11. FINANCIAL INFORMATION

11.1 HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated under the Act on 27 September 2021. On 22 December 2021, we completed the Acquisitions which resulted in Oppstar Technology and Alpha Core becoming our wholly-owned subsidiaries. After the completion of the Sophic Automation Subscription on 17 January 2022, Alpha Core became the 57.50% owned subsidiary of Oppstar. On 19 May 2022, we completed the AIRIS Labs Acquisition which resulted in AIRIS Labs becoming our indirect wholly-owned subsidiary via Oppstar Technology. As such, the financial statements of our Group comprise:

(i) the combined statements of financial position as at 31 March 2020 and 2021;

(ii) the consolidated statements of financial position as at 31 March 2022 and 30 September 2022;

(iii) the combined statements of profit or loss and other comprehensive income for FYEs 2020 and 2021;

(iv) the consolidated statements of profit or loss and other comprehensive income for FYE 2022 and FPE 2023;

(v) the combined statements of changes in equity for FYEs 2020 and 2021;

(vi) the consolidated statements of changes in equity for FYE 2022 and FPE 2023;

(vii) the combined statements of cash flows for FYEs 2020 and 2021; and

(viii) the consolidated statements of cash flows for FYE 2022 and FPE 2023.

The historical combined financial statements for FYEs 2020 and 2021 as well as consolidated financial statements for FYE 2022 and FPE 2023 were prepared as if our Group structure had been in existence throughout the Financial Years Under Review and Financial Periods Under Review. All intra-group transactions and balances have been eliminated on combination and consolidation.

The historical financial information presented below should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as set out in Section 11.3 of this Prospectus and the Accountants’ Report, together with its accompanying notes as set out in Section 12 of this Prospectus.

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11.1.1 Historical statements of profit or loss and other comprehensive income of our Group

The table below sets out the statements of profit or loss and other comprehensive income of our Group for the financial years/periods indicated:

	Audited			Unaudited	Audited
	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2022**	**FPE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	15,965	29,262	50,561	26,418	28,815
Cost of sales	(12,817)	(17,442)	(20,426)	(9,931)	(11,829)
GP	3,148	11,820	30,135	16,487	16,986
Other operating income	156	1,230	967	795	1,234
Administrative expenses	(1,679)	(2,673)	(7,529)	(3,897)	(3,800)
Development expenses	-	-	(112)	-	(194)
Other operating expenses	(74)	(174)	(213)	(106)	(449)
Finance costs	(77)	(159)	(128)	(94)	(17)
Shares of results of joint venture, net of tax	-	(50)	-	-	-
PBT	1,474	9,994	23,120	13,185	13,760
Tax expense	(1,053)	(2,195)	(6,513)	(3,487)	(3,422)
Profit for the financial years	**421**	**7,799**	**16,607**	**9,698**	**10,338**
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations	-	1	12	5	(15)
Total comprehensive income	**421**	**7,800**	**16,619**	**9,703**	**10,323**
PAT attributable to:					
Common controlling shareholders of the combining entities/Owners of the parent	421	7,799	16,629	9,698	10,396
Non-controlling interests	-	-	(22)	-	(58)
	421	**7,799**	**16,607**	**9,698**	**10,338**
Total comprehensive income attributable to:					
Common controlling shareholders of the combining entities/Owners of the parent	421	7,800	16,641	9,703	10,381
Non-controlling interests	-	-	(22)	-	(58)
	421	**7,800**	**16,619**	**9,703**	**10,323**
GP margin(i) (%)	19.72	40.39	59.60	62.41	58.95
EBITDA(ii) (RM'000)	1,771	10,601	24,047	13,633	14,345
EBITDA margin(iii) (%)	11.09	36.23	47.56	51.60	49.78
PBT margin(iv) (%)	9.23	34.15	45.73	49.91	47.75
PAT margin(v) (%)	2.64	26.65	32.89	36.71	36.08
Basic and diluted EPS(vi) (sen)	0.07	1.23	2.61	1.52	1.63

Notes:

(i) GP margin is computed based on GP divided by revenue.

(ii) EBITDA is computed as follows:

		Audited			Unaudited	Audited
		FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
		RM'000	RM'000	RM'000	RM'000	RM'000
PAT		421	7,799	16,629	9,698	10,396
Add:	Taxation	1,053	2,195	6,513	3,487	3,422
	Finance costs	77	159	128	94	17
	Depreciation	227	472	811	367	519
Less:	Interest income	(7)	(24)	(34)	(13)	(9)
EBITDA		**1,771**	**10,601**	**24,047**	**13,633**	**14,345**

(iii) EBITDA margin is computed based on EBITDA divided by revenue.

(iv) PBT margin is computed based on PBT divided by revenue.

(v) PAT margin is computed based on PAT divided by revenue.

(vi) For comparative purposes, the basic EPS is computed based on the PAT divided by the total enlarged number of 636,200,000 Shares after our IPO. For information purposes, the diluted EPS is equal to the basic EPS as there were no potential dilutive securities in issue during the respective Financial Years Under Review and Financial Periods Under Review.

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11. FINANCIAL INFORMATION *(CONT'D)*

11.1.2 Historical statements of financial position of our Group

The table below sets out the statements of financial position of our Group as at the end of the financial years/periods indicated:

	Audited			Unaudited	Audited
	As at 31 March			As at 30 September	
	2020	2021	2022	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	541	1,127	1,533	1,302	2,109
Right-of-use assets	302	967	859	772	578
Goodwill(i)	-	-	-	-	352
Deferred tax assets	-	424	-	-	-
Total non-current assets	**843**	**2,518**	**2,392**	**2,074**	**3,039**
Other investments	-	1,942	3,487	2,876	2,938
Trade receivables	1,819	1,066	2,599	7,651	10,328
Other receivables	85	590	843	556	613
Contract assets	-	-	99	58	276
Short-term funds	-	3,997	4,819	4,802	7,774
Current tax assets	-	-	54	-	112
Cash and bank balances	2,372	5,326	6,352	8,614	7,449
Inventories(ii)	-	-	-	-	165
Total current assets	**4,276**	**12,921**	**18,253**	**24,557**	**29,655**
Total assets	**5,119**	**15,439**	**20,645**	**26,631**	**32,694**
Borrowings	1,084	1,469	-	1,105	-
Lease liabilities	192	590	324	389	91
Deferred tax liabilities	-	-	189	104	175
Total non-current liabilities	**1,276**	**2,059**	**513**	**1,598**	**266**
Trade payables	-	114	73	45	117
Other payables	1,829	6,755	(iii)4,052	4,498	(iii)5,466
Contract liabilities	-	1,918	-	5,604	38
Borrowings	247	664	-	342	-
Lease liabilities	112	390	560	405	508
Current tax liabilities	309	478	1,002	1,375	1,530
Total current liabilities	**2,497**	**10,319**	**5,687**	**12,269**	**7,659**
Total liabilities	**3,773**	**12,378**	**6,200**	**13,867**	**7,925**
Equity attributable to common controlling shareholders of the combining entities/owners of the parent:					
Share capital/Invested equity	901	901	7,062	901	7,062
Reserves	445	2,160	6,974	11,863	17,356
	1,346	3,061	14,036	12,764	24,418
Non-controlling interests	-	-	409	-	351
Total equity/ NA	**1,346**	**3,061**	**14,445**	**12,764**	**24,769**
Total equity and liabilities	**5,119**	**15,439**	**20,645**	**26,631**	**32,694**

Notes:

(i) The goodwill is in relation to the acquisition of the remaining 50% equity interest in AIRIS Labs.

(ii) The inventories are in relation to AI ASIC developed by AIRIS Labs and this was consolidated as our inventories after AIRIS Labs became our indirect wholly owned subsidiary via Oppstar Technology on 19 May 2022.

(iii) Other payables mainly comprise accruals for statutory contributions as well as the provision of bonus and professional fees for our Listing.

11.2 CAPITALISATION AND INDEBTEDNESS

The table below sets out our Group's capitalisation and indebtedness as at 31 December 2022 and the pro forma capitalisation and indebtedness of our Group which has been prepared on the assumption that our IPO and the use of proceeds to be raised from our IPO had occurred on 31 December 2022:

	Unaudited as at 31 December 2022 RM'000	**After our IPO and use of proceeds RM'000**
Indebtedness:		
Current		
Unsecured and unguaranteed		
- Lease liabilities owing to non-financial institutions	444	444
Non-current		
Unsecured and unguaranteed		
- Lease liabilities owing to non-financial institutions	11	11
Total indebtedness	**455**	**455**
Total equity	**29,212**	**131,564**
Total capitalisation and indebtedness	**29,667**	**132,019**

The above pro forma capitalisation and indebtedness of our Group is provided for illustrative purposes only and does not represent our actual capitalisation and indebtedness as at 31 December 2022 or in the future.

11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis in respect of to the financial condition and results of operations of our Group for the Financial Years Under Review and Financial Periods Under Review should be read in conjunction with the Accountants' Report together with its accompanying notes as set out in Section 12 of this Prospectus.

The discussion and analysis contain data derived from our audited combined and consolidated financial statements as well as forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ significantly from those projected in the forward-looking statements. The factors that may cause future results to differ significantly from those included in the forward-looking statements include, but not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 8 of this Prospectus.

There are no accounting policies which are peculiar to our Group. For further information on the significant accounting policies of our Group, please refer to Section 7 of the Accountants' Report included in Section 12 of this Prospectus.

11.3.1 Overview of our operations

We are an investment holding company. Through our subsidiaries, we are principally involved in the provision of IC design services covering front-end design, back-end design and complete turnkey solutions to IDMs, fabless companies, fab-lite companies, electronic system providers and other IC design houses.

We also provide other related services such as post-silicon validation services, training, and consultancy services.

Please refer to Section 6 of this Prospectus for further information on our Group's business overview.

11.3.2 Significant factors affecting our financial condition and results of operations

Our financial condition and results of operations have been and are expected to be affected by, amongst others, the following factors:

(i) Rapid technological changes

Our Group operates in a dynamic market where our IC design services are subject to rapid technological evolution in the semiconductor and electronics industries. The semiconductor and electronics industries are inextricably linked to the continuing evolution in technology and evolving industry standards. As such, it is crucial for our Group to keep abreast with the latest technology and fabrication processes to provide our IC design services that meet the needs of our customers in a timely and effective manner. We are exposed to the risk of our existing customers switching to other competitors if we are unable to keep up with the change in technology and market demands. This may adversely affect our business and financial performance. We believe that our Group would be able to stay competitive due to our strengths as outlined in Section 6.6 of this Prospectus.

(ii) Availability of skilled engineers

Our success depends, to a large extent, on our ability to attract and retain engineers with the right technical expertise, professional integrity and commitment that is aligned with our business core values. Hence, our ability to operate and compete could be adversely affected if we are unable to attract, train, motivate and retain qualified engineers. We may offer competitive remuneration packages and attractive incentives to reward and motivate our engineers and to retain them in our Group. This could in turn adversely affect our business and financial performance should we fail to pass on the increase in cost to our customers.

Although we have not previously experienced any major impact on our business and financial performance due to the availability and costs of employing skilled engineers, there is no assurance that we will be able to recruit, develop and retain an adequate number of skilled engineers.

(iii) Dependency on securing purchase orders and/or contracts

We are dependent on our ability to retain our existing customers and secure new purchase orders and/or contracts to sustain our continuous growth. We do not have any long-term contracts with our customers which could guarantee our future financial performance. Our sales are primarily secured via purchase orders and/or contracts, of which the contracts generally up to two (2) years. The duration of the contracts undertaken depends on, amongst others, the scope of work and the technical complexity of the projects.

Over the years, we have maintained a good working relationship with our customers by delivering IC design services that meet their specifications and requirements and are delivered on a timely basis. Testament to this, we have secured repeated orders/contracts with our customers. However, there is no assurance that the absence of long-term contracts with our major customers will not affect our business and financial performance.

(iv) Dependency on certain major customers

Our Group is dependent on our major customers, namely Customer A group of companies, Customer B and Xiamen KirinCore. Therefore, any interruptions in securing new purchase orders and/or contracts from these major customers or the loss of any of these major customers including, but not limited to, delays or deferment of new purchase orders and/or contracts, and/or decrease in the value or number of new purchase orders and/or contracts would adversely impact our business and financial performance.

Please refer to Section 8.1.1 of this Prospectus for further details on this risk factor.

(v) Impact of fluctuation in foreign exchange, interest rate, inflation and government/economic/fiscal/monetary policies

Please refer to Section 11.3.4 of this Prospectus for further information on the impact of fluctuation in foreign exchange, interest rate, inflation and government/ economic/fiscal/monetary policies.

11.3.3 Results of operations

The components of our Group's statements of profit or loss and other comprehensive income as well as the analysis of the results of operations of our Group for the Financial Years Under Review and Financial Periods Under Review are as follows:

(i) Revenue

Our Group's revenue can be segregated into the following segments:

(a) Specific design services

We provide specific design services to our customers based on the resources incurred for a specific project over a defined time frame.

Our customers for this segment generally would already have in-house design teams and our services complement their existing teams. These customers include IDMs, fabless companies, fab-lite companies and other IC design houses.

The designing of ICs requires multiple design teams with specialised knowledge in their respective fields of expertise and tight adherence to product development timelines. Customers engage us for specific design services to address their resource and/or skills gap required for their IC development needs.

Our revenue from specific design services is recognised at the point in time when our services are rendered to the customers (i.e. the point in time when the performance obligation/milestone in the relevant purchase orders and/or contracts are fulfilled). In this regard, we will invoice our customers based on the pre-agreed fee structure and performance obligation set out in the secured purchase orders and/or contracts.

Our fee structure for specific design services will vary from project to project, taking into consideration various key factors, including number of design engineers, scope of work, duration and technical complexity of the projects.

(b) Turnkey design services

We provide turnkey design services to our customers which comprise of IP design turnkey and full IC design turnkey to be performed based on the customers' specifications.

For IP design turnkey, we provide IC design services for functional blocks within an IC based on the customers' specifications. Our customers for IP design turnkey generally would already have in-house design teams, but they may lack certain capabilities and/or resources. These customers include IDMs, fabless companies, fab-lite companies and other IC design houses.

For full IC design turnkey, we provide IC design services involving the designing of multiple IPs, integrating them into a single IC, managing the project and providing design automation functions based on the customers' specifications. Our customers for full IC design turnkey may not have the capabilities to design the entire IC, or they could be in a situation where they may choose to focus their resources on building other ICs. This allows us to supplement our customers' range of ICs. These customers include IDMs, fabless companies, fab-lite companies and electronic system providers.

For turnkey design services, the duration of the projects undertaken could be up to two (2) years, depending on the scope of work and technical complexity of the projects.

Our revenue from turnkey design services is recognised over the period of the contract using the output method by reference to the milestones reached. Revenue recognised over time for each milestone reached is measured at the pre-agreed fee structure and performance obligation set out in the secured purchase orders and/or contracts.

Our fee structure for our turnkey design services will vary from project to project, taking into consideration various key factors, including number of design engineers, scope of work, duration and technical complexity of the projects.

(c) Others

We provide other related services such as post-silicon validation services, training and consultancy services to our customers.

Our revenue from "Others" segment is recognised at the point in time when the goods have been transferred or the services have been rendered to the customer and coincided with the delivery of goods and services and acceptance by customers.

During the Financial Years Under Review and Financial Periods Under Review, our revenue is derived from both local and overseas markets. Revenue from the overseas market is from China, Japan, Singapore and USA.

We do not practise any fixed pricing policy.

(a) Revenue by business segments

The table below sets out our Group's revenue by business segments for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
IC Design										
Specific design services										
- Front-end design	515	3.23	601	2.06	282	0.56	283	1.07	139	0.48
- Back-end design	7,023	43.98	6,184	21.13	10,214	20.20	5,083	19.24	5,231	18.16
	7,538	47.21	6,785	23.19	10,496	20.76	5,366	20.31	5,370	18.64
Turnkey design services	8,423	52.76	22,422	76.62	39,973	79.06	21,051	79.69	23,445	81.36
	15,961	99.97	29,207	99.81	50,469	99.82	26,417	100.00	28,815	100.00
Others	4	0.03	55	0.19	92	0.18	1	*	-	-
Total	**15,965**	**100.00**	**29,262**	**100.00**	**50,561**	**100.00**	**26,418**	**100.00**	**28,815**	**100.00**

Note:

* Negligible.

During the Financial Years Under Review and Financial Periods Under Review, our Group's revenue is primarily derived from the IC design segment which comprises specific design services and turnkey design services.

(b) Revenue by geographical markets

The table below sets out our Group's revenue by geographical markets for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local	7,021	43.98	4,045	13.82	7,652	15.13	3,351	12.68	6,797	23.59
Overseas										
China	8,423	52.76	22,424	76.63	39,409	77.94	21,053	79.70	20,710	71.87
Japan	158	0.99	2,443	8.35	3,318	6.56	1,981	7.50	890	3.09
Singapore	363	2.27	-	-	149	0.30	-	-	418	1.45
USA	-	-	350	1.20	33	0.07	33	0.12	-	-
	8,944	56.02	25,217	86.18	42,909	84.87	23,067	87.32	22,018	76.41
Total	**15,965**	**100.00**	**29,262**	**100.00**	**50,561**	**100.00**	**26,418**	**100.00**	**28,815**	**100.00**

China was the largest revenue contributor to our Group, contributing approximately 52.76%, 76.63% and 77.94% of our Group's total revenue for FYEs 2020, 2021 and 2022 respectively. In FPE 2022 and FPE 2023, China contributed approximately 79.70% and 71.87% of our Group's total revenue respectively. The revenue from China market was mainly derived from turnkey design services.

The geographical profile of our Group's revenue contribution varies from year to year according to the demand and location of the existing and new customers secured by our Group in a particular year.

(c) Commentaries on revenue:

FYE 2020 as compared to FYE 2021

Our Group's revenue increased by approximately RM13.30 million or 83.29% from approximately RM15.97 million for FYE 2020 to approximately RM29.26 million for FYE 2021. The increase in our Group's revenue was mainly due to an increase in revenue from IC design segment. In addition, the "Others" segment which includes the provision of post-silicon validation services and technical training contributed approximately RM0.06 million or 0.19% of our Group's total revenue for FYE 2021.

The increase in revenue from IC design segment was mainly attributable to the increase in revenue from turnkey design services of approximately RM14.00 million as we managed to secure full IC design turnkey projects from Xiamen KirinCore during FYE 2021.

However, the increase was partially offset by the decrease in revenue from specific design services of approximately RM0.75 million as we focused on securing more turnkey design service projects.

In addition, there was an increase in "Others" segment of approximately RM0.05 million, which was mainly attributable to the increase in revenue from the provision of post-silicon validation services.

By geographical location, in line with the above increase in revenue from turnkey design services derived from China market, our Group's overseas market contribution increased by approximately RM16.27 million or 181.94% from approximately RM8.94 million for FYE 2020 to approximately RM25.22 million for FYE 2021. This was also contributed by the increase in revenue from Japan of approximately RM2.29 million.

FYE 2021 as compared to FYE 2022

Our Group's revenue increased by approximately RM21.30 million or 72.79% from approximately RM29.26 million for FYE 2021 to approximately RM50.56 million for FYE 2022. The increase in our Group's revenue was due to an increase in revenue from IC design segment. In addition, the "Others" segment increased by approximately RM0.04 million or 67.27% from approximately RM0.05 million for FYE 2021 to approximately RM0.09 million for FYE 2022.

The increase in revenue from IC design segment was mainly attributable to the increase in revenue from turnkey design services of approximately RM17.55 million based on the milestones achieved and delivered for existing full IC design turnkey projects from Xiamen KirinCore which was secured during FYE 2021.

Further, during FYE 2022, we also managed to secure additional IP design turnkey projects from Customer B and our first IP design turnkey project from a USA-based IDM which has operations in Malaysia, Customer E group of companies.

In addition, there was also an increase in revenue from specific design services of approximately RM3.71 million. This was mainly due to more specific design service requests from our customers in Malaysia and Japan.

There was also an increase in "Others" segment of approximately RM0.04 million, which was mainly attributable to the increase in revenue from the provision of consultancy services.

By geographical location, in line with the above increase in revenue from turnkey design services derived from China market, our Group's overseas market contribution increased by approximately RM17.69 million or 70.16% from approximately RM25.22 million for FYE 2021 to approximately RM42.91 million for FYE 2022. This was also contributed by the increase in revenue from Japan market of approximately RM0.88 million.

FPE 2022 as compared to FPE 2023

Our Group's revenue increased by approximately RM2.40 million or 9.07% from approximately RM26.42 million for FPE 2022 to approximately RM28.82 million for FPE 2023. The increase in our Group's revenue was due to an increase in revenue from IC design segment.

The increase in revenue from IC design segment was mainly attributable to the increase in revenue from turnkey design services of approximately RM2.39 million based on the milestones achieved and delivered for our first IP design turnkey project from a USA-based IDM which has operations in Malaysia, Customer E group of companies and IP design turnkey projects from Customer B (which were secured during FYE 2022).

Further, during FPE 2023, we also managed to secure additional IP design turnkey projects from a new customer from China and the total revenue generated from this customer for FPE 2023 was approximately RM0.58 million. This new customer from China is principally involved in research on smartphone technologies, including but not limited to communications, computer vision and video and image processing.

By geographical location, the above increase in revenue from turnkey design services was derived from local market. Our Group's local market contribution increased by approximately RM3.45 million or 102.83% from approximately RM3.35 million for FPE 2022 to approximately RM6.80 million for FPE 2023. The revenue derived from local market was attributable to more orders secured for specific design services from Customer A group of companies and for both specific design services and turnkey design services from Customer E group of companies. The total revenue generated from Customer A group of companies and Customer E group of companies for FPE 2023 was approximately RM6.43 million. This was partially offset by the decrease in revenue from Japan market of approximately RM1.09 million.

(ii) Cost of sales

Being an IC design house, we are dependent on our workforce, in particular, our design engineers, to deliver our services. Due to the nature of our business, we do not have any specific material cost. As such, our Group's cost of sales comprise labour costs and overheads.

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11. FINANCIAL INFORMATION *(CONT'D)*

(a) Cost of sales by cost components

The table below sets out our Group's cost of sales by cost components for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Labour costs	12,051	94.02	17,144	98.29	20,112	98.46	9,885	99.54	11,743	99.27
Overheads	766	5.98	298	1.71	314	1.54	46	0.46	86	0.73
Total	**12,817**	**100.00**	**17,442**	**100.00**	**20,426**	**100.00**	**9,931**	**100.00**	**11,829**	**100.00**

Labour costs

Labour costs are the primary expense component of our business operations, accounting for approximately 94.02%, 98.29% and 98.46% of our Group's total cost of sales for FYEs 2020, 2021 and 2022 respectively. In FPE 2022 and FPE 2023, labour costs accounted for approximately 99.54% and 99.27% of our Group's total cost of sales respectively.

Labour costs mainly comprise salaries, performance incentives, allowances and other related costs and benefits of our design engineers. We may also engage external design engineers as and when the need arises.

For the Financial Years Under Review and Financial Periods Under Review, the number of external design engineers engaged by our Group is as follows:

	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
Number of external design engineers	14	26	22	18	16

Overheads

Overheads accounted for approximately 5.98%, 1.71% and 1.54% of our Group's total cost of sales for FYEs 2020, 2021 and 2022 respectively. In FPE 2022 and FPE 2023, overheads accounted for approximately 0.46% and 0.73% of our Group's total cost of sales respectively.

Overheads mainly comprise travelling and transportation costs as well as accommodation expenses.

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(b) Cost of sales by business segments

The table below sets out our Group's cost of sales by business segments for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
IC Design										
Specific design services	6,007	46.87	4,943	28.34	5,487	26.86	2,512	25.29	3,188	26.95
Turnkey design services	6,807	53.11	12,467	71.48	14,902	72.96	7,418	74.70	8,641	73.05
	12,814	99.98	17,410	99.82	20,389	99.82	9,930	99.99	11,829	100.00
Others	3	0.02	32	0.18	37	0.18	1	0.01	-	-
Total	**12,817**	**100.00**	**17,442**	**100.00**	**20,426**	**100.00**	**9,931**	**100.00**	**11,829**	**100.00**

IC design segment's cost of sales accounted for approximately 99.98%, 99.82% and 99.82% of our Group's cost of sales for FYEs 2020, 2021 and 2022 respectively. In FPE 2022 and FPE 2023, IC design segment's cost of sales accounted for approximately 99.99% and 100.00% of our Group's total cost of sales respectively. The main component of cost of sales for IC design segment is labour costs.

(c) Commentaries on cost of sales:

FYE 2020 as compared to FYE 2021

Our Group's cost of sales increased by approximately RM4.63 million or 36.08%, from approximately RM12.82 million for FYE 2020 to approximately RM17.44 million for FYE 2021.

The increase in the cost of sales was mainly due to the increase in the labour costs of approximately RM5.09 million as we increased our design engineers from a total of 125 personnel in FYE 2020 to a total of 152 personnel in FYE 2021 to cater for the increase in the new turnkey design service projects secured by our Group during the year. In addition, there was also a higher bonus payout during the year.

Due to the increase in the revenue contribution from turnkey design services from approximately 52.76% in FYE 2020 to approximately 76.62% in FYE 2021, the cost of sales from the turnkey design services also increased by approximately RM5.66 million as compared to FYE 2020. During FYE 2021, we managed to secure full IC design turnkey projects from Xiamen KirinCore.

However, the increase was partially offset by the decrease in overheads of approximately RM0.47 million as less travelling was undertaken by our design engineers during the year due to the movement restrictions imposed by various countries during the COVID-19 pandemic.

FYE 2021 as compared to FYE 2022

Our Group's cost of sales increased by approximately RM2.98 million or 17.11%, from approximately RM17.44 million for FYE 2021 to approximately RM20.43 million for FYE 2022.

The increase in the cost of sales was mainly due to the increase in the labour costs of approximately RM2.97 million as we increased our design engineers from a total of 152 personnel in FYE 2021 to a total of 166 personnel in FYE 2022 to cater for the on-going and new turnkey design service projects secured by our Group as well as bonus provision during the year.

The cost of sales from the turnkey design services increased by approximately RM2.44 million as compared to FYE 2021 due to the increase in the revenue contribution from turnkey design services from approximately 76.62% in FYE 2021 to approximately 79.06% in FYE 2022. In addition, during FYE 2022, we also managed to secure additional IP design turnkey projects from Customer B and our first IP design turnkey project from a USA-based IDM which has operations in Malaysia, Customer E group of companies.

FPE 2022 as compared to FPE 2023

Our Group's cost of sales increased by approximately RM1.90 million or 19.11%, from approximately RM9.93 million for FPE 2022 to approximately RM11.83 million for FPE 2023.

The increase in the cost of sales was mainly due to the increase in the labour costs of approximately RM1.86 million as we increased our design engineers from a total of 160 personnel in FPE 2022 to a total of 200 personnel in FPE 2023 to cater for the on-going and new turnkey design service projects secured by our Group.

The cost of sales from the turnkey design services increased by approximately RM1.22 million as compared to FPE 2022 due to the increase in the revenue contribution from turnkey design services from approximately 79.69% in FPE 2022 to approximately 81.36% in FPE 2023. In addition, during FPE 2023, we also managed to secure additional IP design turnkey projects from Customer B and a new customer from China.

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(iii) GP and GP margin

(a) GP

The table below sets out our Group's GP by business segments for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
GP	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
IC Design										
Specific design services	1,531	48.64	1,842	15.59	5,009	16.62	2,854	17.31	2,182	12.85
Turnkey design services	1,616	51.33	9,955	84.22	25,071	83.20	13,633	82.69	14,804	87.15
	3,147	99.97	11,797	99.81	30,080	99.82	16,487	100.00	16,986	100.00
Others	1	0.03	23	0.19	55	0.18	*	#	-	-
Total	**3,148**	**100.00**	**11,820**	**100.00**	**30,135**	**100.00**	**16,487**	**100.00**	**16,986**	**100.00**

Notes:

* Less than RM1,000.

\# Negligible.

(b) GP margin

The table below sets out our Group's GP margin by business segments for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
GP margin	%	%	%	%	%
IC Design					
Specific design services	20.31	27.15	47.72	53.19	40.63
Turnkey design services	19.19	44.40	62.72	64.76	63.14
	19.72	40.39	59.60	62.41	58.95
Others	25.00	41.82	59.78	#	-
Overall GP margin	**19.72**	**40.39**	**59.60**	**62.41**	**58.95**

Note:

\# Negligible.

(c) **Commentaries on GP and GP margin:**

FYE 2020 as compared to FYE 2021

Our Group's GP increased by approximately RM8.67 million or 275.48% from approximately RM3.15 million for FYE 2020 to approximately RM11.82 million for FYE 2021.

Our Group's overall GP margin increased by approximately 20.67% from approximately 19.72% for FYE 2020 to approximately 40.39% for FYE 2021. The increase in GP margin was mainly due to the GP margin for turnkey design services increasing by approximately 25.21% as our Group was able to secure more turnkey design service projects, which command better margins as compared to specific design services.

The GP margin for specific design services also increased by approximately 6.84%. The increase in our Group's overall GP margin was also due to better utilisation of our skilled labour resources. The utilisation rate of our design engineers improved from approximately 57.86% in FYE 2020 to approximately 73.27% in FYE 2021. Please refer to Section 6.13 for further details on the utilisation rate of our design engineers.

FYE 2021 as compared to FYE 2022

Our Group's GP increased by approximately RM18.32 million or 154.95% from approximately RM11.82 million for FYE 2021 to approximately RM30.14 million for FYE 2022.

Our Group's overall GP margin increased by approximately 19.21% from approximately 40.39% for FYE 2021 to approximately 59.60% for FYE 2022. The increase in GP margin was mainly due to the GP margin for turnkey design services increasing by approximately 18.32% as our Group was able to secure more turnkey design service projects, which command better margins.

The GP margin for specific design services also increased by approximately 20.57%. The increase in our Group's overall GP margin was also due to better utilisation of our skilled labour resources. The utilisation rate of our design engineers improved from approximately 73.27% in FYE 2021 to approximately 89.82% in FYE 2022. In addition, for FYE 2021, there was a business interruption between April 2020 and May 2020 due to the outbreak of COVID-19 pandemic. Please refer to Section 6.19(i) for further details on the impact of COVID-19 pandemic on our business and financial performance.

FPE 2022 as compared to FPE 2023

Our Group's GP increased by approximately RM0.50 million or 3.03% from approximately RM16.49 million for FPE 2022 to approximately RM16.99 million for FPE 2023.

Our Group's overall GP margin decreased by approximately 3.46% from approximately 62.41% for FPE 2022 to approximately 58.95% for FPE 2023. The decrease in GP margin was mainly due to the increase in the labour costs of approximately RM1.86 million as we increased our design engineers from a total of 160 personnel in FPE 2022 to a total of 200 personnel in FPE 2023.

The decrease in our Group's overall GP margin was also due to the utilisation rate of design engineers which decreased from approximately 95.20% in FPE 2022 to approximately 85.17% in FPE 2023.

(iv) Other income

The table below sets out our Group's other income for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Grants[(i)]	149	95.51	1,125	91.46	257	26.58	95	11.95	977	79.17
Realised gain on foreign exchange	-	-	-	-	168	17.37	218	27.42	-	-
Unrealised gain on foreign exchange	-	-	-	-	-	-	-	-	57	4.62
Gain on disposal of other investments	-	-	40	3.25	326	33.71	351	44.15	26	2.11
Interest income	7	4.49	24	1.95	34	3.52	13	1.64	9	0.73
Income distribution from short-term funds	-	-	3	0.25	52	5.38	33	4.15	1	0.08
Income distribution from other investments	-	-	-	-	51	5.27	36	4.53	9	0.73
Others[(ii)]	*	#	38	3.09	79	8.17	49	6.16	155	12.56
Total	**156**	**100.00**	**1,230**	**100.00**	**967**	**100.00**	**795**	**100.00**	**1,234**	**100.00**

Notes:

* Less than RM1,000.

\# Negligible.

(i) Comprises mainly grants received from the following:

(a) Northern Corridor Implementation Authority pursuant to talent enhancement programme with the maximum amount of grant provided of RM600,000 for up to 50 employees. The grant commenced from 14 October 2019 and ended on 13 April 2022, upon the expiry of 30 months from the commencement date;

(b) MIDA pursuant to the post-school finishing programme for IC design on a reimbursable basis based on the number of training courses attended by our employees. The grant commenced from 1 August 2019 and ended on 31 December 2021;

(c) Malaysian Industrial Development Finance Berhad pursuant to a collaboration agreement between Oppstar Technology and MIMOS Berhad for development of an ASIC IP for K-nearest neighbour AI classification algorithm with the amount of grant provided of approximately RM508,796. The grant commenced from 1 February 2020 and ended on 31 March 2021;

(d) SOCSO for wage subsidy programme which aims to support employers whose operations have been affected by COVID-19 pandemic with the amount of grant provided of approximately RM359,400. The grant commenced from 1 April 2020 and ended on 31 December 2020;

(e) Malaysia External Trade Development Corporation pursuant to services export fund for feasibility study for due diligence on readiness and technical feasibility for the design of multipurpose chip with the amount of grant provided of RM418,097. The grant commenced from October 2020 to December 2020 and was further extended to 31 December 2021; and

(f) Malaysia Board of Technologists pursuant to training for the implementation of Skills Talent Enhancement Programme for 4th Industrial Revolution (STEP4IR) under the upskilling program for deeptech and futureskills with the maximum amount of grant provided of RM5,000 for 21 participants. The grant commenced from 18 May 2022 (for 20 participants) and 1 September 2022 (for one (1) participant) and ended on 31 October 2022.

(ii) Comprises, amongst others, fair value gain on short-term funds, rental income from AIRIS Labs (which subsequently became our indirect wholly owned subsidiary via Oppstar Technology on 19 May 2022), dividend income from other investments and compensation from employees due to early termination of their employment contract.

(a) Commentaries on other income:

FYE 2020 as compared to FYE 2021

Our Group's other income increased by approximately RM1.07 million or 688.46% from approximately RM0.16 million for FYE 2020 to approximately RM1.23 million for FYE 2021. The increase in the other income was mainly due to the following:

(i) increase in the grants received from Northern Corridor Implementation Authority of approximately RM0.11 million;

(ii) increase in the grants received from MIDA pursuant to the post-school finishing program of approximately RM0.10 million;

(iii) increase in the grants received from Malaysian Industrial Development Financial Berhad pursuant to a collaboration agreement between Oppstar Technology and MIMOS Berhad of approximately RM0.40 million; and

(iv) increase in the grants received from SOCSO for wage subsidy program of approximately RM0.36 million.

FYE 2021 as compared to FYE 2022

Our Group's other income decreased by approximately RM0.26 million or 21.38% from approximately RM1.23 million for FYE 2021 to approximately RM0.97 million for FYE 2022. The decrease in the other income was mainly due to the decrease in the grants received of approximately RM0.87 million.

Notwithstanding the above, the decrease in other income was partially offset by the increase in the following:

(i) increase in realised gain on foreign exchange of approximately RM0.17 million. This was mainly due to the strengthening of RMB against MYR and the conversion of RMB into MYR;

(ii) gain on disposal of other investments (i.e. investment in quoted shares in and outside Malaysia) of approximately RM0.29 million; and

(iii) increase in income distribution from short-term funds and other investments of approximately RM0.10 million.

FPE 2022 as compared to FPE 2023

Our Group's other income increased by approximately RM0.44 million or 55.22% from approximately RM0.80 million for FPE 2022 to approximately RM1.23 million for FPE 2023. The increase in the other income was mainly due to the following:

(i) increase in the grants received from Malaysia External Trade Development Corporation of approximately RM0.42 million;

(ii) increase in the grants received from Northern Corridor Implementation Authority of approximately RM0.37 million; and

(iii) increase in the grants received from Malaysia Board of Technologists of approximately RM0.11 million.

Notwithstanding the above, the increase in other income was partially offset by the following:

(i) decrease in gain on disposal of other investments (i.e. investment in quoted shares in and outside Malaysia) of approximately RM0.33 million; and

(ii) decrease in realised and unrealised gain on foreign exchange of approximately RM0.16 million. This was mainly due to the strengthening of MYR against RMB and the conversion of RMB into MYR.

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11. FINANCIAL INFORMATION *(CONT'D)*

(v) Operating expenses

The table below sets out our Group's operating expenses for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Administrative expenses	1,679	95.78	2,673	93.89	7,529	97.25	3,897	97.35	3,800	89.43
Other operating expenses	74	4.22	174	6.11	213	2.75	106	2.65	449	10.57
Total	**1,753**	**100.00**	**2,847**	**100.00**	**7,742**	**100.00**	**4,003**	**100.00**	**4,249**	**100.00**

(a) Administrative expenses and other operating expenses

The table below sets out our Group's administrative and other operating expenses for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Administrative expenses										
Directors' remuneration	516	29.44	907	31.86	1,704	22.01	615	15.36	1,097	25.82
Travelling and transportation costs	124	7.07	93	3.27	96	1.24	20	0.50	67	1.58
Depreciation	227	12.95	472	16.58	811	10.48	367	9.17	519	12.22
Insurance	132	7.53	103	3.62	79	1.02	26	0.65	72	1.69
Rental expenses	4	0.23	-	-	-	-	-	-	4	0.09
Staff costs and welfare	516	29.44	683	23.99	2,263	29.23	1,371	34.25	1,161	27.32
Subscription	3	0.17	49	1.72	85	1.10	34	0.85	15	0.35
Office supplies and upkeep of office equipment	48	2.74	56	1.97	100	1.29	13	0.32	49	1.15
Professional and legal fees	53	3.02	81	2.85	2,131	27.53	1,329	33.20	710	16.71
Small value assets	9	0.51	112	3.93	50	0.64	16	0.40	27	0.64
Others[(i)]	47	2.68	117	4.10	210	2.71	106	2.65	79	1.86
	1,679	95.78	2,673	93.89	7,529	97.25	3,897	97.35	3,800	89.43

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Other operating expenses										
Realised loss on foreign exchange	74	4.22	39	1.37	-	-	-	-	77	1.81
Unrealised loss on foreign exchange	*	#	9	0.32	10	0.13	93	2.32	-	-
Property, plant and equipment written off	-	-	15	0.53	-	-	-	-	-	-
Fair value loss on other investments	-	-	108	3.79	198	2.56	13	0.33	369	8.69
Fair value loss on short-term funds	-	-	3	0.10	-	-	-	-	-	-
Brokerage and commission fees	-	-	-	-	5	0.06	-	-	3	0.07
	74	4.22	174	6.11	213	2.75	106	2.65	449	10.57
Total	**1,753**	**100.00**	**2,847**	**100.00**	**7,742**	**100.00**	**4,003**	**100.00**	**4,249**	**100.00**

Notes:

* Less than RM1,000.

\# Negligible.

(i) Comprises, amongst others, entertainment expenses, utilities, education sponsorship fees, donation, stamp duty as well as penalty in relation to tax estimation.

(b) Commentary on operating expenses:

FYE 2020 as compared to FYE 2021

Our Group's operating expenses increased by approximately RM1.09 million or 62.41% from approximately RM1.75 million for FYE 2020 to approximately RM2.85 million for FYE 2021. The increase in operating expenses was mainly due to the increase in administrative and other operating expenses of approximately RM0.99 million and RM0.10 million respectively.

The increase in the administrative and other operating expenses was mainly attributable to the following:

(i) increase in directors' remuneration of approximately RM0.39 million mainly due to the increment which was in line with the improved performance of our Group for FYE 2021;

(ii) increase in depreciation of approximately RM0.25 million mainly due to the purchase of computer system, office equipment, furniture and fittings to cater for our business expansion as well as office renovation for our new office at I2U Building during the year. During the year, we also set up ODC facilities by having designated areas within our premises to provide design services for our customers;

(iii) increase in staff cost and welfare of approximately RM0.17 million mainly due to annual salary increment as well as higher incentives and allowances payout during the year. The higher payout was in line with the improved performance of our Group for FYE 2021;

(iv) increase in small value assets which comprise mainly computers of approximately RM0.10 million; and

(v) there was a fair value loss on other investments such as investment in shares quoted on the stock exchange in and outside Malaysia of approximately RM0.11 million.

FYE 2021 as compared to FYE 2022

Our Group's operating expenses increased by approximately RM4.90 million or 171.94% from approximately RM2.85 million for FYE 2021 to approximately RM7.74 million for FYE 2022. The increase in operating expenses was mainly due to the increase in administrative and other operating expenses of approximately RM4.86 million and RM0.04 million respectively.

The increase in the administrative and other operating expenses was mainly attributable to the following:

(i) increase in professional fees of approximately RM2.05 million mainly due to the professional fees for our Listing and patent filing fees;

(ii) increase in staff cost of approximately RM1.58 million mainly due to the hiring of additional six (6) administrative staff during the year as well as higher incentives and allowances payout during the year. The higher payout was in line with the improved performance of our Group for FYE 2022. In addition, there is also a bonus provision during the FYE 2022;

(iii) increase in directors' remuneration of approximately RM0.80 million mainly due to increment which was in line with the improved performance of our Group for FYE 2022;

(iv) increase in depreciation of approximately RM0.34 million mainly due to the purchase of computer system and furniture and fittings during the year to cater for our business expansion and setup of an additional office in Technology Park, Kuala Lumpur; and

(v) increase in fair value loss on other investments such as investment in shares quoted on the stock exchange in and outside Malaysia as well as investment in unit trusts in Malaysia of approximately RM0.09 million.

FPE 2022 as compared to FPE 2023

Our Group's operating expenses increased by approximately RM0.25 million or 6.15% from approximately RM4.00 million for FPE 2022 to approximately RM4.25 million for FPE 2023. The increase in operating expenses was mainly due to the increase in other operating expenses of approximately RM0.34 million. This was partially offset by the decrease in administrative expenses of approximately RM0.10 million.

The increase in the administrative and other operating expenses was mainly attributable to the following:

(i) increase in directors' remuneration of approximately RM0.48 million mainly due to increment and higher allowances to Executive Directors. There was also a payment of directors' fees to Independent Directors for FPE 2023 while there were none for FPE 2022;

(ii) increase in fair value loss on other investments such as investment in shares quoted on the stock exchange in and outside Malaysia as well as investment in unit trusts in Malaysia of approximately RM0.36 million;

(iii) increase in depreciation of approximately RM0.15 million mainly due to the purchase of computer system and furniture and fittings for the additional ODC facilities in our rented offices in Penang which were completed in Aug 2022; and

(iv) increase in realised loss on foreign exchange of approximately RM0.08 million.

Notwithstanding the above, the increase in the administrative and other operating expenses was partially offset by the following:

(i) decrease in professional fees of approximately RM0.62 million mainly due to lower provision of professional fees for our Listing for FPE 2023 as compared to FPE 2022; and

(ii) decrease in staff cost of approximately RM0.21 million mainly due to lower bonus provision for FPE 2023 as compared to FPE 2022.

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(vi) Finance cost

The table below sets out our Group's finance costs for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expenses on:										
Term loans	71	92.21	129	81.13	83	64.84	70	74.47	-	-
Lease liabilities	5	6.49	29	18.24	45	35.16	24	25.53	17	100.00
Bank overdrafts	1	1.30	1	0.63	*	#	*	#	-	-
Total	**77**	**100.00**	**159**	**100.00**	**128**	**100.00**	**94**	**100.00**	**17**	**100.00**

Notes:

* Less than RM1,000.

\# Negligible.

(a) Commentary on finance costs:

FYE 2020 as compared to FYE 2021

Our Group's finance costs increased by approximately RM0.08 million or 106.49% from approximately RM0.08 million in FYE 2020 to approximately RM0.16 million in FYE 2021. The increase in finance costs was mainly due to the higher interest expenses on term loans of approximately RM0.13 million which was mainly attributable to the interest expense arising from term loan drawdown in FYE 2020 which was recorded on a full year basis in FYE 2021 as compared to approximately eight (8) months in FYE 2020. The increase was also due to the drawdown of new term loan of approximately RM1.00 million for our working capital purposes.

FYE 2021 as compared to FYE 2022

Our Group's finance costs decreased by approximately RM0.03 million or 19.50% from approximately RM0.16 million in FYE 2021 to approximately RM0.13 million in FYE 2022. The decrease in finance costs was mainly due to lower interest expenses on term loans as we have settled all term loans during the year.

FPE 2022 as compared to FPE 2023

Our Group's finance costs decreased by approximately RM0.08 million or 81.91% from approximately RM0.09 million in FPE 2022 to approximately RM0.02 million in FPE 2023. The decrease in finance costs was mainly due to lower interest expenses on term loans as we have settled all term loans during FYE 2022.

(vii) PBT and PBT margin

The table below sets out our Group's PBT and PBT margin for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2022**	**FPE 2023**
PBT (RM'000)	1,474	9,994	23,120	13,185	13,760
PBT margin (%)	9.23	34.15	45.73	49.91	47.75

(a) Commentary on PBT and PBT margin:

FYE 2020 as compared to FYE 2021

Our Group's PBT increased by approximately RM8.52 million or 578.02% from approximately RM1.47 million for FYE 2020 to approximately RM9.99 million for FYE 2021. The increase in PBT was mainly contributed by the increase in GP and other income of approximately RM8.67 million and RM1.07 million respectively as compared to FYE 2020. However, the increase in PBT was partially offset by higher administrative and other operating expenses of approximately RM1.09 million and higher finance costs of approximately RM0.08 million.

Further, our Group's PBT margin increased from approximately 9.23% for FYE 2020 to approximately 34.15% for FYE 2021.

FYE 2021 as compared to FYE 2022

Our Group's PBT increased by approximately RM13.13 million or 131.34% from approximately RM9.99 million for FYE 2021 to approximately RM23.12 million for FYE 2022. The increase in PBT was mainly contributed by the increase in GP of approximately RM18.32 million and lower finance costs of approximately RM0.03 million as compared to FYE 2021. However, the increase in PBT was partially offset by lower other income of approximately RM0.26 million, development expenses incurred (i.e. subscription fee for development tools) of approximately RM0.11 million and higher administrative and other operating expenses of approximately RM4.90 million.

Further, our Group's PBT margin increased from approximately 34.15% for FYE 2021 to approximately 45.73% for FYE 2022.

FPE 2022 as compared to FPE 2023

Our Group's PBT increased by approximately RM0.58 million or 4.36% from approximately RM13.19 million for FPE 2022 to approximately RM13.76 million for FPE 2023. The increase in PBT was mainly contributed by the increase in GP of approximately RM0.50 million, higher other income of approximately RM0.44 million and lower finance costs of approximately RM0.08 million as compared to FPE 2022. However, the increase in PBT was partially offset by development expenses incurred (i.e. subscription fee for development tools) of approximately RM0.19 million and higher other operating expenses of approximately RM0.34 million.

Further, our Group's PBT margin decreased from approximately 49.91% for FPE 2022 to approximately 47.75% for FPE 2023.

(viii) Taxation

The table below sets out our Group's taxation together with the comparison between our Group's effective and statutory tax rates for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2022**	**FPE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Current tax expenses based on profit for the financial year					
- current year	319	741	2,505	1,102	1,586
- under/(over) provision of tax expense in prior years	-	(157)	(13)	2	45
	319	584	2,492	1,104	1,631
Deferred tax					
- relating to origination and reversal of temporary differences	-	(457)	584	528	6
- under/(over) provision in prior years	-	33	29	-	(20)
	-	(424)	613	528	(14)
Withholding tax expenses	734	2,035	3,408	1,855	1,805
Total	**1,053**	**2,195**	**6,513**	**3,487**	**3,422**
Effective tax rate[(i)] (%)	71.44	21.96	28.17	26.45	24.87
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00

Note:

(i) Effective tax rate is computed by dividing the total tax expenses over PBT for the respective financial year.

(a) Commentary on taxation:

FYE 2020

Our Group's effective tax rate was at 71.44% for FYE 2020. The effective tax rate for FYE 2020 was higher than the statutory tax rate of 24.00% mainly due to the following:

(i) withholding tax expenses of approximately RM0.73 million was due to a 10% withholding tax being imposed on our revenue derived from China and the bilateral tax relief under S132 of the Income Tax Act 1967 was not recognised in calculating the tax expense for FYE 2020. The S132 bilateral tax relief related to FYE 2020 amounted to approximately RM0.15 million and this was subsequently recognised in FYE 2021 as an overprovision of tax expense in prior years. The S132 bilateral tax relief claimed was lower than the withholding tax expenses of RM0.73 million as it is restricted to the proportion of Malaysian tax payable for FYE 2020 in relation to our revenue derived from China; and

(ii) expenses not deductible for tax purposes such as depreciation, legal fee for banking facilities, traveling expenses and entertainment expenses.

Notwithstanding the above, our Group's tax expenses were partially offset against lower corporate tax rate enjoyed by entities, with paid-up capital of RM2.50 million or less, within our Group as well as the effects of differential tax rates for our foreign subsidiary of RM0.02 million.

FYE 2021

Our Group's effective tax rate was at 21.96% for FYE 2021. The effective tax rate for FYE 2021 was lower than the statutory tax rate of 24.00% mainly due to the following:

(i) bilateral tax relief under S132 of the Income Tax Act 1967 of approximately RM2.07 million claimable for the withholding tax paid in overseas;

(ii) over provision of tax expense in prior years of approximately RM0.16 million mainly due to underprovision of bilateral tax relief under S132 of the Income Tax Act 1967 for the withholding tax paid;

(iii) lower corporate tax rate enjoyed by entities, with paid-up capital of RM2.50 million or less, within our Group; and

(iv) effects of differential tax rates for our foreign subsidiary of RM0.02 million.

Notwithstanding the above, our Group's tax expenses were partially offset against withholding tax expenses of approximately RM2.04 million and expenses not deductible for tax purposes such as depreciation and entertainment expenses.

FYE 2022

Our Group's effective tax rate was at 28.17% for FYE 2022. The effective tax rate for FYE 2022 was higher than the statutory tax rate of 24.00% mainly due to the following:

(i) withholding tax expenses of approximately RM3.41 million due to some of our overseas income being imposed a 10% withholding tax. However, this was partially offset by bilateral tax relief under S132 of the Income Tax Act 1967 of approximately RM3.15 million claimable for the withholding tax paid overseas; and

(ii) expenses not deductible for tax purposes such as depreciation, professional fees for IPO exercise, bonus provision, donations paid and fair value loss on other investments.

Notwithstanding the above, our Group's tax expenses were partially offset by the following:

(a) lower corporate tax rate enjoyed by entities, with paid-up capital of RM2.50 million or less, within our Group;

(b) the effects of differential tax rates for our foreign subsidiary of RM0.09 million; and

(c) the MSC status granted by MIDA to Alpha Core with 70% tax exemption on income derived from IC design and post-silicon validation services resulting in tax savings of approximately RM0.08 million.

FPE 2023

Our Group's effective tax rate was at 24.87% for FPE 2023. The effective tax rate for FPE 2023 was slightly higher than the statutory tax rate of 24.00% mainly due to the following:

(i) expenses not deductible for tax purposes such as depreciation, professional fees for IPO exercise, bonus provision, donations paid and fair value loss on other investments; and

(ii) under provision of tax expense in prior years of approximately RM0.05 million mainly due to over deduction of the capital allowances on our qualifying fixed assets.

Notwithstanding the above, our Group's tax expenses were partially offset by the following:

(a) the effects of differential tax rates for our foreign subsidiary of RM0.07 million; and

(b) over provision of deferred tax in prior year of approximately RM0.02 million mainly due to over deduction of the capital allowances on our qualifying fixed assets.

(ix) PAT and PAT margin

The table below sets out our Group's PAT and PAT margin for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2022**	**FPE 2023**
PAT (RM'000)	421	7,799	16,629	9,698	10,396
PAT margin (%)	2.64	26.65	32.89	36.71	36.08

For FYE 2020, our Group's PAT and PAT margin was mainly affected by a 10% withholding tax charge being imposed on our revenue derived from China. Our Group is entitled to claim bilateral tax relief under S132 of the Income Tax Act 1967 and it was claimed by our Group subsequent to the date of audit report for FYE 2020. Such amount was subsequently recognised in FYE 2021 as an overprovision of tax expense in prior years.

Our Group's PAT and PAT margin were generally consistent with the growth in PBT and PBT margin for FYE 2021, FYE 2022 as well as FPE 2022 and FPE 2023.

11.3.4 Impact of fluctuation in foreign exchange, interest rate, inflation and government/economic/fiscal/monetary policies

(i) Foreign exchange

Our sales are primarily transacted in RM, RMB, YEN, SGD and USD. As such, we are exposed to fluctuations in foreign exchange rates and any adverse movements in the foreign exchange markets may have a negative impact on our financial performance and operating results.

The impact of foreign exchange fluctuations on our financial performance during the Financial Years Under Review and Financial Periods Under Review are as follows:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Realised gain on foreign exchange	-	-	168	218	-
Unrealised gain on foreign exchange	-	-	-	-	57
Realised loss on foreign exchange	(74)	(39)	-	-	(77)
Unrealised loss on foreign exchange	*	(9)	(10)	(93)	-
Net (loss)/gain on foreign exchange	**(74)**	**(48)**	**158**	**125**	**(20)**
PBT	1,474	9,994	23,120	13,185	13,760
Net (loss)/gain on foreign exchange as a percentage of PBT (%)	(5.02)	(0.48)	0.68	0.95	(0.15)

Notes:

* Less than RM1,000.

Based on the above, we are exposed to foreign exchange gains or losses during the conversion of foreign currency into RM, mainly arising from the timing differences between our billings and the actual receipts of payments from our foreign customers.

We monitor closely the movement of the foreign exchange to manage our foreign exchange risks.

(ii) Interest rate

Our exposure to interest rate fluctuations arises from floating rate bank borrowings which is pegged to the base financing rate as stipulated by our financial institutions that may change from time to time. As such, any change in the interest rate of our floating rate bank borrowings will raise the cost of our borrowings and our finance costs, which in turn may have an adverse effect on our financial performance.

Our Group has monitored interest rate movements to ensure that the most competitive rates are secured and where appropriate, borrowing arrangements and interest bearing instruments are structured or reduced.

The total borrowings and finance costs of our Group for the Financial Years Under Review and Financial Periods Under Review is as follow:

	As at 31 March			As at 30 September	
	2020	2021	2022	2021	2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Total borrowings	1,331	2,133	-	1,447	-
Finance costs	77	159	128	94	17

Our Group's financial results for the Financial Years Under Review and Financial Periods Under Review were not materially affected by fluctuations in interest rates.

As at 30 September 2022, we do not have any bank borrowings.

(iii) Inflation

Our business, financial condition or results of our operations for the Financial Years Under Review and Financial Periods Under Review were not materially affected by the inflation. Nevertheless, there can be no assurance that future inflation would not have an impact on our business and financial performance.

(iv) Government/economic/fiscal/monetary policies

We are subject to the risks of government, economic, fiscal or monetary policies, where any unfavourable change may materially affect our business, financial performance and prospects of the semiconductor industry in which we operate. For the Financial Years Under Review and Financial Periods Under Review, our results were not adversely affected by any unfavourable changes relating to government, economic, fiscal or monetary policies.

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11.4 LIQUIDITY AND CAPITAL RESOURCES

11.4.1 Working capital

For the past three (3) FYEs 2020, 2021 and 2022 as well as FPE 2023, we have financed our operations through cash generated from our operations and external borrowings from financial institutions. The principal use of these funds is mainly to finance our working capital requirements.

As at 30 September 2022, we have cash and bank balances as well as short-term funds of approximately RM7.45 million and RM7.77 million respectively.

As at 30 September 2022, our working capital which is calculated based on total current assets minus total current liabilities, was approximately RM22.00 million. This represents a current ratio of approximately 3.87 times.

Based on the above, after taking into consideration our evaluation of the impact of COVID-19 pandemic on our Group as discussed in Section 6.19 of this Prospectus as well as expected cash flows to be generated from our operations, our existing level of cash and bank balances and the proceeds to be raised from our IPO, our Board is of the opinion that we will have sufficient working capital for at least 12 months from the date of this Prospectus.

11.4.2 Cash flows

The table below sets out the summary of our Group's cash flows for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	1,666	9,999	17,345	11,507	5,016
Net cash used in investing activities	(808)	(2,891)	(1,321)	(873)	(676)
Net cash from/(used in) financing activities	1,201	(197)	(13,823)	(6,429)	(300)
Net increase in cash and cash equivalents	**2,059**	**6,911**	**2,201**	**4,205**	**4,040**
Effects of foreign exchange rates changes	*	2	(8)	(82)	12
Cash and cash equivalents at beginning of financial year	6	2,065	8,978	8,978	11,171
Cash and cash equivalents at end of financial year	**2,065**	**8,978**	**11,171**	**13,101**	**15,223**

Note:

* Less than RM1,000.

There is no legal, financial or economic restriction on our subsidiaries' ability to transfer/receive funds to/from our Company in the form of cash dividends, loans or advances, subject to the availability of distributable reserves, loans or advances in compliance with any applicable financial covenant.

Commentaries on cash flows:

FYE 2020

(i) Net cash from operating activities

For FYE 2020, our Group's operating profit before changes in working capital was approximately RM1.77 million. After adjusting for the following key items, our net cash from operating activities was approximately RM1.67 million:

(a) decrease in trade and other receivables of approximately RM0.14 million mainly due to lesser billings towards the end of FYE 2020 as most of our works were already billed in earlier months and we have received a majority of the payments from our customers prior to the financial year end;

(b) increase in trade and other payables of approximately RM0.59 million mainly attributable to the advances given by the remaining shareholders of AIRIS Labs which were intended for the initial investment in AIRIS Labs, renovation expenses for our new office at I2U Building as well as the fees payable to external design engineers which were accrued as at 31 March 2020; and

(c) net income tax paid of approximately RM0.84 million.

(ii) Net cash used in investing activities

For FYE 2020, our Group recorded net cash used in investing activities of approximately RM0.81 million which was mainly attributed to the following:

(a) the purchase of computers and office equipment as well as furniture and fittings of approximately RM0.51 million; and

(b) increase in deposits pledged to a licensed bank of approximately RM0.31 million.

(iii) Net cash from financing activities

For FYE 2020, our Group recorded net cash from financing activities of approximately RM1.20 million which was mainly attributed to drawdown of new term loans of approximately RM1.60 million for working capital purposes.

This was, however, partially offset by the following:

(a) repayment of term loans of approximately RM0.27 million;

(b) payment of lease liabilities of approximately RM0.06 million; and

(c) payment of interest of approximately RM0.07 million.

FYE 2021

(i) Net cash from operating activities

For FYE 2021, our Group's operating profit before changes in working capital were approximately RM10.74 million. After adjusting for the following key items, our net cash from operating activities was approximately RM10.00 million:

(a) decrease in trade and other receivables of approximately RM0.24 million mainly due to lesser billings towards the end of FYE 2021 as most of our works were already billed in earlier months and we have received a majority of the payments from our customers prior to the year end.

This was, however, partially offset by the increase in other receivables of approximately RM0.24 million in relation to expenses claimable from our research collaboration, MIMOS Berhad. There was also an amount owing by AIRIS Labs, amounting to approximately RM0.21 million;

(b) increase in contract liabilities of approximately RM1.92 million due to advance payment received from customers but revenue only recognised in the first (1^{st}) quarter of the subsequent year;

(c) decrease in trade and other payables of approximately RM0.45 million mainly due to the decrease in amounts owing to the directors; and

(d) net income tax paid of approximately RM2.45 million.

(ii) Net cash used in investing activities

For FYE 2021, our Group recorded net cash used in investing activities of approximately RM2.89 million which was mainly attributed to the following:

(a) the purchase of computers and office equipment as well as furniture and fittings of approximately RM0.85 million;

(b) the purchase of unit trusts, corporate bonds and quoted shares of approximately RM2.44 million; and

(c) subscription of ordinary shares in AIRIS Labs of approximately RM0.05 million.

This was, however, partially offset by the proceeds from disposal of other investments, which comprised of corporate bonds and quoted shares, of approximately RM0.43 million.

(iii) Net cash used in financing activities

For FYE 2021, our Group recorded net cash used in financing activities of approximately RM0.20 million which was mainly attributed to drawdown of term loans of approximately RM1.00 million for working capital purposes.

This was, however, partially offset by the following:

(a) payment of dividend of approximately RM0.59 million;

(b) repayment of term loans of approximately RM0.23 million;

(c) payment of lease liabilities of approximately RM0.24 million; and

(d) payment of interest of approximately RM0.13 million.

FYE 2022

(i) Net cash from operating activities

For FYE 2022, our Group's operating profit before changes in working capital were approximately RM23.84 million. After adjusting for the following key items, our net cash from operating activities was approximately RM17.35 million:

(a) increase in trade and other receivables of approximately RM1.80 million mainly due to higher billings in the last quarter of 2022 which resulted in higher amounts due from customers;

(b) decrease in contract liabilities of approximately RM1.92 million mainly due to the recognition of revenue based on the milestones achieved and delivered for existing full IC design turnkey projects from Xiamen KirinCore which was secured during FYE 2021;

(c) increase in trade and other payables of approximately RM2.75 million mainly due to the higher expenses in relation to professional fees for IPO exercise of approximately RM0.80 million, statutory contribution of approximately RM0.44 million as well as a bonus provision of approximately RM1.70 million; and

(d) net income tax paid of approximately RM5.43 million.

(ii) Net cash used in investing activities

For FYE 2022, our Group recorded net cash used in investing activities of approximately RM1.32 million which was mainly attributed to the following:

(a) the purchase of computers and office equipment as well as furniture and fittings of approximately RM0.81 million; and

(b) the purchase of unit trusts, corporate bonds and quoted shares in and outside Malaysia of approximately RM4.31 million.

This was, however, partially offset by the following:

(i) proceeds from disposal of corporate bonds and quoted shares in and outside Malaysia of approximately RM2.91 million;

(ii) proceeds from subscription of shares in Alpha Core by Sophic Automation of approximately RM0.43 million; and

(iii) decrease in deposits pledged to a licensed bank of approximately RM0.31 million.

(iii) Net cash used in financing activities

For FYE 2022, our Group recorded net cash used in financing activities of approximately RM13.82 million which was mainly attributed to the following:

(a) payment of dividend of approximately RM11.15 million;

(b) repayment of term loans of approximately RM2.10 million;

(c) payment of lease liabilities of approximately RM0.49 million; and

(d) payment of interest of approximately RM0.08 million.

FPE 2023

(i) Net cash from operating activities

For FPE 2023, our Group's operating profit before changes in working capital were approximately RM14.48 million. After adjusting for the following key items, our net cash from operating activities was approximately RM5.02 million:

(a) increase in trade and other receivables of approximately RM7.56 million which was mainly attributable to the total billings from July to September 2022 of approximately RM14.33 million which resulted in higher amounts due from customers;

(b) increase in trade and other payables of approximately RM1.20 million mainly due to the higher expenses in relation to professional fees for IPO exercise of approximately RM0.89 million, statutory contribution of approximately RM0.52 million as well as a bonus provision of approximately RM3.50 million; and

(c) net income tax paid of approximately RM2.97 million.

(ii) Net cash used in investing activities

For FPE 2023, our Group recorded net cash used in investing activities of approximately RM0.68 million which was mainly attributed to the following:

(a) the purchase of computers and office equipment as well as furniture and fittings of approximately RM0.76 million; and

(b) net cash paid of approximately RM0.16 million arising from the acquisition of the remaining 50% equity interest in AIRIS Labs, not already owned by Oppstar Technology.

This was, however, partially offset by the net proceeds from disposal of other investments such as investments in shares quoted on the stock exchange in and outside Malaysia of approximately RM0.19 million and dividends received from other investments of approximately RM0.03 million.

(iii) Net cash used in financing activities

For FPE 2023, our Group recorded net cash used in financing activities of approximately RM0.30 million which was due to the repayment of lease liabilities.

11.4.3 Borrowings

As at 30 September 2022 and LPD, we do not have any bank borrowings.

There have been no defaults on any payment of either interest and/or principal sums in respect of any of our borrowings for the Financial Years Under Review, Financial Periods Under Review and up to the LPD. We also do not encounter seasonality in the trend of our borrowings.

As at the LPD, we are not in breach of any terms and conditions or covenants associated with our credit arrangements or bank borrowings which can materially affect our financial position, results of business operations, or the investment by holders of our Shares.

11.4.4 Material commitments

As at the LPD, there is no material commitment for capital expenditure, which upon becoming enforceable, may have a material effect on our financial position.

11.4.5 Contingent liabilities

As at the LPD, our Board confirms that there are no contingent liabilities, which upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

11.4.6 Material investments and divestitures

We have not undertaken any material investments and divestiture during the Financial Years Under Review and Financial Periods Under Review.

11.4.7 Material litigation or arbitration proceedings

As at the LPD, we are not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability, in the past 12 months immediately preceding the date of this Prospectus.

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11.4.8 Key financial ratios

The table below sets out our Group's key financial ratios for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	As at 31 March			As at 30 September	
	2020	2021	2022	2021	2022
Trade receivables turnover period(i) (days)	42	13	19	52	65
Trade payables turnover period(ii) (days)	-	2	1	1	2
Current ratio(iii) (times)	1.71	1.25	3.21	2.00	3.87
Gearing ratio(iv) (times)	0.99	0.70	-	0.11	-

Notes:

(i) Trade receivables turnover period is computed based on trade receivables over revenue for the respective financial year/period multiplied by the number of days in respective financial year/period.

(ii) Trade payables turnover period is computed based on trade payables over cost of sales for the respective financial year/period multiplied by the number of days in respective financial year/period.

(iii) Current ratio is computed based on total current assets over total current liabilities as at the end of the respective financial year/period.

(iv) Gearing ratio is computed based on total borrowings over total equity to common controlling shareholders of the combining entities/owners of the parent as at the end of the respective financial year/period.

(i) Trade receivables turnover period

	Audited			Unaudited	Audited
	As at 31 March			As at 30 September	
	2020	2021	2022	2021	2022
Trade receivables (RM'000)	1,819	1,066	2,599	7,651	10,328
Revenue (RM'000)	15,965	29,262	50,561	26,418	28,815
Trade receivables turnover period(i) (days)	42	13	19	52	65

Note:

(i) Trade receivables turnover period is computed based on trade receivables over revenue for the respective financial year/period multiplied by the number of days in respective financial year/period.

The normal credit term granted to our customers generally ranges from 30 days to 90 days. Each credit application is assessed and approved after taking into consideration various factors such as the background and creditworthiness (including payment history) of our customers, business relationship with our customers as well as transaction volume and value.

Our trade receivables turnover period for the Financial Years Under Review were within the normal credit term granted to our customers.

Our trade receivables turnover period increased to approximately 65 days for FPE 2023 mainly attributable to the total billings from July to September 2022 of approximately RM14.33 million which resulted in higher amounts due from customers.

The ageing analysis of our trade receivables as at 30 September 2022 and the subsequent collections and balance of our trade receivables as at the LPD are set out below:

		Exceeding credit period			
	Within credit period	Not more than 60 days	Between 61 to 120 days	More than 120 days	Total
Trade receivables (RM'000)	9,652	617	-	59	10,328
% of total trade receivables	93.45	5.98	-	0.57	100.00
Subsequent collections up to and including the LPD (RM'000)	6,478	617	-	59	7,154
Trade receivable net of subsequent collections (RM'000)	3,174	-	-	-	3,174
% of trade receivables net of subsequent collection	100.00	-	-	-	100.00

As at 30 September 2022, our total trade receivables stood at approximately RM10.33 million, of which approximately RM0.68 million or 6.55% of our trade receivables exceeded the normal credit period.

As at the LPD, we have collected approximately RM7.15 million, representing approximately 69.27% of our total trade receivables as at 30 September 2022. We are still in the midst of collecting the outstanding trade receivables of approximately RM3.17 million, which exceeded the normal credit period as at the LPD, from our customers. As of 10 February 2023, we have collected approximately RM9.57 million, representing approximately 99.15% of our total trade receivables as at 30 September 2022. Our Board is of the opinion that the outstanding trade receivables of approximately RM0.75 million are recoverable after taking into consideration this customers' payment history. We have taken a constant effort to recover the outstanding amount including follow-up calls and correspondences.

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We have a credit control policy in place and the exposure to credit risk is monitored on an ongoing basis. As part of our credit control policy, our Group assesses whether any of the trade receivables are credit impaired on a quarterly basis based on the operating performance of our customers, changes in contractual terms, payment trends and past due information. Our Group assesses for impairment losses of trade receivables on a simplified approach in accordance with MFRS 9. For the Financial Years Under Review and Financial Periods Under Review, no expected credit losses were recognised arising from trade and other receivables as they are negligible.

(ii) Trade payables turnover period

	Audited			Unaudited	Audited
	As at 31 March			As at 30 September	
	2020	2021	2022	2021	2022
Trade payables (RM'000)	-	114	73	45	117
Cost of sales (RM'000)	12,817	17,442	20,426	9,931	11,829
Trade payables turnover period[(i)] (days)	-	2	1	1	2

Note:

(i) Trade payables turnover period is computed based on trade payables over cost of sales for the respective financial year/period multiplied by the number of days in respective financial year/period.

Being an IC design house, we are dependent on our workforce, in particular, our design engineers, to deliver our services. We may also engage external design engineers as and when the need arises. The trade payables refer to the cost of employing external design engineers.

It is our practice to make prompt payment to our external design engineers on monthly basis.

The ageing analysis of our trade payables as at 30 September 2022 and the subsequent payments and balance of our trade payables as at the LPD are set out below:

		Exceeding credit period			Total
	Within credit period	Not more than 60 days	Between 61 to 120 days	More than 120 days	
Trade payables (RM'000)	117	-	-	-	117
% of total trade payables	100.00	-	-	-	100.00
Subsequent payments up to and including the LPD (RM'000)	117	-	-	-	117
Outstanding trade payables as at the LPD (RM'000)	-	-	-	-	-
% of trade payables net of subsequent payment	-	-	-	-	-

As at 30 September 2022, our total trade payables stood at approximately RM0.12 million which is within the normal credit period of 30 days. As at the LPD, we have settled all of our trade payables which were outstanding as at 30 September 2022.

We have not been involved in any dispute with any of our external design engineers nor has any legal action been initiated by our external design engineers on us during the Financial Years Under Review, Financial Periods Under Review and up to the LPD.

(iii) Current ratio

	Audited			Unaudited	Audited
	As at 31 March			As at 30 September	
	2020	2021	2022	2021	2022
Current assets (RM'000)	4,276	12,921	18,253	24,557	29,655
Current liabilities (RM'000)	2,497	10,319	5,687	12,269	7,659
Current ratio[(i)] (times)	1.71	1.25	3.21	2.00	3.87

Note:

(i) Current ratio is computed based on total current assets over total current liabilities as at the end of the respective financial year/period.

Current ratio measures our Group's liquidity and our ability to meet our short-term obligations. Our current ratio decreased from 1.71 times as at 31 March 2020 to 1.25 times as at 31 March 2021 mainly due to increase in our current liabilities of approximately RM7.82 million or 313.26% which was mainly attributable to the increase in our trade and other payables, contract liabilities and bank borrowings as compared to the increase in our current assets of approximately RM8.65 million or 202.17% which was mainly attributable to the increase in our cash and bank balances, short-terms funds as well as other investments.

Our current ratio increased from 1.25 times as at 31 March 2021 to 3.21 times as at 31 March 2022 mainly due to an increase in our current assets of approximately RM5.33 million or 41.27% which was mainly attributable to the increase in our cash and bank balances, trade receivables and short-terms funds as compared to the decrease in our current liabilities of approximately RM4.63 million or 44.89% which was mainly attributable to the decrease in our borrowings, contract liabilities and trade payables and other payables.

Our current ratio increased to 3.87 times as at 30 September 2022 mainly due to an increase in our current assets of approximately RM11.40 million or 62.47% which was mainly attributable to the increase in our cash and bank balances, trade receivables and short-terms funds as compared to the increase in our current liabilities of approximately RM1.97 million or 34.68% which was mainly attributable to the increase in our trade payables and other payables and current tax liabilities.

(iv) Gearing ratio

	Audited			Unaudited	Audited
	As at 31 March			As at 30 September	
	2020	2021	2022	2021	2022
Total borrowings[(i)] (RM'000)	1,331	2,133	-	1,447	-
Total equity to common controlling shareholders of the combining entities/owners of the parent (RM'000)	1,346	3,061	14,036	12,764	24,418
Gearing ratio[(ii)] (times)	0.99	0.70	-	0.11	-

Notes:

(i) Comprises term loans and bank overdrafts.

(ii) Gearing ratio is computed based on total borrowings over total equity to common controlling shareholders of the combining entities/owners of the parent as at the end of the respective financial year/period.

Our gearing ratio was 0.99 times as at 31 March 2020 mainly due to the increase in our bank borrowings of approximately RM1.33 million which was attributable to the drawdown of term loans for the working capital purposes.

Our gearing ratio decreased from 0.99 times as at 31 March 2020 to 0.70 times as at 31 March 2021. This was mainly due to increase in our total equity of approximately RM1.72 million which was mainly attributable to our profits generated during the FYE 2021 of approximately RM7.80 million.

As at 31 March 2022 and 30 September 2022, we do not have any bank borrowings.

11.4.9 Types of financial instruments used

We finance our operations mainly through cash generated from our operations as well as external source of funds which comprise bank borrowings. As at the LPD, we do not have or use any financial instruments.

However, from accounting perspective, financial instruments comprise deposits with financial institutions, cash and bank balances, trade and other receivables, trade and other payables as well as borrowings as shown in our combined/consolidated statements of financial position. These financial instruments are used in our ordinary course of business.

11.4.10 Treasury policies and objectives

Our main treasury policy is to maintain sufficient working capital to finance our operations, coupled with adequate credit facilities to meet the estimated commitments arising from our operational expenditures and financial liabilities. Our principal sources of liquidity are our cash and bank balances as well as cash generated from our operations.

In our ordinary course of business, we deal with customers from both local and overseas markets, where transactions are denominated in both local currency as well as foreign currencies. We maintain bank accounts mainly in RM, RMB, YEN and USD.

We may consider hedging instruments such as derivatives contracts available in the financial markets to hedge against foreign exchange risks should the need arise.

Our operations were not subject to any material impact arising from interest rate fluctuations throughout the Financial Years Under Review and Financial Periods Under Review. Accordingly, we have not entered into any financial instrument to hedge against the fluctuations in the interest rate.

Our Group monitors the adequacy of capital on an ongoing basis. Our strategy is to maintain the debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions. It is also the responsibility of our Directors to identify, quantify, monitor and control the key risks (credit, liquidity, currency and interest rate) associated with these activities.

11.5 TREND INFORMATION

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

(i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on the financial performance, position and operations of our Group other than those disclosed in this Section and in Sections 6 and 8 of this Prospectus;

(ii) material commitment for capital expenditure, save as set out in Section 11.4.4 of this Prospectus;

(iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this Section and in Sections 6 and 8 of this Prospectus;

(iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group's total revenue and/or profits as well as our Group's liquidity and capital resources, save for those that have been disclosed in this Section and in Sections 6 and 8 of this Prospectus; and

(v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position other than those disclosed in this Section and in Sections 6 and 8 of this Prospectus.

11.6 SIGNIFICANT CHANGES

There are no other significant changes that have occurred which may have a material effect on the financial position and results of our Group since 30 September 2022 up to the date of this Prospectus.

11.7 ORDER BOOK

Our order is based on the total amount of purchase orders and/or contracts secured, which has not been recognised in our revenue as at the LPD.

As at the LPD, our order book stood at approximately RM34.29 million, which mainly consist of turnkey design services and is expected to be recognised in the next 12 months, the details of which are as follows:

	FYE 2023	**FYE 2024**
Services rendered	**RM'000**	**RM'000**
Specific design services	2,695	-
Turnkey design services	10,369	21,228
Total	**13,064**	**21,228**

11.8 DIVIDEND POLICY

Our Group has a dividend policy to distribute a dividend of at least 25% of our annual audited PAT. Any dividend declared will be subject to recommendation of our Board and any final dividends declared will be subject to the approval of our shareholders at our AGM.

As we are a holding company, our ability to pay dividends will depend on the dividends or other distributions that we receive from our subsidiaries. The payment of dividends by our subsidiaries is dependent on their distributable profits, financial performance, cash flow requirements for operations and capital expenditures and any other factors.

In addition to the factors above which may affect the ability of our subsidiaries to pay dividends to us, when recommending the actual dividends for approval by shareholders or when declaring any interim dividend, our Board will also consider, amongst others:

(i) the level of our cash, gearing, return on equity and retained profits;

(ii) our expected financial performance;

(iii) our working capital requirements;

(iv) our projected levels of expenditure and other investment plans;

(v) any restrictive covenants contained in our current and future financing arrangements; and

(vi) any material impact of tax laws and other regulatory requirements.

There is no other dividend restriction imposed on our subsidiaries as at the LPD.

11. FINANCIAL INFORMATION *(CONT'D)*

For information purposes, the table below sets out the dividend declared by our Group for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2022**	**FPE 2023**
Dividend declared (RM'000)	-	(i)6,084	(ii)5,661	-	-
PAT (RM'000)	421	7,799	16,629	9,698	10,396

Notes:

(i) The dividend was paid on 26 January 2021 (RM0.59 million) and 12 July 2021 (RM5.49 million) respectively.

(ii) The dividend was paid on 1 March 2022.

Save as disclosed above, our Group does not intend to declare or pay any dividend prior to our Listing.

The level of dividends should also not be treated as an indication of our Group's future dividend policy and shall not constitute legally binding statements. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future.

Any declarations and payment of dividends in the future will be at the discretion of our Board. No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

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11.9 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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SST No: P11-1809-32000112

The Board of Directors
Oppstar Berhad
Level 6, I2U Building, Sains@USM
10, Persiaran Bukit Jambul
11900 Bayan Lepas
Pulau Pinang

Date: 08 FEB 2023

Our ref: BDO/KTH/CSK/kyz

Dear Sir/Madam

Oppstar Berhad ("Oppstar" or "Company") and its subsidiaries ("Oppstar Group", "Pro Forma Group" or "Group")

Report on Compilation of the Pro Forma Consolidated Statement of Financial Position as at 30 September 2022 ("This Report")

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statement of Financial Position of the Group as at 30 September 2022. The Pro Forma Consolidated Statement of Financial Position together with the accompanying notes thereon, for which we have stamped for purpose of identification, have been compiled by the Board of Directors of the Company ("Board of Directors") for inclusion in the prospectus of the Company ("the Prospectus") in connection with the admission to the Official List of Bursa Malaysia Securities Berhad and the listing of and quotation for the entire enlarged issued share capital of Oppstar on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statement of Financial Position are described in the Notes thereon to the Pro Forma Consolidated Statement of Financial Position and are specified in Rule 3.12B(1) of the ACE Market listing requirements of Bursa Malaysia Securities Berhad and Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statement of Financial Position has been compiled by the Board of Directors to illustrate the impact of the transactions as set out in the Notes to the Pro Forma Consolidated Statement of Financial Position as at 30 September 2022 had the transactions been effected as at 30 September 2022. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the Group's audited consolidated statement of financial position as at 30 September 2022.

Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Consolidated Statement of Financial Position on the basis as described in the Notes thereon to the Pro Forma Consolidated Statement of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Our Independence and Quality Control

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

The firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly, requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, by the Board of Directors on the basis described in the Notes to the Pro Forma Consolidated Statement of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus,* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position on the basis set out in the Notes to the Pro Forma Consolidated Statement of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statement of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinion were addressed by us at the dates of their issue.

The purpose for inclusion of the Pro Forma Consolidated Statement of Financial Position in the Prospectus is solely to illustrate the impact of a significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at that date would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

(a) the related pro forma adjustments give appropriate effect to those criteria; and

(b) the Pro Forma Consolidated Statement of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

Reporting Accountants' Responsibility (continued)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statement of Financial Position have been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statement of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statement of Financial Position of the Group has been compiled, in all material respects, on the basis set out in the Notes thereon to the Pro Forma Consolidated Statement of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other Matters

This report has been prepared solely for the purpose stated above, in connection with the Listing. As such, this report should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

BDO plt

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Koay Theam Hock
02141/04/2023 J
Chartered Accountant

Penang
Date: 08 FEB 2023

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME

1.1 Pro Forma Group

The Pro Forma Consolidated Statement of Financial Position of Oppstar Berhad ("Oppstar" or "Company") and its subsidiaries (collectively referred to as "Oppstar Group", "Pro Forma Group" or "Group") as at 30 September 2022 together with the notes thereon, for which the Board of Directors of the Company are solely responsible, has been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the admission to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing of and quotation for the entire enlarged issued share capital of Oppstar on the ACE Market of Bursa Securities ("Listing").

1.2 Basis of Preparation

The Pro Forma Consolidated Statement of Financial Position of the Group have been prepared based on the audited consolidated statement of financial position of the Group as at 30 September 2022, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and in a manner consistent with the format of financial statements and accounting policies of the Group.

The Pro Forma Consolidated Statement of Financial Position have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 1.3 on the audited consolidated statement of financial position of the Group as at 30 September 2022 had the transactions been effected on 30 September 2022, and should be read in conjunction with the notes thereon. Due to its nature, the Pro Forma Consolidated Statement of Financial Position is not necessarily indicative of the financial position of the Group that would have been attained had the effects of the transactions as set out in Note 1.3 actually occurred at the respective dates. Further, such information does not purport to predict the future financial position of the Group.

The audited consolidated statement of financial position of the Group for the financial year ended 30 September 2022 used in the preparation of the Pro Forma Consolidated Statement of Financial Position was not subject to any audit qualification.

1.3 Listing Scheme

In conjunction with and as an integral part of the Listing, the Company had proposed to undertake the following transactions:

1.3.1 Initial Public Offering ("IPO")

(a) Public issue

Public issue of 165,479,000 new Shares representing approximately 26.01% of the enlarged number of issued shares of the Company, at an issue price of RM0.63 per Share.

(b) Listing

Admission to the Official List of Bursa Securities and the listing of and quotation for the Company's entire enlarged issued share capital of RM109,650,546 comprising 636,200,000 Shares on the ACE Market of Bursa Securities.

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08 FEB 2023
BDO PLT
Chartered Accountants
Penang

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.3 Listing Scheme (continued)

1.3.2 Utilisation of Proceeds from IPO

The gross proceeds from the IPO of RM104,251,770 are expected to be used as per Prospectus are in the following manner:

	RM'000
Business expansion through expansion of our workforce [1]	50,000
Establishment of new offices [1]	25,000
Research and development expenditure [1]	12,000
Working capital [1]	12,652
Estimated listing expenses [2]	4,600
	104,252

Notes:

(1) As the planned utilisation of proceeds is still in discussion phase and the Group has yet to enter into any definitive agreements with any parties, the proceeds earmarked for business expansion through expansion of workforce, establish of new offices, research and development expenditure, together with proceeds earmarked for working capital purposes, have been included in cash and bank balances for purpose of illustration in the Pro Forma Consolidated Statement of Financial Position.

(2) The estimated listing expenses totaling RM4,600,000 to be borne by the Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses, of which RM2,500,000 had been incurred and expensed off to the statement of profit or loss and other comprehensive income as of 30 September 2022. Upon completion of the listing, a total of RM1,663,024 is assumed to be directly attributable to the IPO and as such, will be debited against the share capital of the Company and the remaining expenses of RM436,976 will be expensed off to the statement of profit or loss and other comprehensive income.

1.4 Long Term Incentive Plan ("LTIP")

In conjunction with the Listing, the Company will establish the long term incentive plan of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any), at any point of time during the LTIP period for the eligible Directors and employees of Oppstar Group (excluding subsidiary companies which are dormant).

The LTIP shall be administered in accordance with the By-Laws by the LTIP Committee.

The LTIP is not illustrated in the Pro Forma Consolidated Statement of Financial Position as the awards under the LTIP have yet to be granted as of the date of this report.

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2. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

The Pro Forma Consolidated Statement of Financial Position as at 30 September 2022 has been prepared for illustrative purposes only to show the effects on the audited Consolidated Statement of Financial Position of Oppstar as at 30 September 2022 based on the assumptions that the Listing Scheme as set out in Note 1.3 to the Pro Forma Consolidated Statement of Financial Position had been effected on 30 September 2022.

	Note	Audited As at 30 September 2022 RM'000	Adjustments for IPO RM'000	Pro Forma I After IPO RM'000	Adjustments for Utilisation of Proceeds RM'000	Pro Forma II After Pro Forma I and Utilisation of Proceeds RM'000
ASSETS						
Non-current assets						
Property, plant and equipment		2,109	-	2,109	-	2,109
Right-of-use assets		578	-	578	-	578
Goodwill		352	-	352	-	352
		3,039	-	3,039	-	3,039
Current assets						
Inventories		165	-	165	-	165
Other investments		2,938	-	2,938	-	2,938
Trade and other receivables		10,941	-	10,941	-	10,941
Contract assets		276	-	276	-	276
Short term funds		7,774	-	7,774	-	7,774
Current tax assets		112	-	112	-	112
Cash and bank balances	2.2.1	7,449	104,252	111,701	(2,100)	109,601
		29,655	104,252	133,907	(2,100)	131,807
TOTAL ASSETS		32,694	104,252	136,946	(2,100)	134,846
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	2.2.2	7,062	104,252	111,314	* (1,663)	109,651
Reserves	2.2.2	17,356	-	17,356	* (437)	16,919
		24,418	104,252	128,670	(2,100)	126,570
Non-controlling interests	2.2.2	351	-	351	-	351
TOTAL EQUITY		24,769	104,252	129,021	(2,100)	126,921

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08 FEB 2023
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2. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 (continued)

	Note	Audited As at 30 September 2022 RM'000	Adjustments for IPO RM'000	Pro Forma I After IPO RM'000	Adjustments for Utilisation of Proceeds RM'000	Pro Forma II After Pro Forma I and Utilisation of Proceeds RM'000
LIABILITIES						
Non-current liabilities						
Lease liabilities		91	-	91	-	91
Deferred tax liabilities		175	-	175	-	175
		266	-	266	-	266
Current liabilities						
Trade and other payables		5,583	-	5,583	-	5,583
Contract liabilities		38	-	38	-	38
Lease liabilities		508	-	508	-	508
Current tax liabilities		1,530	-	1,530	-	1,530
		7,659	-	7,659	-	7,569
TOTAL LIABILITIES		7,925	-	7,925	-	7,925
TOTAL EQUITY AND LIABILITIES		32,694	104,252	136,946	(2,100)	134,846
Net assets (RM'000)		24,769		129,021		126,921
Number of ordinary shares assumed in issue ('000)		470,721		636,200		636,200
Net assets per ordinary share (RM)		0.05		0.20		0.20

* *The estimated listing expenses totaling RM4,600,000 to be borne by the Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses, of which RM2,500,000 had been incurred and expensed off to the statement of profit or loss and other comprehensive income as of 30 September 2022. Upon completion of the listing, a total of RM1,663,024 is assumed to be directly attributable to the IPO and as such, will be debited against the share capital of the Company and the remaining expenses of RM436,976 will be expensed off to the statement of profit or loss and other comprehensive income.*

2. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 (continued)

2.1 Pro Forma Adjustments to the Pro Forma Consolidated Statement of Financial Position

2.1.1 Pro Forma I

Pro Forma I incorporated the effects of the IPO as set out in Note 1.3.1 to the Pro Forma Consolidated Statement of Financial Position.

2.1.2 Pro Forma II

Pro Forma II incorporated the effects of Pro Forma I and the effects of the utilisation of proceeds as set out in Note 1.3.2 to the Pro Forma Consolidated Statement of Financial Position.

2.2 Notes to the Pro Forma Consolidated Statement of Financial Position

2.2.1 Cash and Bank Balances

	RM'000
As at 30 September 2022	7,449
Adjustments for IPO	104,252
Pro Forma I	**111,701**
Adjustments for Utilisation of Proceeds	(2,100)
Pro Forma II	**109,601**

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0 8 FEB 2023
BDO PLT
Chartered Accountants
Penang

2. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 (continued)

2.2 Notes to the Pro Forma Consolidated Statement of Financial Position (continued)

2.2.2 Share Capital, Reserves and Non-Controlling Interests

	Share capital RM'000	Foreign exchange translation reserve RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 30 September 2022	7,062	(2)	(6,160)	23,518	351	24,769
Adjustments for IPO	104,252	-	-	-	-	104,252
Pro Forma I	**111,314**	**(2)**	**(6,160)**	**23,518**	**351**	**129,021**
Adjustments for Utilisation of Proceeds						
- estimated listing expenses	(1,663)	-	-	(437)	-	(2,100)
Pro forma II	**109,651**	**(2)**	**(6,160)**	**23,081**	**351**	**126,921**

APPROVED BY THE BOARD OF DIRECTORS

The Pro Forma Consolidated Statement of Financial Position as at 30 September 2022 has been approved and adopted by the Board of Directors of the Company in accordance with a resolution dated 08 FEB 2023

Signed on behalf of the Board of Directors,

…………………………………………
NG MENG THAI
DIRECTOR

Penang
Date: 08 FEB 2023

Stamped for the purpose of identification only
08 FEB 2023
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Chartered Accountants
Penang

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The Board of Directors
Oppstar Berhad
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10, Persiaran Bukit Jambul
11900 Bayan Lepas
Pulau Pinang

Date: 08 FEB 2023
Our ref: KTH/CSK/kyz

Dear Sir/Madam

Reporting Accountants' Opinion on the Financial Information Contained in the Accountants' Report of Oppstar Berhad ("Oppstar" or "Company")

We have audited the financial statements of Oppstar and its subsidiaries ("Group"). The financial information comprises:

(a) The combined statements of financial position as at 31 March 2020 and 2021 of the Group, and combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 March 2020 and 2021;

(b) The consolidated statements of financial position as at 31 March 2022 and 30 September 2022 of the Group, and consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial year/period ended 31 March 2022 and 30 September 2022; and

(c) A summary of significant accounting policies and other explanatory information, as set out in Sections 7 and 8 of the Accountants' Report.

This historical financial information has been prepared for inclusion in the prospectus of the Company ("Prospectus") in connection with the admission of Oppstar to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Securities. This report is given for the purposes of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 March 2020, 31 March 2021, 31 March 2022 and 30 September 2022, and of their financial performance and their cash flows for each of the financial year/period ended 31 March 2020, 31 March 2021, 31 March 2022 and 30 September 2022 in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Directors' Responsibility for the Financial Information

The Directors of the Company are responsible for the preparation of the combined and consolidated financial statements that gives a true and fair view in accordance with MFRSs and IFRSs. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

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

Reporting Accountants' Responsibilities for the Audit of the Financial Information

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

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

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group;

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

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

Reporting Accountants' Responsibilities for the Audit of the Financial Information (continued)

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

(e) Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation; and

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Matters

This report is made solely to the Directors of the Company and for inclusion in the Prospectus to be issued in connection with the admission of Oppstar to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Securities and for no other purpose. We do not assume responsibility to any other person for the content of this opinion.

BDO plt

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Koay Theam Hock
02141/04/2023 J
Chartered Accountant

Penang
Dated: 08 FEB 2023

ACCOUNTANTS' REPORT ("THIS REPORT")

1. INTRODUCTION

This Report has been prepared solely for inclusion in the Prospectus of Oppstar Berhad ("Oppstar" or "Company") in connection with the admission of Oppstar to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Securities (hereinafter defined as "the Listing"), and shall not be relied on for any other purposes. Details of the listing scheme are disclosed in Section 2 of this Report.

2. DETAILS OF THE LISTING SCHEME

In conjunction with and as an integral part of the Listing, the Company would undertake the following transactions:

2.1 Initial Public Offering ("IPO")

The IPO involves a public issue of 165,479,000 new ordinary shares in Oppstar ("Shares"), representing approximately 26.01% of the enlarged total number of issued Shares of the Company.

2.2 Listing

Upon completion of the IPO, the entire enlarged issued share capital of Oppstar of RM109,650,546 comprising 636,200,000 Shares will be listed and quoted on the ACE Market of Bursa Securities.

3. GENERAL INFORMATION

Oppstar was incorporated in Malaysia under the Companies Act 2016 ("the Act") on 27 September 2021 as a private limited company. The Company was incorporated for the purpose of being an investment holding company and listing vehicle for the Group pursuant to the Listing. Subsequently, on 3 January 2022, Oppstar was converted to a public limited company and since then, assumed its current name of Oppstar Berhad.

The registered office of the Company is located at 39, Irving Road, 10400 Georgetown, Penang.

For the purposes of the Listing, share transfer forms were executed for:

(i) the increase in the issued share capital of the Company from RM1 to RM1,000 via the issuance of 999 new Shares of RM1.00 per Share for cash consideration.

(ii) the acquisition by the Company of the entire issued share capital of Oppstar Technology Sdn Bhd ("Oppstar Technology") comprising 900,000 ordinary shares for a purchase consideration of RM6,355,200, which was satisfied via the issuance of 423,680,000 new Shares at an issue price of RM0.015 per Share. The acquisition of Oppstar Technology was completed on 22 December 2021.

(iii) the acquisition by the Company of the entire issued share capital of Alpha Core Sdn Bhd ("Alpha Core") comprising 1,000 ordinary shares for a purchase consideration of RM705,600, which was satisfied via the issuance of 47,040,000 new Shares at an issue price of RM0.015 per Share. The acquisition of Alpha Core was completed on 22 December 2021.

(iv) the subscription by Sophic Automation Sdn Bhd ("Sophic Automation") of 425,000 new ordinary shares in Alpha Core, representing 42.50% equity interest in Alpha Core for a purchase consideration of RM425,000, which was satisfied via cash. The subscription by Sophic Automation was completed on 17 January 2022 and thereafter, Alpha Core became a 57.50% owned subsidiary.

3. GENERAL INFORMATION (continued)

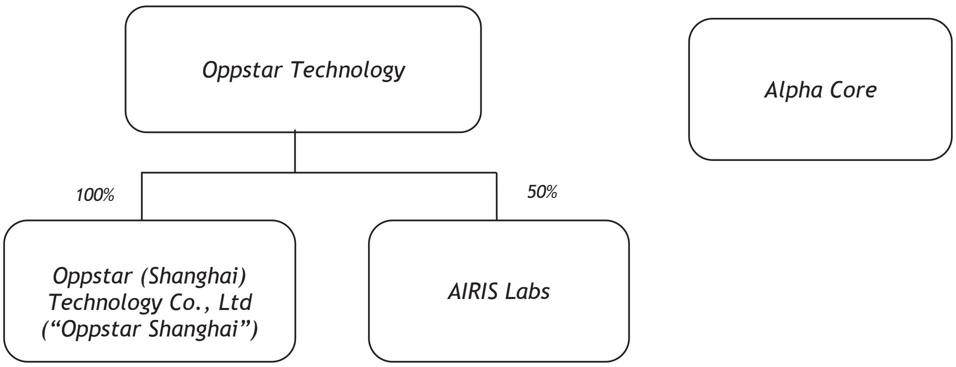
For the purposes of the Listing, share transfer forms were executed for (continued):

(v) the acquisition by Oppstar Technology of 260,000 ordinary shares in AIRIS Labs Sdn. Bhd. ("AIRIS Labs"), representing the remaining 50% equity interest in AIRIS Labs for a purchase consideration of RM300,000, which was satisfied via cash. The acquisition by Oppstar Technology was completed on 19 May 2022 and thereafter, AIRIS Labs became a wholly-owned subsidiary of Oppstar Technology.

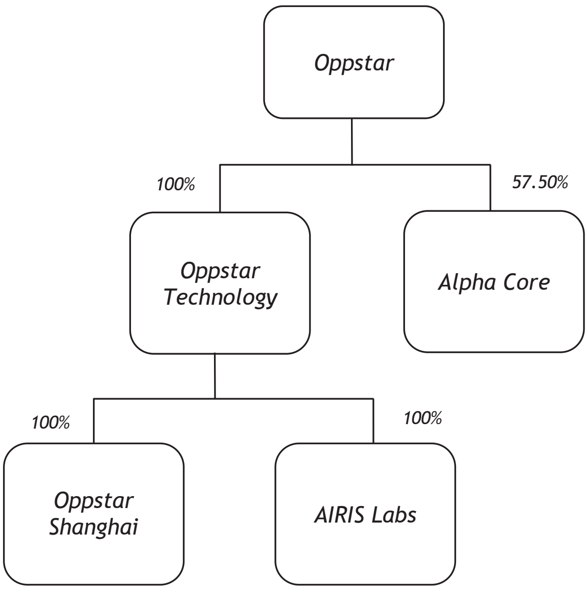
(collectively referred to as "Completed Transactions")

3.1 Group structure

The corporate structure prior to the Completed Transactions is as follows:



The corporate structure of Oppstar and its subsidiaries (hereinafter referred to as the "Group") following the Completed Transactions as at the date of this Report is as follows:



3. GENERAL INFORMATION (continued)

3.1 Group structure (continued)

The principal activity of the Company is investment holding. Details of the subsidiaries as at the date of this Report are as follows:

Subsidiaries	Date and place of incorporation	Issued share capital	Effective equity interest	Principal activities
Oppstar Technology	19 March 2014 Malaysia	RM900,000	100%	Provision of integrated circuit design services and other related services
Alpha Core	22 August 2019 Malaysia	RM1,000,000	57.50%	Provision of post-silicon validation services, software and engineering solutions, integrated circuit design services and other related services
<u>Subsidiary of Oppstar Technology</u>				
Oppstar Shanghai	9 April 2019 People's Republic of China	USD100,000	100%	Sales and marketing as well as provision of integrated circuit design services, post-silicon validation services and technical support
AIRIS Labs	25 June 2020 Malaysia	RM520,000	100%	Research and development on engineering and technology

4. AUDITED HISTORICAL FINANCIAL INFORMATION

This Report deals solely with the audited combined and consolidated financial information of Oppstar, Oppstar Technology, Alpha Core, Oppstar Shanghai and AIRIS Labs for the past financial years/periods ended 31 March 2020, 31 March 2021, 31 March 2022 and 30 September 2022.

5. SHARE CAPITAL

The Company was incorporated with issued share capital of RM1 comprising 1 ordinary share. Details of changes in the issued share capital of the Company since the date of incorporation are as follows:

Date	No. of shares	Details	Cumulative no. of shares	Price per share (RM)	Amount (RM)	Cumulative issued share capital (RM)
27 September 2021	1	Allotment to initial subscriber	1	1	1	1
21 December 2021	999	Cash	1,000	1	999	1,000
22 December 2021	470,720,000	Allotment pursuant to the Completed Transactions	470,721,000	0.015	7,060,800	7,061,800

6. RELEVANT FINANCIAL YEARS/PERIODS

The relevant financial years/periods of the audited financial statements presented for the purpose of this Report ("Relevant Financial Years/Periods") and the statutory auditors of the respective companies within the Group were as follows:

Company	Relevant Financial Years/Periods	Auditors
Oppstar	Financial period from 27 September 2021 (date of incorporation) to 31 March 2022	BDO PLT
	Financial period from 1 April 2022 to 30 September 2022	BDO PLT
Oppstar Technology ^	FYE 31 March 2020	Tan, Choong & Partners
	FYE 31 March 2021	BDO PLT
	FYE 31 March 2022	BDO PLT
	Financial period from 1 April 2022 to 30 September 2022	BDO PLT
Alpha Core *	Financial period from 22 August 2019 (date of incorporation) to 31 December 2020	BDO PLT
	Financial period from 1 January 2021 to 31 March 2021	BDO PLT
	FYE 31 March 2022	BDO PLT
	Financial period from 1 April 2022 to 30 September 2022	BDO PLT
Oppstar Shanghai #	Financial period from 9 April 2019 (date of incorporation) to 31 March 2020	BDO PLT
	FYE 31 March 2021	BDO PLT
	FYE 31 March 2022	BDO PLT
	Financial period from 1 April 2022 to 30 September 2022	BDO PLT
AIRIS Labs	Financial period from 25 June 2020 (date of incorporation) to 31 March 2021	BDO PLT
	FYE 31 March 2022	BDO PLT
	Financial period from 1 April 2022 to 30 September 2022	BDO PLT

^ The financial statements of Oppstar Technology for financial year ended 31 March 2020 have been re-audited by us, for the purpose of inclusion into the combined financial statements. The financial statements were prepared in accordance with MFRSs and IFRSs.

* The financial statements for the financial periods ended 31 March 2020 and 2021 were re-prepared by management and re-audited by BDO PLT for the purpose of inclusion into the combined financial statements.

The financial statements of Oppstar Shanghai were not required to be audited in its country of incorporation. The financial statements for the financial period from 9 April 2019 to 31 March 2020 and for the financial years/period ended 31 March 2021, 31 March 2022 and FPE 30 September 2022 have been audited by us, for the purpose of inclusion into the combined/consolidated financial statements.

The audited financial statements of all the companies within the Group for the Relevant Financial Years/Periods reported above were not subject to any qualification or modification.

7 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

7.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the provisions of the Companies Act 2016 in Malaysia.

These are the first financial statements of the Group prepared in accordance with MFRSs, and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group were prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS").

The Group has consistently applied the same accounting policies in its opening MFRS combined statements of financial position as at 1 April 2019 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures in these financial statements have been restated to give effect to these changes, Sections 7.3 and 9.34 of this Report disclose the impact of the transition to MFRSs on the reported financial position, financial performance and cash flows of the Group for the financial years then ended.

The financial information have been prepared under the historical cost convention except as otherwise stated in the combined financial statements.

The preparation of these financial information in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

7.1.1 Combined financial statements for the financial years ended 31 March 2020 and 2021

The combined financial statements of Oppstar for the financial years ended 31 March 2020 and 2021 have been prepared in relation to the Listing and in accordance with MFRSs and IFRSs, and based on the Guidance Note on 'Combined Financial Statements' issued by the Malaysian Institute of Accountants.

The combined financial statements consist of the financial statements of combining entities as disclosed in Section 9.7 of this Report, which were under common control throughout the reporting periods. The common control of the combining entities has been established by virtue of Ng Meng Thai, Cheah Hun Wah and Tan Chun Chiat, being the promoters, substantial shareholders and Executive Directors of the Company.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the reporting periods.

The financial information as presented in the combined financial statements may not correspond to the consolidated financial statements of the Company had the Completed Transactions to legally constitute the Group been incorporated in the consolidated financial statements for the respective financial year. Consequently, the financial information from the combined financial statements do not purport to predict the financial positions, results of operations and cash flows of the combining entities during the reporting periods.

A combining entity previously applied Malaysian Private Entity Reporting Standards ("MPERSs") during the financial year ended 31 March 2020.

The combining entity adopted MFRSs and IFRSs for the first-time during the financial year ended 31 March 2021. The management has assessed the impact arising from the transition from MPERSs to MFRSs on the combining entities' financial position, financial performance and cash flows as set out in Section 9.34 of this Report.

7 BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Basis of preparation (continued)

7.1.2 Consolidated financial statements for the financial year/period ended 31 March 2022 and 30 September 2022

The consolidated financial statements of the Group have been prepared in accordance with MFRSs and IFRSs.

During the financial year, the Group applied merger method of accounting on a retrospective basis arising from the acquisition of the entire equity interest of Oppstar Technology and Alpha Core by the Company in business combinations under common control.

Consequently, the following accounting treatment has been applied in the consolidated financial statements arising from the business combinations under common control:

(a) Assets and liabilities of Oppstar Technology and Alpha Core are recognised and measured at their pre-business combinations carrying amounts without restatement to fair value;

(b) Retained earnings and other equity reserves of the Group as at 1 April 2020 are those of Oppstar Technology and Alpha Core;

(c) Share capital as at 1 April 2020 reflects the share capital of Oppstar Technology and Alpha Core prior to the incorporation of the Company; and

(d) The statements of financial position as at 30 September 2022 represent the financial position of the Group after reflecting the effects of the acquisitions during the financial period.

7.2 Significant accounting policies

7.2.1 Basis of consolidation

The consolidated financial statements consist of the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

7 BASIC OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Significant accounting policies (continued)

7.2.1 Basis of consolidation (continued)

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to common controlling shareholders of the combining entities, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to common controlling shareholders of the combining entities. Profit or loss and each component of other comprehensive income are attributed to the common controlling shareholders of the combining entities and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

7.2.2 Business combinations under common control

Business combination involving entities under common control are accounted for by applying the merger method of accounting. The assets and liabilities of the merger entities are reflected at their carrying amounts reported in the individual financial information.

In a business combination under common control, any differences between the cost of the merger and the share capital of the 'acquired' entity are reflected within equity as reorganisation debit reserve.

The combined statement of profit or loss and other comprehensive income reflects the results of the combining entities for the full financial year and the comparatives are presented as if the entities had always been combined since the date for which the entities had come under common control.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.3 Business combinations not under common control

Business combinations not under common control are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. The Group accounts for changes in fair value of contingent consideration that are not measurement period adjustments as follows:

(a) If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity; and

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 9 *Financial Instruments* are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 9 *Financial Instruments*. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Computers and office equipment	20%
Furniture and fittings	20%
Motor vehicles	20%
Renovation	20%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Section 7.2.7 of this Report on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

7.2.5 Leases

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.5 Leases (continued)

The Group as lessee (continued)

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of RM20,000 and below. Short-term leases are leases with a lease term of twelve (12) months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease terms of right-of-use assets are as follows:

Offices	1 – 3 years
Apartment	2 years

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales, if any, are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.6 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less any accumulated impairment losses.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

(i) Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are known as joint operators.

(ii) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.6 Investments (continued)

(b) Joint arrangements (continued)

(ii) Joint venture (continued)

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

(a) The structure of the joint arrangement;

(b) The legal form of joint arrangements structured through a separate vehicle;

(c) The contractual terms of the joint arrangement agreement; and

(d) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

7.2.7 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in a subsidiary and a joint venture), are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

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

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset (unless it is a trade receivable that does not contain a significant financing component) or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract in the event an embedded derivative is recognised separately is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ('FVTPL'), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.8 Financial instruments (continued)

(a) Financial assets (continued)

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below (continued):

(ii) Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at fair value through other comprehensive income ('FVTOCI'), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.8 Financial instruments (continued)

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for when the Group's own credit risk increases or decreases and which is recognised in other comprehensive income. Net gains or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.8 Financial instruments (continued)

(c) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(d) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution.

On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.9 Impairment of financial assets

The Group applies the simplified approach to measure expected credit losses. This entails recognising a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on grouping of receivables sharing the same credit risk characteristics and past due days.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

Impairment for trade receivables that do not contain a significant financing component is recognised based on the simplified approach using the lifetime expected credit losses.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables, amounts owing by subsidiary and joint venture are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. As at the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other receivables, amounts owing by subsidiary and joint venture is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables, amounts owing by subsidiary and joint venture.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectable, it is written off against the allowance for impairment loss account.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

7.2.11 Inventory

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

7.2.12 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.12 Income taxes (continued)

(b) Deferred tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

7.2.13 Contract assets and contract liabilities

Contract assets represent the Group's right to consideration in exchange for services transferred to customers. If the Group transfers services to customers before the customers pay consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities include advances received from customers and deferred income where the Group has billed or has collected the payment before the services are transferred to the customers. The contract liabilities will be recognised as revenue when the performance obligations are satisfied. These performance obligations are part of contracts that have original expected duration of one (1) year or less.

7.2.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.14 Provisions (continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

7.2.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

7.2.16 Employee benefits

(a) Short-term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company incorporated in Malaysia makes contributions to a statutory provident fund and its foreign subsidiary makes contributions to its respective country's statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.17 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at the end of the reporting period exchange rates to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

7.2.18 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring services to a customer. The Group recognises revenue when (or as) it transfers control over a service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.18 Revenue recognition (continued)

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(a) Services rendered

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time.

Control of the asset is transferred over time if the performance of the Group creates or enhances an asset that the customer controls as the asset is created or enhanced and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the output method by reference to the milestones reached. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Revenue recognised over time for each milestone reached is measured at the fixed transaction price agreed under the agreement.

There is no significant financing component in the revenue arising from services rendered as the contracts are on normal credit terms not exceeding twelve (12) months.

(b) Sales of goods

Revenue from sale of goods is recognised when the Company satisfies a performance obligation by transferring a promised good to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and services and acceptance by customers.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

Revenue recognition not in relation to performance obligations is described below:

(a) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(c) Rental income

Rental income is recognised on a straight line basis over the lease term of an ongoing lease.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.19 Fair value measurements

The fair value of an asset or a liability (except for lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

7.2.20 Government grants

Government grants are recognised in the financial statements as deferred income when there is reasonable assurance that:

(a) The Group would comply with the conditions attached to the grant; and

(b) The grants would be received.

Government grants related to costs are recognised as income in profit or loss in the period in which the grants had been received to match them with the costs which they are intended to compensate.

Where the grants related to an asset, they are recognised as income and transferred to profit or loss on a systematic basis over the useful lives of the related asset.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.21 Operating segments

Operating segments are defined as components of the Group that:

(a) Engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

7.2.22 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent/common controlling shareholders of the combining entities by the expected number of ordinary shares upon completion of the Listing.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent/common controlling shareholders of the combining entities by the expected number of ordinary shares upon completion of the Listing and the effects of dilutive potential ordinary shares.

7.3 ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

7.3.1 New MFRSs adopted during the financial year

The Group adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
MFRS 2 *Share-based Payment*
MFRS 3 *Business Combinations*
MFRS 4 *Insurance Contracts*
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
MFRS 6 *Exploration for and Evaluation of Mineral Resources*
MFRS 7 *Financial Instruments: Disclosures*
MFRS 8 *Operating Segments*
MFRS 9 *Financial Instruments*
MFRS 10 *Consolidated Financial Statements*
MFRS 11 *Joint Arrangements*
MFRS 12 *Disclosure of Interests in Other Entities*
MFRS 13 *Fair Value Measurement*
MFRS 14 *Regulatory Deferral Accounts*
MFRS 15 *Revenue from Contracts with Customers*
MFRS 16 *Leases*
MFRS 101 *Presentation of Financial Statements*
MFRS 102 *Inventories*
MFRS 107 *Statement of Cash Flows*
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
MFRS 110 *Events after the Reporting Period*
MFRS 112 *Income Taxes*
MFRS 116 *Property, Plant and Equipment*
MFRS 119 *Employee Benefits*
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*
MFRS 123 *Borrowing Costs*
MFRS 124 *Related Party Disclosures*
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*
MFRS 127 *Separate Financial Statements*
MFRS 128 *Investments in Associates and Joint Ventures*
MFRS 129 *Financial Reporting in Hyperinflationary Economies*
MFRS 132 *Financial instruments: Presentation*
MFRS 133 *Earnings per Share*
MFRS 134 *Interim Financial Reporting*
MFRS 136 *Impairment of Assets*
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*
MFRS 138 *Intangible Assets*
MFRS 139 *Financial Instruments: Recognition and Measurement*
MFRS 140 *Investment Property*
MFRS 141 *Agriculture*
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*
IC Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
IC Interpretation 6 *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electrical Equipment*
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*
IC Interpretation 10 *Interim Financial Reporting and Impairment*
IC Interpretation 12 *Service Concession Arrangements*
IC Interpretation 14 *MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.3 ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

7.3.1 New MFRSs adopted during the financial year (continued)

The Group adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year (continued):

IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
IC Interpretation 21 *Levies*
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
IC Interpretation 23 *Uncertainty over Income Tax Treatments*
IC Interpretation 107 *Introduction of the Euro*
IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*
IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*
IC Interpretation 129 *Service Concession Arrangements: Disclosures*
IC Interpretation 132 *Intangible Assets - Web Site Costs*
Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3 *Definition of a Business*
Amendments to MFRS 101 and MFRS 108 *Definition of Material*
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform - Phase 2*
Amendments to MFRS 16 *Covid-19 Related Rent Concessions*
Amendments to MFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*

There is no material impact upon the adoption of these Standards during the financial year, other than the adoption of the following Standards:

MFRS 101 *Presentation of Financial Statements*

The Standard clarifies that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, the Standard clarifies that the related notes to the opening statement of financial position need not to be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 April 2019.

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*

The Standard clarifies that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

MFRS 16 *Leases*

The Group adopted MFRS 16 using the full retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 April 2019. Accordingly, the comparative information presented is restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MPERS. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.3 ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

7.3.1 New MFRSs adopted during the financial year (continued)

There is no material impact upon the adoption of these Standards during the financial year, other than the adoption of the following Standards (continued):

MFRS 16 *Leases* (continued)

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

7.3.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

Title	**Effective Date**
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendment to MFRS 17 *Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 – Comparative Information*	1 January 2023
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to MFRS 101 *Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108 *Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Lease liability in a Sale and Leaseback (Amendments to MFRS 16 *Leases*)	1 January 2024
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

8. FINANCIAL INFORMATION AND LIMITATIONS

The financial information in Section 9 of this Report is based on the respective audited financial statements of the Group with applicable appropriate adjustments and reclassifications made for the purpose of this Report.

All information, including the combined financial statements, have been extracted from the audited financial statements and records of the Group during the relevant reporting periods.

9 HISTORICAL FINANCIAL INFORMATION

9.1 Statements of financial position

	Section	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
ASSETS					
Non-current assets					
Property, plant and equipment	9.5	540,919	1,127,160	1,532,492	2,109,641
Right-of-use assets	9.6	302,231	966,859	859,263	577,781
Investment in a joint venture	9.8	-	-	-	-
Goodwill	9.9	-	-	-	351,949
Deferred tax assets	9.10	-	423,700	-	-
		843,150	2,517,719	2,391,755	3,039,371
Current assets					
Inventories	9.11	-	-	-	165,195
Other investments	9.12	-	1,942,139	3,486,614	2,938,438
Trade and other receivables	9.13	1,904,390	1,655,761	3,442,171	10,940,533
Contract assets	9.14	-	-	99,450	275,792
Short-term funds	9.15	-	3,997,083	4,818,941	7,773,912
Current tax assets		-	-	54,300	111,754
Cash and bank balances	9.16	2,371,112	5,326,508	6,352,236	7,448,758
		4,275,502	12,921,491	18,253,712	29,654,382
TOTAL ASSETS		5,118,652	15,439,210	20,645,467	32,693,753
EQUITY AND LIABILITIES					
Equity attributable to common controlling shareholders of the combining entities/owners of the parent					
Share capital/Invested equity *	9.17	901,000	901,000	7,061,800	7,061,800
Reserves	9.18	444,585	2,160,365	6,974,486	17,355,391
		1,345,585	3,061,365	14,036,286	24,417,191
Non-controlling interests	9.7(f)	-	-	409,666	351,356
TOTAL EQUITY		1,345,585	3,061,365	14,445,952	24,768,547

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Statements of financial position (continued)

	Section	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
LIABILITIES					
Non-current liabilities					
Borrowings	9.19	1,083,608	1,468,726	-	-
Lease liabilities	9.6	192,092	589,991	323,484	91,184
Deferred tax liabilities	9.10	-	-	189,100	175,000
		1,275,700	2,058,717	512,584	266,184
Current liabilities					
Trade and other payables	9.20	1,829,383	6,869,211	4,124,804	5,582,832
Contract liabilities	9.21	-	1,917,576	-	37,950
Borrowings	9.19	247,011	663,770	-	-
Lease liabilities	9.6	111,573	390,171	559,677	508,362
Current tax liabilities		309,400	478,400	1,002,450	1,529,878
		2,497,367	10,319,128	5,686,931	7,659,022
TOTAL LIABILITIES		3,773,067	12,377,845	6,199,515	7,925,206
TOTAL EQUITY AND LIABILITIES		5,118,652	15,439,210	20,645,467	32,693,753

* Number of ordinary shares on combined basis

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Statements of profit or loss and other comprehensive income

	Section	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
Revenue	9.22	15,964,928	29,262,212	50,560,743	28,815,169	26,418,172
Cost of sales		(12,817,208)	(17,442,522)	(20,425,914)	(11,829,449)	(9,931,359)
Gross profit		3,147,720	11,819,690	30,134,829	16,985,720	16,486,813
Other operating income		156,756	1,230,462	966,906	1,233,949	795,012
Administrative expenses		(1,679,231)	(2,672,678)	(7,528,731)	(3,799,658)	(3,896,817)
Development expenses		-	-	(111,707)	(193,745)	-
Other operating expenses		(73,581)	(173,788)	(213,126)	(449,177)	(105,943)
Finance costs	9.23	(77,346)	(159,904)	(128,206)	(16,761)	(93,971)
Share of results of joint venture, net of tax		-	(50,000)	-	-	-
Profit before tax	9.25	1,474,318	9,993,782	23,119,965	13,760,328	13,185,094
Tax expense	9.26	(1,052,978)	(2,195,095)	(6,512,614)	(3,422,343)	(3,487,126)
Profit for the financial years		421,340	7,798,687	16,607,351	10,337,985	9,697,968
Other comprehensive income, net of tax:						
Item that may be reclassified subsequently to profit or loss						
Foreign currency translations		-	1,093	12,236	(15,390)	4,554
Total comprehensive income		421,340	7,799,780	16,619,587	10,322,595	9,702,522
Profit for the financial years attributable to:						
Common controlling shareholders of the combining entities/Owners of the parent		421,340	7,798,687	16,629,795	10,396,295	9,697,968
Non-controlling interests	9.7(f)	-	-	(22,444)	(58,310)	-
		421,340	7,798,687	16,607,351	10,337,985	9,697,968

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Statements of profit or loss and other comprehensive income (continued)

	Section	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
Total comprehensive income attributable to:						
Common controlling shareholders of the combining entities/Owners of the parent		421,340	7,799,780	16,642,031	10,380,905	9,702,522
Non-controlling interests	9.7(f)	-	-	(22,444)	(58,310)	-
		421,340	7,799,780	16,619,587	10,322,595	9,702,522
Earnings per share attributable to common controlling shareholders of the combining entities/owners of the parent:						
Basic and diluted (sen)	9.27	0.07	1.23	2.61	1.63	1.52

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Statements of changes in equity

	Section	Invested equity RM	Foreign exchange translation reserve RM	Reorganisation debit reserve RM	Retained earnings RM	Total attributable to common controlling shareholders of the combining entities RM	Non-controlling interests RM	Total equity RM
Audited								
Balance as at 1 April 2019		500,000	-	-	423,245	923,245	-	923,245
Profit for the financial year		-	-	-	421,340	421,340	-	421,340
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	421,340	421,340	-	421,340
Transactions with common controlling shareholders of the combining entities								
Bonus issue	9.17	400,000	-	-	(400,000)	-	-	-
Issuance of ordinary shares	9.17	1,000	-	-	-	1,000	-	1,000
Total transactions with common controlling shareholders of the combining entities		401,000	-	-	(400,000)	1,000	-	1,000
Balance as at 31 March 2020		901,000	-	-	444,585	1,345,585	-	1,345,585

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Statements of changes in equity (continued)

Audited	**Section**	**Invested equity RM**	**Foreign exchange translation reserve RM**	**Reorganisation debit reserve RM**	**Retained earnings RM**	**Total attributable to common controlling shareholders of the combining entities RM**	**Non-controlling interests RM**	**Total equity RM**
Balance as at 1 April 2020, as previously reported		901,000	-	-	1,272,798	2,173,798	-	2,173,798
Prior year adjustments	9.33	-	-	-	(826,779)	(826,779)	-	(826,779)
Balance as at 1 April 2020, as adjusted		901,000	-	-	446,019	1,347,019	-	1,347,019
Effects of adoption of MFRS 16	9.34	-	-	-	(1,434)	(1,434)	-	(1,434)
Balance as at 1 April 2020, as restated		901,000	-	-	444,585	1,345,585	-	1,345,585
Profit for the financial year		-	-	-	7,798,687	7,798,687	-	7,798,687
Foreign currency translations		-	1,093	-	-	1,093	-	1,093
Total comprehensive income		-	1,093	-	7,798,687	7,799,780	-	7,799,780
Transaction with common controlling shareholders of the combining entities								
Dividends	9.28	-	-	-	(6,084,000)	(6,084,000)	-	(6,084,000)
Total transaction with common controlling shareholders of the combining entities		-	-	-	(6,084,000)	(6,084,000)	-	(6,084,000)
Balance as at 31 March 2021		901,000	1,093	-	2,159,272	3,061,365	-	3,061,365

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Statements of changes in equity (continued)

Audited	**Section**	**Share capital RM**	**Foreign exchange translation reserve RM**	**Reorganisation debit reserve RM**	**Retained earnings RM**	**Total attributable to owners of the parent RM**	**Non-controlling interests RM**	**Total equity RM**
Balance as at 1 April 2021		901,000	1,093	-	2,159,272	3,061,365	-	3,061,365
Profit/(Loss) for the financial year		-	-	-	16,629,795	16,629,795	(22,444)	16,607,351
Foreign currency translations		-	12,236	-	-	12,236	-	12,236
Total comprehensive income/(loss)		-	12,236	-	16,629,795	16,642,031	(22,444)	16,619,587
Transactions with owners of the parent								
Issuance of ordinary shares	9.17	1,000	-	-	-	1,000	-	1,000
Effects of acquisition of subsidiaries in business combinations under common control		6,159,800	-	(6,159,800)	-	-	-	-
Dividends	9.28	-	-	-	(5,661,000)	(5,661,000)	-	(5,661,000)
Subscription of shares by non-controlling interests		-	-	-	(7,110)	(7,110)	432,110	425,000
Total transactions with owners of the parent		6,160,800	-	(6,159,800)	(5,668,110)	(5,667,110)	432,110	(5,235,000)
Balance as at 31 March 2022		7,061,800	13,329	(6,159,800)	13,120,957	14,036,286	409,666	14,445,952

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Statements of changes in equity (continued)

	Share capital RM	Foreign exchange translation reserve RM	Reorganisation debit reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Audited							
Balance as at 1 April 2022	7,061,800	13,329	(6,159,800)	13,120,957	14,036,286	409,666	14,445,952
Profit for the financial year	-	-	-	10,396,295	10,396,295	(58,310)	10,337,985
Foreign currency translations	-	(15,390)	-	-	(15,390)	-	(15,390)
Total comprehensive income	-	(15,390)	-	10,396,295	10,380,905	(58,310)	10,322,595
Balance as at 30 September 2022	7,061,800	(2,061)	(6,159,800)	23,517,252	24,417,191	351,356	24,768,547
Unaudited							
Balance as at 1 April 2021	901,000	1,093	-	2,159,272	3,061,365	-	3,061,365
Profit for the financial year	-	-	-	9,697,968	9,697,968	-	9,697,968
Foreign currency translations	-	4,554	-	-	4,554	-	4,554
Total comprehensive income	-	4,554	-	9,697,968	9,702,522	-	9,702,522
Transaction with owners of the parent							
Issuance of ordinary shares for cash	1	-	-	-	1	-	1
Balance as at 30 September 2021	901,001	5,647	-	11,857,240	12,763,888	-	12,763,888

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.4 Statements of cash flows

	Section	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		1,474,318	9,993,782	23,119,965	13,760,328	13,185,094
Adjustments for:						
Depreciation of property, plant and equipment	9.5	172,684	251,828	351,343	237,705	163,360
Depreciation of right-of-use assets	9.6	54,367	220,230	459,671	281,469	203,853
Dividend income from other investments	9.25	-	-	(11,925)	(31,328)	(6,828)
Fair value loss on other investments	9.25	-	108,056	198,241	368,727	13,116
Gain on disposal of other investments	9.25	-	(40,747)	(325,779)	(25,753)	(350,651)
Gain on lease modifications	9.6	-	-	(400)	-	-
Gain on re-measurement of previously held stakes		-	-	-	(50,000)	-
Income distribution from other investments		-	-	(51,161)	(9,265)	(35,795)
Interest expense	9.23	77,346	159,904	128,206	16,761	93,971
Interest income	9.25	(7,212)	(23,981)	(34,038)	(9,000)	(13,427)
Property, plant and equipment written off	9.5	-	14,351	-	-	-
Share of results of joint venture		-	50,000	-	-	-
Unrealised loss/(gain) on foreign exchange	9.25	2	9,085	9,798	(57,131)	92,827
Operating profit before changes in working capital		1,771,505	10,742,508	23,843,921	14,482,513	13,345,520
Changes in working capital:						
Trade and other receivables		140,203	239,207	(1,797,203)	(7,563,647)	(6,567,604)
Contract assets		-	-	(99,450)	(176,342)	(58,311)
Trade and other payables		589,673	(450,172)	2,745,593	1,202,799	3,164,059
Contract liabilities		-	1,917,576	(1,917,576)	37,950	3,686,328
Cash generated from operations		2,501,381	12,449,119	22,775,285	7,983,273	13,569,992
Tax paid		(835,881)	(2,449,795)	(5,430,064)	(2,966,469)	(2,063,299)
Net cash from operating activities		1,665,500	9,999,324	17,345,221	5,016,804	11,506,693
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisition of a subsidiary, net of cash acquired	9.7(h)	-	-	-	(158,006)	-
Addition of interests in joint venture		-	(2)	-	-	-
Changes in deposit pledged to a licensed bank		(305,841)	(3,469)	309,310	-	(5,722)
Dividend received from other investments		-	-	11,925	31,328	6,828
Income received from other investments		-	-	51,161	9,265	35,795

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.4 Statements of cash flows (continued)

	Section	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
CASH FLOWS FROM INVESTING ACTIVITIES (continued)						
Interest received		7,212	23,981	34,038	9,000	13,427
Proceeds from disposal of:						
- other investments		-	428,129	2,911,311	1,686,904	1,812,242
- property, plant and equipment		-	-	49,524	-	-
Proceeds from subscription of shares by non-controlling interests		-	-	425,000	-	-
Purchase of:						
- other investments		-	(2,437,577)	(4,306,992)	(1,495,400)	(2,397,508)
- property, plant and equipment	9.5	(509,426)	(852,362)	(805,938)	(759,387)	(337,739)
Subscription of ordinary shares in joint venture		-	(49,998)	-	-	-
Net cash used in investing activities		(808,055)	(2,891,298)	(1,320,661)	(676,296)	(872,677)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid		-	(594,000)	(11,151,000)	-	(5,490,000)
Interest paid		(72,490)	(130,622)	(83,318)	-	(70,575)
Payments of lease liabilities	9.6	(57,789)	(237,635)	(493,558)	(300,360)	(219,601)
Proceeds from:						
- issuance of ordinary shares		1,000	-	1,000	-	1
- term loans		1,600,000	1,000,000	-	-	-
Repayments of term loans		(269,381)	(234,367)	(2,096,252)	-	(648,500)
Net cash from/(used in) financing activities		1,201,340	(196,624)	(13,823,128)	(300,360)	(6,428,675)
Net increase in cash and cash equivalents		2,058,785	6,911,402	2,201,432	4,040,148	4,205,341
Effects of exchange rate changes		(2)	1,364	(8,292)	11,345	(82,485)
Cash and cash equivalents at beginning of financial years/periods		6,488	2,065,271	8,978,037	11,171,177	8,978,037
Cash and cash equivalents at end of financial years/periods	9.16(c)	2,065,271	8,978,037	11,171,177	15,222,670	13,100,893

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.4 Statements of cash flows (continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Section 9.6) RM	Term loans (Section 9.19) RM
Audited		
At 1 April 2019, as previously reported	-	-
Effects of adoption of MFRS 16	45,222	-
At 1 April 2019, as restated	45,222	-
Cash flows	(57,789)	1,330,619
Non-cash flows:		
- additions	311,376	-
- unwinding of interest	4,856	-
At 31 March 2020	303,665	1,330,619
At 1 April 2020	303,665	1,330,619
Cash flows	(237,635)	765,633
Non-cash flows:		
- additions	884,741	-
- unwinding of interest	29,282	-
- exchange differences	109	-
At 31 March 2021	980,162	2,096,252
At 1 April 2021	980,162	2,096,252
Cash flows	(493,558)	(2,096,252)
Non-cash flows:		
- additions	366,172	-
- effects of modifications to lease term	(14,532)	-
- unwinding of interest	44,888	-
- exchange differences	29	-
At 31 March 2022	883,161	-
At 1 April 2022	883,161	-
Cash flows	(300,360)	-
Non-cash flows:		
- unwinding of interest	16,761	-
- exchange differences	(16)	-
At 30 September 2022	599,546	-
At 1 April 2021	980,162	2,096,252
Cash flows	(219,601)	(648,500)
Non-cash flows:		
- additions	9,270	-
- unwinding of interest	23,396	-
- exchange differences	14	-
At 30 September 2021	793,241	1,447,752

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.5 Property, plant and equipment

Audited	Balance as at 1.4.2019 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.3.2020 RM
Carrying amount				
Computers and office equipment	120,337	137,090	(63,705)	193,722
Furniture and fittings	29,528	372,336	(83,369)	318,495
Motor vehicles	11,261	-	(11,260)	1
Renovation	43,051	-	(14,350)	28,701
	204,177	509,426	(172,684)	540,919

	[------------------------- At 31.3.2020	-------------------------	-------------------------]
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computers and office equipment	326,625	(132,903)	193,722
Furniture and fittings	416,846	(98,351)	318,495
Motor vehicles	56,309	(56,308)	1
Renovation	71,751	(43,050)	28,701
	871,531	(330,612)	540,919

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.5 Property, plant and equipment (continued)

Audited	**Balance as at 1.4.2020 RM**	**Additions RM**	**Written off RM**	**Depreciation charge for the financial year RM**	**Exchange differences RM**	**Balance as at 31.3.2021 RM**
Carrying amount						
Computers and office equipment	193,722	209,518	-	(81,231)	58	322,067
Furniture and fittings	318,495	465,515	-	(137,246)	-	646,764
Motor vehicles	1	-	-	-	-	1
Renovation	28,701	177,329	(14,351)	(33,351)	-	158,328
	540,919	852,362	(14,351)	(251,828)	58	1,127,160

	[------------------------- **At 31.3.2021**	-------------------------	-------------------------]
	Cost RM	**Accumulated depreciation RM**	**Carrying amount RM**
Computers and office equipment	536,214	(214,147)	322,067
Furniture and fittings	882,361	(235,597)	646,764
Motor vehicles	56,309	(56,308)	1
Renovation	177,329	(19,001)	158,328
	1,652,213	(525,053)	1,127,160

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.5 Property, plant and equipment (continued)

<u>Audited</u>	Balance as at 1.4.2021 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Exchange differences RM	Balance as at 31.3.2022 RM
Carrying amount						
Computers and office equipment	322,067	352,161	(49,524)	(128,574)	261	496,391
Furniture and fittings	646,764	210,702	-	(184,149)	-	673,317
Motor vehicles	1	-	-	-	-	1
Renovation	158,328	63,075	-	(38,620)	-	182,783
Capital work-in-progress	-	180,000	-	-	-	180,000
	1,127,160	805,938	(49,524)	(351,343)	261	1,532,492

	[------------------------- At 31.3.2022	-------------------------]	
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computers and office equipment	830,518	(334,127)	496,391
Furniture and fittings	1,093,063	(419,746)	673,317
Motor vehicles	56,309	(56,308)	1
Renovation	240,404	(57,621)	182,783
Capital work-in-progress	180,000	-	180,000
	2,400,294	(867,802)	1,532,492

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.5 Property, plant and equipment (continued)

Audited	Balance as at 1.4.2022 RM	Additions RM	Acquisition of subsidiary (Section 9.7(h)) RM	Depreciation charge for the financial period RM	Reclassification RM	Exchange differences RM	Balance as at 30.9.2022 RM
Carrying amount							
Computers and office equipment	496,391	226,659	12,868	(82,463)	-	(224)	653,231
Furniture and fittings	673,317	374,130	1,656	(116,635)	-	-	932,468
Motor vehicles	1	63,000	-	(2,100)	-	-	60,901
Renovation	182,783	95,598	41,167	(36,507)	180,000	-	463,041
Capital work-in-progress	180,000	-	-	-	(180,000)	-	-
	1,532,492	759,387	55,691	(237,705)	-	(224)	2,109,641

	[---- At 30.9.2022 ----		]
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Computers and office equipment	1,069,715	(416,484)	653,231
Furniture and fittings	1,468,849	(536,381)	932,468
Motor vehicles	119,309	(58,408)	60,901
Renovation	377,169	85,872	463,041
	3,035,042	(925,401)	2,109,641

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.6 Leases

Right-of-use assets

Carrying amount

Audited	**Balance as at 1.4.2019 RM**	**Effects of adoption of MFRS 16 (Section 9.34) RM**	**Additions RM**	**Depreciation RM**	**Balance as at 31.3.2020 RM**
Offices	-	45,222	311,376	(54,367)	302,231

Audited	**Balance as at 1.4.2020 RM**	**Additions RM**	**Depreciation RM**	**Exchange differences RM**	**Balance as at 31.3.2021 RM**
Offices	302,231	853,907	(211,237)	117	945,018
Apartment	-	30,834	(8,993)	-	21,841
	302,231	884,741	(220,230)	117	966,859

Audited	**Balance as at 1.4.2021 RM**	**Additions RM**	**Depreciation RM**	**Effects of modifications to lease term RM**	**Exchange differences RM**	**Balance as at 31.3.2022 RM**
Offices	945,018	366,172	(451,962)	-	35	859,263
Apartment	21,841	-	(7,709)	(14,132)	-	-
	966,859	366,172	(459,671)	(14,132)	35	859,263

Audited	**Balance as at 1.4.2022 RM**	**Depreciation RM**	**Exchange differences RM**	**Balance as at 30.9.2022 RM**
Offices	859,263	(281,469)	(13)	577,781

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.6 Leases (continued)

Lease liabilities

Carrying amount

Audited	Balance as at 1.4.2019 RM	Effects of adoption of MFRS 16 (Section 9.34) RM	Additions RM	Lease payments RM	Interest expense (Section 9.23) RM	Balance as at 31.3.2020 RM
Offices	-	45,222	311,376	(57,789)	4,856	303,665

Audited	Balance as at 1.4.2020 RM	Additions RM	Lease payments RM	Interest expense (Section 9.23) RM	Exchange differences RM	Balance as at 31.3.2021 RM
Offices	303,665	853,907	(228,185)	28,495	109	957,991
Apartment	-	30,834	(9,450)	787	-	22,171
	303,665	884,741	(237,635)	29,282	109	980,162

Audited	Balance as at 1.4.2021 RM	Additions RM	Effects of modifications to lease term RM	Lease payments RM	Interest expense (Section 9.23) RM	Exchange differences RM	Balance as at 31.3.2022 RM
Offices	957,991	366,172	-	(485,458)	44,427	29	883,161
Apartment	22,171	-	(14,532)	(8,100)	461	-	-
	980,162	366,172	(14,532)	(493,558)	44,888	29	883,161

Audited	Balance as at 1.4.2022 RM	Lease payments RM	Interest expense (Section 9.23) RM	Exchange differences RM	Balance as at 30.9.2022 RM
Offices	883,161	(300,360)	16,761	(16)	599,546

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.6 Leases (continued)

Lease liabilities (continued)

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Represented by:				
Current liabilities	111,573	390,171	559,677	508,362
Non-current liabilities	192,092	589,991	323,484	91,184
	303,665	980,162	883,161	599,546

(a) Lease liabilities of the Group are owing to non-financial institutions.

(b) The Group has a lease of office with lease term of less than twelve (12) months. The Group applies the "short-term lease" exemption for this lease.

(c) The following are the amounts recognised in profit or loss:

	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
Included in administrative expenses:					
Depreciation of right-of-use assets	54,367	220,230	459,671	281,469	203,853
Expenses relating to short-term lease	4,337	-	-	-	-
Included in finance costs:					
Interest expenses on lease liabilities	4,856	29,282	44,888	16,761	23,396
Included in other operating income:					
Gain on lease modifications	-	-	400	-	-
	63,560	249,512	504,959	298,230	227,249

(d) The following are total cash outflows for leases as a lessee:

	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
Included in net cash flows from operating activities:					
Payment relating to short-term lease	4,337	-	-	-	-
Included in net cash flows from financing activities:					
Payment of lease liabilities	57,789	237,635	493,558	300,360	219,601
	62,126	237,635	493,558	300,360	219,601

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.6 Leases (continued)

(e) Information on financial risks of lease liabilities is disclosed in Section 9.32 of this Report.

9.7 Subsidiaries/Combining entities

(a) Details of subsidiaries/combining entities are as follows:

Name of subsidiaries/ combining entities	Country of incorporation/ Principal place of business	Effective interest in equity 2020 %	2021 %	2022 %	30.9.2022 %	Principal activities
Oppstar Technology	Malaysia	100	100	100	100	Provision of integrated circuit design services and other related services
Alpha Core	Malaysia	100	100	57.5	57.5	Provision of post-silicon validation services, software and engineering solutions, integrated circuit design services and other related services
Oppstar Shanghai	People's Republic of China	100	100	100	100	Sales and marketing as well as provision of integrated circuit design services, post-silicon validation services and technical support
AIRIS Labs	Malaysia	-	*	*	100	Research and development on engineering and technology

* Previously held as joint venture (refer section 9.8)

(b) Acquisition of subsidiaries on 22 December 2021:

(i) The Company acquired the entire issued share capital of Oppstar Technology comprising 900,000 ordinary shares for a purchase consideration of RM6,355,200, which was satisfied via the issuance of 423,680,000 new ordinary shares of the Company at an issue price of RM0.015 per share. Upon completion of the acquisition, Oppstar Technology became a wholly-owned subsidiary.

(ii) The Company acquired the entire issued share capital of Alpha Core comprising 1,000 ordinary shares for a purchase consideration of RM705,600, which was satisfied via the issuance of 47,040,000 new ordinary shares of the Company at an issue price of RM0.015 per share. Upon completion of the acquisition, Alpha Core became a wholly-owned subsidiary.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.7 Subsidiaries/Combining entities (continued)

(c) On 17 January 2022, the equity interest of the Company in Alpha Core was diluted to 57.50% pursuant to the subscription of 425,000 new ordinary shares in Alpha Core by Sophic Automation, representing 42.50% equity interest in Alpha Core for a cash consideration of RM425,000. Upon completion of the subscription, Alpha Core became a 57.50% owned subsidiary.

(d) On 18 April 2022, Oppstar Technology subscribed for 210,000 new ordinary shares in AIRIS Labs for a cash consideration of RM210,000. On 19 May 2022, acquisition by Oppstar Technology of 260,000 ordinary shares in AIRIS Labs, representing the remaining 50% equity interest in AIRIS Labs from Lee Weng Fai and Lee Weng Fook for a purchase consideration of RM300,000, which was satisfied via cash. Thereafter, AIRIS Labs became a wholly-owned subsidiary of Oppstar Technology.

(e) Business combinations under common control that were undertaken during the financial years are disclosed in Section 7.1.1 of this Report.

(f) The subsidiary that has non-controlling interests ('NCI') is as follows:

	Alpha Core 30.9.2022 Audited RM	**Alpha Core 31.3.2022 Audited RM**
NCI percentage of ownership interest and voting interest (%)	42.50%	42.50%
Carrying amount of NCI	(351,356)	409,666
Loss for the financial period/year attributable to NCI	(58,310)	(22,444)
Total comprehensive loss attributable to NCI	(58,310)	(22,444)

(g) Summarised financial information before intra-group elimination of the subsidiary that has NCI as at the end of the reporting period is as follows:

	Alpha Core 30.9.2022 Audited RM	**Alpha Core 31.3.2022 Audited RM**
Assets and liabilities		
Non-current assets	340,625	409,110
Current assets	684,595	823,026
Non-current liabilities	(44,559)	(109,986)
Current liabilities	(153,943)	(158,231)
Net assets	826,718	963,919
Results		
Revenue	-	1,026,682
(Loss)/Profit for the financial period/year	(137,201)	405,147
Total comprehensive (loss)/income	(137,201)	405,147
Cash flows (used in)/from operating activities	(109,632)	440,865
Cash flows from/(used in) investing activities	153	(179,842)
Cash flows (used in)/from financing activities	(67,267)	290,466
Net (decrease)/increase in cash and cash equivalents	(176,746)	551,489

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.7 Subsidiaries/Combining entities (continued)

(h) During the financial period, Oppstar Technology Sdn. Bhd., a wholly owned subsidiary, acquired remaining shareholdings in AIRIS Labs. Hence, AIRIS Labs ceased to be the Group's joint venture and it had became the subsidiary of the Group.

The fair values of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisition were as follows:

	As at date of acquisition RM
Property, plant and equipment	55,691
Right-of-use assets	13,706
Inventories	165,195
Trade and other receivables	100,400
Cash and cash equivalents	141,994
Other payables	(254,108)
Lease liabilities (current liabilities)	(14,827)
Total identified assets	208,051
Goodwill on acquisition	351,949
Total purchase consideration	560,000
Purchase consideration previously invested	(50,000)
Net consideration paid	510,000
Less: Cash and cash equivalents of the subsidiary acquired	(141,994)
Capitalisation of amount owing	(210,000)
Net cash outflow of the Group on acquisition	158,006

9.8 Investment in a joint venture

	31.3.2020 Audited RM	**31.3.2021 Audited RM**	**31.3.2022 Audited RM**	**30.9.2022 Audited RM**
Unquoted shares, at cost	-	50,000	50,000	-
Share of post-acquisition reserves	-	(50,000)	(50,000)	-
	-	-	-	-

(a) Details of the joint venture are as follows:

Name of company	**Country of incorporation/ Principal place of business**	**Effective interest in equity 2020 %**	**2021 %**	**2022 %**	**30.9.2022 %**	**Principal activities**
AIRIS Labs	Malaysia	-	50	50	-	Research and development on engineering and technology

(b) The financial statements of the joint venture are coterminous with that of the financial year of the Group. The most recent available financial statements of the joint venture are used by the Group in applying the equity method of accounting. The share of results of the joint venture of the Group for the financial years ended 31 March 2021 and 2022 is based on audited financial statements.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.8 Investment in a joint venture (continued)

(c) The joint venture, in which the Group participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement stipulates unanimous consent of all parties over relevant activities of the joint venture and provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with the joint venture. This joint arrangement has been classified as joint venture and has been included in the consolidated financial statements using the equity method.

(d) On 24 February 2021, the Group subscribed for 49,998 ordinary shares in AIRIS Labs and on 26 March 2021, the Group acquired an additional 2 ordinary shares in AIRIS Labs. The subscription and acquisition represent 50% of the total issued and paid-up share capital of AIRIS Labs and were satisfied by way of cash at RM50,000.

(e) On 18 April 2022, the Group subscribed for 210,000 new ordinary shares in AIRIS Labs, representing 50% equity interest in AIRIS Labs for a cash consideration of RM210,000.

Subsequently on 10 May 2022, the Group acquired the remaining 50% equity interest in AIRIS Labs comprising 260,000 ordinary shares for a cash consideration of RM300,000. Upon completion of the acquisition on 19 May 2022, AIRIS Labs became a wholly-owned subsidiary and has been disclosed as investment in subsidiary which disclosed in Section 9.7 of this report.

(f) The summarised financial information of the joint venture is as follows:

	31.3.2021 Audited RM	31.3.2022 Audited RM
Assets and liabilities		
Non-current assets	82,579	71,945
Current assets	416,713	423,195
Non-current liabilities	(16,253)	-
Current liabilities	(573,008)	(684,154)
Net liabilities	(89,969)	(189,014)
Results		
Revenue	3,000	204,400
Loss for the financial year	(189,969)	(99,045)
Total comprehensive loss	(189,969)	(99,045)

(g) The reconciliation of net assets of the joint venture to the carrying amount of the investment in a joint venture is as follows:

	31.3.2021 Audited RM	31.3.2022 Audited RM
Share of net assets	-	-
Carrying amount	-	-
Share of results for the financial year		
Share of loss for the financial year	(50,000)	-
Share of total comprehensive loss	(50,000)	-

(h) The unrecognised share of loss of joint venture for the financial year amounted to RM Nil (2022: RM49,523; 2021: RM8,408). As a result, the accumulated unrecognised share of losses of joint venture amounted to RM Nil (2022: RM57,931; 2021: RM8,408). The Group has ceased recognising its share of losses since there is no further obligation in respect of those losses using the equity method of accounting.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.9 Goodwill

	30.9.2022 Audited RM
Balance as at 1 April 2022	-
Acquisition of subsidiary (Note 9.7(h))	351,949
Balance as at 30 September 2022	351,949

9.10 Deferred tax

The deferred tax assets/(liabilities) are made up of the following:

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Balance as at 1 April 2019/2020/2021/2022	-	-	423,700	(189,100)
Recognised in profit or loss (Section 9.26)	-	423,700	(612,800)	14,100
Balance as at 31 March 2020/2021/2022/30 September 2022	-	423,700	(189,100)	(175,000)

Deferred tax assets/(liabilities) are attributable to the following:

	Property, plant and equipment RM	Contract liabilities RM	Total RM
<u>Audited</u>			
Balance as at 1 April 2019	-	-	-
Recognised in profit or loss	-	-	-
Balance as at 31 March 2020	-	-	-
Balance as at 1 April 2020	-	-	-
Recognised in profit or loss	(87,700)	511,400	423,700
Balance as at 31 March 2021	(87,700)	511,400	423,700
Balance as at 1 April 2021	(87,700)	511,400	423,700
Recognised in profit or loss	(101,400)	(511,400)	(612,800)
Balance as at 31 March 2022	(189,100)	-	(189,100)
Balance as at 1 April 2022	(189,100)	-	(189,100)
Recognised in profit or loss	14,100	-	14,100
Balance as at 30 September 2022	(175,000)	-	(175,000)

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.11 Inventories

	30.9.2022 Audited RM
At cost	
Raw materials	59,332
Work-in-progress	39,071
At net realisable value	
Finished goods	66,792
Total	165,195

9.12 Other investments

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Financial assets at fair value through profit or loss				
Corporate bonds quoted outside Malaysia	-	1,169	268,874	226,663
Ordinary shares quoted in Malaysia	-	-	887,516	799,790
Ordinary shares quoted outside Malaysia	-	441,169	648,488	370,867
Unit trusts quoted in Malaysia	-	1,499,801	1,681,736	1,541,118
	-	1,942,139	3,486,614	2,938,438

(a) Other investments are classified as financial assets measured at fair value through profit or loss.

(b) The fair values of corporate bonds and ordinary shares quoted in and outside Malaysia are determined by reference to the exchange quoted market prices at the close of the business on the reporting date and are categorised as Level 1 in the fair value hierarchy.

(c) The fair value of unit trusts quoted in Malaysia is determined by reference to the quotations from counterparties at the close of the business on the reporting date and are categorised as Level 1 in the fair value hierarchy.

(d) There is no transfer between levels in the hierarchy during the financial year/period.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.13 Trade and other receivables

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Trade receivables				
Third parties	1,818,818	1,066,465	2,598,567	10,327,699
Other receivables				
Other receivables	52,379	265,590	133,359	173,100
Amount owing by joint venture	-	213,812	210,000	-
Deposits	30,613	105,627	146,448	157,495
	82,992	585,029	489,807	330,595
Total trade and other receivables (excluding prepayments)	1,901,810	1,651,494	3,088,374	10,658,294
Prepayments	2,580	4,267	353,797	282,239
Total trade and other receivables	1,904,390	1,655,761	3,442,171	10,940,533

(a) Trade and other receivables excluding prepayments are classified as financial assets measured at amortised cost.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 90 days (2020 and 2021: 30 to 75 days; 31.3.2022: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) Amount owing by joint venture is unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.

(d) The currency exposure profile of trade and other receivables, excluding prepayments are as follows:

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Ringgit Malaysia	707,374	1,308,229	2,640,007	3,568,520
Japanese Yen	157,880	278,062	291,848	399,324
United States Dollar	-	62,356	134,592	166,717
Chinese Renminbi	962,813	2,847	21,927	6,523,733
Singapore Dollar	73,743	-	-	-
	1,901,810	1,651,494	3,088,374	10,658,294

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.13 Trade and other receivables (continued)

(e) Aging analysis of trade receivables are as follows:

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Current	1,818,818	658,231	1,984,805	9,651,628
1 to 30 days past due	-	408,234	553,532	617,344
More than 120 days past due	-	-	60,230	58,727
	1,818,818	1,066,465	2,598,567	10,327,699

(f) The Group defined significant increase in credit risk based on the operating performance of the receivables, changes in contractual terms, payment trends and past due information. A significant increase in credit risk is presumed if contractual payments are more than 120 days past due.

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

The Group considers receivables to be in default when the receivables are more than twelve (12) months past due and there is no reasonable expectation of recovery.

The Group has identified industrial production index – electronics (31.3.2020: gross exports of manufactured goods - electrical and electronic products; 31.3.2021 and 31.3.2022: industrial production index - electrical products) as the key macroeconomic factors of the forward-looking information in determining the twelve-month or lifetime expected credit loss.

It requires the Directors and management of the Group to exercise significant judgement in determining the probabilities of default by trade receivables and appropriate forward-looking information.

(g) No expected credit losses were recognised arising from trade and other receivables as they were negligible.

(h) Information on financial risks of trade and other receivables is disclosed in Section 9.32 of this Report.

9.14 Contract assets

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Contract assets	-	-	99,450	275,792

No expected credit losses were recognised arising from contract assets as they were negligible.

9.15 Short-term funds

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Financial assets at fair value through profit or loss				
Unit trusts quoted in Malaysia	-	3,997,083	4,818,941	7,773,912

(a) Short-term funds are classified as financial assets measured at fair value through profit or loss.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.15 Short-term funds (continued)

(b) Short-term funds are denominated in Ringgit Malaysia.

(c) The fair value of unit trusts quoted in Malaysia is determined by reference to the quotations from counterparties at the close of the business on the reporting date and are categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(d) Information on financial risks of short-term funds is disclosed in Section 9.32 of this Report.

9.16 Cash and bank balances

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Cash and bank balances	1,934,021	5,017,198	6,037,204	7,448,758
Deposits with licensed banks	437,091	309,310	315,032	-
	2,371,112	5,326,508	6,352,236	7,448,758

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) The currency exposure profile of cash and bank balances are as follows:

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Ringgit Malaysia	1,531,559	5,079,775	5,606,956	3,196,386
Chinese Renminbi	839,553	160,342	608,948	3,868,191
United States Dollar	-	86,391	136,332	384,181
	2,371,112	5,326,508	6,352,236	7,448,758

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Cash and bank balances	1,934,021	5,017,198	6,037,204	7,448,758
Deposits with licensed banks	437,091	309,310	315,032	-
Short-term funds (Section 9.15)	-	3,997,083	4,818,941	7,773,912
	2,371,112	9,323,591	11,171,177	15,222,670
Less: Bank overdrafts (Section 9.19)	-	(36,244)	-	-
Deposit pledged to a licensed bank	(305,841)	(309,310)	-	-
	2,065,271	8,978,037	11,171,177	15,222,670

(d) Deposit pledged to a licensed bank is for banking facilities granted to the Group as disclosed in Section 9.19(c)(i) of this Report.

(e) No expected credit losses were recognised arising from the bank balances and deposits with licensed banks because the probability of default by these financial institutions was negligible.

(f) Information on financial risks of cash and bank balances is disclosed in Section 9.32 of this Report.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.17 Share capital/Invested equity

	Number of shares	RM
<u>**Audited**</u>		
Issued and fully paid-up with no par value		
Balance as at 1 April 2019	500,000	500,000
Bonus issue	400,000	400,000
Issuance of ordinary shares	1,000	1,000
Balance as at 31 March 2020	901,000	901,000
Balance as at 1 April 2020	901,000	901,000
Balance as at 31 March 2021	901,000	901,000
Balance as at 1 April 2021	901,000	901,000
Issuance of ordinary shares	1,000	1,000
Effects of acquisition of subsidiaries in business combinations under common control		
- elimination of issued share capital of Oppstar Technology	(900,000)	(900,000)
- elimination of issued share capital of Alpha Core	(1,000)	(1,000)
- issuance of ordinary shares pursuant to acquisition of subsidiaries	470,720,000	7,060,800
Balance as at 31 March 2022	470,721,000	7,061,800
Balance as at 1 April 2022	470,721,000	7,061,800
Balance as at 30 September 2022	470,721,000	7,061,800

(a) During the financial year ended 31 March 2022, the issued and fully paid-up share capital of the Company was increased from RM1 (as at date of incorporation) to RM7,061,800 by way of:

(i) issuance of 999 new ordinary shares at an issue price of RM1 per share for cash; and

(ii) issuance of 470,720,000 new ordinary shares at an issue price of RM0.015 per share pursuant to the acquisition of subsidiaries.

(b) During the financial year ended 31 March 2020, the issued and fully paid-up invested equity of the Group was increased from 500,000 ordinary shares to 901,000 ordinary shares by way of:

(iii) bonus issue of 400,000 new ordinary shares which were issued by way of capitalisation of the retained earnings of the Group, credited as fully paid-up on the basis of four (4) bonus shares for every five (5) existing ordinary shares held; and

(iv) issuance of 1,000 new ordinary shares for cash by a combining entity under common control.

(c) As at 31 March 2020 and 2021, the number of ordinary shares is on combined basis.

(d) The common controlling shareholders of the combining entities/owners of the parent are entitled to receive dividends as and when declared by the combining entities and are entitled to one (1) vote per ordinary share at meetings of the combining entities. All ordinary shares rank pari passu with regard to the residual assets of the Group.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.18 Reserves

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Non-distributable:				
Foreign exchange translation reserve	-	1,093	13,329	(2,061)
Reorganisation debit reserve	-	-	(6,159,800)	(6,159,800)
Distributable:				
Retained earnings	444,585	2,159,272	13,120,957	23,517,252
	444,585	2,160,365	6,974,486	17,355,391

Foreign exchange translation reserve

The foreign exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

Reorganisation debit reserve

The reorganisation debit reserve arose as a result of the difference between consideration paid over the share capital of Oppstar Technology and Alpha Core pursuant to business combinations under common control.

9.19 Borrowings

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Non-current				
Secured				
Term loans	1,083,608	1,468,726	-	-
Current				
Secured				
Bank overdrafts	-	36,244	-	-
Term loans	247,011	627,526	-	-
	247,011	663,770	-	-
Total borrowings				
Secured				
Bank overdrafts (Section 9.16(c))	-	36,244	-	-
Term loans	1,330,619	2,096,252	-	-
	1,330,619	2,132,496	-	-

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) Borrowings are denominated in Ringgit Malaysia.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.19 Borrowings (continued)

(c) Borrowings are secured by the following:

(i) deposit pledged to a licensed bank as disclosed in Section 9.16(d) of this Report;

(ii) joint and several guarantee by the Directors of the Group; and

(iii) 70% to 80% guarantee covered by the Government of Malaysia under the Government Guarantee Scheme.

(d) Information on financial risks of borrowings is disclosed in Section 9.32 of this Report.

9.20 Trade and other payables

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Trade payables				
Third parties	-	114,000	73,300	117,065
Other payables				
Other payables	406,554	429,963	215,603	451,507
Amount owing to joint venture	-	-	14,000	-
Amounts owing to Directors	624,746	1,946	-	-
Accruals	798,083	833,302	3,821,901	5,014,260
Dividend payable	-	5,490,000	-	-
	1,829,383	6,755,211	4,051,504	5,465,767
Total trade and other payables	1,829,383	6,869,211	4,124,804	5,582,832

(a) Trade and other payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group are 30 days (31.3.2021 and 31.3.2022: 30 days).

(c) Amounts owing to joint venture and Directors are unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.

(d) Foreign currency exposure of trade and other payables are as follows:

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Ringgit Malaysia	1,707,388	6,762,726	3,982,995	5,408,751
Chinese Renminbi	121,995	106,485	141,809	174,081
	1,829,383	6,869,211	4,124,804	5,582,832

(e) Information on financial risks of trade and other payables is disclosed in Section 9.32 of this Report.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.21 Contract liabilities

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Advances received from customers	-	1,917,576	-	37,950

(a) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the end of the reporting period, are as follows:

	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Within 1 year	-	1,917,576	-	37,950

(b) All contract liabilities at the beginning of the financial year have been recognised as revenue in the current financial period.

9.22 Revenue

	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
Revenue from contracts with customers					
Recognised at a point in time:					
Services rendered	7,541,941	6,839,920	10,587,872	5,369,727	5,366,876
Recognised over time:					
Services rendered	8,422,987	22,422,292	39,972,871	23,445,442	21,051,296
	15,964,928	29,262,212	50,560,743	28,815,169	26,418,172

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market:

	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
Malaysia	7,021,070	4,044,931	7,651,605	6,796,930	3,351,320
People's Republic of China	8,422,987	22,424,307	39,408,800	20,709,592	21,052,787
Japan	157,880	2,442,486	3,318,667	890,082	1,981,498
Singapore	362,991	-	149,104	418,565	-
United States of America	-	350,488	32,567	-	32,567
	15,964,928	29,262,212	50,560,743	28,815,169	26,418,172

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.23 Finance costs

	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
Interest expenses on:					
- bank overdrafts	1,833	986	312	-	313
- lease liabilities (Section 9.6)	4,856	29,282	44,888	16,761	23,396
- term loans	70,657	129,636	83,006	-	70,262
	77,346	159,904	128,206	16,761	93,971

9.24 Employee benefits

The following amounts have been included in the cost of sales and administrative expenses:

	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
Directors' remuneration:					
- fees	-	-	46,225	130,623	-
- emoluments other than fees	516,080	906,780	1,657,768	966,061	614,696
Salaries, wages, bonuses and allowances	9,608,009	13,860,028	18,204,894	10,326,635	9,537,363
Contributions to defined contribution plans	983,905	1,558,213	1,876,995	1,012,973	729,951
Social security contributions	103,212	133,804	194,623	116,925	93,873
Other employee benefits	224,129	167,177	259,481	148,031	91,806
	11,435,335	16,626,002	22,239,986	12,701,248	11,067,689

9.25 Profit before tax

Other than those disclosed elsewhere in this Report, profit before tax is arrived at:

	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
After charging:					
Auditors' remuneration	5,000	33,000	99,000	36,000	34,000
Fair value loss on:					
- other investments	-	108,056	198,241	368,727	13,116
- short-term funds	-	3,095	-	-	-
Loss on foreign exchange:					
- realised	73,580	39,200	-	77,081	-
- unrealised	2	9,085	9,798	-	92,827
Rental expenses	-	-	-	4,493	-

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.25 Profit before tax (continued)

Other than those disclosed elsewhere in this Report, profit before tax is arrived at (continued):

	1.4.2019 to 31.3.2020 Audited RM	**1.4.2020 to 31.3.2021 Audited RM**	**1.4.2021 to 31.3.2022 Audited RM**	**1.4.2022 to 30.9.2022 Audited RM**	**1.4.2021 to 30.9.2021 Unaudited RM**
and crediting:					
Dividend income from other investments	-	-	11,925	31,328	6,828
Fair value gain on:					
- short-term funds	-	-	21,829	54,972	4,911
Gain on disposal of other investment	-	40,747	325,779	25,753	350,651
Gain on foreign exchange:					
- realised	-	-	168,328	-	218,433
- unrealised	-	-	-	57,131	-
Government assistance	-	359,400	-	-	-
Government grant	148,516	765,148	256,752	976,743	94,752
Income distribution from:					
- other investments	-	-	51,161	9,265	35,795
- short-term funds	-	3,258	52,264	1,161	32,691
Interest income	7,212	23,981	34,038	9,000	13,427
Rental income	-	15,300	13,860	1,530	9,180

9.26 Tax expense

	1.4.2019 to 31.3.2020 Audited RM	**1.4.2020 to 31.3.2021 Audited RM**	**1.4.2021 to 31.3.2022 Audited RM**	**1.4.2022 to 30.9.2022 Audited RM**	**1.4.2021 to 30.9.2021 Unaudited RM**
Current tax expense based on profit for the financial year:					
- current year	318,561	741,242	2,504,848	1,585,941	1,102,072
- (over)/underprovision in prior Years/period	-	(157,841)	(12,540)	44,604	1,661
	318,561	583,401	2,492,308	1,630,545	1,103,733
Deferred tax (Section 9.10)					
- relating to origination and reversal of temporary differences	-	(457,000)	584,200	5,700	528,000
- under/(over)provision in prior years/period	-	33,300	28,600	(19,800)	-
	-	(423,700)	612,800	(14,100)	528,000
Withholding tax expense	734,417	2,035,394	3,407,506	1,805,898	1,855,393
Total tax expense	1,052,978	2,195,095	6,512,614	3,422,343	3,487,126

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (31.3.2020, 31.3. 2021 and 31.3.2022: 24%) of the estimated taxable profits for the fiscal year.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.26 Tax expense (continued)

(b) Tax expense for the taxation authorities in People's Republic of China is calculated at the rate prevailing in that jurisdiction.

(c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group are as follows:

	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
Profit before tax	1,474,318	9,993,782	23,119,965	13,760,328	13,185,094
Tax at Malaysian statutory tax rate of 24% (2020, 2021 and 31.3.2022: 24%)	353,830	2,398,500	5,548,800	3,302,500	3,164,400
Tax effects in respect of:					
Non-allowable expenses	25,543	29,071	954,100	167,112	348,927
Non-taxable income	-	(5,700)	(48,100)	(21,400)	(22,373)
Different tax rate for first RM600,000 (2020, 2021 and 31.3.2022: RM600,000) of chargeable income	(42,000)	(53,584)	(49,445)	-	(74,200)
Different tax rate in foreign jurisdiction	(18,812)	(21,412)	(90,607)	(66,373)	(144,355)
Tax incentive	-	-	(78,256)	-	-
Tax relief	-	(2,074,633)	(3,147,444)	(1,805,898)	(1,642,327)
Share of results of joint venture	-	12,000	-	-	-
Withholding tax expense	734,417	2,035,394	3,407,506	1,805,898	1,855,393
(Over)/underprovision of current tax expense in prior years/period	-	(157,841)	(12,540)	44,604	1,661
Under/(over)provision of deferred tax expense in prior years/period	-	33,300	28,600	(19,800)	-
Deferred tax assets not recognised during the financial period	-	-	-	15,700	-
	1,052,978	2,195,095	6,512,614	3,422,343	3,487,126

(d) The amount of temporary differences for which no deferred tax assets has been recognised in the statement of financial position are as follows:

	31.3.2022 Audited RM	30.9.2022 Audited RM
Unabsorbed capital allowances	4,400	6,200
Unabsorbed tax losses		
- Expires by 31 March 2031/2028	162,500	162,500
- Expires by 31 March 2032	83,100	83,100
- Expires by 31 March 2033	-	63,500
	250,000	315,300

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.27 Earnings per share

(a) Basic

Basic earnings per share for the financial years/period is calculated by dividing the profit for the financial years attributable to common controlling shareholders of the combining entities/owners of the parent by the expected number of ordinary shares upon completion of the Listing.

	1.4.2019 to 31.3.2020 Audited	1.4.2020 to 31.3.2021 Audited	1.4.2021 to 31.3.2022 Audited	1.4.2022 to 30.9.2022 Audited	1.4.2021 to 30.9.2021 Unaudited
Profit for the financial years attributable to common controlling shareholders of the combining entities/owners of the parent (RM)	421,340	7,798,687	16,629,795	10,396,295	9,697,968
Expected number of ordinary shares upon completion of the Listing (unit)	636,200,000	636,200,000	636,200,000	636,200,000	636,200,000
Basic earnings per share (sen)	0.07	1.23	2.61	1.63	1.52

(b) Diluted

Diluted earnings per share equals basic earnings per share because there are no potentially dilutive instruments in existence as at the end of each reporting period.

9.28 Dividends

	Dividend per share RM	Amount of dividend RM
Audited		
2021		
First interim single tier dividend	0.66	594,000
Second interim single tier dividend	6.10	5,490,000
		6,084,000
2022		
First interim single tier dividend	6.29	5,661,000

9.29 Related party disclosures

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.29 Related party disclosures (continued)

(a) Identities of related parties (continued)

Related parties of the Group include:

(i) Combining entities/Subsidiaries as disclosed in Section 9.7 of this Report;

(ii) A joint venture as disclosed in Section 9.8 of this Report; and

(iii) Key management personnel of the Group.

(b) The Group had the following transactions with a related party during the financial years:

	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
Joint venture					
Consultation fees expense	-	-	66,000	-	-
Purchase of office equipment	-	-	17,000	-	-
Rental income	-	15,300	13,860	-	9,180

The above transactions were carried out in the ordinary course of business and have been established under negotiated and mutually agreed terms.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including any Director of the Group.

The remuneration of the Directors and other members of key management during the financial years are as follows:

	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
Directors' fees	-	-	46,225	133,823	-
Salaries, wages, bonuses and allowances	559,728	1,072,110	2,364,571	1,361,118	1,252,196
Contributions to defined contribution plans	67,068	128,682	266,427	135,912	136,440
Social security contributions	2,969	3,314	5,938	3,305	3,452
Other employee benefits	4,979	5,176	18,235	9,490	10,879
	634,744	1,209,282	2,701,396	1,643,648	1,402,967

For financial year ended 31 March 2021, estimated monetary value of benefits-in-kind provided to an Executive Directors of the Company was RM5,169.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.30 Operating segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely provision of integrated circuit design services, post-silicon validation services, software and engineering solutions and other related services.

No separate segment information is presented as the Directors view the Group as a single reportable segment.

Geographical information

Non-current assets are based on the geographical location of the assets of the Group. The non-current assets do not include deferred tax assets.

	Non-current assets			
	31.3.2020 Audited RM	31.3.2021 Audited RM	31.3.2022 Audited RM	30.9.2022 Audited RM
Malaysia	828,876	2,087,860	2,375,947	3,027,789
Others	14,274	6,159	15,808	11,582
	843,150	2,094,019	2,391,755	3,039,371

Revenue information based on geographical location of customers is as disclosed in Section 9.22 of this Report.

Major customers

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group:

	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM	1.4.2021 to 30.9.2021 Unaudited RM
Customer A group of companies	6,161,090	3,235,198	5,583,865	3,553,550	2,680,580
Customer B	5,937,417	*	*	*	*
Customer C	2,485,570	20,698,463	34,599,600	18,058,978	19,098,168
	14,584,077	23,933,661	40,183,465	21,612,528	21,778,748

* Less than 10%

9.31 Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged throughout the reporting periods.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes throughout the reporting periods.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.31 Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group includes within net debt, trade and other payables, borrowings and lease liabilities, less cash and bank balances and short-term funds. The gearing ratios are as follows:

	1.4.2019 to 31.3.2020 Audited RM	1.4.2020 to 31.3.2021 Audited RM	1.4.2021 to 31.3.2022 Audited RM	1.4.2022 to 30.9.2022 Audited RM
Trade and other payables	1,829,383	6,869,211	4,124,804	5,582,832
Borrowings	1,330,619	2,132,496	-	-
Lease liabilities	303,665	980,162	883,161	599,546
Less: Short-term funds	-	(3,997,083)	(4,818,941)	(7,773,912)
Cash and bank balances	(2,371,112)	(5,326,508)	(6,352,236)	(7,448,758)
Net debt/(cash)	1,092,555	658,278	(6,163,212)	(9,040,292)
Total equity	1,345,585	3,061,365	14,445,952	24,768,547
Gearing ratio	81%	22%	*	*

* Gearing ratio is not presented as the Group is in a net cash position.

The Group is not subject to any externally imposed capital requirements.

9.32 Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, foreign currency risk and interest rate risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Exposure to credit risk arises mainly from sales made on credit terms, short-term funds and deposit with a licensed bank. The Group controls the credit risk on sales by ensuring that its customers have sound financial position and credit history. The Group also seeks to invest cash assets safely and profitably with approved financial institutions in line with the policy of the Group.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.32 Financial risk management (continued)

(a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	31.3.2020 Audited		**31.3.2021 Audited**		**31.3.2022 Audited**		**30.9.2022 Audited**	
	RM	**% of total**	**RM**	**% of total**	**RM**	**% of total**	**RM**	**% of total**
By countries								
Malaysia	627,195	34%	726,047	68%	2,172,127	84%	3,378,013	33%
Japan	157,880	9%	278,062	26%	291,848	11%	424,588	4%
Singapore	73,743	4%	-	-	74,362	3%	82,727	1%
United States of America	-	-	62,356	6%	60,230	2%	58,727	1%
People's Republic of China	960,000	53%	-	-	-	-	6,383,644	61%
	1,818,818	100%	1,066,465	100%	2,598,567	100%	10,327,699	100%

At the end of the reporting period, approximately 79% (31.3.2020: 86%; 31.3.2021: 91% and 31.3.2022: 82%) of the trade receivables of the Group were due from two (2) (31.3.2020, 31.3.2021 and 31.3.2022: two (2)) customers within Malaysia and People's Republic of China (31.3.2020, 31.3.2021 and 31.3.2022: Malaysia).

(b) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and funding through credit facilities.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.32 Financial risk management (continued)

(b) Liquidity and cash flow risk (continued)

The table below summaries the maturity profile of the liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations:

	On demand or within one (1) year RM	One (1) to five (5) years RM	Total RM
<u>**Audited**</u>			
Financial liabilities			
31.3.2020			
Trade and other payables	1,829,383	-	1,829,383
Borrowings	327,619	1,245,021	1,572,640
Lease liabilities	126,652	203,102	329,754
Total undiscounted financial liabilities	2,283,654	1,448,123	3,731,777
31.3.2021			
Trade and other payables	6,869,211	-	6,869,211
Borrowings	769,531	1,590,844	2,360,375
Lease liabilities	431,371	612,945	1,044,316
Total undiscounted financial liabilities	8,070,113	2,203,789	10,273,902
31.3.2022			
Trade and other payables	4,124,804	-	4,124,804
Lease liabilities	586,347	328,053	914,400
Total undiscounted financial liabilities	4,711,151	328,053	5,039,204
30.9.2022			
Trade and other payables	5,582,832	-	5,582,832
Lease liabilities	522,442	91,582	614,024
Total undiscounted financial liabilities	6,105,274	91,582	6,196,856

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The subsidiary of the Group has assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group is also exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the respective functional currencies of the entities within the Group.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.32 Financial risk management (continued)

(c) Foreign currency risk (continued)

The following table demonstrates the sensitivity analysis of the profit after tax of the Group to a reasonably possible change in the Chinese Renminbi ('RMB') and Japanese Yen ('JPY') exchange rate against the functional currency of the Group, with all other variables held constant:

	31.3.2020 Audited RM	**31.3.2021 Audited RM**	**31.3.2022 Audited RM**	**30.9.2022 Audited RM**
Profit after tax				
RMB/RM				
- strengthen by 10% (2020, 2021 and 2022: 10%)	129,264	(623)	35,337	785,967
- weaken by 10% (2020, 2021 and 2022: 10%)	(129,264)	623	(35,337)	(785,967)
JPY/RM				
- strengthen by 10% (2020, 2021 and 2022: 10%)	11,999	21,133	22,180	30,349
- weaken by 10% (2020, 2021 and 2022: 10%)	(11,999)	(21,133)	(22,180)	(30,349)

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rate risk arises primarily from its borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the exposure of the Group to interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of the reporting period changed by fifty (50) basis points with all other variables held constant:

	31.3.2020 Audited RM	**31.3.2021 Audited RM**	**31.3.2022 Audited RM**	**30.9.2022 Audited RM**
Profit after tax				
Increase by 0.5% (2020, 2021 and 2022: 0.5%)	(4,433)	(10,778)	(2,160)	(2,250)
Decrease by 0.5% (2020, 2021 and 2022: 0.5%)	4,433	10,778	2,160	2,250

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.32 Financial risk management (continued)

(d) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates ('WAEIR') or weighted average incremental borrowing rates ('WAIBR') as at the end of the reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

	Section	WAEIR/ WAIBR * %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to three (3) years RM	Three (3) to four (4) years RM	Four (4) to five (5) years RM	Total RM
31.3.2020								
Fixed rates								
Deposits with licensed banks	9.16	2.77%	437,091	-	-	-	-	437,091
Lease liabilities	9.6	* 5.30% - 6.28%	111,573	99,914	92,178	-	-	303,665
Floating rates								
Term loans	9.19	6.94%	247,011	410,355	394,204	170,854	108,195	1,330,619
31.3.2021								
Fixed rates								
Deposits with licensed banks	9.16	1.85%	309,310	-	-	-	-	309,310
Lease liabilities	9.6	* 5.30% - 5.54%	390,171	388,184	201,807	-	-	980,162
Floating rates								
Bank overdrafts	9.19	7.45%	36,244	-	-	-	-	36,244
Term loans	9.19	5.05%	627,526	592,233	374,362	304,374	197,757	2,096,252
31.3.2022								
Fixed rates								
Deposits with licensed banks	9.16	1.85%	315,032	-	-	-	-	315,032
Lease liabilities	9.6	* 4.57% - 5.14%	559,677	323,484	-	-	-	883,161
30.9.2022								
Fixed rates								
Lease liabilities	9.6	*4.45% - 8.45%	508,363	91,183	-	-	-	599,546

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.33 Prior year reclassification and adjustments

During the financial years, the Group made the following prior year reclassification and adjustments:

(i) Certain comparative figures have been reclassified to conform with the current year's presentation so as to reflect appropriate presentation of the financial statements of the Group.

(ii) Certain comparative figures have been adjusted to correct prior year errors arising from over or under recognition of property, plant and equipment, trade and other receivables, cash and bank balances and trade and other payables.

The reclassification and adjustments gave rise to changes on the financial statements of the Group as follows:

	As previously reported RM	Reclassi-fication (i) RM	Adjustments (ii) RM	As adjusted RM
31.3.2020				
Statement of financial position				
Non-current assets				
Property, plant and equipment	541,368	-	(449)	540,919
Current assets				
Trade and other receivables	2,641,387	-	(736,997)	1,904,390
Cash and bank balances	2,645,803	-	(274,691)	2,371,112
Equity attributable to common controlling shareholders of the combining entities				
Retained earnings	1,272,798	-	(826,779)	446,019
Non-current liabilities				
Borrowings	868,889	214,719	-	1,083,608
Current liabilities				
Trade and other payables	2,007,108	7,633	(185,358)	1,829,383
Borrowings	461,730	(214,719)	-	247,011
Current tax liabilities	317,033	(7,633)	-	309,400
Statement of profit or loss and other comprehensive income				
Cost of sales	(758,232)	(12,041,971)	(17,005)	(12,817,208)
Other operating income	155,573	36	1,147	156,756
Administrative expenses	(13,469,794)	11,863,645	(76,504)	(1,682,653)
Other operating expenses	(171,610)	98,029	-	(73,581)
Finance costs	(147,971)	75,481	-	(72,490)
Profit before tax	1,572,894	(4,780)	(92,362)	1,475,752
Tax expense	(323,341)	4,780	(734,417)	(1,052,978)
Profit for the financial year	1,249,553	-	(826,779)	422,774

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.33 Prior year reclassification and adjustments (continued)

The reclassification and adjustments gave rise to changes on the financial statements of the Group as follows (continued):

	As previously reported RM	Reclassi-fication (i) RM	Adjustments (ii) RM	As adjusted RM
31.3.2020				
Statement of cash flows				
Cash flows from operating activities				
Profit before tax	1,572,894	(4,780)	(92,362)	1,475,752
Depreciation of property, plant and equipment	172,235	-	449	172,684
Changes in working capital:				
Trade and other receivables	(596,794)	-	736,997	140,203
Trade and other payables	767,398	7,633	(185,358)	589,673
Tax paid	(98,611)	(2,853)	(734,417)	(835,881)

9.34 Explanation of transition to MFRSs

The combining entities adopted the MFRS Framework during the financial year ended 31 March 2021.

The accounting policies set out in Section 7.2 of this Report have been applied in preparing the financial statements of the combining entities for the financial year ended 31 March 2021, as well as comparative information presented in this Report for the financial year ended 31 March 2020 and in the preparation of the opening MFRS combined statements of financial position at 1 April 2019.

The combining entities have adjusted amounts previously reported in financial statements that were prepared in accordance with the previous MPERSs Framework. An explanation on the impact arising from the transition from MPERSs to MFRSs on the combined financial position as at 31 March 2020, combined financial performance and combined cash flows of the combining entities for the financial year ended 31 March 2020 is set out below.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.34 Explanation of transition to MFRSs (continued)

	As adjusted * RM	Effects of adoption of MFRS 16 RM	As restated under MFRSs RM
1.4.2019			
Statement of financial position			
Non-current assets			
Right-of-use assets	-	45,222	45,222
Non-current liabilities			
Lease liabilities	-	10,026	10,026
Current liabilities			
Lease liabilities	-	35,196	35,196
31.3.2020			
Statement of financial position			
Non-current assets			
Right-of-use assets	-	302,231	302,231
Equity attributable to common controlling shareholders of the combining entities			
Retained earnings	446,019	(1,434)	444,585
Non-current liabilities			
Lease liabilities	-	192,092	192,092
Current liabilities			
Lease liabilities	-	111,573	111,573
Statement of profit or loss and other comprehensive income			
Administrative expenses	(1,682,653)	3,422	(1,679,231)
Finance costs	(72,490)	(4,856)	(77,346)
Profit before tax	1,475,752	(1,434)	1,474,318
Profit for the financial year	422,774	(1,434)	421,340
Statement of cash flows			
Cash flows from operating activities			
Profit before tax	1,475,752	(1,434)	1,474,318
Depreciation of right-of-use assets	-	54,367	54,367
Interest expense	72,490	4,856	77,346
Cash flows from financing activities			
Payments of lease liabilities	-	(57,789)	(57,789)

***** Amounts presented are after adjustments made in Section 9.33 of this Report.

9 HISTORICAL FINANCIAL INFORMATION (continued)

9.35 Significant event during the financial period and subsequent to the end of financial period

The Bursa Malaysia Securities Berhad has, vide its letter dated 8 December 2022, approved amongst others, the admission of the Company to the Official List and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

13. BY-LAWS OF THE LTIP

OPPSTAR BERHAD ("OPPSTAR" OR "COMPANY")
BY-LAWS OF THE LONG TERM INCENTIVE PLAN

1. DEFINITIONS AND INTERPRETATIONS

1.1 Except where the context otherwise requires, the following expression in these By-Laws shall have the following meanings:

Act	:	Companies Act 2016, as amended from time to time including any re-enactment thereof
Board	:	The Board of Directors of the Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
By-Laws	:	The rules, terms and conditions of the Scheme (as may be modified, varied and/or amended from time to time)
CDS	:	Central Depository System
CDS Account	:	An account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and for dealings in such securities by a depositor
Central Depositories Act	:	The Securities Industry (Central Depositories) Act 1991, as amended from time to time including all subsidiary legislations made thereunder and any re-enactment thereof
Constitution	:	The constitution of the Company, including any amendments thereto that may be made from time to time
Date of Expiry	:	Last day of the duration of the Scheme or last day of any extended period pursuant to By-Law 13.2 (as the case may be)
Director	:	A natural person who holds a directorship in the Company or any company within Oppstar Group, whether in an executive or non-executive capacity, and shall have the meaning of Section 2(1) of the Capital Markets and Services Act 2007
Effective Date	:	The date on which the Scheme comes into force as provided in By-Law 13.1
Eligible Person	:	Executive Director or Employee of the Company or any company within Oppstar Group who meets the criteria of eligibility for participation in the Scheme as set out in By-Law 4 hereof and Non-Executive Director within Oppstar Group who meets the criteria of eligibility for participation in SOP as set out in By-Law 4 hereof

13. BY-LAWS OF THE LTIP *(CONT'D)*

Employee	:	A natural person who is employed by and on the payroll of the Company or any company within Oppstar Group
Entitlement Date	:	The date as at the close of business on which shareholders' names must appear in the record of depositors of the Company maintained at Bursa Depository in order to be entitled to any dividends, rights, allotments and/or other distributions
Listing Requirements	:	Main or ACE Market Listing Requirements of Bursa Securities (as the case may be) including all amendments thereto and any Practice Notes or Guidance Notes issued in relation thereto
LTIP	:	Long Term Incentive Plan as stipulated in these By-Laws
LTIP Award(s)	:	Means the SGP Award(s) and/or the SOP Award(s), as the case may be
LTIP Award Date(s)	:	Means the SGP Award Date(s) and/or the SOP Award Date(s), as the case may be
LTIP Award Vesting Date(s)	:	Means the SGP Vesting Date(s) and/or the SOP Vesting Date(s), as the case may be
LTIP Committee	:	The committee comprising such persons as may be appointed and duly authorised by the Board pursuant to By-Law 14 to implement and administer the Scheme
LTIP Participant(s)	:	Means the SGP Participant(s) and/or the SOP Participant(s), as the case may be
LTIP Scheme or Scheme	:	The long term incentive plan for the award of SGP Award(s) and/or SOP Award(s) to any Eligible Person in accordance with the provisions of these By-Laws and such scheme shall be known as the "**Oppstar's Long Term Incentive Plan**"
Market day	:	A day on which Bursa-Securities is open for trading in securities
Maximum Allowable Allotment	:	The maximum number of Shares in respect of the LTIP Awards that can be made available to an Eligible Person as set out in By-Law 5 hereof
Oppstar or the Company	:	Oppstar Berhad (Registration No. 202101031391 (1431691-M))
Oppstar Group or the Group	:	The Company and its subsidiary companies as defined in Section 4 of the Act, and in the context of the LTIP, shall exclude subsidiary companies which are dormant. Subject to the foregoing, subsidiary companies include subsidiary companies which are existing as at the Effective Date and subsidiary companies which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 11

13. BY-LAWS OF THE LTIP *(CONT'D)*

Oppstar Share(s) or Share(s)	:	Ordinary share(s) in Oppstar
Option Price	:	The price at which SOP Participant(s) shall be entitled to subscribe for the Share(s) upon the exercise of the SOP Option(s), as initially determined and as may be adjusted, pursuant to the provisions of By-Law 38
RM and sen	:	Ringgit Malaysia and sen respectively
Rules of Bursa Depository	:	The rules of Bursa Depository, as issued pursuant to the Central Depositories Act
SGP	:	Share Grant Plan as stipulated in Section 1 of these By-Laws
SGP Award(s)	:	The award of such number of Shares to an Eligible Person in the manner and subject to the terms and conditions provided in these By-Laws
SGP Award Date(s)	:	The date of which an SGP Award(s) is awarded to an Eligible Person pursuant to a LTIP Award letter
SGP Participant(s)	:	Eligible Person(s) who has accepted SGP Award(s) in the manner provided in By-Law 30
SGP Vesting Date(s)	:	The date upon which all or any parts of the Shares awarded to SGP Participant(s) are eligible to be vested upon fulfilment of all terms and vesting conditions, if any, as determined by the LTIP Committee
SOP	:	Share Option Plan as stipulated in Section 2 of these By-Laws
SOP Award(s)	:	The award of such number of SOP Option(s) to an Eligible Person to subscribe for the Shares at the Option Price in the manner and subject to the terms and conditions provided in these By-Laws
SOP Award Date(s)	:	The date of which an SOP Award(s) is awarded to an Eligible Person pursuant to a LTIP Award letter
SOP Option(s)	:	The right of SOP Participant(s) to subscribe for the Share(s) at the Option Price in the manner provided in By-Law 36
SOP Participant(s)	:	Eligible Person(s) who has accepted the SOP Award(s) in the manner provided in By-Law 35
SOP Vesting Date(s)	:	The date upon which all or any part of the SOP Options awarded to SOP Participant(s) are eligible to be vested and are entitled to exercise the SOP Options upon fulfilment of all terms and vesting conditions, if any, as determined by the LTIP Committee

13. BY-LAWS OF THE LTIP *(CONT'D)*

1.2 In these By-Laws:

(i) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and Listing Requirements and any policies and/or guidelines of the relevant authorities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities);

(ii) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any LTIP Award(s) awarded and accepted during the duration of the Scheme and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;

(iii) words denoting the singular shall include the plural and vice versa and references to gender shall include both genders and the neuter;

(iv) any liberty or power which may be exercised or any determination which may be made hereunder by the LTIP Committee may be exercised in the LTIP Committee's absolute discretion and the LTIP Committee shall not be under any obligation to give any reasons thereof, except as may be required by the relevant authorities;

(v) the headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws;

(vi) if an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day;

(vii) any reference to the Company and/or other person shall include a reference to its successors-in-title and permitted assigns; and

(viii) "**person connected**" shall have the meaning as defined in Rule 1.01 of the Listing Requirements.

2. NAME OF SCHEME

2.1 This Scheme shall be called the "**Oppstar's Long Term Incentive Plan**".

2A. OBJECTIVES OF THE SCHEME

2A.1 The objectives of the Scheme are as follows:

(i) to serve as a long-term incentive plan to reward the Eligible Persons and to align their interest with the corporate goals and objectives of Oppstar Group;

(ii) to recognise the contributions of Eligible Persons whose services are valued and considered vital to the operations and continued growth of Oppstar Group;

(iii) to motivate Eligible Persons to work towards better performance through greater productivity and loyalty;

(iv) to stimulate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity of the Company;

(v) to encourage Eligible Person to remain with Oppstar Group thus ensuring that any loss of key personnel is kept to a minimum;

(vi) to reward Eligible Persons by allowing them to participate in Oppstar Group's growth and profitability and eventually realise potential capital gains arising from any appreciation in the value of the Shares;

(vii) to make Oppstar Group's remuneration scheme more competitive to attract more skilled and experienced individuals to join Oppstar Group and contribute to its continued growth;

(viii) to provide Oppstar with the flexibility to determine the most appropriate LTIP Awards to reward and retain Eligible Persons who have contributed to the success of the Group;

(ix) to incentivise the Directors of Oppstar Group for their contribution towards development, growth and success and strategic direction to drive long-term shareholder value enhancement of Oppstar Group; and

(x) to incentivise the senior management and employees of Oppstar Group for their commitment, dedication and loyalty towards attainment of higher performance.

3. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

3.1 The maximum number of the Shares which may be made available under the Scheme shall not in aggregate exceed fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the Scheme as provided in By-Law 13.2.

3.2 Notwithstanding the provision of By-Law 3.1 above and any other provisions contained herein, in the event the total number of the Shares that may be made available under the Scheme exceeds fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing, cancelling and/or reducing the Shares in accordance with the provisions of the Act or the Company undertaking any corporate proposal and thereby diminishing the total number of issued shares of the Company, then such LTIP Award(s) awarded prior to the adjustment of the issued shares of the Company (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the provisions of this Scheme. However, in such a situation, the LTIP Committee shall not make further LTIP Award(s) until the total number of the Shares under the subsisting LTIP Award(s) falls below fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any).

4. ELIGIBILITY

4.1 Subject to the sole discretion of the LTIP Committee, only Eligible Persons who fulfil the following conditions as at the LTIP Award Date shall be eligible to participate in the Scheme:

(i) in respect of an Employee, the Employee must fulfil the following criteria as at the LTIP Award Date:

(a) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(b) is employed by Oppstar Group on a full-time basis or serving in a specific designation under an employment contract with Oppstar Group for a fixed duration (or any other contract as may be determined by the LTIP Committee) and is on the payroll of any company within Oppstar Group and has not served a notice of resignation or received notice of termination;

(c) must have been in employment of the Oppstar Group for a period of at least six (6) months prior to the LTIP Award Date;

(d) is confirmed in writing as a full-time Employee of Oppstar Group prior to and up to the LTIP Award Date; and

(e) fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee from time to time.

(ii) in respect of an executive Director, the executive Director must fulfil the following criteria as at the LTIP Award Date:

(a) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(b) is appointed as an executive Director of the Company or any company within Oppstar Group for such periods as may be determined by the LTIP Committee prior to and up to the LTIP Award Date; and

(c) fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee from time to time.

(iii) in respect of a non-executive Director, the non-executive Director must fulfil the following criteria as at the SOP Award Date:

(a) is at least eighteen (18) years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(b) is appointed as a non-executive Director of the Company or any company within Oppstar Group for such periods as may be determined by the LTIP Committee prior to and up to the SOP Award Date; and

13. BY-LAWS OF THE LTIP *(CONT'D)*

(c) fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee from time to time.

4.2 Notwithstanding the above, the LTIP Committee may, at its absolute discretion, waive any of the eligibility conditions as set out in By-Law 4.1 above. The eligibility and number of LTIP Award(s) to be awarded to an Eligible Person under the Scheme shall be at the sole and absolute discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding.

4.3 Subject to By-Law 4.1, the LTIP Committee may from time to time at its own discretion decide on the performance targets to be achieved by the LTIP Participants before the LTIP Awards can be vested.

4.4 Notwithstanding By-Law 4.1, the LTIP Award(s) to be awarded to any Eligible Person, who is a Director, major shareholder or chief executive of the Company or persons connected with such Director, major shareholder or chief executive (as defined in the Listing Requirements), shall also be approved by the shareholders of the Company in general meeting to be convened unless such approval is no longer required under the Constitution, the Listing Requirements and any other prevailing guidelines issued by the authorities.

4.5 Any Eligible Person who holds more than one (1) position within Oppstar Group and by holding such positions, the Eligible Person is in more than one category, shall only be entitled to the Maximum Allowable Allotment of any one of those category/designation of employment. The LTIP Committee shall be entitled at its sole discretion to determine the applicable category/designation of employment.

4.6 An Employee or Director of a dormant company within Oppstar Group is not eligible to participate in the Scheme.

4.7 An Employee or Director may, at the sole discretion of the LTIP Committee, be eligible to participate in the Scheme, subject to the Maximum Allowable Allotment.

4.8 Eligibility under the Scheme does not confer on an Eligible Person any claim or right to participate in or any right whatsoever under the Scheme and an Eligible Person does not acquire or has any right over or in connection with the LTIP Award(s) unless the LTIP Award(s) has been made by the LTIP Committee to the Eligible Person and the Eligible Person has accepted the LTIP Award(s) in accordance with these By-Laws.

5. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION

5.1 The allocation of the Shares to be made available for the LTIP Award(s) under the Scheme shall be determined by the LTIP Committee.

5.2 Subject to By-Law 3 and any adjustment which may be made under By-Law 9, the maximum number of Shares to be awarded to an Eligible Person under the Scheme at any point of time in each LTIP Award shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration, inter alia, the Eligible Person's designation, length of service, work performance and/or such other factors as the LTIP Committee deems fit, and subject to the following conditions:

(i) the total number of Shares made available under the Scheme shall not exceed the amount in By-Law 3.1 above;

(ii) not more than ten percent (10%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of issued shares of the Company made available under the Scheme shall be allocated to any Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with the Eligible Person, holds twenty percent (20%) (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any);

(iii) up to fifty percent (50%) of the total number of Shares which may be made available under the Scheme could be allocated, in aggregate, to the Directors and senior management of Oppstar Group who are Eligible Persons (where "**senior management**" shall be subject to any criteria as may be determined at the sole discretion of the LTIP Committee from time to time); and

(iv) the Directors and senior management of Oppstar Group shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any;

PROVIDED ALWAYS THAT it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

5.3 The LTIP Committee shall determine the maximum number of Shares for the LTIP Award(s) that will be made available to an Eligible Person under the Scheme, in the manner provided in these By-Laws in relation to each class or grade of Directors and Employees and the aggregate maximum number of LTIP Award(s) that can be awarded to the Directors and Employees under the Scheme from time to time, and the decision of the LTIP Committee shall be final and binding.

5.4 In the event that an Eligible Person is promoted, the Maximum Allowable Allotment applicable to such Eligible Person shall be the Maximum Allowable Allotment that may be awarded corresponding to the category of employee of which he/she then is a party, subject always to the maximum number of Shares available under the Scheme as stipulated under By-Law 3.1.

5.5 In the event that an Eligible Person who is demoted/re-designated to a lower grade for whatsoever reason shall only be entitled to the allocation of that lower grade unless an award has been made and accepted by him before such demotion/re-designated and where he has accepted an award which exceeds his Maximum Allowable Allotment under that lower grade, he shall not be entitled to any further allocation for that lower grade.

5.6 The Company shall ensure that the LTIP Award(s) awarded pursuant to the Scheme is verified by the Audit Committee of Oppstar Group at the end of each financial year as being in compliance with the award criteria of the LTIP Award(s) which have been disclosed to the Eligible Person.

5.7 The LTIP Committee may at its sole and absolute discretion determine whether the LTIP Award(s) to the Eligible Person(s) will be made on a staggered basis over the duration of the Scheme or in a single award and/or whether the LTIP Award(s) are subject to any vesting period and if so, to determine the vesting conditions.

5.8 If any Eligible Person is a member of the LTIP Committee, such Eligible Person shall not participate in the deliberation or discussion of his/her LTIP Award(s).

5.9 The selection of any Eligible Person to participate in the Scheme will be at the sole discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding.

5.10 At the time the LTIP Award(s) is awarded in accordance with these By-Laws, the LTIP Committee shall set out the basis of award, identifying the category or grade of the Eligible Person and the Maximum Allowable Allotment that may be awarded to such Eligible Person under the LTIP Award(s).

5.11 Subject to By-Law 5.2, nothing herein shall prevent the LTIP Committee from awarding more than one (1) LTIP Award(s) to an Eligible Person **PROVIDED THAT** the total aggregate number of Shares comprised in the LTIP Award(s) awarded to such Eligible Person during the duration of the Scheme shall not exceed the Maximum Allowable Allotment that an Eligible Person is entitled under the LTIP Award(s).

6. RIGHTS OF LTIP PARTICIPANT(S)

6.1 The LTIP Award(s) shall not carry any right to vote at any general meeting of the Company.

6.2 The Shares which are credited into the LTIP Participants' CDS Account upon vesting of the SGP Awards and/or exercising of the SOP Options, would carry rights to vote at the general meeting of the Company, if the LTIP Participant(s) is registered in the Record of Depositors on the Entitlement Date to be entitled to attend and vote at the general meeting.

6.3 A LTIP Participant(s) shall not be entitled to any dividends, rights and/or other distributions on his/her unvested SGP Awards and/or unexercised SOP Options.

7. RIGHTS ATTACHING TO THE SHARES

7.1 The Shares arising upon vesting of SGP Awards and/or exercising of the SOP Options shall, upon allotment and issuance, rank equally in all respects with the existing Shares and together with the Shares procured by the Company, via the Trustee, for transfer shall:

(i) be subject to the provisions of the Constitution; and

(ii) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the date on which the Shares are credited into the CDS Account of the LTIP Participant(s) and shall in all other respects rank equally with other existing Shares then in issue.

7.2 Notwithstanding any provision in these By-Laws, the LTIP Participant(s) shall not be entitled to any rights, dividends or other distributions attached to the Shares prior to the date on which such Shares are credited into their respective CDS Accounts.

8. RETENTION PERIOD

8.1 The Shares arising upon vesting of SGP Awards and/or exercising of the SOP Options will not be subjected to any retention period or restriction on transfer unless otherwise as stated in the LTIP Award(s) as determined by the LTIP Committee from time to time. However, LTIP Participant(s) are encouraged to hold the Shares as a long-term investment and not for any speculative and/or realisation of any immediate gain. The expression "**retention period**" shall mean the period in which the Shares awarded and issued pursuant to the Scheme must not be sold, transferred, assigned or otherwise disposed of by the LTIP Participant(s).

8.2 Notwithstanding to the above By-Law 8.1, the LTIP Committee shall be entitled at its discretion to prescribe or impose, in relation to any LTIP Award(s), any condition relating to any retention period or restriction on transfer (if applicable) as the LTIP Committee sees fit.

8.3 An eligible Director who is a non-executive Director in the Group shall not sell, transfer or assign the Shares obtained through the exercise of the SOP Options granted to him within one (1) year from the SOP Award Date.

9. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

9.1 Subject to By-Law 9.5 hereof, in the event of any alteration in the capital structure of the Company during the duration of the Scheme, whether by way of capitalisation of profits or reserves, rights issue, bonus issue, consolidation or subdivision of the Shares or reduction in share capital (save for set-off against accumulated losses) or any other variation of capital shall take place during the duration of the Scheme, the Company shall cause such adjustment to be made:

(i) in relation to SGP:

(a) the number of Shares comprised in the SGP Award(s) to the extent not yet vested; and/or

(b) the method and/or manner in the vesting of the Shares comprised in the SGP Award(s).

(ii) in relation to SOP:

(a) the Option Price and/or number of SOP Options comprised in the SOP Award(s) to the extent not yet vested or exercised; and/or

(b) the method and/or manner in the vesting of the SOP Options comprised in the SOP Awards.

9.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 9.1:

(i) any adjustment to the Option Price shall be rounded down to the nearest one (1) sen; and

13. BY-LAWS OF THE LTIP *(CONT'D)*

(ii) in determining a LTIP Participant's entitlement to have the Shares vested and/or to exercise the SOP Options, any fractional entitlements will be disregarded.

9.3 Subject to By-Law 9.2, the Option Price for the SOP Award(s) and/or the number of new Shares unvested/SOP Options relating to the LTIP Award(s) awarded to each LTIP Participant(s) shall from time to time be adjusted, calculated and determined by the LTIP Committee in accordance with the following relevant provisions in consultation with the Adviser and/or the external auditor of the Company:

(i) <u>Consolidation and subdivision</u>

Whenever a Share by reason of any consolidation or subdivision, the total number of issued shares shall be different. Then, the Option Price for the SOP Award(s) and/or the number of additional Oppstar Shares/SOP Options relating to the LTIP Award(s) to be issued shall be adjusted, calculated or determined in the following formula:

(a) New Option Price

$$\text{New Option Price} = EP \times \frac{\text{Former total number of issued shares before the consolidation or subdivision}}{\text{Revised total number of issued shares after the consolidation or subdivision}}$$

(b) Number of additional Shares/SOP Options

$$\text{Number of additional Shares/SOP Options} = T \times \frac{\text{Former total number of issued shares after the consolidation or subdivision}}{\text{Former total number of issued shares before the consolidation or subdivision}} - T$$

Where:

EP = Existing Option Price; and

T = Existing number of Shares/SOP Options relating to the LTIP Award(s) awarded.

Such adjustment will be effective from the close of business on the Market Day immediately following the Entitlement Date on which the consolidation or subdivision becomes effective (being the date when the Shares are traded on Bursa Securities), or such other period as may be prescribed by Bursa Securities.

13. BY-LAWS OF THE LTIP *(CONT'D)*

(ii) <u>Capitalisation of profits/reserves</u>

If and whenever the Company shall make any issue of new Shares to ordinary shareholders credited as fully paid-up, by way of bonus issue or capitalisation issue from profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund), the Option Price for the SOP Award(s) shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the number of additional Shares/SOP Options relating to the LTIP Award(s) to be issued shall be calculated as follows:

Number of additional Shares/SOP Options =

$$T \times \left[\frac{A + B}{A} - T\right]$$

Where:

A = the aggregate number of issued and fully paid-up Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid-up by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund); and

T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

(iii) If and whenever the Company shall make:

(a) <u>Capital Distribution</u>

a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or

(b) <u>Rights issue of the Shares</u>

any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for new Shares by way of rights; or

(c) <u>Rights issue of convertible securities</u>

any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares attached thereto, then and in respect of each such case, the Option Price for the SOP Award(s) shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Law 9.3(iii)(b) hereof, the number of additional Shares/SOP Options comprised in the LTIP Award(s) to be issued shall be calculated as follows:

Number of additional Shares/SOP Options =

$$T \times \left[\frac{C}{C - D^*} - T \right]$$

Where:

T = as T above;

C = the current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 9.3(iii)(b) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 9.3(iii)(c) above, the value of rights attributable to one (1) existing Share (as defined below); or

(bb) in the case of any other transaction falling within By-Law 9.3(iii) hereof, the fair market value as determined by the Principal Adviser and/or the external auditor of the Company of that portion of the Capital Distribution attributable to one (1) existing Share.

D*= the value of rights attributable to one (1) existing Shares (as defined below).

For the purpose of definition "(aa)" of D above, the "**value of rights attributable to one (1) existing Share**" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:

C = as C above;

E = the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for the Share or subscription price of one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for the Shares; and

F = the number of existing Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or subscribe for security convertible into one (1) additional Shares or rights to acquire or subscribe for one (1) additional Shares.

For the purpose of definition "D*" above, the "**value of rights attributable to one (1) existing Shares**" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

C = as C above;

E*= the subscription price for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and

F*= the number of existing Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of By-Law 9.3(iii) hereof, "**Capital Distribution**" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of new Shares (not falling under By-Law 9.3(ii) hereof) or other securities issued by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any capital redemption reserve fund).

Any distribution out of profits or reserves (including any capital redemption reserve fund) made (whenever paid and howsoever described) shall be deemed to be a Capital Distribution unless the distribution is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated statements of profit or loss and other comprehensive income of the Company.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

(iv) <u>Capitalisation of profits/reserves and rights issue of Shares/convertible securities</u>

If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 9.3(ii) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 9.3(iii)(b) or (c) above and Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price for the SOP Award(s) shall be adjusted by multiplying it by the following fraction:

13. BY-LAWS OF THE LTIP *(CONT'D)*

$$\frac{(G \times C) + (H \times I)}{(G+H+B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 9.3(ii) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 9.3(iii)(b) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional Shares comprised in the LTIP Award(s) to be issued shall be calculated as follow:

Number of additional Shares/SOP Options =

$$T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} - T \right]$$

Where:

B = as B above;

C = as C above;

G = the aggregate number of issued and fully paid-up Shares on the Entitlement Date;

H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for the Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into the Shares or rights to acquire or subscribe for the Shares, as the case may be;

H* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for the Shares by way of rights;

I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for the Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;

I* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for the Shares; and

T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

13. BY-LAWS OF THE LTIP *(CONT'D)*

(v) Rights issue of the Shares and rights issue of convertible securities

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for new Shares as provided in By-Law 9.3(iii)(b) above together with an offer or invitation to acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares as provided in By-Law 9.3(iii)(c) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price for the SOP Award(s) shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of additional Shares/SOP Options comprised in the LTIP Award(s) shall be calculated as follows:

Number of additional Shares/SOP Options =

$$T \times \left[\frac{(G+H^*) \times C}{(G \times C) + (H^* \times I^*)} - T \right]$$

Where:

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = the aggregate number of the Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for the Shares by the ordinary shareholders;

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; and

T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

13. BY-LAWS OF THE LTIP *(CONT'D)*

(vi) Capitalisation of profits/reserve, rights issue of the Shares and rights issue of convertible securities

If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 9.3(ii) above and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for the Shares as provided in By-Law 9.3(iii)(b) above, together with rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for the Share as provided in By-Law 9.3(iii)(c) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Option Price for the SOP Award(s) shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C)+(H \times I)+(J \times K)}{(G+H+J+B) \times C}$$

and the number of additional Shares/SOP Options comprised in the LTIP Award(s) shall be calculated as follows:

Number of additional Shares/SOP Options =

$$T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} - T\right]$$

Where:

B = as B above;

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = as J above;

K = as K above; and

T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the Entitlement Date for such issue.

(vii) <u>Others</u>

If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of the Company and requiring an adjustment under By-Laws 9.3(iii)(b), (iii)(c), (iv), (v) or (vi) above), the Company shall issue either new Shares or any securities convertible into new Shares or any rights to acquire or subscribe for the Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the Average Price (as defined below) for one (1) Share or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Option Price for the SOP Award(s) shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

Where:

L = the number of the Shares in issue at the close of business on Bursa Securities on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

M = the number of the Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and

N = the aggregate number of the Shares so issued or, in the case of securities convertible into the Shares or securities with rights to acquire or subscribe for the Shares, the maximum number (assuming no adjustment of such rights) of the Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Law 9.3(vii), the "**Total Effective Consideration**" shall be determined by the LTIP Committee with the concurrence of the external auditor shall be:

(i) in the case of the issue of new Shares, the aggregate consideration receivable by the Company on payment in full for such Shares;

(ii) in the case of the issue by the Company of securities wholly or partly convertible into new Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or

(iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for new Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "**Total Effective Consideration per Share**" shall be the Total Effective Consideration divided by the number of new Shares issued as aforesaid or, in the case of securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares, by the maximum number of new Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 9.3(vii), "**Average Price**" of a Share shall be the average market price of one (1) Share as derived from the last traded prices for one or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the Market Day immediately following the date on which the Company determines the subscription price of such Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the completion of the above transaction.

For the purpose of By-Laws 9.3(iii), (iv), (v) and (vi), the current market price in relation to one (1) existing Shares for any relevant day shall be the based on the volume weighted average market price of the Shares for the five (5) Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

Such adjustment must be confirmed in writing by the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the LTIP Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

(a) any adjustment to the Option Price shall be rounded up to the nearest one (1) sen;

(b) in the event that a fraction of a new Share arising from the adjustment referred to in these By-Laws would otherwise be required to be issued upon vesting of the SGP Awards and/or exercising of an SOP Option by the LTIP Participant(s), the LTIP Participant(s)' entitlement shall be round down to the nearest whole number;

(c) upon any adjustment being made pursuant to these By-Laws, the LTIP Committee shall, within thirty (30) days of the effective date of the alteration in the capital structure of the Company, notify the LTIP Participant(s) (or his legal representatives where applicable) in writing informing him of the adjusted Option Price for the SOP Award(s) thereafter in effect and/or the number of the Shares/SOP Options comprised in the LTIP Award(s); and

(d) any adjustments made must be in compliance with the provisions for adjustments provided in these By-Laws.

For avoidance of doubt, any adjustments to the Option Price for the SOP Award(s) and/or the number of the Shares/SOP Options comprised in the LTIP Award(s) so far as unvested and/or unexercised arising from bonus issue, subdivision or consolidation of the Shares need not be confirmed in writing by the external auditors of the Company.

9.4 Save as expressly provided for herein, the external auditors must confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of the external auditors shall be final, binding and conclusive.

9.5 The provisions of By-Law 9 shall not apply where the alteration in the capital structure of the Company arises from any of the following:

(i) an issue of Shares pursuant to the vesting of LTIP Award(s) under the Scheme;

(ii) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business;

(iii) private placement or restricted issue or special issue of new Shares by the Company;

(iv) a special issue of securities to Bumiputera parties or investors nominated by the Ministry of International Trade and Industry and/or other government authority to comply with the government's policy on Bumiputera capital participation;

(v) a purchase by the Company of its own Shares and cancellation of all or a portion of such Shares purchased pursuant to Section 127 of the Act; or

(vi) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants and convertible loan stocks or other instruments (if any) issued by the Company.

9.6 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part III (Division 7, Subdivision 2) of the Act, By-Law 9.1 shall be applicable in respect of such part(s) of the scheme which involves any alteration(s) in the capital structure of the Company to which By-Law 9.1 is applicable, but By-Law 9.1 shall not be applicable in respect of such part(s) of the scheme which involves any alteration(s) in the capital structure of the Company to which By-Law 9.1 is not applicable as described in By-Law 9.5.

An adjustment pursuant to By-Law 9.1 shall be made according to the following terms:

(a) in the case of a right issue, bonus issue or other capitalisation issue, on the next Market Day following the Entitlement Date in respect of such issue; or

(b) in the case of a consolidation or subdivision of the Shares or reduction of capital, on the Market Day immediately following the date on which the consolidation or subdivision or capital reduction becomes effective, or such period as may be prescribed by Bursa Securities.

Upon any adjustment being made, the LTIP Committee shall give notice in writing within thirty (30) days from the date of adjustment to the LTIP Participant(s), or his/her legal representative, where applicable, to inform him/her of the adjustment and the event giving rise thereto.

Notwithstanding the provisions referred to in these By-Laws, the LTIP Committee may exercise its sole discretion to determine whether any adjustments to the Option Price for SOP Award(s) and/or the number of the Shares/SOP Options comprised in the LTIP Award(s) be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the Option Price for the SOP Award(s) and/or the number of the Shares/SOP Options comprised in the LTIP Award(s) notwithstanding that no such adjustment formula has been explicitly set out in these By-Laws.

10. TAKE-OVERS AND MERGERS, SCHEMES OF ARRANGEMENT, AMALGAMATIONS, RECONSTRUCTIONS AND DISPOSAL OF ASSETS

10.1 In the event of:

(i) a take-over offer being made for, under the Malaysian Code on Take-Overs and Mergers 2016 and Rules on Take-Overs, Mergers and Compulsory Acquisitions (or any replacement thereof), to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over ("**Offeror**") or any persons acting in concert with the Offeror);

(ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of the Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the LTIP Participant(s) that it intends to exercise such rights on a specific date ("**Specified Date**"); or

(iii) the Company disposes of all or substantially all of its assets and the disposal becomes unconditional;

the LTIP Committee may at its discretion to the extent permitted by law permit the vesting of the LTIP Awards and the LTIP Participant(s) will be entitled to within such period to be determined by the LTIP Committee, to subscribe and/or exercise all or any of his/her LTIP Awards and the Directors of the Company shall use their best endeavours to procure that such a general offer be extended to the new Shares that may be issued pursuant to the LTIP Award(s) under these By-Law.

In the foregoing circumstances, all LTIP Award(s) which the LTIP Committee permits to be vested and/or exercisable, shall automatically lapse and become null and void to the extent remain unvested and/or unexercised by the date prescribed by the LTIP Committee notwithstanding that the LTIP Award Vesting Date has not commenced or has not expired.

10.2 Notwithstanding to the provisions of these By-Laws and subject to the sole discretion of the LTIP Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purpose of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 366 of the Act or its amalgamation with any other company or companies under Section 370 or any other provisions of the Act or the Company decided to merge with other company or companies, the LTIP Committee may at its absolute discretion decide whether a LTIP Participant(s) may be entitled to be vested and/or to exercise all or any of his/her unvested and/or unexercised LTIP Awards at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective PROVIDED ALWAYS THAT no LTIP Awards shall be vested and LTIP Awards shall be subscribed and/or exercised after the expiry of the LTIP Award Vesting Date. Upon the compromise or arrangement becoming effective, all unvested and/or unexercised LTIP Awards shall automatically lapse and become null and void and of no further force and effect.

11. DIVESTMENT FROM AND TRANSFER TO/FROM THE GROUP

11.1 If a LTIP Participant(s) is in the employment of a company within the Group and such company is subsequently divested, wholly or in part, from Oppstar Group, the LTIP Participant(s):

(i) shall cease to be capable of being vested with any unvested LTIP Awards awarded to him/her under the Scheme from the date of completion of such divestment or the Date of Expiry, whichever expires first;

(ii) will not be entitled to exercise any unexercised vested SOP Options from the date of completion of such divestment, unless the LTIP Committee at its discretion permit such exercise of the unexercised vested SOP Option or the vesting of the unvested LTIP Awards including its allocation thereof. For avoidance of doubt, save and except to the extent permitted by the LTIP Committee, all existing LTIP Awards shall automatically lapse and become null and void and of no further force and effect; and

(iii) shall not be eligible to participate for further LTIP Award(s) under the Scheme as from the date of completion of such divestment.

11.2 For the purposes of By-Law 11.1 above, a company shall be deemed to be divested from Oppstar Group or disposed of from Oppstar Group in the event that the effective interest of the Company in such company is reduced from above fifty percent (50%) to fifty percent (50%) or below so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act (other than pursuant to a takeover, scheme of arrangement, amalgamation, reconstruction, merger or otherwise as provided under the By-Law 10).

11.3 In the event that:

(i) an employee who was employed in a company which is not related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of Oppstar Group") and is subsequently transferred from such company to any company within Oppstar Group; or

(ii) an employee who was in the employment of a company which subsequently becomes a company within Oppstar Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within Oppstar Group with any of the first mentioned company stated in (i) above;

(the first abovementioned company in (i) and (ii) herein referred to as the "**Previous Company**"), such an employee of the Previous Company will be eligible to participate in this Scheme for the remaining duration of the Scheme, if the affected employee becomes an "**Eligible Person**" within the meaning under these By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into Oppstar Group pursuant to part (ii) above as a subsidiary as defined in Section 4 of the Act or any other statutory regulation in place thereof during the duration of the Scheme, the Scheme shall apply to the employees of such company on the date of such company becomes a subsidiary of Oppstar Group (PROVIDED THAT such subsidiary is not dormant) falling within the meaning of the expression of "Eligible Person" under By-Law 1 and the provisions of these By-Laws shall apply.

12. WINDING UP

12.1 All outstanding LTIP Awards under the Scheme shall be automatically terminated and be of no further force and effect in the event that a resolution is passed or a court order is made for the winding up of the Company commencing from the date of such resolution or the date of the court order. In the event a petition is presented in court for the winding-up or liquidation of the Company, all rights to exercise the SOP Options and/or vest in the LTIP Awards pursuant to the Scheme shall automatically be suspended from the date of the presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the right to exercise the SOP Options and/or vest the LTIP Awards pursuant to the Scheme shall accordingly be unsuspended.

13. DURATION AND TERMINATION OF THE SCHEME

13.1 The Effective Date for the implementation of the Scheme shall be at the date of full compliance with all relevant requirements in the Listing Requirements, including but not limited to the following:

(i) submission of the final copy of the By-Laws to Bursa Securities together with a letter of a compliance pursuant to Rule 2.12 of the Listing Requirements and checklist showing compliance with Appendix 6E of the Listing Requirements;

(ii) receipt of the approval or approval-in-principle, as the case may be, from Bursa Securities for the listing of and quotation for the new Shares to be issued under the Scheme;

(iii) receipt of the approval of any other relevant authorities whose approvals are necessary in respect of the Scheme; and

(iv) fulfilment or waiver (as the case may be) of all conditions attached to any of the abovementioned approvals, if any.

The principal adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of Bursa Securities stating the Effective Date of implementation of the Scheme. The confirmation letter shall be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.

13.2 The Scheme, when implemented, shall be in force for a period of five (5) years from the Effective Date. The Company may, if the Board deems fit and upon the recommendation of the LTIP Committee, extend the Scheme for a period of up to a maximum of five (5) years, commencing from the day after the date of expiration of the original five (5) years period, and shall not in aggregate exceed ten (10) years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities. Such extended Scheme shall be implemented in accordance with the terms of these By-Laws, save for any amendment and/or change to the relevant statutes and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals from the shareholders of the Company shall be required for the extension of the Scheme and the Company shall serve appropriate notices on each LTIP Participant(s) and/or make any necessary announcements to any parties and/or Bursa Securities (if required) within thirty (30) days prior to the Date of Expiry or such other period as may be stipulated by Bursa Securities.

13.3 LTIP Award(s) can only be made from the Effective Date and up to the Date of Expiry.

13.4 Notwithstanding anything to the contrary, all unvested LTIP Awards and/or unexercised vested SOP Options shall lapse and become null and void on the Date of Expiry.

13.5 The Scheme may be terminated by the LTIP Committee at any time before the Date of Expiry PROVIDED THAT an announcement is released to Bursa Securities on the following:

(i) the effective date of termination ("**Termination Date**");

(ii) the number of the Shares vested pursuant to the SGP and/or number of SOP Option(s) exercised pursuant to the SOP; and

(iii) the reasons and justification for termination.

13.6 In the event of termination as stipulated in By-Law 13.5 above, the following provisions shall apply:

(i) no further LTIP Award(s) shall be awarded by the LTIP Committee from the Termination Date;

(ii) all LTIP Award(s) which have yet to be accepted by the Eligible Persons shall automatically lapse and become null and void on the Termination Date; and

(iii) any LTIP Award(s) which have yet to be vested or exercised (as the case may be and whether fully or partially) awarded under the Scheme shall be deemed cancelled and be null and void.

13.7 Subject to the requirements under the Listing Requirements, approval or consent of the shareholders of the Company by way of a resolution in a general meeting and written consent of LTIP Participant(s) who have yet to be vested their LTIP Awards and/or exercise their vested SOP Options are not required to effect a termination of the Scheme.

14. ADMINISTRATION AND IMPLEMENTATION OF THE SCHEME

14.1 The Scheme shall be administered by the LTIP Committee. The LTIP Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall deem fit and with such powers and duties as are conferred upon it by the Board. The decision of the LTIP Committee shall be final and binding.

14.2 Without limiting the generality of By-Law 14.1, the LTIP Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any error(s) in the LTIP Award(s), execute all documents and delegate any of its powers and duties relating to the Scheme as it may at its sole discretion consider to be necessary or desirable for giving effect to the Scheme including the powers to:

(i) subject to the provisions of the Scheme, construe and interpret the Scheme and LTIP Award(s) awarded under it, to define the terms therein and to recommend to thereto establish, amend and revoke rules and regulations relating to the Scheme and its administration. The LTIP Committee in the exercise of this power may correct any defects, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for the LTIP Award(s) in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and

(ii) determine all question of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary and/or expedient to promote the best interests of the Company.

14.3 The Board shall have power at any time and from time to time to approve, rescind and/or revoke the appointment of any person in the LTIP Committee as it shall deem fit.

14.4 In implementing the Scheme, the LTIP Committee may at its absolute discretion decide that the LTIP Awards be satisfied by the following methods:

(i) issuance of new Shares;

(ii) acquisition of existing Shares from the open market of Bursa Securities;

(iii) transfer of the Company's treasury shares (if any) or any other methods as may be permitted by the Act, as amended from time to time and any re-enactment thereof; or

(iv) a combination of any of the above.

In considering the method of satisfaction as referred to in (i) to (iv) above, the LTIP Committee shall take into consideration, amongst others, factors such as the prevailing market price of the Shares, the potential cost arising from awarding the LTIP Awards and dilutive effects on the Company's capital base as well as applicable laws and/or regulatory requirements. The method of satisfaction to be made by the Company shall be at the discretion of the LTIP Committee.

14.5 For the purpose of facilitating the implementation of the Scheme, the Company and/or the LTIP Committee may, but shall not be obligated to, establish a trust to be administered by a trustee(s) to be appointed by the Company ("**Trustee**") ("**Trust**") in accordance with the trust deed to be entered into between the Company and the Trustee ("**Trust Deed**"). Accordingly, the Company shall have the power to appoint or rescind the appointment of any Trustee as it deems fit for the purpose of administering the Scheme, in accordance with the provision of the Trust Deed. The Company shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.

14.6 For the purpose of administering the Trust, if and when the Trust is established, the Trustee shall do all such acts and things and enter into any transaction, agreement, deed, document or arrangement or make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the LTIP Committee may in its absolute discretion direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by the Trust Deed.

14.7 The Trustee shall, at such times as the LTIP Committee shall direct, subscribe for and/or acquire the necessary number of existing Shares from the open market of Bursa Securities to accommodate any transfer of the Shares to the CDS account of the LTIP Participant(s). For this purpose, the Trustee will be entitled, from time to time, to the extent permitted by law and as set out under these By-Laws to accept funding and/or assistance, financial or otherwise from Oppstar and/or any company within Oppstar Group. The LTIP Committee shall have the discretion to instruct the Trustee to subscribe for new Shares and/or acquire existing Shares from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.

14.8 Should the Trust be terminated pursuant to the Trust Deed, the Trustee shall sell the remaining Shares held by the Trustee and/or its authorised nominee(s) and deal with such funds in accordance with the instructions of the LTIP Committee.

14.9 The appointment or involvement of a Trustee shall not be required in the event that the Shares to be awarded under the LTIP are to be satisfied solely via issuance of new Shares and/or transfer of treasury shares held by the Company, if any, pursuant to Section 127(7) of the Act.

15. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE SCHEME

15.1 Subject to By-Law 15.2 and compliance with the Listing Requirements, the LTIP Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall at its sole discretion deem fit and the Board shall have the power, at any time, by resolution to, add, amend, modify and/or delete all or any of the terms in these By-Laws upon such recommendation and the Company will submit the amended By-Laws together with a confirmation letter to Bursa Securities confirming that such amendment and/or modification is in compliance with the provisions of the Listing Requirements pertaining to the Scheme and the Rules of Bursa Depository.

15.2 Subject to By-Law 15.3, the approval of the shareholders of the Company in general meeting shall not be required in respect of any additions, modifications or amendments to or deletions of these By-Laws PROVIDED THAT no additions, modifications or amendments to or deletions of these By-Laws shall be made which will:

(i) prejudice any rights which would have accrued to any LTIP Participant(s) without the prior consent or sanction of that LTIP Participant(s);

(ii) increase the number of the Shares available under the Scheme beyond the maximum amount set out in By-Law 5 above;

(iii) prejudice any rights of the shareholders of the Company; or

(iv) alter to the advantage of an Eligible Person and/or LTIP Participant(s) in respect of By-Laws 3.1, 4, 5.2, 7, 8, 9, 11, 12, 13.2, 30.2, 35.2 and 38.1, without the prior approval of the Company's shareholders obtained in a general meeting unless allowed by the provisions of the Listing Requirements.

Such amendment or modification to the By-Laws does not need the prior approval of Bursa Securities. However, the Company shall submit to Bursa Securities a confirmation letter that the amendment or modification does not contravene any of the provisions of the Listing Requirements pertaining to the Scheme no later than five (5) Market Days after the effective date of the said amendment or modification is made.

15.3 The LTIP Committee shall within ten (10) Market Days of any amendment and/or modification made pursuant to these By-Laws notify the LTIP Participant(s) in writing of any amendment and/or modification made pursuant to these By-Laws.

16. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

16.1 All LTIP Participant(s) are entitled to inspect the latest audited financial statements of the Company at the registered office of the Company during normal business hours on any working day of the registered office.

17. SCHEME NOT A TERM OF EMPLOYMENT

17.1 This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in Oppstar Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any Eligible Person.

18. NO COMPENSATION FOR TERMINATION

18.1 No Eligible Person shall be entitled to any compensation for damages arising from the termination of the LTIP Awards(s) or this Scheme pursuant to the provisions of these By-Laws.

18.2 Notwithstanding any provisions of these By-Laws:

(i) this Scheme shall not form part of any contract of employment between the Company or any company within Oppstar Group and any Eligible Person of any company of Oppstar Group. The rights of any Eligible Person under the terms of his/her office and/or employment with any company within Oppstar Group shall not be affected by his/her participation in the Scheme, nor shall such participation or the LTIP Award(s) or consideration for the LTIP Award(s) afford such Eligible Person any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;

(ii) this Scheme shall not confer on any person any legal or equitable right or other rights under any other law (other than those constituting the LTIP Award(s)) against the Company or any company within Oppstar Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other law against any company within Oppstar Group;

(iii) no LTIP Participant(s) or his/her personal or legal representative (as the case may be) shall bring any claim, action or proceeding against any company within Oppstar Group, the LTIP Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his/her rights to his/her LTIP Award(s) or his/her LTIP Award(s) ceasing to be valid pursuant to the provisions of these By-Laws; and

(iv) the Company, the Board (including Directors that had resigned but were on the Board during the duration of the Scheme) or the LTIP Committee shall in no event be liable to the LTIP Participant(s) or his/her personal or legal representative (as the case may be) or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation lost profits or savings, directly or indirectly arising from the breach or non-performance of these By-Laws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company within Oppstar Group, the Board or the LTIP Committee has been advised of the possibility of such damage.

19. DISPUTES

19.1 In case any dispute or difference shall arise between the LTIP Committee and an Eligible Person or a LTIP Participant or in the event of an appeal by an Eligible Person, as the case may be, as to any matter of any nature arising hereunder, such dispute or appeal must have been referred to and received by the LTIP Committee during the duration of the Scheme. The LTIP Committee then shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) given to the Eligible Person and/or the LTIP Participant, as the case may be PROVIDED THAT where the dispute is raised by a member of the LTIP Committee, the said member shall abstain from voting in respect of the decision of the LTIP Committee in that instance. In the event the Eligible Person or the LTIP Participant(s), as the case may be, shall dispute the same by written notice to the LTIP Committee within fourteen (14) days of the receipt of the written decision, then such dispute or difference shall be referred to the Board, whose decision shall be final and binding in all respects, PROVIDED THAT any Director of the Company who is also in the LTIP Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the LTIP Committee shall be borne by such party.

19.2 Notwithstanding the foregoing provisions of By-Law 19.1 above, matters concerning adjustments made pursuant to By-Law 9 shall be referred to external auditors or the principal adviser of the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

20. COSTS AND EXPENSES

20.1 Unless otherwise stipulated by the Company in the LTIP Award(s), all fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issuance and/or transfer of the Shares pursuant LTIP Award(s), shall be borne by the Company. Notwithstanding this, the LTIP Participant(s) shall bear any fees, costs and expenses incurred in relation to his/her acceptance of the LTIP Award(s) and/or exercise of the SOP Option(s) under the Scheme and any holding or dealing of the Shares after the Shares have been successfully issued and allotted or transferred to the LTIP Participant(s) pursuant to the LTIP Award(s), including but not limited to the opening and maintenance of his or her own CDS Account, brokerage commissions and stamp duties.

21. CONSTITUTION

21.1 In the event of a conflict between any of the provisions of these By-Laws and the Constitution, the provisions of the Constitution shall at all times prevail save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements.

22. TAXES

22.1 For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes (including, without limitation, income tax), if any, arising from the acceptance and vesting of the Shares pursuant to the SGP Award(s) and/or exercising of the SOP Option(s) and any holding or dealing of such Shares (including but not limited to brokerage commissions and stamp duty) under the Scheme shall be borne by the LTIP Participant(s) for his own account and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

23. LISTING OF AND QUOTATION FOR THE SHARES

23.1 An application will be made by the Company for the listing of and quotation for such new Shares to be issued pursuant to LTIP Award(s) on the ACE Market or Main Market of Bursa Securities (as the case may be).

23.2 The Company and the LTIP Committee shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list the Shares for which the LTIP Participant(s) are entitled to.

24. NOTICE

24.1 Any notice under the Scheme required to be given to or served upon the LTIP Committee by an Eligible Person or LTIP Participant(s) or any correspondence to be made between an Eligible Person or LTIP Participant(s) to the LTIP Committee shall be given or made in writing and either delivered by hand or sent to the LTIP Committee or the Company by email or ordinary letter. Notwithstanding the foregoing, proof of posting shall not be evidence of receipt of the letter.

24.2 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the LTIP Participant(s) pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given;

(i) if it is sent by ordinary post by the Company to the Eligible Person or the LTIP Participant(s) at the last address known to the Company as being his/her address such notice or request shall be deemed to have been received three (3) Market Days after posting;

(ii) if it is delivered by hand to the Eligible Person or the LTIP Participant(s), such notice or request shall be deemed to have been received on the date of delivery; and

(iii) if it is sent by electronic media, including but not limited to electronic mail to the Eligible Person or the LTIP Participant(s), such notice or request shall be deemed to have been received by the recipient on the Market Day immediately following the day on which the electronic mail is sent or (in the case of communication by other digital means) on the Market Day immediately following the day on which such communication is effected.

Any change of address of the Eligible Person or the LTIP Participant(s) shall be communicated in writing to the Company by email or ordinary letter.

24.3 Where any notice which the Company or the LTIP Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Persons or all the LTIP Participant(s) (as the case may be) pursuant to the Scheme, the Company or the LTIP Committee may give such notice through an announcement to all employees of Oppstar Group to be made in such manner deemed appropriate by the LTIP Participant(s) (including via electronic media). Upon the making of such an announcement, the notice to be made under By-Law 24.2 above shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or LTIP Participant(s), as the case may be.

25. SEVERABILITY

25.1 Any term, condition, stipulation or provision in these By-Laws which is or becomes illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

26. DISCLOSURES IN ANNUAL REPORT

26.1 The Company will make such disclosures in its annual report for as long as the Scheme continues in operation as from time to time required by the Listing Requirements.

27. SUBSEQUENT LONG TERM INCENTIVE PLAN

27.1 Subject to the approval of Bursa Securities and other relevant authorities, the Company may establish a new long term incentive plan after the expiry date of this scheme or upon termination of this Scheme.

27.2 The Company may implement more than one (1) scheme PROVIDED THAT the aggregate number of shares available under all the Schemes does not breach the maximum limit prescribed in the prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

28. GOVERNING LAW AND JURISDICTION

28.1 The Scheme, these By-Laws, all LTIP Award(s) awarded and actions taken under the Scheme shall be governed by and construed in accordance with the laws of Malaysia.

28.2 The Eligible Persons, by accepting the LTIP Award(s) in accordance with these By-Laws and terms of the Scheme and the Constitution, irrevocably submit to the exclusive jurisdiction of the courts in Malaysia.

SECTION 1

SGP

29. SGP AWARD

29.1 During the duration of the Scheme as provided under By-Law 13, the LTIP Committee may, at its sole discretion, at any time and from time to time award the SGP Award(s) in writing to an Eligible Person subject to the Maximum Allowable Allotment as set out in By-Law 5 and further subject to other terms and conditions of these By-Laws. Each SGP Award(s) awarded to the selected Eligible Person(s) shall be separate and independent from any previous or subsequent SGP Award(s) awarded by the LTIP Committee to that Eligible Person.

29.2 The actual number of the Shares which may be awarded to an Eligible Person shall be at the discretion of the LTIP Committee, subject to any adjustments that may be made under By-Law 9. The number of the Shares arising from the vesting of the SGP Award(s) shall not be less than one hundred (100) Shares nor more than the Maximum Allowable Allotment as set out in By-Law 5 and shall be in multiples of one hundred (100) Shares. The LTIP Committee may stipulate any terms and conditions it deems appropriate in a SGP Award(s) and the terms and conditions of each may differs.

29.3 The LTIP Committee shall, in its LTIP Award letter to an Eligible Person, state, amongst others:

(i) the number of the Shares which the Eligible Person shall be entitled upon acceptance of the SGP Award(s);

(ii) the SGP Award Date;

(iii) the manner of acceptance of the SGP Award(s);

(iv) the closing date for acceptance of the SGP Award(s);

(v) the vesting conditions of the SGP Award(s) as determined by the LTIP Committee, if any;

(vi) the SGP Vesting Date(s); and

(vii) any other terms and conditions deemed necessary by the LTIP Committee.

29.4 Under the SGP, the reference price of the SGP Awards to be awarded will be determined based on the fair value of the SGP Awards, which will take into account, amongst others, the market price of the Shares as at or prior to the award date of the SGP Awards.

29.5 Without prejudice to By-Law 14, in the event the LTIP Award letter contains an error on the part of the Company in stating any of the particulars in By-Law 29.3 above, as soon as possible but in any event no later than one (1) month after discovery of the error, the Company shall issue a supplemental LTIP Award letter, stating the correct particulars referred to in By-Law 29.3.

30. ACCEPTANCE

30.1 The SGP Award(s) shall be valid for acceptance by the Eligible Person(s) for a period of thirty (30) days from the SGP Award Date (inclusive) or such period as may be determined by the LTIP Committee at its sole discretion on a case to case basis.

30.2 The SGP Award(s) shall be accepted by an Eligible Person within the time as aforesaid by written notice to the Company accompanied by a nominal non-refundable payment to the Company of a sum of Ringgit Malaysia One (RM1.00) only, as acceptance of the SGP Award(s).

30.3 The day of receipt by the Company of such written notice shall constitute the date of acceptance of the SGP Award(s).

30.4 If the SGP Award(s) is not accepted in the manner as set out in By-Law 30.2 and within the time as set out in By-Law 30.1 or in the event of death or cessation of employment of the Eligible Person or the Eligible Person becomes a bankrupt prior to his/her acceptance of the SGP Award(s), the SGP Award(s) shall automatically lapse and become null and void. The SGP Award(s) may, at the discretion of the LTIP Committee, be re-offered to other Eligible Person.

30.5 Upon acceptance of the SGP Award(s) by the Eligible Person(s), the SGP Award(s) will be vested to the SGP Participant(s) on the SGP Vesting Date(s) during the duration of the Scheme subject to the SGP Participant(s) fulfilling the vesting conditions, if any, as determined by the LTIP Committee.

30.6 The SGP Participant is not required to pay for the Shares they are entitled to receive upon vesting of the SGP Award(s).

31. SGP VESTING CONDITIONS

31.1 The LTIP Committee shall, as and when it deems necessary, review and determine at its own discretion the vesting conditions specified in respect of the SGP Award(s). The Shares to be issued under the SGP Award(s) shall be vested to the SGP Participant(s) on the SGP Vesting Date once the vesting conditions, if any, are fully and duly satisfied which includes amongst others, the following:

(i) the SGP Participant(s) must remain as an employee and shall not have given a notice to resign or receive a notice of termination as at the SGP Vesting Date; and

(ii) any other conditions which are determined by the LTIP Committee.

31.2 If applicable, where the LTIP Committee has determined that the vesting conditions have been fully and duly satisfied, the LTIP Committee shall notify the SGP Participant(s) of the number of the Shares vested or which will be vested to him/her on the SGP Vesting Date ("**SGP Vesting Notice**").

31.3 No SGP Participant(s) shall have the right to or interest in the Shares under the SGP Award(s) until and unless such number of new Shares are credited into their respective CDS Accounts.

13. BY-LAWS OF THE LTIP *(CONT'D)*

31.4 The SGP Participant(s) shall provide all information as required in the SGP Vesting Notice and subject to the provisions of the Listing Requirements, the Central Depositories Act, the Rules of Bursa Depository, the Constitution and any other relevant laws, the Company shall within eight (8) Market Days from the SGP Vesting Date or such other period as may be prescribed or allowed by Bursa Securities,

(i) allot and issue such number of new Shares and/or transfer the relevant number of existing Shares to the SGP Participant(s) (subject to absolute discretion of the LTIP Committee);

(ii) despatch notices of allotment and/or notice of transfer to the SGP Participant(s) accordingly, if applicable; and

(iii) apply for quotation of such new Shares.

31.5 The Shares arising from the vesting of the SGP Award(s) shall be credited directly to the CDS Account of the SGP Participant(s) and no physical share certificate will be issued and delivered to the SGP Participant(s) or his authorised nominee as the case may be. The SGP Participant(s) shall provide the LTIP Committee with his/her CDS Account number when accepting the SGP Award(s). Any change to the SGP Participant(s)' CDS Account number will need to be made in writing to the LTIP Committee.

31.6 Any failure to comply with the procedures specified by the LTIP Committee or to provide information as required by the Company in the SGP Vesting Notice or inaccuracy in the CDS Account number provided shall result in the SGP Vesting Notice being rejected at the sole discretion of the LTIP Committee. The LTIP Committee shall inform the SGP Participant of the rejection of the SGP Vesting Notice within five (5) Market Days from the date of rejection and the SGP Participant shall then be deemed not to have vested his/her SGP Award(s).

31.7 Notwithstanding anything contrary contained in these By-Laws, the LTIP Committee shall have the right, at its sole discretion by notice in writing to the relevant SGP Participant(s) to that effect, to suspend the unvested SGP Award(s) of any SGP Participant(s) who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such SGP Participant or are found to have had no basis or justification) pending the outcome of such disciplinary proceedings.

31.8 In addition to the right to suspend, the LTIP Committee may impose such terms and conditions as the LTIP Committee shall deem appropriate at its sole discretion, on the SGP Participant's unvested SGP Award(s) having regard to the nature of the charges made or brought against such SGP Participant, PROVIDED ALWAYS THAT:

(i) in the event such SGP Participant is found not guilty of the charges which gave rise to such disciplinary proceedings, the LTIP Committee shall reinstate the unvested SGP Award(s) of such SGP Participant;

(ii) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such SGP Participant, all or any part of any unvested SGP Award(s) of the SGP Participant shall immediately lapse and become null and void and of no further force and effect, without notice to the SGP Participant, upon pronouncement of the dismissal or termination of service of such SGP Participant notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the SGP Participant in any other forum; or

(iii) in the event the SGP Participant is found guilty but no dismissal or termination of service is recommended, the LTIP Committee shall have the right to determine at its sole discretion whether or not the SGP Participant may continue to satisfy the vesting conditions of the unvested SGP Award(s).

and nothing herein shall impose any obligations on the LTIP Committee to enquire into or investigate the substantiveness and/or validity of such disciplinary proceedings and the LTIP Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the LTIP Committee's exercise of or failure to exercise any of its rights under these By-Laws.

32. NON-TRANSFERABILITY

32.1 An SGP Award(s) is personal to the Eligible Person(s) and shall be accepted solely by that Eligible Person(s) and is not capable of being accepted by any third party on behalf of that Eligible Person(s) by his/her representative or any other persons.

32.2 Subject to the provisions in these By-Laws, an SGP Award(s) is personal to the SGP Participant(s) during his/her employment or appointment within Oppstar Group and it shall not be transferred, assigned or disposed of by the SGP Participant(s).

33. TERMINATION OF SGP AWARD(S)

33.1 Prior to the full vesting of any SGP Award(s) in the manner as provided for under By-Law 31.2, such SGP Award(s) that remain unvested shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company in the following circumstances:

(i) termination or cessation of employment of the SGP Participant(s) within Oppstar Group for any reason whatsoever, in such event the unvested SGP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within Oppstar Group on the day the SGP Participant(s)' employer accepts his/her notice of resignation or the SGP Participant(s)' employer notifies the SGP Participant(s) of termination of his/her employment or on the day the SGP Participant(s) notifies his/her employer of his/her resignation or on the SGP Participant(s)' last day of employment, whichever is the earlier;

(ii) bankruptcy of the SGP Participant(s), in such event the unvested SGP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within Oppstar Group on the date a receiving order is made against the SGP Participant(s) by a court of competent jurisdiction;

(iii) upon the happening of any other event which results in the SGP Participant(s) being deprived of the beneficial ownership of the unvested SGP Award(s), in such event the unvested SGP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within Oppstar Group on the date such event occurs;

13. BY-LAWS OF THE LTIP *(CONT'D)*

(iv) winding up or liquidation of the Company, in such event the unvested SGP Award(s) shall be automatically terminated and/or cease to be valid on the following date:

(a) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or

(b) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company;

(v) the subsidiary which employs the SGP Participant(s) ceasing to be part of the Oppstar Group in such event the SGP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid on the date the subsidiary ceases to be part of the Oppstar Group; or

(vi) termination of the Scheme pursuant to By-Law 13.5, in such event the unvested SGP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within Oppstar Group on the termination date,

whichever shall be applicable.

33.2 Upon the termination of the unvested SGP Award(s) pursuant to By-Laws 33.1 above, the SGP Participant(s) shall have no right to compensation or damages or any claim against the Company or any company within Oppstar Group from any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of, acceptance or vesting of any SGP Award(s) or his/her SGP Award(s) ceasing to be valid.

33.3 Notwithstanding By-Law 33.1(i) above, the LTIP Committee may at its discretion allow for all or any part of any unvested SGP Award(s) to vest in accordance with the provisions of these By-Laws on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:

(i) retirement upon or after attaining the age in accordance with the Company's retirement policy;

(ii) retirement before attaining the normal retirement age with the consent of his/her employer;

(iii) ill-health, injury, physical or mental disability;

(iv) redundancy or retrenchment pursuant to the acceptance by that SGP Participant(s) or a voluntary separation scheme offered by a company within Oppstar Group; or

(v) any other circumstance as may be deemed as acceptable to the LTIP Committee in its sole discretion,

PROVIDED THAT no SGP Award(s) shall vest after the expiry of the vesting period. Unless the LTIP Committee in its discretion permits such vesting in accordance with this By-Law 33.3, any unvested SGP Award(s) shall cease or be deemed to cease to be capable of vesting to the SGP Participant(s) without any liability or right to claim against the Company and/or the LTIP Committee and/or the Board.

33.4 Where a SGP Participant(s) dies before the expiry of the vesting period for the SGP Award(s), the LTIP Committee may at its discretion determine that all or any part of any unvested SGP Award(s) held by the SGP Participant(s), be vested to the executor or administrator of that deceased SGP Participant(s), and the times or periods at or within which such SGP Award(s) may vest, PROVIDED ALWAYS THAT no SGP Award(s) may vest after the expiry of the vesting period. In this regard, the LTIP Committee may require the executor or administrator of that deceased SGP Participant(s) to provide evidence satisfactory to the LTIP Committee of his status as such executor or administrator, as the case may be.

33.5 Notwithstanding By-Law 33.4 above, the SGP Participant(s) may, during his/her lifetime, nominate any of his/her immediate family members who have attained the age of eighteen (18) years at the time of nomination to receive the SGP Award(s) (which are unvested at the time of the death of the deceased SGP Participant(s)) after the death of the deceased SGP Participant(s) but in any event during the duration of the Scheme. The SGP Award(s) awarded pursuant to the provision of this By-Law 33.5 may be for the benefit of the estate of the SGP Participant(s) or the personal benefit of the nominated person. The nomination as aforesaid shall be made by the SGP Participant(s) during his/her lifetime and shall be in the prescribed form approved by the LTIP Committee and the Shares to be allotted and issued will be in the name of the deceased SGP Participant(s)'s estate or in the name of the nominated person as the SGP Participant(s) shall elect in his/her lifetime. In the event no nomination is made by the SGP Participant(s) during his/her lifetime, the LTIP Committee may at its discretion determine that his/her unvested SGP Award(s) shall only vested to the legal personal representatives pursuant to By-Law 33.4 above.

33.6 For the purposes of By-Law 33.5 above, the term "**immediate family members**" shall include the spouse, parent, child (including legally adopted child but excluding step child), brother and sister of the SGP Participant(s).

SECTION 2

SOP

34. SOP AWARD

34.1 During the duration of the Scheme as provided under By-Law 13, the LTIP Committee may, at its sole discretion, at any time and from time to time award the SOP Award(s) in writing to an Eligible Person subject to the Maximum Allowable Allotment as set out in By-Law 5 and further subject to other terms and conditions of these By-Laws. Each SOP Award(s) awarded to selected Eligible Person(s) shall be separate and independent from any previous or subsequent SOP Award(s) awarded by the LTIP Committee to that Eligible Person.

34.2 The actual number of SOP Option(s) which may be awarded to an Eligible Person shall be at the discretion of the LTIP Committee, subject to any adjustments that may be made under By-Law 9. The number of the Shares which may be allotted and issued upon exercising the SOP Option(s) shall not be less than one hundred (100) Shares nor more than the Maximum Allowable Allotment as set out in By-Law 5 and shall be in multiples of one hundred (100) Shares. The LTIP Committee may stipulate any terms and conditions it deems appropriate in a SOP Award(s) and the terms and conditions of each may differs.

34.3 The LTIP Committee shall, in its LTIP Award letter to an Eligible Person, state, amongst others:

(i) the number of SOP Option(s) under the SOP Award(s) that are being awarded to the Eligible Person;

(ii) the number of the Share(s) which the Eligible Person shall be entitled to subscribe for upon the exercise of the SOP Option(s);

(iii) the SOP Award Date;

(iv) the manner of acceptance of the SOP Award(s);

(v) the Option Price;

(vi) the closing date for acceptance of the SOP Award(s);

(vii) the vesting conditions of the SOP Option(s) as determined by the LTIP Committee, if any;

(viii) SOP Vesting Date(s); and

(ix) any other terms and conditions deemed necessary by the LTIP Committee.

34.4 Without prejudice to By-Law 14, in the event the LTIP Award letter contains an error on the part of the Company in stating any of the particulars in By-Law 34.3 above, the following provisions shall apply:

(i) as soon as possible but in any event no later than one (1) month after discovery of the error, the Company shall issue a supplemental LTIP Award letter, stating the correct particulars referred to in By-Law 34.3;

(ii) in the event that the error relates to particulars other than the Option Price, the Option Price applicable in the supplemental LTIP Award letter shall remain as the Option Price as per the original LTIP Award letter; and

(iii) in the event that the error relates to the Option Price, the applicable Option Price shall be the Option Price in the supplemental LTIP Award letter and with effect as at the date of the supplemental LTIP Award letter, save and except with respect to any SOP Option(s) which have already been exercised as at the date of issue of the supplemental LTIP Award letter.

35. ACCEPTANCE

35.1 The SOP Award(s) shall be valid for acceptance by the Eligible Person(s) for a period of thirty (30) days from the SOP Award Date (inclusive) or such period as the LTIP Committee at its sole discretion on a case to case basis.

35.2 The SOP Award(s) shall be accepted by an Eligible Person within the time as aforesaid by written notice to the Company accompanied by a nominal non-refundable payment to the Company of a sum of Ringgit Malaysia One (RM1.00) only, as acceptance of the SOP Award(s).

35.3 The day of receipt by the Company of such written notice shall constitute the date of acceptance of SOP Award(s).

35.4 If the SOP Award(s) is not accepted in the manner as set out in By-Law 35.2 and within the time as set out in By-Law 35.1 or in the event of death or cessation of employment of the Eligible Person or the Eligible Person becomes a bankrupt prior to his/her acceptance of the SOP Award(s), the SOP Award(s) shall automatically lapse and become null and void. The SOP Award(s) may, at the discretion of the LTIP Committee, be re-offered to other Eligible Person.

35.5 Upon acceptance of the SOP Award(s) by the Eligible Person(s), the SOP Award(s) will be vested to the SOP Participant(s) on the SOP Vesting Date(s) during the duration of the Scheme, subject to the SOP Participant(s) fulfilling the vesting condition(s), if any, as determined by the LTIP Committee.

36. SOP VESTING CONDITIONS AND EXERCISE OF OPTIONS

36.1 Subject to the provisions of these By-Laws, the SOP Option(s) awarded to the SOP Participant(s) are exercisable by that SOP Participant(s) during his/she employment in Oppstar Group during the duration of the Scheme. All unexercised SOP Options shall become null and void after the expiry date of this Scheme without any claim against the Company or any company within Oppstar Group.

36.2 The LTIP Committee shall, as and when it deems necessary, review and determine at its own discretion the vesting conditions specified in respect of the SOP Award(s). The SOP Option(s) can be exercised by the SOP Participant(s) on the SOP Vesting Date once the vesting conditions, if any, are fully and duly satisfied which includes amongst others, the following:

(i) the SOP Participant(s) must remain as an employee and shall not have given a notice to resign or receive a notice of termination on the SOP Vesting Date; and

(ii) any other conditions which are determined by the LTIP Committee.

36.3 If applicable, where the LTIP Committee has determined that the vesting conditions have been fully and duly satisfied, the LTIP Committee shall notify the SOP Participant(s) the number of SOP Options vested or which will be vested to him/her on the SOP Vesting Date ("**SOP Vesting Notice**").

36.4 A SOP Participant shall exercise his/her vested SOP Option(s) by notice in writing to the Company in such form as the LTIP Committee may prescribe or approve. The procedure for the exercise of the SOP Option(s) to be complied with by a SOP Participant shall be determined by the LTIP Committee from time to time.

36.5 Every written notice to exercise the SOP Option(s) shall state the number of the Shares that a SOP Participant intends to subscribe and shall state his CDS Account ("**Notice of Exercise**").

36.6 The SOP Participant(s) shall complete the Notice of Exercise together with the remittance for the full amount of the subscription monies payable in respect thereof in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the LTIP Committee for the full amount of the Option Price in relation to the number of the Shares in respect of which the Notice of Exercise is given and subject to the provisions of the Listing Requirements, the Central Depositories Act, the Rules of Bursa Depository, the Constitution and any other relevant laws, the Company shall within eight (8) Market Days from the date of receipt of the Notice of Exercise or such other period as may be prescribed or allowed by Bursa Securities,

(i) allot and issue such number of new Shares and/or transfer the relevant number of existing Shares to the SOP Participant(s) (subject to absolute discretion of the LTIP Committee);

(ii) despatch a notice of allotment to the SOP Participant, if applicable; and

(iii) apply for quotation of such new Shares.

36.7 The Shares arising from the exercising of the SOP Award(s) shall be credited directly to the CDS Account of the SOP Participant(s) and no physical share certificate will be issued and delivered to the SOP Participant(s). The SOP Participant(s) shall provide the LTIP Committee with his/her CDS Account number when accepting the SOP Award(s). Any change to the SOP Participant(s)' CDS Account number will need to be made in writing to the LTIP Committee.

36.8 Any failure to comply with the procedures specified by the LTIP Committee or to provide information as required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided shall result in the Notice of Exercise being rejected at the sole discretion of the LTIP Committee. The LTIP Committee shall inform the SOP Participant of the rejection of the Notice of Exercise within five (5) Market Days from the date of rejection and the SOP Participant shall then be deemed not to have exercised his/her SOP Option(s).

36.9 The LTIP Committee may with its power under By-Law 14, at any time and from time to time, before and after the SOP Award(s) is awarded, limit the exercise of the SOP Options to a maximum number of Shares and/or such percentage of the total Shares comprised in the SOP Options and impose any other terms and/or conditions deemed appropriate by the LTIP Committee in its sole discretion including amending or varying any terms and conditions imposed earlier.

36.10 A SOP Participant shall exercise the SOP Option(s) awarded to him/her in whole or part multiples of one hundred (100) new Shares or such other units of the Shares constituting one (1) board lot as may be determined by the LTIP Committee, save and except where a SOP Participant's balance of SOP Option(s) exercisable in accordance with these By-Laws shall be less than one hundred (100) new Shares or such other units of the Shares constituting one (1) board lot as may be determined by the LTIP Committee, in which case the said balance shall, if exercised, be exercised in a single tranche. Such partial exercise of an SOP Option shall not preclude the SOP Participant from exercising the SOP Option(s) as to the balance of any SOP Option(s).

36.11 Notwithstanding anything contrary contained in these By-Laws, the LTIP Committee shall have the right, at its sole discretion by notice in writing to the relevant SOP Participant(s) to that effect, to suspend the right of any SOP Participant(s) who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such SOP Participant or are found to have had no basis or justification) to exercise his/her SOP Option(s) pending the outcome of such disciplinary proceedings.

36.12 In addition to the right to suspend, the LTIP Committee may impose such terms and conditions as the LTIP Committee shall deem appropriate at its sole discretion, on the SOP Participant's right to exercise his/her SOP Option(s) having regard to the nature of the charges made or brought against such SOP Participant, PROVIDED ALWAYS THAT:

(i) in the event such SOP Participant is found not guilty of the charges which gave rise to such disciplinary proceedings, the LTIP Committee shall reinstate the right of such SOP Participant to exercise his/her SOP Option(s);

(ii) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such SOP Participant, all unexercised and partially exercised SOP Option(s) of the SOP Participant shall immediately lapse and become null and void and of no further force and effect, without notice to the SOP Participant, upon pronouncement of the dismissal or termination of service of such SOP Participant notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the SOP Participant in any other forum; or

(iii) in the event the SOP Participant is found guilty but no dismissal or termination of service is recommended, the LTIP Committee shall have the right to determine at its sole discretion whether or not the SOP Participant may continue to exercise his/her SOP Option(s) or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise right.

and nothing herein shall impose any obligations on the LTIP Committee to enquire into or investigate the substantiveness and/or validity of such disciplinary proceedings and the LTIP Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the LTIP Committee's exercise of or failure to exercise any of its rights under these By-Laws.

37. NON-TRANSFERABILITY

37.1 An SOP Award(s) is personal to the Eligible Person(s) and shall be accepted solely by that Eligible Person(s) and is not capable of being accepted by any third party on behalf of that Eligible Person(s) by his/her representative or any other persons.

37.2 Subject to the provisions in these By-Laws, an SOP Award(s) is personal to the SOP Participant(s) during his/her employment or appointment within Oppstar Group and it shall not be transferred, assigned or disposed of by the SOP Participant(s).

38. OPTION PRICE

38.1 Subject to any adjustments in accordance with By-Law 9 and pursuant to the Listing Requirements, the Option Price shall be based on a price to be determined by the Board upon recommendation of the LTIP Committee which will be based on the volume weighted average price of the Shares for the five (5) Market Days immediately preceding the SOP Award Date with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme.

38.2 The Option Price in respect of any offer which is made in conjunction with the listing of the Company shall be the initial public price of the Shares in the Company.

39. TERMINATION OF SOP AWARD(S)

39.1 Prior to the full vesting of any SOP Award(s) in the manner as provided for under By-Law 36.3, such SOP Award(s) that remain unvested shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company in the following circumstances:

(i) termination or cessation of employment of the SOP Participant(s) within Oppstar Group for any reasons whatsoever, in which event the SOP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within Oppstar Group on the day the SOP Participant(s)' employer accepts his/her notice of resignation or the SOP Participant(s)' employer notifies the SOP Participant(s) of termination of his/her employment or on the day the SOP Participant(s) notifies his/her employer of his/her resignation or on the SOP Participant(s)' last day of employment, whichever is the earlier;

(ii) bankruptcy of the SOP Participant(s), in which event the SOP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within Oppstar Group on the date a receiving order is made against the SOP Participant(s) by a court of competent jurisdiction;

(iii) upon the happening of any other event which results in the SOP Participant(s) being deprived of the beneficial ownership of the SOP Award(s), in such event the SOP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within Oppstar Group on the date such event occurs;

(iv) winding up or liquidation of the Company, in such event the SOP Option(s) shall be automatically terminated on the following date:

(a) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or

(b) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or

(v) termination of the Scheme pursuant to By-Law 13.5, in such event the SOP Award(s) shall be automatically terminated and cease or be deemed to cease to be valid without any claim against the Company or any company within Oppstar Group on the termination date;

whichever shall be applicable.

39.2 Upon the termination of the SOP Award(s) pursuant to By-Laws 39.1 above, the SOP Participant(s) shall have no right to compensation or damages or any claim against the Company or any company within Oppstar Group from any loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from him/her ceasing to hold office or employment or from the suspension of his/her entitlement to the award of, acceptance or vesting of any SOP Award(s) or his/her SOP Award(s) ceasing to be valid.

13. BY-LAWS OF THE LTIP *(CONT'D)*

39.3 Notwithstanding By-Law 39.1 above, the LTIP Committee may at its discretion allow a SOP Participant to continue to hold and to exercise any SOP Option(s) held by him/her in accordance with the provisions of these By-Laws on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:

(i) retirement upon or after attaining the age in accordance with the Company's retirement policy;

(ii) retirement before attaining the normal retirement age with the consent of his/her employer;

(iii) ill-health, injury, physical or mental disability;

(iv) redundancy, retrenchment pursuant to the acceptance by that SOP Participant(s) or voluntary separation scheme offered by a company within Oppstar Group; or

(v) any other circumstances as may be deemed as acceptable to the LTIP Committee in its sole discretion.

39.4 Applications under By-Law 39.3 above shall be made during the duration of the Scheme and:

(i) in a case where By-Law 39.3(i), (ii) or (v) is applicable, within one (1) month before the SOP Participant(s)' last day of employment, the SOP Participant(s) may be vested with such number of unvested Shares under the SOP Award(s) within the said one (1) month period. In the event that no application is received by the LTIP Committee within the said period, any such number of unvested Shares under the SOP Award(s) at the expiry of the said period shall be automatically terminated;

(ii) in a case where By-Law 39.3(iii) is applicable, within one (1) month after the SOP Participant(s) notifies his/her employer of his/her resignation due to ill-health, injury, physical or mental disability, the SOP Participant(s) may be vested with such number of unvested Shares under the SOP Award(s) within the said one (1) month period. In the event that no application is received by the LTIP Committee within the said period, any unvested Shares under the SOP Award(s) at the expiry of the said period shall be automatically terminated; and

(iii) in a case where By-Law 39.3(iv) is applicable, within one (1) month after the SOP Participant(s) are notified that he/she will be retrenched or, where he/she is given an offer by his/her employer as to whether he/she wishes to accept retrenchment upon certain terms, within one (1) month after he/she accepts such offer. Thereafter, any such number of unvested and/or unexercised Shares under the SOP Award(s) at the expiry of the said period shall be automatically terminated.

39.5 The LTIP Committee shall consider applications under By-Law 39.3 on a case to case basis and may at its sole discretion approve or reject any application in whole or in part without giving any reasons thereof and may impose any terms and conditions in granting an approval. The decisions of the LTIP Committee shall be final and binding. In the event the LTIP Committee approves an application in whole or in part, the SOP Participant(s) may exercise the SOP Option(s) which are the subject of the approval for such period so approved by the LTIP Committee during the duration of the Scheme and subject to the provisions of By-Law 36. Any SOP Option(s) in respect of which an application is rejected

13. BY-LAWS OF THE LTIP *(CONT'D)*

shall be deemed automatically terminated on the date of termination stipulated in the relevant paragraph of By-Law 39.1 or on the date of the LTIP Committee's decision, whichever is the later.

39.6 In the event a SOP Participant(s) dies before the expiration of the duration of the Scheme and at the time of his/her death held unexercised SOP Option(s), such unexercised SOP Option(s) may be exercised by the representative of the deceased SOP Participant(s) after the date of his/her death PROVIDED THAT such exercise shall be within the duration of the Scheme subject to the approval of the LTIP Committee.

39.7 Notwithstanding By-Law 39.6 above, the SOP Participant(s) may, during his/her lifetime, nominate any of his/her immediate family members who have attained the age of eighteen (18) years at the time of nomination to exercise the SOP Option(s) (which are unexercised at the time of the death of the deceased SOP Participant(s)) or after the death of the deceased SOP Participant(s) but in any event during the duration of the scheme. The SOP Option(s) exercised pursuant to the provision of this By-Law 39.7 may be for the benefit of the estate of the SOP Participant(s) or the personal benefit of the nominated person. The nomination as aforesaid shall be made by the SOP Participant(s) during his/her lifetime and shall be in the prescribed form approved by the LTIP Committee and the Shares to be allotted and issued will be in the name of the deceased SOP Participant(s)'s estate or in the name of the nominated person as the SOP Participant(s) shall elect in his/her lifetime. In the event no nomination is made by the SOP Participant(s) during his/her lifetime, his/her unexercised SOP Option(s) shall only be exercised by the legal personal representatives pursuant to By-Law 39.6 above.

39.8 For the purposes of By-Law 39.7 above, the term "**immediate family members**" shall include the spouse, parent, child (including legally adopted child but excluding step child), brother and sister of the SOP Participant(s).

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14. ADDITIONAL INFORMATION

14.1 EXTRACT OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the provisions of our Constitution and by applicable laws. The words and expressions appearing in the following provisions shall have the same meaning used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

Words	Meanings
ACE Market	ACE Market of Bursa Securities or any other market of Bursa Securities on which the Company is listed at the relevant time
appointing director	A director who appoints an alternate director under Clause 168
Auditor	The Company's auditor. That person must be an approved company auditor. Where two or more are appointed, any of them
benefits	Any benefits, payable or to be given to directors referred to in Section 230(1) of CA
Board	The Company's Board
Bursa Securities	Bursa Malaysia Securities Berhad
Business Day	A day which is not a public holiday in the state or territory where the registered office of the Company is located
CA	Companies Act 2016
CMSA	Capital Markets and Services Act 2007
Company	Oppstar Berhad (Registration No. 202101031391 (1431691-M))
Constitution	This constitution of the Company, including, any changes made to it
convertible securities	Securities which may convert or be exercised (by their terms of issue), into shares
corporation	A corporate body, established anywhere
Deposited Security	A security, as used in Section 2 of SICDA, of the Company, as stands to the credit of a securities account of a Depositor. It covers a security which is in suspense

Words	**Meanings**
Deposited Share or Depository Shares	A share which is a Deposited Security
Depositor	A holder of a securities account
Depository	Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W)), the depository of the Company's shares prescribed under Section 14 of SICDA. This term can also mean another depository acting as such a depository, approved to be a central depository under SICDA. Successors-in-title and permitted assigns are also included in this term
director	Director of the Company includes any person occupying the position of director of a corporation by whatever name called and includes a person in accordance with whose directions or instructions the majority of directors of a corporation are accustomed to act, and includes an alternate director and a substitute director
DR	Rules of the Depository. It covers the Procedural Manuals (as meant in those rules)
eDividend service	The eDividend service (electronic dividend payment) through which companies listed on Bursa Securities are required to pay dividends
electronic form	Documents or information sent or supplied by electronic means or by any other means while in electronic form (such as by e-mail, text message, fax or sending a compact disc by post). It also covers any electronic form referred to in Section 612(1) of CA
electronic means	A document or information is sent or supplied by electronic means if it is sent initially, and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means

14. ADDITIONAL INFORMATION *(CONT'D)*

Words	Meanings
exempt authorised nominee	An authorised nominee as meant by SICDA, which is exempted from compliance with Section 25A(1) of SICDA
existing shares	Shares in issue at the relevant time
General Meeting	A meeting of shareholders held in accordance with the Constitution. This includes any General Meeting held as the Company's Annual General Meeting
hard copy	Documents or information sent or supplied in paper copy or similar form which can be read. It also covers, anyhow, any hard copy referred to in Section 612(1) of CA
Insolvency Laws	Insolvency Act 1967 (Act 360) as amended or substituted from time to time
Laws	CA, SICDA, and all regulations, DR, practice notes, practice directives and guidelines made under them
listed security or listed securities	A security or securities of the Company admitted to the Official List
LR	Listing Requirements of the ACE Market of Bursa Securities or any other market of Bursa Securities on which the Company is listed at the relevant time. For the purpose of this Constitution, it also covers any guidance notes or directives issued by Bursa Securities and any amendment that may be made from time to time in relation to these Listing Requirements
Malaysia	Federation of Malaysia
market day	Any day between Mondays and Fridays (inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
Minister	Has the meaning given in Section 3 of the Interpretation Acts 1948 and 1967 (Act 388), when used in CA
month	Calendar month
Non-Depository Shares	Shares which are not Deposited Shares

14. ADDITIONAL INFORMATION *(CONT'D)*

Words	Meanings
officer	Includes, a director, manager and secretary of the entity but does not include, an auditor
Official List	A list specifying all securities listed on the ACE Market or any other market of Bursa Securities
ordinary business	All the following business (if it takes place at an Annual General Meeting): • laying of audited financial statements and the reports of the directors and the Auditor; • the election of directors in place of those retiring; • the appointment and the fixing of the fees and benefits of directors; • the appointment of the Auditor; and/or • declaring and approving dividends
Ordinary Shareholders	Shareholders of ordinary shares of the Company
pay	A payment of commission in Section 80 of CA. For other times, when used elsewhere, this term can cover any kind of reward or payment for services
person or people	Corporate bodies and unincorporated bodies, established anywhere. They do not, however, cover unincorporated bodies, when used in relation to transfers or registration of shareholders which involve Deposited Shares and these bodies are not allowed or recognised by SICDA or DR
public holiday	The public holiday established by law in Malaysia or any part of Malaysia
Registered Office	The Company's registered office
Registrar	The Company's registrar
related corporations	Has the meaning given in Section 7 of CA
representative	A person or persons authorised to act as representative of a corporation which is a shareholder, under Section 333 of CA
rights	The rights attached to the share, when issued, or afterwards

14. ADDITIONAL INFORMATION *(CONT'D)*

Words	Meanings
RM	The lawful currency of Malaysia
ROC	The Registrar designated under Subsection 20A(1) of the Companies Commission of Malaysia Act 2001 (Act 614)
ROD	A record of depositors of holders of securities of the Company kept by the Depository under SICDA and DR
ROM	Register of members of the Company kept under CA
Seal	The Company's common seal or Securities Seal. This is where the Company chooses to keep such a seal
Secretary	A person appointed by the Board to do work as the company secretary. This includes an assistant, deputy or temporary company secretary. Where two or more are appointed to act jointly, it includes any one of them
securities	Has the meaning given in Section 2 of CMSA
securities account	This is an account which the Depository establishes for the Depositor under SICDA and DR. It is to record the deposit, withdrawal and dealing of securities
Securities Seal	An official seal kept by the Company under Section 63 of CA
Share Scheme	A scheme which involves a new issue of the Company's shares or grant of the Company's existing or new shares to eligible directors and employees of the Company or its subsidiaries

Words	Meanings
shareholders	Holders of the Company's shares. Where those shares are deposited with the Depository under SICDA and DR, it must be a person whose name appears on the ROD as the holder of such shares and treated as a member of the Company under Section 35 of SICDA. This is subject to SICDFOR and the Constitution. This term does not include, the Depository in its capacity as a bare trustee or nominee company. Where those shares are not deposited and do not need to be deposited under SICDA, it must be a person whose name appears in the ROM
SICDA	Securities Industry (Central Depositories) Act 1991 (Act 453)
SICDFOR	Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996
special business	All business at General Meetings except for ordinary business
UCA	Unclaimed Monies Act, 1965 (Act 370)
written or in writing	In writing or in any way representing or copying words legibly so that they are permanent. It includes, anything in electronic form. It may also be partly in one form and partly in another. Where used in relation to notices of meeting, it must be in hard copy or electronic form in the way allowed by Sections 319 and 320 of CA, subject to LR. Where used in another context, it must be in a form allowed or not prohibited by CA or LR

14.1.1 Remuneration of our Directors

Clause 175

The fees and benefits payable to the directors shall annually be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree provided always that:

(a) salaries payable to executive directors may not include a commission on or percentage or turnover;

(b) fees payable to non-executive directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;

(c) any fee paid to an alternate director shall be such as shall be agreed between himself and the director nominating him and shall be paid out of the remuneration of the latter; and

(d) fees and benefits payable to directors shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Clause 176

The Board can also repay to a director all expenses properly incurred in:

176.1 attending and returning from shareholders' meetings, Board meetings or Board committee meetings; or

176.2 any other way in connection with the Company's business.

Clause 177

The Board can award extra fees to a director who:

177.1 holds an executive position;

177.2 acts as chairman or deputy chairman; or

177.3 serves on a Board committee or board at the request of the Board.

Clause 178

If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being wiling shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Directors' Fees and such special remuneration may be by way of a fixed sum or otherwise as may be arranged.

Clause 179

Subject to LR, the Board can decide whether to provide:

179.1 pensions;

179.2 annual payments; or

179.3 other allowances or benefits,

to any people including people who are or who were directors of the Company. The Board can decide to extend these arrangements to relations or dependants of, or people connected to, these people. The Board can also decide to contribute to a scheme or fund or to pay premiums to a third party for these purposes.

Clause 180

The Company can only provide pensions and other similar benefits to:

(a) people who are or were directors; and

(b) relations or dependants of, or people connected to, those directors or former directors.

The receipt of a benefit of any kind given in accordance with this Clause does not prevent a person from being or becoming a director of the Company.

Clause 181

Shareholders must approve the matters in Clauses 175 to 179 as far as the Laws require in relation to directors' fees and benefits.

14.1.2 Voting and borrowing powers of our Directors

Clause 197

A director cannot vote (and if the director does vote, such vote will not be counted) on a resolution in regard to a contract in which the director (or a person connected with the director) is directly or indirectly interested.

Clause 198

A director is counted in the quorum for a Board meeting in relation to a resolution although the director is not entitled to vote.

Clause 199

A director is not interested in a contract where Sections 221(2) or (3) of CA say that they are not. This Clause does not affect any equitable principle or rule of law relating to directors not being treated as interested. This Clause is subject to LR.

Clause 200

This Clause applies if the Board is considering proposals to appoint two or more directors to positions with the Company or any company in which the Company has an interest. It also applies if the Board is considering fixing or varying the terms of the appointment. These proposals can be split up to deal with each proposed director separately. If this is done, each proposed director can vote (unless the proposed director is prevented from voting under Clause 197) and be counted in the quorum for each resolution.

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Clause 201

If a question comes up at a meeting about whether a director (other than the chairman of the meeting) has all interest or whether the director can vote or be counted in the quorum, and the director does not agree to abstain from voting on the question or not be counted in the quorum, the question must be referred to the chairman of the meeting. The chairman's ruling about the director is conclusive, unless the nature or extent of the director's interests has not been fairly disclosed to the Board. If the question comes up about the chairman of the meeting, the question will be decided by a resolution of the Board. The chairman cannot vote on the question but can be counted in the quorum. The Board's resolution about the chairman is conclusive, unless the nature or extent of the chairman's interests has not been disclosed to the Board.

Clause 223

To the extent that CA, LR and the Constitution allow, the Board can exercise all the powers of the Company to:

(a) borrow money;

(b) mortgage or charge all or any part of the Company's business, property and assets (present and future);

(c) issue debentures and other securities; and

(d) give security (including (without limitation), guarantees, indemnities and mortgages and charges) either outright or as collateral security, for a debt, liability or obligation of the Company or another person.

14.1.3 Changes in capital and rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

Clause 21

The Company can issue new shares and attach any rights and restrictions to them, as long as this is not restricted by special rights previously given to holders of any existing shares. Subject to this, the rights of new shares can take priority over the rights of existing shares, or existing shares can take priority over them, or the new shares and the existing shares can rank equally. These rights and restrictions can apply to sharing in the Company's profits or assets. Other rights and restrictions can also apply, for example, those relating to the right to vote.

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Clause 24

If the Company's share capital is split into different classes of shares, the special rights attached to any of these classes can be varied or withdrawn if the shareholders approve this by passing a special resolution. This must be passed at a separate meeting of the holders of that class of shares. This is called a class meeting. Alternatively, the holders of at least 75% of the existing shares of the class (by voting rights) can give their written consent.

Clause 25

The parts of the Constitution which relate to General Meeting apply, with any necessary changes, to a class meeting, but with these adjustments:

25.1 a shareholder who is present in person or by proxy can demand a poll;

25.2 on a poll, the holders of shares will have one vote for every share of the class which they hold;

25.3 the vote will, anyhow, be by poll if LR requires this.

This is subject to any special rights or restrictions which are attached to a class of shares by the Constitution, or any rights attached to shares in some other way under the Constitution.

A special resolution of shareholders of the preference capital affected is required where preference capital is to be repaid (other than redeemable preference capital or any other alteration to preference shareholders' rights). However, where the majority for the special resolution is not obtained at a meeting, written consent given by holders of at least 75% of that preference capital within 2 months of that meeting shall be as valid and effective as a special resolution passed at a meeting.

Clause 26

Clauses 24 and 25 also apply if:

26.1 special rights of shares forming part of a class are varied or withdrawn. Each part of the class which is being treated differently is viewed as a separate class in applying this Clause;

26.2 preference shares are issued which rank equally with existing preference shares. However, these Clauses do not apply if the terms of issue of existing preference shares or the Constitution allows those preference shares to be issued.

Clause 37

The shareholders can pass a special resolution to reduce in any way the Company's share capital in accordance with Subdivision 4 of Division 1 of Part III of CA, whether with the confirmation of the Court or a solvency statement.

Clause 38

The shareholders can pass special resolutions to alter the Company's share capital in accordance with Section 84 of CA.

Clause 39

If any shares are consolidated or divided, the Board may deal with any fractions of shares which result or any other problem that arises. If the Board decide to sell any shares which represent fractions, they must sell for the best price they can reasonably obtain and distribute the net proceeds of sale among shareholders in proportion to their fractional entitlements or shall be disregarded and will be dealt with by the Board in such a manner as they deem fit at their absolute discretion and in the best interest of the Company. The Board can sell to a person (including the Company, if CA and LR allow) and can authorise a person to transfer those shares to the buyer or in accordance with the buyer's instructions. The buyer does not need to take any action to check how any money paid is used. The buyer's ownership will not be affected if the sale was irregular or invalid in any way.

Clause 40

The shareholders can also pass ordinary resolutions to convert any paid-up shares into stock and reconvert any stock into paid-up shares in accordance with Section 86 of CA.

14.1.4 Transfer of securities

Clause 50

Transfers of any listed security or class of listed security shall be by way of book entry by the Depository in accordance with DR. The Company shall not register or effect any transfer of listed securities although Sections 105, 106 and 110 of CA may say something else. It shall not do so despite Sections 103(1), 106 and 110 of CA. This does not, however, apply to a transfer of securities to the Depository or its nominee or from the Depository or its nominee to Depositors under Section 148(2) of CA or any transfer of securities under any exemption given from compliance with Section 148(1) of CA.

Clause 51

Where:

51.1 the securities of the Company are listed on another stock exchange; and

51.2 the Company is exempt from complying with Section 14 of SICDA or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as applicable, under DR in respect of such securities,

the Company shall, on request of a securities holder, allow securities held by that holder to be transmitted from the register of holders kept by the Registrar in the other stock exchange's jurisdiction, to the register of holders kept by the Registrar in Malaysia and the other way around. However, there must be no change in the ownership of such securities.

Clause 52

Transfers of Non-Depository Shares must be in any form which CA requires. If CA does not require a specific form, the transfer must be in the usual standard form, or another form approved by the Board. A transfer must be signed, or made effective in some other way, by or on behalf of the persons making and receiving the transfer.

Clause 53

The Depository may refuse to transfer any Deposited Shares which does not comply with SICDA and DR. A shareholder can transfer some or all of his Non-Depository Shares unless the Constitution says something else.

Clause 54

The transfer for Non-Depository Shares must be delivered to the Registered Office or some other place which the Board decide. The transfer must have with it:

54.1 the share certificate for shares to be transferred;

54.2 any other evidence which the Board ask for to prove that the person wanting to make or receive the transfer is entitled to do this; and

54.3 if the transfer is executed by another person on behalf of the person making or receiving the transfer, evidence of the authority of that person to do so.

Clause 55

A transfer delivered under Clause 54:

55.1 cannot be in favour of more than 4 joint holders;

55.2 must be properly stamped to show payment of any applicable stamp duty.

Clause 56

The Board can refuse to register such a transfer delivered:

56.1 where the transfer breaches any law or regulation or licensing or requirement (of any jurisdiction) which applies to the Company or any of its subsidiaries or any entity in which any of them have an interest;

56.2 where the transfer is unlawful under Malaysian law; or

56.3 the transfer relates to partly paid shares where a call has been made and is unpaid.

Clause 57

If the Board decide not to register a transfer of a share delivered under Clause 54, it must comply with Section 106 of CA.

Clause 58

If the Company registers a transfer delivered under Clause 54, it can keep the transfer. A transfer cannot be used to transfer more than 1 class of shares. Each class needs a separate transfer. No fee is payable to the Company for transferring Non-Depository Shares or registering changes relating to the ownership of any such shares.

Clause 59

The person making a transfer of Non-Depository Shares will be treated as continuing to be the shareholder until the name of the person to whom a share is being transferred is entered on the ROM for that share.

14.2 LIMITATION ON THE RIGHT TO OWN SECURITIES AND/OR EXERCISE VOTING RIGHTS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his/her/its Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his/her/its Shares to the Ministry of Finance and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be our shareholder and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

Subject to the above, there is no limitation on the right to own our Shares, including limitations on non-resident or foreign shareholders' right to hold or exercise voting rights on our Shares imposed by Malaysian law or by our Constitution.

14.3 SHARE CAPITAL

(i) As at the date of this Prospectus, we have only one (1) class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

(ii) The details of the share capital of our Company and our subsidiaries together with their respective changes for the past three (3) FYEs 2020 to 2022 and up to the LPD are disclosed in Sections 5.1.4 and 5.2 of this Prospectus respectively.

(iii) Save as disclosed in Section 5 of this Prospectus, there is no more than 10% of share capital of our Company or our subsidiaries has been paid for with assets other than cash, within the past three (3) years from the LPD.

(iv) Save for the SOP Awards as disclosed in Section 3.3.4 of this Prospectus, none of our Group's capital is under option, or agreed conditionally or unconditionally to be put under option.

(v) As at the date of this Prospectus, neither our Company nor our subsidiaries have any outstanding warrant, option, convertible security or uncalled capital in respect of our Shares.

(vi) Save for the Pink Form Allocations and LTIP as disclosed in Sections 3.3.1(ii) and 3.3.4 of this Prospectus, there is no other scheme involving our Directors and employees in the capital of our Group.

(vii) No Shares will be allotted, issued or offered on the basis of this Prospectus later than six (6) months after the date of this Prospectus.

14.4 EXCHANGE CONTROLS

As at the LPD, save as disclosed below, we do not have any foreign subsidiary or associated company which requires repatriation of capital and remittance of profits by or to our Group:

(i) Oppstar Technology owns 100% equity interest in Oppstar Shanghai whose registered capital is USD100,000, where the deadline to pay up the committed capital contribution is in March 2039. As at the LPD, Oppstar Technology has duly paid up 100% of the total registered capital of Oppstar Shanghai, which is USD100,000.

(ii) According to Foreign Investment Law, PRC Company Law and Corporate Income Tax Law, etc., foreign invested entities ("**FIEs**") are allowed to repatriate incomes out of sales of goods or services, income from royalties, dividends and/or profits attributable to its shareholders outside of PRC by satisfying certain procedures:

(a) for sales of goods or services and royalties, withholding tax, value-added tax (VAT) and surcharge, if applicable, have been deducted from the amount of payables evidenced by supporting tax clearance form.

(b) for distribution of dividends to shareholders outside of PRC,

(aa) the FIE has made up for losses in previous years, if any, until the losses of previous years have been fully made up;

(bb) the FIE has contributed 10% of the profits into their statutory surplus reserve before distributing their post-tax profits of the current year, unless the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital (where the balance of the statutory surplus reserve of a company is insufficient to make good its losses in the previous year, the company shall make good such losses using its profits of the current year before making contribution to the statutory surplus reserve);

(cc) the FIE has paid applicable corporate income tax (usually collected by local tax authority), and the applicable tax rate is 25% (if not being recognised as high and new technology enterprise, or enjoying preferential rate as small sized companies);

(dd) the FIE has duly adopted board of directors' resolution to distribute profits and dividends pursuant to audited financial statements by certified accountants; and

(ee) the FIE has duly deducted withholding tax (at the rate of 10%) for overseas shareholders of FIEs from such dividends or profits to be repatriated.

(iii) PRC exerts foreign exchange ("**Forex**") control measures over both current account items and capital account items, thus capital paid up in foreign currency by foreign shareholders will be administered by banks, and the paid up capital in foreign currency can be converted to RMB only for the purposes and needs for normal business operation, etc. Repatriation of income and profits shall go through a Forex clearance process primarily dealing with the banks which maintains Forex account for the FIE. According to Foreign Investment Law, foreign investors may freely remit into or out of China, in RMB or any other foreign currency, their capital contributions, profits, capital gains, income from asset disposal, intellectual property royalties, lawfully acquired compensation, indemnity or liquidation income and so on within the territory of China, and no organisation or individual may restrict the currency type and amount as well as the frequency of inbound and outbound remittance. The Forex clearance process is less relevant to the threshold of amount of the repatriated profits. In practice, however, the timeframe of Forex clearance may differ from place to place, subject to the FIE's size, amount of profits, and frequency of repatriation, etc., all of which factors may be taken into account by the Forex administration when examining the repatriated profits.

14.5 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contract (not being contract in the ordinary course of business) during the Financial Years Under Review and up to the date of this Prospectus:

(i) Oppstar, had on 13 January 2022, entered into a strategic partnership agreement with Sophic Automation for the subscription by Sophic Automation of 425,000 new ordinary shares in Alpha Core, representing 42.50% equity interest in Alpha Core for a total cash consideration of RM425,000. The Sophic Automation Subscription was completed on 17 January 2022.

The salient terms of the strategic partnership agreement are as follows:

	Details
Contracting parties	Oppstar and Sophic Automation (collectively, Oppstar and Sophic Automation shall be referred to as the "**Partners**")
Objective of the partnership	To become an established and preferred enabler of silicon validation engineering to the semiconductor IC design industries in Malaysia and globally.
Name of proposed company	Alpha Core was incorporated on 22 August 2019. Total issued and paid-up capital for Alpha Core as at 5 January 2022 is RM575,000 comprising 575,000 ordinary shares. Alpha Core is a wholly owned subsidiary of Oppstar prior to the proposed partnership. The principal activities of Alpha Core are the provision of post-silicon validation services, software and engineering solutions, IC design services and other related services.
Shareholdings after the completion of the partnership	Oppstar will own 57.50% of Alpha Core while Sophic Automation will own the remaining 42.50% of Alpha Core.

14. ADDITIONAL INFORMATION *(CONT'D)*

	Details
Arrangement of the capital commitment and capital injection	Oppstar shall maintain approximately RM575,000 of the NA value in the latest accounts as at 31 December 2021 and prior to Sophic Automation's injection of funds into the partnership, after which Sophic Automation will inject RM425,000 cash into an account to be specified to make up for Sophic Automation's portion of the shares in Alpha Core. Alpha Core will issue 425,000 ordinary shares at RM1 per share to Sophic Automation upon injection of the RM425,000 into Alpha Core's bank account. The ordinary shares issued to Sophic Automation will rank pari passu with all the existing shares of Alpha Core.
Role of each party of the Partners	Oppstar's roles and responsibilities within the partnership are as follows: • finance and administrative functions of Alpha Core; • sales and marketing especially towards the customers in East Asia; • assistance to develop pre-silicon capabilities within Alpha Core; and • act as the key manager for the operation of Alpha Core. Sophic Automation's roles and responsibilities within the partnership are as follows: • to assist on the human resource and payroll function of Alpha Core; • sales and marketing especially on the areas where Sophic Automation has developed in the past years; • develop post silicon capabilities; and • introduction of the engineering lab automation capabilities of Alpha Core. The Partners are committed to grow the partnership and its respective roles and responsibilities may go beyond those mentioned above.
Transaction & Costing	Both parties agreed to keep the profit from all transactions related in the partnership scope in Alpha Core with the intention to grow the business. All related party transactions shall be kept at cost plus in a transparent and arm's length manner. The Partners, shall ensure that the transactions will comply with the transfer pricing guidelines of the respective tax jurisdiction.
Further injection of funds for the operations of the Partnership	The Partners are committed to further inject additional capital as and when necessary to grow the business to ensure the sustainability of Alpha Core. The Partners shall commit to ensure the partnership has at least two (2) months of operational cashflow for the partnership at all times. In the event, either one (1) of the Partners is not agreeable to further inject funds when the partnership has less than two (2) months of operations cashflow, the party who rejects to further inject funds into the partnership shall not prohibit the other party from doing so. Unless agreed otherwise by both the Partners, the valuation for each new share to be issued in the event that additional capital is injected into Alpha Core shall be at 1.00 time of Alpha Core's latest audited NA value per share.

	Details
	The Partners shall not prevent Alpha Core from further raising funds through equity, debt or other means of financing from external source as long as the conditions of the funds are reasonable.
Termination	The partnership is set up with the aim to achieve the common agreed objective and with no intention to be abolished. Nevertheless, it is agreed that both parties shall commit to review the business growth and operation of the partnership at each anniversary of the establishment of the partnership, and if any party intends to withdraw from the partnership, its shares will be sold and transferred to the other party at prevailing book value of Alpha Core. Book value is defined to be the NA value of Alpha Core.

(ii) Our Company had on 2 February 2023, entered into the Underwriting Agreement with the Sole Underwriter for the underwriting of 54,077,000 IPO Shares under Section 3.3.1(i) and 3.3.1(ii) of this Prospectus, in accordance with the terms and conditions as set out in the Underwriting Agreement. Further details of the Underwriting Agreement are set out in Section 3.9 of this Prospectus.

14.6 PUBLIC TAKE-OVER

None of the following has occurred during the last financial year up to the LPD:

(i) public take-over offers by third parties in respect of our Shares; and

(ii) public take-over offers by us in respect of other company's shares.

14.7 CONSENTS

(i) Our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter, Company Secretary, Solicitors, Share Registrar and Issuing House have given their respective written consents for the inclusion in this Prospectus of their names and all references in the form and context in which such names appear before the issue of this Prospectus, and such consents have not subsequently been withdrawn.

(ii) Our Auditors and Reporting Accountants have given their written consent for the inclusion in this Prospectus of their name, Accountants' Report, Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 30 September 2022 and all references thereto in the form and context in which they are contained in this Prospectus before the issue of this Prospectus, and such consent has not subsequently been withdrawn.

(iii) Our IMR has given their written consent for the inclusion in this Prospectus of their name, IMR Report and all references thereto in the form and context in which they are contained in this Prospectus before the issue of this Prospectus, and such consent has not subsequently been withdrawn.

14.8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at No. 39, Irving Road, 10400 Georgetown, Pulau Pinang a during normal office hours for a period of six (6) months from the date of this Prospectus:

(i) our Constitution;

(ii) the audited financial statements of Oppstar for the FYE 2022 and FPE 2023;

(iii) the audited financial statements of each of our subsidiaries for the FYEs 2020, 2021 and 2022, where applicable;

(iv) the IMR Report as included in Section 7 of this Prospectus;

(v) the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 30 September 2022 as included in Section 11.9 of this Prospectus;

(vi) the Accountants' Report as included in Section 12 of this Prospectus;

(vii) the By-Laws as included in Section 13 of this Prospectus;

(viii) the material contracts referred to in Section 14.5 of this Prospectus; and

(ix) the letters of consent referred to in Section 14.7 of this Prospectus.

14.9 RESPONSIBILITY STATEMENTS

Our Directors and Promoters 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.

Affin Hwang IB, being our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

15.1 OPENING AND CLOSING OF APPLICATIONS

Applications for our IPO Shares will be accepted and closed at the time and date stated as below:

OPENING OF THE APPLICATIONS: 10.00 A.M., 22 FEBRUARY 2023

CLOSING OF THE APPLICATIONS: 5.00 P.M., 3 MARCH 2023

If there is any change to the time or date for the closing of the applications for our IPO Shares, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper within Malaysia and announce it on Bursa Securities' website accordingly. The dates for the balloting of the applications for our IPO Shares, the allotment of our IPO Shares and our Listing would then be extended accordingly.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATION

Applications must accord with the terms of our Prospectus and our Constitution. You agree to be bound by our Constitution.

15.2.1 Application for our IPO Shares by the Malaysian Public and the Eligible Persons

Types of Application and category of investors	**Application method**
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only
Applications by the Eligible Persons	Pink Application Form only

The submission of an Application Form does not mean that your Application will succeed.

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15.2.2 Application for our IPO Shares via private placement

Types of Application	Application method
Applications by:	
(i) Selected Investors	Our Sole Placement Agent will contact the Selected Investors directly. They should follow the Sole Placement Agent's instructions
(ii) Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow the MITI's instructions

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted for the Applications.

Only **ONE (1)** Application Form for **each category** from each applicant will be considered and **APPLICATION MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares;

(b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(CONT'D)*

(ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iii) You must submit the Application by using only one (1) of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

15.3.3 Application by the Eligible Persons

Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation.

The Eligible Persons who have made applications using the Pink Application Form may still apply for our IPO Shares allocated to the Malaysian Public using the White Application Form or through the Electronic Share Application or the Internet Share Application.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions printed therein or which are illegible will not be accepted.

The FULL amount payable is RM0.63 for each IPO Share.

Payment must be made out in favour of **"MIH SHARE ISSUE ACCOUNT NO. 627"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

(ii) or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 3 March 2023 or by such other time and date specified in any change to the time or date for the closing of the applications for our IPO Shares.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Form or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Applications.

Electronic Share Applications may be made through the ATMs of these Participating Financial Institutions and their branches namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of these Internet Participating Financial Institutions namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

(i) reject Applications which:

(a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(b) are illegible, incomplete or inaccurate; or

(c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within one (1) Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in Section 3.3.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Sole Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/ registered post to your registered or correspondence address last maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the National registration identity card ("**NRIC**") or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by the issuance of banker's draft sent by ordinary/registered post to your registered or correspondence address last maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot.

(iv) For Applications that are held in reserve and subsequently unsuccessful or partially successful, the relevant Participating Financial Institution or Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institution or Internet Participating Financial Institution will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) Our IPO Shares allotted to you will be credited into your CDS Account.

(ii) A notice of allotment will be despatched to you at your registered or correspondence address last maintained with Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. Consequently, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealing in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No share certificates will be issued to you and you shall not be entitled to withdraw any deposited security held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at telephone no. +603-7890 4700
Electronic Share Application	The relevant Participating Financial Institution
Internet Share Application	The relevant Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities or the Issuing House at the telephone no. +603-7890 4700 between five (5) to 10 Market Days (during office hours only) after the final ballot day.

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ANNEXURE A: OUR MATERIAL PROPERTIES

A.1 MATERIAL PROPERTY OWNED BY OUR GROUP

As at the LPD, we do not have any material property owned by our Group.

A.2 MATERIAL PROPERTIES RENTED BY OUR GROUP

As at the LPD, the details of the material properties rented by our Group are as follows:

No.	Location/ Title No.	Landlord/ Beneficial owner	Tenant	Description/ Existing Use	Monthly Rental (RM)	Approximate land area/ Built-up area (sq ft)	Period of Tenancy	Date of issuance of CF/ CCC
1.	Level 6, Block G, Left Wing, Building I2U, Sains@USM, 10 Persiaran Bukit Jambul, 11900 Bayan Lepas, Pulau Pinang/ Lot 11516 Mukim 13, Daerah Timor Laut, Negeri Pulau Pinang held under Pajakan Negeri Hakmilik No. 6835, ("**Lot 11516**")	USM	Oppstar Technology	An office unit at 6th floor of a nine (9)-storey corporate building/ Corporate office	10,500.00	926,966.44/ 3,750.00	1 January 2023 till 31 August 2025	29 April 2019

ANNEXURE A: OUR MATERIAL PROPERTIES *(CONT'D)*

No.	Location/ Title No.	Landlord/ Beneficial owner	Tenant	Description/ Existing Use	Monthly Rental (RM)	Approximate land area/ Built-up area (sq ft)	Period of Tenancy	Date of issuance of CF/ CCC
2.	Level 6, Block G, Right Wing, Building I2U, Sains@USM, 10 Persiaran Bukit Jambul, 11900 Bayan Lepas, Pulau Pinang/ Lot 11516	USM	Oppstar Technology	An office unit at 6th floor of a nine (9)-storey corporate building/ Corporate office	9,000.00	926,966.44/ 3,750.00	1 September 2020 till 31 August 2023	29 April 2019
3.	Level 7, Block G, Left Wing, Building I2U, Sains@USM, 10 Persiaran Bukit Jambul, 11900 Bayan Lepas, Pulau Pinang/ Lot 11516	USM	Oppstar Technology	An office unit at 7th floor of a nine (9)-storey corporate building/ Corporate office	5,335.65	926,966.44 / 1,905.59	1 October 2020 till 30 September 2023	29 April 2019

ANNEXURE A: OUR MATERIAL PROPERTIES *(CONT'D)*

No.	Location/ Title No.	Landlord/ Beneficial owner	Tenant	Description/ Existing Use	Monthly Rental (RM)	Approximate land area/ Built-up area (sq ft)	Period of Tenancy	Date of issuance of CF/ CCC
4.	L2-E-7A, Enterprise 4, Lebuhraya Bukit Jalil, Taman Teknologi Malaysia, 57000 Bukit Jambul, Kuala Lumpur/ PT 13799, Tempat Technology Park Malaysia, Mukim Petaling, Daerah Kuala Lumpur held under Hakmilik Sementara Daftar 116017	Technology Park Malaysia Corporation Sdn Bhd (now known as Mranti Corporation Sdn Bhd)	Oppstar Technology	A unit at second floor of a six (6) storey commercial building/ Corporate office	15,365.00	1,066,778.90/ 4,390.00	15 December 2021 till 14 December 2023	13 December 2001
5.	Level 5, Block G, Left Wing, Building I2U, Sains@USM, 10 Persiaran Bukit Jambul, 11900 Bayan Lepas, Pulau Pinang/ Lot 11516	USM	Alpha Core	An office unit at 5th floor of a nine (9)-storey corporate building / Corporate Office	11,211.20	926,966.44/ 4,004.00	1 October 2020 till 30 September 2023	29 April 2019

The properties disclosed above are not in breach of any land use condition or current regulatory requirements, land rules, building regulations or environmental issues which may materially affect our operations and the utilisation of the said properties.

ANNEXURE B: OUR MAJOR LICENCES AND PERMITS

As at the LPD, the details of our major licences and permits for our operations, together with the main conditions imposed and the corresponding status of compliance, are as follows:

No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
1.	Oppstar Technology	Majlis Bandaraya Pulau Pinang ("**MBPP**")	Business licence for advertising signboard used at business office located at I2U Building, Sains @ USM, 10, Persiaran Bukit Jambul, 11900 Pulau Pinang.	PA012624/2022/ LC2022089655	7 December 2022/ 31 December 2023	Nil	N/A
2.	Alpha Core	MBPP	Business licence for advertising signboard used at business office located at Left Wing, Blok G, 10, Persiaran Bukit Jambul, 11900 Bayan Lepas, Pulau Pinang.	PA012652/2022/ LC2022089695	7 December 2022/ 31 December 2023	Nil	N/A

ANNEXURE B: OUR MAJOR LICENCES AND PERMITS *(CONT'D)*

No.	Licensee	Approving Authority / Issuer	Description of Licence / Permit	Licence No. / Reference No. / Registration No.	Effective Date / Date of Expiry	Major Conditions Imposed	Status of Compliance
3.	Oppstar Technology	Dewan Bandaraya Kuala Lumpur	Business licence for business office and advertising signboard used at business office located at L2-E-7A, Enterprise 4, Lebuhraya Bukit Jalil, Taman Teknologi Malaysia, 57000 Kuala Lumpur.	DBKL.JPPP/01100/01/2023/KM01	18 January 2023/ 17 January 2024	Workers at the premises shall have 50% Malaysian workers and for the 50% non-Malaysian shall have valid working permits	Complied, all workers are Malaysians.
4.	Oppstar Shanghai	Market Supervision Administration of Lin'gang New Zone, China (Shanghai) Pilot Free Trade Zone	Business licence (Certificate of Incorporation)	Registration No. 91310000MA1HR62HXL (Serial No. of Certificate 42000002202112020008)	9 April 2019/ 8 April 2039	Nil	N/A