	^(c) 319,638,347	-	319,638,347	-
Lim Boon Hua	*1	100.00	-	^(d) 335,103,674	-	^(e) 50.17
Law Book Ching	-	-	-	^(c) 319,638,347	-	^(e) 47.85
Lim Siew Fang	-	-	-	^(c) 319,638,347	-	^(e) 47.85
Lee Kooi Lan	-	-	15,465,327	319,638,347	15,465,327	^(f) 47.85

Notes:

- *
 (a) Transferred to TSE Sejahtera pursuant to the Pre-IPO Reorganisation.
 (b) Based on the issued share capital of 501,000,000 Shares before the Public Issue.
 (c) Based on the enlarged issued share capital of 668,000,000 Shares after the Public Issue.
 (d) Pursuant to the terms of the Acquisition SSA, TSE Sejahtera, being the nominated private limited company of Lim Boon Hua, Lim Siew Fang and Law Book Ching, was (at the request of such shareholders) allotted and issued all of the Shares to be issued to Lim Boon Hua, Lim Siew Fang and Law Book Ching for payment of the purchase consideration payable to such persons in accordance with the terms of the Acquisition SSA.
 (e) Deemed interested by virtue of the interests of his spouse (Lee Kooi Lan) in our Company and his interest in TSE Sejahtera pursuant to Section 8 of the Act.
 (f) Deemed interested by virtue of his/her interest in TSE Sejahtera pursuant to Section 8 of the Act.
 Deemed interested by virtue of the interests of her spouse (Lim Boon Hua) in our Company pursuant to Section 8 of the Act.

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

8.1.4 Remuneration and Benefits of Our Promoters and Substantial Shareholders

Save for the aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group in all capacities to our Group (as disclosed in Section 8.2.4 of this Prospectus), there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

8.2 DIRECTORS

8.2.1 Directors' Shareholdings

The following table sets out the direct and indirect shareholdings of our Directors before and after our IPO:

Name	Designation	^(a) No. of Shares Held Before the IPO				^(b) No. of Shares Held After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Chong Chee Fire	Independent Non-Executive Chairman	-	-	-	-	-	-	-	-
Lim Boon Hua	Managing Director/Chief Executive Officer	-	-	335,103,674	^(c) 66.89	-	-	335,103,674	^(c) 50.17
Law Book Ching	Executive Director	-	-	319,638,347	^(d) 63.80	-	-	319,638,347	^(d) 47.85
Dato' Magaret Ting Thien Hung	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Koo Woon Kan	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Cheong Woon Yaw	Independent Non-Executive Director	-	-	-	-	-	-	-	-

Notes:

- (a) Based on the issued share capital of 501,000,000 Shares before the Public Issue.
- (b) Based on the enlarged issued share capital of 668,000,000 Shares after the Public Issue.
- (c) Deemed interested by virtue of the interests of his spouse in our Company and his interest in TSE Sejahtera pursuant to Section 8 of the Act.
- (d) Deemed interested by virtue of his/her interest in TSE Sejahtera pursuant to Section 8 of the Act.

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

8.2.2 Profiles of Our Directors

Save for the profiles of Lim Boon Hua and Law Book Ching as disclosed in Section 8.1.2 of this Prospectus, the profiles of our other Directors are as follows:

(i) Chong Chee Fire

Chong Chee Fire, a Malaysian aged 67, is our Independent Non-Executive Chairman. He was appointed to the Board on 3 May 2021. He obtained a Masters in Business Administration degree from the University of Bradford, United Kingdom in 1982. He obtained Fellowship of the Association of Chartered Certified Accountants in 1989 and a member of the Malaysian Institute of Accountants since 2002.

He began his career in May 1983 as an Inspector in the internal audit and inspection department of Overseas Union Bank, a foreign bank in Malaysia and his last held position was Assistant Vice President before leaving Overseas Union Bank in December 1990. From 1991 to 1996, he was appointed as the Director of PT OCBC Sikap Securities ("**PT OCBC**") in Jakarta, a subsidiary of Overseas-Chinese Corporation Bank Limited and was redesignated as Chief Executive Officer of PT OCBC from December 1996 to October 1999. During his tenure in PT OCBC, he was mainly responsible for overseeing and managing the overall operations as well as formulating business strategies for the brokerage business.

After leaving PT OCBC in October 1999, he was appointed as an Executive Director (Operations) of Hwang DBS Securities (Johor Bahru) Sdn Bhd from November 1999 to March 2001.

From April 2001, he served as the Chief Operating Officer of Pheim Unit Trusts Berhad ("**PUTB**") before being redesignated as the Chief Executive Officer of PUTB from January 2002 before resigning in October 2003. During his tenure in PUTB, he was mainly responsible for the launching and promotion of its unit trusts funds and overall operations of the company.

He is presently a Partner of CF Associates PLT, a Chartered Accountants and Business Advisory practice which he founded in January 2004.

He has been as the Independent Non-Executive Director of Harrison's Holdings (Malaysia) Berhad, a company listed on the Main Board of Bursa Securities, since 5 March 2002. He holds directorships in several private companies as disclosed in Section 8.2.3(c) of this Prospectus.

(ii) Dato' Magaret Ting Thien Hung

Dato' Magaret Ting Thien Hung, a Malaysian aged 41, is our Independent Non-Executive Director. She was appointed to the Board on 3 May 2021. She obtained her Bachelor of Law degree from the University of West England, Bristol, United Kingdom in 2001 and in 2002, she obtained her Certificate in Legal Practice.

In October 2002, she joined SC Lim & Partners as a pupil. Upon completion of her pupillage in October 2003, she was admitted as an Advocate and Solicitor of the High Court of Malaya. After leaving SC Lim & Partners in November 2004, she joined Bong & Co Advocates as a pupil in November 2004 as a prerequisite of being admitted as an Advocate and Solicitor of the High Court of Sabah and Sarawak. Upon completion of her pupillage in December of 2005, she was admitted as an Advocate and Solicitor of the High Court of Sabah and Sarawak and commenced legal practice in the State of Sarawak.

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

In October 2006, she left Bong & Co Advocates and established a legal firm known as Messrs Ting & Ting in October 2006 and she has since been its Managing Partner. She is primarily involved in conveyancing, litigation and corporate legal work, where she leads her team of associates in conveyancing works as well as managing the firm's business including branding marketing, client relationship management, securing mandates and matters relating to general administration of the firm.

In September 2018, she was appointed as the Independent and Non-Executive Director of Sycal Ventures Berhad, a public company listed on the Main Market of Bursa Securities. She is a member of the audit committee of Sycal Ventures Berhad, where her responsibility includes providing oversight of the financial reporting and audit process. In addition, she was appointed as the Independent and Non-Executive Director of Orgabio Holdings Berhad. She sits on the board of several private companies in Malaysia as disclosed in Section 8.2.3(d) of this Prospectus.

(iii) **Koo Woon Kan**

Koo Woon Kan, a Malaysian aged 46, is our Independent Non-Executive Director. She was appointed to the Board on 3 May 2021. She obtained an Association of Chartered Certified Accountants ("**ACCA**") qualification in 1999. She is a member of the Malaysian Institute of Accountants since 2019. She has more than 20 years of experience in the accounting and finance, and financial services.

She started her career in November 1999, as an assistant accountant with Guardian Security Consultants Sdn Bhd (part of HLI-Hume Management Co. Sdn Bhd's ("**HLI-Hume**") group of companies) up to February 2001. From February 2001 to June 2006, she continued her career as an Internal Auditor with HLI-Hume. In July 2006, she left HLI-Hume as a Senior Internal Auditor where she was primarily responsible for ensuring the company's compliance to its group operational and financial policies, reviewing the business processes and operational performance and identifying risks applicable to the company.

Between July 2006 and January of 2008, she was an accountant with First Mobile Group Sdn Bhd. After taking a career break from February 2008 to July 2008, she joined Puma Sports Goods Sdn Bhd from August 2008 to June 2009 as Accounts Department Head primarily responsible in overseeing the overall reporting of the financial statements and audit functions of the company.

From July 2009 to June 2011, she was the senior accountant at Scope International (M) Sdn Bhd, responsible for the receivables, resolving long outstanding invoices and ensuring all recharges were billed on a timely basis.

She founded Eco Circle Sdn Bhd and Rightway Management Sdn Bhd in May 2011 and October 2016, respectively, and has since been overseeing the management and operations of Eco Circle Sdn Bhd and Rightway Management Sdn Bhd which are principally involved in property investment and trading activities and in the provision of accounting services, respectively.

She has also been appointed as the Financial Controller with Chi Yuan Industrial (M) Sdn Bhd, a company involved in the manufacturing of polyethylene terephthalate (PET) and poly-vinyl-chloride (PVC) since December 2014.

She sits on the board of another private company in Malaysia as disclosed in Section 8.2.3(e) of this Prospectus.

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

(iv) Cheong Woon Yaw

Cheong Woon Yaw, a Malaysian aged 48, is our Independent Non-Executive Director. He was appointed to the Board on 27 December 2021. He obtained a diploma in Management Accounting and Accounting from the London Chamber of Commerce and Industry Examinations Board in 1994. He completed his ACCA qualification in December 2000 and was subsequently admitted as a member of the ACCA in January 2002.

He started his career in August 1997, as an Audit Assistant in the audit department of Ernst & Young, where he was primarily responsible for general financial audit assignments of various companies, including listed and multinational corporations. He was then promoted to the position of Senior Auditor before leaving Ernst & Young in May 2003.

In May 2003, he joined Informatics Resource Corporation Sdn Bhd as a Finance Manager and his work scope covered finance operation management and group financial control. He left Informatics Resource Corporation Sdn Bhd in February 2004 and joined T.S. Law Holding Sdn Bhd.

He was appointed as the Finance Manager of T.S. Law Holding Sdn Bhd and was responsible for the general financial management and accounting matters of Wayang Tinggi Produksi Sdn Bhd, a subsidiary of T.S. Law Holding Sdn Bhd. He subsequently left T.S. Law Holding Sdn Bhd in May 2005 to pursue his own personal business interests, where he was involved the sale and marketing of health products from June 2005 to May 2007.

In May 2007, he joined Mangosteen Beverage (Malaysia) Sdn Bhd as a Finance Manager and his primary duty was to oversee the general accounting and financial operations of the company. In carrying out his duties as a Finance Manager, he was also tasked to ensure adherence with the company's accounting practices and guidelines. He was later redesignated to the position of Regional Finance Manager in June 2010. As a Regional Finance Manager, his duties were further extended to include overseeing the general accounting and financial operations of the company's Singapore branch, before he left the position in March 2013.

Between March 2013 to November 2013, he was a Senior Finance Manager of Avon Cosmetics (Malaysia) Sdn Bhd. As a Senior Finance Manager, he was responsible for the preparation of management and financial reports, and driving the development and implementation of the sales and operation planning of the company. In November 2013, he left to join Mindvalley Lab Sdn Bhd, where he headed the finance department as a Senior Finance Manager between November 2013 until January 2016. In February 2016, he joined J. Walter Thompson Sdn. Bhd. as its Finance Director, where he assumed responsibility for the overall financial management, development and operations of the J. Walter Thompson Malaysian Group Agencies. During his tenure with J. Walter Thompson Sdn Bhd, he was responsible for budgeting and forecasting, management of cash flow, financial performance reporting, financial planning and analysis, as well as operations management. He left his position in J. Walter Thompson Sdn Bhd in June 2020.

After leaving his position with J. Walter Thompson Sdn Bhd and to date, he was engaged by a beverage distributor company, Multi Venture Networks Sdn Bhd, as a technical adviser to render technical advice and to assist in overseeing the company's financial affairs, including statutory reporting and tax matters, and human resource management matters. He was promoted in December 2021 as the Chief Financial Officer of Multi Venture Networks Sdn Bhd, where he oversees, manages and tracks the cash flow as well as analyse the financials of the company. His directorships in any other companies outside our Group in the past 5 years are disclosed in Section 8.2.3(f) of this Prospectus.

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

8.2.3 Principal Directorships and Principal Business Activities of Our Directors Outside Our Group for the Past 5 Years

The following table sets out the principal directorships of our Directors as at the LPD and those which were held within the past 5 years up to the LPD, as well as their involvement in principal business activities outside our Group:

(a) Lim Boon Hua

No.	Company	Place of Incorporation	Position Held	Principal Business Activities	Date Appointed	Date Resigned	Equity Interest Held (%)	
							Direct	Indirect
1.	Agensi Pekerjaan TSE Sdn Bhd	Malaysia	Director/ Shareholder	Agent in recruitment and processing of foreign maid application	18.03.2002	-	60.00	-
2.	TSE Modul Inisiatif Sdn Bhd	Malaysia	Director/ Shareholder	Agent in recruitment and processing of foreign worker application and manpower outsourcing management services	15.12.2006	-	60.00	-
3.	Mashita Jaya Sdn Bhd	Malaysia	Director/ Shareholder	Sub-contractor of cleaning services, construction works, packaging industries and other related products	23.09.2008	-	70.00	-
4.	Mashita Jaya Resources Sdn Bhd	Malaysia	Director/ Shareholder	Labor contractor As at the LPD, the company is dormant and there is no immediate plans for the company to commence business	17.02.2011	-	25.00	-
5.	Cahaya Manpower Sdn Bhd	Malaysia	Director/ Shareholder	Activities of holding companies ⁽¹⁾ As at the LPD, the company is dormant and there is no immediate plans for the company to commence business	08.08.2011	-	20.00	-
6.	C & L Services Sdn Bhd	Malaysia	Director/ Shareholder	Supply of human resources for client business	22.03.2012	-	33.00	-
7.	PT Papparich Kopitiam	Indonesia	Director/ Shareholder	Restaurant business	04.09.2012	-	20.00	-
8.	TNI Development Sdn Bhd	Malaysia	Director/ Shareholder	Investment palm, development, general trading As at the LPD, the company has been dissolved	11.04.2013	-	48.58	-
9.	Konsortium Rimbulan Asia Sdn Bhd	Malaysia	Director/ Shareholder	Labor contractor As at the LPD, the company is dormant and there is no immediate plans for the company to commence business	05.10.2015	-	60.00	-

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

No.	Company	Place of Incorporation	Position Held	Principal Business Activities	Date Appointed	Date Resigned	Equity Interest Held (%)	
							Direct	Indirect
10.	Zoonhan Resources Sdn Bhd	Malaysia	Director/ Shareholder	Management of land and buildings, provision of services to maintain property and equity	03.11.2015	-	30.00	-
11.	Dhoby Ghaut Holdings Pte. Ltd.	Singapore	Director/ Shareholder	Wholesale trade of variety of goods without a dominant product/ General trading and investment/ Management consultancy services/ Advisor and management services	21.03.2016	-	100.00%	-
12.	TNI Services Sdn Bhd	Malaysia	Director/ Shareholder	Real estate activities with own or leased property (not elsewhere classified) ("N.E.C.")	02.10.2018	-	60.00	-
13.	Agensi Perkerjaan Mashita Jaya Sdn Bhd	Malaysia	Director/ Shareholder	To carry on the business as private employment agency, to recruit and place a worker to another employer	24.10.2018	-	87.50	-
14.	KS Services Sdn Bhd	Malaysia	Director/ Shareholder	Other building and industrial cleaning activities N.E.C.	02.07.2020	-	29.00	⁽³⁾ 70.00
15.	TSE Modul Development Sdn Bhd	Malaysia	Director/ Shareholder	Provision of accommodation and transportation services	03.10.2013	05.11.2018	30.00	-
16.	TNI Property Management Sdn Bhd	Malaysia	Director/ Shareholder	Providing manpower, rental and transport services for foreign workers	21.05.2020	21.04.2021	99.00	⁽²⁾ 5.00
17.	Goh Ah Lek Plastering Sdn Bhd	Malaysia	Director	Contractor for plastering works and other construction activities	28.12.2010	-	-	-
18.	Goh Ah Lek & Sons Plastering Sdn Bhd	Malaysia	Director	Contractor for plastering works and other construction	09.01.2012	-	-	-
19.	Consistent Property Co. Ltd.	Thailand	Shareholder	Property investment	-	-	12.00	-
20.	Kemas Suci Sdn Bhd	Malaysia	Shareholder	Business of all kinds of cleaning services	-	-	70.00	-
21.	Pajak Gadai Bertuah Sejahtera Sdn bhd	Malaysia	Shareholder	Pawnshops and pawnbrokers include Ar-Rahnu As at the LPD, the Company has been dissolved	-	-	75.00	⁽⁴⁾ 10.00
22.	PPG Utama Kinrara Sdn Bhd	Malaysia	Shareholder	Investment holding in properties	-	-	31.00	⁽⁵⁾ 16.00
23.	Pro Cleaning Sdn Bhd	Malaysia	Shareholder	Cleaning service contractor	-	-	25.00	-
24.	PT Pappajack Asian Cuisine [#]	Indonesia	Shareholder	Restaurant business	-	-	42.00	-
25.	PT Saroha [#] Pappajack	Indonesia	Shareholder	Restaurant business	-	-	20.00	-

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

No.	Company	Place of Incorporation	Position Held	Principal Business Activities	Date Appointed	Date Resigned	Equity Interest Held (%)	
							Direct	Indirect
26.	PT Pappajack Sehati [#]	Indonesia	Shareholder	Restaurant business	-	-	20.00	-
27.	PT Pappajack Sejahtera [#]	Indonesia	Shareholder	Restaurant business	-	-	34.00	-
28.	PT Sejaya Sejahtera Consultancy	Indonesia	Shareholder	Business management consultancy	-	-	42.00	-
29.	Mashita Jaya Management	Malaysia	Partnership	Management services, general commission agent	-	-	-	-

Notes:

- # *In the process of scaling down its business*
- (1) *As at the LPD, Cahaya Manpower Sdn Bhd does not have any subsidiary companies and is holding a vacant agricultural land for investment purpose.*
- (2) *Deemed interested by virtue of family members' shareholdings in TNI Property Management Sdn. Bhd.*
- (3) *Deemed interested by virtue of the shareholdings held by Lim Siew Fang in KS Services Sdn. Bhd.*
- (4) *Deemed interested by virtue of the shareholdings held by Lim Siew Fang in Pajak Gadai Bertuah Sdn. Bhd.*
- (5) *Deemed interested by virtue of of the shareholdings held by Lim Siew Fang in PPG Utama Kinrara Sdn. Bhd.*

(b) Law Book Ching

No.	Company	Place of Incorporation	Position Held	Principal Business Activities	Date Appointed	Date Resigned	Equity Interest Held (%)	
							Direct	Indirect
1.	Consistent Reach Sdn Bhd	Malaysia	Director/ Shareholder	(a) Provision of contract labour and payroll services (b) Hostel management and transportation (c) Provision of human resources and related services	27.02.2003	-	35.00	-
2.	Agensi Pekerjaan Consistent Reach (M) Sdn Bhd	Malaysia	Director/ Shareholder	Activities of employment placement agencies	11.09.2007	-	10.00	-
3.	The Amazco Resources Sdn Bhd	Malaysia	Director/ Shareholder	Labour contractor	14.01.2008	-	17.50	-
4.	Consistent Cleaning Sdn Bhd	Malaysia	Director/ Shareholder	Provision of contract labour	12.05.2011	-	35.00	-
5.	Cahaya Manpower Sdn Bhd	Malaysia	Director/ Shareholder	Activities of holding companies ⁽¹⁾ As at the LPD, the company is dormant and there is no immediate plans for the company to commence business	08.08.2011	-	17.50	-
6.	Etsu Sangyu Sdn Bhd	Malaysia	Director/ Shareholder	Real estate activities with own or leased property N.E.C.	05.10.2011	-	14.00	-

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

No.	Company	Place of Incorporation	Position Held	Principal Business Activities	Date Appointed	Date Resigned	Equity Interest Held (%)	
							Direct	Indirect
7.	TNI Development Sdn Bhd	Malaysia	Director/ Shareholder	Investment palm, development, general trading As at the LPD, the company has been dissolved	11.04.2013	-	28.57	-
8.	Phevwongsean Leasing Co. Ltd	Laos	Director/ Shareholder	Provision of credit leasing services for property purchases ⁽²⁾	09.05.2013	-	46.00	-
9.	TSE Modul Development Sdn Bhd	Malaysia	Director/ Shareholder	Provision of accommodation and transportation services	03.10.2013	-	14.00	-
10.	C&L Services Sdn Bhd	Malaysia	Director/ Shareholder	Supply of human resources for client business	09.06.2014	-	33.00	-
11.	Zoonhan Resources Sdn Bhd	Malaysia	Director/ Shareholder	Management of land and buildings, provision of services to maintain property and equity	03.11.2015	-	14.00	-
12.	The Amazco Management & Consultant Sdn Bhd	Malaysia	Director/ Shareholder	Employment agency	02.02.2018	-	25.00	-
13.	TSE Modul Inisiatif Sdn Bhd	Malaysia	Director	Agent in recruitment and processing of foreign worker application and manpower outsourcing management services	02.11.2009	-	-	-
14.	Glonex Industry Sdn Bhd	Malaysia	Director	Supply of workers, investment holding company.	04.04.2019	-	-	-
15.	PPG Utama Kinrara Sdn Bhd	Malaysia	Shareholder	Investment holding in properties	-	-	11.00	-
16.	Pro Cleaning Sdn Bhd	Malaysia	Shareholder	Cleaning service contractor	-	-	40.00	-
17.	PT Pappajack Sejahtera ⁽³⁾	Indonesia	Shareholder	Restaurant	-	-	10.00	-
18.	TNI Services Sdn Bhd	Malaysia	Shareholder	Real estate activities with own or leased property N.E.C.	-	-	5.00	-

Notes:

- (1) As at the LPD, Cahaya Manpower Sdn Bhd does not have any subsidiary companies and is holding a vacant agricultural land for investment purpose.
- (2) The statutory documents of Phevwongsean Leasing Co. Ltd does not state the principal activities of the company.
- (3) In the process of scaling down its business

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