**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.



CWG HOLDINGS BERHAD

**CWG HOLDINGS BERHAD**
Registration No. 201601035444 (1206385-W)
(Incorporated in Malaysia)

# CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

**I. PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 147,317,119 NEW ORDINARY SHARES IN CWG HOLDINGS BERHAD ("CWG" OR THE "COMPANY") ("CWG SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM0.18 PER RIGHTS SHARE, ON THE BASIS OF 3 RIGHTS SHARES FOR EVERY 5 EXISTING CWG SHARES HELD, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE");**

**II. PROPOSED ACQUISITION BY CWG OF 2,049,402 ORDINARY SHARES IN UNIGENIUS HOLDING SDN BHD ("UHSB"), REPRESENTING 100% OF THE EQUITY INTEREST IN UHSB, FROM BOO YIN KWAN, CHAN LAI YEE, LAM CHUN WAI, LOO ZI KAI AND LOW YAW SHIM FOR A PURCHASE CONSIDERATION OF RM33.00 MILLION, TO BE SATISFIED VIA A COMBINATION OF CASH PAYMENT OF RM18.00 MILLION AND THE ISSUANCE OF 15,000,000 NEW REDEEMABLE NON-CONVERTIBLE PREFERENCE SHARES IN CWG ("RPS" OR "CONSIDERATION RPS") AT AN ISSUE PRICE OF RM1.00 PER CONSIDERATION RPS ("PROPOSED ACQUISITION"); AND**

**III. PROPOSED AMENDMENT TO THE CONSTITUTION OF CWG TO FACILITATE THE ISSUANCE OF CONSIDERATION RPS UNDER THE PROPOSED ACQUISITION ("PROPOSED AMENDMENT")**

**(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser*

UOBKayHian

**UOB Kay Hian Securities (M) Sdn Bhd**
(Registration No.: 199001003423 (194990-K))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of CWG will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at https://tiih.online on Friday, 16 August 2024 at 11.30 a.m., or at any adjournment thereof. The Notice of EGM, together with the Proxy Form and Administrative Guide for the EGM are enclosed herewith.

A member of CWG entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate and vote on his/ her behalf. In such event, the completed and signed Proxy Form should be deposited at the registered office of CWG at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, not less than 48 hours before the time stipulated for holding the EGM or any adjournment thereof. Alternatively, the proxy appointment may also be lodged electronically via TIIH Online at https://tiih.online. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

| | | |
|---|---|---|
| Last date and time for lodging the Proxy Form | : | Wednesday, 14 August 2024, at 11.30 a.m. |
| Date and time of the EGM | : | Friday, 16 August 2024, at 11.30 a.m. |

This Circular is dated 5 July 2024

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

| | | |
|---|---|---|
| "Act" | : | The Companies Act 2016, as amended from time to time and any re-enactment thereof |
| "Additional Warrants" | : | Up to 17,500,000 additional warrants to be issued from the adjustment to the number of outstanding Warrants pursuant to the Proposed Rights Issue |
| "Board" | : | The Board of Directors of CWG |
| "Bursa Depository" | : | Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W)) |
| "Bursa Securities" | : | Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)) |
| "CAGR" | : | Compounded annual growth rate |
| "Circular" | : | This circular dated 5 July 2024 in relation to the Proposals |
| "CWG" or the "Company" | : | CWG Holdings Berhad (Registration No. 201601035444 (1206385-W)) |
| "CWG Group" or the "Group" | : | CWG and its subsidiaries, collectively |
| "CWG Share(s)" or "Share(s)" | : | Ordinary share(s) in CWG |
| "Datuk Hong" | : | Datuk Hong Choon Hau |
| "Deed Poll" | : | The deed poll dated 14 February 2022 constituting the Warrants |
| "Director(s)" | : | Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposals were agreed upon:-<br>i. a director of CWG, its subsidiaries; and<br>ii. a chief executive of CWG, its subsidiaries or holding company |
| "E&E" | : | Electrical and electronics |
| "EGM" | : | Extraordinary General Meeting of CWG |
| "Entitled Shareholders" | : | Shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on the Entitlement Date |

| | | |
|---|---|---|
| "Entitlement Date" | : | A date to be determined and announced later by the Board after procuring shareholders' approval at the EGM, on which the names of the shareholders of the Company must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Rights Issue |
| "EPS/ (LPS)" | : | Earnings per Share/ (Loss) per Share |
| "Excess Rights Shares" | : | Such Rights Shares not taken up or validly taken up by the Entitled Shareholders and/ or their renouncee(s)/ transferee(s) |
| "F&B" | : | Food and beverage |
| "FYE" | : | Financial year ended/ ending |
| "GDP" | : | Gross domestic product |
| "IPSB" | : | Inbox Packaging Sdn Bhd (Registration No. 200701027192 (785213-D)) |
| "Issue Price" | : | The issue price of RM0.18 per Rights Share |
| "Listing Requirements" | : | Main Market Listing Requirements of Bursa Securities |
| "LPD" | : | 18 June 2024, being the latest practicable date prior to the printing and despatch of this Circular |
| "LTD" | : | 16 January 2024, being the last traded day of CWG Shares prior to the date of the announcement of the Proposed Rights Issue |
| "Market Day" | : | A day on which the Bursa Securities stock market is open for trading in securities, which may include a surprise holiday*<br><br>*A "surprise holiday" refers to a day declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year |
| "Maximum Scenario" | : | Assuming all of the Entitled Shareholders fully subscribe for their respective entitlements under the Proposed Rights Issue and all of the outstanding Warrants are exercised prior to the implementation of the Proposed Rights Issue |
| "Minimum Scenario" | : | Assuming the Proposed Rights Issue is undertaken on the Minimum Subscription Level (i.e. only the Undertaking Shareholders subscribe for their respective Rights Shares pursuant to the Undertakings (collectively totalling 35,002,152 Rights Shares as at the LPD), none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue) and none of the outstanding Warrants are exercised prior to the implementation of the Proposed Rights Issue |
| "Minimum Subscription Level" | : | The minimum subscription level of 35,002,152 Rights Shares by the Undertaking Shareholders, to raise the intended minimum level of funds amounting to RM6.30 million through the Proposed Rights Issue |
| "Mr. Ooi" | : | Mr. Ooi Chin Soon |
| "NA" | : | Net assets attributable to equity holders |

| | | |
|---|---|---|
| "NBV" | : | Net book value |
| "OEM" | : | Original equipment manufacturing |
| "PAT/ (LAT)" | : | Profit/ (Loss) after tax |
| "PBT/ (LBT)" | : | Profit/ (Loss) before tax |
| "PE" | : | Price-to-earnings |
| "Profit Guarantee" | : | The cumulative profit guarantee of RM15.00 million provided by the Vendors to CWG for the Profit Guarantee Period |
| "Profit Guarantee Period" | : | The profit guarantee period for the FYE 31 December 2024, FYE 31 December 2025 and FYE 31 December 2026 |
| "Proposals" | : | The Proposed Rights Issue, Proposed Acquisition and Proposed Amendment, collectively |
| "Proposed Acquisition" | : | Proposed acquisition by CWG of 2,049,402 Sale Shares, representing the entire equity interest in UHSB, from the Vendors for the Purchase Consideration |
| "Proposed Amendment" | : | Proposed amendment to the Constitution of CWG to facilitate the issuance of the Consideration RPS under the Proposed Acquisition |
| "Proposed Rights Issue" | : | Proposed renounceable rights issue of up to 147,317,119 Rights Shares at the issue price of RM0.18 per Rights Share, on the basis of 3 Rights Shares for every 5 existing CWG Shares held, on the Entitlement Date |
| "Purchase Consideration" | : | Purchase consideration of RM33.00 million for the Proposed Acquisition to be satisfied via a combination of cash payment of RM18.00 million and the issuance of 15,000,000 Consideration RPS at an issue price of RM1.00 per Consideration RPS |
| "Record of Depositors" | : | A record consisting of names of depositors established and maintained by Bursa Depository under the rules of Bursa Depository |
| "Rights Share(s)" | : | Up to 147,317,119 new CWG Shares to be issued pursuant to the Proposed Rights Issue |
| "RPS" or "Consideration RPS" | : | 15,000,000 new redeemable non-convertible preference shares in CWG to be issued pursuant to the Proposed Acquisition at an issue price of RM1.00 per Consideration RPS |
| "RM" and "sen" | : | Ringgit Malaysia and sen, respectively |
| "Rules" | : | Rules on Take-overs, Mergers and Compulsory Acquisitions |
| "TERP" | : | Theoretical ex-rights price |
| "UHSB" | : | Unigenius Holding Sdn Bhd (Registration No. 202201012609 (1458306-A)) |
| "UHSB Group" | : | UHSB and its subsidiaries (i.e. UPSB & IPSB), collectively |
| "UHSB Share(s)" | : | Ordinary share(s) in UHSB |

| | | |
|---|---|---|
| "Undertakings" | : | The irrevocable and unconditional undertakings provided by the Undertaking Shareholders vide their letters dated 17 January 2024 to subscribe in full for their respective entitlements based on their shareholdings as at the Entitlement Date. Based on the aggregate shareholdings of the Undertaking Shareholders of 58,336,920 CWG Shares as at the LPD, the total Rights Shares to be subscribed pursuant to the Undertakings shall amount to 35,002,152 Rights Shares |
| "Undertaking Shareholders" | : | Mr. Ooi and Datuk Hong, collectively |
| "UPSB" | : | Unigenius Print Sdn Bhd (Registration No. 200001006123 (508728-H)) |
| "Sale Shares" | : | 2,049,402 UHSB Shares, representing the entire equity interest in UHSB |
| "SC" | : | Securities Commission Malaysia |
| "SSA" | : | Conditional share sale agreement dated 17 January 2024 entered into between CWG and the Vendors for the Proposed Acquisition |
| "Stationery and Printed Materials Business" | : | Manufacture and sale of stationery and printed materials |
| "UOBKH" or the "Principal Adviser" | : | UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K)) |
| "Vendors" | : | Boo Yin Kwan, Chan Lai Yee, Lam Chun Wai, Loo Zi Kai and Low Yaw Shim, collectively |
| "VWAP" | : | Volume weighted average market price |
| "Warrant(s)" | : | 81,826,910 outstanding warrants 2022/ 2027 in the Company as at the LPD, constituted by the Deed Poll. Each Warrant carries the entitlement to subscribe for 1 new CWG Share during the 5-year exercise period up to 2 March 2027 at an exercise price of RM0.36 per Warrant |
| "Yearly Profit Guarantee" | : | Average annual profit guarantee of RM5.00 million per financial year |

All references to "**you**" or "**your(s)**" in this Circular are made to the shareholders of CWG, who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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*This Executive Summary highlights only the salient information of the Proposals. You are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposals before voting at the forthcoming EGM.*

| Key information | Description | Reference to Circular |
|---|---|---|
| **Details of the Proposals** | **<u>Proposed Rights Issue</u>**<br><br>The Proposed Rights Issue entails the issuance of up to 147,317,119 Rights Shares at the issue price of RM0.18 per Rights Share, on the basis of 3 Rights Shares for every 5 existing CWG Shares held by Entitled Shareholders on the Entitlement Date.<br><br>The Proposed Rights Issue will be undertaken on a minimum subscription level basis, after taking into consideration the minimum level of funds the Company intends to raise from the Proposed Rights Issue amounting to RM6.30 million, which would entail the minimum subscription of 35,002,152 Rights Shares based on the issue price of RM0.18 per Rights Share, which will be channelled towards the proposed utilisation of proceeds as set out in **Section 2.6** of this Circular.<br><br>To meet the Minimum Subscription Level, certain shareholders of CWG, namely Mr. Ooi and Datuk Hong, had vide their Undertakings dated 17 January 2024 provided their irrevocable and unconditional undertakings to subscribe in full of their respective full entitlements to the Rights Shares (collectively totalling 35,002,152 Rights Shares as at the LPD) based on their shareholdings as at the Entitlement Date. Further details of the Undertakings are set out in **Section 2.5** of this Circular.<br><br>**<u>Proposed Acquisition</u>**<br><br>The Proposed Acquisition entails the proposed acquisition by CWG of 2,049,402 UHSB Shares, representing 100% of the equity interest in UHSB for the Purchase Consideration of RM33.00 million, to be satisfied via a combination of cash payment of RM18.00 million and the issuance of 15,000,000 Consideration RPS at an issue price of RM1.00 per Consideration RPS.<br><br>**<u>Proposed Amendment</u>**<br><br>The Proposed Amendment involves consequential amendments to the Constitution of CWG to facilitate the issuance of Consideration RPS under the Proposed Acquisition. | **Sections 2 and 3** |
| **Basis and justification of arriving at the issue price of the Rights Shares** | The issue price of RM0.18 per Rights Share has been fixed by the Board after taking into consideration, amongst others, the following:-<br><br>i. the minimum gross proceeds of RM6.30 million to be raised from the Proposed Rights Issue based on the issue price of RM0.18 per Rights Share, which will be channelled towards the proposed utilisation of proceeds as set out in **Section 2.6** of this Circular;<br><br>ii. the prevailing market conditions and market price of CWG Shares. The issue price of RM0.18 per Rights Share represents a discount of approximately RM0.1012 or 35.99% to the TERP of RM0.2812, calculated based on the 5-day VWAP of CWG Shares up to and including the LTD of RM0.3419 per Share;<br><br>iii. the issue price of RM0.18 per Rights Share, which represents a discount of 35.99% to the TERP of CWG Shares based on the 5-day VWAP of CWG Shares up to and including the LTD of RM0.2812, shall be deemed attractive enough to entice the Entitled Shareholders and/ or their renouncee(s) to subscribe for their Rights Shares under their full entitlement; and | **Section 2.2** |

| Key information | Description | Reference to Circular |
|---|---|---|
| | iv. the rationale and justifications for the Proposed Rights Issue as set out in **Section 5.1** of this Circular. | |
| **Utilisation of proceeds** | Based on the issue price of RM0.18 per Rights Share, the gross proceeds to be raised from the Proposed Rights Issue will be utilised by CWG in the following manner:- | **Section 2.6** |

| Details of utilisation | Timeframe for utilisation from completion of the Proposed Rights Issue | Amount of proceeds Minimum Scenario RM'000 | Amount of proceeds Maximum Scenario RM'000 |
|---|---|---|---|
| Partial payment for the Proposed Acquisition | Within 6 months | 5,500 | 18,000 |
| Working capital requirements | Within 12 months | - | 7,717 |
| Estimated expenses | Upon completion | 800 | 800 |
| **Total** | | **6,300** | **26,517** |

**Rationale and justifications for the Proposals** — **Section 5**

**Proposed Rights Issue**

i. the Proposed Rights Issue will strengthen the financial position and capital base of the Company, by reducing its gearing level and increasing its NA thereby providing greater financial flexibility, as illustrated in **Section 8.2** of this Circular;

ii. the Proposed Rights Issue will enable the issuance of new CWG Shares without diluting shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue;

iii. the Proposed Rights Issue will provide all Entitled Shareholders with an opportunity to participate in an equity offering in the Company on a pro-rata basis and ultimately, participate in the prospects and future growth of the Group by subscribing to the Rights Shares; and

iv. The Proposed Rights Issue will enable the Company to raise the requisite funds as set out in **Section 2.6** of this Circular, without incurring additional interest expense, as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing.

**Proposed Acquisition**

Upon completion of the Proposed Acquisition, CWG will get immediate access to a new range of paper-based printed materials which are currently manufactured by UHSB Group. By having access to a new range of paper-based printed materials, the Proposed Acquisition will potentially provide CWG with additional stream of revenue and the additional portfolio of paper-based printed materials is expected to help CWG to achieve revenue growth at a faster pace, thereby contribute positively to the Group's future earnings.

| Key information | Description | Reference to Circular |
|---|---|---|
| | The Proposed Acquisition also comes with the Profit Guarantee for the Profit Guarantee Period. As such, pursuant to the Proposed Acquisition, CWG Group may immediately stand to benefit from the guaranteed earnings, enhancing its asset and earnings base through the consolidation of UHSB Group's results moving forward.<br><br>**<u>Proposed Amendment</u>**<br><br>The Proposed Amendment is to facilitate the issuance of the Consideration RPS pursuant to the Proposed Acquisition. | |
| **Approvals required/ obtained** | The Proposals are subject to the following approvals being obtained:-<br><br>i. Bursa Securities, which was obtained on 14 June 2024;<br><br>ii. shareholders of the Company at the forthcoming EGM;<br><br>iii. Securities Commission Malaysia; and<br><br>iv. any other relevant authorities and/ or parties, if required. | **Section 10** |
| **Interests of directors, major shareholders and/ or persons connected to them** | None of the Directors, major shareholders, chief executive of the Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposals, save for their respective entitlements under the Proposed Rights Issue, to which all Entitled Shareholders are similarly entitled. | **Section 11** |
| **Directors' statement and recommendation** | The Board, having considered all aspects of the Proposals, including but not limited to the rationale for the Proposals, the effects of the Proposals, the salient terms of the SSA, the basis and justification of arriving at the Purchase Consideration, the future prospects of the Proposed Acquisition as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue, is of the opinion that the Proposals are in the best interests of the Company and the terms and conditions of the SSA as well as the Purchase Consideration are fair and reasonable.<br><br>Accordingly, the Board recommends that you vote **IN FAVOUR** of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM. | **Section 12** |

**CWG HOLDINGS BERHAD**
Registration No. 201601035444 (1206385-W)
(Incorporated in Malaysia)

**Registered Office**

6428 Lorong Mak Mandin Tiga
Mak Mandin Industrial Estate
13400 Butterworth, Penang

5 July 2024

**Board of Directors**

Ooi Chin Soon *(Executive Chairman)*
Tan Hing Ming @ Chin Hing Ming *(Group Managing Director)*
Datuk Hong Choon Hau *(Group Executive Director)*
Razmi bin Alias *(Senior Independent Non-Executive Director)*
Loh Seong Yew *(Independent Non-Executive Director)*
Ng Tiang Yong *(Independent Non-Executive Director)*
Cheong Sing Yee *(Independent Non-Executive Director)*

**To: The shareholders of CWG**

Dear Sir/ Madam,

**I. PROPOSED RIGHTS ISSUE;**
**II. PROPOSED ACQUISITION; AND**
**III. PROPOSED AMENDMENT**

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## 1. INTRODUCTION

On 17 January 2024, UOBKH had, on behalf of the Board, announced that the Company proposes to undertake the Proposals comprising the Proposed Rights Issue, Proposed Acquisition and Proposed Amendment.

Details of the Proposals are set out in the ensuing sections.

On 14 June 2024, UOBKH had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 14 June 2024, resolved to approve the listing and quotation of up to 147,317,119 Rights Shares, 17,500,000 Additional Warrants and 17,500,000 new Shares to be issued arising from the exercise of the Additional Warrants.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS, AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.**

## 2. PROPOSED RIGHTS ISSUE

### 2.1 Details of the Proposed Rights Issue

The Proposed Rights Issue entails the issuance of up to 147,317,119 Rights Shares at the issue price of RM0.18 per Rights Share, on the basis of 3 Rights Shares for every 5 existing CWG Shares held by Entitled Shareholders on the Entitlement Date.

As at the LPD, CWG has an issued share capital of RM78.21 million comprising 163,701,623 CWG Shares (excluding 446,500 treasury shares). In addition, as at the LPD, the Company has 81,826,910 outstanding Warrants. The Warrants are constituted by the Deed Poll and each Warrant carries the entitlement to subscribe for 1 new CWG Share during the 5-year exercise period up to 2 March 2027 at an exercise price of RM0.36 per Warrant. Assuming that all outstanding Warrants as at the LPD are exercised into new Shares prior to the Entitlement Date, the Company would have an enlarged total number of Shares. Accordingly, a total of up to 147,317,119 Rights Shares may be issued pursuant to the Proposed Rights Issue.

For the purpose of implementing the Proposed Rights Issue, the Board had undertaken and confirmed that the Company will not sell, cancel, transfer and/ or distribute any treasury shares prior to the Entitlement Date.

The Proposed Rights Issue will be undertaken on a minimum subscription level basis, after taking into consideration the minimum level of funds the Company intends to raise from the Proposed Rights Issue amounting to RM6.30 million, which would entail the minimum subscription of 35,002,152 Rights Shares based on the issue price of RM0.18 per Rights Share, which will be channelled towards the proposed utilisation of proceeds as set out in **Section 2.6** of this Circular.

To meet the Minimum Subscription Level, certain shareholders of CWG, namely Mr. Ooi and Datuk Hong, had vide their Undertakings dated 17 January 2024 provided their irrevocable and unconditional undertakings to subscribe in full of their respective full entitlements to the Rights Shares (collectively totalling 35,002,152 Rights Shares as at the LPD) based on their shareholdings as at the Entitlement Date. Further details of the Undertakings are set out in **Section 2.5** of this Circular.

The actual number of Rights Shares to be issued will depend on the total issued Shares of the Company as at the Entitlement Date and the eventual subscription rate of the Proposed Rights Issue.

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders may renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Proposed Rights Issue.

In determining the entitlement of the Entitled Shareholders under the Proposed Rights Issue, fractional entitlements, if any, will be disregarded and dealt with in such manner and on such terms and conditions as the Board in its sole and absolute discretion deem fit or expedient and in the best interests of the Company.

Any Excess Rights Shares shall be made available for excess Rights Shares application by the Entitled Shareholders and/ or their renouncee(s)/ transferee(s). The Board intends to allocate the Excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board and set out in the abridged prospectus to be issued at a later stage.

The Proposed Rights Issue will not be implemented in stages.

The Proposed Rights Issue will give rise to adjustments to the exercise price and the number of outstanding Warrants held as specified in the Deed Poll. Further details on the adjustments to the exercise price and the number of outstanding Warrants are set out in **Section 8.5** of this Circular.

### 2.2 Basis and justification of arriving at the issue price of the Rights Shares

The issue price of RM0.18 per Rights Share has been fixed by the Board after taking into consideration, amongst others, the following:-

i. the minimum gross proceeds of RM6.30 million to be raised from the Proposed Rights Issue based on the issue price of RM0.18 per Rights Share, which will be channelled towards the proposed utilisation of proceeds as set out in **Section 2.6** of this Circular;

ii. the resultant TERP of CWG Shares of RM0.2812 computed based on the 5-day VWAP of CWG Shares up to and including the LTD of RM0.3419, whereby the issue price of RM0.18 per Rights Share represents a discount of approximately RM0.1012 or 35.99% to the aforementioned TERP of RM0.2812. In addition, the issue price of RM0.18 per Rights Share represents the following discount to the respective TERP based on the respective VWAP of CWG Shares up to and including the LTD:-

| **Up to and including the LTD** | **VWAP RM** | **TERP RM** | **Discount to the TERP RM** | **%** |
|---|---|---|---|---|
| 5-day VWAP of Shares | 0.3419 | 0.2812 | (0.1012) | (35.99) |
| 1-month VWAP of Shares | 0.3408 | 0.2805 | (0.1005) | (35.83) |
| 3-month VWAP of Shares | 0.3386 | 0.2791 | (0.0991) | (35.51) |
| 6-month VWAP of Shares | 0.3535 | 0.2884 | (0.1084) | (37.59) |
| 12-month VWAP of Shares | 0.3456 | 0.2835 | (0.1035) | (36.51) |

*(Source: Bloomberg)*

Based on the above, the issue price of RM0.18 per Rights Share represents a discount ranging from approximately 35.51% to 37.59% to the respective TERPs above.

The Board is of the view that the discount range is justifiable after taking into consideration the need of the Company to price the Rights Shares at an issue price deemed sufficiently attractive to encourage subscription of the Rights Shares and to enable the Group to raise the necessary funds required for the intended utilisation as set out in **Section 2.6** of this Circular. Furthermore, the Board has also considered the quantum of discounts in relation to the issue price typically adopted by other companies listed on Bursa Securities for rights issue exercises. For information purposes, the discounts adopted by companies who had recently completed a rights issue of shares exercise with favourable subscription rates are set out below:-

| **Name of listed company and details of rights issue** | **Issue price RM** | **Discount to TERP[*1] %** | **Subscription rate %** |
|---|---|---|---|
| Binastra Corporation Berhad<br>1 rights share for every 10 existing shares | 0.800 | 39.39 | 131.29 |
| Fast Energy Holdings Berhad<br>1 rights share for every 1 existing share | 0.090 | 23.08 | 111.27 |
| Adventa Berhad<br>1 rights share for every 1 existing share | 0.250 | 26.34 | 144.39 |
| SC Estate Builder Berhad<br>2 rights shares for every 1 existing share | 0.005 | 70.24 | 205.63 |

***Note:-***

*[*1] Computed based on the 5-day VWAP of the shares up to and including the last trading day prior to the first announcement of the rights issue or the price-fixing date.*

iii. notwithstanding that the Proposed Rights Issue is undertaken on the Minimum Subscription Level, it is the Company's intention to raise the maximum proceeds possible. Given that there is no underwriting arrangement procured for the balance portion of the Rights Shares that remain unsubscribed, the issue price of RM0.18 per Rights Share, which represents a discount of 35.99% to the TERP of CWG Shares based on the 5-day VWAP of CWG Shares up to and including the LTD of RM0.2812, shall be deemed attractive enough to entice the Entitled Shareholders and/ or their renouncee(s) to subscribe for their Rights Shares under their full entitlement; and

iv. the rationale and justifications for the Proposed Rights Issue as set out in **Section 5.1** of this Circular.

**2.3 Ranking of the Rights Shares**

The Rights Shares shall, upon allotment and issuance, rank equally in all respects with the existing CWG Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares.

**2.4 Listing and quotation of the Rights Shares, Additional Warrants and new CWG Shares to be issued arising from the exercise of the Additional Warrants**

Bursa Securities had, vide its letter dated 14 June 2024, approved the listing and quotation of the Rights Shares, the Additional Warrants to be issued pursuant to the Proposed Rights Issue and the new CWG Shares to be issued pursuant to the exercise of the Additional Warrants on the Main Market of Bursa Securities. The approval of Bursa Securities is subject to the conditions disclosed in **Section 10** of this Circular.

**2.5 Minimum Subscription Level and Undertakings**

The Board has determined to undertake the Proposed Rights Issue on the Minimum Subscription Level after taking into consideration the minimum level of funds that the Company intends to raise from the Proposed Rights Issue amounting to RM6.30 million under the Minimum Scenario that will be channelled towards the proposed utilisation as set out in **Section 2.6** of this Circular.

In order to meet the Minimum Subscription Level, certain shareholders of the Company, namely Mr. Ooi and Datuk Hong had vide their Undertakings dated 17 January 2024 provided the following Undertakings:-

i. **Mr. Ooi, the Executive Chairman and a substantial shareholder of CWG,** has undertaken to subscribe in full for his Rights Shares entitlement at the Issue Price based on his shareholdings as at the Entitlement Date (which amounts to 17,580,000 Rights Shares as at the LPD); and

ii. **Datuk Hong, the Group Executive Director and a substantial shareholder of CWG,** has undertaken to subscribe in full for his Rights Shares entitlement at the Issue Price based on his shareholdings as at the Entitlement Date (which amounts to 17,422,152 Rights Shares as at the LPD).

A summary of the Undertakings is set out as follows:-

| Undertaking Shareholders | Direct shareholding as at the LPD No. of Shares | %*1 | Undertakings No. of Shares | Direct shareholding after the Proposed Rights Issue No. of Shares | %*2 | Funding required*3 RM |
|---|---|---|---|---|---|---|
| Mr. Ooi | 29,300,000 | 17.90 | 17,580,000 | 46,880,000 | 23.59 | 3,164,400 |
| Datuk Hong | 29,036,920 | 17.74 | 17,422,152 | 46,459,072 | 23.38 | 3,135,987 |
| **Total** | **58,336,920** | **35.64** | **35,002,152** | **93,339,072** | **46.97** | **6,300,387** |

***Notes:-***

*1 *Based on the total issued shares of CWG as at the LPD comprising 163,701,623 CWG Shares (excluding 446,500 treasury shares)*

*2 *Based on the enlarged share capital of CWG comprising 198,703,775 CWG Shares (excluding 446,500 treasury shares) after the completion of the Proposed Rights Issue under the Minimum Scenario*

*3 *Computed based on the issue price of RM0.18 per Rights Share*

Further, pursuant to their Undertakings, the above Undertaking Shareholders have also undertaken not to sell or in any way dispose of or transfer their existing interest in the Company or any part thereof during the period commencing from the date of the Undertakings up to Entitlement Date.

As the Proposed Rights Issue is undertaken on the Minimum Subscription Level, CWG will not procure any underwriting arrangement for the remaining portion of the Rights Shares which are not subscribed for by other Entitled Shareholders and/ or their renouncee(s). The Undertaking Shareholders have confirmed that they have sufficient financial resources to fulfil their respective Undertakings and such confirmations have been verified by UOBKH, being the adviser for the Proposed Rights Issue.

The subscription of the Rights Shares by the Undertaking Shareholders will not trigger the obligation to undertake a mandatory offer for all the remaining CWG Shares not already held by them pursuant to Paragraph 4.01(a) of the Rules issued by the SC. Pursuant to Paragraph 8.02(1) of the Listing Requirements, the Company must ensure that at least 25% of the total listed CWG Shares are in the hands of public shareholders. For information purposes, the public shareholding spread of the Company is not expected to fall below 25% of the enlarged issued share capital of the Company after the completion of the Proposed Rights Issue. For illustration purposes, the pro forma effects of the Proposed Rights Issue under the Minimum Scenario and Maximum Scenario on the public shareholding spread of CWG are as follows:-

**Minimum Scenario**

| | As at the LPD | | I After the Proposed Rights Issue | | II After I and assuming all the outstanding Warrants are exercised | |
|---|---|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Share capital (excluding treasury shares) | 163,701,623 | 100.00 | 198,703,775 | 100.00 | 280,530,685 | 100.00 |
| Less: Directors'/ substantial shareholders'/ associates' shareholding | 91,090,920 | 55.64 | 126,093,072 | 63.46 | 145,961,422 | 52.03 |
| **Public shareholding** | **72,610,703** | **44.36** | **72,610,703** | **36.54** | **134,569,263** | **47.97** |

**Maximum Scenario**

| | As at the LPD | | I Assuming all the outstanding Warrants are exercised prior to the implementation of the Proposed Rights Issue | | II After I and the Proposed Rights Issue | |
|---|---|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Share capital (excluding treasury shares) | 163,701,623 | 100.00 | 245,528,533 | 100.00 | 392,845,652 | 100.00 |
| Less: Directors'/ substantial shareholders'/ associates' shareholding | 91,090,920 | 55.64 | 110,959,270 | 45.19 | 177,534,832 | 45.19 |
| **Public shareholding** | **72,610,703** | **44.36** | **134,569,263** | **54.81** | **215,310,820** | **54.81** |

For information purposes, the Proposed Acquisition will not have any effect on the public shareholding spread of CWG as there is no issuance of any new CWG Shares involved.

In the event that the Minimum Subscription Level is not achieved for whatever reason, the Board will not be in a position to proceed with the implementation of the Proposed Rights Issue. All subscription monies received pursuant to the Proposed Rights Issue will in such event be returned without interest to the Entitled Shareholders and/ or their renouncee(s) and/ or transferee(s) (if applicable) in accordance with Paragraph 6.18(4) of the Listing Requirements which states that where the minimum subscription level is not achieved, the implementation of the rights issue of securities must be terminated and all consideration received must be immediately returned to all subscribers. Further, as highlighted in **Section 2.6** of this Circular, part of the proceeds to be raised from the Proposed Rights Issue has been earmarked for the partial payment for the Proposed Acquisition. In the event that the Minimum Subscription Level is not achieved or the Proposed Rights Issue fails to materialise or complete as intended, the Board intends to finance the partial payment for the Proposed Acquisition of up to RM18.00 million via a combination of internally generated funds and/ or bank borrowings.

## 2.6 Utilisation of proceeds

Based on the issue price of RM0.18 per Rights Share, the gross proceeds to be raised from the Proposed Rights Issue will be utilised by CWG in the following manner:-

| Details of utilisation | Timeframe for utilisation from completion of the Proposed Rights Issue | Amount of proceeds Minimum Scenario RM'000 | Maximum Scenario RM'000 |
|---|---|---|---|
| Partial payment for the Proposed Acquisition[*1] | Within 6 months | 5,500 | 18,000 |
| Working capital requirements[*2] | Within 12 months | - | 7,717 |
| Estimated expenses[*3] | Upon completion | 800 | 800 |
| **Total** | | **6,300** | **26,517** |

***Notes:-***

[*1] *The Board has earmarked up to approximately RM18.00 million to partially finance the Proposed Acquisition, further details of which are set out in **Section 3** of this Circular. Should there be any shortfall between the Purchase Consideration and the proceeds earmarked for the full/ partial payment of the Purchase Consideration, it is the Board's intention to finance such shortfall through internally generated funds and/ or bank borrowings as set out in **Section 3.7** of this Circular.*

*2 *The proceeds earmarked for working capital shall be utilised to finance the working capital requirements of the Group which include, but are not limited to, payment to suppliers/ creditors of the Group, general administrative and daily operational expenses such as staff-related costs, utilities, statutory payments and any other overhead expenditures.*

*The Group has not determined the breakdown of such proceeds at this juncture as the allocation will be dependent on the operating and funding requirements at the time of utilisation. Notwithstanding that, and on a best estimate basis, the percentage of the allocation of the proceeds to be utilised for each component of the working capital are as follows, subject to the operating and funding requirements of the Group at the time of utilisation:-*

| | ***Estimated allocation of proceeds (%)*** |
|---|---|
| *Payment to suppliers/ creditors of the Group (e.g. printing expenses, logistics expenses, professional fees and subcontractor fees)* | *40.00* |
| *Defrayment of operational expenses including the purchase of raw materials (e.g. paper rolls, paper sheets and coloured papers), staff related expenses such as salaries, wages, allowances, interest expenses, and other operating expenses such as utilities, upkeep of offices, and maintenance of plants and machinery* | *60.00* |
| ***Total*** | ***100.00*** |

*3 *The proceeds earmarked for estimated expenses in relation to the Proposals will be utilised as set out below:-*

| | ***RM'000*** |
|---|---|
| *Professional fees* | *685* |
| *Regulatory fees* | *50* |
| *Other incidental expenses in relation to the Proposals* | *65* |
| ***Total*** | ***800*** |

*Any variation in the actual amount of the expenses will be adjusted in the portion of the proceeds to be raised for working capital.*

Pending the utilisation of proceeds from the Proposed Rights Issue for the above purposes, the proceeds would be placed as deposits with licensed financial institutions or short-term money market instruments. Any interest income earned from such deposits or instruments will be used as the working capital of the Group.

The actual gross proceeds to be raised from the Proposed Rights Issue is dependent on the total number of issued shares of the Company on the Entitlement Date and the eventual subscription rate of the Rights Shares. Any variance in the actual gross proceeds raised and the intended gross proceeds to be raised will be adjusted against the amount allocated for the working capital of the Group.

For information purposes, in the event that the proceeds raised from the Proposed Rights Issue exceeds the amount to be raised under the Minimum Scenario (i.e. RM6.30 million), the excess proceeds shall be firstly earmarked towards the partial payment of the Proposed Acquisition and any unutilised proceeds from thereon shall be allocated towards for the working capital of the Group.

### 2.7 Other equity fund raising exercises in the past 12 months

The Company has not undertaken any other equity fund raising exercises in the past 12 months prior to the date of this Circular.

## 3. PROPOSED ACQUISITION

### 3.1 Details of the Proposed Acquisition

On 17 January 2024, CWG had entered into the SSA with the Vendors for the proposed acquisition by CWG of 2,049,402 UHSB Shares, representing 100% of the equity interest in UHSB for the Purchase Consideration of RM33.00 million, to be satisfied via a combination of cash payment of RM18.00 million and the issuance of 15,000,000 Consideration RPS at an issue price of RM1.00 per Consideration RPS, in the following manner:-

| Vendors | Shareholding in UHSB as at the LPD | | Cash | | Consideration RPS | | |
|---|---|---|---|---|---|---|---|
| | No. of UHSB Shares | % | RM | % | No. of RPS | RM | % |
| Boo Yin Kwan | 778,392 | 38.00 | 6,840,000 | 38.00 | 5,700,000 | 5,700,000 | 38.00 |
| Chan Lai Yee | 397,552 | 19.40 | 3,492,000 | 19.40 | 2,910,000 | 2,910,000 | 19.40 |
| Lam Chun Wai | 334,259 | 16.30 | 2,934,000 | 16.30 | 2,445,000 | 2,445,000 | 16.30 |
| Low Yaw Shim | 334,259 | 16.30 | 2,934,000 | 16.30 | 2,445,000 | 2,445,000 | 16.30 |
| Loo Zi Kai | 204,940 | 10.00 | 1,800,000 | 10.00 | 1,500,000 | 1,500,000 | 10.00 |
| **Total** | **2,049,402** | **100.00** | **18,000,000** | **100.00** | **15,000,000** | **15,000,000** | **100.00** |

Upon completion of the Proposed Acquisition, UHSB will become a wholly-owned subsidiary of CWG.

Subject to the terms and conditions of the SSA, the Sale Shares will be acquired free from all charges or liens or any other encumbrances thereto and with all rights attaching thereto including, but without limitation, all interests, bonuses and rights in respect thereof from 1 January 2024 and on the basis of the warranties and representations provided by the Vendors. The salient terms of the SSA are set out in **Appendix II** of this Circular.

For information purposes, the sale and purchase of the Sale Shares shall be contemplated as CWG being entitled to all assets of UHSB Group as more specifically listed in **Appendix II(B)** of this Circular ("**the Included Assets**") identified as at 31 December 2023, save and except for the assets of the Company as more specifically listed in **Appendix II(A)** of this Circular ("**the Excluded Assets**"). If any asset is not defined in **Appendices II(A) and II(B)** of this Circular, such asset shall deem to continue to belong to UHSB Group. The reason for CWG not acquiring the Excluded Assets (which mainly comprises trade receivables and inventories) is to eliminate the risk of assuming bad debts arising from the current debtors of UHSB Group and to also allow CWG the benefit of not having to take over the obsolete inventories of UHSB Group.

### 3.2 Information on UHSB

UHSB was incorporated in Malaysia on 6 April 2022 under the Act as a private limited company. As at the LPD, UHSB has a total issued share capital of RM2,049,402 comprising 2,049,402 ordinary shares. As at the LPD, UHSB does not have any convertible securities.

UHSB is an investment holding company and through its wholly-owned subsidiaries, namely UPSB and IPSB, UHSB Group is principally involved in the business of manufacturing and sale of paper-based printed materials, in particular labels for canned and bottled products for F&B companies in Malaysia and to a lesser extent, stickers and inner boxes packaging for the past 20 years since the incorporation of its subsidiaries. As at the LPD, UHSB Group's services are solely catered to customers in the F&B sectors in Malaysia, and UHSB Group sources its raw materials both domestically and internationally (i.e. China and Japan).

As at the LPD, the directors and shareholders of UHSB and their respective direct and indirect interest in UHSB are as follows:-

| | | | <-Direct interest-> | | <-Indirect interest-> | |
|---|---|---|---|---|---|---|
| **Name** | **Directors/ substantial shareholders** | **Nationality** | **No. of shares** | **%** | **No. of shares** | **%** |
| Boo Yin Kwan | Director and substantial shareholder | Malaysian | 778,392 | 38.00 | - | - |
| Chan Lai Yee | Director and substantial shareholder | Malaysian | 397,552 | 19.40 | - | - |
| Lam Chun Wai | Substantial shareholder | Malaysian | 334,259 | 16.30 | - | - |
| Low Yaw Shim | Substantial shareholder | Malaysian | 334,259 | 16.30 | - | - |
| Loo Zi Kai | Substantial shareholder | Malaysian | 204,940 | 10.00 | - | - |

For information purposes, UHSB was incorporated by the Vendors as an investment holding company on 6 April 2022 and pursuant to an internal reorganisation exercise, UHSB completed the acquisition of UPSB and IPSB on 23 November 2023 ("**Acquisition of Subsidiaries**"). The most recent audited financial statements for UHSB, UPSB and IPSB are for the FYE 31 December 2023. Accordingly, the financial information of UHSB, UPSB and IPSB are presented on an individual basis given that UHSB Group was only established as a single economic entity on 23 November 2023.

The summary of the individual financial statements of UHSB (company level) and its subsidiaries are set out below:-

**UHSB (company level)**

A summary of the audited financial information of UHSB for the period from 6 April 2022, being the date of incorporation of UHSB, up to the FYE 31 December 2023 is set out below:-

| | <---------------------Audited------------------> | |
|---|---|---|
| | **For the period from 6 April 2022 to 31 December 2022 RM'000** | **FYE 31 December 2023 RM'000** |
| Revenue | - | - |
| LBT | (7) | (51) |
| LAT | (7) | (51) |
| Shareholders' funds/ shareholders' deficit | (7) | 1,992 |
| Total assets | 5 | 2,054 |
| Total interest-bearing borrowings | - | - |
| Gearing (ratio times) | - | - |

**UPSB**

A summary of the financial information of UPSB for the past 4 financial years up to the FYE 31 December 2023 is set out below:-

| | Audited | | | |
|---|---|---|---|---|
| | FYE 31 December | | | |
| | 2020 RM'000 | 2021 RM'000 | 2022 RM'000 | 2023 RM'000 |
| Revenue | 14,629 | 17,376 | 21,017 | 26,138 |
| Gross profit | 2,256 | 2,319 | 3,303 | 4,543 |
| PBT | 1,843 | 1,616 | 1,575 | 2,605 |
| PAT | 1,640 | 1,251 | 1,100 | 1,424 |
| | | | | |
| Share capital | 500 | 500 | 500 | 500 |
| Retained earnings | 4,329 | 4,280 | 5,180 | 5,303 |
| Shareholders' funds/ NA | 4,829 | 4,780 | 5,680 | 5,803 |
| Cash and bank balances | 3,926 | 2,164 | 1,847 | 728 |
| Total borrowings | 3,742 | 6,051 | 5,287 | 4,868 |
| No. of ordinary share in issues ('000) | 500 | 500 | 500 | 500 |
| | | | | |
| EPS (RM) | 3.28 | 2.50 | 2.20 | 2.85 |
| NA per share (RM) | 9.66 | 9.56 | 11.36 | 11.61 |
| Gearing ratio (times) | 0.77 | 1.27 | 0.93 | 0.84 |
| Current ratio (times) | 1.79 | 1.77 | 2.42 | 1.91 |

**IPSB**

A summary of the financial information of IPSB for the past 4 financial years up to the FYE 31 December 2023 is set out below:-

| | Audited | | | |
|---|---|---|---|---|
| | FYE 31 December | | | |
| | 2020 RM'000 | 2021 RM'000 | 2022 RM'000 | 2023 RM'000 |
| Revenue | 18,125 | 20,295 | 24,000 | 27,231 |
| Gross profit | 1,787 | 2,185 | 2,873 | 3,437 |
| PBT | 424 | 1,121 | 1,669 | 1,761 |
| PAT | 325 | 862 | 1,252 | 1,274 |
| | | | | |
| Share capital | 600 | 600 | 600 | 600 |
| Retained earnings | 2,174 | 3,036 | 3,784 | 3,757 |
| Shareholders' funds/ NA | 2,774 | 3,636 | 4,384 | 4,357 |
| Cash and bank balances | 1,554 | 757 | 986 | 470 |
| Total borrowings | - | 1,199 | 1,125 | 1,051 |
| No. of ordinary share in issues ('000) | 600 | 600 | 600 | 600 |
| | | | | |
| EPS (RM) | 0.54 | 1.44 | 2.09 | 2.12 |
| NA per share (RM) | 4.62 | 6.06 | 7.31 | 7.26 |
| Gearing ratio (times) | - | 0.33 | 0.26 | 0.24 |
| Current ratio (times) | 1.65 | 2.22 | 2.82 | 1.84 |

For the purpose of illustrating the financial information of UHSB Group with the assumption that the Acquisition of Subsidiaries had taken place at the beginning of the FYE 31 December 2020, the Company had requested the unaudited pro forma consolidated financial statements of UHSB Group for the past 4 financial years up to the FYE 31 December 2023 from the management of UHSB, as summarised below:-

**Unaudited pro forma consolidated financial statements of UHSB Group**

| | <-----FYE 31 December-----> | | | |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 19,080 | 21,587 | 26,673 | 30,048 |
| Gross profit | 4,104 | 4,508 | 6,180 | 7,876 |
| PBT | 2,266 | 2,680 | 3,188 | 4,201 |
| PAT | 1,965 | 2,056 | 2,296 | 2,533 |
| | | | | |
| Share capital | 1,100 | 1,100 | 1,100 | 1,100 |
| Retained earnings | 6,503 | 7,260 | 8,908 | 8,897 |
| Shareholders' funds/ NA | 7,603 | 8,360 | 10,008 | 9,997 |
| Cash and bank balances | 5,480 | 2,921 | 2,833 | 1,198 |
| Total borrowings | 5,016 | 7,251 | 6,412 | 5,919 |
| No. of ordinary share in issues ('000) | 2,049 | 2,049 | 2,049 | 2,049 |
| | | | | |
| EPS (RM) | 0.96 | 1.00 | 1.12 | 1.24 |
| NA per share (RM) | 3.71 | 4.08 | 4.88 | 4.88 |
| Gearing ratio (times) | 0.66 | 0.87 | 0.64 | 0.59 |
| Current ratio (times) | 2.04 | 2.37 | 3.38 | 2.54 |

Based on the above unaudited pro forma consolidated financial statements of UHSB Group for the past 4 financial years up to the FYE 31 December 2023, UHSB Group recorded a consolidated PAT of RM1.97 million, RM2.06 million, RM2.30 million and RM2.53 million, respectively. For the avoidance of doubt, the consolidated PAT of UHSB Group based on the unaudited pro forma accounts for the past 4 financial years up to the FYE 31 December 2023 has been arrived at after taking into account the elimination of intercompany transactions.

Please refer to **Appendix I** of this Circular for further details on UHSB Group.

### 3.3 Profit Guarantee

In consideration for CWG acquiring UHSB, the Vendors have jointly and severally undertaken to CWG, to guarantee CWG that UHSB shall achieve a minimum cumulative consolidated PAT in the aggregate sum of RM15.00 million for the Profit Guarantee Period (i.e. 3 consecutive years commencing from 1 January 2024 to 31 December 2026). The Profit Guarantee is subject to the following:-

i. the Vendors shall ensure that UHSB achieves a minimum consolidated PAT of RM3.50 million for the first and second year during the Profit Guarantee Period (the "**Minimum Profit Target**"). For the avoidance of doubt, the Minimum Profit Target shall apply to first year of the Profit Guarantee Period from 1 January 2024 to 31 December 2024 and the second year of the Profit Guarantee Period shall commence on 1 January 2025 to 31 December 2025.

ii. In the event that the Vendors shall fail to achieve the Minimum Profit Target for the first and/ or second years of the Profit Guarantee Period (i.e. to achieve a minimum consolidated profit after tax of RM3.50 million per year and fails to pay such shortfall to CWG in accordance to item (ix) below), the Vendors shall be deemed to have breached the Vendors' obligation to provide the Profit Guarantee to CWG and CWG shall be entitled to claim against the Vendors for all shortfall for the entire Profit Guarantee Period in accordance with the SSA. For the avoidance of doubt, the Vendors are not required to pay to CWG the shortfall due as the shortfall due shall be set off against the redemption price of the RPS.

iii. In the event the Minimum Profit Target is achieved but is lesser than RM5.00 million for the first or second year of the Profit Guarantee Period, it is not an event of default and no payment or top up shall be required of the Vendors at the end of each of the first or second year (as the case may be) as item (iv) below shall apply.

*For clarification purposes, the Profit Guarantee of RM15.00 million is on a cumulative basis during the Profit Guarantee Period. However, the Minimum Profit Target of RM3.50 million for each of the first and second year of the Profit Guarantee Period was an additional condition requested by CWG to ensure that the Vendors are on track to achieve the Profit Guarantee within the Profit Guarantee Period. The Minimum Profit Target of RM3.50 million was determined after taking into consideration UHSB Group's gradual improvement in its pro forma consolidated PAT during the financial track record years as set out in* ***Section 3.2*** *of this Circular. By setting the Minimum Profit Target of RM3.50 million for each of the first and second year of the Profit Guarantee Period, it allows the Vendors to commit to a realistic profit target in the earlier term of the Profit Guarantee Period, with the expectation that UHSB Group can achieve the Profit Guarantee of RM15.00 million on a gradual and cumulative basis during the Profit Guarantee Period.*

iv. CWG and the Vendors mutually agreed to nominate BDO PLT as auditors to conduct a special audit based on the Malaysian Financial Reporting Standards ("**MFRS**") (the "**Special Audit**") to determine the consolidated PAT of UHSB for purposes of the Profit Guarantee and the Special Audit report prepared by the said auditors shall be final and conclusive on the parties, a copy each of which is to be issued to CWG and the Vendors, which shall in the absence of manifest error be conclusive, final and binding on the parties. Such auditor shall show a true and fair view of UHSB's results as required by the MFRS. All costs and expenses for the preparation of the Special Audit shall be borne by UHSB. Such costs and expenses shall not be taken into consideration as an expense, when determining the PAT for purposes of determining the Profit Guarantee and the Minimum Profit Target.

*For clarification purposes, CWG and the Vendors have agreed not to include the costs and expenses of the Special Audit in determining the PAT for purposes of determining the Profit Guarantee and the Minimum Profit Target as the purpose of the Special Audit is to determine the PAT of UHSB Group for purposes of the Profit Guarantee. The expenses of the Special Audit are one-off expenses that are not normally expected to be incurred in the normal course of business and including these items could distort the true operating performance of UHSB.*

v. the Vendors shall cooperate with the auditors of UHSB to furnish all documents and information as shall be required by the auditors of UHSB from time to time to enable the auditors of UHSB to complete the Special Audit in a timely manner, in any event, on or before the 28$^{th}$ of February following the end of each years' Profit Guarantee Period.

vi. it is agreed by the Vendors and CWG that the achievement of the Profit Guarantee shall be determined on cumulative basis and any shortfall or surplus of UHSB's consolidated PAT for any year of the Profit Guarantee Period shall be brought forward to be aggregated with the consolidated PAT for the next year of the Profit Guarantee Period.

vii. it is further agreed that all salary, remuneration and benefits of whatsoever nature given to the financial controller appointed by CWG to UHSB upon Completion of the SSA (as defined in **Section 3.1.1 of Appendix II** of this Circular) shall not be taken into consideration as an expense, when determining the consolidated PAT for purposes of determining the Profit Guarantee and the Minimum Profit Target.

*For clarification purposes, CWG and the Vendors have agreed not to include the salary remuneration and benefits of whatsoever nature given to the financial controller appointed by CWG in determining the PAT for the purposes of determining the Profit Guarantee and the Minimum Profit Target as excluding the salary of a new financial controller ensures that the Profit Guarantee calculation reflects UHSB's operational performance accurately and fairly as this will be an additional expense to UHSB. The new financial controller is appointed at the expense of CWG to protect CWG's interests in UHSB's financial matters.*

viii. notwithstanding the Profit Guarantee Period, the Vendors agree that upon Completion of the SSA, UHSB's financial year end shall be changed to 30th June.

ix. in the event that UHSB shall fail to achieve the Minimum Profit Target of each year of the Profit Guarantee Period, the Vendors agree to top up such shortfall up to the sum of RM5.00 million for the said year in which UHSB fails to achieve the Minimum Profit Target by the Vendors paying the said sum to CWG within thirty 30 days from the date of the Special Audit report for the said year failing which CWG shall be entitled to deem that the Vendors have breached the Profit Guarantee and thereafter, **item 3.6 of Appendix II** of this Circular shall apply.

*For clarification purposes, if the Minimum Profit Target of each year of the Profit Guarantee Period is not achieved and the Vendors pay such shortfall to meet the sum of RM5.00 million for each year as stated above, the Vendors shall be deemed to have achieved the Minimum Profit Target for that year and item (x) below shall apply. In addition, the Profit Guarantee of RM15.00 million is on a cumulative basis during the Profit Guarantee Period. However, the top up under this item (ix) of up to RM5.00 million (which will be part of the total Profit Guarantee of RM15.00 million) allows CWG to ensure that the performance of the Vendors to achieve the Profit Guarantee is on track.*

x. in the event that the Vendors are able to achieve the Minimum Profit Target of the first and second year of the Profit Guarantee Period, the Vendors agree that CWG shall be entitled to cause the UHSB Group to declare all such profits as dividends to CWG (the "**Profit Dividends**") to enable CWG to redeem such equivalent value of the RPS held by the Vendors provided that UHSB shall maintain the working capital set out in **item 3.4.1 of Appendix II** of this Circular and the redemption of such RPS shall be completed within the first quarter of each year following each of the financial years in relation to the Profit Guarantee Period subject to the Special Audit report being issued and the declaration of the Profit Dividends being completed.

xi. in the event there is a net loss after taxation recorded in the Special Audit, the said net loss after tax for such year of the Profit Guarantee Period shall be carried forward to the next financial year of the Profit Guarantee Period. For the avoidance of doubt, in determining whether the Minimum Profit Target is met in the second or third year of the Profit Guarantee Period for the purpose of item (ix) or (x) above, this item (xi) shall apply and after taking into consideration the total amount which the Vendors shall have paid to CWG for the shortfall referred to in item (ix) above.

xii. in the event that after CWG having redeemed such number of RPS after the Vendors having achieved the Minimum Profit Target for the first year Profit Guarantee Period and/ or the second year Profit Guarantee Period, and subsequently UHSB makes insufficient PAT or a loss after tax on the third year of the Profit Guarantee Period resulting in Vendors' failure to attain the Profit Guarantee, notwithstanding anything in the SSA, the shortfall between the actual PAT during the Profit Guarantee Period and the Profit Guarantee shall be a debt due by the Vendors to CWG.

The above debt due shall be calculated upon the expiry of the Profit Guarantee Period, whereby in the event the Profit Guarantee is not achieved based on the cumulative PAT of the Company for the Profit Guarantee Period (after netting off any loss after tax and payment of shortfall by the Vendors under item (ix) above), the Company shall be entitled to redeem all the balance RPS and the redemption proceeds shall be utilised to firstly, pay any shortfall between the Profit Guarantee and the above net PAT achieved, and after which, the remaining redemption proceeds (if any) such shall be paid to the relevant Vendor whose RPS are redeemed.

For the avoidance of doubt, where there is still any shortfall remaining not settled from the redemption proceeds, it shall be deemed a debt due which is immediately payable by the Vendors to the Purchaser.

*For clarification purposes, in the event the Vendors fail to pay the above amount immediately, CWG shall be entitled to recover the same as a debt due under law and be entitled to such remedies and reliefs available to it under law.*

xiii. in the event the income of UHSB for the Profit Guarantee Period is taxed at any rate higher than 24% due to any upward adjustment to the income tax rate after the date of the SSA (the financial year(s) affected by the increased rate shall be referred to as the "**Affected Year**"), the Parties agree that the consolidated PAT of UHSB for the Affected Year shall, for the purpose of determination of the performance of the Profit Guarantee and the Minimum Profit Target, be calculated as if the income tax rate is 24%.

xiv. it is intention of the CWG and the Vendors that the working capital contemplated under **item 3.4 of Appendix II** of this Circular shall be provided by CWG to UHSB by way of cash and/ or bank facilities. To this end, the Vendors agreed as follows:-

a. if the working capital is provided through CWG's existing bank facilities, then any interest costs of such working capital shall be borne by UHSB and shall be deemed an interest expenses when determining the profit after tax for purposes of determining the Profit Guarantee and the Minimum Profit Target; and/ or

b. if the working capital is provided through CWG's cash injection, UHSB shall pay to CWG, interest based on one point five per centum (1.50%) above the Overnight Interest Rate ("**OIR**") (OIR is currently at 3.00%) and such interest costs shall be deemed and interest expenses when determining the PAT for purposes of determining the Profit Guarantee and the Minimum Profit Target.

For the avoidance of doubt, it is agreed by the Parties that such interest costs pursuant to this item (xiv) above of up to RM0.27 million for each financial year during the Profit Guarantee Period (derived based on the aggregated audited finance costs of UPSB and IPSB for the FYE 31 December 2022) shall be taken into consideration when determining the PAT for purposes of determining the Profit Guarantee and the Minimum Profit Target and any interest costs amount in excess of RM0.27 million incurred by UHSB pursuant to **item 3.2.2(l) of Appendix II** of this Circular shall not be taken into consideration for purposes of determining the Profit Guarantee.

*For clarification purposes, CWG and the Vendors have agreed to the above cap of RM0.27 million for each financial year to provide more certainty on the maximum interest costs that can be accounted for in determining the Profit Guarantee and the Minimum Profit Target, and to eliminate any risks of fluctuation in interest rates during the Profit Guarantee Period which could distort the achievability of the Profit Guarantee and the Minimum Profit Target.*

Please refer to **Section 3.2 of Appendix II** of this Circular for further details of the Profit Guarantee.

### 3.4 Basis and justification of arriving at the Purchase Consideration

The purchase consideration of RM33.00 million was derived at, via direct negotiations between the Vendors and CWG after agreeing at a PE multiple of 6.60 times over the Yearly Profit Guarantee of RM5.00 million as set out in **Section 3.3** of this Circular (PE multiple is a financial metric used to evaluate the market value of a company relative to its annual net income on a per share basis).

In agreeing at a PE multiple of 6.60 times, CWG had taken into consideration the undertaking by the Vendors that UHSB Group shall achieve the Yearly Profit Guarantee of RM5.00 million during the Profit Guarantee Period of 3 years as well as the future earnings potential of UHSB Group beyond the Profit Guarantee Period.

Furthermore, the PE multiple of 6.60 times for UHSB Group was agreed between the Vendors and CWG after negotiation and taking into consideration the average PE multiples of comparable companies in the similar industry and/ or business activities as UHSB Group of 10.67 times. After applying a discount range of between 25%[*1] to 50%[*2] to the comparable PE multiples, the adjusted average PE multiples was between the range of approximately 5.34[*2] times to 8.00[*1] times, with a simple average of 6.67 times. Accordingly, the Vendors and CWG agreed to adopt a PE multiple of 6.60 times for UHSB Group.

***Notes:-***

[*1] *The public listed companies in Malaysia have to comply with the public shareholding spread requirement of 25.00% and thus, the shares of the said public listed companies are more marketable and liquid (tradable on Bursa Securities). Given that the UHSB Group is a non-public listed company, there is limited avenue to determine the marketability and liquidity of UHSB Shares. As such, the Vendors and CWG have applied a 25% illiquidity discount to the comparable PE multiples. After applying a 25% discount to the average PE multiples of the comparable companies of 10.67 times, the adjusted average PE multiple was derived at 8.00 times.*

[*2] *On top of the 25% illiquidity discount, the Vendors and CWG have also considered an additional discount of 25% to the comparable PE multiples after taking into consideration the size of operations of the comparable companies which are significantly larger than UHSB Group (i.e. the average revenue of the comparable companies based on its latest audited financial statements is approximately RM175.55 million as compared to UHSB Group's pro forma revenue for the FYE 31 December 2023 of RM30.05 million). After applying a 50% discount (i.e. 25% illiquidity discount and 25% size discount) to the average PE multiples of the comparable companies of 10.67 times, the adjusted average PE multiple was derived at 5.34 times.*

Purely for the shareholders' information, other methods of valuation were not adopted for the evaluation of the Purchase Consideration of UHSB in this valuation statistics premised on the following:-

i. Asset-based approach i.e. price-to-book multiple and the revaluation net assets method of valuation are not deemed as appropriate methods of valuation in respect of the business nature of UHSB. Notwithstanding that UHSB Group is involved in the business of manufacturing and sale of paper-based printed materials, it adopts an asset-light business model without owning heavy manufacturing assets. In particular, 2 out of its 5 manufacturing premises are rented from external parties. As such, these properties are treated as operating leases and are not recognised as assets in the financial statements of UPSB. Further, the remaining 3 manufacturing premises owned by UHSB are more than 20 years old without revaluation and the NBV of these assets may not reflect the actual economic value of the assets. Accordingly, the asset-based approach may not accurately reflect the value of UHSB; and

ii. Price-to-sales multiple is not used as part of the basis of valuation as earnings is relatively more direct and meaningful indicator as compared to sales. In view that UHSB is a profit-making company, coupled with the Profit Guarantee that has been given by the Vendors, earnings multiples would be more applicable to reflect the value of the business of UHSB against the price-to-sales multiple, of which may also be used for loss-making companies.

The Board is of the opinion that the Profit Guarantee is reasonable and realistic, after taking into consideration the following:-

i. the historical financial track record of UHSB's subsidiaries (i.e. UPSB and IPSB) and the pro forma financial results of UHSB Group for the past 4 financial years up to the FYE 31 December 2023 as set out in **Section 3.2** of this Circular;

ii. during the Profit Guarantee Period, UHSB Group is expected to undertake the following initiatives which shall generate sufficient profits to meet the Profit Guarantee:-

 a. **Expansion of customer base** – The management of UHSB Group intends to increase its production lines to cater for the expected increase in demand for label printing services from 2 of its major customers. For information purposes, the sales of stickers and labels represents UHSB Group's largest revenue contributor, contributing approximately 82,63%, 80.35%, 72.62% and 73.31% of UHSB Group's total revenue during the financial track record period, respectively, with an increasing trend from RM15.77 million in the FYE 31 December 2020 to RM22.15 million in the FYE 31 December 2023, representing a CAGR of 11.99%. Furthermore, UHSB Group has seen a growth in its customer base from 20 customers as at the FYE 31 December 2020 to 25 customers as at the FYE 31 December 2023, majority of which operates in the Fast Moving Consumer Goods (FMCG) industry. The increase in the demand for label printing services is expected to translate into higher volume of orders as well as the possibility of diversifying UHSB's current production to include specialised labels, designs and unique packaging solutions to meet the needs of its major customers, with the assumption that UHSB Group shall record revenue growth rate of 10% per annum during the Profit Guarantee Period;

 b. **Increase in market share** – One of UHSB's main competitor has decommissioned its main factory and intends to exit the manufacturing and sale of printed materials market. As such, the management of UHSB Group is of the view that the exit of a competitor may allow it to capture a larger market share and potentially negotiate higher prices for its products due to decrease in competition, thereby potentially resulting in higher revenue for UHSB;

 c. **Expansion of operational hours** – Upon completion of the Proposed Acquisition, the management of UHSB Group intends to introduce an additional work shift within the company's operational framework as a response to the anticipated higher demand from its expanding customer base as highlighted above. The management of UHSB Group is of the view that expanding the operational hours of UPSB and IPSB will allow UHSB Group to fulfil the increasing orders and requirements of its growing customer base. This measure will be undertaken to ensure timely delivery of products and to also position UHSB Group to capitalize on emerging market opportunities and strengthen its competitive edge in the market;

 d. **Bulk purchase of raw materials** – UHSB Group's suppliers, recognising UHSB's ability to make bulk purchases or more frequent orders for raw materials to cater for the expected increase in production, may be inclined to offer attractive discounts or lower prices. These negotiated discounts are expected to contribute to raw material cost savings for the UHSB by approximately 5% per annum during the Profit Guarantee Period and potentially enhancing the bottom line of UHSB Group; and

e. **Manufacturing automation** – The management of UHSB Group intends to purchase new machinery and/ or modify existing machinery to introduce automation into the operational framework of UHSB Group. The introduction of automation into UHSB Group will reduce labour costs and allow UHSB Group to maximise the efficiency and productivity of its production lines. Additionally, automation through new machinery will optimize resource utilization, such as raw materials, leading to reduced overhead costs; and

iii. the prospects of UHSB Group and the enlarged CWG Group as set out in **Section 6.4** of this Circular.

Having considered the above, notwithstanding that the pro forma PAT of the UHSB Group for the FYE 31 December 2023 stood at RM2.53 million, the Board is of the view that UHSB Group would be able to generate sufficient profits to meet the Minimum Profit Target (i.e. RM3.50 million) for the first and second year during the Profit Guarantee Period, and the cumulative consolidated PAT in the aggregate sum of RM15.00 million for the Profit Guarantee Period. In the event the Profit Guarantee is not met, the Group shall be entitled to utilise the redemption proceeds from the redemption of such number of RPS equivalent to the shortfall to make good the shortfall. Where there is still any shortfall remaining not settled from the redemption proceeds, such shortfall amount shall be deemed a debt due which is immediately payable by the Vendors to CWG.

The Board has also considered the following justifications in arriving at the Purchase Consideration:-

i. the historical revenue and profit track record of UHSB Group, in which it had recorded a pro forma consolidated revenue of RM19.08 million, RM21.59 million, RM26.67 million and RM30.05 million, and a pro forma consolidated PAT of RM1.97 million, RM2.06 million, RM2.30 million and RM2.53 million, respectively, during the financial track record years. The improvement in UHSB Group's pro forma consolidated revenue and PAT translates into a CAGR of 16.35% for its revenue and 8.70% for its PAT over the past 4 financial years;

   As highlighted above, the Purchase Consideration (i.e. RM33.00 million) has been determined based on the Profit Guarantee (i.e. RM15.00 million) provided by the Vendors to CWG for the Profit Guarantee Period (i.e. for 3 financial years up to the FYE 31 December 2026). Notwithstanding that the Profit Guarantee (i.e. RM15.00 million) only covers 3 financial years up to the FYE 31 December 2026, the Board has considered the historical financial track record of UHSB Group which has been growing progressively coupled with the initiatives by UHSB Group to generate sufficient profits to meet the Profit Guarantee to justify the Purchase Consideration. The Board is of the opinion that UHSB Group shall be able to achieve sustainable PAT equivalent to at least the Yearly Profit Guarantee of RM5.00 million beyond the Profit Guarantee Period, to justify the Purchase Consideration (i.e. RM33.00 million) relative to the Profit Guarantee (i.e. RM15.00 million), with an estimated payback period of approximately 6.6 years (i.e. length of time for an investment to recoup its initial cost) based on the assumption of average profit to be recognised by UHSB Group of RM5.00 million per year;

ii. UHSB Group has also recorded gearing ratio of less than 1 (ranging between 0.59 times to 0.87 times) and current ratio of above 1 (ranging between 2.04 times to 3.38 times) over the past 4 financial years up to the FYE 31 December 2023, representing the UHSB Group's sufficient liquidity to meet its short-term obligations and that it has been operating with a lower level of borrowings relative to its equity; and

iii. The outlook and prospects of the printing industry as set out in **Section 6.3** of this Circular, in which the printing industry is expected to remain positive, in line with the growth of the global market for paper packaging materials.

To further justify the Purchase Consideration, peer analysis has been carried out to benchmark the PE multiple implied by the Purchase Consideration against the PE multiple of comparable companies in similar industry and/ or business activities as UHSB to substantiate the reasonableness of the Purchase Consideration.

The brief description on the earnings multiple method of valuation is set out below for shareholders' information purpose only:-

| Valuation multiple | General description |
|---|---|
| **PE** | PE multiple is the measure of the market price of a company's shares relative to its annual net income of the company per share.<br><br>The computation of PE multiple is as follows:-<br><br>$\frac{\text{Price } \textit{market}}{\text{EPS}}$ |

The earnings multiple method of valuation is considered the most appropriate method of valuation in ascribing the value of UHSB premised on the grounds that UHSB's subsidiaries (i.e. UPSB and IPSB) had been generating profits for the past 4 financial years up to the FYE 31 December 2023.

The comparable companies were selected mainly with reference to the substantial similarity of the business activities to UHSB Group (i.e. manufacturing and sale of paper-based printed materials) and are currently listed on the stock exchange in Malaysia. The recent transactions are also compiled from publicly available information on Bursa Securities' website and is not exhaustive. As such, it should be noted that this comparable valuation statistics is carried out on a best effort basis, purely to provide a benchmark valuation for the Purchase Consideration.

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The valuation statistics of the comparable companies using PE multiple are set out below:-

| Companies | Principal activities | Latest audited FYE prior to the LTD | Last Price[*1] RM | Market Capitalisation[*2] RM'mil | PAT[*3] RM'mil | EPS[*4] sen | PE[*5] times | Adjusted PE Scenario I[*7] times | Adjusted PE Scenario II[*6] times |
|---|---|---|---|---|---|---|---|---|---|
| HPP Holdings Berhad | Principally engaged in the printing, production and trading of paper-based packaging, corrugated boxes, non-corrugated boxes and rigid boxes and investment holding in real property | 31.05.2023 | 0.33 | 128.18 | 9.31 | 2.40 | 13.77 | 6.89 | 10.33 |
| MTAG Group Berhad | Principally involved in labels and stickers printing and material converting services | 30.06.2023 | 0.45 | 306.73 | 30.07 | 4.41 | 10.20 | 5.10 | 7.65 |
| UPA Corporation Bhd | Principally engaged in the manufacturing of paper-based products, manufacturing of plastic products, trading of printing related machineries and manufacturing of healthcare products | 31.12.2022 | 0.79 | 62.87 | 10.74 | 13.49 | 5.85 | 2.93 | 4.39 |
| Asia File Corporation Bhd | Principally engaged in the manufacturing and trading of stationery products, paper and plastic based related products and consumer and food wares products. | 31.03.2023 | 2.08 | 406.35 | 31.63 | 16.19 | 12.85 | 6.43 | 9.64 |
| | | | | | | | **Low** | 2.93 | 4.39 |
| | | | | | | | **High** | 6.89 | 10.33 |
| | | | | | | | **Simple Average** | 5.34 | 8.00 |
| | | | | | | | **Simple Average of Adjusted PE** | | **6.67** |
| | | | | | | | **UHSB** | | **6.60** |

*(Source: Bloomberg and the audited financial statements of the respective companies)*

***Notes:-***

*1 *Being the closing price as at the LTD.*

*2 *The market capitalisation of the comparable companies was calculated based on the total number of issued shares multiply with the last price of the respective comparable companies as at the LTD.*

*3 *Based on the latest audited financial statements of the respective comparable companies.*

*4 *The EPS of the comparable companies was computed based on the latest audited PAT over the total number of issued shares of the comparable companies.*

*5 *PE is computed based on last price over EPS.*

*6 *Based on the scenario that public listed companies in Malaysia have to comply with the public shareholding spread requirement of 25.00% and thus, the shares of the said public listed companies are more marketable and liquid (tradable on Bursa Securities). Given that the Proposed Acquisition involves an acquisition of a non-public listed company, there is limited avenue to determine the marketability and liquidity of UHSB Shares and taking into consideration that the size of UHSB is smaller to that of the comparable companies, we have adopted 25% as the liquidity discount factor to derive the Adjusted PE under Scenario II for the comparable companies.*

*7 *Based on the scenario where we have accounted for an additional discount of 25% on top of the 25% illiquidity discount, to derive the Adjusted PE under Scenario I for the comparable companies after taking into consideration the size of operations of the comparable companies which are significantly larger than UHSB Group (i.e. the average revenue of the comparable companies based on its latest audited financial statements is approximately RM175.55 million as compared to UHSB Group's pro forma revenue for the FYE 31 December 2023 of RM30.05 million).*

Based on the table above, the implied PE multiple of UHSB of 6.60 times is adopted after taking into consideration the adjusted average PE multiples of the comparable companies which is between the range of approximately 5.34 times to 8.00 times, with a simple average of 6.67 times. As such, the Board deems the Purchase Consideration for the Proposed Acquisition reasonable after taking into consideration the valuation statistics of the comparable companies above and the historical financial performance and future prospects of UHSB and the enlarged UHSB Group as set out in **Section 6.4 and Appendix I** and of this Circular, respectively.

Purely for illustration purposes, the PE multiple of UHSB based on the pro forma consolidated PAT of UHSB Group for the FYE 31 December 2023 of RM2.53 million ("**Proforma PAT**") is 13.04 times. The Board takes cognisance that the PE multiple of UHSB Group based on the Proforma PAT of 13.04 times has exceeded the range of adjusted average PE multiples of the comparable companies. Nevertheless, the Board deems the PE multiple of UHSB Group to be reasonable due to the following:-

i. the purchase consideration of RM33.00 million represents the valuation of 100.00% equity interest in UHSB Group pursuant to the Proposed Acquisition, whereby CWG will be able to fully control the business direction and management of UHSB Group when it becomes a wholly-owned subsidiary of CWG, and thereafter consolidating the future earnings of UHSB Group; and

ii. the reasonableness of the Profit Guarantee as set out in **Section 3.3** of this Circular.

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### 3.5 Terms and conditions of the Consideration RPS

The salient terms of the Consideration RPS are as follows:-

| **Subject** | | **Salient terms of the Consideration RPS** |
|---|---|---|
| **Issuer** | : | CWG Holdings Berhad |
| **Issue Price** | : | RM1.00 per Consideration RPS<br><br>The issue price for each Consideration RPS shall be set off against the amount payable by the Company to the Vendors respectively, towards the balance Purchase Consideration of RM15.00 million under the SSA as detailed in **Section 3.6** of this Circular. |
| **Size** | : | 15,000,000 RPS |
| **Seniority** | : | The Consideration RPS shall rank in priority to any ordinary shares issued by the Company. |
| **Dividend** | : | The Consideration RPS shall carry the right to receive a fixed dividend rate (whether declared or not declared) of four per centum (4.00%) per annum calculated based on a day to day basis (non-compounded) and cumulative. The failure of the Company to pay dividend at the end of each year prior to Redemption however does not constitute a breach. |
| **Liquidation Preference** | : | Subject to any financing agreements binding on the Company and the applicable laws of winding-up, in the event of any liquidation, dissolution or winding-up of the Company or any repayment in capital, the holders of the Consideration RPS shall rank in priority to all ordinary shares of the Company. |
| **Conversion** | : | The Consideration RPS is non-convertible. |
| **Redemption** | : | Subject to the fulfilment of the Profit Guarantee by the Vendors and/ or the Vendor's compliance with the terms and conditions of the Profit Guarantee in accordance to clause 4.3 of the SSA (please refer to **item 3.2 of Appendix II** of this Circular), the Company shall:-<br><br>a. have the option and discretion to redeem the RPS at the Redemption Price at any time prior to Maturity; or<br><br>b. redeem the Consideration RPS at the Redemption Price at Maturity,<br><br>in accordance to the terms and conditions contained in clause 4.3 and clause 4.7 (please refer to **item 3.6 of Appendix II** of this Circular) of the SSA and the provisions of the Act.<br><br>"Maturity" means forty two (42) months from the date of allotment and issuance of the RPS. If such a day shall fall on a non working day, then the maturity date will be the next working day.<br><br>"working day" means a day other than a Saturday, Sunday or public holiday, on which banks are open for business in Kuala Lumpur, Selangor and Pulau Pinang and the term "working days" shall be construed accordingly. |
| **Redemption Price** | : | The Redemption Price on Maturity or prior to Maturity for each Consideration RPS shall be the Issue Price together with the accumulated RPS Dividends (rounded down to the nearest RM1). |

| Subject | | Salient terms of the Consideration RPS |
|---|---|---|
| **Other matters** | : | a. There shall be no variation, modification, deletion of the rights attached to the Consideration RPS without the prior written consent of all the Company and holders of the RPS.<br>b. The Consideration RPS will be unlisted and cannot be transferred unless with the prior written approval of the Company.<br><br>c. The Consideration RPS will have no preference or priority of dividends payments over all ordinary shares. |
| **Participation in the surplus assets, profits or other rights of the Company** | : | Save for the Dividends that the Consideration RPS holders are entitled to as above, each Consideration RPS shall not confer on the holder any right to any further participation in the surplus assets, profits or other rights of the Company. |
| **Voting Rights** | : | Each Consideration RPS confers no voting rights on the holders of the Consideration RPS |
| **Governing Law** | : | Laws of Malaysia |

### 3.6 Basis and justification of arriving at the issue price of the Consideration RPS

The Board has fixed the issue price of the 15,000,000 Consideration RPS at RM1.00 per Consideration RPS to coincide with the Profit Guarantee of RM15.00 million provided the Vendors.

The issue price of the RPS is not comparable to the market prices of CWG Shares as the RPS will not be listed on any stock exchange and they are not convertible into new CWG Shares. Further, the RPS are redeemable at its issue price of RM1.00 together with accumulative dividends.

### 3.7 Mode of settlement

Pursuant to the terms of the SSA, the Purchase Consideration of RM33.00 million shall be satisfied in the following manner:-

| Payment terms | Timing of settlement | RM | % |
|---|---|---|---|
| **Cash** | | | |
| Deposit payment | Payable upon execution of the SSA. | 3,300,000 | 10.00 |
| Balance cash payment | Payable within 3 months from the Unconditional Date.<br><br>Under the SSA, "**Unconditional Date**" is defined as the date of satisfaction of all the conditions precedent in the SSA or the same being waived by the respective parties to the SSA. | 14,700,000 | 44.55 |
| **RPS** | | | |
| Consideration RPS | Payable by way of issuance of 15,000,000 RPS in favour of the Vendors in their respective shareholding proportion as set out in **Section 3.2** of this Circular, within 3 months from the Unconditional Date. | 15,000,000 | 45.45 |
| **Total** | | **33,000,000** | **100.00** |

### 3.8 Source of funding

The Purchase Consideration shall be satisfied via a combination of cash consideration of RM18.00 million and the issuance of 15,000,000 RPS at an issue price of RM1.00 per RPS, amounting to RM15.00 million, to the Vendors.

Under the Maximum Scenario, CWG is expected to raise up to approximately RM26.52 million from the Proposed Rights Issue and the RM18.00 million cash portion of Purchase Consideration shall be financed entirely via the proceeds to be raised from the Proposed Rights Issue.

Under the Minimum Scenario, CWG will raise up to approximately RM6.30 million, of which RM5.50 million is earmarked for the partial settlement of the Purchase Consideration. As such, there will be a cash shortfall of approximately RM12.50 million between the RM18.00 million cash portion of the Purchase Consideration and the proceeds earmarked for the partial settlement of the Purchase Consideration ("**Cash Shortfall**"). It is the Board's intention to finance the Cash Shortfall entirely through internally generated funds and/ or bank borrowings in the following manner:-

| **Source of funds** | **RM'000** | **%** |
|---|---|---|
| Internally generated funds | 8,000 | 64.00 |
| Bank borrowings | 4,500 | 36.00 |
| **Total** | **12,500** | **100.00** |

For information purposes, the Group's cash and cash equivalents based on its latest audited financial statements for the FYE 30 June 2023 and its latest unaudited financial statements for the 9-month financial period ended 31 March 2024 stood at approximately RM21.16 million and RM14.21 million, respectively.

### 3.9 Liabilities to be assumed by CWG

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the SSA (in particular as stated in **items 1, 3.2.2(h), 3.4, 3.5, 4 and 5.1 of Appendix II** of this Circular), there are no other liabilities including contingent liabilities and/ or guarantees to be assumed by CWG arising from the Proposed Acquisition.

### 3.10 Additional financial commitment required

Upon completion of the Proposed Acquisition, there are no additional financial commitments to be incurred by CWG Group to put the business of UHSB Group on-stream in view that its subsidiaries (i.e. UPSB and IPSB) are ongoing business entities with historical profit track records as set out in **Section 3.2** of this Circular.

Notwithstanding the above, upon completion of the Proposed Acquisition and pursuant to the SSA as set out in **Appendix II** of this Circular, CWG shall facilitate to procure and source an additional working capital of up to RM7.00 million for UHSB, as and when required by UHSB for purposes including but not limited to the purchase of the inventory, raw materials and new machineries by way of cash injection and/ or bank borrowings ("**Additional Working Capital**"). For information purposes, the new machineries to be acquired under the Additional Working Capital are intended to introduce automation into UHSB's manufacturing processes, including the installation of the Heidelberg Printec Production Manager (i.e. a comprehensive workflow solution designed to streamline and manage the entire print production process, which offers centralised job management, automated prepress workflows, advanced color management, seamless pressroom integration, and robust quality control for UHSB's printed materials). However, the final list of machineries to be acquired cannot be determined at this juncture the Company and management of UHSB require additional time to undertake further assessment on the technical specifications of the machineries before making an informed decision that meets UHSB's manufacturing requirements.

The Board intends to fund the Additional Working Capital via internally generated funds, bank borrowings and/ or proceeds to be raised from the Proposed Rights Issue that has been earmarked for the Group's working capital expenditure as set out in **Section 2.6** of this Circular in the following manner:-

| **Source of funds** | **RM** | **%** |
|---|---|---|
| Internally generated funds | 2,000 | 28.57 |
| Bank borrowings | 5,000 | 71.43 |
| **Total** | **7,000** | **100.00** |

## 3.11 Information on the Vendors

Boo Yin Kwan ("**Ms. Boo**"), a Malaysian, aged 53, is a Director and substantial shareholder of UHSB. She graduated in 1993 with a Diploma in Marketing from Advance Tertiary College, Malaysia and has accumulated approximately 30 years of experience in the printing industry. She started her career at UPP Sdn Bhd in 1994 as a Marketing Executive where she acquired the fundamental skills in sales and operational aspects of the printing industry. In 2000, she founded UPSB and was appointed as a Director of UPSB. In 2022, Ms. Boo was appointed as a Director of UHSB to oversee the strategic business planning, development and operations of UHSB Group, which includes setting UHSB Group's direction, formulating corporate development plans and driving its business growth.

Chan Lai Yee ("**Ms. Chan**"), a Malaysian, aged 53 is a Director and substantial shareholder of UHSB. She graduated in 1997 with a Bachelor's Degree in Accounting from City University of New York. Ms. Chan commenced her accounting career in 1998 as an auditor in Chang & Co. until she left the accounting firm in 2000. In 2000, Ms. Chan joined UPSB as an Accounts cum Admin Executive where she was responsible for the administrative and financial functions of UPSB until today. Ms. Chan was appointed as a Director of UPSB and IPSB in 2005 and 2007, respectively. In 2022, Ms. Chan was appointed as a Director of UHSB to oversee the administrative and all aspects of accounting functions of UHSB Group, including financial reporting, budgeting, taxation and cash flow management of UHSB Group.

Lam Chun Wai ("**Mr. Lam**"), a Malaysian, aged 50 is a substantial shareholder of UHSB. Mr. Lam graduated in 1993 with a Diploma in Electronic Engineering and Marketing from Federal Institute of Technology. He commenced his career in the printing industry in 1996 with Interpress Printer Sdn Bhd as a Sales Executive where his sales portfolio involved lifestyle magazines, education text books and pharmaceutical packaging. In 2000, Mr. Lam joined Tien Wah Press (M) Sdn Bhd as a Sales Executive where he was assigned to service international tobacco accounts for 8 years. In 2009, Mr Lam joined IPSB as a Director.

Low Yaw Shim ("**Mr. Low**"), a Malaysian, aged 55 is a substantial shareholder of UHSB. Mr. Low graduated in 1991 with Bachelor Degree in Arts (Economy) from University of Malaya. He commenced his career in the Fast-Moving Consumer Goods (FMCG) industry with Kao Trading Sdn Bhd in 1991 under their sales division as a Senior Sales Executive. In 1998, Mr. Low joined Tien Wah Press (M) Sdn Bhd as a Sales Manager where he was responsible of managing his sales team and developing strategic marketing plans. From 2008 to 2009, he continued his sales mentoring expertise at Percetakan Tenaga Sdn Bhd as a Sales Manager. In 2010, Mr. Low joined IPSB as a Director.

Loo Zi Kai ("**Mr. Loo**"), a Malaysian, aged 31 is a substantial shareholder of UHSB. He graduated in 2014 with Bachelor of Commerce in Economics and Finance from Curtin University, Perth Western Australia. Mr. Loo joined IPSB in 2014 as a Sales Executive to support the sales team in handling existing and developing new accounts and was subsequently appointed as a Director of IPSB in 2020.

## 4. PROPOSED AMENDMENT

The Proposed Amendment involves consequential amendments to the Constitution of CWG to facilitate the issuance of Consideration RPS under the Proposed Acquisition. Please refer to **Appendix III** of this Circular for further details on the Proposed Amendment.

## 5. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

### 5.1 Proposed Rights Issue

The Board is of the view that the Proposed Rights Issue is the most appropriate avenue to raise the necessary funding for the Group as set out in **Section 2.6** of this Circular after taking into consideration the following:-

i. the Proposed Rights Issue will strengthen the financial position and capital base of the Company, by reducing its gearing level and increasing its NA thereby providing greater financial flexibility, as illustrated in **Section 8.2** of this Circular;

ii. the Proposed Rights Issue will enable the issuance of new CWG Shares without diluting shareholders' equity interest, based on the assumption that all Entitled Shareholders subscribe in full for their respective entitlements under the Proposed Rights Issue;

iii. the Proposed Rights Issue will provide all Entitled Shareholders with an opportunity to participate in an equity offering in the Company on a pro-rata basis and ultimately, participate in the prospects and future growth of the Group by subscribing to the Rights Shares; and

iv. The Proposed Rights Issue will enable the Company to raise the requisite funds as set out in **Section 2.6** of this Circular, without incurring additional interest expense, as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing.

### 5.2 Proposed Acquisition

CWG Group is primarily involved in the Stationery and Printed Materials Business. Currently, the products distributed by CWG Group are ready to use stationery and printed materials including spiral notebooks, artist pads, hardcover books, files, paper bags and gift wraps.

On the other hand, UHSB, through its subsidiaries, is principally involved in the manufacture and sale of paper-based printed materials. The core printed materials manufactured by UHSB Group include paper-based labels for canned and bottled products for F&B companies and to a lesser extent, stickers and inner boxes packaging.

Upon completion of the Proposed Acquisition, CWG will get immediate access to a new range of paper-based printed materials which are currently manufactured by UHSB Group. By having access to a new range of paper-based printed materials, the Proposed Acquisition will potentially provide CWG with additional stream of revenue and the additional portfolio of paper-based printed materials is expected to help CWG to achieve revenue growth at a faster pace, thereby contribute positively to the Group's future earnings.

Furthermore, UHSB's subsidiaries, namely UPSB and IPSB, have a proven financial track record as exhibited in its financial results recorded for the past 4 financial years up to the FYE 31 December 2023, in which UPSB and IPSB have been able to register revenue and profit year-on-year, as well as generate positive cash flow from its operating activities in the latest FYE 31 December 2023 to sustain its operating cycle without having to rely on external borrowings, whilst also maintaining a net cash position throughout the financial years under review.

The Proposed Acquisition also comes with the Profit Guarantee for the Profit Guarantee Period. As such, pursuant to the Proposed Acquisition, CWG Group may immediately stand to benefit from the guaranteed earnings, enhancing its asset and earnings base through the consolidation of UHSB Group's results moving forward.

Barring any unforeseen circumstances and based on the above, the Board believes that the Proposed Acquisition may potentially augur well for the growth prospects of the Group in the medium to long term.

### 5.3 Proposed Amendment

The Proposed Amendment is to facilitate the issuance of the Consideration RPS pursuant to the Proposed Acquisition.

## 6. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS

### 6.1 Overview and outlook of the Malaysian economy

Global growth is projected to moderate in 2023 and 2024 following slow growth in advanced economies; volatile financial market due to tightening monetary policy; prolonged geopolitical tensions; and increasing climatic changes. Nevertheless, inflation continues to soften as markets head towards supply chain stabilisation. In addition, world trade is projected to moderate in 2023 in line with weaker global demand. However, global trade is expected to increase in 2024 in tandem with improved trade activity in advanced economies, and emerging market and developing economies (EMDEs).

In the case of Malaysia, the economy continued to expand amid these persistent challenges in the external environment. During the first half of 2023, gross domestic product ("**GDP**") posted a growth of 4.2% supported by resilient domestic demand, in particular private expenditure. The services sector, the largest contributor to the economy, continued to lead growth following higher tourist arrivals and improved consumer spending. The construction sector continued to expand in tandem with the acceleration of infrastructure projects and realisation of investment in non-residential and residential developments. These developments helped to cushion the negative impact from the external sector following slow external demand, particularly from Malaysia’s major trading partners.

For 2024, the economy is projected to grow within the range of 4% to 5%. The growth is envisaged to be broad-based, led by the services sector as intermediate and final services groups are anticipated to rise further driven by sustained domestic consumption and improved export activities. The retail trade, accommodation and restaurants as well as communication segments are expected to increase in line with consumption trend, while the wholesale trade segment and transport and storage subsector will benefit from higher trade-related activities.

On the demand side, growth will be buoyed by strong private sector expenditure and improving global demand. The encouraging performance of private sector is partly due to the Government’s deliberate efforts to accelerate a more vibrant and dynamic private sector by providing a conducive business and investment environment, underpinned by the implementation of comprehensive Ekonomi MADANI framework as well as policies and blueprints such as the National Energy Transition Roadmap (NETR) and New Industrial Master Plan 2030 (NIMP 2030). Meanwhile, consumer spending is envisaged to be robust supported by improved labour market conditions.

*(Source: Economic Outlook 2024, Ministry of Finance Malaysia)*

## 6.2 Overview and outlook of the manufacturing industry

On the supply side, services and manufacturing sectors continue to be the primary engines of growth in 2023. However, the manufacturing sector is expected to register a modest growth amid sluggish external demand. In addition, the domestic-oriented industries are backed by higher output in high growth high value (HGHV) industries which will drive the manufacturing sector, in tandem with the implementation of initiatives under the NETR, NIMP 2030 and MTR of the Twelfth Plan as well as Chemical Industry Roadmap 2030.

The manufacturing sector is expected to accelerate, accounted by improved export-oriented industries particularly the E&E products as external demand recovers, while the domestic-oriented industries are anticipated to remain favourable in line with robust domestic consumption and investment.

The manufacturing sector grew by 1.7% during the first half of 2023 underpinned by resilient domestic-oriented industries amid sluggish external demand. The domestic oriented industries' steady growth of 4.4% was backed by increasing demand for consumer goods and construction-related segments. Meanwhile, export-oriented industries expanded marginally by 0.5% weighed down by the lower production of E&E due to cyclical downturn in global semiconductor industry.

The sector is forecast to grow by 1.2% in the second half of the year with domestic-oriented industries remain as the mainstay of growth. All segments are projected to expand particularly food and beverages, as well as transport equipment. These segments will benefit from the strengthening of tourism activities and increasing demand for passenger cars and related motor parts and accessories. In addition, anticipated acceleration and realisation of projects in the construction sector will increase the demand for metal related segments. Meanwhile, within the export-oriented industries, the E&E segment is expected to pivot away from the downcycle trend, in line with gradual improvements in global demand especially for computing devices, electronics and semiconductors as well as growing domestic demand for industrial electronics, electric vehicles (EV) and medical technology devices. Furthermore, the demand for chemicals segment is expected to increase in line with the bottom out of E&E downcycle. Hence, the manufacturing sector is anticipated to register a modest growth of 1.4% in 2023.

*(Source: Economic Outlook 2024, Ministry of Finance Malaysia)*

## 6.3 Overview and outlook of the printing industry

Since its establishment in the 1960s, Malaysia's paper, printing, and publishing industry has continuously adapted to changing market conditions, consumer preferences, and technological advancements. The industry's evolution is driven by developments in digital media, e-commerce, and sustainability practices. Recovered paper serves as the primary raw material for recycled pulp, kraft paper, and various paper-based products, catering to sectors like tissue production, diaper manufacturing, and paper packaging.

The industry has attracted substantial investments from both global and local players. Notable global investors such as Best Eternity Recycle Technology, Jingxing Holdings, and ND Paper have injected RM10.40 billion into Malaysia's paper and paper-based products sector over the past decade. Local companies have also expanded, often through foreign equity acquisition, exemplified by GS Paperboard & Packaging RM1.20 billion plant in Selangor, which employs advanced paper-making technology.

To regulate the growing wastepaper importation and promote sustainable practices, the government introduced specific guidelines for importation and inspection of wastepaper in 2022. A temporary two-year moratorium on issuing Manufacturing Licences (ML) for new and expansion/diversification projects using wastepaper as raw materials was also implemented. Industry players have already adopted sustainable infrastructure, including wastewater treatment plants and solar panels.

On 10 January 2022, the Government announced a new policy on importation of wastepaper into the country; Guidelines for Importation and Inspection of Waste Paper. All waste papers intended to be imported into Malaysia are subject to the inspection process and issuance of Certificate of Approval (COA) by SIRIM. The Ministry of Investment, Trade and Industry (MITI) has announced a moratorium on Manufacturing Licence (ML) and ICA 10 approval for papermill activities for 2 years starting from 15 March 2022. Therefore, no Manufacturing Licence or ICA 10 will be issued for papermill activities which includes new, expansion and diversification projects.

The industry's outlook remains positive, with the global market for paper packaging materials expected to grow to US$323 billion by 2026. The COVID-19 pandemic emphasised the importance of safe, hygienic, and secure product delivery through e-commerce. Demand for innovative packaging materials surged as merchants aimed to minimise product loss and contamination risks. Hygienic paper-based products such as wet wipes and tissues remained sought after during the pandemic. Additionally, the shift towards eco-friendly alternatives due to anti-plastic initiatives further benefits the paper industry's growth.

*(Source: Sustainable Investment for Growth, Malaysia Investment Performance Report 2022,Malaysian Investment Development Authority)*

In the changed post COVID-19 business landscape, the global market for stationery products estimated at US$24.20 billion in the year 2022, is projected to reach a revised size of US$34.70 billion by 2030, growing at a CAGR of 4.60% over the period 2022-2030. Printing supplies, one of the segments analysed in the report, is projected to record 4.80% CAGR and reach USD17.40 billion by the end of the analysis period. Taking into account the ongoing post pandemic recovery, growth in the paper-based stationery products segment is readjusted to a revised 3.00% CAGR for the next 8-year period.

*(Source: Press article titled Global Stationery Products Market to Reach $34.7 Billion by 2030, 13 March 2023)*

The stationery products market in the United States of America ("**USA**") is estimated at US$6.10 billion in the year 2020. China, the world's second largest economy, is forecast to reach a projected market size of US$5.80 billion by the year 2027 trailing a CAGR of 6.40% over the analysis period 2020 to 2027.Among the other noteworthy geographic markets are Japan and Canada, each forecast to grow at 3.00% and 3.80% respectively over the 2020-2027 period. Within Europe, Germany is forecast to grow at approximately 3.60% CAGR.

In the global mailing supplies segment, USA, Canada, Japan, China and Europe will drive the 3.00% CAGR estimated for this segment. These regional markets accounting for a combined market size of US$1.40 billion in the year 2020 will reach a projected size of US$1.70 billion by the close of the analysis period. China will remain among the fastest growing in this cluster of regional markets. Led by countries such as Australia, India, and South Korea, the market in Asia-Pacific is forecast to reach US$3.80 billion by the year 2027, while Latin America will expand at a 3.30% CAGR through the analysis period.

*(Source: Press article titled Stationery Products Global Market to Reach $29.8 Billion by 2027: Growing Trend towards Bullet-Journaling and Hand Lettering Support Sales of Writing Instruments and Notebooks,6 March 2023)*

### 6.4 Future prospects of CWG Group and UHSB Group

Presently, CWG Group operates primarily through its Stationery and Printed Materials Business from its manufacturing facilities and sales office primarily based in Malaysia. The Stationery and Printed Materials Business operates and exports products to about 58 countries around the world.

As most countries, including Malaysia, have entered the endemic stage of the pandemic, the Group intends to grow its market share and customer base in new regions through improving innovation, building and satisfying customer loyalty, employing talented and dedicated workforce and pricing products and services efficiently. The Group remains focused on expanding its products range within the Stationery and Printed Materials Business, thereby improving its value proposition to a wider range of prospective customers.

In Malaysia, the Group has a vast domestic distribution network of wholesalers and retailers countrywide which include prominent hypermarket chains, bookstores, speciality stores and supermarkets. As part of the Group's business objective to be a leading supplier of the stationery and paper products, the Group remains focused on exploring business opportunities in chain stores by offering Original Equipment Manufacturing ("**OEM**") arrangements which may increase the Group's local market share size over the traditional stores in the market segment.

At the export front, the Group's stationery products are exported to overseas countries under Original Brand Manufacturing ("**OBM**"), OEM and Original Design Manufacturing ("**ODM**") arrangements. Notwithstanding the fact that the Group's exports are the main contribution to the Group's revenue, the Group actively participates in international trade fairs to explore new business opportunities and enhance the Group's presence and product recognition in global market. Over the years, the Group has successfully expanded its market share in the Middle East and European countries with competitively priced functional and well-crafted products that meet the expectations of these niche markets. This is complemented by the Group's ongoing marketing strategies with key distributors in major regions.

As stated in **Section 5.2** and **Appendix I** of this Circular, UPSB and IPSB have over the past 4 financial years up to the FYE 31 December 2023, operated profitably whilst achieving a steady PAT margin ranging from 5.23% to 11.21% and 1.79% to 5.22%, respectively, during the track record period. Further, UPSB and IPSB have generated positive cash inflow from operating activities for the latest FYE 31 December 2023 whilst maintaining a net cash position during the past 4 financial years up to FYE 31 December 2023. Upon completion of the Proposed Acquisition, CWG Group will be able to expand its product offerings and revenue base, thereby generating additional income stream for the Group after consolidating UHSB Group's financial results. In addition, the enlarged CWG Group is expected to have greater economies of scale due to the similar nature of printing activities between both companies, and the resultant lower overall costs of operations from the enlarged CWG Group is expected to help improve profitability of the enlarged CWG Group.

In light of the positive prospects in the printing industry as highlighted in **Section 6.3** of this Circular, the Board sees the Proposed Acquisition as favourable to the enlarged CWG Group in the short to medium run as it accords well with CWG Group's strategy to expand its Stationery and Printed Materials Business. To support the funding requirements of the Proposed Acquisition, the Board has earmarked up to approximately RM18.00 million from the Proposed Rights Issue for the said purpose and future working capital requirements of the enlarged Group. Premised on the above, the Board believes that the Proposals is expected to deliver greater value to the shareholders of CWG and further improve the financial performance of the Group moving forward.

*(Source: Management of CWG)*

## 7. RISK FACTORS

UHSB is subject to risks inherent in the printing industry, of which CWG Group is also subject to the similar known business and industry risks. Therefore, such risks factors associated with the Proposed Acquisition are already known and mitigating measures would have already been implemented and will continuously be implemented given CWG Group's experience in the printing industry. Nevertheless, the other potential risks that may have an impact on CWG Group, which may not be exhaustive pertaining to the Proposed Acquisition, are set out below:-

### 7.1 Delay or non-completion of the Proposed Acquisition

The Proposed Acquisition is subject to the fulfilment of the conditions precedent under the SSA and which include, amongst others, the approval of the shareholders of CWG. In the event that the conditions precedent are not satisfied and/ or waived, or any of the termination events occur, the Proposed Acquisition will not be completed. The Proposed Acquisition may also be delayed in the event that any of the dates for the fulfilment of the respective conditions precedent under the SSA is extended by mutual agreement of CWG and the Vendors. Nevertheless, CWG will take all necessary and reasonable steps to ensure the fulfilment of conditions precedent as set out in the SSA in a timely manner and to perform its obligations in accordance with the terms of the SSA to facilitate the completion of the Proposed Acquisition.

### 7.2 Investment risk

It is expected that upon completion of the Proposed Acquisition, the business and operations of UHSB Group will contribute positively to the enlarged CWG Group's future financial performance and enlarge CWG Group's sources of earnings. However, such benefits to be realised from the Proposed Acquisition are dependent upon the successful integration of UHSB Group into the enlarged CWG Group. Further, there can be no assurance that the business and operations of UHSB Group will continue to generate the expected return on investment i.e. beyond the Profit Guarantee, as the success and profitability of the UHSB Group's business is exposed to various external factors which are beyond the Group's control such as amongst others, economic conditions, consumer preference and industry trends. Nevertheless, moving forward, the Board is confident that it can manage such risk by leveraging on the experience and expertise of CWG Group's management in the printing industry.

### 7.3 Borrowing and financing risk

As highlighted in **Sections 3.7 and 3.9** of this Circular, the Group intends to finance the Cash Shortfall of RM12.50 million under the Minimum Scenario as well as the Additional Working Capital for UHSB of RM7.00 million via internally generated funds and/ or bank borrowings. In view of the foregoing, the Group will be subjected to the following risks:-

i. increase in cost of financing, less favourable terms, adverse interest rates fluctuation and higher security coverage for borrowings, due to, amongst others, global and local economic conditions, credit and capital market dynamics; and

ii. the Group may not be able to fulfill its payment obligations if it isn't able to generate sufficient cash flows during the periods of weak business conditions/ economic downturns.

As a result of the circumstances in (i) and (ii) above, there may be insufficient cash reserves remaining for the Group to fund its capital expenditure requirements, daily operations or distributions to its shareholders in the form of cash dividends.

Notwithstanding the above, the Group will take all reasonable steps (i.e. monitor its debt levels and adopt cost-effective financing actions) to prevent the failure of the Group to fulfil its payment obligations and thereby mitigating the aforesaid risks.

## 8. EFFECTS OF THE PROPOSALS

### 8.1 Issued share capital

The Proposed Acquisition and Proposed Amendment, on a standalone basis, will not have any effect on CWG Group's issued share capital as there is no issuance of CWG Shares involved. The pro forma effects of the Proposed Rights Issue on the issued share capital of the Company are as follows:-

| | Minimum Scenario | | Maximum Scenario | |
|---|---|---|---|---|
| | No. of Shares | RM | No. of Shares | RM |
| Issued share capital as at the LPD (net of treasury shares) | 163,701,623 | 78,209,765 | 163,701,623 | 78,209,765 |
| Assuming all the outstanding Warrants are exercised prior to the implementation of the Proposed Rights Issue | - | - | 81,826,910 | 29,457,688[*1] |
| | **163,701,623** | **78,209,765** | **245,528,533** | **107,667,453** |
| Rights Shares to be issued pursuant to the Proposed Rights Issue | 35,002,152 | 6,300,387[*2] | 147,317,119 | 26,517,082[*2] |
| **Enlarged issued share capital** | **198,703,775** | **84,510,152** | **392,845,652** | **134,184,535** |

***Notes:-***

[*1] *Assuming all 81,826,910 outstanding Warrants are converted at the exercise price of RM0.36 per Warrant*

[*2] *Computed based on the issue price of RM0.18 per Rights Share*

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## 8.2 NA and gearing level

The Proposed Amendment, on a standalone basis, will not have any effect on CWG Group's NA and gearing level. For illustration purposes only, the pro forma effects of the Proposed Rights Issue and Proposed Acquisition on the audited consolidated NA and gearing level of the Group as at 30 June 2023 are as follows:-

### Minimum Scenario

| | Audited as at 30 June 2023 RM | I Subsequent events up to the LPD RM | II After I and the Proposed Rights Issue RM | III After II and the Proposed Acquisition RM |
|---|---|---|---|---|
| Share capital | 78,351,260 | 78,351,260 | 84,651,647*2 | 84,651,647 |
| Treasury shares | (484,959) | (141,495)*1 | (141,495) | (141,495) |
| Reserves | 26,793,189 | 26,793,189 | 25,993,189*3 | 25,993,189 |
| **Shareholders' equity/ NA** | **104,659,490** | **105,002,954** | **110,503,341** | **110,503,341** |
| No. of Shares in issue | 162,601,623 | 163,701,623*1 | 198,703,775*2 | 198,703,775 |
| NA per Share (RM) | 0.64 | 0.64 | 0.56 | 0.56 |
| Total borrowings | 9,131,167 | 9,131,167 | 9,131,167 | 14,184,755*4 |
| Gearing ratio (times) | 0.09 | 0.09 | 0.08 | 0.13 |

***Notes:-***

*1 *After taking into consideration 1,100,000 treasury shares that were resold in the open market on 10 January 2024*

*2 *Assuming that 35,002,152 Rights Shares are issued at the issue price of RM0.18 per Rights Share to the Undertaking Shareholders under the Minimum Scenario*

*3 *After deducting the estimated expenses of RM0.80 million in relation to the Proposals*

*4 *After consolidating the total borrowings of UPSB and IPSB amounting to RM6.52 million, based on UPSB and IPSB's latest audited accounts for the FYE 31 December 2023 and after deducting the excluded borrowings of UPSB and IPSB of of RM1.46 million, as specified in **Appendix II(A)** of this Circular*

### Maximum Scenario

| | Audited as at 30 June 2023 RM | I Subsequent events up to the LPD RM | II After I and exercise of all outstanding Warrants RM | III After II and the Proposed Rights Issue RM | IV After III and the Proposed Acquisition RM |
|---|---|---|---|---|---|
| Share capital | 78,351,260 | 78,351,260 | 107,808,948*2 | 134,326,029*3 | 134,326,029 |
| Treasury shares | (484,959) | (141,495)*1 | (141,495) | (141,495) | (141,495) |
| Reserves | 26,793,189 | 26,793,189 | 26,793,189 | 25,993,189*4 | 25,993,189 |
| **Shareholders' equity/ NA** | **104,659,490** | **105,002,954** | **134,460,642** | **160,177,723** | **160,177,723** |
| No. of Shares in issue | 162,601,623 | 163,701,623*1 | 245,528,533*2 | 392,845,652*3 | 392,845,652 |
| NA per Share (RM) | 0.64 | 0.64 | 0.55 | 0.41 | 0.41 |
| Total borrowings | 9,131,167 | 9,131,167 | 9,131,167 | 9,131,167 | 14,184,755*5 |
| Gearing ratio (times) | 0.09 | 0.09 | 0.07 | 0.06 | 0.09 |

***Notes:-***

*1 *After taking into consideration 1,100,000 treasury shares that were resold in the open market on 10 January 2024*

*2 *Assuming all 81,826,910 outstanding Warrants are converted at the exercise price of RM0.36 per Warrant*

[*3] Assuming all 147,317,119 Rights Shares are issued at the issue price of RM0.18 per Rights Share to all the Entitled Shareholders under the Maximum Scenario

[*4] After deducting the estimated expenses of RM0.80 million in relation to the Proposals

[*5] After consolidating the total borrowings of UPSB and IPSB amounting to RM6.52 million, based on UPSB and IPSB's latest audited accounts for the FYE 31 December 2023 and after deducting the excluded borrowings of UPSB and IPSB of of RM1.46 million, as specified in **Appendix II(A)** of this Circular

## 8.3 Earnings and EPS

The Proposed Amendment (on a standalone basis) will not have any effect on CWG Group's earnings and EPS. The Proposed Rights Issue, which is expected to be completed by the third quarter of 2024, is not expected to have any material effect on the earnings and EPS of the Group for the FYE 30 June 2024. However, there will be a dilution in the EPS of the Group for the FYE 30 June 2024 due to the increase in the number of Shares in issue arising from the Proposed Rights Issue. Notwithstanding that, the Proposed Rights Issue is expected to contribute positively to the future earnings of the Group in the ensuing financial year(s) via the utilisation of the proceeds as set out in **Section 2.6** of this Circular.

Purely for illustration purpose, assuming that the Proposed Rights Issue and Proposed Acquisition had been completed on 1 July 2022, being the beginning of the latest audited FYE 30 June 2023 of CWG, the effects of the Proposed Rights Issue and Proposed Acquisition on the earnings and EPS of CWG Group are as follows:-

**<u>Assuming the Minimum Profit Target is Achieved</u>**

**Minimum Scenario**

| | Audited FYE 30 June 2023 RM | I Subsequent events up to the LPD[*2] RM | II After I and the Proposed Rights Issue RM | III After II and the Proposed Acquisition RM |
|---|---|---|---|---|
| PAT attributable to owners of the Company | 5,973,125 | 5,973,125 | 5,973,125 | 5,973,125 |
| Add: Minimum Profit Target[*1] | - | - | - | 3,500,000 |
| Less: Estimated expenses in relation to the Proposals | - | - | (800,000)[*3] | (800,000) |
| | **5,973,125** | **5,973,125** | **5,173,125** | **8,673,125** |
| No. of Shares in issue | 162,601,623 | 163,701,623 | 198,703,775[*4] | 198,703,775 |
| **EPS (sen)** | **3.67** | **3.65** | **2.60** | **4.36**[*5] |

***Notes:-***

[*1] Assuming the Minimum Profit Target of RM3.50 million is achieved and recognised in the beginning of the financial year

[*2] After taking into consideration 1,100,000 treasury shares that were resold in the open market on 10 January 2024

[*3] After deducting the estimated expenses of RM0.80 million in relation to the Proposals

[*4] Assuming that 35,002,152 Rights Shares are issued to the Undertaking Shareholders under the Minimum Scenario

[*5] Computed based on of PAT (attributable to shareholders) and the Minimum Profit Target divided by the total number of CWG Shares in issue after the Proposed Acquisition

### Maximum Scenario

| | | Audited FYE 30 June 2023 RM | I Subsequent events up to the LPD[*2] RM | II After I and the Proposed Rights Issue RM | III After II and the Proposed Acquisition RM |
|---|---|---|---|---|---|
| PAT attributable to owners of the Company | | 5,973,125 | 5,973,125 | 5,973,125 | 5,973,125 |
| Add: | Minimum Profit Target[*1] | - | - | - | 3,500,000 |
| Less: | Estimated expenses in relation to the Proposals | - | - | (800,000)[*3] | (800,000) |
| | | **5,973,125** | **5,973,125** | **5,173,125** | **8,673,125** |
| No. of Shares in issue | | 162,601,623 | 163,701,623 | 392,845,652[*4] | 392,845,652 |
| **EPS (sen)** | | **3.67** | **3.65** | **1.32** | **2.21**[*5] |

***Notes:-***

[*1] *Assuming the Minimum Profit Target of RM3.50 million is achieved and recognised in the beginning of the financial year*

[*2] *After taking into consideration 1,100,000 treasury shares that were resold in the open market on 10 January 2024*

[*3] *After deducting the estimated expenses of RM0.80 million in relation to the Proposals*

[*4] *Assuming 81,826,910 outstanding Warrants are converted and 147,317,119 Rights Shares are issued to all the Entitled Shareholders under the Maximum Scenario*

[*5] *Computed based on of PAT (attributable to shareholders) and the Minimum Profit Target divided by the total number of CWG Shares in issue after the Proposed Acquisition*

## <u>Assuming the Yearly Profit Guarantee is Achieved</u>

### Minimum Scenario

| | | Audited FYE 30 June 2023 RM | I Subsequent events up to the LPD[*2] RM | II After I and the Proposed Rights Issue RM | III After II and the Proposed Acquisition RM |
|---|---|---|---|---|---|
| PAT attributable to owners of the Company | | 5,973,125 | 5,973,125 | 5,973,125 | 5,973,125 |
| Add: | Yearly Profit Guarantee[*1] | - | - | - | 5,000,000 |
| Less: | Estimated expenses in relation to the Proposals | - | - | (800,000)[*3] | (800,000) |
| | | **5,973,125** | **5,973,125** | **5,173,125** | **10,173,125** |
| No. of Shares in issue | | 162,601,623 | 163,701,623 | 198,703,775[*4] | 198,703,775 |
| **EPS (sen)** | | **3.67** | **3.65** | **2.60** | **5.12**[*5] |

***Notes:-***

[*1] *Assuming the Yearly Profit Guarantee of RM5.00 million (being the average annual Profit Guaratee of RM15.00 million) is achieved and recognised in the beginning of the financial year*

*2 *After taking into consideration 1,100,000 treasury shares that were resold in the open market on 10 January 2024*

*3 *After deducting the estimated expenses of RM0.80 million in relation to the Proposals*

*4 *Assuming that 35,002,152 Rights Shares are issued to the Undertaking Shareholders under the Minimum Scenario*

*5 *Computed based on of PAT (attributable to shareholders) and the Yearly Profit Guarantee divided by the total number of CWG Shares in issue after the Proposed Acquisition*

## Maximum Scenario

| | Audited FYE 30 June 2023 RM | I Subsequent events up to the LPD*2 RM | II After I and the Proposed Rights Issue RM | III After II and the Proposed Acquisition RM |
|---|---|---|---|---|
| PAT attributable to owners of the Company | 5,973,125 | 5,973,125 | 5,973,125 | 5,973,125 |
| Add: Yearly Profit Guarantee*1 | - | - | - | 5,000,000 |
| Less: Estimated expenses in relation to the Proposals | - | - | (800,000)*3 | (800,000) |
| | **5,973,125** | **5,973,125** | **5,173,125** | **10,173,125** |
| No. of Shares in issue | 162,601,623 | 163,701,623 | 392,845,652*4 | 392,845,652 |
| **EPS (sen)** | **3.67** | **3.65** | **1.32** | **2.59*5** |

***Notes:-***

*1 *Assuming the Yearly Profit Guarantee of RM5.00 million (being the average annual Profit Guaratee of RM15.00 million) is achieved and recognised in the beginning of the financial year*

*2 *After taking into consideration 1,100,000 treasury shares that were resold in the open market on 10 January 2024*

*3 *After deducting the estimated expenses of RM0.80 million in relation to the Proposals*

*4 *Assuming 81,826,910 outstanding Warrants are converted and 147,317,119 Rights Shares are issued to all the Entitled Shareholders under the Maximum Scenario*

*5 *Computed based on of PAT (attributable to shareholders) and the Yearly Profit Guarantee divided by the total number of CWG Shares in issue after the Proposed Acquisition*

## 8.4 Substantial shareholders' shareholding

The Proposed Acquisition and Proposed Amendment will not have any effect on the substantial shareholders' shareholding in the Company as there is no issuance of CWG Shares involved.

The effects of the Proposed Rights Issue on the substantial shareholders' shareholding in CWG as at the LPD are as follows:-

**Minimum Scenario**

| | Shareholding as at the LPD | | | | I<br>After the Proposed Rights Issue | | | |
|---|---|---|---|---|---|---|---|---|
| | <-------------Direct------------> | | <-----------Indirect-----------> | | <------------Direct------------> | | <-----------Indirect------------> | |
| | No. of Shares | %[*1] | No. of Shares | %[*1] | No. of Shares | %[*2] | No. of Shares | %[*2] |
| Mr. Ooi | 29,300,000 | 17.90 | - | - | 46,880,000 | 23.59 | - | - |
| Datuk Hong | 29,036,920 | 17.74 | - | - | 46,459,072 | 23.38 | - | - |
| ANB Equity Sdn Bhd | 12,874,500 | 7.86 | - | - | 12,874,500 | 6.48 | - | - |
| Dato' Khor Wan Tat | 1,008,700 | 0.62 | 7,830,000 | 4.78[*3] | 1,008,700 | 0.51 | 7,830,000 | 3.94[*3] |
| Lai Tjhin Tjhin | - | - | 12,874,500 | 7.86[*4] | - | - | 12,874,500 | 6.48[*4] |
| Lim Kam Seng | 9,380,000 | 5.73 | - | - | 9,380,000 | 4.72 | - | - |

***Notes:-***

[*1] *Based on the existing total number of shares of CWG as at the LPD of 163,701,623 CWG Shares (excluding 446,500 treasury shares)*

[*2] *Based on the enlarged total number of shares of CWG as at the LPD of 198,703,775 CWG Shares after the Proposed Rights Issue under the Minimum Scenario*

[*3] *Deemed interest by virtue of his shareholding in Khor Say Khai Holdings Sdn Bhd pursuant to Section 8 of the Act*

[*4] *Deemed interest by virtue of her shareholding in ANB Equity Sdn Bhd pursuant to Section 8 of the Act*

**Maximum Scenario**

| | Shareholdings as at the LPD | | | | I<br>Assuming full conversion of the outstanding Warrants | | | | II<br>After I and the Proposed Rights Issue | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | <--------Direct--------> | | <-----Indirect------> | | <---------Direct----------> | | <-------Indirect--------> | | <--------Direct--------> | | <------Indirect-------> | |
| | No. of Shares | %[*1] | No. of Shares | %[*1] | No. of Shares | %[*2] | No. of Shares | %[*2] | No. of Shares | %[*3] | No. of Shares | %[*3] |
| Mr Ooi | 29,300,000 | 17.90 | - | - | 43,850,000 | 17.86 | - | - | 70,160,000 | 17.86 | - | - |
| Datuk Hong | 29,036,920 | 17.74 | - | - | 29,036,920 | 11.83 | - | - | 46,459,072 | 11.83 | - | - |
| ANB Equity Sdn Bhd | 12,874,500 | 7.86 | - | - | 12,874,500 | 5.24 | - | - | 20,599,200 | 5.24 | - | - |
| Dato' Khor Wan Tat | 1,008,700 | 0.62 | 7,830,000[*4] | 4.78 | 1,208,750 | 0.49 | 10,914,600[*4] | 4.45 | 1,934,000 | 0.49 | 17,463,360[*4] | 4.45 |
| Lai Tjhin Tjhin | - | - | 12,874,500[*5] | 7.86 | - | - | 12,874,500[*5] | 5.24 | - | - | 20,599,200[*5] | 5.24 |
| Lim Kam Seng | 9,380,000 | 5.73 | - | - | 10,718,300 | 4.37 | - | - | 17,149,280 | 4.37 | - | - |

***Notes:-***

[*1] *Based on the existing total number of shares of CWG as at the LPD of 163,701,623 CWG Shares (excluding 446,500 treasury shares)*

[*2] *Based on the enlarged total number of shares of CWG of 245,528,533 CWG Shares after full conversion of the outstanding Warrants*

[*3] *Based on the enlarged total number of shares of CWG as at the LPD of 392,845,652 CWG Shares after the Proposed Rights Issue under the Maximum Scenario*

[*4] *Deemed interest by virtue of his shareholding in Khor Say Khai Holdings Sdn Bhd pursuant to Section 8 of the Act*

[*5] *Deemed interest by virtue of her shareholding in ANB Equity Sdn Bhd pursuant to Section 8 of the Act*

## 8.5 Convertible securities

As at the LPD, save for the outstanding Warrants, the Company does not have any outstanding convertible securities.

Consequential to the Proposed Rights Issue, the exercise price and/ or number of Warrants which are not exercised prior to the Entitlement Date may be adjusted in accordance to the provisions of the Deed Poll to ensure that the status of the holders of Warrants are not prejudiced as a result of the Proposed Rights Issue.

For illustrative purposes of the adjustments to Warrants arising from the Proposed Rights Issue, the following key parameter assumptions are adopted:-

i. the 5-day VWAP of the Shares up to and including 16 January 2024, being the last Market Day immediately preceding the date of first announcement of the Proposed Rights Issue, of RM0.3419;

ii. the issue price of the Rights Shares of RM0.18;

iii. the exercise price of each Warrant of RM0.36;

iv. the formula as provided in Deed Poll:-

$$\text{New exercise price} = \frac{S \times (C - D)}{C}$$

$$\text{Additional number of Warrants to be issued} = \frac{T \times C}{(C - D^*)} - T$$

where:-

S = existing exercise price of Warrants

C = the 5-day VWAP of each Share up to and including 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 such announcement), immediately preceding the date of the announcement of the Entitlement Date of the capital distribution or, as the case may be, of the offer or invitation;

D = (aa) in the case of an offer or invitation to acquire or subscribe for Shares or acquire or subscribe for securities convertible into or an offer or invitation to acquire or subscribe for Shares by way of rights or acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares, the value of rights attributable to one Share (as defined below);

(bb) in the case of any other transaction, the fair market value, as determined by an adviser (with the concurrence of an auditor) or auditors, of that portion of the capital distribution attributable to one Share

D* = the value of rights attributable to one Share (as defined below)

T = existing number of Warrants held

For the purpose of D(aa) and D* above, the "value of rights attributable to one Share" shall be calculated in accordance with the formula:-

$$\frac{C - E}{F + 1}$$

where:-

C = as defined above;

E = the subscription consideration for one new Share under the terms of such offer or

F = the number of Shares which is necessary to hold in order to be offered or invited by way of rights to acquire or subscribe for one Share

v. the Proposed Rights Issue has been undertaken on the following scenarios:-

**Minimum Scenario** :

- Assuming none of the outstanding Warrants are exercised prior to the implementation of the Proposed Rights Issue; and
- Assuming the Proposed Rights Issue is undertaken on the Minimum Subscription Level (i.e., only the Undertaking Shareholders subscribe for their Rights Shares pursuant to their Undertakings and none of the other Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue)

**Maximum Additional Warrants Scenario** :

- Assuming none of the outstanding Warrants are exercised prior to the implementation of the Proposed Rights Issue; and
- Assuming all of the Entitled Shareholders fully subscribe for their respective entitlements under the Proposed Rights Issue

For illustrative purpose, the adjustment of the exercise price and number of Warrants under the Minimum Scenario and Maximum Additional Warrants Scenario ("**Adjustments**") based on the above parameters are as follows:-

**Minimum Scenario and Maximum Additional Warrants Scenario**

$$\text{New exercise price} = 0.36 \times \frac{0.3419 - \dfrac{0.3419 - 0.18}{\left(\dfrac{5}{3}\right) + 1}}{0.3419}$$

= **RM0.30**
(rounded up to the nearest 1 sen in accordance to the provisions of the Deed Poll)

$$\text{Additional number of Warrant to be issued} = \frac{81{,}826{,}910 \times 0.3419}{0.3419 - \dfrac{0.3419 - 0.18}{\left(\dfrac{5}{3}\right) + 1}} - 81{,}826{,}910$$

= **17,667,628 additional Warrants**
(rounded down to the nearest whole Warrant in accordance to the provisions of the Deed Poll)

**Discretion of the Board**

Notwithstanding the above, we wish to highlight the following provisions of the Deed Poll:-

| | |
|---|---|
| Condition 1 of the Fourth Schedule of the Deed Poll | The exercise price and the number of Warrants shall from time to time be adjusted, calculated or determined by the Directors in consultation with the Adviser or Auditors and certified by the Auditors or Adviser in accordance with the relevant provisions set out in Conditions 1(A) to 1(F) of the Fourth Schedule of the Deed Poll (which contains the relevant adjustment formulas). |
| Condition 1(J) of the Fourth Schedule of the Deed Poll | Notwithstanding the provisions referred to in the Deed Poll, in any circumstances where the Directors consider that adjustments to the exercise price and/ or the number of the Warrants as provided for under the provisions hereof should not be made or should be calculated on a different basis or different date or that an adjustment to the exercise price and/ or the number of the Warrants should be made notwithstanding that no adjustment is required under the provisions hereof, the Company may appoint an Adviser or Auditors to consider whether for any reason whatsoever the adjustment, calculation or determination to be made (or the absence of an adjustment, calculation or determination) is appropriate or inappropriate, as the case may be. If such Adviser or Auditors shall consider the adjustment, calculation or determination to be inappropriate, the adjustment shall be modified or nullified (or an adjustment, calculation or determination made even though not required to be made) in such manner as may be considered by such Adviser or Auditors to be in its opinion appropriate. The opinion shall be certified by the Auditors or Adviser. |
| Definition of "Adviser" | Has the meaning of "Adviser" as defined in the Listing Requirements. |
| Definition of "Auditors" | The auditor or auditors for the time being of the Company. |

Based on the above, Condition 1(J) of the Fourth Schedule of the Deed Poll allows the Board to appoint and consult an Adviser to consider whether for any reasons whatsoever the adjustment to be made (or the absence of an adjustment) is appropriate or inappropriate, as the case may be. If the Directors following consultation with the Adviser shall consider the adjustment to be inappropriate and the Directors decide accordingly, the adjustment shall be nullified or modified in such manner as the Directors may deem appropriate.

In essence, this vests/ grants an inherent discretion to the Board to decide on the appropriate manner for the adjustment of the exercise price and/ or number of Additional Warrants to be issued following consultation with an Adviser.

**Paragraph 6.50 of the Listing Requirements**

Paragraph 6.50 of the Listing Requirements states that a listed issuer must ensure that the number of new shares which will arise from the exercise or conversion of all outstanding convertible equity securities, does not exceed 50% of the total number of issued shares of the listed issuer (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

Depending on the total number of outstanding Warrants on the Entitlement Date, the maximum number of additional Warrants that can be issued pursuant to the Adjustments under the Minimum Scenario and Maximum Additional Warrants Scenario are illustrated below:-

| | Minimum Scenario | Maximum Additional Warrants Scenario |
|---|---|---|
| Existing number of Warrants | 81,826,910 | 81,826,910 |
| Additional Warrants as computed from the formula | 17,667,628 | 17,667,628 |
| **Total number of convertible equity securities (A)** | **99,494,538** | **99,494,538** |
| Issued share capital of the Company after the Proposed Rights Issue (B) | 198,703,775 | 311,018,742 |
| **Maximum number of new shares allowed from exercise of convertible equity securities (A)/ (B)** | **50.07%** | **31.99%** |
| **Compliance with Paragraph 6.50 of the Listing Requirements** | **No** | **Yes** |

Based on the above, if the Company were to issue the 17,667,628 additional Warrants pursuant to the Adjustments as set out above, the Company will not comply with Paragraph 6.50 of the Listing Requirements under the Minimum Scenario.

At the same time, there is no provision in the Deed Poll (including any alternative adjustment formula for compensation) to cater specifically for this situation.

Hence, under the Minimum Scenario and Maximum Additional Warrants Scenario, the Board will exercise its discretion, in accordance with Condition 1(J) of the Fourth Schedule of the Deed Poll, to do the following:-

i. to adjust the exercise price of the Warrants in accordance with the adjustment formula in the Deed Poll; and

ii. to limit the number of Warrants to be issued at a maximum of 17,500,000 Additional Warrants to comply with Paragraph 6.50 of the Listing Requirements.

Given the above, the new adjustments based on the Minimum Scenario and Maximum Additional Warrants Scenario would be as follows:-

| | Minimum Scenario | Maximum Additional Warrants Scenario |
|---|---|---|
| Existing number of Warrants | 81,826,910 | 81,826,910 |
| Additional Warrants as computed from the formula | 17,500,000 | 17,500,000 |
| **Total number of convertible equity securities (A)** | **99,326,910** | **99,326,910** |
| Issued share capital of the Company after the Proposed Rights Issue (B) | 198,703,775 | 311,018,742 |
| **Maximum number of new shares allowed from exercise of convertible equity securities (A)/ (B)** | **49.99%** | **31.94%** |
| **Compliance with Paragraph 6.50 of the Listing Requirements** | **Yes** | **Yes** |

For illustration purposes, the limitation to the number of Warrants to be issued at a maximum of 17,500,000 Additional Warrants will result in a total of 167,628 lesser Warrants being issued to the Warrant holders pursuant to the Adjustments (i.e. number of Warrants computed based on the Deed Poll formula of 17,667,628 additional warrants compared to the 17,500,000 Additional Warrants), which represents 0.20% and 0.17% of the outstanding Warrants as at the LPD and the enlarged outstanding Warrants pursuant to the Additional Warrants to be issued, respectively.

A notice of adjustments with the details on the actual adjustments made to the exercise price and number of Warrants held by each holder of the Warrants will be issued and dispatched to the holders of Warrants within 21 Market Days from the effective date of such adjustments.

## 9. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of CWG Shares as traded on Bursa Securities for the past 12 months from July 2023 to June 2024 are set out below:-

| | High RM | Low RM |
|---|---|---|
| **2023** | | |
| July | 0.335 | 0.300 |
| August | 0.364 | 0.325 |
| September | 0.374 | 0.325 |
| October | 0.340 | 0.310 |
| November | 0.354 | 0.320 |
| December | 0.345 | 0.320 |
| **2024** | | |
| January | 0.355 | 0.295 |
| February | 0.305 | 0.280 |
| March | 0.295 | 0.280 |
| April | 0.290 | 0.250 |
| May | 0.280 | 0.255 |
| June | 0.270 | 0.260 |
| Last transacted market price on the LTD | | 0.350 |
| Last transacted market price on the LPD | | 0.265 |

*(Source: Bloomberg)*

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## 10. APPROVALS REQUIRED/ OBTAINED

The Proposals are subject to the following approvals being obtained:-

i. listing and quotation of up to 147,317,119 Rights Shares pursuant to the Proposed Rights Issue on the Main Market of Bursa Securities;

listing and quotation of the 17,500,000 Additional Warrants and the new CWG Shares to be issued pursuant to the exercise of the Additional Warrants on the Main Market of Bursa Securities, the approval of which has been obtained vide Bursa Securities' letter dated 14 June 2024 subject to the following conditions:-

| | Conditions | Status of compliance |
|---|---|---|
| a. | CWG and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Rights Issue. | To be complied |
| | CWG and UOBKH are required to inform Bursa Securities upon completion of the Proposed Rights Issue; | To be complied |
| b. | CWG and UOBKH are required to inform Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the the Proposed Rights Issue is completed; | To be complied |
| c. | CWG is required to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders of the Company approving the Proposals; and | To be complied |
| d. | CWG is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the exercise of the Additional Warrants as at the end of each quarter together with a detailed computation of listing fees payable. | To be complied |

ii. the shareholders of CWG at an EGM to be convened;

iii. Securities Commission Malaysia for the registration of the abridged prospectus in relation to the Proposed Rights Issue; and

iv. any other relevant authority and/ or party, if required.

The Proposals are inter-conditional upon each other. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

## 11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders, chief executive of the Company and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposals, save for their respective entitlements under the Proposed Rights Issue, to which all Entitled Shareholders are similarly entitled.

## 12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposals, including but not limited to the rationale for the Proposals, the effects of the Proposals, the salient terms of the SSA, the basis and justification of arriving at the Purchase Consideration, the future prospects of the Proposed Acquisition as well as the proposed utilisation of proceeds to be raised from the Proposed Rights Issue, is of the opinion that the Proposals are in the best interests of the Company and the terms and conditions of the SSA as well as the Purchase Consideration are fair and reasonable.

Accordingly, the Board recommends that you vote **IN FAVOUR** of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

## 13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals being obtained from the relevant authorities and the conditions precedent to the SSA being fulfilled or waived, the Proposed Acquisition and Proposed Rights Issue are expected to be completed by the third quarter of 2024. The Proposed Amendment will take immediate effect upon obtaining the approval from the shareholders of CWG at an EGM to be convened.

## 14. PROPOSALS ANNNOUNCED BUT PENDING COMPLETION

Save for the Proposals, the Board is not aware of any other outstanding proposals which have been announced but not yet completed as at the date of this Circular.

## 15. EGM

The EGM, the notice of which is enclosed in this Circular, will conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at https://tiih.online on Friday, 16 August 2024 at 11.30 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposals.

If you are unable to attend, participate, speak and vote in person at the EGM, the completed and signed Proxy Form should be deposited at the registered office of CWG at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, not less than 48 hours before the time stipulated for holding the EGM or any adjournment thereof. Alternatively, the proxy appointment may also be lodged electronically via TIIH Online at https://tiih.online. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

## 16. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
**CWG HOLDINGS BERHAD**

**OOI CHIN SOON**
Executive Chairman

## 1. HISTORY AND BUSINESS

UHSB was incorporated in Malaysia on 6 April 2022 under the Act as a private limited company. UHSB is an investment holding company and through its wholly-owned subsidiaries, namely UPSB and IPSB, UHSB Group is principally involved in the business of manufacturing and sale of paper-based printed materials, in particular labels for canned and bottled products for F&B companies in Malaysia and to a lesser extent, stickers and inner boxes packaging for the past 20 years since the incorporation of its subsidiaries. As at the LPD, UHSB Group's services are solely catered to customers in the F&B sectors in Malaysia, and UHSB Group sources its raw materials both domestically and internationally (i.e. China and Japan).

The principal place of business of UHSB Group is 38, Jalan PBS 14/10, Taman Perindustrian Bukit Serdang, Seri Kembangan, Selangor. As at the LPD, UHSB Group (through its manufacturing arm i.e. UPSB) operates the following manufacturing premises which are owned or rented by UPSB:-

| Address/ Location | Owned/ Rented | Description | Tenure | Land area/ built-up area square feet | NBV as at 31 December 2023*1 RM'000 |
|---|---|---|---|---|---|
| No.38, Jln PBS 14/10, Tmn Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor | Owned by UPSB | One and a half storey mid-terraced factory | Leasehold 99 years (expires 26 June 2100) | 2,002 | 875 |
| No.40, Jln PBS 14/10, Tmn Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor | Owned by UPSB | One and a half storey mid-terraced factory | Leasehold 99 years (expires 26 June 2100) | 2,002 | 875 |
| No.44 Jln PBS 14/10, Tmn Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor | Owned by UPSB | One and a half storey mid-terraced factory | Leasehold 99 years (expires 26 June 2100) | 2,002 | 485 |
| No.54 Jln PBS 14/10, Tmn Perindustrian Bukit Serdang 43300 Seri Kembangan, Selangor | Rented by UPSB from Unigenius Ventures Sdn Bhd | One and a half storey mid-terraced factory | Leasehold 99 years (expires 26 June 2100) | 2,002 | N/A*2 |
| No.42 Jln PBS 14/10, Tmn Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor | Rented by UPSB | One and a half storey mid-terraced factory | Leasehold 99 years (expires 26 June 2100) | 2,002 | N/A*2 |

***Notes:***

*1 *Extracted from the audited financial statements of UPSB for the FYE 31 December 2023.*

*2 *These properties are treated as operating leases and are not recognised as assets in the financial statements of UPSB.*

The capacity, production output and utilisation rate of UPSB's manufacturing premises for the past 4 financial years up to FYE 31 December 2023 are as follows:-

**UPSB**

| FYE | (A) Maximum capacity unit | (B) Actual production output unit | (B) / (A) Utilisation rate % |
|---|---|---|---|
| 31 December 2020 | 43,630,800 | 29,675,060 | 68.00 |
| 31 December 2021 | 43,630,800 | 33,214,022 | 76.13 |
| 31 December 2022 | 43,630,800 | 36,580,342 | 83.80 |
| 31 December 2023 | 56,100,000 | 43,135,462 | 76.89 |

## 2. ISSUED SHARE CAPITAL AND CONVERTIBLE SECURITIES

As at the LPD, UHSB has a total issued share capital of RM2,049,402 comprising 2,049,402 ordinary shares.

As at the LPD, UHSB does not have any convertible securities.

## 3. DIRECTORS AND SHAREHOLDERS

As at the LPD, the directors and shareholders of UHSB and their respective direct and indirect shareholding in UHSB are as follows:-

| | | | <-Direct interest-> | | <-Indirect interest-> | |
|---|---|---|---|---|---|---|
| **Name** | **Designation** | **Nationality** | **No. of shares** | **%** | **No. of shares** | **%** |
| Boo Yin Kwan | Director and substantial shareholder | Malaysian | 778,392 | 38.00 | - | - |
| Chan Lai Yee | Director and substantial shareholder | Malaysian | 397,552 | 19.40 | - | - |
| Lam Chun Wai | Substantial shareholder | Malaysian | 334,259 | 16.30 | - | - |
| Low Yaw Shim | Substantial shareholder | Malaysian | 334,259 | 16.30 | - | - |
| Loo Zi Kai | Substantial shareholder | Malaysian | 204,940 | 10.00 | - | - |

## 4. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, UHSB has 2 wholly-owned subsidiaries and no associate or joint venture company. Further details of UHSB's subsidiaries are as follows:-

| Name of subsidiaries | Date of incorporation | Place of incorporation | Share capital | Equity interest | Principal activities |
|---|---|---|---|---|---|
| UPSB | 23 March 2000 | Malaysia | RM500,000 | 100% | Business of printing and engaged as printers' agent and retailer in paper-based printed materials |
| IPSB | 17 August 2007 | Malaysia | RM600,000 | 100% | Business of printing and other related services |

## 5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, UHSB Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of UHSB is not aware and does not have any knowledge of any proceedings pending or threatened against UHSB Group, or of any fact likely to give rise to any proceedings which may materially affect the financial position or business of UHSB Group.

## 6. MATERIAL CONTRACTS

Save as disclosed below, UHSB Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past 2 years immediately preceding the LPD:-

i. UHSB had on 10 May 2023 entered into a share sale agreement with Chan Lai Yee, Lam Chun Wai, Low Yaw Shim and Loo Zi Kai ("**SSA – IPSB**") in respect of the acquisition of 600,000 ordinary shares representing the entire issued and paid-up shares in IPSB for a total consideration of RM0.74 million. The SSA – IPSB was completed on 23 November 2023; and

ii. UHSB had on 10 May 2023 entered into a share sale agreement with Boo Yin Kwan and Chan Lai Yee ("**SSA – UPSB**") in respect of the acquisition of 500,000 ordinary shares representing the entire issued and paid-up shares in UPSB for a total consideration of RM1.31 million. The SSA – UPSB was completed on 23 November 2023.

## 7. MATERIAL COMMITMENTS

As at the LPD, the board of directors of UHSB is not aware of any material commitments incurred or known to be incurred by UHSB Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial result/ position of UHSB Group.

## 8. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, the board of directors of UHSB is not aware of any contingent liabilities incurred or known to be incurred by UHSB Group which, upon becoming enforceable, may have a material impact on the financial results/ position of UHSB Group:-

| **Contingent liabilities of UHSB as at the LPD** | **RM'000** |
|---|---|
| Corporate guarantee given to financial institutions for credit facilities granted to the related companies | 3,016 |

## 9. SUMMARY OF FINANCIAL INFORMATION

For information purposes, UHSB was incorporated by the Vendors as an investment holding company on 6 April 2022 and pursuant to an internal reorganisation exercise, UHSB completed the acquisition of UPSB and IPSB on 23 November 2023. The most recent audited financial statements for UHSB, UPSB and IPSB are for the FYE 31 December 2023. Accordingly, the financial information of UHSB, UPSB and IPSB are presented on an individual basis given that UHSB Group was only established as a single economic entity on 23 November 2023.

The summary of the individual financial statements of UHSB (company level) and its subsidiaries are set out below:-

**UHSB (Company level)**

A summary of the audited financial information of UHSB for the period from 6 April 2022, being the date of incorporation of UHSB, up to the FYE 31 December 2023 is set out below:-

| | <---------------------Audited | -------------------> |
|---|---|---|
| | **For the period from 6 April 2022 to 31 December 2022 RM'000** | **FYE 31 December 2023** |
| Revenue | - | |
| LBT | (7) | (51) |
| LAT | (7) | (51) |
| Shareholders' funds/ shareholders' deficit | (7) | 1,992 |
| Total assets | 5 | 2,054 |
| Total interest-bearing borrowings | - | - |
| Gearing (ratio times) | - | - |

For the period from 6 April 2022 to 31 December 2022, there were no:-

i. exceptional or extraordinary items during the financial years under review;

ii. accounting policy adopted by UHSB which are peculiar to UHSB because of the nature of its business or the industry it is involved in; and

iii. audit qualification of the financial statements of UHSB for the financial years under review

**Commentary on past performance:-**

**For the period from 6 April 2022 to 31 December 2022**

For the period from 6 April 2022 to 31 December 2022, UHSB recorded a LBT and LAT of RM6,791 mainly due to expenses incurred for auditors' remuneration of RM1,000 and incorporation fees of RM2,800, being the pre-operating expenses.

**For the period from 6 April 2022 to 31 December 2022 vs FYE 31 December 2023**

UHSB recorded an increase in LBT of RM0.04 million or 80.00% to RM0.05 million in the FYE 31 December 2023 (FYE 31 December 2022: RM0.01 million). The increase in LBT was mainly attributable to an increase in administrative expenses in the form of legal expenses of RM0.03 million incurred during the year for the Acquisition of Subsidiaries.

UHSB's total assets increased by RM2.05 million or more than 100.00% to RM2.05 million in the FYE 31 December 2023 (FYE 31 December 2022: RM0.01 million) due to increase in investment of subsidiaries of RM2.05 million as a result of the Acquisition of Subsidiaries.

**UPSB**

A summary of the financial information of UPSB for the past 4 financial years up to the FYE 31 December 2023 is set out below:-

| | <-----Audited-----> | | | |
|---|---|---|---|---|
| | <-----FYE 31 December-----> | | | |
| | **2020** | **2021** | **2022** | **2023** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 14,629 | 17,376 | 21,017 | 26,138 |
| Gross profit | 2,256 | 2,319 | 3,303 | 4,543 |
| PBT | 1,843 | 1,616 | 1,575 | 2,605 |
| PAT | 1,640 | 1,251 | 1,100 | 1,424 |
| | | | | |
| Share capital | 500 | 500 | 500 | 500 |
| Retained earnings | 4,329 | 4,280 | 5,180 | 5,303 |
| Shareholders' funds/ NA | 4,829 | 4,780 | 5,680 | 5,803 |
| Cash and bank balances | 3,926 | 2,164 | 1,847 | 728 |
| Total borrowings | 3,742 | 6,051 | 5,287 | 4,868 |
| No. of ordinary share in issues ('000) | 500 | 500 | 500 | 500 |
| | | | | |
| EPS (RM) | 3.28 | 2.50 | 2.20 | 2.85 |
| NA per share (RM) | 9.66 | 9.56 | 11.36 | 11.61 |
| Gearing ratio (times) | 0.77 | 1.27 | 0.93 | 0.84 |
| Current ratio (times) | 1.79 | 1.77 | 2.42 | 1.91 |

For the past 4 financial years up to the FYE 31 December 2023, there were no:-

i. exceptional or extraordinary items during the financial years under review;

ii. accounting policy adopted by UPSB which are peculiar to UPSB because of the nature of its business or the industry it is involved in; and

iii. audit qualification of the financial statements of UPSB for the financial years under review

**Commentary on past performance:-**

**FYE 31 December 2020 vs FYE 31 December 2021**

UPSB recorded an increase in revenue of RM2.75 million or 18.80% to RM17.38 million in the FYE 31 December 2021 (FYE 31 December 2020: RM14.63 million). The increase in revenue was mainly attributable to the increase in purchase orders for printed materials (mainly labels) from IPSB of RM2.41 million to RM16.01 million in the FYE 31 December 2021 (FYE 31 December 2020: RM13.60 million). For information purposes, UPSB serves as the manufacturing arm for printed materials under UHSB Group and its products are mainly sold to IPSB for marketing and distribution to external customers. The total revenue contribution from IPSB represents 92.12% of UPSB's total revenue for the FYE 31 December 2021 (FYE 31 December 2020: 92.96%).

UPSB recorded a decrease in PBT of RM0.22 million or 11.96% to RM1.62 million in the FYE 31 December 2021 (FYE 31 December 2020: RM1.84 million). The decrease in PBT was mainly attributable to lower operating income recorded in the FYE 31 December 2021 of RM0.98 million (FYE 31 December 2020: RM1.51 million) as a result of lower gain on disposal of plant and machineries of RM0.75 million recognised in the FYE 31 December 2021 (FYE 31 December 2020: RM1.11 million).

**FYE 31 December 2021 vs FYE 31 December 2022**

UPSB recorded an increase in revenue of RM3.64 million or 20.94% to RM21.02 million in the FYE 31 December 2022 (FYE 31 December 2021: RM17.38 million). The increase in revenue was mainly attributable to the increase in purchase orders for printed materials (mainly labels) from IPSB of RM2.30 million to RM18.31 million in the FYE 31 December 2022 (FYE 31 December 2021: RM16.01 million). The total revenue contribution from IPSB represents 87.11% of UPSB's total revenue for the FYE 31 December 2022 (FYE 31 December 2021: 92.12%).

UPSB recorded a decrease in PBT of RM0.04 million or 2.47% to RM1.58 million in the FYE 31 December 2022 (FYE 31 December 2021: RM1.62 million). The decrease in PBT was mainly attributable to higher administrative expenses recorded in the FYE 31 December 2022 of RM1.86 million (FYE 31 December 2021: RM1.49 million) as a result of higher directors remuneration amounting to RM0.51 million (FYE 31 December 2021: RM0.20 million) and higher depreciation of fixed assets of RM0.23 million incurred during the FYE 31 December 2022 (FYE 31 December 2021: RM0.21 million).

**FYE 31 December 2022 vs FYE 31 December 2023**

UPSB recorded an increase in revenue of RM5.12 million or 24.36% to RM26.14 million in the FYE 31 December 2023 (FYE 31 December 2022: RM21.02 million). The increase in revenue was mainly attributable the increase in purchase orders for printed materials (mainly labels) from IPSB of RM7.82 million to RM26.13 million in the FYE 31 December 2023 (FYE 31 December 2022: RM18.31 million).

UPSB recorded an increase in PBT of RM1.03 million or 65.19% to RM2.61 million in the FYE 31 December 2023 (FYE 31 December 2022: RM1.58 million). The increase in PBT was mainly attributable to increase in revenue (as highlighted above) and higher utilisation rate of its machineries, which caused operating expenses to increase at a lower rate in comparison to revenue growth.

**IPSB**

A summary of the financial information of IPSB for the past 4 financial years up to the FYE 31 December 2023 is set out below:-

| | <----------Audited----------> | | | |
|---|---|---|---|---|
| | <----------FYE 31 December----------> | | | |
| | **2020** | **2021** | **2022** | **2023** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 18,125 | 20,295 | 24,000 | 27,231 |
| Gross profit | 1,787 | 2,185 | 2,873 | 3,437 |
| PBT | 424 | 1,121 | 1,669 | 1,761 |
| PAT | 325 | 862 | 1,252 | 1,274 |
| | | | | |
| Share capital | 600 | 600 | 600 | 600 |
| Retained earnings | 2,174 | 3,036 | 3,784 | 3,757 |
| Shareholders' funds/ NA | 2,774 | 3,636 | 4,384 | 4,357 |
| Cash and bank balances | 1,554 | 757 | 986 | 470 |
| Total borrowings | - | 1,199 | 1,125 | 1,051 |
| No. of ordinary share in issues ('000) | 600 | 600 | 600 | 600 |
| | | | | |
| EPS (RM) | 0.54 | 1.44 | 2.09 | 2.12 |
| NA per share (RM) | 4.62 | 6.06 | 7.31 | 7.26 |
| Gearing ratio (times) | - | 0.33 | 0.26 | 0.24 |
| Current ratio (times) | 1.65 | 2.22 | 2.82 | 1.84 |

For the past 4 financial years up to the FYE 31 December 2023, there were no:-

i. exceptional or extraordinary items during the financial years under review;

ii. accounting policy adopted by IPSB which are peculiar to IPSB because of the nature of its business or the industry it is involved in; and

iii. audit qualification of the financial statements of IPSB for the financial years under review

**Commentary on past performance:-**

**FYE 31 December 2020 vs FYE 31 December 2021**

IPSB recorded an increase in revenue of RM2.17 million or 11.97% to RM20.30 million in the FYE 31 December 2021 (FYE 31 December 2020: RM18.13 million). The increase in revenue was mainly attributable to the increase in purchase orders for printed materials (mainly labels) from the existing external customers of IPSB during the FYE 31 December 2021.
IPSB recorded an increase in PBT of RM0.70 million or 166.67% to RM1.12 million in the FYE 31 December 2021 (FYE 31 December 2020: RM0.42 million). The increase in PBT was mainly attributable to increase in revenue (as highlighted above) and lower administrative expenses recorded in the FYE 31 December 2021 of RM1.11 million (FYE 31 December 2020: RM1.40 million) mainly attributable to lower sales commission expenses amounting to RM0.70 million incurred in the FYE 31 December 2021 (FYE 31 December 2020: RM0.94 million), as a result of a change in IPSB's incentive pay-out scheme to third party vendors.

**FYE 31 December 2021 vs FYE 31 December 2022**

IPSB recorded an increase in revenue of RM3.70 million or 18.23% to RM24.00 million in the FYE 31 December 2022 (FYE 31 December 2021: RM20.30 million). The increase in revenue was mainly attributable to the increase in purchase orders for printed materials (mainly labels) from the existing external customers of IPSB and 1 additional new customer from the F&B industry secured by IPSB during the FYE 31 December 2022.

IPSB recorded an increase in PBT of RM0.55 million or 49.11% to RM1.67 million in the FYE 31 December 2022 (FYE 31 December 2021: RM1.12 million). The increase in PBT was mainly attributable to increase in revenue (as highlighted above) and higher operating income recorded in the FYE 31 December 2022 of RM0.34 million (FYE 31 December 2021: RM0.09 million) mainly due to gain on disposal of plant and machineries amounting to RM0.24 million that was recognised in the FYE 31 December 2022. In the FYE 31 December 2021, IPSB did not recognise any gain on disposal of plant and machineries.

**FYE 31 December 2022 vs FYE 31 December 2023**

IPSB recorded an increase in revenue of RM3.23 million or 13.46% to RM27.23 million in the FYE 31 December 2023 (FYE 31 December 2022: RM24.00 million). The increase in revenue was mainly attributable to increase in purchase orders for printed materials (mainly labels) from existing external customers of IPSB.

IPSB recorded an increase in PBT of RM0.09 million or 5.39% to RM1.76 million in the FYE 31 December 2023 (FYE 31 December 2022: RM1.67 million). The increase in PBT was mainly attributable to the increase in revenue (as highlighted above).

For the purpose of illustrating the financial information of UHSB Group with the assumption that the Acquisition of Subsidiaries had taken place at the beginning of the FYE 31 December 2020, the Company had requested the unaudited pro forma consolidated financial statements of UHSB Group for the past 4 financial years up to the FYE 31 December 2023 from the management of UHSB, as summarised below:-

**Unaudited pro forma consolidated financial statements of UHSB Group**

| | FYE 31 December | | | |
|---|---|---|---|---|
| | **2020 RM'000** | **2021 RM'000** | **2022 RM'000** | **2023 RM'000** |
| Revenue | 19,080 | 21,587 | 26,673 | 30,048 |
| Gross profit | 4,104 | 4,508 | 6,180 | 7,876 |
| PBT | 2,266 | 2,680 | 3,188 | 4,201 |
| PAT | 1,965 | 2,056 | 2,296 | 2,533 |
| | | | | |
| Share capital | 1,100 | 1,100 | 1,100 | 1,100 |
| Retained earnings | 6,503 | 7,260 | 8,908 | 8,897 |
| Shareholders' funds/ NA | 7,603 | 8,360 | 10,008 | 9,997 |
| Cash and bank balances | 5,480 | 2,921 | 2,833 | 1,198 |
| Total borrowings | 5,016 | 7,251 | 6,412 | 5,919 |
| No. of ordinary share in issues ('000) | 2,049 | 2,049 | 2,049 | 2,049 |
| | | | | |
| EPS (RM) | 0.96 | 1.00 | 1.12 | 1.24 |
| NA per share (RM) | 3.71 | 4.08 | 4.88 | 4.88 |
| Gearing ratio (times) | 0.66 | 8.67 | 0.64 | 0.59 |
| Current ratio (times) | 2.04 | 2.37 | 3.38 | 2.54 |

Based on the above unaudited pro forma consolidated financial statements of UHSB Group for the past 4 financial years up to the FYE 31 December 2023, UHSB Group recorded a consolidated PAT of RM1.97 million, RM2.06 million, RM2.30 million and RM2.53 million, respectively. For the avoidance of doubt, the consolidated PAT of UHSB Group based on the unaudited pro forma accounts for the past 4 financial years up to the FYE 31 December 2023 has been arrived at after taking into account the elimination of intercompany transactions.

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## 10. AUDITED FINANCIAL STATEMENTS OF UHSB FOR THE FYE 31 DECEMBER 2023

Registration No.: 202201012609 (1458306-A)

**UNIGENIUS HOLDING SDN. BHD.**
(Incorporated in Malaysia)
Registration No.: 202201012609 (1458306-A)
and its subsidiaries
**For the Financial Year Ended**
**31 December 2023**

**UNIGENIUS HOLDING SDN. BHD.**
(Incorporated in Malaysia)
Registration No.: 202201012609 (1458306-A)
and its subsidiaries
**For the Financial Year Ended**
**31 December 2023**

**Directors' Report And Audited Financial Statements**

Registration No.: 202201012609 (1458306-A)

**UNIGENIUS HOLDING SDN. BHD.**
(Incorporated in Malaysia)

**CORPORATE INFORMATION**

| | |
|---|---|
| BOARD OF DIRECTORS | CHAN LAI YEE<br>BOO YIN KWAN |
| SECRETARIES | CHAN YIN HOU (MIA 30465)<br>LEE WYE YEE (MAICSA 7071713) |
| REGISTERED OFFICE | P-03-08, Impian Meridian Commerz,<br>Jalan Subang 1, USJ 1,<br>47600 Subang Jaya,<br>Selangor Darul Ehsan,<br>Malaysia. |
| PRINCIPAL PLACE OF BUSINESS | No. 38, Jalan PBS 14/10,<br>Taman Perindustrian Bukit Serdang,<br>43300 Seri Kembangan,<br>Selangor Darul Ehsan,<br>Malaysia. |
| AUDITORS | YYC & CO PLT<br>Chartered Accountants<br>2nd Floor, 32 & 34, Lorong Thambi Dua,<br>Off Jalan Brunei,<br>55100 Kuala Lumpur,<br>Wilayah Persekutuan,<br>Malaysia. |
| PRINCIPAL BANKER | Malayan Banking Berhad |

Registration No.: 202201012609 (1458306-A)

**UNIGENIUS HOLDING SDN. BHD.**
(Incorporated in Malaysia)
and its subsidiaries

## DIRECTORS' REPORT
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended **31 December 2023**.

### PRINCIPAL ACTIVITY

The principal activity of the Company is that of investment holding company. The principal activity of the subsidiaries are described in Note 6 to the financial statements.

### FINANCIAL RESULTS

| | Group RM | Company RM |
|---|---|---|
| Profit/(Loss) for the financial year | 8,896,412 | (50,817) |
| Attributable to: | | |
| Owners of the parent | 8,896,412 | (50,817) |
| | 8,896,412 | (50,817) |

### DIVIDENDS

No dividends have been paid, declared or proposed since the end of the previous financial period. The Directors do not recommend that a dividend to be paid in respect of the current financial year.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### ISSUE OF SHARES AND DEBENTURES

On 15 November 2023, the issued and paid up capital was increased from RM2 to RM1,308,202 by the issuance 1,308,200 ordinary shares of RM1 each for other than cash to provide for additional working capital. On 16 November 2023, the issued and paid up capital was further increased from RM1,308,202 to RM2,049,402 by the issuance 741,200 ordinary shares of RM1 each for other than cash to provide for additional working capital. The newly issued shares rank pari passu with their existing shares of the Company except that the shares do not rank for any interim dividends declared for the financial year.

The Company has not issued any debenture during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

Registration No.: 202201012609 (1458306-A)

**UNIGENIUS HOLDING SDN. BHD.**
(Incorporated in Malaysia)
and its subsidiaries

**DIRECTORS' REPORT** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**DIRECTORS**

The Directors who held office during the financial year until the date of this report are :-

CHAN LAI YEE
BOO YIN KWAN

The names of the Directors of the Company's subsidiaries are set out in the respective subsidiaries financial statements, where applicable, and the said information is deemed incorporated therein by such reference and made a part hereof.

**DIRECTORS' INTERESTS**

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

| | Number of Ordinary Shares | | | |
|---|---|---|---|---|
| | At 1 January 2023 | Bought | Sold | At 31 December 2023 |
| CHAN LAI YEE | 1 | 680,230 | - | 680,231 |
| BOO YIN KWAN | 1 | 850,330 | - | 850,331 |

**DIRECTORS' BENEFITS**

Since the end of previous financial period, none of the Directors have received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**DIRECTORS' REMUNERATION**

Details of Directors' remuneration paid or payable to the Directors of the Group and of the Company during the financial year are as follows:

| | Group RM | Company RM |
|---|---|---|
| Fees | 99,000 | - |
| Salaries, bonuses and other benefits | 87,500 | - |
| Defined contribution benefits | 13,230 | - |
| | 199,730 | - |

**INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS**

During the financial year, neither indemnity nor insurance costs are given to or effected for any officers and auditors of the Group and of the Company.

Registration No.: 202201012609 (1458306-A)

**UNIGENIUS HOLDING SDN. BHD.**
(Incorporated in Malaysia)
and its subsidiaries

**DIRECTORS' REPORT** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**OTHER STATUTORY INFORMATION**

**I. AS AT THE END OF THE FINANCIAL YEAR**

a. Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps :-

   i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that no known bad debts need to be written off and no provision for doubtful debts is required; and

   ii. to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

b. In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**II. FROM THE END OF THE FINANCIAL YEAR TO DATE OF THIS REPORT**

a. The Directors are not aware of any circumstances :-

   i. which would necessitate the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company;

   ii. which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

   iii. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

b. In the opinion of the Directors :-

   i. there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

   ii. no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

Registration No.: 202201012609 (1458306-A)

**UNIGENIUS HOLDING SDN. BHD.**
(Incorporated in Malaysia)
and its subsidiaries

## DIRECTORS' REPORT
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

(continued)

### OTHER STATUTORY INFORMATION (CONTINUED)

#### III. AS AT THE DATE OF THIS REPORT

a. There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
b. There are no contingent liabilities which have arisen since the end of the financial year.
c. The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company are amounted to RM36,200 and RM2,500 respectively during the financial year.

Registration No.: 202201012609 (1458306-A)

**UNIGENIUS HOLDING SDN. BHD.**
(Incorporated in Malaysia)
and its subsidiaries

**DIRECTORS' REPORT**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**AUDITORS**

The auditors, Messrs YYC & CO PLT, have indicated their willingness to accept re-appointment.

Signed by the Board of Directors in accordance with a resolution of the Directors,

**CHAN LAI YEE**
Director

**BOO YIN KWAN**
Director

Puchong,

Dated: 07 MAR 2024

Registration No.: 202201012609 (1458306-A)

**UNIGENIUS HOLDING SDN. BHD.**
(Incorporated in Malaysia)
and its subsidiaries

**STATEMENT BY DIRECTORS**
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Group and of the Company, do hereby state that, in the opinion of the Directors, the financial statements are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2023** and of its financial performance and cash flows of the Group and of the Company for the financial year ended.

Signed by the Board of Directors in accordance with a resolution of the Directors,

**CHAN LAI YEE**
Director

**BOO YIN KWAN**
Director

Puchong,

Dated: 07 MAR 2024

**STATUTORY DECLARATION**
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, **CHAN LAI YEE**, the Director primarily responsible for the financial management of **UNIGENIUS HOLDING SDN. BHD.**, do solemnly and sincerely declare that the financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above-named at Puchong in Selangor Darul Ehsan on 07 MAR 2024

**CHAN LAI YEE**
Director

Before me,

Commissioner for Oaths

PESURUHJAYA SUMPAH
B 813
NG KEE RIANG
1.12.2022-31.12.2024
MALAYSIA

No. 29-2, Jalan Puteri 5/7
Bandar Puteri Puchong,
47100 Puchong, Selangor Darul Ehsan

YYC & CO PLT
CHARTERED ACCOUNTANTS
(Firm No. LLP0020596-LCA & AF 0055)
(Service Tax ID: W10-1808-31044405)
2nd Floor, No. 32 & 34, Lorong Thambi Dua, Off Jalan Brunei, 55100 Kuala Lumpur, Malaysia.
T: +60(3)-9078 2868 | E: audit@yycadvisors.com | W: www.yycadvisors.com

## INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF UNIGENIUS HOLDING SDN. BHD.

Registration No.: 202201012609 (1458306-A)
(Incorporated in Malaysia)
and its subsidiaries

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of **UNIGENIUS HOLDING SDN. BHD.**, which comprise the statements of financial position as at **31 December 2023** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 37.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 December 2023**, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 and of the Company 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.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss of RM50,817 during the financial year ended 31 December 2023 and, as of that date, the Company's current liabilities exceeded its current assets by RM57,606. As stated in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIGENIUS HOLDING SDN. BHD.

(Incorporated in Malaysia)
and its subsidiaries

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, 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.

ii) 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 Group's and the Company's internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIGENIUS HOLDING SDN. BHD.**
(Incorporated in Malaysia)
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**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

iv) Conclude on the appropriateness of 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 Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Group and of the Company 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 auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

vi) 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 those charged with governance 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 members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

YYC & CO PLT
FIRM NO. LLP0020596-LCA & AF 0055
CHARTERED ACCOUNTANTS

HO KEE KEONG
NO.: 03547/12/2024 J
CHARTERED ACCOUNTANT

Kuala Lumpur, Malaysia
Dated : 07 MAR 2024

Registration No.: 202201012609 (1458306-A)

**UNIGENIUS HOLDING SDN. BHD.**
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## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

| | Note | Group 2023 RM | Company 2023 RM | Company 2022 RM |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 5 | 8,042,842 | - | - |
| Investment in subsidiaries | 6 | - | 2,049,400 | - |
| **Total non-current assets** | | 8,042,842 | 2,049,400 | - |
| **Current assets** | | | | |
| Inventories | 7 | 2,993,353 | - | - |
| Trade receivables | 8 | 6,488,245 | - | - |
| Other receivables | 9 | 345,251 | - | - |
| Fixed deposits with licensed banks | 10 | 686,636 | - | - |
| Cash and bank balances | 11 | 1,202,420 | 4,723 | 5,002 |
| **Total current assets** | | 11,715,905 | 4,723 | 5,002 |
| **Total assets** | | 19,758,747 | 2,054,123 | 5,002 |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Share capital | 12 | 2,049,402 | 2,049,402 | 2 |
| Retained earnings/(Accumulated losses) | | 7,889,621 | (57,608) | (6,791) |
| **Total equity/(Deficit in shareholders' funds)** | | 9,939,023 | 1,991,794 | (6,789) |
| **Non-current liabilities** | | | | |
| Borrowings | 13 | 4,084,588 | - | - |
| Finance lease payables | 14 | 394,843 | - | - |
| Deferred tax liabilities | 15 | 717,309 | - | - |
| **Total non-current liabilities** | | 5,196,740 | - | - |
| **Current liabilities** | | | | |
| Trade payables | 16 | 1,984,216 | - | - |
| Other payables | 17 | 296,744 | 10,126 | 11,791 |
| Amount due to subsidiaries | 18 | - | 52,203 | - |
| Current tax liabilities | | 303,035 | - | - |
| Borrowings | 13 | 1,834,121 | - | - |
| Finance lease payables | 14 | 204,868 | - | - |
| **Total current liabilities** | | 4,622,984 | 62,329 | 11,791 |
| **Total liabilities** | | 9,819,724 | 62,329 | 11,791 |
| **Total equity and liabilities** | | 19,758,747 | 2,054,123 | 5,002 |

The accompanying notes form an integral part of these financial statements.

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**UNIGENIUS HOLDING SDN. BHD.**
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## STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | Group 2023 RM | Company 01.01.2023 to 31.12.2023 RM | Company 06.04.2022 to 31.12.2022 RM |
|---|---|---|---|---|
| Revenue | 19 | 2,538,315 | - | - |
| Cost of sales | 19 | (2,448,984) | - | - |
| **Gross profit** | | 89,331 | - | - |
| Other operating income | | 11,143,223 | - | - |
| Administrative and other operating expenses | | (573,040) | (50,817) | (6,791) |
| Selling and distribution costs | | (57,579) | - | - |
| **Profit/(Loss) from operations** | | 10,601,935 | (50,817) | (6,791) |
| Finance costs | | (160,058) | - | - |
| **Profit/(Loss) before tax** | 20 | 10,441,877 | (50,817) | (6,791) |
| Taxation | 21 | (1,545,465) | - | - |
| **Profit/(Loss) after tax for the financial year** | | 8,896,412 | (50,817) | (6,791) |
| **Other comprehensive income, net of tax** | | - | - | - |
| **Total comprehensive income/(loss) for the financial year** | | 8,896,412 | (50,817) | (6,791) |
| **Profit and total comprehensive income/(loss) attributable to:** | | | | |
| Owners of the parent | | 8,896,412 | (50,817) | (6,791) |
| | | 8,896,412 | (50,817) | (6,791) |

The accompanying notes form an integral part of these financial statements.

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## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| Group | Note | Share capital RM | (Accumulated losses)/ Retained earnings RM | Total RM |
|---|---|---|---|---|
| As at 23 November 2023 (Date of acquisition) | | 2,049,402 | (6,791) | 2,042,611 |
| Total comprehensive income for the financial year | | - | 8,896,412 | 8,896,412 |
| Transactions with owners | | | | |
| Dividends on ordinary shares | | - | (1,000,000) | (1,000,000) |
| As at 31 December 2023 | | 2,049,402 | 7,889,621 | 9,939,023 |

| Company | Note | Share capital RM | Accumulated losses RM | Total RM |
|---|---|---|---|---|
| As at 6 April 2022 (Date of incorporation) | | 2 | - | 2 |
| Total comprehensive loss for the financial period | | - | (6,791) | (6,791) |
| As at 31 December 2022 | | 2 | (6,791) | (6,789) |
| Issuance of shares | 12 | 2,049,400 | - | 2,049,400 |
| Total comprehensive loss for the financial year | | - | (50,817) | (50,817) |
| As at 31 December 2023 | | 2,049,402 | (57,608) | 1,991,794 |

The accompanying notes form an integral part of these financial statements.

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**UNIGENIUS HOLDING SDN. BHD.**
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## STATEMENTS OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | Group 2023 RM | Company 01.01.2023 to 31.12.2023 RM | Company 06.04.2022 to 31.12.2022 RM |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit/(Loss) before tax | | 10,441,877 | (50,817) | (6,791) |
| Adjustments for: | | | | |
| Bad debts written off | | 256 | - | - |
| Depreciation of property, plant and equipment | 5 | 524,564 | - | - |
| Interest expenses | | 160,058 | - | - |
| Interest income | | (13,779) | - | - |
| Property, plant and equipment written off | | 21,015 | - | - |
| Bargain purchase of subsidiaries | | (11,188,778) | - | - |
| Unrealised gain on foreign exchange | | (341) | - | - |
| Operating loss before working capital changes | | (55,128) | (50,817) | (6,791) |
| Inventories | | 164,199 | - | - |
| Receivables | | 3,727,300 | - | - |
| Payables | | (3,243,345) | 50,538 | 11,791 |
| Cash generated from/(used in) operations | | 593,026 | (279) | 5,000 |
| Income tax paid | | (196,669) | - | - |
| Interest paid | | (160,058) | - | - |
| Dividend paid | | (1,000,000) | - | - |
| Net cash (used in)/generated from operating activities | | (763,701) | (279) | 5,000 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Acquisition of subsidiaries, net of cash acquired | 6 | 147,764 | (2,049,400) | - |
| Purchase of property, plant and equipment | 5 | (21,500) | - | - |
| Interest received | | 13,779 | - | - |
| Fixed deposits held as security values | | (686,636) | - | - |
| Net cash used in investing activities | | (546,593) | (2,049,400) | - |

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## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

(continued)

| | Note | Group 2023 RM | Company 01.01.2023 to 31.12.2023 RM | Company 06.04.2022 to 31.12.2022 RM |
|---|---|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Issuance of shares | 12 | 2,049,400 | 2,049,400 | 2 |
| Repayment of finance lease | | (17,905) | - | - |
| Net proceeds from banker acceptance | | 186,352 | - | - |
| Net cash from financing activities | | 2,217,847 | 2,049,400 | 2 |
| Net increase/(decrease) in cash and cash equivalents | | 907,553 | (279) | 5,002 |
| Effects on foreign exchange rate changes | | 341 | - | - |
| Cash and cash equivalents at beginning of the financial year/ date of incorporation | | 5,002 | 5,002 | - |
| Cash and cash equivalents at end of the financial year/period | | 912,896 | 4,723 | 5,002 |
| **Cash and cash equivalents:** | | | | |
| Fixed deposit with licensed banks | 10 | 686,636 | - | - |
| Cash and bank balances | 11 | 1,202,420 | 4,723 | 5,002 |
| Bank overdraft | 13 | (289,524) | - | - |
| | | 1,599,532 | 4,723 | 5,002 |
| Less Fixed deposits pledged with licensed banks | | (686,636) | - | - |
| | | 912,896 | 4,723 | 5,002 |

The accompanying notes form an integral part of these financial statements.

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**UNIGENIUS HOLDING SDN. BHD.**
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 1. Corporate information

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office is located at P-03-08, Impian Meridian Commerz, Jalan Subang 1, USJ 1, 47600 Subang Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at No. 38, Jalan PBS 14/10, Taman Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is that of investment holding company. The principal activity of the subsidiaries are described in Note 6 to the financial statements.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the functional currency of the primary economic environment in which the entity operates.

### 2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MPERS 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. The areas involving such judgements, estimates and assumptions are disclosed in Note 4 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

The Company incurred a net loss of RM50,817 during the financial year ended 31 December 2023 and, as of that date, the Company's current liabilities exceeded its current assets by RM57,606. These factors indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on the undertaking of the shareholders to provide continuing financial support to enable the Company to meet its liabilities as and when they fall due.

If the Company were unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

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**UNIGENIUS HOLDING SDN. BHD.**
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**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**3. Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

**3.1 Basis of consolidation**

Control is presumed to exist when the Group owns, directly or indirectly through subsidiary, more than half of the voting power of an entity. Control also exists when the Group owns half or less of the voting power of an entity but it has:

i) power over more than half of the voting rights by virtue of an agreement with other investors; or

ii) power to govern the financial and operating policies of the entity under a statute or an agreement; or

iii) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or

iv) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Intragroup losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

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

If it is impracticable to prepare the financial statements of a subsidiary as of the same reporting date as the parent, the parent shall consolidate the financial information of the subsidiary using the most recent financial statements of the subsidiary, adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent 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.

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**UNIGENIUS HOLDING SDN. BHD.**
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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**3. Significant accounting policies (continued)**

**3.1 Basis of consolidation (continued)**

Subsidiary is consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

The carrying amount of any investments retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition for subsequent accounting under Section 11 Basic Financial Instruments or Section 12 Other Financial Instruments of the MPERS or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

**3.2 Business combination**

Business combinations are accounted for by applying the purchase method. The cost of a business combination is measured at the aggregate of the fair values, at the date of acquisition, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

At the acquisition date, the Group allocates the cost of a business combination by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values, except a deferred tax asset or liability arising from assets acquired and liabilities assumed in a business combination and a liability or asset, if any, related to the acquiree's employee benefit arrangements. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any non-controlling interests in the acquiree is measured at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

If, after reassessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

In the consolidated financial statements, non-controlling interest in the net assets of a subsidiary is included in equity. The Group treats changes in parent's controlling interest in a subsidiary that does not result in a loss of control as transactions with equity holders in their capacity as equity holders. Accordingly, the carrying amount of the non-controlling interest is adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the non-controlling interest is so adjusted and the fair value of the consideration paid or received, if any, are recognised directly in equity and attributed to equity holders of the parent. A gain or loss on these changes and the change in the carrying amounts of assets (including goodwill) or liabilities as a result of such transactions is not recognised.

**3.3 Property, plant and equipment**

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 Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. 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 and the Company are obligated to incur when the asset is acquired, if applicable.

**3. Significant accounting policies (continued)**

**3.3 Property, plant and equipment (continued)**

For major component of an item of property, plant and equipment which have significantly different patterns of consumption of economic benefits, the initial cost of the asset shall be allocated to its major components and depreciate each such component separately over its useful life.

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

Depreciation is provided on a straightline method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

| | Rate |
|---|---|
| Equipment | 20% |
| Furniture and fittings | 10% - 20% |
| Leasehold factory buildings | 85 - 92 years |
| Leasehold building | 89 years |
| Motor vehicles | 5% - 20% |
| Office equipment | 10% |
| Renovation | 10% |
| Signboard | 10% - 20% |
| Tools and machineries | 5% - 20% |

Depreciation of an asset begins when it is ready for its intended use.

If there is an indication of a change in factors affecting the residual value, useful life or asset's depreciation method since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and the changes are accounted for as a change in an accounting estimate and adjusted prospectively.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss.

**3.4 Investments**

**i) Subsidiaries**

A subsidiary is an entity in which the Group and the Company have power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

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 and the Company would derecognise the carrying amount of the investment and recognise the consideration received. The resulting difference is recognised as a gain or loss on disposal of the subsidiary in profit or loss.

**3. Significant accounting policies (continued)**

**3.5 Foreign currency transactions and balances**

Transactions in foreign currencies are initially recognised in the functional currency at rate of exchange ruling at the date of the transactions.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income.

**3.6 Impairment of non-financial assets**

At each reporting date, the Group and the Company assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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.

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount.

The impairment loss is recognised in profit or loss immediately.

All assets that suffered impairment loss are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

**3.7 Goodwill**

Goodwill arised on business combinations and is initially measured at its cost. After initial recognition, the Group measures the goodwill acquired in a business combination at cost less accumulated amortisation and accumulated losses.

Goodwill arises on acquisition of equity-accounted associates and jointly controlled entities is recorded as part of the carrying amount at the date of acquisition. The Group adjusts its share of associate's and jointly controlled entity's profits or losses after the acquisition to account for amortisation of the goodwill.

Goodwill is amortised on a straight-line basis over 10 years and is subject to impairment tet whenever there is any indication of impairment.

**3. Significant accounting policies (continued)**

### 3.8 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is measured by using the First-in First-out ('FIFO') method.

At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss. At each subsequent reporting date, the Group and the Company make a new assessment of selling price less costs to complete and sell. If there is any indication that an impairment loss recognised in prior periods may no longer exist or when there is clear evidence of an increase in selling price less costs to complete and sell due to changed economic circumstances, an impairment loss is reversed to the extent that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell.

### 3.9 Financial instruments

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

Financial instruments are recognised on the statement of financial position when the Group and the Company have become a party to the contractual provisions of the instrument. At initial recognition, a financial instruments is recognised at transaction price, including transaction costs if the financial instruments is not measured at fair value through profit or loss, except a financing transaction. Financing transactions are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Basic financial instruments include cash, debt instruments (receivables and payables), commitments to receive loans that cannot be settled net in cash, investments in non-convertible preference shares and non-puttable ordinary or preference shares.

**i) Financial instruments that are debt instruments measured at amortised cost**

At the end of each reporting period, an entity shall measure financial instruments as follows, without any deduction for transaction costs the entity may incur on sale or other disposal.

Subsequent to initial recognition, debts instruments are measured at amortised cost using the effective interest method, whilst commitments to receive a loan are measured at cost less impairment.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired or settled.

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**3. Significant accounting policies (continued)**

**3.9 Financial instruments (continued)**

**ii) Financial assets at fair value through profit or loss**

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

**iii) Financial instruments that are equity instruments measured at cost less impairment**

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

A financial liability is derecognised only when it is extinguished, i.e. When the obligation specified in the contract is discharged, cancelled or expires. An exchange between an existing borrower and lender of financial 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.

Any 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.

**3.10 Impairment of financial assets**

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

The Group and the Company collectively consider factors to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

**3. Significant accounting policies (continued)**

**3.10 Impairment of financial assets (continued)**

The carrying amounts of the financial assets are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

**3.11 Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts.

**3.12 Liabilities and equity**

Equity is the residual interest in the assets of an entity after deducting all its liabilities. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Equity includes investments by the owners of the entity, plus additions to those investments earned through profitable operations and retained for use in the entity's operations, minus reductions to owners' investments as a result of unprofitable operations and distributions to owners.

An entity shall recognise the issue of shares or other equity instruments as equity when it issues those instruments and another party is obliged to provide cash or other resources to the entity in exchange for the instruments.

An entity should measure the equity instruments at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

An entity shall reduce equity for the amount of distributions to its owners (holders of its equity instruments), net of any related income tax benefits.

**3.13 Leases**

**i) Finance leases**

Leases of property, plant and equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership are transferred to the Group.

The Group initially recognises its rights of use and obligations under finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, determined at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method. A finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as an expense in the period in which they are incurred.

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Group will obtained ownership by the end of the lease term, the leased assets are fully depreciated over the shorter of the lease terms and their useful life. At each reporting date, the Group assesses whether the assets leased under the finance lease are impaired.

**3. Significant accounting policies (continued)**

**3.13 Leases (continued)**

**ii) Operating leases**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

**3.14 Revenue**

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group and to the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group and of the Company as follows:

**i) Sale of goods**

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer and where the Group and the Company do not have continuing managerial involvement and effective control over the goods sold. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

**ii) Interest income**

Interest income is recognised using the effective interest method, and accrued on a time basis.

**iii) Rental income**

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

**3.15 Employment benefits**

**i) Short-term employment benefits**

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Group and the Company.

The expected cost of accumulating compensated absences, such as paid annual leave are recognised as current liabilities when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when the Group and the Company have a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Group and the Company have no realistic alternative but to make the payments.

**3. Significant accounting policies (continued)**

**3.15 Employment benefits (continued)**

**ii) Defined contribution plan**

Contributions payable to the defined contribution plan are recognised as a liability and an expense when the employees have rendered services to the Group and the Company.

**3.16 Income taxes**

Income taxes include all domestic taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, that are payable by the Group and the Company, and real property gains taxes payable on disposal of properties, if any.

Tax payable on taxable profit for current and previous periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Group and the Company have a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax is not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax are also not recognised for temporary difference associated with the initial recognition of goodwill.

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 recognised 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 liabilities and assets reflect the tax consequences that would follow from the manner in which the Group and the Company expect to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

Changes in current or deferred tax balances are recognised as an income tax expense or credit and are recognised in the same component of comprehensive income or equity as the transaction that resulted in the tax expense or credit.

**3.17 Borrowing costs**

All borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

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### 4. Significant accounting estimates and judgement

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### 4.1 Judgements made in applying accounting policies

The judgements, apart from those involving estimations described below, that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements, other than those disclosed in the notes, are as follows:

**i) Classification of finance and operating leases**

The Group and the Company classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As a lessee, the Group and the Company recognises a lease as finance lease if it is exposed to significant risks and rewards incidental to ownership of underlying asset. In applying judgements, the Group and the Company considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% of the economic life of the underlying asset, the present value of the lease payment is at least 90% of the fair value of the underlying asset, or the identified asset, or the identified asset in the lease is a specialised asset which can only be used substantially by the lessee. All other leases that do not result in a significant transfer to risks and rewards are classified as operating lease.

**ii) Classification of non-current bank borrowings**

Term loan agreements entered into by the Group and the Company include repayment on demand clauses at the discretion of financial institutions. The Group and the Company believes that in the absence of a default being committed by the Group and the Company, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and noncurrent liabilities based on their repayment period.

#### 4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, other than those disclosed in the notes, are as follows:

**i) Depreciation of property, plant and equipment**

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economics benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

**ii) Income taxes**

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation and deferred taxation in the period in which the outcome is known.

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**5. Property, plant and equipment**

| Group | At 1 January 2023 RM | Subsidiaries acquired RM | Additions RM | Written off RM | At 31 December 2023 RM |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Equipment | - | 76,626 | - | - | 76,626 |
| Furniture and fittings | - | 248,927 | 16,200 | - | 265,127 |
| Leasehold factory buildings | - | 5,852,505 | - | - | 5,852,505 |
| Leasehold building | - | 259,299 | - | - | 259,299 |
| Motor vehicles | - | 1,738,206 | - | - | 1,738,206 |
| Office equipment | - | 481,215 | 5,300 | (43,627) | 442,888 |
| Renovation | - | 137,138 | - | - | 137,138 |
| Signboard | - | 3,930 | - | - | 3,930 |
| Tools and machineries | - | 8,386,110 | - | - | 8,386,110 |
| | - | 17,183,956 | 21,500 | (43,627) | 17,161,829 |

| | At 1 January 2023 RM | Subsidiaries acquired RM | Charge for the financial year RM | Written off RM | At 31 December 2023 RM |
|---|---|---|---|---|---|
| **Accumulated depreciation** | | | | | |
| Equipment | - | 64,919 | 1,586 | - | 66,505 |
| Furniture and fittings | - | 205,072 | 6,542 | - | 211,614 |
| Leasehold factory buildings | - | 642,959 | 28,846 | - | 671,805 |
| Leasehold building | - | 23,312 | 1,457 | - | 24,769 |
| Motor vehicles | - | 649,411 | 128,637 | - | 778,048 |
| Office equipment | - | 215,968 | 17,681 | (22,612) | 211,037 |
| Renovation | - | 131,554 | 968 | - | 132,522 |
| Signboard | - | 3,729 | 41 | - | 3,770 |
| Tools and machineries | - | 6,680,111 | 338,806 | - | 7,018,917 |
| | - | 8,617,035 | 524,564 | (22,612) | 9,118,987 |

| | Carrying amount 2023 RM | Depreciation 2023 RM |
|---|---|---|
| Equipment | 10,121 | 1,586 |
| Furniture and fittings | 53,513 | 6,542 |
| Leasehold factory buildings | 5,180,700 | 28,846 |
| Leasehold building | 234,530 | 1,457 |
| Motor vehicles | 960,158 | 128,637 |
| Office equipment | 231,851 | 17,681 |
| Renovation | 4,616 | 968 |
| Signboard | 160 | 41 |
| Tools and machineries | 1,367,193 | 338,806 |
| | 8,042,842 | 524,564 |

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**5. Property, plant and equipment (continued)**

The Group and Company has pledged the following property, plant and equipment to licensed banks in Note 13 to secure banking facilities granted to the Company.

| | Group | Company | |
|---|---|---|---|
| | 2023 | 2023 | 2022 |
| | RM | RM | RM |
| Leasehold factory buildings | 5,180,700 | - | - |
| Leasehold building | 234,530 | - | - |
| Tools and machineries | 1,280,000 | - | - |
| | 6,695,230 | - | - |

The carrying amounts of property, plant and equipment under finance lease of the Group and the Company are as follows:

| | Group | Company | |
|---|---|---|---|
| | 2023 | 2023 | 2022 |
| | RM | RM | RM |
| Motor vehicles | 942,956 | - | - |

The following motor vehicles of the Group and the Company are held in trust by the Directors:-

| | Group | Company | |
|---|---|---|---|
| | 2023 | 2023 | 2022 |
| | RM | RM | RM |
| Motor vehicles | 77,000 | - | - |

**6. Investment in subsidiaries**

**i) Investment in subsidiaries**

| | Company | |
|---|---|---|
| | 2023 | 2022 |
| | RM | RM |
| Unquoted shares, at cost | | |
| Balance as at 1 January/As at date of incorporation | - | - |
| Acquisition during the financial year | 2,049,400 | - |
| Balance as at 31 December | 2,049,400 | - |

**ii) The details of subsidiaries are as follows:-**

| Name | Country of incorporation | Equity interest 2023 | Equity interest 2022 | Principal activity |
|---|---|---|---|---|
| Unigenius Print Sdn. Bhd. ^ | Malaysia | 100% | - | Printers' agent and retailer in printed materials and papers |
| Inbox Packaging Sdn. Bhd. ^ | Malaysia | 100% | - | Printing and other related services |

^ Audited by YYC & CO PLT

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**6. Investment in subsidiaries (continued)**

**iii) Acquisition of subsidiaries**

On 23 November 2023, the Company acquired a controlling 100% interest in the equity share of Unigenius Print Sdn. Bhd. ("UPSB"), which deals as printers' agent and retailer in printed materials and papers as its core business, for RM1,308,200, satisfied in cash.

On 23 November 2023, the Company acquired a controlling 100% interest in the equity share of Inbox Packaging Sdn. Bhd. ("IPSB"), which deals with printing and other related activities as its core business, for RM741,200, satisfied in cash.

The net assets acquired in the transaction, bargain purchase of subsidiaries and cash flow arising therefrom, were as follows:

| | UPSB RM | IPSB RM | Total RM |
|---|---|---|---|
| Assets | 13,822,839 | 10,701,499 | 24,524,338 |
| Less : Liabilities | (6,381,800) | (4,904,360) | (11,286,160) |
| Fair value of net assets acquired | 7,441,039 | 5,797,139 | 13,238,178 |
| Bargain purchase of subsidiaries | (6,132,839) | (5,055,939) | (11,188,778) |
| Purchase consideration | 1,308,200 | 741,200 | 2,049,400 |
| Less : Cash and cash equivalents acquired | (791,096) | (1,406,068) | (2,197,164) |
| Acquisition of subsidiaries, net of cash acquired | 517,104 | (664,868) | (147,764) |

**7. Inventories**

| | Group 2023 RM | Company 2023 RM | Company 2022 RM |
|---|---|---|---|
| At cost | | | |
| Raw material | 2,212,796 | - | - |
| Finished goods | 780,557 | - | - |
| | 2,993,353 | - | - |

The amount of inventories recognised as an expense amount to RM2,448,984 during the financial year.

**8. Trade receivables**

| | Group 2023 RM | Company 2023 RM | Company 2022 RM |
|---|---|---|---|
| Third parties | 6,488,245 | - | - |

The normal trade credit terms granted to the customers is ranging from 30 to 60 days.

## 9. Other receivables

| | Group 2023 RM | Company 2023 RM | Company 2022 RM |
|---|---|---|---|
| Third parties | 413 | - | - |
| Deposits | 229,600 | - | - |
| Prepayment | 115,238 | - | - |
| | 345,251 | - | - |

## 10. Fixed deposits with licensed banks

| | Group 2023 RM | Company 2023 RM | Company 2022 RM |
|---|---|---|---|
| Fixed deposits with licensed banks | 686,636 | - | - |

The fixed deposits with licenced banks are pledged to financial institution for credit facilities granted to the Group as disclosed in Note 13 to the financial statements.

The effective interest rates of the fixed deposits are between 2.00% to 2.70% per annum and average maturity periods are between 30 days to 365 days.

## 11. Cash and bank balances

| | Group 2023 RM | Company 2023 RM | Company 2022 RM |
|---|---|---|---|
| Cash in hand | 2 | 2 | 2 |
| Cash at banks | 1,202,418 | 4,721 | 5,000 |
| | 1,202,420 | 4,723 | 5,002 |

## 12. Share capital

| | Number of shares 2023 Units | Number of shares 2022 Units | 2023 RM | 2022 RM |
|---|---|---|---|---|
| Issued and fully paid: | | | | |
| At beginning of the financial year/ At date of incorporation | 2 | 2 | 2 | 2 |
| Increase during the financial year | 2,049,400 | - | 2,049,400 | - |
| At end of the financial year/period | 2,049,402 | 2 | 2,049,402 | 2 |

Fully paid ordinary shares which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

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**13. Borrowings**

| | Group | Company | |
|---|---|---|---|
| | 2023 | 2023 | 2022 |
| | RM | RM | RM |
| **Current liability** | | | |
| Borrowings | 1,834,121 | - | - |
| **Non-current liability** | | | |
| Borrowings | 4,084,588 | - | - |
| | 5,918,709 | - | - |

**13.1 Borrowings**

| | Group | Company | |
|---|---|---|---|
| | 2023 | 2023 | 2022 |
| | RM | RM | RM |
| Borrowings | | | |
| Non-current liability | | | |
| Secured: | | | |
| Term loans | 4,084,588 | - | - |
| | 4,084,588 | - | - |
| Current liability | | | |
| Secured: | | | |
| Bankers' acceptance | 690,000 | - | - |
| Bank overdraft | 289,524 | - | - |
| Term loans | 854,597 | - | - |
| | 1,834,121 | - | - |
| | 5,918,709 | - | - |

The bankers' acceptance of the Group are secured by the followings:-

(i) Placement of fixed deposits with Memorandum of Deposit and letter of Set-off; and
(ii) Facility agreements; and
(iii) Guaranteed by Credit Guarantee Corporation under Flexi Guarantee Scheme; and
(iv) Jointly and severally guaranteed by the directors of the Group.

The bankers' acceptance is subject to interest rate of 4.15% per annum.

The term loans and bank overdraft of the Group are secured by the followings:-

(i) Facility agreements; and
(ii) First and legal charge over leasehold factory buildings and tools and machineries of the Group; and
(iii) Jointly and severally guaranteed by the directors of the Group and corporate guarantee by a related party.

The term loans carry effective interest rate ranging from 3.50% to 5.22% per annum and mature between year 2026 to 2035.

The bank overdraft is subject to interest rate of 0.30% above the Bank's Base Financing Rate per annum.

**14. Finance lease payables**

| | Group | Company | |
|---|---|---|---|
| | 2023 | 2023 | 2022 |
| | RM | RM | RM |
| **Current liability** | | | |
| Finance lease payables | 204,868 | - | - |
| **Non-current liability** | | | |
| Finance lease payables | 394,843 | - | - |
| Total | 599,711 | - | - |

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**14. Finance lease payables (continued)**

**14.1 Finance lease payables**

| | Group 2023 RM | Company 2023 RM | Company 2022 RM |
|---|---|---|---|
| Minimum finance lease payments | | | |
| Not later than 1 year | 226,501 | - | - |
| Later than 1 year and not later than 5 years | 412,621 | - | - |
| | 639,122 | - | - |
| Future finance charges | (39,411) | - | - |
| Present value of finance lease payments | 599,711 | - | - |

Present value of finance lease payable is analysed as follows:

| | Group 2023 RM | Company 2023 RM | Company 2022 RM |
|---|---|---|---|
| Not later than 1 year | 204,868 | - | - |
| Later than 1 year and not later than 5 years | 394,843 | - | - |
| | 599,711 | - | - |

The Group obtains finance lease facilities to finance the acquisition of certain property, plant and equipment. The average remaining lease terms is 28 - 41 months as at 31 December 2023. Implicit interest rates of the finance lease of 2.41% - 4.37% are fixed at the date of the agreements, and the amount of lease payments are fixed throughout the lease period. The Group has the option to purchase the assets at the end of the agreements with minimum purchase considerations. There is no significant restriction clauses imposed on the finance lease arrangements.

**15. Deferred tax liabilities**

| | Group 2023 RM | Company 2023 RM | Company 2022 RM |
|---|---|---|---|
| Acquisition of subsidiaries | 391,732 | - | - |
| Transferred from income statement (Note 21) | 325,577 | - | - |
| Balance carried forward | 717,309 | - | - |

The above are in respect of temporary differences between capital allowances and depreciation of property, plant and equipment.

**16. Trade payables**

| | Group 2023 RM | Company 2023 RM | Company 2022 RM |
|---|---|---|---|
| Third parties | 1,941,113 | - | - |
| Related party | 43,103 | - | - |
| | 1,984,216 | - | - |

The normal trade credit terms granted to the Group ranges from 30 to 90 days.

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**17. Other payables**

| | Group | Company | |
|---|---|---|---|
| | 2023 | 2023 | 2022 |
| | RM | RM | RM |
| Third parties | 186,971 | - | 2,823 |
| Related party | - | - | 7,968 |
| Deposit received | 27,800 | - | - |
| Accruals | 81,973 | 10,126 | 1,000 |
| | 296,744 | 10,126 | 11,791 |

The amount due to related party is unsecured, interest-free and repayable upon demand.

**18. Amount due to subsidiaries**

This amount is unsecured, interest-free and repayable upon demand.

**19. Revenue and cost of sales**

| | Group | Company | |
|---|---|---|---|
| | | 01.01.2023 to | 06.04.2022 to |
| | 2023 | 31.12.2023 | 31.12.2022 |
| | RM | RM | RM |
| Revenue | | | |
| Sales of goods | 2,538,315 | - | - |
| Cost of sales | | | |
| Purchases and other direct cost | 5,442,337 | - | - |
| Less : Closing inventories | (2,993,353) | - | - |
| | 2,448,984 | - | - |

**20. Profit/(Loss) before taxation**

**20.1 Disclosure items**

| | Group | Company | |
|---|---|---|---|
| | | 01.01.2023 to | 06.04.2022 to |
| | 2023 | 31.12.2023 | 31.12.2022 |
| | RM | RM | RM |
| This is stated at after charging: | | | |
| Auditors' remuneration | 36,200 | 2,500 | 1,000 |
| Bad debts written off | 256 | - | - |
| Depreciation of property, plant and equipment | 524,564 | - | - |
| Incorporation fee | - | - | 2,800 |
| Interest expense on | | | |
| - bank overdraft | 1,725 | - | - |
| - bankers' acceptance | 4,230 | - | - |
| - finance lease | 2,236 | - | - |
| - term loans | 151,867 | - | - |
| Property, plant and equipment written off | 21,015 | - | - |
| Rental of factory | 43,900 | - | - |
| Rental of hostel | 2,800 | - | - |
| Rental of warehouse | 9,300 | - | - |

Registration No.: 202201012609 (1458306-A)

**UNIGENIUS HOLDING SDN. BHD.**
(Incorporated in Malaysia)
and its subsidiaries

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**20. Profit before taxation (continued)**

**20.1 Disclosure items (continued)**

| | Group | Company | |
|---|---|---|---|
| | | 01.01.2023 to 31.12.2023 | 06.04.2022 to 31.12.2022 |
| | 2023 RM | RM | RM |
| And crediting: | | | |
| Interest income | 13,779 | - | - |
| Realised gain on foreign exchange | 1,416 | - | - |
| Rental income | 4,600 | - | - |
| Bargain purchase of subsidiaries | 11,188,778 | - | - |
| Unrealised gain on foreign exchange | 341 | - | - |

**20.2 The employee benefits expenses of the Group and of the Company comprise:**

| | Group | Company | |
|---|---|---|---|
| | | 01.01.2023 to 31.12.2023 | 06.04.2022 to 31.12.2022 |
| | 2023 RM | RM | RM |
| (a) Short-term benefits of salaries, wages and bonuses | 461,167 | - | - |
| (b) Defined and other contribution | 29,873 | - | - |
| (c) Other emoluments | 14,490 | - | - |
| Total employee benefits expenses | 505,530 | - | - |
| Included in employee benefits expenses are: | | | |
| (a) Directors' fee | 99,000 | - | - |
| (b) Directors' remuneration | 87,500 | - | - |
| (c) Directors' defined contributions | 13,230 | - | - |
| (d) Directors' other contributions | 483 | - | - |
| | 200,213 | - | - |

**21. Tax expenses**

| | Group | Company | |
|---|---|---|---|
| | | 01.01.2023 to 31.12.2023 | 06.04.2022 to 31.12.2022 |
| | 2023 RM | RM | RM |
| Current year's provision | 1,178,434 | - | - |
| Under provision of taxation for previous financial year | 41,454 | - | - |
| Transferred from deferred tax liabilities (Note 15) | 325,577 | - | - |
| | 1,545,465 | - | - |

**21. Tax expenses (continued)**

The numerical reconciliation between tax expenses and the product of accounting profit/(loss) multiplied by the applicable tax rate are as follows:

| | Group | Company | |
|---|---|---|---|
| | | 01.01.2023 to | 06.04.2022 to |
| | 2023 | 31.12.2023 | 31.12.2022 |
| | RM | RM | RM |
| Profit/(Loss) before taxation | 10,441,877 | (50,817) | (6,791) |
| Taxation at Malaysian tax rate of 24% (2022 : 17%) | 2,506,050 | (12,196) | (1,154) |
| Reduction in statutory tax rate on chargeable income up to RM600,000 | (45,000) | - | - |
| Non-deductible expenses | 1,728,268 | 12,196 | 1,154 |
| Income not subject to tax | (2,685,307) | - | - |
| Under provision of taxation for previous financial year | 41,454 | - | - |
| Tax expense | 1,545,465 | - | - |

**22. Related party disclosures**

22.1 Control relationship

The controlling shareholder of the Company is Boo Yin Kwan.

22.2 Identities of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company 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 Company and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Group and the Company have controlling related party relationship with its direct subsidiaries.

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

| | Group | Company | |
|---|---|---|---|
| | | 01.01.2023 to | 06.04.2022 to |
| | 2023 | 31.12.2023 | 31.12.2022 |
| | RM | RM | RM |
| Type of transactions | | | |
| Revenue from related parties | 20,791,684 | - | - |
| Other income from related parties | 1,493 | - | - |
| Rental income from related parties | 167,117 | - | - |
| Rental of factory to related parties | (115,200) | - | - |
| Rental of office to related party | (79,717) | - | - |
| Rental of warehouse to related party | (55,000) | - | - |
| Sub-contractor fee to related parties | (21,444,913) | - | - |

Registration No.: 202201012609 (1458306-A)

**UNIGENIUS HOLDING SDN. BHD.**
(Incorporated in Malaysia)
and its subsidiaries

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

## 22. Related party disclosures (continued)

22.3 Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company whether directly or indirectly. The key management personnel of the Company comprise Directors of the Company. Details on the compensation for these key management personnel are disclosed as below:

| | Group | Company | |
|---|---|---|---|
| | | 01.01.2023 to 31.12.2023 | 06.04.2022 to 31.12.2022 |
| | 2023 RM | RM | RM |
| (a) Directors' fee | 99,000 | - | - |
| (b) Directors' remuneration | 87,500 | - | - |
| (c) Directors' defined contributions | 13,230 | - | - |
| (d) Directors' other contributions | 483 | - | - |
| | 200,213 | - | - |

## 23. Contingent liabilities

| | Group | Company | |
|---|---|---|---|
| | 2023 RM | 2023 RM | 2022 RM |
| Corporate guarantee for term loan facilities granted to a company which the directors have substantial financial interest to the extend of RM1,955,000 | 1,232,018 | - | - |

## 24. Financial instruments

| | Group | Company | |
|---|---|---|---|
| | 2023 RM | 2023 RM | 2022 RM |
| Financial assets measured at amortised cost | | | |
| Trade receivables | 6,488,245 | - | - |
| Other receivables | 413 | - | - |
| Fixed deposits with licensed banks | 686,636 | - | - |
| Cash and bank balances | 1,202,420 | 4,723 | 5,002 |
| | 8,377,714 | 4,723 | 5,002 |
| Financial liabilities measured at amortised cost | | | |
| Trade payables | 1,984,216 | - | - |
| Other payables | 186,971 | - | 10,791 |
| Amount due to subsidiaries | - | 52,203 | - |
| Borrowings | 5,918,709 | - | - |
| Finance lease payables | 599,711 | - | - |
| | 8,689,607 | 52,203 | 10,791 |

## 25. Date of authorisation for issue

The Board of Directors had authorised the financial statements to be issued on 07 MAR 2024.

| | | |
|---|---|---|
| Lodged by | : | Josh M Secretarial Services Sdn. Bhd. (1181330-K) |
| Address | : | P-03-08, Impian Meridian Commerz,<br>Jalan Subang 1, USJ 1,<br>47600 Subang Jaya, Selangor Darul Ehsan. |
| Telephone | : | 03-8081 6938 |
| Fax | : | 03-8011 6938 |

## 11. AUDITED FINANCIAL STATEMENTS OF UPSB FOR THE FYE 31 DECEMBER 2023



**UNIGENIUS PRINT SDN. BHD.**
(Incorporated in Malaysia)
**Registration No.: 200001006123 (508728-H)**
**For the Financial Year Ended**
**31 December 2023**

**UNIGENIUS PRINT SDN. BHD.**
(Incorporated in Malaysia)
**Registration No.: 200001006123 (508728-H)**
**For the Financial Year Ended**
**31 December 2023**

**Directors' Report And Audited Financial Statements**

Registration No.: 200001006123 (508728-H)

**UNIGENIUS PRINT SDN. BHD.**
(Incorporated in Malaysia)

**CORPORATE INFORMATION**

| | |
|---|---|
| BOARD OF DIRECTORS | BOO YIN KWAN<br>CHAN LAI YEE |
| SECRETARIES | CHAN YIN HOU (MIA 30465)<br>LEE WYE YEE (MAICSA 7071713) |
| REGISTERED OFFICE | P-03-08, Impian Meridian Commerz,<br>Jalan Subang 1, USJ 1,<br>47600 Subang Jaya,<br>Selangor Darul Ehsan,<br>Malaysia. |
| PRINCIPAL PLACE OF BUSINESS | No. 38, Jalan PBS 14/10,<br>Taman Perindustrian Bukit Serdang,<br>43300 Seri Kembangan,<br>Selangor Darul Ehsan,<br>Malaysia. |
| AUDITORS | YYC & CO PLT<br>Chartered Accountants<br>2nd Floor, 32 & 34, Lorong Thambi Dua,<br>Off Jalan Brunei,<br>55100 Kuala Lumpur,<br>Wilayah Persekutuan,<br>Malaysia. |
| PRINCIPAL BANKERS | Ambank (M) Berhad<br>Public Bank Berhad<br>Malayan Banking Berhad<br>OCBC Al-Amin Bank Berhad<br>United Overseas Bank (Malaysia) Berhad |

Registration No.: 200001006123 (508728-H)

**UNIGENIUS PRINT SDN. BHD.**
(Incorporated in Malaysia)

## DIRECTORS' REPORT
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended **31 December 2023**.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are that of printers' agent and retailer in printed materials and papers. There have been no significant change in the nature of this activities during the financial year.

### FINANCIAL RESULTS

| | RM |
|---|---|
| Profit after tax for the financial year | 1,423,387 |

### DIVIDENDS

The Company paid the following dividends since the end of previous financial year:

| | RM |
|---|---|
| For financial year ended 31 December 2022, a tax exempted interim gross dividend of RM1 per share on 500,000 ordinary shares, declared on 6 March 2023 and paid on 20 March 2023 | 500,000 |
| For financial year ended 31 December 2023, a tax exempted interim gross dividend of 60 sen per share on 500,000 ordinary shares, declared on 31 July 2023 and paid on 27 September 2023 | 300,000 |
| For financial year ended 31 December 2023, a tax exempted interim gross dividend of RM1 per share on 500,000 ordinary shares, declared on 31 December 2023 and paid on 28 December 2023 | 500,000 |

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year.

### SHARE AND DEBENTURES

The Company has not issued any share and debenture during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

### DIRECTORS

The Directors who held office during the financial year until the date of this report are:

BOO YIN KWAN
CHAN LAI YEE

Registration No.: 200001006123 (508728-H)

**UNIGENIUS PRINT SDN. BHD.**
(Incorporated in Malaysia)

**DIRECTORS' REPORT** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**DIRECTORS' INTERESTS**

According to the register of Directors' shareholding, the interests of Directors in office at the end of the financial year in the shares in the Company during the financial year were as follows:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | At 1 January 2023 | Bought | Sold | At 31 December 2023 |
| **Interest in the Holding company** | | | | |
| UNIGENIUS HOLDING SDN. BHD. | | | | |
| BOO YIN KWAN | 1 | 850,330 | - | 850,331 |
| CHAN LAI YEE | 1 | 680,230 | - | 680,231 |
| **Interest in the Company** | | | | |
| BOO YIN KWAN | 325,000 | - | (325,000) | - |
| CHAN LAI YEE | 175,000 | - | (175,000) | - |

**DIRECTORS' BENEFITS**

Since the end of previous financial year, none of the Directors have received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**DIRECTORS' REMUNERATIONS**

Details of Directors' remuneration paid or payable to the Directors of the Company during the financial year are as follows:

| | RM |
|---|---|
| Fees | 39,000 |
| Salaries, bonuses and other benefits | 507,000 |
| Defined contribution benefits | 96,330 |
| | 642,330 |

**INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITOR**

During the financial year, neither indemnity nor insurance costs are given to or effected for any officers and auditors of the Company.

**OTHER STATUTORY INFORMATION**

**I. AS AT THE END OF THE FINANCIAL YEAR**

a. Before the financial statements of the Company were made out, the Directors took reasonable steps :-

   i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
   ii. to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

b. In the opinion of the Directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Registration No.: 200001006123 (508728-H)

**UNIGENIUS PRINT SDN. BHD.**
(Incorporated in Malaysia)

**DIRECTORS' REPORT** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**OTHER STATUTORY INFORMATION (continued)**

**II. FROM THE END OF THE FINANCIAL YEAR TO DATE OF THIS REPORT**

a. The Directors are not aware of any circumstances :-

  i. which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
  ii. which would render the value attributed to the current assets in the financial statements of the Company misleading; or
  iii. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

b. In the opinion of the Directors :-

  i. there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made; and
  ii. no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due.

**III. AS AT THE DATE OF THIS REPORT**

a. There are no charges on the assets of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
b. There are no contingent liabilities which have arisen since the end of the financial year.
c. The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Company misleading.

**ULTIMATE HOLDING COMPANY**

The Company is a subsidiary of UNIGENIUS HOLDING SDN. BHD., a company incorporated in Malaysia, which is also regarded by the Directors as the ultimate holding company.

**AUDITORS' REMUNERATION**

The auditors' remuneration of the Company are amounted to RM17,700 during the financial year.

Registration No.: 200001006123 (508728-H)

**UNIGENIUS PRINT SDN. BHD.**
(Incorporated in Malaysia)

**DIRECTORS' REPORT**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**AUDITORS**

The auditors, Messrs YYC & CO PLT, have indicated their willingness to accept re-appointment.

Signed by the Board of Directors in accordance with a resolution of the Directors,

BOO YIN KWAN
**Director**

CHAN LAI YEE
**Director**

Puchong,

Dated : 07 MAR 2024

Registration No.: 200001006123 (508728-H)

**UNIGENIUS PRINT SDN. BHD.**
(Incorporated in Malaysia)

## STATEMENT BY DIRECTORS
**Pursuant to Section 251(2) of the Companies Act, 2016**

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2023** and of its financial performance and cash flows of the Company for the financial year ended.

Signed by the Board of Directors in accordance with a resolution of the Directors,

BOO YIN KWAN
**Director**

CHAN LAI YEE
**Director**

Puchong,

Dated: 07 MAR 2024

## STATUTORY DECLARATION
**Pursuant to Section 251(1)(b) of the Companies Act, 2016**

I, **BOO YIN KWAN**, being the Director primarily responsible for the financial management of **UNIGENIUS PRINT SDN. BHD.**, do solemnly and sincerely declare that the financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above-named **BOO YIN KWAN** at Puchong in Selangor Darul Ehsan this 07 MAR 2024 )

BOO YIN KWAN

Before me:

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
B 813
NG KEE RIANG
1.12.2022-31.12.2024
MALAYSIA

No. 29-2, Jalan Puteri 5/7
Bandar Puteri Puchong,
47100 Puchong, Selangor Darul Ehsan

YYC & CO PLT
CHARTERED ACCOUNTANTS
(Firm No. LLP0020596-LCA & AF 0055)
(Service Tax ID: W10-1808-31044405)
2nd Floor, No. 32 & 34, Lorong Thambi Dua, Off Jalan Brunei, 55100 Kuala Lumpur, Malaysia.
T: +60(3)-9078 2868 | E: audit@yycadvisors.com | W: www.yycadvisors.com

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIGENIUS PRINT SDN. BHD.

(Incorporated in Malaysia)
Registration No.: 200001006123 (508728-H)

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of **UNIGENIUS PRINT SDN. BHD.**, which comprise the statement of financial position as at **31 December 2023**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at **31 December 2023**, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 Company 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.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIGENIUS PRINT SDN. BHD.

(Incorporated in Malaysia)
Registration No.: 200001006123 (508728-H)

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

i) Identify and assess the risks of material misstatement of the financial statements of the Company, 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.

ii) 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 Company's internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv) Conclude on the appropriateness of the Director's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNIGENIUS PRINT SDN. BHD.

(Incorporated in Malaysia)
Registration No.: 200001006123 (508728-H)

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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 members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

YYC & CO PLT
FIRM NO.: LLP0020596-LCA & AF 0055
CHARTERED ACCOUNTANTS

HO KEE KEONG
NO.: 03547/12/2024 J
CHARTERED ACCOUNTANT

Kuala Lumpur,

Dated : 07 MAR 2024

Registration No.: 200001006123 (508728-H)

**UNIGENIUS PRINT SDN. BHD.**
(Incorporated in Malaysia)

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

| | Note | 2023 RM | 2022 RM |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current asset** | | | |
| Property, plant and equipment | 5 | 5,658,728 | 6,209,966 |
| **Total non-current asset** | | 5,658,728 | 6,209,966 |
| **Current assets** | | | |
| Inventories | 6 | 2,212,796 | 526,868 |
| Trade receivables | 7 | 4,319,306 | 2,429,230 |
| Other receivables | 8 | 282,261 | 739,778 |
| Amount due from related company | 9 | 12,854 | - |
| Amount due from ultimate holding company | 10 | 52,203 | - |
| Amount due from directors | 11 | - | 22,984 |
| Fixed deposits with licensed banks | 12 | 686,636 | 670,409 |
| Cash and bank balances | 13 | 728,045 | 1,846,854 |
| **Total current assets** | | 8,294,101 | 6,236,123 |
| **Total assets** | | 13,952,829 | 12,446,089 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 14 | 500,000 | 500,000 |
| Retained earnings | 15 | 5,303,427 | 5,180,040 |
| **Total equity** | | 5,803,427 | 5,680,040 |
| **Non-current liabilities** | | | |
| Finance lease payables | 16 | 95,427 | 14,234 |
| Borrowings | 17 | 3,109,385 | 3,896,522 |
| Deferred tax liabilities | 18 | 595,567 | 275,860 |
| **Total non-current liabilities** | | 3,800,379 | 4,186,616 |
| **Current liabilities** | | | |
| Trade payables | 19 | 1,974,404 | 715,503 |
| Other payables | 20 | 204,063 | 173,829 |
| Finance lease payables | 16 | 86,708 | 36,689 |
| Borrowings | 17 | 1,758,628 | 1,390,955 |
| Current tax liabilities | | 325,220 | 262,457 |
| **Total current liabilities** | | 4,349,023 | 2,579,433 |
| **Total liabilities** | | 8,149,402 | 6,766,049 |
| **Total equity and liabilities** | | 13,952,829 | 12,446,089 |

The accompanying notes form an integral part of these financial statements.

Registration No.: 200001006123 (508728-H)

**UNIGENIUS PRINT SDN. BHD.**
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

| | Note | 2023<br>RM | 2022<br>RM<br>(Restated) |
|---|---|---|---|
| Revenue | 21 | 26,137,987 | 21,016,577 |
| Cost of sales | 21 | (21,594,644) | (17,713,863) |
| **Gross profit** | | 4,543,343 | 3,302,714 |
| Other operating income | | 434,333 | 344,788 |
| Administrative and other operating expenses | | (1,934,581) | (1,688,641) |
| Selling and distribution costs | | (209,872) | (169,140) |
| Finance costs | | (228,727) | (214,756) |
| **Profit before taxation** | 22 | 2,604,496 | 1,574,965 |
| Tax expenses | 23 | (1,181,109) | (474,703) |
| **Profit after tax for the financial year representing total comprehensive income for the financial year** | | 1,423,387 | 1,100,262 |

The accompanying notes form an integral part of these financial statements.

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## STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | Share capital RM | Retained earnings RM | Total RM |
|---|---|---|---|---|
| As at 1 January 2022 | | 500,000 | 4,279,778 | 4,779,778 |
| Transactions with owners | | | | |
| Dividends on ordinary shares | 24 | - | (200,000) | (200,000) |
| Profit after tax for the financial year representing total comprehensive income for the financial year | | - | 1,100,262 | 1,100,262 |
| As at 31 December 2022 | | 500,000 | 5,180,040 | 5,680,040 |
| Transactions with owners | | | | |
| Dividends on ordinary shares | 24 | - | (1,300,000) | (1,300,000) |
| Profit after tax for the financial year representing total comprehensive income for the financial year | | - | 1,423,387 | 1,423,387 |
| As at 31 December 2023 | | 500,000 | 5,303,427 | 5,803,427 |

The accompanying notes form an integral part of these financial statements.

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## STATEMENT OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 RM | 2022 RM |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | 2,604,496 | 1,574,965 |
| Adjustment for :- | | | |
| Depreciation of property, plant and equipment | 5 | 933,662 | 906,593 |
| Gain on disposal of property, plant and equipment | | (86,007) | - |
| Interest income | | (17,551) | (11,374) |
| Interest expenses | | 228,727 | 214,756 |
| Property, plant and equipment written off | | 3,703 | 16,929 |
| Unrealised gain on foreign exchange | | (341) | - |
| Operating profit before changes in working capital | | 3,666,689 | 2,701,869 |
| Changes in working capital | | | |
| Inventories | | (1,685,928) | (34,354) |
| Receivables | | (1,474,632) | (535,493) |
| Payables | | 1,289,135 | (696,702) |
| Cash generated from operations | | 1,795,264 | 1,435,320 |
| Tax paid | | (798,639) | (160,000) |
| Interest received | | 17,551 | 11,374 |
| Interest paid | | (228,727) | (214,756) |
| Net cash generated from operating activities | | 785,449 | 1,071,938 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | 26 | (211,120) | (130,275) |
| Proceeds from disposal of property, plant and equipment | | 131,000 | - |
| Fixed deposits held as security values | | (16,227) | (159,997) |
| Net cash used in investing activities | | (96,347) | (290,272) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividend paid | 24 | (1,300,000) | (200,000) |
| Repayment to finance lease payables | | (88,788) | (135,053) |
| Repayment of term loan | | (767,988) | (749,826) |
| Net proceeds from banker acceptance | | 59,000 | (14,000) |
| Net cash used in financing activities | | (2,097,776) | (1,098,879) |
| Net decrease in cash and cash equivalents | | (1,408,674) | (317,213) |
| Effects on foreign exchange rate changes | | 341 | - |
| | | (1,408,333) | (317,213) |
| Cash and cash equivalents at beginning of the financial year | | 1,846,854 | 2,164,067 |
| Cash and cash equivalents at end of the financial year | | 438,521 | 1,846,854 |
| **Cash and cash equivalents:** | | | |
| Cash and bank balances | 13 | 728,045 | 1,846,854 |
| Bank overdraft | 17 | (289,524) | - |
| Fixed deposits with licensed banks | 12 | 686,636 | 670,409 |
| | | 1,125,157 | 2,517,263 |
| **Less :** Fixed deposits pledged with licensed banks | | (686,636) | (670,409) |
| | | 438,521 | 1,846,854 |

The accompanying notes form an integral part of these financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 1. General information

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office is located at P-03-08, Impian Meridian Commerz, Jalan Subang 1, USJ 1, 47600 Subang Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at No. 38, Jalan PBS 14/10, Taman Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

The principal activities of the Company are that of printers' agent and retailer in printed materials and papers. There have been no significant change in the nature of this activities during the financial year.

The Company is a 100% subsidiary of Unigenius Holding Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the Directors as the ultimate holding company.

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates.

### 2. Basis of preparation

#### 2.1 Basic of accounting

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard (MPERS) and the requirements of the Companies Act, 2016 in Malaysia.

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

The preparation of financial statements in conformity with MPERS 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.

### 3. Significant accounting policies

The principal accounting policies adopted are set out below:

#### 3.1 Property, plant and equipment

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 Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

For major component of an item of property, plant and equipment which have significantly different patterns of consumption of economic benefits, the initial cost of the asset shall be allocated to its major components and depreciate each such component separately over its useful life.

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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**3. Significant accounting policies (continued)**

**3.1 Property, plant and equipment (continued)**

Depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

| | Rate |
|---|---|
| Furniture and fittings | 10% |
| Leasehold factory buildings | 85 - 92 years |
| Motor vehicles | 5% |
| Office equipment | 10% |
| Renovation | 10% |
| Signboard | 10% |
| Tools and machineries | 5% |

Depreciation of an asset begins when it is ready for its intended use.

If there is an indication of a change in factors affecting the residual value, useful life or asset's depreciation method since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and the changes are accounted for as a change in an accounting estimate and adjusted prospectively.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss.

**3.2 Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication that an asset (excluding investments in subsidiaries and associates, deferred tax assets, investment properties measured at fair value) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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.

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount.

The impairment loss is recognised in profit or loss immediately.

All assets that suffered impairment loss are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

**3.3 Financial instruments**

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

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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**3. Significant accounting policies (continued)**

**3.3 Financial instruments (continued)**

Financial instruments are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instrument. At initial recognition, a financial instruments is recognised at transaction price, including transaction costs if the financial instruments is not measured at fair value through profit or loss, except a financing transaction. Financing transactions are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Basic financial instruments include cash, debt instruments (receivables and payables), commitments to receive loans that cannot be settled net in cash, investments in non-convertible preference shares and non-puttable ordinary or preference shares.

**Financial instruments that are debt instruments measured at amortised cost**

At the end of each reporting period, an entity shall measure financial instruments as follows, without any deduction for transaction costs the entity may incur on sale or other disposal.

Subsequent to initial recognition, debts instruments are measured at amortised cost using the effective interest method, whilst commitments to receive a loan are measured at cost less impairment.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired or settled.

**Financial assets at fair value through profit or loss**

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

A financial liability is derecognised only when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. An exchange between an existing borrower and lender of financial 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.

Any 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.

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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**3. Significant accounting policies (continued)**

**3.4 Impairment of financial assets**

At the end of each reporting period, the Company assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

The Company collectively considers factors to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amounts of the financial assets are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

**3.5 Inventories**

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is measured by using the First-in First-out ('FIFO') method.

At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss. At each subsequent reporting date, the Company makes a new assessment of selling price less costs to complete and sell. If there is any indication that an impairment loss recognised in prior periods may no longer exist or when there is clear evidence of an increase in selling price less costs to complete and sell due to changed economic circumstances, an impairment loss is reversed to the extent that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell.

**3.6 Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts.

**3.7 Liabilities and equity**

Equity is the residual interest in the assets of an entity after deducting all its liabilities. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Equity includes investments by the owners of the entity, plus additions to those investments earned through profitable operations and retained for use in the entity's operations, minus reductions to owners' investments as a result of unprofitable operations and distributions to owners.

An entity shall recognise the issue of shares or other equity instruments as equity when it issues those instruments and another party is obliged to provide cash or other resources to the entity in exchange for the instruments.

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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**3. Significant accounting policies (continued)**

**3.7 Liabilities and equity (continued)**

An entity should measured the equity instruments at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

An entity shall reduce equity for the amount of distributions to its owners (holders of its equity instruments), net of any related income tax benefits.

**3.8 Provisions**

A provision is recognised when the Company has an obligation, legal or constructive, at the reporting date as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties are taken into account in reaching the best estimate of a provision. When the effect of the time value of money is material, the amount recognised in respect of the provision is the present value of the expenditure expected to be required to settle the obligation at a pre-tax rate.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate.

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

Provision for warranties is recognised based on the best estimated liabilities to repair or replace products when the underlying products or services are sold. The estimated liability is based on historical warranty data and a weighting of all possible outcome against their associated probabilities.

**3.9 Revenue**

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Company as follows:

**i) Sale of goods**

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer and where the Company does not have continuing managerial involvement and effective control over the goods sold. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

**ii) Interest income**

Interest income is recognised using the effective interest method, and accrued on a time basis.

**iii) Rental income**

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**3. Significant accounting policies (continued)**

**3.10 Foreign Currency Transactions and Balances**

Transactions in foreign currencies are initially recognised in the functional currency at rate of exchange ruling at the date of the transactions.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income.

**3.11 Leases**

**i) Finance leases**

Leases of property, plant and equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Company.

The Company initially recognises its rights of use and obligations under finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, determined at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method. A finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as an expense in the period in which they are incurred.

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Company will obtained ownership by the end of the lease term, the leased assets are fully depreciated over the shorter of the lease terms and their useful life. At each reporting date, the Company assesses whether the assets leased under the finance lease are impaired.

**3.12 Borrowing costs**

All borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

**3.13 Income tax**

Income taxes include all domestic taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, that are payable by the Company, and real property gains taxes payable on disposal of properties, if any.

Tax payable on taxable profit for current and previous periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

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**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**3. Significant accounting policies (continued)**

**3.13 Income tax (continued)**

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax is not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax are also not recognised for temporary difference associated with the initial recognition of goodwill.

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 recognised 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 liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

Changes in current or deferred tax balances are recognised as an income tax expense or credit and are recognised in the same component of comprehensive income or equity as the transaction that resulted in the tax expense or credit.

**3.14 Employment benefits**

**i) Short-term employment benefits**

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Company.

The expected cost of accumulating compensated absences, such as paid annual leave are recognised as current liabilities when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Company has no realistic alternative but to make the payments.

**ii) Defined contribution plan**

Contributions payable to the defined contribution plan are recognised as a liability and an expense when the employees have rendered services to the Company.

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**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**4. Significant accounting estimates and judgement**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**4.1 Critical judgements in applying the accounting policies**

The judgements, apart from those involving estimations described below, that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements, other than those disclosed in the notes, are as follows:

**i) Classification of finance and operating leases**

The Company classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As a lessee, the Company recognises a lease as finance lease if it is exposed to significant risks and rewards incidental to ownership of underlying asset. In applying judgements, the Company considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% of the economic life of the underlying asset, the present value of the lease payment is at least 90% of the fair value of the underlying asset, or the identified asset, or the identified asset in the lease is a specialised asset which can only be used substantially by the lessee. All other leases that do not result in a significant transfer to risks and rewards are classified as operating lease.

**ii) Classification of non-current bank borrowings**

Term loan agreements entered into by the Company include repayment on demand clauses at the discretion of financial institutions. The Company believes that in the absence of a default being committed by the Company, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and noncurrent liabilities based on their repayment period.

**4.2 Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year, other than those disclosed in the Notes, are as follows:

**i) Income taxes**

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation and deferred taxation in the period in which the outcome is known.

**ii) Depreciation of property, plant and equipment**

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economics benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

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**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**5. Property, plant and equipment**

| | At 1 January 2023 RM | Additions RM | Disposals/ Written off RM | At 31 December 2023 RM |
|---|---|---|---|---|
| **Cost** | | | | |
| Furniture and fittings | 134,315 | 16,200 | - | 150,515 |
| Leasehold factory buildings | 4,180,000 | - | - | 4,180,000 |
| Motor vehicles | 684,344 | 356,163 | (205,965) | 834,542 |
| Office equipment | 302,451 | 34,157 | (12,890) | 323,718 |
| Renovation | 137,138 | - | - | 137,138 |
| Signboard | 1,550 | - | - | 1,550 |
| Tools and machineries | 8,178,670 | 24,600 | (20,000) | 8,183,270 |
| | 13,618,468 | 431,120 | (238,855) | 13,810,733 |

| | At 1 January 2023 RM | Charge for the financial year RM | Disposals/ Written off RM | At 31 December 2023 RM |
|---|---|---|---|---|
| **Accumulated depreciation** | | | | |
| Furniture and fittings | 102,041 | 7,365 | - | 109,406 |
| Leasehold factory buildings | 456,705 | 47,855 | - | 504,560 |
| Motor vehicles | 414,445 | 166,909 | (164,772) | 416,582 |
| Office equipment | 145,321 | 29,994 | (5,387) | 169,928 |
| Renovation | 130,586 | 1,936 | - | 132,522 |
| Signboard | 1,310 | 80 | - | 1,390 |
| Tools and machineries | 6,158,094 | 679,523 | (20,000) | 6,817,617 |
| | 7,408,502 | 933,662 | (190,159) | 8,152,005 |

| | Carrying amount | | Depreciation | |
|---|---|---|---|---|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Furniture and fittings | 41,109 | 32,274 | 7,365 | 9,907 |
| Leasehold factory buildings | 3,675,440 | 3,723,295 | 47,855 | 47,855 |
| Motor vehicles | 417,960 | 269,899 | 166,909 | 136,869 |
| Office equipment | 153,790 | 157,130 | 29,994 | 29,285 |
| Renovation | 4,616 | 6,552 | 1,936 | 2,231 |
| Signboard | 160 | 240 | 80 | 80 |
| Tools and machineries | 1,365,653 | 2,020,576 | 679,523 | 680,366 |
| | 5,658,728 | 6,209,966 | 933,662 | 906,593 |

The Company has pledged the following property, plant and equipment to licensed banks in Note 17 to secure banking facilities granted to the Company.

| | 2023 RM | 2022 RM |
|---|---|---|
| Leasehold factory buildings | 3,675,440 | 3,723,295 |
| Tools and machineries | 1,280,000 | 1,920,000 |
| | 4,955,440 | 5,643,295 |

The carrying amounts of property, plant and equipment under finance lease of the Company is as follows:

| | 2023 RM | 2022 RM |
|---|---|---|
| Motor vehicles | 400,758 | 205,104 |

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**UNIGENIUS PRINT SDN. BHD.**
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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**5. Property, plant and equipment (continued)**

The following motor vehicles of the Company are held in trust by the Directors of the Company:-

| | 2023 RM | 2022 RM |
|---|---|---|
| Motor vehicles | 77,000 | 195,193 |

**6. Inventories**

| | 2023 RM | 2022 RM |
|---|---|---|
| At cost | | |
| Raw materials | 2,212,796 | 526,868 |

The amount of inventories recognised as an expense amount to RM14,665,972 (2022 : RM11,448,276) during the financial year.

**7. Trade receivables**

| | 2023 RM | 2022 RM |
|---|---|---|
| Third parties | 595,027 | 730,873 |
| Related parties | - | 1,698,357 |
| Related company | 3,724,279 | - |
| | 4,319,306 | 2,429,230 |

The Company's normal trade credit terms ranges from 30 to 60 days.

**8. Other receivables**

| | 2023 RM | 2022 RM |
|---|---|---|
| Third parties | 413 | 24,851 |
| Related party | - | 509,171 |
| Deposits | 182,459 | 142,059 |
| Prepayments | 99,389 | 63,697 |
| | 282,261 | 739,778 |

The amount due from related party is unsecured, interest-free and repayable on demand.

**9. Amount due from related company**

This amount is unsecured, interest-free and repayable upon demand.

**10. Amount due from ultimate holding company**

This amount is unsecured, interest-free and repayable upon demand.

**11. Amount due from directors**

This amount is unsecured, interest-free and repayable upon demand.

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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**12. Fixed deposits with licensed banks**

| | 2023 RM | 2022 RM |
|---|---|---|
| Fixed deposits with licensed banks | 686,636 | 670,409 |

The fixed deposits with licenced banks are pledged to financial institution for credit facilities granted to the Company as disclosed in Note 17 to the financial statements.

The effective interest rates of the fixed deposits are between 2.00% to 2.70% (2022 : 1.55% to 2.45%) per annum and average maturity periods are between 30 days to 365 (2022 : 30 to 365) days.

**13. Cash and bank balances**

| | 2023 RM | 2022 RM |
|---|---|---|
| Cash in hand | - | 644 |
| Cash at bank | 728,045 | 1,846,210 |
| | 728,045 | 1,846,854 |

**14. Share capital**

| | Number of shares 2023 Units | Number of shares 2022 Units | 2023 RM | 2022 RM |
|---|---|---|---|---|
| Issued and fully paid: | | | | |
| Ordinary shares | 500,000 | 500,000 | 500,000 | 500,000 |

Fully paid ordinary shares which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

**15. Retained earnings**

During the financial year, the Company is under single-tier tax system, tax on the Company's chargeable income is a final tax and any dividend distributed will be exempted from tax in the hands of the shareholders.

**16. Finance lease payables**

| | 2023 RM | 2022 RM |
|---|---|---|
| **Current liability** | | |
| Finance lease payables | 86,708 | 36,689 |
| **Non-current liability** | | |
| Finance lease payables | 95,427 | 14,234 |
| Total | 182,135 | 50,923 |

**16. Finance lease payables (continued)**

**16.1 Finance lease payables**

| | 2023 RM | 2022 RM |
|---|---|---|
| Minimum hire purchase payments | | |
| Not later than 1 year | 93,325 | 38,293 |
| Later than 1 year and not later than 5 years | 98,293 | 14,689 |
| | 191,618 | 52,982 |
| Future finance charges | (9,483) | (2,059) |
| Present value of hire purchase payments | 182,135 | 50,923 |
| Present value of hire purchase payable is analysed as follows: | | |
| Not later than 1 year | 86,708 | 36,689 |
| Later than 1 year and not later than 5 years | 95,427 | 14,234 |
| | 182,135 | 50,923 |

The Company obtains finance lease facilities to finance the acquisition of certain property, plant and equipment. The average remaining lease terms is 28 (2022 : 23) months as at 31 December 2023. Implicit interest rates of the finance lease of 2.41% - 3.45% (2022 : 2.29% to 3.45%) are fixed at the date of the agreements, and the amount of lease payments are fixed throughout the lease period. The Company has the option to purchase the assets at the end of the agreements with minimum purchase considerations. There is no significant restriction clauses imposed on the finance lease arrangements.

**17. Borrowings**

| | 2023 RM | 2022 RM |
|---|---|---|
| **Current liability** | | |
| Bank borrowings | 1,758,628 | 1,390,955 |
| **Non-current liability** | | |
| Bank borrowings | 3,109,385 | 3,896,522 |
| | 4,868,013 | 5,287,477 |

**17.1 Bank borrowings**

| | 2023 RM | 2022 RM |
|---|---|---|
| Bank borrowings | | |
| Non-current liability | | |
| Secured: | | |
| Term loans | 3,109,385 | 3,896,522 |
| Current liability | | |
| Secured: | | |
| Term loans | 779,104 | 759,955 |
| Bankers' acceptance | 690,000 | 631,000 |
| Bank overdraft | 289,524 | - |
| | 1,758,628 | 1,390,955 |
| | 4,868,013 | 5,287,477 |

The bankers' acceptance of the Company are secured by the followings:-

(i) Placement of fixed deposits with Memorandum of Deposit and letter of Set-off; and
(ii) Facility agreements; and
(iii) Guaranteed by Credit Guarantee Corporation under Flexi Guarantee Scheme; and
(iv) Jointly and severally guaranteed by the directors of the Company.

The bankers' acceptance is subject to interest rate of 4.15% (2022 : 3.64%) per annum.

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**UNIGENIUS PRINT SDN. BHD.**
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**17. Borrowings (continued)**

The term loans and bank overdraft of the Company are secured by the followings:-

(i) Facility agreements; and
(ii) First and legal charge over leasehold factory buildings and tools and machineries of the Company; and
(iii) Jointly and severally guaranteed by the directors of the Company and corporate guarantee by a company in which a director has substantial financial interest.

The term loans carry effective interest rate ranging from 3.50% to 5.22% (2022 : 3.50% to 4.97%) per annum and mature between year 2026 to 2035.

The bank overdraft is subject to interest rate of 0.30% above the Bank's Base Financing Rate per annum.

**18. Deferred tax liabilities**

The following are the movement of deferred tax liabilities.

| | | Property, plant and equipment RM | Total RM |
|---|---|---|---|
| Deferred tax liabilities | | | |
| At 1 January 2022 | | 48,614 | 48,614 |
| Charge to profit or loss | (Note 23) | 227,246 | 227,246 |
| At 31 December 2022 | | 275,860 | 275,860 |
| Charge to profit or loss | (Note 23) | 319,707 | 319,707 |
| At 31 December 2023 | | 595,567 | 595,567 |

The deductible temporary differences do not expire under the current tax legislation.

**19. Trade payables**

| | 2023 RM | 2022 RM |
|---|---|---|
| Third parties | 1,931,301 | 686,137 |
| Related party | 43,103 | 29,366 |
| | 1,974,404 | 715,503 |

The normal trade credit terms granted to the Company is 30 to 90 days.

**20. Other payables**

| | 2023 RM | 2022 RM |
|---|---|---|
| Third parties | 133,337 | 129,923 |
| Deposit received | 23,100 | 23,100 |
| Accruals | 47,626 | 20,806 |
| | 204,063 | 173,829 |

**21. Revenue and cost of sales**

| | 2023 RM | 2022 RM |
|---|---|---|
| Revenue | | |
| Sales of goods | 26,137,987 | 21,016,577 |

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**UNIGENIUS PRINT SDN. BHD.**
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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**21. Revenue and cost of sales (continued)**

| | 2023 RM | 2022 RM |
|---|---|---|
| Cost of sales | | |
| Opening inventories | 526,868 | 492,514 |
| Casual wages | 204,825 | 221,643 |
| Depreciation of property, plant and equipment | 679,523 | 680,366 |
| Purchases | 16,351,900 | 11,482,630 |
| Rental of factory | 372,100 | 354,900 |
| Sales and service tax | 9,636 | 10,960 |
| Staff costs: | | |
| - salaries, allowances and bonus | 2,369,145 | 2,105,650 |
| - EPF contribution | 113,165 | 123,365 |
| - EIS contribution | 1,761 | 1,679 |
| - Socso contribution | 29,417 | 25,784 |
| Solid waste | 4,462 | 3,271 |
| Sub-contractors' charges | 1,726,412 | 1,398,368 |
| Transportation charges | 542,144 | 452,350 |
| Upkeep of factory | 11,400 | 20,127 |
| Upkeep of tools and machinery | 441,924 | 473,470 |
| Water and electricity | 422,758 | 393,654 |
| | 23,807,440 | 18,240,731 |
| Less : Closing inventories | (2,212,796) | (526,868) |
| | 21,594,644 | 17,713,863 |

**22. Profit before taxation**

**22.1 Disclosure items**

| | 2023 RM | 2022 RM |
|---|---|---|
| This is stated at after charging: | | |
| Auditors' remuneration | 17,700 | 15,500 |
| Depreciation of property, plant and equipment | 933,662 | 906,593 |
| Interest expense on | | |
| - bank overdraft | 5,458 | 454 |
| - bankers' acceptance | 34,395 | 18,018 |
| - finance lease | 8,482 | 4,033 |
| - term loans | 180,392 | 192,251 |
| Property, plant and equipment written off | 3,703 | 16,929 |
| Rental of factory | 372,100 | 354,900 |
| Rental of hostel | 35,000 | 35,500 |
| | | |
| And crediting: | | |
| Gain on disposal of property, plant and equipment | 86,007 | - |
| Interest income | 17,551 | 11,374 |
| Realised gain on foreign exchange | 30,702 | 28,480 |
| Rental income | 179,364 | 179,364 |
| Unrealised gain on foreign exchange | 341 | - |

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**UNIGENIUS PRINT SDN. BHD.**
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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**22. Profit before taxation (continued)**

**22.2 The employee benefits expenses of the Company comprise:**

| | 2023<br>RM | 2022<br>RM |
|---|---|---|
| (a) Short-term benefits of salaries, wages and bonuses | 3,428,026 | 3,053,920 |
| (b) Defined and other contributions | 274,625 | 262,885 |
| (c) Other emoluments | 92,958 | 76,097 |
| Total employee benefits expenses | 3,795,609 | 3,392,902 |
| Included in employee benefits expenses are: | | |
| (a) Directors' fee | 39,000 | - |
| (b) Directors' remuneration | 507,000 | 425,800 |
| (c) Directors' defined contribution | 96,330 | 80,902 |
| (d) Directors' other contributions | 2,317 | 2,004 |
| | 644,647 | 508,706 |

**23. Tax expenses**

| | | 2023<br>RM | 2022<br>RM |
|---|---|---|---|
| Current year's provision | | 736,894 | 40,578 |
| Under provision of taxation for previous financial year | | 124,508 | 206,879 |
| Transferred from deferred tax liabilities | (Note 18) | 319,707 | 227,246 |
| | | 1,181,109 | 474,703 |

The numerical reconciliation between tax expenses and the product of accounting profit multiplied by the applicable tax rate are as follows:

| | 2023<br>RM | 2022<br>RM |
|---|---|---|
| Profit before taxation | 2,604,496 | 1,574,965 |
| Taxation at Malaysian tax rate of 24% | 625,079 | 377,992 |
| Reduction in statutory tax rate on chargeable income up to RM600,000 | (45,000) | (42,000) |
| Non-deductible expenses | 42,247 | 56,994 |
| Utilisation of reinvestment allowances | - | (94,683) |
| Under provision of taxation for previous financial year | 124,508 | 206,879 |
| Under/(Over) provision of deferred tax liabilities for previous financial year | 434,275 | (30,479) |
| Tax expenses | 1,181,109 | 474,703 |

**24. Dividends**

| | Sen per share (net of tax) | Date of payment | Total amount RM |
|---|---|---|---|
| **2023** | | | |
| Interim 2023 ordinary | 100 | 20 March 2023 | 500,000 |
| Interim 2023 ordinary | 60 | 27 September 2023 | 300,000 |
| Interim 2023 ordinary | 100 | 28 December 2023 | 500,000 |
| | | | 1,300,000 |
| **2022** | | | |
| Interim 2022 ordinary | 40 | 4 July 2022 | 200,000 |

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**UNIGENIUS PRINT SDN. BHD.**
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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**25. Related party disclosures**

25.1 Control relationship

The controlling shareholder of the Company is Unigenius Holding Sdn. Bhd..

25.2 Identities of related parties

Parties are considered to be related to the Company if the Company 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 Company and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

| | 2023 RM | 2022 RM |
|---|---|---|
| Revenue from related parties | 20,791,684 | 18,309,866 |
| Revenue from related company | 2,296,432 | - |
| Other income from related parties | 1,493 | 6,060 |
| Rental income from related parties | 167,117 | 179,364 |
| Rental income from related company | 12,247 | - |
| Rental of factory to related parties | (115,200) | (111,000) |
| Sub-contractor fee to related parties | (420,251) | (347,030) |

25.3 Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company whether directly or indirectly. The key management personnel of the Company comprise Director of the Company. Details on the compensation for these key management personnel are disclosed as below:

| | 2023 RM | 2022 RM |
|---|---|---|
| (a) Directors' fee | 39,000 | - |
| (b) Directors' remuneration | 507,000 | 425,800 |
| (c) Directors' defined contribution | 96,330 | 80,902 |
| (d) Directors' other contributions | 2,317 | 2,004 |
| | 644,647 | 508,706 |

**26. Purchase of property, plant and equipment**

| | 2023 RM | 2022 RM |
|---|---|---|
| Purchase of property, plant and equipment | 431,120 | 160,275 |
| Less : Purchase made directly by finance lease | (220,000) | (30,000) |
| Purchase of property, plant and equipment by cash | 211,120 | 130,275 |

Registration No.: 200001006123 (508728-H)

**UNIGENIUS PRINT SDN. BHD.**
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**27. Contingent liabilities**

| | 2023 RM | 2022 RM |
|---|---|---|
| Corporate guarantee for term loan facilities granted to a related company to the extend of RM1,317,000 | 901,130 | - |
| Corporate guarantee for term loan facilities granted to a company which a director have substantial financial interest to the extend of RM1,317,000 | - | 964,868 |
| Corporate guarantee for term loan facilities granted to a company which the directors have substantial financial interest to the extend of RM1,955,000 | 1,232,018 | 1,309,227 |
| | 2,133,148 | 2,274,095 |

**28. Financial instrument**

| | 2023 RM | 2022 RM |
|---|---|---|
| Financial assets measured at amortised cost | | |
| Trade receivables | 4,319,306 | 2,429,230 |
| Other receivables | 413 | 534,022 |
| Amount due from related company | 12,854 | - |
| Amount due from ultimate holding company | 52,203 | - |
| Amount due from directors | - | 22,984 |
| Fixed deposits with licensed banks | 686,636 | 670,409 |
| Cash and bank balances | 728,045 | 1,846,854 |
| | 5,799,457 | 5,503,499 |
| Financial liabilities measured at amortised cost | | |
| Trade payables | 1,974,404 | 715,503 |
| Other payables | 133,337 | 129,923 |
| Financial lease payables | 182,135 | 50,923 |
| Borrowings | 4,868,013 | 5,287,477 |
| | 7,157,889 | 6,183,826 |

**29. Comparative figures**

During the financial year, the Company changed the classification of certain items in its financial statements as a result of the reclassification to selling and distribution cost, thus, Company has reclassified the following comparative figures to conform with the current financial year's presentation:

| | As previously reported 2022 RM | As restated 2022 RM |
|---|---|---|
| **Statement of comprehensive income** | | |
| Administrative and other operating expenses | (1,857,781) | (1,688,641) |
| Selling and distribution costs | - | (169,140) |

**30. Date of authorisation for issue**

The Board of Directors had authorised the financial statements to be issued on 07 MAR 2024.

| | | |
|---|---|---|
| Lodged by | : | Josh M Secretarial Services Sdn. Bhd. (1181330-K) |
| Address | : | P-03-08, Impian Meridian Commerz, Jalan Subang 1, USJ 1, 47600 Subang Jaya, Selangor Darul Ehsan. |
| Telephone | : | 03-8081 6938 |
| Fax | : | 03-8011 6938 |

## 12. AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER 2023



# INBOX PACKAGING SDN. BHD.

(Incorporated in Malaysia)

**Registration No.: 200701027192 (785213-D)**

**For the Financial Year Ended**

**31 December 2023**

Registration No.: 200701027192 (785213-D)

# INBOX PACKAGING SDN. BHD.

(Incorporated in Malaysia)

**Registration No.: 200701027192 (785213-D)**

**For the Financial Year Ended**

**31 December 2023**

## Directors' Report And Audited Financial Statements

Registration No.: 200701027192 (785213-D)

**INBOX PACKAGING SDN. BHD.**
(Incorporated in Malaysia)

**CORPORATE INFORMATION**

| | |
|---|---|
| BOARD OF DIRECTORS | CHAN LAI YEE<br>LAM CHUN WAI<br>LOW YAW SHIM<br>LOO ZI KAI |
| SECRETARIES | CHAN YIN HOU (MIA 30465)<br>LEE WYE YEE (MAICSA 7071713) |
| REGISTERED OFFICE | P-03-08, Impian Meridian Commerz,<br>Jalan Subang 1, USJ 1,<br>47600 Subang Jaya,<br>Selangor Darul Ehsan,<br>Malaysia. |
| PRINCIPAL PLACE OF BUSINESS | No. 38, Jalan PBS 14/10,<br>Taman Perindustrian Bukit Serdang,<br>43300 Seri Kembangan,<br>Selangor Darul Ehsan,<br>Malaysia. |
| AUDITORS | YYC & CO PLT<br>Chartered Accountants<br>2nd Floor, 32 & 34, Lorong Thambi Dua,<br>Off Jalan Brunei,<br>55100 Kuala Lumpur,<br>Wilayah Persekutuan,<br>Malaysia. |
| PRINCIPAL BANKERS | Malayan Banking Berhad<br>Public Bank Berhad<br>RHB Bank Berhad |

Registration No.: 200701027192 (785213-D)

**INBOX PACKAGING SDN. BHD.**
(Incorporated in Malaysia)

## DIRECTORS' REPORT
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended **31 December 2023**.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are that of printing and other related services. There have been no significant change in the nature of this activities during the financial year.

### FINANCIAL RESULTS

| | RM |
|---|---|
| Profit after tax for the financial year | 1,273,580 |

### DIVIDENDS

The Company paid the following dividends since the end of previous financial year:

| | RM |
|---|---|
| For financial year ended 31 December 2022, a tax exempted interim gross dividend of 67 sen per share on 600,000 ordinary shares, declared on 17 April 2023 and paid on 15 May 2023 | 400,000 |
| For financial year ended 31 December 2023, a tax exempted interim gross dividend of 67 sen per share on 600,000 ordinary shares, declared on 31 July 2023 and paid on 7 September 2023 | 400,000 |
| For financial year ended 31 December 2023, a tax exempted interim gross dividend of 83 sen per share on 600,000 ordinary shares, declared on 31 October 2023 and paid on 13 December 2023 | 500,000 |

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year.

### SHARE AND DEBENTURES

The Company has not issued any share and debenture during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

### DIRECTORS

The Directors who held office during the financial year until the date of this report are:

CHAN LAI YEE
LAM CHUN WAI
LOW YAW SHIM
LOO ZI KAI

Registration No.: 200701027192 (785213-D)

**INBOX PACKAGING SDN. BHD.**
(Incorporated in Malaysia)

**DIRECTORS' REPORT** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**DIRECTORS' INTERESTS**

According to the register of Directors' shareholding, the interests of Directors in office at the end of the financial year in the shares in the Company during the financial year were as follows:

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **At 1 January 2023** | **Bought** | **Sold** | **At 31 December 2023** |
| **Interest in the Holding company** | | | | |
| **UNIGENIUS HOLDING SDN. BHD.** | | | | |
| CHAN LAI YEE | 1 | 680,230 | - | 680,231 |
| LAM CHUN WAI | - | 222,360 | - | 222,360 |
| LOW YAW SHIM | - | 222,360 | - | 222,360 |
| LOO ZI KAI | - | 74,120 | - | 74,120 |
| **Interest in the Company** | | | | |
| CHAN LAI YEE | 180,000 | - | (180,000) | - |
| LAM CHUN WAI | 180,000 | - | (180,000) | - |
| LOW YAW SHIM | 180,000 | - | (180,000) | - |
| LOO ZI KAI | 60,000 | - | (60,000) | - |

**DIRECTORS' BENEFITS**

Since the end of previous financial year, none of the Directors have received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**DIRECTORS' REMUNERATIONS**

Details of Directors' remuneration paid or payable to the Directors of the Company during the financial year are as follows:

| | RM |
|---|---|
| Fees | 60,000 |
| Salaries, bonuses and other benefits | 630,500 |
| Defined contribution benefits | 75,660 |
| | 766,160 |

**INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITOR**

During the financial year, neither indemnity nor insurance costs are given to or effected for any officers and auditors of the Company.

Registration No.: 200701027192 (785213-D)

**INBOX PACKAGING SDN. BHD.**
(Incorporated in Malaysia)

**DIRECTORS' REPORT**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**OTHER STATUTORY INFORMATION**

**I. AS AT THE END OF THE FINANCIAL YEAR**

a. Before the financial statements of the Company were made out, the Directors took reasonable steps :-

i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
ii. to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

b. In the opinion of the Directors, the results of the operations of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**II. FROM THE END OF THE FINANCIAL YEAR TO DATE OF THIS REPORT**

a. The Directors are not aware of any circumstances :-

i. which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
ii. which would render the value attributed to the current assets in the financial statements of the Company misleading; or
iii. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

b. In the opinion of the Directors :-

i. there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made; and
ii. no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due.

**III. AS AT THE DATE OF THIS REPORT**

a. There are no charges on the assets of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
b. There are no contingent liabilities which have arisen since the end of the financial year.
c. The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Company misleading.

**ULTIMATE HOLDING COMPANY**

The Company is a subsidiary of UNIGENIUS HOLDING SDN. BHD., a company incorporated in Malaysia, which is also regarded by the Directors as the ultimate holding company.

**AUDITORS' REMUNERATION**

The auditors' remuneration of the Company are amounted to RM16,000 during the financial year.

Registration No.: 200701027192 (785213-D)

**INBOX PACKAGING SDN. BHD.**
(Incorporated in Malaysia)

**DIRECTORS' REPORT** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**AUDITORS**

The auditors, Messrs YYC & CO PLT, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

CHAN LAI YEE
**Director**

LAM CHUN WAI
**Director**

Puchong,

Dated : 07 MAR 2024

Registration No.: 200701027192 (785213-D)

## INBOX PACKAGING SDN. BHD.
(Incorporated in Malaysia)

### STATEMENT BY DIRECTORS
**Pursuant to Section 251(2) of the Companies Act, 2016**

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at **31 December 2023** and of its financial performance and cash flows of the Company for the financial year ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

CHAN LAI YEE
**Director**

LAM CHUN WAI
**Director**

Puchong,

Dated: 07 MAR 2024

### STATUTORY DECLARATION
**Pursuant to Section 251(1)(b) of the Companies Act, 2016**

I, **CHAI LAI YEE**, being the Director primarily responsible for the financial management of **INBOX PACKAGING SDN. BHD.**, do solemnly and sincerely declare that the financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )
the above-named **CHAN LAI YEE** )
at Puchong in Selangor Darul Ehsan )
this 07 MAR 2024 )

CHAN LAI YEE

Before me:

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
B 813
NG KEE PIANG
1.12.2022-31.12.2024
MALAYSIA

No. 29-2, Jalan Puteri 5/7
Bandar Puteri Puchong,
47100 Puchong, Selangor Darul Ehsan

YYC & CO PLT
CHARTERED ACCOUNTANTS
(Firm No. LLP0020596-LCA & AF 0055)
(Service Tax ID: W10-1808-31044405)
2nd Floor, No. 32 & 34, Lorong Thambi Dua, Off Jalan Brunei, 55100 Kuala Lumpur, Malaysia.
T: +60(3)-9078 2868 | E: audit@yycadvisors.com | W: www.yycadvisors.com

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INBOX PACKAGING SDN. BHD.

(Incorporated in Malaysia)
Registration No.: 200701027192 (785213-D)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **INBOX PACKAGING SDN. BHD.**, which comprise the statement of financial position as at **31 December 2023**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 8 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at **31 December 2023**, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 Company 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.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INBOX PACKAGING SDN. BHD.

(Incorporated in Malaysia)
Registration No.: 200701027192 (785213-D)

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

i) Identify and assess the risks of material misstatement of the financial statements of the Company, 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.

ii) 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 Company's internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv) Conclude on the appropriateness of the Director's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INBOX PACKAGING SDN. BHD.

(Incorporated in Malaysia)
Registration No.: 200701027192 (785213-D)

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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 members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

YYC & CO PLT
FIRM NO.: LLP0020596-LCA & AF 0055
CHARTERED ACCOUNTANTS

HO KEE KEONG
NO.: 03547/12/2024 J
CHARTERED ACCOUNTANT

Kuala Lumpur,

Dated : 07 MAR 2024

Registration No.: 200701027192 (785213-D)

**INBOX PACKAGING SDN. BHD.**
(Incorporated in Malaysia)

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2023

| | Note | 2023<br>RM | 2022<br>RM |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current asset** | | | |
| Property, plant and equipment | 5 | 2,384,114 | 2,588,844 |
| **Total non-current asset** | | 2,384,114 | 2,588,844 |
| **Current assets** | | | |
| Inventories | 6 | 944,756 | 354,928 |
| Trade receivables | 7 | 5,893,218 | 3,827,790 |
| Other receivables | 8 | 62,990 | 61,999 |
| Current tax assets | | 22,185 | - |
| Cash and bank balances | 9 | 469,652 | 986,458 |
| **Total current assets** | | 7,392,801 | 5,231,175 |
| **Total assets** | | 9,776,915 | 7,820,019 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 10 | 600,000 | 600,000 |
| Retained earnings | 11 | 3,757,401 | 3,783,821 |
| **Total equity** | | 4,357,401 | 4,383,821 |
| **Non-current liabilities** | | | |
| Finance lease payables | 12 | 299,416 | 417,576 |
| Borrowings | 13 | 975,203 | 1,049,201 |
| Deferred tax liabilities | 14 | 121,742 | 115,872 |
| **Total non-current liabilities** | | 1,396,361 | 1,582,649 |
| **Current liabilities** | | | |
| Trade payables | 15 | 3,734,091 | 1,573,836 |
| Other payables | 16 | 82,555 | 57,936 |
| Amount due to related company | 17 | 12,854 | - |
| Finance lease payables | 12 | 118,160 | 112,983 |
| Borrowings | 13 | 75,493 | 75,519 |
| Current tax liabilities | | - | 33,275 |
| **Total current liabilities** | | 4,023,153 | 1,853,549 |
| **Total liabilities** | | 5,419,514 | 3,436,198 |
| **Total equity and liabilities** | | 9,776,915 | 7,820,019 |

The accompanying notes form an integral part of these financial statements.

Registration No.: 200701027192 (785213-D)

## INBOX PACKAGING SDN. BHD.
(Incorporated in Malaysia)

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | 2023<br>RM | 2022<br>RM<br>(Restated) |
|---|---|---|---|
| Revenue | 18 | 27,230,689 | 24,000,320 |
| Cost of sales | 18 | (23,794,031) | (21,127,535) |
| **Gross profit** | | 3,436,658 | 2,872,785 |
| Other operating income | | 65,951 | 337,181 |
| Administrative and other operating expenses | | (1,501,878) | (1,330,776) |
| Selling and distribution costs | | (171,516) | (150,271) |
| Finance costs | | (68,625) | (59,728) |
| **Profit before taxation** | 19 | 1,760,590 | 1,669,191 |
| Tax expenses | 20 | (487,010) | (417,324) |
| **Profit after tax for the financial year representing total comprehensive income for the financial year** | | 1,273,580 | 1,251,867 |

The accompanying notes form an integral part of these financial statements.

Registration No.: 200701027192 (785213-D)

## INBOX PACKAGING SDN. BHD.
(Incorporated in Malaysia)

## STATEMENT OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | Share capital | Retained earnings | Total |
|---|---|---|---|---|
| | | RM | RM | RM |
| As at 1 January 2022 | | 600,000 | 3,035,954 | 3,635,954 |
| Transactions with owners | | | | |
| Dividends on ordinary shares | 21 | - | (504,000) | (504,000) |
| Profit after tax for the financial year representing total comprehensive income for the financial year | | - | 1,251,867 | 1,251,867 |
| As at 31 December 2022 | | 600,000 | 3,783,821 | 4,383,821 |
| Transactions with owners | | | | |
| Dividends on ordinary shares | 21 | - | (1,300,000) | (1,300,000) |
| Profit after tax for the financial year representing total comprehensive income for the financial year | | - | 1,273,580 | 1,273,580 |
| As at 31 December 2023 | | 600,000 | 3,757,401 | 4,357,401 |

The accompanying notes form an integral part of these financial statements.

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**INBOX PACKAGING SDN. BHD.**
(Incorporated in Malaysia)

## STATEMENT OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | 2023 RM | 2022 RM |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | 1,760,590 | 1,669,191 |
| Adjustment for :- | | | |
| Bad debts written off | | 2,506 | - |
| Depreciation of property plant and equipment | 5 | 233,929 | 241,714 |
| Gain on disposal of property, plant and equipment | | - | (242,037) |
| Interest expenses | | 68,625 | 59,728 |
| Property, plant and equipment written off | | 21,015 | - |
| Operating profit before changes in working capital | | 2,086,665 | 1,728,596 |
| Changes in working capital | | | |
| Inventories | | (589,828) | 65,099 |
| Receivables | | (2,068,925) | (138,750) |
| Payables | | 2,197,728 | (577,946) |
| Cash generated from operations | | 1,625,640 | 1,076,999 |
| Tax paid | | (536,600) | (408,896) |
| Interest paid | | (68,625) | (59,728) |
| Net cash generated from operating activities | | 1,020,415 | 608,375 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | 23 | (50,214) | (330,939) |
| Proceeds from disposal of property, plant and equipment | | - | 270,000 |
| Fixed deposits held as security values | | - | 390,582 |
| Net cash (used in)/generated from investing activities | | (50,214) | 329,643 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividend paid | 21 | (1,300,000) | (504,000) |
| Repayment to finance lease payables | | (112,983) | (125,325) |
| Repayment of term loan | | (74,024) | (74,679) |
| Net cash used in financing activities | | (1,487,007) | (704,004) |
| Net (decrease)/increase in cash and cash equivalents | | (516,806) | 234,014 |
| Cash and cash equivalents at beginning of the financial year | | 986,458 | 752,444 |
| Cash and cash equivalents at end of the financial year | | 469,652 | 986,458 |
| **Cash and cash equivalents:** | | | |
| Cash and bank balances | 9 | 469,652 | 986,458 |

The accompanying notes form an integral part of these financial statements.

Registration No.: 200701027192 (785213-D)

**INBOX PACKAGING SDN. BHD.**
(Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

**1. General information**

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office is located at P-03-08, Impian Meridian Commerz, Jalan Subang 1, USJ 1, 47600 Subang Jaya, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at No. 38, Jalan PBS 14/10, Taman Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

The principal activities of the Company are that of printing and other related services. There have been no significant change in the nature of this activities during the financial year.

The Company is a 100% subsidiary of Unigenius Holding Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the Directors as the ultimate holding company.

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates.

**2. Basis of preparation**

**2.1 Basic of accounting**

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard (MPERS) and the requirements of the Companies Act, 2016 in Malaysia.

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

The preparation of financial statements in conformity with MPERS 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.

**3. Significant accounting policies**

The principal accounting policies adopted are set out below:

**3.1 Property, plant and equipment**

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 Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

For major component of an item of property, plant and equipment which have significantly different patterns of consumption of economic benefits, the initial cost of the asset shall be allocated to its major components and depreciate each such component separately over its useful life.

**3. Significant accounting policies (continued)**

**3.1 Property, plant and equipment (continued)**

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

Depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:

| | Rate |
|---|---|
| Equipment | 20% |
| Furniture and fittings | 20% |
| Leasehold factory buildings | 85 years |
| Leasehold building | 89 years |
| Machinery | 20% |
| Motor vehicles | 20% |
| Office equipment | 10% |
| Signboard | 20% |

Depreciation of an asset begins when it is ready for its intended use.

If there is an indication of a change in factors affecting the residual value, useful life or asset's depreciation method since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and the changes are accounted for as a change in an accounting estimate and adjusted prospectively.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss.

**3.2 Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication that an asset (excluding investments in subsidiaries and associates, deferred tax assets, investment properties measured at fair value) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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.

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount.

The impairment loss is recognised in profit or loss immediately.

All assets that suffered impairment loss are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

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**INBOX PACKAGING SDN. BHD.**
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**3. Significant accounting policies (continued)**

**3.3 Financial instruments**

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

Financial instruments are recognised on the statement of financial position when the Company has become a party to the contractual provisions of the instrument. At initial recognition, a financial instruments is recognised at transaction price, including transaction costs if the financial instruments is not measured at fair value through profit or loss, except a financing transaction. Financing transactions are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Basic financial instruments include cash, debt instruments (receivables and payables), commitments to receive loans that cannot be settled net in cash, investments in non-convertible preference shares and non-puttable ordinary or preference shares.

**Financial instruments that are debt instruments measured at amortised cost**

At the end of each reporting period, an entity shall measure financial instruments as follows, without any deduction for transaction costs the entity may incur on sale or other disposal.

Subsequent to initial recognition, debts instruments are measured at amortised cost using the effective interest method, whilst commitments to receive a loan are measured at cost less impairment.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired or settled.

**Financial assets at fair value through profit or loss**

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

A financial liability is derecognised only when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. An exchange between an existing borrower and lender of financial 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.

Any 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.

Registration No.: 200701027192 (785213-D)

**INBOX PACKAGING SDN. BHD.**
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**3. Significant accounting policies (continued)**

**3.4 Impairment of financial assets**

At the end of each reporting period, the Company assesses whether there is any objective evidence that financial assets that are measured at cost or amortised cost, are impaired.

The Company collectively considers factors to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amounts of the financial assets are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

**3.5 Inventories**

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is measured by using the First-in First-out ('FIFO') method.

At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss. At each subsequent reporting date, the Company makes a new assessment of selling price less costs to complete and sell. If there is any indication that an impairment loss recognised in prior periods may no longer exist or when there is clear evidence of an increase in selling price less costs to complete and sell due to changed economic circumstances, an impairment loss is reversed to the extent that the new carrying amount is the lower of the cost and the revised selling price less costs to complete and sell.

**3.6 Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts.

**3.7 Liabilities and equity**

Equity is the residual interest in the assets of an entity after deducting all its liabilities. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Equity includes investments by the owners of the entity, plus additions to those investments earned through profitable operations and retained for use in the entity's operations, minus reductions to owners' investments as a result of unprofitable operations and distributions to owners.

An entity shall recognise the issue of shares or other equity instruments as equity when it issues those instruments and another party is obliged to provide cash or other resources to the entity in exchange for the instruments.

Registration No.: 200701027192 (785213-D)

**INBOX PACKAGING SDN. BHD.**
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**3. Significant accounting policies (continued)**

**3.7 Liabilities and equity (continued)**

An entity should measured the equity instruments at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

An entity shall reduce equity for the amount of distributions to its owners (holders of its equity instruments), net of any related income tax benefits.

**3.8 Provisions**

A provision is recognised when the Company has an obligation, legal or constructive, at the reporting date as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties are taken into account in reaching the best estimate of a provision. When the effect of the time value of money is material, the amount recognised in respect of the provision is the present value of the expenditure expected to be required to settle the obligation at a pre-tax rate.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate.

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

Provision for warranties is recognised based on the best estimated liabilities to repair or replace products when the underlying products or services are sold. The estimated liability is based on historical warranty data and a weighting of all possible outcome against their associated probabilities.

**3.9 Revenue**

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Company as follows:

**i) Sale of goods**

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer and where the Company does not have continuing managerial involvement and effective control over the goods sold. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

**ii) Interest income**

Interest income is recognised using the effective interest method, and accrued on a time basis.

**iii) Rental income**

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

**3. Significant accounting policies (continued)**

**3.10 Foreign Currency Transactions and Balances**

Transactions in foreign currencies are initially recognised in the functional currency at rate of exchange ruling at the date of the transactions.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except when a gain or loss on a non-monetary item is recognised in other comprehensive income. If so, any exchange differences relating to that gain or loss is recognised in other comprehensive income.

**3.11 Leases**

**i) Finance leases**

Leases of property, plant and equipment are classified as finance lease where substantially all the risks and benefits incidental to the ownership of the assets, but not the legal ownership, are transferred to the Company.

The Company initially recognises its rights of use and obligations under finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, determined at the inception of the leases. Any initial direct costs are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method. A finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as an expense in the period in which they are incurred.

The depreciation policy for depreciable leased assets is consistent with that of depreciable assets that are owned. If there is no reasonable certainty that the Company will obtained ownership by the end of the lease term, the leased assets are fully depreciated over the shorter of the lease terms and their useful life. At each reporting date, the Company assesses whether the assets leased under the finance lease are impaired.

**3.12 Borrowing costs**

All borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

**3.13 Income tax**

Income taxes include all domestic taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, that are payable by the Company, and real property gains taxes payable on disposal of properties, if any.

Tax payable on taxable profit for current and previous periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

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**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**3. Significant accounting policies (continued)**

**3.13 Income tax (continued)**

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax is not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax are also not recognised for temporary difference associated with the initial recognition of goodwill.

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 recognised 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 liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

Changes in current or deferred tax balances are recognised as an income tax expense or credit and are recognised in the same component of comprehensive income or equity as the transaction that resulted in the tax expense or credit.

**3.14 Employment benefits**

**i) Short-term employment benefits**

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Company.

The expected cost of accumulating compensated absences, such as paid annual leave are recognised as current liabilities when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of profit-sharing and bonus payments are recognised when the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Company has no realistic alternative but to make the payments.

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**INBOX PACKAGING SDN. BHD.**
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**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**3. Significant accounting policies (continued)**

**3.14 Employment benefits (continued)**

**ii) Defined contribution plan**

Contributions payable to the defined contribution plan are recognised as a liability and an expense when the employees have rendered services to the Company.

**4. Significant accounting estimates and judgement**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**4.1 Critical judgements in applying the accounting policies**

The judgements, apart from those involving estimations described below, that management has made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements, other than those disclosed in the notes, are as follows:

**i) Classification of finance and operating leases**

The Company classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incidental to ownership of the underlying asset lie. As a lessee, the Company recognises a lease as finance lease if it is exposed to significant risks and rewards incidental to ownership of underlying asset. In applying judgements, the Company considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% of the economic life of the underlying asset, the present value of the lease payment is at least 90% of the fair value of the underlying asset, or the identified asset, or the identified asset in the lease is a specialised asset which can only be used substantially by the lessee. All other leases that do not result in a significant transfer to risks and rewards are classified as operating lease.

**ii) Classification of non-current bank borrowings**

Term loan agreements entered into by the Company include repayment on demand clauses at the discretion of financial institutions. The Company believes that in the absence of a default being committed by the Company, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and noncurrent liabilities based on their repayment period.

**4.2 Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year, other than those disclosed in the Notes, are as follows:

**i) Income taxes**

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation and deferred taxation in the period in which the outcome is known.

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**INBOX PACKAGING SDN. BHD.**
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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**4. Significant accounting estimates and judgement (continued)**

**ii) Depreciation of property, plant and equipment**

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economics benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

**5. Property, plant and equipment**

| | At 1 January 2023 RM | Additions RM | Disposals/ Written off RM | At 31 December 2023 RM |
|---|---|---|---|---|
| **Cost** | | | | |
| Leasehold factory building | 1,672,505 | - | - | 1,672,505 |
| Leasehold building | 259,299 | - | - | 259,299 |
| Machinery | 202,840 | - | - | 202,840 |
| Motor vehicles | 903,664 | - | - | 903,664 |
| Office equipment | 117,623 | 45,174 | (43,627) | 119,170 |
| Equipment | 74,100 | 2,526 | - | 76,626 |
| Furniture and fittings | 112,098 | 2,514 | - | 114,612 |
| Signboard | 2,380 | - | - | 2,380 |
| | 3,344,509 | 50,214 | (43,627) | 3,351,096 |

| | At 1 January 2023 RM | Charge for the financial year RM | Disposals/ Written off RM | At 31 December 2023 RM |
|---|---|---|---|---|
| **Accumulated depreciation** | | | | |
| Leasehold factory building | 147,569 | 19,676 | - | 167,245 |
| Leasehold building | 21,855 | 2,914 | - | 24,769 |
| Machinery | 200,559 | 741 | - | 201,300 |
| Motor vehicles | 180,733 | 180,733 | - | 361,466 |
| Office equipment | 52,728 | 10,993 | (22,612) | 41,109 |
| Equipment | 60,175 | 6,330 | - | 66,505 |
| Furniture and fittings | 89,667 | 12,541 | - | 102,208 |
| Signboard | 2,379 | 1 | - | 2,380 |
| | 755,665 | 233,929 | (22,612) | 966,982 |

| | Carrying amount | | Depreciation | |
|---|---|---|---|---|
| | 2023 RM | 2022 RM | 2023 RM | 2022 RM |
| Leasehold factory building | 1,505,260 | 1,524,936 | 19,676 | 19,676 |
| Leasehold building | 234,530 | 237,444 | 2,914 | 2,913 |
| Machinery | 1,540 | 2,281 | 741 | 3,208 |
| Motor vehicles | 542,198 | 722,931 | 180,733 | 180,734 |
| Office equipment | 78,061 | 64,895 | 10,993 | 11,468 |
| Equipment | 10,121 | 13,925 | 6,330 | 5,820 |
| Furniture and fittings | 12,404 | 22,431 | 12,541 | 17,895 |
| Signboard | - | 1 | 1 | - |
| | 2,384,114 | 2,588,844 | 233,929 | 241,714 |

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**5. Property, plant and equipment (continued)**

The Company has pledged the following property, plant and equipment to licensed banks in Note 13 to secure banking facilities granted to the Company.

| | 2023 RM | 2022 RM |
|---|---|---|
| Leasehold factory building | 1,505,260 | 1,524,936 |
| Leasehold building | 234,530 | 237,444 |
| | 1,739,790 | 1,762,380 |

The carrying amounts of property, plant and equipment under finance lease of the Company is as follows:

| | 2023 RM | 2022 RM |
|---|---|---|
| Motor vehicles | 542,198 | 722,931 |

**6. Inventories**

| | 2023 RM | 2022 RM |
|---|---|---|
| At cost | | |
| Finished goods | 944,756 | 354,928 |

The amount of inventories recognised as an expense amount to RM23,606,505 (2022 : RM20,779,694) during the financial year.

**7. Trade receivables**

| | 2023 RM | 2022 RM |
|---|---|---|
| Third parties | 5,893,218 | 3,827,790 |

The Company's normal trade credit terms ranges from 30 to 60 days.

**8. Other receivables**

| | 2023 RM | 2022 RM |
|---|---|---|
| Third parties | - | 900 |
| Deposits | 47,141 | 45,641 |
| Prepayments | 15,849 | 15,458 |
| | 62,990 | 61,999 |

**9. Cash and bank balances**

| | 2023 RM | 2022 RM |
|---|---|---|
| Cash at bank | 469,652 | 986,458 |

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**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**10. Share capital**

| | Number of shares | | | |
|---|---|---|---|---|
| | **2023 Units** | **2022 Units** | **2023 RM** | **2022 RM** |
| Issued and fully paid: | | | | |
| Ordinary shares | 600,000 | 600,000 | 600,000 | 600,000 |

Fully paid ordinary shares which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

**11. Retained earnings**

During the financial year, the Company is under single-tier tax system, tax on the Company's chargeable income is a final tax and any dividend distributed will be exempted from tax in the hands of the shareholders.

**12. Finance lease payables**

| | **2023 RM** | **2022 RM** |
|---|---|---|
| **Current liability** | | |
| Finance lease payables | 118,160 | 112,983 |
| **Non-current liability** | | |
| Finance lease payables | 299,416 | 417,576 |
| | 417,576 | 530,559 |

**12.1 Finance lease payables**

| | **2023 RM** | **2022 RM** |
|---|---|---|
| Minimum hire purchase payments | | |
| Not later than 1 year | 133,176 | 133,176 |
| Later than 1 year and not later than 5 years | 314,328 | 447,504 |
| | 447,504 | 580,680 |
| Future finance charges | (29,928) | (50,121) |
| Present value of hire purchase payments | 417,576 | 530,559 |
| Present value of hire purchase payable is analysed as follows: | | |
| Not later than 1 year | 118,160 | 112,983 |
| Later than 1 year and not later than 5 years | 299,416 | 417,576 |
| | 417,576 | 530,559 |

The Company obtains finance lease facilities to finance the acquisition of certain property, plant and equipment. The average remaining lease terms is 40-41 (2022 : 52 -53) months as at 31 December 2023. Implicit interest rates of the finance lease of 3.78% - 4.37% (2022 : 3.78% - 4.37%) are fixed at the date of the agreements, and the amount of lease payments are fixed throughout the lease period. The Company has the option to purchase the assets at the end of the agreements with minimum purchase considerations. There is no significant restriction clauses imposed on the finance lease arrangements.

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**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**13. Borrowings**

| | 2023 RM | 2022 RM |
|---|---|---|
| **Current liability** | | |
| Bank borrowings | 75,493 | 75,519 |
| **Non-current liability** | | |
| Bank borrowings | 975,203 | 1,049,201 |
| | 1,050,696 | 1,124,720 |

**13.1 Bank borrowings**

| | 2023 RM | 2022 RM |
|---|---|---|
| Bank borrowings | | |
| Non-current liability | | |
| Secured: | | |
| Term loans | 975,203 | 1,049,201 |
| Current liability | | |
| Secured: | | |
| Term loans | 75,493 | 75,519 |
| | 1,050,696 | 1,124,720 |

The term loans of the Company are secured by the followings:-

(i) Facility agreements; and
(ii) First and legal charge over leasehold factory buildings of the Company; and
(iii) Jointly and severally guaranteed by the Directors of the Company and corporate guarantee by a related company.

The term loans carry effective interest rate ranging from 4.52% to 4.72% (2022 : 4.27% to 4.40%) per annum and mature between year 2033 to 2035.

**14. Deferred tax liabilities**

The following are the movement of deferred tax liabilities.

| | | Property, plant and equipment RM | Total RM |
|---|---|---|---|
| Deferred tax liabilities | | | |
| At 1 January 2022 | | 93,844 | 93,844 |
| Charge to profit or loss | (Note 20) | 22,028 | 22,028 |
| At 31 December 2022 | | 115,872 | 115,872 |
| Charge to profit or loss | (Note 20) | 5,870 | 5,870 |
| At 31 December 2023 | | 121,742 | 121,742 |

The deductible temporary differences do not expire under the current tax legislation.

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**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**15. Trade payables**

| | 2023 RM | 2022 RM |
|---|---|---|
| Third parties | 9,812 | 75,016 |
| Related party | - | 1,498,820 |
| Related company | 3,724,279 | - |
| | 3,734,091 | 1,573,836 |

The normal trade credit terms granted to the Company is 30 to 90 days.

**16. Other payables**

| | 2023 RM | 2022 RM |
|---|---|---|
| Third parties | 53,634 | 3,589 |
| Deposit received | 4,700 | 19,950 |
| Accruals | 24,221 | 34,397 |
| | 82,555 | 57,936 |

**17. Amount due to related company**

This amount is unsecured, interest-free and repayable on demand.

**18. Revenue and cost of sales**

| | 2023 RM | 2022 RM |
|---|---|---|
| Revenue | | |
| Sales of goods | 27,230,689 | 24,000,320 |
| | 27,230,689 | 24,000,320 |
| Cost of sales | | |
| Opening inventories | 354,928 | 420,027 |
| Commission | - | 99,087 |
| Purchases | 436,383 | 1,899,657 |
| Rental of warehouse | 167,400 | 164,400 |
| Sales and service tax | - | 464 |
| Sub-contractors' charges | 23,759,950 | 18,814,938 |
| Transportation charges | 576 | 10,219 |
| Upkeep of warehouse | 1,550 | 39,700 |
| Upkeep of tools and machinery | - | 12,371 |
| Wages | 18,000 | 21,600 |
| | 24,738,787 | 21,482,463 |
| Less : Closing inventories | (944,756) | (354,928) |
| | 23,794,031 | 21,127,535 |

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**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

## 19. Profit before taxation

### 19.1 Disclosure items

| | 2023 RM | 2022 RM |
|---|---|---|
| This is stated at after charging: | | |
| Auditors' remuneration | 16,000 | 16,000 |
| Bad debts written off | 2,506 | - |
| Depreciation of property, plant and equipment | 233,929 | 241,714 |
| Interest expense on | | |
| - bank overdraft | - | 209 |
| - finance lease | 20,193 | 16,783 |
| - term loans | 48,432 | 42,736 |
| Property, plant and equipment written off | 21,015 | - |
| Rental of office | 86,964 | 86,964 |
| Rental of warehouse | 167,400 | 164,400 |
| And crediting: | | |
| Gain on disposal of property, plant and equipment | - | 242,037 |
| Realised gain on foreign exchange | - | 13,259 |
| Rental income | 65,000 | 81,600 |

### 19.2 The employee benefits expenses of the Company comprise:

| | 2023 RM | 2022 RM |
|---|---|---|
| (a) Short-term benefits of salaries, wages and bonuses | 876,200 | 866,507 |
| (b) Defined and other contributions | 99,861 | 91,547 |
| (c) Other emoluments | 13,125 | 7,106 |
| Total employee benefits expenses | 989,186 | 965,160 |
| Included in employee benefits expenses are: | | |
| (a) Directors' fee | 60,000 | - |
| (b) Directors' remuneration | 630,500 | 620,893 |
| (c) Directors' defined contribution | 75,660 | 71,217 |
| (d) Directors' other contributions | 3,476 | 3,013 |
| | 769,636 | 695,123 |

## 20. Tax expenses

| | | 2023 RM | 2022 RM |
|---|---|---|---|
| Current year's provision | | 441,540 | 397,000 |
| Under/(Over) provision of taxation for previous financial year | | 39,600 | (1,704) |
| Transferred from deferred tax liabilities | (Note 14) | 5,870 | 22,028 |
| | | 487,010 | 417,324 |

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(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

**20. Tax expenses (continued)**

The numerical reconciliation between tax expenses and the product of accounting profit multiplied by the applicable tax rate are as follows:

| | 2023 RM | 2022 RM |
|---|---|---|
| Profit before taxation | 1,760,590 | 1,669,191 |
| Taxation at Malaysian tax rate of 24% | 422,542 | 400,606 |
| Non-deductible expenses | 67,518 | 58,941 |
| Reduction in statutory tax rate on chargeable income up to RM600,000 | (45,000) | (42,000) |
| Under/(Over) provision of taxation for previous financial year | 39,600 | (1,704) |
| Under provision of deferred tax liabilities for previous financial year | 2,350 | 1,481 |
| Tax expenses | 487,010 | 417,324 |

**21. Dividends**

| | Sen per share (net of tax) | Date of payment | Total amount RM |
|---|---|---|---|
| **2023** | | | |
| Interim 2023 ordinary | 67 | 15 May 2023 | 400,000 |
| Interim 2023 ordinary | 67 | 7 September 2023 | 400,000 |
| Interim 2023 ordinary | 83 | 13 December 2023 | 500,000 |
| | | | 1,300,000 |
| **2022** | | | |
| Interim 2022 ordinary | 84 | 4 October 2022 | 504,000 |

**22. Related party disclosures**

22.1 Control relationship

The controlling shareholder of the Company is Unigenius Holding Sdn. Bhd..

22.2 Identities of related parties

Parties are considered to be related to the Company if the Company 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 Company and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

| | 2023 RM | 2022 RM |
|---|---|---|
| Sub-contractor fee to related company | 2,296,432 | - |
| Sub-contractor fee to related party | 21,024,662 | 18,343,726 |
| Rental of warehouse to related company | 5,000 | - |
| Rental of warehouse to related party | 55,000 | 60,000 |
| Rental of office to related company | 7,247 | - |
| Rental of office to related party | 79,717 | 86,964 |

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**NOTES TO THE FINANCIAL STATEMENTS** (continued)
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**22. Related party disclosures (continued)**

22.3 Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company whether directly or indirectly. The key management personnel of the Company comprise Director of the Company. Details on the compensation for these key management personnel are disclosed as below:

| | 2023 RM | 2022 RM |
|---|---|---|
| (a) Directors' fee | 60,000 | - |
| (b) Directors' remuneration | 630,500 | 593,320 |
| (c) Directors' defined contribution | 75,660 | 71,217 |
| (d) Directors' other contributions | 3,476 | 3,013 |
| | 769,636 | 667,550 |

**23. Purchase of property, plant and equipment**

| | 2023 RM | 2022 RM |
|---|---|---|
| Purchase of property, plant and equipment | 50,214 | 930,939 |
| Less : Purchase made directly by finance lease | - | (600,000) |
| Purchase of property, plant and equipment by cash | 50,214 | 330,939 |

**24. Contingent liabilities**

| | 2023 RM | 2022 RM |
|---|---|---|
| Corporate guarantee for term loan facilities granted to a related company to the extend of RM1,317,000 | 882,679 | - |
| Corporate guarantee for term loan facilities granted to a company which a director have substantial financial interest to the extend of RM1,317,000 | - | 949,099 |
| | 882,679 | 949,099 |

**25. Financial instrument**

| | 2023 RM | 2022 RM |
|---|---|---|
| Financial assets measured at amortised cost | | |
| Trade receivables | 5,893,218 | 3,827,790 |
| Other receivables | - | 900 |
| Cash and bank balances | 469,652 | 986,458 |
| | 6,362,870 | 4,815,148 |
| Financial liabilities measured at amortised cost | | |
| Trade payables | 3,734,091 | 1,573,836 |
| Other payables | 53,634 | 3,589 |
| Amount due to related company | 12,854 | - |
| Financial lease payables | 417,576 | 530,559 |
| Borrowings | 1,050,696 | 1,124,720 |
| | 5,268,851 | 3,232,704 |

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**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023** (continued)

## 26. Comparative figures

During the financial year, the Company changed the classification of certain items in its financial statements as a result of the reclassification to selling and distribution cost, thus, Company has reclassified the following comparative figures to conform with the current financial year's presentation:

| | As previously reported 2022 RM | As restated 2022 RM |
|---|---|---|
| **Statement of comprehensive income** | | |
| Administrative and other operating expenses | (1,481,047) | (1,330,776) |
| Selling and distribution costs | - | (150,271) |

## 27. Date of authorisation for issue

The Board of Directors had authorised the financial statements to be issued on 07 MAR 2024.

Lodged by : Josh M Secretarial Services Sdn. Bhd. (1181330-K)
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47600 Subang Jaya, Selangor Darul Ehsan.
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Fax : 03-8011 6938

**1. Sale and Purchase of the Sale Shares**

1.1 Subject to the terms and conditions of the SSA, in consideration of the premises and the Purchase Consideration in the sum of RM33,000,000.00 only to be satisfied in the manner and at the times stipulated in the SSA, the Vendors agree to sell to CWG and CWG relying on the Vendors' warranties and representations agrees to purchase from the Vendors, on a willing seller willing buyer basis, all the Sale Shares, free from all charges or liens or any other encumbrances thereto and with all rights attaching thereto including, but without limitation, all interests, bonuses and rights in respect thereof from 1 January 2024, upon the terms and subject to the conditions contained in the SSA.

1.2 The Vendors shall be responsible to settle and discharge any and all obligations and liabilities owing by UHSB (whether actual or present contingent or otherwise) up to 31 December 2023 and the Sale Shares shall be transferred to CWG free from any encumbrances in accordance with the SSA and that the UHSB Group shall as at 1 January 2024, not have any liabilities to taxation, debts or any other liabilities whatsoever (actual, contingent or otherwise) owing to the Vendors, any third parties or governmental authorities whatsoever.

1.3 The Vendors and CWG ("**Parties**") agree that notwithstanding the execution of the SSA or the Completion (as defined item 3.1.1 of Appendix II of this Circular) of the SSA takes place at a later date, the date for the purposes of determining the Profit Guarantee (detailed in item 3.2 of Appendix II of this Circular) is agreed as at 1 January 2024.

1.4 The sale and purchase of the Sale Shares shall be contemplated as the Vendors being entitled to all assets of the UHSB Group as more specifically listed in Appendix II(A) of this Circular ("**the Excluded Assets**") identified as at 31 December 2023 save and except for the assets of UHSB as more specifically listed in Appendix II(B) of this Circular ("**the Included Assets**"). If any asset is not defined in Appendix II(A) or Appendix II(B), such asset shall deem to continue to belong to UHSB.

**2. Conditions precedent**

2.1 The SSA shall be conditional upon the fulfilment of all the following terms and conditions:

(a) the legal, financial and taxation due diligence on UHSB Group to the satisfaction of CWG and at the costs and expense of CWG, which shall be completed within 3 months from the date of the SSA ("**Due Diligence Period**") subject to there being no delay on the Vendors, after being informed by CWG and/ or CWG's advisors, providing all necessary files, documents and/ or information to CWG and/ or the CWG's advisors, as the case may be;

(b) the board of directors approval of CWG being procured and obtained, to enter into the SSA subject to the consent of the relevant authorities and/ or regulators (if necessary);

(c) as CWG is a public company listed on Bursa Securities, the approval of the shareholders of CWG by way of an extraordinary general meeting to approve the acquisition of the Sale Shares upon the terms and conditions of the SSA subject to the consent of the relevant authorities and/ or regulators (if necessary);

(d) approval of the shareholders of CWG by way of an extraordinary general meeting to approve the Proposed Rights Issue and Proposed Acquisition, subject to the approval of the relevant authorities and/ or regulators of the Proposed Rights Issue (if necessary);

(e) approval of the shareholders of CWG by way of an extraordinary general meeting to approve the proposed amendments to the constitution of CWG to facilitate the issuance of redeemable preference shares for purposes of the SSA;

(f) the Vendors shall provide the audited consolidated financial statements of UHSB and the audited financial statements of the UHSB's subsidiaries for the financial year ended 31 December 2023 at the costs and expense of the Vendors; and

(g) consent and/ or approval from the existing financier of the UHSB Group (if applicable);

(collectively referred to as the "**Conditions Precedent**").

2.2 The Parties agree that the sale and purchase transaction of the Sale Shares shall be conditional upon the fulfilment and/ or waiver of all the Conditions Precedent, within 6 months from the date of the SSA ("**Sale Shares Conditions Period**") and which expression includes any extension thereof as may be mutually agreed by the Parties in writing), save for the Condition Precedent in item 2.1(a) of Appendix II above which shall be completed by CWG within three 3 months from the date of the SSA.

2.3 In the event that CWG shall not be satisfied with the legal, financial and taxation due diligence on UHSB pursuant to item 2.1(a) of Appendix **II** above within 3 months from the date of the SSA (for avoidance of doubt, CWG shall not deem any negative variance of less than 5% of the net assets from UHSB's Accounts as a unsatisfactory due diligence or failure to pass the financial due diligence, or where there are legal implications and/ or taxation implications affecting the UHSB Group and/ or such implications shall have negative impact of less than 5% of the net assets from UHSB's Accounts of the UHSB Group), the Parties agree that the sale and purchase of the Sale Shares shall be terminated upon receipt by the Vendors or the Vendors' solicitors of the CWG's notice of the same not later than 3 months from the date of the SSA and the SSA shall be rescinded whereupon the following shall ensue:-

(a) the Vendors' solicitors, as the stakeholders, are irrevocably authorised to and shall refund the Deposit Sum (paid by CWG in accordance item 4.1 of Appendix II below) free of interest to CWG within seven 7 days of the termination notice;

(b) after which, the Vendors' solicitors shall return the stake documents to the Vendors with the Vendors' interest intact; and

(c) thereafter, the SSA shall be terminated and deemed null and void and neither Party shall have any claims whatsoever against the other in respect of the SSA save for any antecedent breaches.

For the purpose of the SSA, "UHSB's Accounts" refer to:

(a) the consolidated management accounts of UHSB, as at 31 December 2023;

(b) UHSB's unaudited consolidated balance sheet made up to 31 December 2023;

(c) UHSB's, UPSB's and IPSB's Audited Financial Statements for year ended 31 December 2022.

2.4 CWG agrees and undertakes to cause and procure the satisfaction of the Conditions Precedent in accordance with to item 2.1(b), (c), (d) and (e) of Appendix II above, at CWG's costs and expense and the Vendors agree and undertake to cause and procure the satisfaction of the Conditions Precedent in accordance with item 2.1(f) of Appendix II above, at the Vendors' costs and expense within the Sale Shares Conditions Period, failing which CWG shall be entitled to terminate the SSA by a Notice in writing to the Vendors whereupon the following shall ensue:-

(a) the Vendors' solicitors, as the stakeholders, are irrevocably authorised to and shall refund the Deposit Sum (defined in item 4.1 below and paid by CWG in accordance to item 4 below) free of interest to CWG within 7 days of the termination notice;

(b) after which, the Vendors' solicitors shall return the stake documents to the Vendors with the Vendors' interest intact; and

(c) thereafter, the SSA shall be terminated and deemed null and void and neither Party shall have any claims whatsoever against the other in respect of the SSA save for any antecedent breaches.

The SSA shall be unconditional upon satisfaction of all the Conditions Precedent and/ or the same being waived by a Party in writing, as the case may be ("**Unconditional Date**").

**3. Conditions of Sale**

3.1 Sale Subject To Excluded Assets And Included Assets

3.1.1 CWG agrees that CWG is purchasing the Sale Shares subject to the SSA that, no later than 45) days from the Unconditional Date, the Vendors shall be entitled to do the following in such manner:

(a) subject to item 3.1.1(c) of this Appendix II below, declare the retained earnings of the UHSB Group as at 31 December 2023 as dividends (referred to as "**the Vendors' Dividends**");

(b) acquire all Excluded Assets from the UHSB Group still standing in the account of the UHSB Group on payment of the balance Purchase Consideration in accordance with item 4.3 or item 4.4 of Appendix II (as the case may be) ("**Completion**") based on nett book value as at 31 December 2023 ("**Assets Price**");

(c) cause and procure UHSB to declare the Assets Price as dividend to the Vendors from the retained earnings of UHSB as at 31 December 2023; and

(d) CWG shall cause UHSB to pay to the Vendors such sum as shall be mutually agreed between the Parties as consideration for the purchase of all inventory, raw materials and work in progress and the deposit paid by UHSB for 2 new machinery identified as 2 units of Heidelberg's High Speed Cutter Polar 115 PF with attached Heidelberg's Polar Compucut Control (referred to as "**Deposit For New Machine**") from the Excluded Assets as at 31 December 2023 based on the net book value which shall be completed simultaneously upon registration of the Sale Shares in CWG's name.

3.1.2 Prior to the Completion of the SSA, the Vendors shall be responsible to settle and discharge any and all obligations and liabilities (including tax liabilities) owing by the UHSB Group (whether actual or present) up to 31 December 2023 at their own cost and expense and the Vendors agree to jointly and severally indemnify and keep CWG fully indemnified against all actions, suits, proceedings, demands, costs, expenses, claims, losses and damages whatsoever which CWG may sustain, suffer and/ or incur in relation to any obligations and/ or liabilities of the UHSB Group prior to 1 January 2024 or arising from the Vendors' breach of any Vendor's Warranties.

3.1.3 The Vendors agree that the Included Assets shall remain with the UHSB Group until after Completion free from all charges or liens or any other encumbrances save and except for the financing obtained from the financial institutions contemplated in the SSA.

3.2 Profit Guarantee

3.2.1 Subject to item 3.3 and 3.4 of Appendix II, in consideration of the Purchase Consideration payable by CWG to the Vendors in accordance to the terms and conditions of the SSA, the Vendors agree to jointly and severally undertake to CWG, to guarantee CWG that UHSB shall achieve a minimum cumulative consolidated profit after tax in the aggregate sum of RM15,000,000.00 (the "**Profit Guarantee**") for 3 consecutive years commencing from 1 January 2024 to 31 December 2026 (the "**Profit Guarantee Period**").

3.2.2 The Vendors irrevocably undertake with CWG that the Profit Guarantee shall be subject to the following terms and conditions:

(a) the Vendors shall ensure that UHSB achieves a minimum consolidated profit after tax of RM3,500,000.00 for the 1st and 2nd year during the Profit Guarantee Period (the "**Minimum Profit Target**"). For avoidance of doubt, the Minimum Profit Target shall apply to 1st year of the Profit Guarantee Period from 1 January 2024 to 31 December 2024 and the 2nd year of the Profit Guarantee Period shall commence on 1 January 2025 to 31 December 2025;

(b) the Parties mutually agree to nominate BDO PLT as auditors to conduct a special audit based on the Malaysian Financial Reporting Standards (MFRS) (the "**Special Audit**") to determine the consolidated profit after tax of UHSB for purposes of the Profit Guarantee and the Special Audit report prepared by the said auditors shall be final and conclusive on the parties, a copy each of which is to be issued to CWG and the Vendors, which shall in the absence of manifest error be conclusive, final and binding on the Parties. Such auditor shall show a true and fair view of UHSB's results as required by the MFRS. All costs and expenses for the preparation of the Special Audit shall be borne by UHSB. Such costs and expenses shall not be taken into consideration as an expense, when determining the profit after tax for purposes of determining the Profit Guarantee and the Minimum Profit Target;

(c) the Vendors shall cooperate with the auditors of UHSB to furnish all documents and information as shall be required by the auditors of UHSB from time to time to enable the auditors of UHSB to complete the Special Audit in a timely manner, in any event, on or before the 28th of February following the end of each years' Profit Guarantee Period;

(d) it is agreed by the Parties that the achievement of the Profit Guarantee shall be determined on cumulative basis and any shortfall or surplus of UHSB's consolidated profit after tax for any year of the Profit Guarantee Period shall be brought forward to be aggregated with the consolidated profit after tax for the next year of the Profit Guarantee Period;

(e) it is further agreed that the salary of the financial controller appointed by CWG to UHSB upon Completion of the SSA shall not be taken into consideration as an expense, when determining the consolidated profit after tax for purposes of determining the Profit Guarantee and the Minimum Profit Target.

(f) notwithstanding the Profit Guarantee Period, the Vendors agree that upon Completion of the SSA, UHSB's financial year end shall be changed to 30th June;

(g) in the event that UHSB shall fail to achieve the Minimum Profit Target of each year of the Profit Guarantee Period, the Vendors agree to top up such shortfall up to the sum of RM5,000,000.00 for the said year in which UHSB fails to achieve the Minimum Profit Target by the Vendors paying the said sum to CWG within thirty 30 days from the date of the Special Audit report for the said year failing which CWG shall be entitled to deem that the Vendors have breached the Profit Guarantee and thereafter, item 3.6 of Appendix II below shall apply;

(h) in the event that the Vendors are able to achieve the Minimum Profit Target of the 1st or 2nd year of the Profit Guarantee Period, the Vendors agree that CWG shall be entitled to cause the UHSB Group to declare all such profits as dividends to CWG (the "**Profit Dividends**") to enable CWG to redeem such equivalent value of the RPS held by the Vendors provided that UHSB shall maintain the working capital set out in item 3.4.1 of Appendix II and the redemption of such RPS shall be completed within first quarter of each year following each of the financial years in relation to the Profit Guarantee Period subject to the Special Audit report being issued and the declaration of the Profit Dividends being completed; and

(i) in the event there is a net loss after taxation recorded in the Special Audit, the said net loss after tax for such year of the Profit Guarantee Period shall be carried forward to the next financial year of the Profit Guarantee Period. For the avoidance of doubt, in determining whether the Minimum Profit Target is met in the second or third year of the Profit Guarantee Period for the purpose of item 3.2.2(g) or (h) of Appendix II, this item 3.2.2(i) shall apply and after taking into consideration the total amount which the Vendors shall have paid to CWG for the shortfall referred to in item 3.2.2(g) of Appendix II;

(j) in the event that after CWG having redeemed such number of RPS after the Vendors having achieved the Minimum Profit Target for the 1st year Profit Guarantee Period and/ or the 2nd year Profit Guarantee Period, and subsequently UHSB makes insufficient profit after tax or a loss after tax on the 3rd year of the Profit Guarantee Period resulting Vendors' failure to attain the Profit Guarantee, notwithstanding anything in the SSA, the shortfall between the actual profit after tax during the Profit Guarantee Period and the Profit Guarantee shall be a debt due by the Vendors to CWG;

(k) in the event the income of UHSB for the Profit Guarantee Period is taxed at any rate higher than 24% due to any upward adjustment to the income tax rate after the date of the SSA (the financial year(s) affected by the increased rate shall be referred to as the "**Affected Year**"), the Parties agree that the consolidated profit after tax of UHSB for the Affected Year shall, for the purpose of determination of the performance of the Profit Guarantee and the Minimum Profit Target, be calculated as if the income tax rate is 24%; and

(l) it is intention of the Parties that the working capital contemplated under item 3.4 shall be provided by CWG to UHSB by way of cash and/ or bank facilities. To this end, the Vendors' agree as follows:-

   (i) if the working capital is provided through CWG's existing bank facilities, then any interest costs of such working capital shall be borne by UHSB and shall be deemed and interests expenses when determining the profit after tax for purposes of determining the Profit Guarantee and the Minimum Profit Target; and/ or

   (ii) if the working capital is provided through CWG's cash injection, UHSB shall pay to CWG, interest based on one point five per centum (1.5%) above the Overnight Interest Rate (OIR is currently at 3%) and such interest costs shall be deemed and interests expenses when determining the profit after tax for purposes of determining the Profit Guarantee and the Minimum Profit Target.

For the avoidance of doubt, it is agreed by the Parties that such interest costs pursuant to this item 3.2.2(l) of Appendix II of up to RM270,000.00 for each financial year during the Profit Guarantee Period shall be taken into consideration when determining the profit after tax for purposes of determining the Profit Guarantee and the Minimum Profit Target and any interests costs amount in excess of RM270,000.00 incurred by UHSB pursuant to this item 3.2.2(l) of Appendix II shall not be taken into consideration for purposes of determining the Profit Guarantee.

3.3 <u>Management By Vendors During Profit Guarantee Period</u>

3.3.1 In consideration of the Vendors providing the Profit Guarantee to CWG in accordance to the terms and conditions in the SSA, CWG agrees that the Vendors shall continue to manage the UHSB Group during the Profit Guarantee Period, whereby the Vendors will be appointed as the chief executive officer, chief operating officer and the key management personnel of the UHSB Group, subject to the Vendors complying with all the terms and conditions of the SSA and the oversight of the board of directors of CWG upon Completion (with minimal interference on the day-to-day management and operation of UHSB).

3.3.2 The appointment of the Vendors for the executive roles in the UHSB Group shall be on a contractual basis upon such terms and conditions as stated in the SSA (the "**Letter of Appointment**").

3.3.3 The Vendors however agree that the financial controller of the UHSB Group shall be appointed by CWG with minimal interference on business operations and accounting treatment of UHSB provided that the accounting treatment of the UHSB Group is MFRS compliant consistent with the accounting policies and standards adopted by CWG for its subsidiaries upon Completion. The Parties agree that the gross monthly salary of the said financial controller shall not be more than RM25,000.00 per month. All remuneration and benefits of whatsoever nature given to the financial controller shall not be taken into consideration in the computation of the consolidated profit after tax, for purposes of the Profit Guarantee.

3.3.4 Save for any negligence and/ or bad faith on the part of the Vendors and subject to the oversight of the board of directors of CWG upon Completion, the Vendors will be granted with all necessary authorities and decision-making powers to manage the day-to-day operation of UHSB, including the absolute power to decide on:-

(a) any reasonable procurement of stocks according to the business of printing and engaged as printers' agent and retailers in printed papers and printing of packaging materials in particular, the printing of stickers and labels for the food and beverages industry ("**Business**") requirements of UHSB;

(b) any cost related items not exceeding RM100,000.00 in a single transaction or an aggregated series of transactions with the same supplier,

with minimal administrative interference from CWG during the Profit Guarantee Period.

3.3.5 Upon expiry of the Profit Guarantee Period, the parties may continue to allow the Vendors to manage the Business operations of the UHSB Group subject to such terms and conditions as shall be mutually agreed upon between the respective Vendors and CWG.

3.3.6 The Vendors jointly and severally agree with CWG that they irrevocably and unconditionally agree and undertake, individually and collectively, that without the prior written consent of CWG, the Vendors for a period of 5 years from the expiry of the Profit Guarantee Period shall not:-

(a) carry on for their/ his/ her own account, either alone or in partnership or under employment or as an independent consultant, any business in direct or indirect competition with any company within the UHSB Group's Business;

(b) assist with technical advice in relation to any such Business of any company within the UHSB Group, to any third party in competition with UHSB;

(c) solicit or entice away or attempt to solicit or entice away from any company within the UHSB Group, the customer, client, distributor, agent or company who is or who was a customer, client, distributor or agent of any company within the UHSB Group, or is in the habit of dealing with any company within the UHSB Group;

(d) solicit or entice away or attempt to solicit or entice away from any company within the UHSB Group, any person who is an officer, manager, director, agent, staff or employee of any company within the UHSB Group; and

(e) in relation to any trade, business or company, use any name in such a way as to be capable of or likely to be confused with the name of any company within the UHSB Group including but not limited to the intellectual property rights of any company within the UHSB Group.

Notwithstanding the foregoing, at the request of the Vendors, CWG agrees that item 3.3.6(a) of Appendix II applicable to:-

(i) Loo Zi Kai, shall be applicable for 3 years from the date of expiry of the Profit Guarantee Period or 3 years from the date he ceases to be in the management of the UHSB Group (whichever is the later) instead of 5 years from the date of expiry of the Profit Guarantee Period; and

(ii) Boo Yin Kwan, Chan Lai Yee, Lam Chun Wai and Low Yaw Shim, shall be applicable respectively but not collectively for a period of 5 years after their cessation from management of the UHSB Group in the event they continue to manage UHSB after the expiry of Profit Guarantee Period.

3.3.7 Whilst the covenants in item 3.3.6 of Appendix II are considered by the Parties to be reasonable in all the circumstances and agreed to by the Vendors as part of the sale and purchase of the Sale Shares, if one or more sub-clauses should be held invalid as a restraint of trade or for any other reason whatsoever but would have been held valid if part of the wording thereof had been deleted or the period thereof reduced or the range of activities or area dealt with thereby reduced in scope, the said covenants shall apply with such modifications as may be necessary to make them valid and effective. Further each of the covenants set out in the sub-clauses of item 3.3.6 of Appendix II are separate and severable and enforceable accordingly.

3.3.8 CWG shall act in good faith and represents and warrants that there shall not be any material changes to the business process of UHSB and it shall not take or cause UHSB to take any action that may hinder and/ or impede UHSB from achieving the Profit Guarantee and the Minimum Profit Target provided that the alignment of the UHSB Group with the policies, charter and procedures generally adopted by the UHSB Group such as code of conduct, protection of personal data, sustainability and anti-corruption, shall not be deemed to be a material change to the business process of the UHSB Group.

3.3.9 CWG acknowledges that the Profit Guarantee is provided on the basis that UHSB is to maintain its status quo as at the date of the SSA. As such, the incurrence of any additional costs or expenses outside the ordinary course of business of UHSB at the request of CWG, which may adversely affect the Vendors' ability to attain and satisfy the Profit Guarantee during the Profit Guarantee Period shall be subject to the Vendors' consent.

3.4 Provision Of Working Capital To UHSB

3.4.1 Notwithstanding any provision contrary to this item, upon Completion of the SSA, CWG shall facilitate to procure and source a working capital of up to RM7,000,000.00 for UHSB, whether by way of cash advance injection or securing bank facilities and make available the said working capital throughout the balance of the Profit Guarantee Period. For avoidance of doubt, the said procurement and/ or sourcing of working capital shall be a sum provided by CWG to UHSB as and when required by UHSB and the same shall be utilised for purposes including but not limited to the purchase of the inventory, the raw materials, finished goods and works in progress and also the purchase of the deposit for new machines pursuant to the SSA. In amplification of the foregoing, the said working capital shall on the Completion of the SSA, first be utilized towards payment for the following as at 31 December 2023 in accordance with item 3.1.1(d):-

(a) all works in progress and finished goods (if any);

(b) all raw materials such as papers (if any); and

(c) all printing ink, varnish and cartridge (if any).

3.4.2 Upon Completion of the SSA, the Vendors shall provide to CWG a forecasted cash flow statement to enable CWG to plan for the provision of the working capital for UHSB pursuant to item 3.4.1 of Appendix II above.

3.5 Management Bonus For The Vendors Upon Fulfilment Of Profit Guarantee

3.5.1 Subject to there being no breach by the Vendors or any one of the Vendors of any of the terms and conditions of the SSA and there being no breach of any of the terms and conditions of their respective Letters of Appointment, in the event that the Vendors are able to achieve an aggregated consolidated profit after tax in excess of RM15,000,000.00 for the Profit Guarantee Period, the Vendors shall be entitled to a sum amounting to 25% of any sum in excess of the said RM15,000,000.00 for the entire Profit Guarantee Period as a management bonus payable to the Vendors, in their respective shareholding, within 30 days after completion of the Special Audit's report for the 3rd year of the Profit Guarantee Period.

3.6 Failure By The Vendors To Achieve Profit Guarantee And Breach Of The Profit Guarantee Terms And Conditions

3.6.1 In the event that the Vendors shall fail to achieve the Minimum Profit Target for the 1st and/ or 2nd years of the Profit Guarantee Period, i.e. to achieve a minimum consolidated profit after tax of RM3,500,000.00 per year, and fails to pay such shortfall to CWG in accordance to item 3.2.2(g) of Appendix II above, the Vendors agree that CWG shall be entitled as follows:-

(a) The Vendors shall be deemed to have breached the Vendors' obligation to provide the Profit Guarantee to CWG and CWG shall be entitled to claim against the Vendors for all shortfall for the entire Profit Guarantee Period as against the consolidated profit after tax achieved by UHSB. All such shortfall shall be deemed a debt due by the Vendors to CWG (the "**the Shortfall Due**"). For the avoidance of doubt, the Vendors are not required to pay to CWG the Shortfall Due and the Shortfall Due shall be set off against the Redemption Price of the RPS;

(b) In such event CWG shall be entitled to redeem the entire issuance of RPS issued in the names of the Vendors by paying to the Vendors the consolidated profit after tax achieved by UHSB and after setting off the Shortfall Due from the Profit Guarantee together with the accrued RPS Dividend (see Section 3.5) and thereafter it is agreed as follows:-

(i) The Profit Guarantee arrangement shall cease and determine;

(ii) The entire RPS issuance shall be duly redeemed; and

(iii) The Management of the UHSB Group shall revert to CWG and the Letter of Appointments shall be duly terminated without any compensation payable to the Vendors or any one of the Vendors.

3.6.2 Upon expiry of the Profit Guarantee Period, in the event the Profit Guarantee is not achieved based on the cumulative profit after tax of UHSB for the Profit Guarantee Period (after netting off any loss after tax as illustrative in item 3.7.1(f) of Appendix II below and payment of shortfall by the Vendors under item 3.2.2(g) of Appendix II received by CWG), UHSB shall be entitled to redeem all the balance RPS and the redemption proceeds shall be utilised to:-

(i) Firstly: pay any shortfall between the Profit Guarantee and the above net profit after tax achieved; and

(ii) after which, the remaining redemption proceeds (if any) such shall be paid to the relevant Vendor whose RPS are redeemed.

For the avoidance of doubt, where there is still any shortfall remaining not settled from the redemption proceeds, it shall be deemed a debt due which is immediately payable by the Vendors to CWG.

For information purpose, in the event the Vendors fail to pay the above amount immediately, CWG shall be entitled to recover the same as a debt due under law and be entitled to such remedies and reliefs available to it under law

3.7 Illustrations Of The Profit Guarantee Top Up And RPS Redemptions And Breach Of The Profit Guarantee Terms And Conditions

3.7.1 For avoidance of doubt, the following are illustrations as agreed by the parties:-

(a) In the event that the consolidated profit after tax of UHSB for the 1st year of the Profit Guarantee Period is the sum of RM4,500,000.00, the Vendors shall not be required to top up any shortfall of the Profit Guarantee as the Vendors have achieved the Minimum Profit Target. Upon the finalisation of the Special Audit Report and the declarations of the Subsidiaries' and UHSB's dividends amounting to RM4,500,000.00 to CWG, CWG shall redeem RM4,500,000.00 of RPS from the Vendors together with the RPS Dividends accumulated within 1st quarter of 1st year of the Profit Guarantee Period subject to the Special Audit report being issued and the declaration of the Profit Dividends being completed;

(b) In the event that the consolidated profit after tax of UHSB for the 1st year of the Profit Guarantee Period is the sum of RM6,000,000.00, upon the finalisation of the Special Audit Report and the declarations of UHSB's subsidiaries' and UHSB's dividends amounting to RM6,000,000.00 to CWG, CWG shall redeem RM6,000,000.00 of RPS from the Vendors together with the RPS Dividends accumulated within 1st quarter of 1st year of the Profit Guarantee Period subject to the Special Audit report being issued and the declaration of the Profit Dividends being completed;

(c) In the event that UHSB only achieves a minimum consolidated profit after tax of RM2,000,000.00 for any year of the Profit Guarantee Period, the Vendors shall pay to CWG the sum of RM3,000,000.00 to top up the shortfall of the Profit Guarantee for the said year of the Profit Guarantee Period within 30 days from the date of the Special Audit report. Upon the finalisation of the Special Audit Report and the declarations of UHSB's subsidiaries' and UHSB's dividends amounting to RM2,000,000.00 to CWG and upon receipt of the shortfall top up in the sum of RM3,000,000.00 from the Vendors, CWG shall redeem RM5,000,000.00 of RPS from the Vendors together with the RPS Dividends accumulated within 3 months from the receipt of the said shortfall;

(d) In the event that UHSB only achieves a minimum consolidated profit after tax of RM3,000,000.00 for the 3rd and final year of the Profit Guarantee Period but UHSB has achieved an aggregated profit after tax of RM14,000,000.00 for the entire Profit Guarantee Period, within 30 days from the Special Audit report, CWG shall redeem the entire balance RPS held by the Vendors by paying to the Vendors the sum of RM3,000,000.00 and after set off the balance shortfall of RM1,000,000.00 as a debt due by the Vendors to CWG within 1st quarter after expiry of the Profit Guarantee Period subject to the Special Audit report being issued and the declaration of the Profit Dividends being completed; and

(e) In the event that UHSB only achieves a minimum consolidated profit after tax of RM2,000,000.00 for the 1st year of the Profit Guarantee Period and the Vendors shall fail to pay to CWG the sum of RM3,000,000.00 to top up the shortfall of the Profit Guarantee for the said year of the Profit Guarantee Period within 30 days from the Special Audit report, then CWG shall be entitled to claim against the Vendors for all shortfall for the entire Profit Guarantee, ie the sum of RM13,000,000.00 (defined as Shortfall Due). The Shortfall Due shall be a debt due by the Vendors to CWG, failing which item 3.6.1 of Appendix II shall apply. CWG shall redeem the entire balance RPS held by the Vendors by paying to the Vendors the sum of RM2,000,000.00 and after set off the Shortfall Due by the Vendors to CWG within 1st quarter after the 1st year of the Profit Guarantee Period; and

(f) In a situation where the consolidated profit after tax of UHSB for the 1st year of the Profit Guarantee Period is the sum of RM6,000,000.00 and the 2nd year of the Profit Guarantee Period is the sum of RM4,000,000.00, CWG would have redeemed RM10,000,000.00 of RPS from the Vendors together with the RPS Dividends. After such in the event that UHSB shall make a loss of RM2,000,000.00 for the 3rd and final year of the Profit Guarantee Period ("**the Nett Loss**"), in addition to the sum of RM5,000,000.00 as the Shortfall Due (for purposes of redemption of the RPS in accordance to the terms and conditions in the SSA), the Vendors shall be liable to pay the Nett Loss to CWG within 30 days from the date of the Special Audit report being issued by the appointed auditors.

**4. Manner and Time for Satisfaction of the Purchase Consideration**

4.1 CWG shall upon execution of the SSA, deposit with the Vendors' solicitors, as stakeholders the sum amounting to RM3,300,000.00 (the "**Deposit Sum**") being the equivalent of 10% of the Purchase Consideration as deposit and part payment towards the Purchase Consideration.

4.2 On the Unconditional Date, the Vendors' solicitors are irrevocably authorised to release the Deposit Sum to the Vendors in their respective shareholding proportions as more specifically stated in the SSA.

4.3 Subject to the Vendors having complied with all the terms and conditions in the SSA, CWG shall pay and/ or caused to be paid the balance of the Purchase Consideration in the sum of RM29,700,000.00 (the "**the Balance Purchase Consideration**") in the following manner:-

(a) the sum of RM14,700,000.00 ("**Balance Cash Portion**") to the Vendors' solicitors as stakeholders; and

(b) to cause the issuance of 15,000,000 RPS valued at RM15,000,000.00 in favour of the Vendors in their respective shareholding proportions as more specifically stated in the SSA,

within 3 months from the Unconditional Date (the "**Completion Period**" and the last day of the Completion Period shall be referred to as "**the Completion Date**"). The receipt by the Vendors' solicitors as stakeholders of the Balance Cash Portion as stated in item 4.3(a) of Appendix II and the RPS issued in favour of the Vendors in their respective shareholding proportions as more specifically stated in the SSA shall be deemed to be sufficient discharge of CWG's obligation to pay the Purchase Consideration and the Vendors' solicitors are authorised to deal with the same in accordance with item 4.5 of Appendix II below.

4.4 In the event CWG is unable or fails to pay the Balance Purchase Consideration in the manner aforesaid on or before the Completion Date, the Vendors agree that CWG shall automatically be granted a further period of 1 month ("**the Extended Completion Period**" and the last day of the Extended Completion Period referred to as "**the Extended Completion Date**") commencing immediately after the Completion Date for CWG to pay the Balance Purchase Consideration or any part thereof remaining unpaid provided always that CWG shall pay the Vendors interest at the rate of 8% per annum on the whole Balance Purchase Consideration or any balance remaining outstanding, calculated on a daily basis (referred to as "**the Default Interest**") from the day next after the Completion Date until the date of receipt by the Vendors or the Vendors' solicitors of the Balance Purchase Consideration in full which shall not be later than the expiry of the Extended Completion Period, the Default Interest shall be paid together with the Balance Purchase Consideration on or before the Extended Completion Date provided always that any delay in excess of 10 days caused by and/ or attributable to the Vendors and/ or the Vendors' solicitors shall be excluded from the computation of the Completion Period and the Completion Period shall be extended for such number of days of delay accordingly. Such delay shall be limited to any day in excess of 10 days in the Vendors and/ or the Vendors' solicitors providing all documents as required under the SSA to enable CWG to complete the purchase of the Sale Shares under the SSA.

4.5 Upon the Vendors' solicitors release of the stake documents in accordance with the SSA on Completion, and the registration of the Sale Shares in favour of CWG or the expiry of 30 days from the date of receipt by the CWG's solicitors of the stake documents, as the case may be, whichever is earlier, the Vendors' solicitors are hereby irrevocably authorised to release the Balance Cash Portion as stated in item 4.3(a) of Appendix II to the Vendors in their respective shareholding proportions as more specifically stated in the SSA within 7 days.

4.6 The RPS shall be subject to the following terms and conditions:-

(a) the aggregate issuance of the RPS to the Vendors shall be 15,000,000 RPS valued at RM15,000,000.00. The RPS shall be unlisted and non-convertible;

(b) the RPS shall be redeemed by CWG in such tranches in accordance to the terms and conditions in the SSA ("**RPS Subscription Terms**");

(c) The maturity date of the RPS is 42 months from the date of issuance;

(d) The RPS will carry a fixed dividend rate (whether declared or not declared) of 4% per annum calculated based on a day to day basis (non-compounded) and cumulative ("**RPS Dividend**"); and

(e) The RPS will be fully redeemed from in accordance with the provisions of the Act.

4.7 On Completion, it is agreed that notwithstanding that the Sale Shares has not been registered in CWG's name: -

(a) save for the declaration of dividend contemplated under item 3.1.1(a) and (c) of Appendix II above, CWG shall be the absolute owner of and fully entitled to the Sale Shares and to all rights and advantages attaching thereto or accruing thereon from the Completion;

(b) the Vendors shall be deemed as bare trustee holding the Sale Shares in favour of CWG;

(c) CWG shall be entitled to the immediate transfer of the Sale Shares and the Vendors shall take all necessary steps and co-operate fully with CWG to ensure that it obtains the full benefit of the Sale Shares and shall execute such documents and take such other steps (or procure other necessary parties so to do) as are necessary or appropriate for vesting in CWG all its rights and interests in the same.

**5. Breach of the Parties**

5.1 In the event CWG fails or neglects or refuses to pay the Balance Purchase Consideration together with the Default Interest (if applicable) on or before the Extended Completion Date in accordance to the provisions of the SSA, and the Vendors having complied with all the terms and conditions of the SSA, the Vendors shall be entitled to terminate the SSA by giving a notice in writing ("**the Vendors' Termination Notice**") and upon such termination:-

(a) the Deposit Sum shall be forfeited by the Vendors as agreed liquidated damages for such breach by CWG; and

(b) all other monies paid towards the Balance Purchase Consideration by CWG to and/ or for the benefit of the Vendors pursuant to the SSA shall be refunded to CWG free of interest within 14 days from the date of the Vendors' Termination Notice. In the event that the Vendors does not refund all monies due and owing to CWG pursuant to this item within the aforesaid time limit, the Vendors shall pay late refund interest thereon at the rate of 8% per annum calculated at daily rests commencing from the day next after the expiry of the aforesaid time limit until the date of receipt by CWG or the CWG's solicitors of such monies and in exchange for such refund (but without prejudice to CWG's right to seek legal recourse to recover the unpaid sums) and the SSA shall be terminated, treated as null and void and of no further effect whatsoever and neither Party shall have any further claims against each other save and except in respect of any antecedent breach of the SSA.

5.2 In the event that the Vendors fail, refuse or neglect to complete the sale and purchase in the manner provided for in the SSA or to transfer the Sale Shares to CWG free from encumbrances whatsoever and the Vendors fail within 14 days of receipt of a notice in writing from CWG to remedy the breach or the matter, provided that CWG having complied with all the terms and conditions of the SSA, CWG shall, at the its sole discretion, be entitled to pursue the remedy in law of an action for specific performance of the SSA and all costs and expense incurred by CWG in connection (including, the solicitors' costs) in bringing such action shall be borne and paid by the Vendors without prejudice to all other remedies available to CWG for damages.

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## APPENDIX II(A) – THE EXCLUDED ASSETS

**IPSB**

| Description | NBV as at 31 December 2023 RM'000 |
|---|---|
| **Assets** | |
| Inventory - Finished Goods | 945 |
| Fixed Asset- Empire City@Damansara | 235 |
| Trade Debtors | 5,893 |
| Other Debtors | |
| Cash at Bank – Malayan Bank Berhad | 383 |
| Cash at Bank – RHB Bank Berhad | 46 |
| Cash at Bank – Public Bank Berhad | 40 |
| Deposit – Rental and Utilities | 47 |
| Prepayments | 16 |
| Tax recoverable (2020) | 64 |
| **Liabilities** | |
| Trade creditor | (3,734) |
| Other creditor | (5) |
| Refundable rental deposits and accruals | (37) |
| Term loan – Malayan Bank Berhad | (150) |

**UPSB**

| Description | NBV as at 31 December 2023 RM'000 |
|---|---|
| **Assets** | |
| Inventory - Finished Goods & WIP | 342 |
| Inventory – Paper | 1,754 |
| Inventory – Ink and Accessories | 117 |
| Trade Debtor | 4,319 |
| Other Debtors | 65 |
| Fixed Deposit – Malayan Bank Berhad | 687 |
| Deposits | 182 |
| Cash at Bank – Public Bank | 49 |
| Cash at Bank – Malayan Banking Berhad | 100 |
| Cash at Bank – Malayan Banking Berhad (Foreign Currency) | 4 |
| Cash at Bank – Kenanga Trust Account | 6 |
| Cash at Bank – Cash in UOB Bank Berhad | 514 |
| Cash at Bank – UOB Bank Berhad (Foreign Currency) | 4 |
| Cash at Bank – Ambank (M) Berhad | 50 |
| Rental Prepayment | 12 |
| Prepayments | 87 |
| Tax Refund (2021) | 112 |
| **Liabilities** | |
| Trade Creditor | (1,974) |
| Other Creditor | (101) |
| Refundable rental deposits and accruals | (71) |
| Term loan – Public Bank Berhad | (336) |
| Bank Acceptance | (690) |
| Overdraft facility – OCBC Al-Amin Bank Berhad | (290) |

## APPENDIX II(B) – THE INCLUDED ASSETS

| IPSB | | UPSB | |
|---|---|---|---|
| **Description** | | **Description** | |
| | **NBV as at 31 December 2023 RM'000** | | **NBV as at 31 December 2023 RM'000** |
| **Assets** | | **Assets** | |
| Property, plant and equipment | 2,150 | Property, plant and equipment | 5,659 |
| **Liabilities** | | **Liabilities** | |
| Borrowings | 1,319 | Borrowings | 3,735 |
| Provision of sales and services tax | 49 | Provision for sales and services tax | 32 |
| Provision for taxation (YA 2023) | (400) | Provision for taxation (YA 2023) | (300) |
| | | Provision for deferred tax liabilities | 276 |

## APPENDIX III – PROPOSED AMENDMENT TO THE CONSTITUTION OF CWG

The existing Constitution is proposed to be amended by insertion of the following additional clause:-

| New Clause No. | Proposed Additional Clause | Rationale |
|---|---|---|
| 17(A) | Subject to the Act and this Constitution, the Company may issue Redeemable Preference Shares ("**RPS**") with the following specific rights, privileges and conditions:- | This clause has been amended to be in line with the creation and issuance of the RPS pursuant to the Proposed Acquisition. |

| **Terms** | | **Details** |
|---|---|---|
| **Issuer** | : | CWG Holdings Berhad |
| **Issue Price** | : | RM1.00 per RPS |
| **Size** | : | 15,000,000 RPS |
| **Seniority** | : | The RPS shall rank in priority to any ordinary shares issued by the Company. |
| **Dividend** | : | The RPS shall carry the right to receive a fixed dividend rate (whether declared or not declared) of four per centum (4.00%) per annum calculated based on a day to day basis (non-compounded) and cumulative. The failure of the Company to pay dividend at the end of each year prior to Redemption however does not constitute a breach. |
| **Liquidation Preference** | : | Subject to any financing agreements binding on the Company and the applicable laws of winding-up, in the event of any liquidation, dissolution or winding-up of the Company or any repayment in capital, the holders of the RPS shall rank in priority to all ordinary shares of the Company. |
| **Conversion** | : | The RPS is non-convertible. |
| **Redemption** | : | Subject to the terms and conditions of the Share Sale Agreement and provisions of the Act, the Company shall:-<br><br>(a) have the option and discretion to redeem the RPS at the Redemption Price at any time prior to Maturity; or<br><br>(b) redeem the RPS at the Redemption Price at Maturity,<br><br>"Maturity" means forty two (42) months from the date of allotment and issuance of the RPS. If such a day shall fall on a non working day, then the maturity date will be the next working day. |

| New Clause No. | Proposed Additional Clause | | | Rationale |
|---|---|---|---|---|
| | **Terms** | | **Details** | |
| | | | "working day" means a day other than a Saturday, Sunday or public holiday, on which banks are open for business in Kuala Lumpur, Selangor and Pulau Pinang and the term "working days" shall be construed accordingly. | |
| | **Redemption Price** | : | The Redemption Price on Maturity or prior to Maturity for each RPS shall be the Issue Price together with the accumulated RPS Dividends (rounded down to the nearest RM1). | |
| | **Other matters** | : | (a) There shall be no variation, modification, deletion of the rights attached to the RPS without the prior written consent of all the Company and holders of the RPS.<br>(b) The RPS will be unlisted and cannot be transferred unless with the prior written approval of the Company.<br>(c) The RPS will have no preference or priority of dividends payments over all ordinary shares. | |
| | **Participation in the surplus assets, profits or other rights of the Company** | : | Save for the Dividends that the RPS holders are entitled to as above, each RPS shall not confer on the holder any right to any further participation in the surplus assets, profits or other rights of the Company. | |
| | **Voting Rights** | : | Each RPS confers no voting rights on the holders of the RPS | |
| | **Governing Law** | : | Laws of Malaysia | |

## 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

## 2. CONSENT

UOBKH, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

## 3. DECLARATION OF CONFLICT OF INTEREST

UOBKH has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Adviser to CWG for the Proposals.

## 4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, CWG Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and has no knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group.

## 5. MATERIAL COMMITMENTS

Save as disclosed below, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group:-

| **Material commitments of the Group as at the LPD** | **RM'000** |
|---|---|
| Property, plant and equipment contracted but not provided for | 453 |

## 6. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group:-

| **Contingent liabilities of the Group as at the LPD** | **RM'000** |
|---|---|
| The Company provides corporate guarantee to licensed banks for banking facilities granted to a subsidiary. The amount of the banking facilities utilised by the said subsidiary | 7,909 |

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of CWG at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM:-

i. Constitution of CWG and UHSB;

ii. Audited consolidated financial statements of CWG Group for the past 2 financial years up to the FYE 30 June 2023 and the latest unaudited financial statements of CWG for the 9-month FPE 31 March 2024;

iii. Audited financial statements of UHSB for the period from 6 April 2022 to 31 December 2022 and the FYE 31 December 2023;

iv. Audited financial statements of UPSB and IPSB for the past 2 financial years up to FYE 31 December 2023;

v. Letters of consent and declaration of conflict of interest referred to in **Sections 2 and 3** above respectively;

vi. Material contracts as referred to in **Section 6** of **Appendix I** of this Circular;

vii. SSA as referred to in **Appendix II** of this Circular;

viii. The Deed Poll; and

ix. The Undertakings from the Undertaking Shareholders dated 17 January 2024.

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# CWG HOLDINGS BERHAD

Registration No. 201601035444 (1206385-W)
(Incorporated in Malaysia)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting ("**EGM**") of CWG Holdings Berhad ("**CWG**" or the "**Company**") will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at https://tiih.online on Friday, 16 August 2024 at 11.30 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

**ORDINARY RESOLUTION 1**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 147,317,119 NEW ORDINARY SHARES IN CWG ("CWG SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") AT THE ISSUE PRICE OF RM0.18 PER RIGHTS SHARE, ON THE BASIS OF 3 RIGHTS SHARES FOR EVERY 5 EXISTING CWG SHARES HELD, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE")**

"**THAT**, subject to the approvals of all relevant authorities and/ or parties (if required) being obtained, where required, approval be and is hereby given to the Board of Directors of CWG ("**Board**") for the following:-

i. to provisionally allot and issue by way of a renounceable rights issue of up to 147,317,119 Rights Shares at an issue price of RM0.18 per Rights Share to the shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board ("**Entitled Shareholders**"), on the basis of 3 Rights Shares for every 5 existing CWG Share held based on the terms and conditions set out in the circular to shareholders dated 5 July 2024 ("**Circular**");

ii. to issue such Rights Shares as may be required to give effect to the Proposed Rights Issue, including any persons entitled on renunciation of the provisional allotments; and

iii. to do all such acts and things including but not limited to the application to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation of the Rights Shares.

**THAT** any Rights Shares which are not taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders shall be made available for excess applications to the Entitled Shareholders and/ or their renouncee(s) who have applied for the excess Rights Shares and to such other persons as the Board shall determine at its absolute discretion, and are intended to be allocated on a fair and equitable basis;

**THAT** any fractional entitlements of the Rights Shares arising from the Proposed Rights Issue, if any, shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deems fit and expedient, and is in the best interests of the Company;

**THAT** the proceeds of the Proposed Rights Issue be utilised as set out in the Circular and the Board be and is hereby authorised with full power to vary the manner and/ or purposes of utilisation of such proceeds in such manner as the Board, may at its absolute discretion, deem fit, necessary, expedient and/ or in the best interest of the Company, subject to the approval of the relevant authorities, where required;

**THAT** the Rights Shares shall be listed on the Main Market of Bursa Securities;

**THAT t**he Rights Shares will, upon allotment and issuance and full payment of the issue price of Rights Shares, rank equally in all respects with the existing CWG Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company, the entitlement date of which is prior to or on the date of allotment and issuance of the Rights Shares;

**THAT** the Board be and is hereby authorised to do all acts, deeds and things sign and execute all documents, enter into any arrangements, agreements and/ or undertakings with any party or parties, do all things as may be required to give effect to the Proposed Rights Issue with full powers to assent to any conditions, variations, modifications and/ or amendments including to vary the manner and/ or the purpose of the utilisation of proceeds arising from the Proposed Rights Issue, if necessary, in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/ or expedient to implement, finalise and give full effect to the Proposed Rights Issue in the best interest of the Company;

**AND THAT** this resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue to be in full force and effect until the Rights Shares and new CWG Shares to be issued pursuant to or in connection with the Proposed Rights Issue have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue."

**ORDINARY RESOLUTION 2**

**PROPOSED ACQUISITION BY CWG OF 2,049,402 ORDINARY SHARES IN UNIGENIUS HOLDING SDN BHD ("UHSB"), REPRESENTING 100% OF THE EQUITY INTEREST IN UHSB ("SALE SHARES"), FROM BOO YIN KWAN, CHAN LAI YEE, LAM CHUN WAI, LOO ZI KAI AND LOW YAW SHIM (COLLECTIVELY, THE "VENDORS") FOR A PURCHASE CONSIDERATION OF RM33.00 MILLION ("PURCHASE CONSIDERATION"), TO BE SATISFIED VIA A COMBINATION OF CASH PAYMENT OF RM18.00 MILLION AND THE ISSUANCE OF 15,000,000 NEW REDEEMABLE NON-CONVERTIBLE PREFERENCE SHARES IN CWG ("RPS" OR "CONSIDERATION RPS") AT AN ISSUE PRICE OF RM1.00 PER CONSIDERATION RPS ("SSA") ("PROPOSED ACQUISITION")**

"**THAT,** subject to the conditions precedent stipulated under the conditional shares sale and purchase agreement dated 17 January 2024 ("**SSA**") between CWG and the Vendors in respect of the Proposed Acquisition being fulfilled or waived, approval be and is hereby given to the Company to acquire the Sale Shares for a purchase consideration of RM33.00 million to be satisfied via a combination of cash payment of RM18.00 million and the issuance of 15,000,000 Consideration RPS, based on the terms and conditions contained in SSA.

The Purchase Consideration shall be satisfied in the following manner:-

i. Cash consideration of RM18.00 million; and

ii. RM15.00 million via the issuance and allotment of 15,000,000 Consideration RPS at an issue price of RM1.00 per Consideration RPS;

**THAT** the execution by the Board and the performance of its obligations under the SSA be and is hereby approved and ratified;

**AND THAT** the Board be and is hereby authorised and empowered to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company, all such agreements, arrangements and documents as the Board may deem fit, necessary, expedient and/ or appropriate in order to implement, finalise, give full effect to and complete the Proposed Acquisition (including without limitation, to delegate such authority to designated officer(s)), with full powers to assent to and/ or accept any conditions, variations, modifications and/ or amendments in any manner as may be imposed or permitted by any relevant authorities and/ or parties and/ or as the Board may deem fit in connection with the Proposed Acquisition in the best interest of the Company."

**SPECIAL RESOLUTION**

**PROPOSED AMENDMENT TO THE CONSTITUTION OF CWG TO FACILITATE THE ISSUANCE OF CONSIDERATION RPS UNDER THE PROPOSED ACQUISITION**

**"THAT,** subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 2, the Constitution of CWG be amended in the manner set out in Appendix III of the Circular;

**THAT** the Board be and is hereby authorised to give effect to the amendments to the Constitution of CWG;

**AND THAT** the Board be and is hereby authorised to do all acts, deeds and things and execute all necessary documents as they may consider necessary, expedient and/ or appropriate in the best interests of the Company, with full powers to assent to any conditions, modifications, variations and/ or amendments as may be required by the relevant authorities and/ or parties, and to take all steps and actions as the Board may deem fit or expedient in order to carry out, finalise and give full effect to the Proposed Amendment."

**By Order of the Board**

**HING POE PYNG (MAICSA 7053526)**
**(SSM PC No. 202008001322)**
**LENG LI MEI (MAICSA 7062371)**
**(SSM PC No. 202008000276)**

Company Secretaries
Penang
5 July 2024

***Notes:-***

1. *A proxy may but need not be a member of the Company and a member shall be entitled to appoint up to two (2) persons to be his proxy(ies). Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*

5. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the meeting:*

   *(i)* *In hard copy form*

   *The proxy form must be deposited at the Company's Registered Office at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang.*

   *(ii)* *By electronic means*

   *The proxy form can be electronically submitted to the Share Registrar of the Company via TIIH Online at https://tiih.online. Please refer to the Administrative Guide on the procedure of electronic submission of proxy form via TIIH Online.*

6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 8 August 2024 (General Meeting Record of Depositors) shall be eligible to attend the EGM or appoint proxy(ies) to attend and/or vote on his behalf.*

**CWG HOLDINGS BERHAD**
Registration No. 201601035444 (1206385-W)
(Incorporated in Malaysia)

## ADMINISTRATIVE GUIDE FOR THE EXTRAORDINARY GENERAL MEETING ("EGM")

| | | |
|---|---|---|
| **Date** | : | **16 August 2024** |
| **Time** | : | **11.30 a.m.** |
| **Venue** | : | **Online Meeting Platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia** |
| **Meeting platform** | : | **TIIH Online website at https://tiih.online** |

## REMOTE PARTICIPATION AND VOTING

The RPV facilities are available on Tricor's TIIH Online website at https://tiih.online.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM using RPV facilities from Tricor. Please refer to Procedures for RPV facilities as set out below for the requirements and procedures.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to attend, participate, speak and vote at this EGM via RPV must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please refer to Procedures for RPV facilities as set out below.

## PROCEDURES FOR REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the EGM using RPV facilities:

| | Procedure | Action |
|---|---|---|
| **BEFORE THE EGM DAY** | | |
| (a) | Register as a user with TIIH Online | • Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services" by selecting the "Sign Up" button and followed by "**Create Account by Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance.<br>• Registration as a user will be approved within one (1) working day and you will be notified via email.<br>• If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online. |

<table>
<tr><td>(b)</td><td>Submit your request to attend EGM remotely</td><td>• Registration is open from Friday, 5 July 2024 until the day of EGM on Friday, 16 August 2024. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate at the EGM using the RPV.<br><br>• Login with your user ID (i.e. e-mail address) and password and select the corporate event: “(REGISTRATION) CWG HOLDINGS BERHAD EGM 2024”.<br><br>• Read and agree to the Terms & Conditions and confirm the Declaration.<br><br>• Select “Register for Remote Participation and Voting”.<br><br>• Review your registration and proceed to register.<br><br>• System will send an e-mail to notify that your registration for remote participation is received and will be verified.<br><br>• After verification of your registration against the Record of Depositors as at 8 August 2024, the system will send you an e-mail on or after 14 August 2024 to approve or reject your registration for remote participation.<br><br>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV facilities).</td></tr>
<tr><td colspan="3">ON THE EGM DAY</td></tr>
<tr><td>(c)</td><td>Login to TIIH Online</td><td>• Login with your user ID and password for remote participation at the EGM at any time from 10.30 am i.e. 1 hour before the commencement of meeting at 11.30 am on Friday, 16 August 2024.</td></tr>
<tr><td>(d)</td><td>Participate through Live Streaming</td><td>• Select the corporate event: “(LIVE STREAM MEETING) CWG HOLDINGS BERHAD EGM 2024” to engage in the proceedings of the EGM remotely.<br><br>• If you have any question for the Chairman/Board, you may use the query box to transmit your question. The responses will be e-mailed to you at the earliest possible, after the meeting.</td></tr>
<tr><td>(e)</td><td>Online Remote Voting</td><td>• Voting session commences from 11.30 am on Friday, 16 August 2024 until a time when the Chairman announces the end of the session.<br><br>• Select the corporate event: “(REMOTE VOTING) CWG HOLDINGS BERHAD EGM 2024” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box.<br><br>• Read and agree to the Terms & Conditions and confirm the Declaration.<br><br>• Select the CDS account that represents your shareholdings.<br><br>• Indicate your votes for the resolutions that are tabled for voting.<br><br>• Confirm and submit your votes.</td></tr>
<tr><td>(f)</td><td>End of remote participation</td><td>• The live streaming will end upon the announcement by the Chairman on the conclusion of the EGM.</td></tr>
</table>

**Note to users of the RPV facilities:**

1. Should your registration for the RPV facilities be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at +6011-40805616 / +6011-40803168 / +6011-40803169 / +6011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

**ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY**

Only members whose name appear on the Record of Depositors as at 8 August 2024 shall be eligible to attend, speak and vote at the EGM or appoint proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

In view that the EGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Proxy Form.

If you wish to participate in the EGM yourself, please do not submit any Proxy Form for the EGM. You will not be allowed to participate in the EGM together with a proxy appointed by you.

Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the EGM whether in a hard copy form or by electronic means shall be deposited or submitted in the following manner not later than **Wednesday, 14 August 2024 at 11.30 am**:

(i) In hard copy form
The proxy form must be deposited at the Company's Registered Office at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, Malaysia.

(ii) By electronic means
All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarized below:

**PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM**

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

| Procedure | Action |
|---|---|
| **i. Steps for individual shareholders** | |
| Register as a User with TIIH Online | • Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance.<br>• If you are already a user with TIIH Online, you are not required to register again. |

| | |
|---|---|
| Proceed with submission of Proxy Form | • After the release of the Notice of Meeting by the Company, login with your user ID (i.e. email address) and password.<br><br>• Select the corporate event: **"CWG Holdings Berhad EGM 2024 - Submission of Proxy Form**".<br><br>• Read and agree to the Terms & Conditions and confirm the Declaration.<br><br>• Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.<br><br>• Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy.<br><br>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your votes.<br><br>• Review and confirm your proxy(s) appointment.<br><br>• Print proxy form for your record. |
| **ii. <u>Steps for corporation or institutional shareholders</u>** | |
| Register as a User with TIIH Online | • Access TIIH Online at https://tiih.online.<br><br>• Under the "e-Services", the authorized or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "**Create Account by Representative of Corporate Holder**".<br><br>• Complete the registration form and upload the required documents.<br><br>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.<br><br>• Proceed to activate your account with the temporary password given in the email and re-set your own password.<br><br>*(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor if you need clarifications on the user registration.)* |
| Proceed with submission of Proxy Form | • Login to TIIH Online at https://tiih.online.<br><br>• Select the corporate exercise name: **"CWG Holdings Berhad EGM 2024 – Submission of Proxy Form"**.<br><br>• Read and agree to the Terms & Conditions and confirm the Declaration.<br><br>• Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.<br><br>• Prepare the file for the appointment of proxies by inserting the required data.<br><br>• Login to TIIH Online, select corporate exercise name: **CWG Holdings Berhad EGM 2024 – Submission of Proxy Form**".<br><br>• Proceed to upload the duly completed proxy appointment file.<br><br>• Select "Submit" to complete your submission.<br><br>• Print the confirmation report of your submission for record. |

**POLL VOTING**

The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. to conduct the poll voting electronically.

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from 11.30 am on **Friday, 16 August 2024** but before the end of the voting session which will be announced by the Chairman of the meeting. Please refer to the aforesaid Procedures for Remote Participation and Voting via RPV Facilities for guidance on how to vote remotely via TIIH Online.

Upon completion of the voting session for the EGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

**PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS**

Shareholders may submit questions for the Board in advance of the EGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Wednesday, 14 August 2024 at 11.30 am**. The Board will endeavor to answer the questions received at the EGM.

**NO RECORDING OR PHOTOGRAPHY**

Unauthorized recording and photography are strictly prohibited at the EGM.

**NO DISTRIBUTION OF DOOR GIFT/FOOD VOUCHER**

There will be no distribution of door gifts for shareholders/proxies who join or participate in the virtual EGM.

**ENQUIRY**

If you have any enquiries prior to the meeting, please contact the following persons during office hours on Mondays to Fridays from 9.00 am to 5.30 pm (except on public holidays):-

<table>
<tr><td rowspan="6"><u>Share Registrar</u><br>Tricor Investor & Issuing House Services Sdn. Bhd.<br>Unit 32-01, Level 32, Tower A<br>Vertical Business Suite, Avenue 3,<br>Bangsar South, No. 8, Jalan Kerinchi<br>59200 Kuala Lumpur, Malaysia</td><td></td><td>Telephone No.</td></tr>
<tr><td>General Line</td><td>+603-2783 9299</td></tr>
<tr><td>En. Syafiqul Hafidz Bin Abdul Kadir</td><td>+603-2783 9024</td></tr>
<tr><td>En. Hayman Daniel Muadzim Bin Abd Khalid</td><td>+603-2783 9145</td></tr>
<tr><td>Fax No.</td><td>+603-2783 9222</td></tr>
<tr><td>Email</td><td>is.enquiry@my.tricorglobal.com</td></tr>
</table>

**PROXY FORM**

**CWG HOLDINGS BERHAD**
201601035444 (1206385-W)

**No. of Shares Held**

**CDS Account No.**

Tel./Mobile No.: ____________________
(During office hours)

*I/We, ________________________________________ *NRIC/Passport/Company No. ____________________
(Full name in block)

of ________________________________________________________________
(Address)

being a member(s) of CWG Holdings Berhad, hereby appoint(s) the following person(s):-

| **Full Name** (in Block) | **NRIC/Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|
| | | **No. of Shares** | **%** |
| **Address** | | | |
| **Email Address** | | | |
| **Tel./Mobile Phone No.** | | | |

*and/or

| **Full Name** (in Block) | **NRIC/Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|
| | | **No. of Shares** | **%** |
| **Address** | | | |
| **Email Address** | | | |
| **Tel./Mobile Phone No.** | | | |

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Extraordinary General Meeting ("EGM") of the Company to be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via TIIH Online website at https://tiih.online on Friday, 16 August 2024 at 11.30 am or any adjournment thereof in the manner as indicated below:-

| **Ordinary Resolution** | | **First Proxy** | | **Second Proxy** | |
|---|---|---|---|---|---|
| | | **For** | **Against** | **For** | **Against** |
| 1 | Proposed Rights Issue | | | | |
| 2 | Proposed Acquisition | | | | |

| **Special Resolution** | **First Proxy** | | **Second Proxy** | |
|---|---|---|---|---|
| | **For** | **Against** | **For** | **Against** |
| Proposed Amendment | | | | |

Please indicate with an "X" in the appropriate space above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this _______ day of ________________, 2024

______________________________
*Signature/Common Seal of Member

**Delete if not applicable*

***Notes:***

1. *A proxy may but need not be a member of the Company and a member shall be entitled to appoint up to two (2) persons to be his proxy(ies). Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*

5. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the meeting:*

   *(i) In hard copy form*
   *The proxy form must be deposited at the Company's Registered Office at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang.*

   *(ii) By electronic means*
   *The proxy form can be electronically submitted to the Share Registrar of the Company via TIIH Online at https://tiih.online. Please refer to the Administrative Guide on the procedure of electronic submission of proxy form via TIIH Online.*

6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 8 August 2024 (General Meeting Record of Depositors) shall be eligible to attend the EGM or appoint proxy(ies) to attend and/or vote on his behalf.*

*Personal Data Privacy*

*By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the EGM of the Company and any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

**CWG HOLDINGS BERHAD**
201601035444 (1206385-W)

The Company Secretaries
6428, Lorong Mak Mandin Tiga
Mak Mandin Industrial Estate
13400 Butterworth, Penang

1st fold here