

Compugates Holdings Berhad
Company No. 200401030779 (669287 - H)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) 134

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financing Reporting Standard (“IFRSs”) and the requirement of the Companies Act, 2016 in Malaysia.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2023.

2. Changes in Accounting Policies

The accounting policies adopted in this interim financial report are consistent with the audited consolidated financial statements for the financial year ended 31 December 2023.

The Group and the Company adopted the amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2023.

The initial application of the amendments/improvement to standards did not have a material impact to the financial statements of the Group and of the Company. The details of the amendments are disclosed below:-

Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant’ with material’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Malaysian Accounting Standards Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in MFRS Practice Statement 2.

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2. Changes in Accounting Policies (Con't)

Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies (Con't)

The amendments have impact on the Group's and the Company's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

Standards issued but not yet effective

The Group and the Company have not applied early the following MFRS that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

Amendments to MFRS effective 1 January 2024:

Amendments to MFRS 16*#	Lease - Lease Liability in a Sale and Leaseback
Amendments to MFRS 101*#	Presentation of Financial Statements - Non-current Liability with Covenants
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 107*# and MFRS 7*#	Statement of Cash Flows and Financial Instruments: Disclosure – Supplier Finance Arrangements

MFRS and Amendments to MFRS effective 1 January 2025:-

Amendments to MFRS 121*#	The Effect of Changes in Foreign Exchange Rates - Lack of Exchangeability
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Amendments to MFRSs - effective date deferred indefinitely:

Amendments to MFRS 10 and 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* Not applicable to the Company's operation

Not applicable to the Group's operations

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2. Changes in Accounting Policies (Con't)

Standards issued but not yet effective

The Group and the Company intend to adopt these new and amended standards, if applicable, when they become effective. The initial application of the above standards and amendments are not expected to have any material financial impact to the financial statements of the Group and the Company.

3. Status of Audit Opinions

The auditors' report on the financial statements for the financial year ended 31 December 2023 was not subject to any qualification.

4. Items of Unusual Nature and Amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter under review and financial year-to-date.

5. Seasonal or Cyclical Factors

The demand for certain imaging and information technology products are seasonal in nature and the sales of these products are usually higher towards the end of the financial year due to festive seasons.

6. Nature and Amount of Changes in Estimates

There were no changes in the estimates of amounts reported in the prior interim period of the current financial year or changes in the estimates of amounts reported in the prior financial years that have a material effect in current quarter under review and financial year-to-date.

7. Debt and Equity Securities

There were no issuances, repurchases or repayments of debt and equity securities during the current quarter under review and financial year-to-date.

8. Dividends Paid

There were no dividends paid during the current quarter under review and financial year-to-date.

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9. Segmental Information (Analysis by business nature of the Group Results)

	Current Year Quarter Ended 31 Mar 2024 RM'000	Corresponding Quarter Ended 31 Mar 2023 RM'000	Current Year To Date 31 Mar 2024 RM'000	Corresponding Period Ended 31 Mar 2023 RM'000
SEGMENT REVENUE				
Trading & Service	5,351	1,790	5,351	1,790
Agriculture & Energy	-	1	-	1
Property	-	-	-	-
	5,351	1,790	5,351	1,790
Inter-segment sales	-	-	-	-
TOTAL	5,351	1,790	5,351	1,790
	Current Year Quarter Ended 31 Mar 2024 RM'000	Corresponding Quarter Ended 31 Mar 2023 RM'000	Current Year To Date 31 Mar 2024 RM'000	Corresponding Period Ended 31 Mar 2023 RM'000
SEGMENT RESULTS				
Trading & Service	(1,248)	(1,195)	(1,248)	(1,195)
Agriculture & Energy	(625)	(1,253)	(625)	(1,253)
Property	-	-	-	-
	(1,873)	(2,448)	(1,873)	(2,448)

The Group registered revenue of approximately RM 5.4 million for the quarter ended 31 March 2024, which was approximately RM 3.6 million higher as compared to the preceding corresponding quarter ended 31 March 2023 of approximately RM 1.8 million.

10. Changes in Contingent Liabilities and Contingent Assets

There were no changes in the contingent liabilities and assets of the Group since the last audited date of the statement of financial position.

11. Significant Related Party Transactions

There were no recurrent related party transactions enter during the current quarter under review and financial year-to-date.

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12. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

13. Significant Subsequent Events

On 04 April 2024, the Board of Directors (“Board”) of Compugates Holdings Berhad (“CHB”) announced the following:-

In the Court of Appeal, Civil Appeal No. B-01(IM)(NCvC)-92-02/2024

On 26 March 2024, Compugates Development and Mining Sdn Bhd (“**Appellant**”) has entered Consent Judgement with Main Uptown Sdn Bhd (“**First Respondent**”) and Pentadbir Tanah Daerah Sepang (“**Second Respondent**”) on the following terms:-

1. Appellant shall pay the First Respondent the judgment sums totaling RM5,317,123.29 (RM5,000,000.00 being the initial deposit under Joint Venture Agreement) pursuant to the High Court’s Judgment dated 13 January 2022 (“**Judgment**”) and the Court of Appeal’s Order dated 28 August 2023 (“**COA Order**”), which consists of:
 - 1.1. The sum of RM 2,000,000.00 pursuant to the Judgment;
 - 1.2. The sum of RM 3,000,000.00 pursuant to the COA Order;
 - 1.3. The sum of RM 218,904.11 being the interest at the rate of 5% per annum on the sum of RM 2,000,000.00 calculated from 22 February 2022 until 1 May 2024; and
 - 1.4. The sum of RM 98,219.18 being the interest at the rate 5% per annum on the sum of RM 3,000,000.00 calculated from the date of 5 September 2023 until 1 May 2024. (collectively, “**Judgment Sum**”);
2. The full Judgment Sum shall be paid by Appellant to First Respondent in the following manner:-

The Compensation Sum deposited in Court pursuant to the Shah Alam High Court Order dated 19 December 2018 in Originating Summon No. BA-24NCvC-1363-11/2018 and the interest accrued thereon which Appellant is entitled to pursuant to the Judgment and COA Order (“**Money in Court**”) shall be released by the Court, Pentadbir Tanah Daerah Sepang, Jabatan Ketua Pengarah Tanah dan Galian (Persekutuan) Negeri Selangor, Selangor State Legal Adviser, Accountant General’s Department of Malaysia and/or any other relevant parties who is in charge with the process of the release of the Money in Court, to the following parties:

- (a) first, a sum equivalent to the Judgment Sum shall be paid out from the Money in Court directly to First Respondent’s solicitors, Messrs Raja, Darryl & Loh (“**First Respondent’s Solicitors**”); and
- (b) thereafter, the balance remaining sum of the Money in Court (less the Judgment Sum) shall be paid directly to Appellant’ solicitors, Messrs Dhyhan & Co (“**Appellant’ Solicitors**”);

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13. Significant Subsequent Events (Con't)

3. Upon receipt of the full Judgment Sum in the manner as stated in paragraph 2(a) above, First Respondent's Solicitors shall place a sum of RM 500,000.00 from the Judgment Sum, in an interest bearing account under First Respondent's Solicitors' name as stakeholder ("**Stakeholder Sum**"), and release the remaining balance Judgment Sum to First Respondent;
4. The following shall apply as the case may be:
 - 4.1. In the event First Respondent's Solicitors receives the full Judgment Sum before 1 May 2024, First Respondent's Solicitors undertakes to return the excess interest amount (i.e. the interest calculated between the date of actual receipt of the full Judgment Sum to 1 May 2024) to Appellant' Solicitors, within 10 working days from the date First Respondent's Solicitors receives the full Judgment Sum; or
 - 4.2. In the event First Respondent's Solicitors receives the full Judgment Sum after 1 May 2024, Appellant' Solicitors undertake to pay within 10 working days from the date Appellant' Solicitors receives the Judgment Sum, the shortfall in the interests payable pursuant to the Judgment and the COA Order, to be calculated from 2 May 2024 until the date of actual receipt of the full Judgment Sum by Appellant' Solicitors, failing which, the Stakeholder Sum shall be released by First Respondent's Solicitors to First Respondent immediately and First Respondent reserves its right to claim for such shortfall in the interests payable by Appellant;
5. The Stakeholder Sum shall be maintained until the disposal of the assessment of damages proceeding in the Shah Alam High Court Originating Summon No. BA-24NCvC-1150-07/2022 ("**Assessment Proceeding**") before the High Court only;
6. Upon the High Court's delivery of its decision for the Assessment Proceeding ("**HC Decision**"), the Stakeholder Sum along with all interests earned thereon shall be released by First Respondent's Solicitors in accordance with the outcome of HC Decision. In the event there is any damages awarded to Appellant in the HC Decision, the Stakeholder Sum along with the interest earned thereon shall be utilised to satisfy such damages awarded to Appellant and the remaining balance of the Stakeholder Sum, if any, shall be released to First Respondent. In the event there is no damages awarded to Appellant in the HC Decision, the Stakeholder Sum along with the interest earned thereon shall be released to First Respondent in full;
7. Both Appellant' and First Respondent's solicitors shall jointly liaise with the Court, Pentadbir Tanah Daerah Sepang, Jabatan Ketua Pengarah Tanah dan Galian (Persekutuan) Negeri Selangor, Selangor State Legal Adviser, Accountant General's Department of Malaysia and/or all other relevant parties to facilitate the release of the Money in Court in accordance with paragraph 2 above;
8. The Money in Court shall be released in accordance with paragraph 2 above, within 14 days from the date of this Consent Judgment; and
9. No order as to costs.

The Company will make further announcement on any material development in due course.

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14. Capital Commitment

The Group has no capital commitment as of 31 March 2024.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15. Detailed Performance Analysis

	Individual Period (1st quarter)				Cumulative Period			
	Current Year Quarter	Preceding Year Correspond- ing Quarter	Changes		Current Year To Date	Preceding Year Correspond- ing Period	Changes	
	31 Mar 2024	31 Mar 2023	RM	%	31 Mar 2024	31 Mar 2023	RM	%
Revenue	5,351	1,790	3,561	198.9	5,351	1,790	3,561	198.9
Operating Losses	(1,772)	(2,456)	684	27.9	(1,772)	(2,456)	684	27.9
Loss Before Interest & Tax	(1,772)	(2,456)	684	27.9	(1,772)	(2,456)	684	27.9
Loss Before Tax	(1,885)	(2,461)	576	23.4	(1,885)	(2,461)	576	23.4
Loss After tax	(1,873)	(2,448)	575	23.5	(1,873)	(2,448)	575	23.5
Loss attributable to ordinary equity holder of the parent	(1,770)	(2,392)	622	26.0	(1,770)	(2,392)	622	26.0

The Group registered revenue of approximately RM 5.4 million for the current quarter ended 31 March 2024, which was approximately RM 3.6 million higher as compared to the preceding corresponding quarter ended 31 March 2023 of approximately RM 1.8 million. The increased in revenue mainly contributed by higher turnover in IT hardware and related products as a result of effective in in-house marketing strategy and the attractive campaigns promoted by Partner.

The Group recorded a loss before taxation (“LBT”) during the current quarter ended 31 March 2024 of approximately RM 1.9 million, which was approximately RM 0.6 million lower as compared to the preceding year corresponding quarter ended 31 March 2023 of approximately RM 2.5 million. The lower LBT was mainly due to cost saving in administrative expenses.

The Group recorded a loss after taxation (“LAT”) during the current quarter ended 31 March 2024 of approximately RM 1.9 million, which was approximately RM 0.6 million lower as compared to the preceding year corresponding quarter ended 31 March 2023 of approximately RM 2.4 million. The underlying factors for lower LAT are similar to the explanation mentioned above for LBT.

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15. Detailed Performance Analysis (cont'd)

	Current Quarter	Immediate Preceding Quarter	Changes	
	31 Mar 2024	31 Dec 2023	RM	%
Revenue	5,351	4,920	431	8.8
Operating Losses	(1,802)	(2,049)	247	12.1
Loss Before Interest & Tax	(1,802)	(2,049)	247	12.1
Loss Before Tax	(1,885)	(2,309)	424	18.4
Loss After tax	(1,873)	(2,296)	423	18.4
Loss attributable to ordinary equity holder of the parent	(1,770)	(2,021)	251	12.4

The Group registered revenue of approximately RM 5.4 million for the quarter ended 31 March 2024, which was approximately RM 0.4 million higher as compared to the immediate preceding quarter ended 31 December 2023 of approximately RM 4.9 million. The revenue increased mainly due to the higher revenue contribution from IT and Services segment.

The Group recorded LBT of approximately RM 1.9 million for the quarter ended 31 March 2024, which was approximately RM 0.4 million lower as compared to the immediate preceding quarter ended 31 December 2023 by approximately RM 2.3 million. The lower LBT for current quarter was mainly due to decreasing of administrative expenses and finance cost.

The Group recorded a LAT of approximately RM 1.9 million for the quarter ended 31 March 2024, which was approximately RM 0.4 million lower as compared to the immediate preceding quarter ended 31 December 2023 of approximately RM 2.3 million. The factors leading to lower LAT for the current quarter are identical to those factors mentioned above for the current quarter LBT.

16. Current Year Prospect

The Board is of the view that, barring any unforeseen circumstances, the trading and distribution business is expected to remain very challenging given the competitive market environment. To bolster the effects, the Company is expanding its sale and marketing channels by leveraging into e-commerce platforms.

Currently, the Company is primarily focused on ensuring the smooth facilitation of phase 1 of the joint development of land which involves the development of 418 units of houses, 278 units of Rumah Selangorku and other relevant residential infrastructure. Phase 1 of the Joint-Venture Agreement (“JVA”) Development is expected to commence sales in the second half of 2024 once the earthworks stage is completed and upon successful sales,

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16. Current Year Prospect (Con't)

the Group will receive its Phase 1 GDV Entitlement, which is approximately RM46.00 million or 20.00% of the GDV of phase 1 of the GDV Development (i.e. RM 230 million).

Additionally, the Company's agarwood plantation spans over 54 acres of land in Kuala Kangsar, Perak, which houses approximately 20,312 agarwood trees. Upon the successful process of inoculation on the 20 agarwood trees and collaboration with Mega Agarwood Trading (M) Sdn Bhd ("MATMSB"), Loh Kim Yong ("KY Loh") and Yeo Tien Kiong ("TK Yeo") this may provide the Company with a window to further expand its agarwood capacity. The Board opines that such expansion may contribute positively to the future earnings of the Company and thus, improving the financial performance and financial position of the Company moving forward.

17. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes on the variance of actual profit and forecast profit and on shortfall in profit guarantee are not applicable.

18. Tax Expense

	Current Year Quarter Ended 31 Mar 2024 RM'000	Corresponding Quarter Ended 31 Mar 2023 RM'000	Current Year To Date 31 Mar 2024 RM'000	Corresponding Period Ended 31 Mar 2023 RM'000
Current tax expense:				
- for the quarter	-	-	-	-
Deferred taxation				
- Origination and reversal of temporary differences	<u>(13)</u>	<u>(13)</u>	<u>(13)</u>	<u>(13)</u>
	<u>(13)</u>	<u>(13)</u>	<u>(13)</u>	<u>(13)</u>

The Group's recognised tax expense despite loss before taxation mainly due to certain expenses being disallowed for taxation purposes, and losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

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19. Status of Corporate Proposals

On 08 March 2024, the Board of Directors (“Board”) of Compugates Holdings Berhad (“CHB”) informed that as at 8 March 2024, the Company has yet to fully utilise the proceeds raised from the Private Placement that was proposed on 20 January 2022 and the Board requires additional time to utilise the balance proceeds amounting to approximately RM2.20 million for the purchase of an Integrated Water Supply System Scheme and RM0.40 million of working capital for inoculation of Gaharu trees (“Extension of Time”).

The Board has resolved to extend the time frame for the utilisation of the said proceeds for another twenty-four (24) months period from 24 March 2024 to 23 March 2026 (“Revised Time Frame”) to provide additional time for the Group to utilise the balance of proceeds on the aforementioned projects. The details of the Revised Time Frame are as follows:

Description	Proposed Utilisation RM'000	Proceeds Raised RM'000	Actual Utilisation RM'000	Balance Unutilised Proceeds RM'000	Timeframe for Utilisation from the Receipt of Proceeds from the Date of Listing, i.e 23 Mar 2022	Intended Timeframe for Utilisation	Proposed Revised Timeframe
Working Capital	8,802	4,600	(4,204)	396	Within 24 months	23.03.2026	23.03.2026
Purchase of an Integrated Water Supply System Scheme	2,200	2,200	-	2,200	Within 24 months	23.03.2026	23.03.2026
Estimated expenses	75	75	(75)	-	Immediate		
Total	11,077	6,875	(4,279)	2,596			

The Extension of Time for the utilization of proceeds is not subject to approval from any regulatory authorities or from the Company’s shareholders. Nevertheless, the Company is committed to maintaining a vigilant and prudent approach in the management of the remaining proceeds derived from the Private Placement. Ongoing transparency will be upheld through regular disclosures of the utilization status in the Company’s quarterly results and annual reports until the funds are fully utilised.

The Board, after thorough consideration of all aspects of the proposed Extension of Time, is of the opinion that it will not have a material adverse effect on the financial performance of the Group and is in the best interest of the Group.

On 17 May 2024, the Board of CHB informed that Compugates Marketing Sdn Bhd (“CMSB”) a wholly owned sub-subsidiary of CHB had on 15 May 2024 acquired 49% equity interest in Compugates Sabah Sdn Bhd (“CSSB”) for a cash consideration of RM1.00, with the rationale to maintain complete control of the company to enable future expansion into other business ventures.

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20. Utilisation of proceed

- i. Private Placement of up to 20% of the issued shares, involving up to 763,940,372 new CHB Shares (“Placement Shares”) was approved by the shareholders of CHB at an extraordinary general meeting held on 4 February 2022 (“Proposed Private Placement”).

Bursa Securities had, vide its letter dated 4 January 2022, resolved to approve the listing and quotation for up to 763,940,372 Placement Shares to be issued pursuant to the Proposed Private Placement.

On 23 March 2022, the Private Placement was deemed completed with the listing of 763,940,372 new CHB Shares raising total gross proceeds of RM6.88 million. The details and status of the utilisation of proceeds are as follows:

Detail of utilisation	Approved Limit	Proceed Raised	Actual Utilisation	Balance
	RM	RM	RM	RM
Working capital requirements	8,802,000.00	4,600,463.35	4,204,223.18	396,240.17
Purchase of Integrated Water Supply Scheme	2,200,000.00	2,200,000.00	-	2,200,000.00
Expenses for private placement exercise	75,000.00	75,000.00	75,000.00	-
Total	11,077,000.00	6,875,463.35	4,279,223.18	2,596,240.17

- ii. Private Placement of up to 20% of the issued shares, involving up to 916,728,447 new Placement Shares was approved by the shareholders of CHB at an extraordinary general meeting held on 23 December 2022 (“Proposed Private Placement”).

Bursa Securities had, vide its letter dated 22 November 2022, resolved to approve the listing and quotation for up to 916,728,447 Placement Shares to be issued pursuant to the Proposed Private Placement.

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20. Utilisation of proceed (Cont'd)

On 23 February 2023, the Private Placement was deemed completed with the listing of 916,728,447 new CHB Shares raising total gross proceeds of RM 9.87 million. The details and status of the utilisation of proceeds are as follows:

Detail of utilisation	Approved Limit RM	Proceed Raised RM	Actual Utilisation RM	Variation of the Utilisation of Proceeds RM	Balance RM
Working capital requirements	10,655,834.03	8,145,988.02	7,827,070.05	1,600,000.00	1,918,917.97
Repayment to Lead Developers for construction cost of the Access Road	1,600,000.00	1,600,000.00	-	(1,600,000.00)	-
Expenses for private placement exercise	120,000.00	120,000.00	120,000.00	-	-
Total	12,375,834.03	9,865,988.02	7,947,070.05	-	1,918,917.97

21. Borrowings and Debt Securities

The Group's borrowings denominated in RM are as follows:

	As at 31 Mar 2024 RM'000	As at 31 Dec 2023 RM'000
Long and Short term borrowings – unsecured		
- Loans from director /Chief Executive Officer/person related to director/ bank	2,537	1,472
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22. Realised and Unrealised (Losses)/Profit Disclosure

	As at 31 Mar 2024 RM'000	As at 31 Dec 2023 RM'000
Total accumulated losses of Compugates Holdings Berhad and subsidiaries:		
Realised	(146,391)	(144,209)
Unrealised	94,345	94,345
	<u>(52,046)</u>	<u>(49,864)</u>
Less: Consolidation adjustments	44,090	43,634
Total retained earnings	<u>(7,956)</u>	<u>(6,230)</u>

23. Material Litigation

Compugates Development and Mining Sdn Bhd (“CDMSB”) had on 18 August 2015 entered into a joint venture agreement (“MUSB JVA”) with Main Uptown Sdn Bhd (“MUSB”), as the developer, for the joint development of a parcel of leasehold land owned by CDMSB identified as H.S. (D) 13828, PT 26800, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan, measuring approximately 154,990 square metres (“MUSB JV Land”) into a mixed development. On 13 December 2017, CDMSB received a letter from Lembaga Lebuhraya Malaysia informing that based on the land acquisition plan received from MEX II Sdn Bhd, the MUSB JV Land is affected by the construction of Lebuhraya MEX2. Subsequently, on 15 October 2018, CDMSB received a compensation offer of RM9,397,400.00 (“Compensation Sum”) for the compulsory acquisition of 0.9892 hectares of the land which was part of the MUSB JV Land and a further sum of RM750,014.25 for incidental costs payable to CDMSB, which CDMSB accepted with objection. The Compensation Sum was paid to the Shah Alam High Court by the land administrator as there was a caveat lodged on the MUSB JV Land by MUSB pursuant to the MUSB JVA.

On 26 March 2019, CDMSB filed an originating summons against MUSB at the Shah Alam High Court for a declaration that CDMSB was entitled to the full Compensation Sum and for the entire Compensation Sum to be released to CDMSB. In the meantime, CDMSB had on 8 May 2019 served a notice on MUSB to formally terminate the MUSB JVA as MUSB had failed to comply with the terms of the MUSB JVA but MUSB was insisting that though it failed to comply with the conditions precedent, the MUSB JVA was still on-going. The CDMSB's originating summons against MUSB in Shah Alam High Court had been converted to a writ by order of the Court and a writ of claims had been filed on 31 October 2019.

- **In respect of the Civil Suit No. BA-22NCVC-425-09/2019 CDMSB vs MUSB**

The full trial for the matter had been completed on 13 January 2022 and the Shah Alam High Court had ruled in favor of CDMSB and declared that CDMSB was entitled to the whole Compensation Sum of RM9,397,400.00 in respect of the land acquisition of 0.9892 hectares of land and that the MUSB JVA is terminated, not valid and binding. The sum of RM3,000,000.00 from the deposit paid by MUSB is forfeited as liquidated damages and

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23. Material Litigation (Con't)

the balance sum of RM2,000,000.00 paid under the MUSB JVA is to be refunded before or on 21 February 2022 and 5% interest per annum will be imposed from 22 February 2022 if there is a failure to refund. The private caveat is to be removed/ cancelled immediately and the counter claim is dismissed with cost of RM30,000.00 to be paid by MUSB to CDMSB.

On 28 January 2022, MUSB had filed an appeal to the Court of Appeal against part of the decision made by High Court of Malaya at Shah Alam on 13 January 2022 (**"Court Order"**). On 31 January 2022, MUSB also filed a stay of execution of the Court Order dated 13 January 2022 until the disposal of their appeal against this decision.

- **In respect of the application of stay of judgement dated 13 January 2022.**

On 10 June 2022, the High Court of Malaya at Shah Alam had ordered that the whole compensation sum of RM 9,397,400.00 to be deposited into an interest bearing account in MBB under the High Court of Shah Alam until the disposal of MUSB appeal (No-B-02(NCvC)-(W)-209-02/2022). No order for stay of Order dated 13 January 2022 was granted by the High Court.

- **In respect of the full Appeal at the Court of Appeal (No-B-02(NCvC)-(W)-209-02/2022) and Ad Interim Motion for stay of execution of Order dated 13 January 2022 filed by MUSB to the Court of Appeal**
- **In respect of the Federal Court of Malaysia leave application No. 08(f)309-09/2023(B) filed by CDMSB against MUSB**

In respect of the above matters, the final outcome is determined as follows:

1. Compugates Development and Mining Sdn Bhd ("CDMSB") is entitled to the whole compensation sum awarded amounting to RM9,397,400.00 of the land acquisition of 0.9892 hectares of land together with all accruing interest;
2. The Joint Venture Agreement ("JVA") dated 18 August 2015 is terminated;
3. CDMSB to refund the sum of RM2,000,000.00 to Main Uptown Sdn Bhd ("MUSB") from the initial deposit paid under the JVA pursuant to Court Order dated 13 January 2022;
4. As the Federal Court leave application No.08(f)309-09/2023(B) filed by CDMSB against MUSB for the RM3,000,000 initial deposit forfeited as liquidated damages based on the JVA terms was dismissed, CDMSB is to return the RM3,000,000 deposit pursuant to the Court of Appeal Order dated 28 August 2023.

- **In respect of the Originating Summons No. BA-24NCVC-1150-07/2022 (CDMSB vs MUSB) Removal of new caveat**

In respect of CDMSB appeal against the injunction granted pending MUSB appeal against the order granting the removal of the 2nd private caveat, the Court of Appeal set aside the injunction and ordered the matter be remitted back to High Court for inquiry as to damages suffered if any by CDMSB between the period of 14 December 2022 to 4

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September 2023. The application for assessment of damages has been filed by CDMSB and the matter is fixed for trial on 12 July 2024 and 26 July 2024.

- **In respect of the High Court of Shah Alam Originating Summons No. BA-24NCvC-1718-09/2023 (CDMSB vs MUSB & Pentadbir Tanah Daerah Sepang)**

On 3 January 2024, the High Court ordered the compensation sum to be released to CDMSB and further dismissed MUSB application to be paid the judgement sum from the compensation sum pursuant to Order 49 Rule 9 Rules of Court 2012. MUSB has filed appeals against both order to the Court of Appeal.

On 1 February 2024, on application by MUSB, the High Court granted a stay of the release of compensation sum to CDMSB pending the hearing of both appeals filed by MUSB (Appeal Civil No.B-01(NCvC)(A)-20-01/2024 & No. B-01(IM)(NCvC)-21-01/2024). CDMSB has appealed against the stay order to the Court of Appeal (Appeal Civil No. B-01-(IM)(NCvC)-92-02/2024).

- **In respect of Appeal Civil No.B-01(NCvC)(A)-20-01/2024 & No. B-01(IM)(NCvC)-21-01/2024 filed by MUSB and Appeal Civil No. B-01-(IM)(NCvC)-92-02/2024 to the Court of Appeal**

On 26 March 2024, CDMSB has entered into a Consent Judgment with MUSB and Pentadbir Tanah Daerah Sepang on following terms among others :-

1. CDMSB shall pay the MUSB the judgment sums totaling RM5,317,123.29 pursuant to the High Court's Judgment dated 13.1.2022 ("**Judgment**") and the Court of Appeal's Order dated 28.8.2023 ("**COA Order**"), which consists of:
 - 1.1. The sum of RM 2,000,000.00 pursuant to the Judgment;
 - 1.2. The sum of RM 3,000,000.00 pursuant to the COA Order;
 - 1.3. The sum of RM 218,904.11 being the interest at the rate of 5% per annum on the sum of RM 2,000,000.00 calculated from 22.2.2022 until 1.5.2024; and
 - 1.4. The sum of RM 98,219.18 being the interest at the rate 5% per annum on the sum of RM 3,000,000.00 calculated from the date of 5.9.2023 until 1.5.2024.
(collectively, "**Judgment Sum**");
2. Upon receipt of the full Judgment Sum, MUSB Solicitors shall place a sum of RM 500,000.00 from the Judgment Sum, in an interest bearing account under MUSB Solicitors' name as stakeholder ("**Stakeholder Sum**"), and release the remaining balance Judgment Sum to MUSB ;
3. The Stakeholder Sum shall be maintained until the disposal of the assessment of damages proceeding in the Shah Alam High Court Originating Summon No. BA-24NCvC-1150-07/2022 ("**Assessment Proceeding**") before the High Court only.
4. In the event MUSB Solicitors receives the full Judgment Sum after 1.5.2024, CDMSB Solicitors undertake to pay within 10 working days from the date CDMSB Solicitors receives the Judgment Sum, the shortfall in the interests payable pursuant to the

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Judgment and the COA Order, to be calculated from 2.5.2024 until the date of actual receipt of the full Judgment Sum by CDMSB Solicitors, failing which, the Stakeholder Sum shall be released by MUSB's Solicitors to MUSB immediately and MUSB reserves its right to claim for such shortfall in the interests payable by Appellant;

CDMSB is currently awaiting the release of the Judgment Sum from the Court.

24. Dividend

The Board does not recommend any dividend for the quarter ended 31 March 2024.

25. Profit / (Loss) per Share

The profit / (loss) per share is calculated by dividing the Group's loss attributable to equity holders of the parent for the financial period over the number of ordinary shares in issue during the financial period as follows:-

	Current Year Quarter Ended 31 Mar 2024	Corresponding Quarter Ended 31 Mar 2023	Current Year To Date 31 Mar 2024	Corresponding Period Ended 31 Mar 2023
Profit / (loss) attributable to equity holders of parent (RM'000)	(1,770)	(2,392)	(1,770)	(2,392)
Number of ordinary shares in issue ('000) (FY2016:RM0.10) each	5,500,371	4,730,316	5,500,371	4,730,316
Basic profit / (loss) per share (sen)	(0.03)	(0.05)	(0.03)	(0.05)

The diluted profit / (loss) per share is equivalent to basic profit / (loss) per share as there were no potential ordinary shares outstanding which are dilutive in nature at the end of reporting period.

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26. Loss before taxation

Loss before taxation includes the following items:-

	Current Year Quarter Ended 31 Mar 2024 RM'000	Corresponding Quarter Ended 31 Mar 2023 RM'000	Current Year To Date 31 Mar 2024 RM'000	Corresponding Period Ended 31 Mar 2023 RM'000
Depreciation of property and equipment	81	74	81	74
Unrealised gain on foreign exchange	(1)	-	(1)	-
Interest expense	113	5	113	5
Interest income	(32)	(110)	(32)	(110)

Save as disclosed above, the other items as required under Appendix 9B Part A (1B) of the Main Market Listing Requirements of Bursa Securities are not applicable.

Note:

* *Less than RM500*

27. Authorisation

This interim financial report for the financial period ended 31 March 2024 has been seen and approved by the Board of the Company on 30 May 2024 for release to the Bursa Securities.

By Order of the Board
Chang Ngee Chuang
Hew Chee Hau
Company Secretaries

Date: 30 May 2024