



Well Chip Group Berhad

(Registration No. 202301014119 (1508041-A))

(Incorporated in Malaysia)

And its subsidiaries

Unaudited Interim Financial Report For The First Quarter Ended 31 March 2024

UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION⁽¹⁾

Note	Unaudited as at 31.03.2024 RM'000	Audited as at 31.12.2023 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7,315	7,585
Right-of-use assets	22,707	22,484
Goodwill	425	425
Total non-current assets	30,447	30,494
CURRENT ASSETS		
Inventories	34,893	32,097
Trade and other receivables	427,303	420,470
Current tax assets	388	299
Cash and bank balances	14,710	12,466
Total current assets	477,294	465,332
TOTAL ASSETS	507,741	495,826
EQUITY AND LIABILITIES		
EQUITY		
Invested equity	27,683	27,683
Retained profits	187,590	175,694
TOTAL EQUITY	215,273	203,377
NON-CURRENT LIABILITIES		
Lease liabilities	15,805	15,604
Loans and borrowings	B9 3,810	3,831
Deferred tax liabilities	58	58
Total non-current liabilities	19,673	19,493
CURRENT LIABILITIES		
Lease liabilities	2,165	2,110
Loans and borrowings	B9 190,044	188,665
Other payables	77,799	79,911
Current tax liabilities	2,787	2,270
Total current liabilities	272,795	272,956
TOTAL LIABILITIES	292,468	292,449
TOTAL EQUITY AND LIABILITIES	507,741	495,826
Net assets per share ⁽²⁾ (RM)	0.48	0.45



UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION⁽¹⁾ (Cont'd)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 and the accompanying explanatory notes attached in this interim financial report.
- (2) Computed based on total equity of the Well Chip Group Berhad and its subsidiaries divided by the total number of 450,000,000 shares on the assumption these shares have been issued pursuant to the Pre-IPO restructuring exercise as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 ("**Pre-IPO Restructuring**") but before the completion of the Initial Public Offering ("**IPO**") of the Company.

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UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	Current period quarter Unaudited 31.03.2024 RM'000	Preceding year corresponding quarter Unaudited 31.03.2023 ⁽²⁾ RM'000	Current period-to-date Unaudited 31.03.2024 RM'000	Preceding year corresponding period-to-date Unaudited 31.03.2023 ⁽²⁾ RM'000
Revenue	54,824	N/A	54,824	N/A
Cost of sales	(31,517)	N/A	(31,517)	N/A
Gross profit	23,307	N/A	23,307	N/A
Other income	76	N/A	76	N/A
Administrative expenses	(6,711)	N/A	(6,711)	N/A
Finance costs	(104)	N/A	(104)	N/A
Profit before taxation	16,568	N/A	16,568	N/A
Taxation	(4,672)	N/A	(4,672)	N/A
Net profit and total comprehensive income for the financial period	11,896	N/A	11,896	N/A
Basic earnings per ordinary share (" Basic EPS ") ⁽³⁾ (sen)	2.6	N/A	2.6	N/A
Diluted earnings per ordinary share (" Diluted EPS ") ⁽³⁾ (sen)	2.6	N/A	2.6	N/A

UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾ (Cont'd)

Notes:

N/A means "Not applicable".

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 and the accompanying explanatory notes attached in this interim financial report.
- (2) This is the first interim financial report for the first quarter ended 31 March 2024 being announced in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative period concerned.
- (3) Basic/Diluted EPS computed based on profit attributable to owners of Well Chip Group Berhad divided by total number of 450,000,000 shares on the assumption these shares have been issued pursuant to the Pre-IPO restructuring as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 but before the completion of the IPO of the Company.

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UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY⁽¹⁾⁽²⁾

	← Attributable to owners of the Group →		
	Invested Equity RM'000	Retained profits RM'000	Total equity RM'000
Balance at 1 January 2024	27,683	175,694	203,377
Total comprehensive income for the financial period	-	11,896	11,896
Balance as at 31 March 2024 (Unaudited)	27,683	187,590	215,273

Notes:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 and the accompanying explanatory notes attached in this interim financial report.
- (2) This is the first interim financial report for the first quarter ended 31 March 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative period concerned.

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UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS⁽¹⁾

	Cumulative Quarter	
	Current	Preceding year
	period-to-date	corresponding
	Unaudited	period-to-date
	31.03.2024	31.03.2023⁽²⁾
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation:	16,568	N/A
Adjustments for:		
Depreciation of:		
- Property, plant and equipment	505	N/A
- Right-of-use assets	576	N/A
Interest expenses	4,053	N/A
Gain on disposal of property, plant and equipment	*	N/A
Pledged receivables written off	4	N/A
Operating profit before working capital changes	21,706	N/A
Changes in working capital:		
Increase in inventories	(2,796)	N/A
Increase in trade and other receivables	(6,837)	N/A
Decrease in other payables	(2,223)	N/A
	(11,856)	N/A
Cash generated from operations	9,850	N/A
Interest paid	(3,949)	N/A
Tax paid	(4,245)	N/A
Net cash generated from operating activities	1,656	N/A
Cash flows from investing activities		
Purchase of property, plant and equipment	(238)	N/A
Proceeds from disposal of property, plant and equipment	4	N/A
Net cash used in investing activities	(234)	N/A
Cash flows from financing activities		
Movement of loans and borrowings	1,879	N/A
Movement of loans from related parties, shareholders, and directors	111	N/A
Payment of lease liabilities	(542)	N/A
Interest paid	(104)	N/A
Net cash generated from financing activities	1,344	N/A

UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS⁽¹⁾ (Cont'd)

	Current period-to-date Unaudited 31.03.2024 RM'000	Preceding year corresponding period-to-date Unaudited 31.03.2023⁽²⁾ RM'000
NET INCREASE OF CASH AND CASH EQUIVALENTS	2,766	N/A
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>(9,478)</u>	<u>N/A</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>(6,712)</u></u>	<u><u>N/A</u></u>

Notes:

*Amount is less than RM1,000.

N/A means "Not applicable".

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Cash Flows and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 and the accompanying explanatory notes attached in this interim financial report.
- (2) This is the first interim financial report for the first quarter ended 31 March 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding period as no interim financial report was prepared for the comparative period concerned.

A. Cash and cash equivalents

Cash and cash equivalents included in the Unaudited Condensed Combined Statement of Cash Flows comprise the following amount from the Unaudited Condensed Combined Statement of Financial Position:

	Unaudited 31.03.2024 RM'000	Unaudited 31.03.2023 RM'000
Cash and bank balances	14,710	N/A
Less: Bank overdraft	<u>(21,422)</u>	<u>N/A</u>
	<u><u>(6,712)</u></u>	<u><u>N/A</u></u>

PART A: EXPLANATORY NOTES TO THE CONDENSED COMBINED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

A1. Basis of preparations

These condensed combined interim financial statements of Well Chip Group Berhad (“**Well Chip**” or “**the Company**”) and its subsidiaries (“**Well Chip Group**” or “**the Group**”) are unaudited and have been prepared in accordance with the paragraph 9.22 and Appendix 9B of the Listing Requirements, requirements of the Malaysian Financial Reporting Standards (“**MFRS**”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and International Financial Reporting Standards.

This is the first interim financial report for the first quarter ended 31 March 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative period concerned.

These condensed combined interim financial statements do not include all the information required for a full annual financial statement and should be read in conjunction with the Accountants’ Report as included in the Prospectus of the Company dated 26 June 2024 (“**Prospectus**”) and the accompanying notes attached to these condensed combined interim financial statements. The notes attached to these condensed combined interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of Well Chip Group for the individual and cumulative quarter presented.

A2. Material accounting policy information

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the Accountant’s Report as disclosed in the Prospectus dated 26 June 2024, save for the following:

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

The adoption of the above-mentioned amendments to MFRSs has no material impact on the Group’s combined financial statements.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective in the respective financial periods.

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments*

PART A: EXPLANATORY NOTES TO THE CONDENSED COMBINED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024 (Cont'd)

A2. Material accounting policy information (cont'd)

Effective for annual periods beginning on or after 1 January 2027

- MFRS 18 *Presentation and Disclosure in Financial Statements*
- MFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial applications of amendments to MFRSs are not expected to have any significant impact on the interim financial statements of the Group upon their initial application.

A3. Auditors' report

There was no qualification on the audited combined financial statements of the Group for the financial year ended 31 December 2023.

A4. Seasonal or cyclical factors

The operations of the Group are not subject to any seasonal trends or cyclical fluctuations during the current financial quarter. However, prior to festive period, the Group may experience an increase in the number of redemptions of pledges from customers, followed by an increase in the number of pawn loans disbursed after the corresponding festive period.

A5. Material unusual items

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group, during the current financial quarter.

A6. Material changes in estimates

There were no material changes in estimates which have a material effect on the results for the current financial quarter.

A7. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

A8. Dividend paid

There was no dividend declared or paid during the current financial quarter.

PART A: EXPLANATORY NOTES TO THE CONDENSED COMBINED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024 (Cont'd)

A9. Segmental reporting

The Group organised its activities principally into 2 reportable business segments:

Business segment	Product and services
Pawnbroking services	<ul style="list-style-type: none"> Provision of pawn loans in exchange for pledges such as gold, jewellery and watches
Retail and trading of jewellery and gold	<ul style="list-style-type: none"> Retail sale of new and pre-owned jewellery and gold Sale of scrap gold acquired from unredeemed and bid pledges, and pre-owned jewellery and gold from walk-in individuals

The segmental revenue and profits for the current financial quarter ended 31 March 2024 are as follows:

	Pawnbroking RM'000	Sales of jewellery and gold RM'000	Adjustments and eliminations RM'000	Total RM'000
31 March 2024				
Revenue:				
Revenue from external customers	20,959	33,865	-	54,824
Inter-segment revenue	28,325	-	(28,325)	-
Segment profit	17,010	6,297	-	23,307
Other income				76
Administrative expenses				(6,711)
Finance costs				(104)
Taxation				(4,672)
Profit for the financial period				11,896
Results				
Included in the measure of segment profits:				
Employee benefit expenses				3,773
Depreciation				
- Property, plant and equipment				505
- Right-of-use assets				576

This is the first interim financial report for the first quarter ended 31 March 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

PART A: EXPLANATORY NOTES TO THE CONDENSED COMBINED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024 (Cont'd)

A10. Material events subsequent to the end of the current quarter

Saved as disclosed in Note B7 on the “Status of Corporate Proposals”, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

A11. Changes in the group composition

On 9 November 2023, our Company had entered into a conditional share sale agreement with the shareholders of SYT Pavilion Sdn Bhd, Thye Shing Pawnshop Sdn Bhd, Kedai Pajak Well Chip Sdn Bhd and Kedai Emas Well Chip Sdn Bhd to acquire the entire equity interest of SYT Pavilion Sdn Bhd, Thye Shing Pawnshop Sdn Bhd, Kedai Pajak Well Chip Sdn Bhd and Kedai Emas Well Chip Sdn Bhd (collectively, the “**Target companies**”) at a total purchase consideration of RM171,646,606 to be wholly satisfied via the issuance of 449,999,999 new shares at an issue price at approximately RM0.381 per share.

The purchase consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the total net asset of the Target companies as at 31 December 2022.

This acquisition was completed on 20 May 2024. Thereafter, the Target companies became Well Chip’s wholly owned subsidiaries.

A12. Contingent assets and contingent liabilities

There were no contingent assets and liabilities for the Group as at the end of the current financial quarter.

A13. Material capital commitments

The Group does not have material capital commitments as at 31 March 2024.

A14. Significant related party transactions

The significant related party transactions of the Group during the current financial quarter are shown below:

	Individual Quarter		Cumulative Quarter	
	Current year quarter Unaudited 31.03.2024 RM'000	Preceding year corresponding quarter Unaudited 31.03.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 31.03.2024 RM'000	Preceding year corresponding period-to-date Unaudited 31.03.2023 ⁽¹⁾ RM'000
Related parties				
- Loan interest charged	702	N/A	702	N/A
- Rental income	(5)	N/A	(5)	N/A
- Rental expense	71	N/A	71	N/A

PART A: EXPLANATORY NOTES TO THE CONDENSED COMBINED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024 (Cont'd)

A14. Significant related party transactions (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current year quarter Unaudited 31.03.2024 RM'000	Preceding year corresponding quarter Unaudited 31.03.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 31.03.2024 RM'000	Preceding year corresponding period-to-date Unaudited 31.03.2023 ⁽¹⁾ RM'000
Shareholders				
- Loan interest charged	324	N/A	324	N/A
- Rental expense	<u>44</u>	<u>N/A</u>	<u>44</u>	<u>N/A</u>
Directors				
- Loan interest charged	237	N/A	237	N/A
- Rental expense	53	N/A	53	N/A
- Retail sales of jewellery and gold	<u>(5)</u>	<u>N/A</u>	<u>(5)</u>	<u>N/A</u>

Notes:

N/A means "Not applicable".

(1) This is the first interim financial report for the first quarter ended 31 March 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative period concerned.

A15. Derivatives

There were no derivatives transacted in the current financial quarter.

A16. Fair Value of financial liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter.

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

B1. Review of performance

Current and Cumulative Quarter ended 31 March 2024 (“Q1, 2024”)

	Individual Quarter		Cumulative Quarter	
	Current year quarter Unaudited 31.03.2024 RM'000	Preceding year corresponding quarter Unaudited 31.03.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 31.03.2024 RM'000	Preceding year corresponding period-to-date Unaudited 31.03.2023 ⁽¹⁾ RM'000
Revenue	54,824	N/A	54,824	N/A
Gross profit	23,307	N/A	23,307	N/A
Profit before taxation	16,568	N/A	16,568	N/A

Notes:

N/A means “Not applicable”.

(1) This is the first interim financial report for the first quarter ended 31 March 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative period concerned.

The Group recorded total revenue of RM54.82 million in current financial quarter ended 31 March 2024, of which RM20.96 million or approximately 38.22% was derived from its pawnbroking services segment and RM33.87 million or approximately 61.78% was derived from its retail and trading of jewellery and gold segment.

The Group recorded gross profit of RM23.31 million with gross profit margin of approximately 42.52%, as well as profit before tax of RM16.57 million with profit before tax margin of approximately 30.22%.

B2. Comparison with the immediate preceding quarter result

This is the first interim financial report for the first quarter ended 31 March 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative period concerned.

B3. Prospects

The Group plans to continue expanding its network of pawnshops in Johor and at the same time penetrate new geographical markets within Peninsular Malaysia. By expanding its network, the Group would be able to increase its market presence and serve a wider customer base, allowing the Group to further improve its financial performance in the future.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B3. Prospects (cont'd)

The Group targets to open 5 new pawnshops in Johor and 2 new pawnshops in Melaka within 24 months from the Listing, subject to the issuance of pawnbroking licences for the new pawnshops.

The Group expects to commence operations of its 7 new pawnshops within 24 months upon receipt of the proceeds raised from the IPO. The expected timeline from the receipt of approval-in-principle for the pawnbroking licence to completion of renovation, issuance of pawnbroking licence by the Ministry of Housing and Local Government and commencement of business for the new pawnshops ranges approximately from 6 to 9 months.

B4. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee in any public document during the current financial quarter.

B5. Profit before taxation

Profit before taxation is arrived at after charging:

	Individual Quarter		Cumulative Quarter	
	Current year quarter Unaudited 31.03.2024 RM'000	Preceding year corresponding quarter Unaudited 31.03.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 31.03.2024 RM'000	Preceding year corresponding period-to-date Unaudited 31.03.2023 ⁽¹⁾ RM'000
Depreciation of:				
- Property, plant and equipment	505	N/A	505	N/A
- Right-of-use assets	576	N/A	576	N/A
Interest expense on:				
- Term loans	41	N/A	41	N/A
- Bank overdrafts	386	N/A	386	N/A
- Revolving credits	2,300	N/A	2,300	N/A
- Loan from shareholders, directors and related parties	1,263	N/A	1,263	N/A
- Lease liabilities	63	N/A	63	N/A
Provision for pledged receivables written off	4	N/A	4	N/A
Gain on disposal of property, plant and equipment	*	N/A	*	N/A
Loss on foreign exchange				
- Realised	*	N/A	*	N/A
- Unrealised	101	N/A	101	N/A

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B5. Profit Before Taxation (cont'd)

Notes:

* Amount is less than RM1,000.

N/A means “Not applicable”.

(1) This is the first interim financial report for the first quarter ended 31 March 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative period concerned.

Save as disclosed above, the other disclosure items pursuant to Paragraph 16 of Appendix 9B of the Listing Requirements are not applicable.

B6. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter Unaudited 31.03.2024 RM'000	Preceding year corresponding quarter Unaudited 31.03.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 31.03.2024 RM'000	Preceding year corresponding period-to-date Unaudited 31.03.2023 ⁽¹⁾ RM'000
Current tax expense	4,672	N/A	4,672	N/A
Effective tax rate (%)	28.2	N/A	28.2	N/A
Statutory tax rate (%)	24.0	N/A	24.0	N/A

Notes:

N/A means “Not applicable”.

(1) This is the first interim financial report for the first quarter ended 31 March 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report was prepared for the comparative period concerned.

The effective tax rate of the Group was 28.2% for the current financial quarter. It was higher than the statutory tax rate of 24.0% mainly due to certain non-allowable expenses.

B7. Status of corporate proposal

Save as disclosed below, there were no other corporate proposals announced by Well Chip Group Berhad but not completed as at the date of this interim financial report.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B7. Status of corporate proposal (cont'd)

On 20 May 2024, Well Chip Group Berhad had issued 449,999,999 new shares to the shareholders of SYT Pavilion Sdn Bhd, Thye Shing Pawnshop Sdn Bhd, Kedai Pajak Well Chip Sdn Bhd and Kedai Emas Well Chip Sdn Bhd (“collectively, the “Vendors”) and to VYN Holdings Sdn Bhd (as the entity nominated by the Vendors to be allotted and issued part of the shares to be allotted and issued to the Vendors) in the proportions of the respective shareholdings in the Target companies.

On 26 June 2024, Well Chip Group Berhad issued its Prospectus in relation to the IPO comprising the public issue of 150,000,000 new shares in the Company at an issue price of RM1.15 per share in conjunction with the listing of and quotation for the entire enlarged issued share capital of the company on the Main Market of Bursa Securities (“**Listing**”).

The Company is expected to be listed on the Main Market of Bursa Securities on 23 July 2024.

B8. Use of proceeds from the public issue

The total gross proceeds of RM172.5 million expected to be raised from the Public Issue will be utilised in the following manner:

Details of use of proceeds	RM'000	%	Estimated timeframe for use from the date of Listing
Cash Capital for the existing 23 pawnshops	124,300	72.0	Within 24 months
Expansion of pawnshops	40,000	23.2	Within 24 months
Estimated listing expenses	8,200	4.8	Immediate
Total	172,500	100.0	

The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 26 June 2024. As at the date of this interim financial report, the proceeds have yet to be raised and utilised as the IPO is pending completion. The Company is expected to be listed on the Main Market of Bursa Securities on 23 July 2024.

B9. Loans and borrowings

The Group’s borrowings as at 31 March 2024 are as follows:

	Unaudited as at 31.03.2024 RM'000	Audited as at 31.12.2023 RM'000
Non-current		
Secured		
Term loans	3,810	3,831
	<u>3,810</u>	<u>3,831</u>

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B9. Loans and borrowings (cont'd)

	Unaudited as at 31.03.2024 RM'000	Audited as at 31.12.2023 RM'000
Current		
Secured		
Term loans	122	121
Bank overdrafts	21,422	21,944
Revolving credit	168,500	166,600
	190,044	188,665
Total Group borrowings	193,854	192,496

All the borrowings are secured and denominated in Ringgit Malaysia.

B10. Material litigation

As of the date of this interim financial report, the Group is not engaged in any governmental, legal or arbitration proceedings which may have or have had, material or significant effects on the Group's financial position or profitability.

B11. Proposed dividend

No dividend has been proposed or declared by the Board of Directors of Well Chip Group Berhad during the current financial quarter.

B12. Basic and diluted earnings per share ("EPS")

The basic and diluted EPS for the current quarter is computed as below:

	Individual Quarter		Cumulative Quarter	
	Current year quarter Unaudited 31.03.2024	Preceding year corresponding quarter Unaudited 31.03.2023⁽¹⁾	Current period-to- date Unaudited 31.03.2024	Preceding year corresponding period-to-date Unaudited 31.03.2023⁽¹⁾
Profit attributable to owners of the Group (RM'000)	11,896	N/A	11,896	N/A
Number of shares in issue ('000)	450,000	N/A	450,000	N/A
Basic EPS (sen) ⁽²⁾	2.6	N/A	2.6	N/A
Diluted EPS (sen) ⁽²⁾	2.6	N/A	2.6	N/A

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (*Cont'd*)

B12. Basic and diluted earnings per share (“EPS”) (*cont'd*)

Notes:

N/A means “Not applicable”.

- (1) This is the first interim financial report for the first quarter ended 31 March 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report are prepared for the comparative period concerned.
- (2) Basic/Diluted EPS computed based on profit attributable to owners of Well Chip Group Berhad divided by total number of 450,000,000 shares on the assumption these shares has been issued pursuant to the Pre-IPO restructuring as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 but before the completion of the IPO of the Company.

B13. Authorisation for issue

This interim financial report was authorised for issue by the Board of Directors (“Board”).

Dated 18 July 2024
Johor Bahru,
Johor Darul Takzim