THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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ARKA BERHAD
(Registration No. 197701005709 (36747-U))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED DISPOSAL BY ARKA BERHAD ("ARKA" OR THE "COMPANY") OF 800,000 ORDINARY SHARES REPRESENTING 40% EQUITY INTEREST IN ENFRASYS SOLUTIONS SDN BHD TO JOY JEWEL SDN BHD FOR A DISPOSAL CONSIDERATION OF RM43.0 MILLION TO BE SATISFIED ENTIRELY VIA CASH ("PROPOSED DISPOSAL")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

M & A SECURITIES SDN BHD
(Registration No. 197301001503 (15017-H))
(A Participating Organisation of Bursa Securities)

The Notice of the Extraordinary General Meeting ("**EGM**") of Arka to be held at Dewan Bungaraya, Level 2, WP Hotel, 362, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur together with the Form of Proxy, are enclosed in this Circular.

A member entitled to attend, participate and vote the EGM is entitled to appoint 1 or more proxies to attend, participate and vote on his/ her behalf. In such event, the completed and signed Form of Proxy should be lodged at the Registered Office of our Company at Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Pulau Pinang on or before the date and time indicated below in order for it to be valid. The lodging of the Form of Proxy shall not preclude you from attending, participating and voting in person at the EGM should you wish to do so.

Last date and time for lodging the Form of Proxy : Saturday, 20 June 2026 at 10:45 a.m.

Date and time for the EGM : Monday, 22 June 2026 at 10:45 a.m.

This Circular is dated 29 May 2026

DEFINITIONS

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-enactments thereof
"Arka" or "Company" or "Vendor"	:	Arka Berhad (Registration No. 197701005709 (36747-U))
"Arka Group" or "Group"	:	Collectively, Arka and its subsidiaries
"Arka Share(s)" or "Share(s)"	:	Ordinary share(s) in Arka
"Board"	:	Board of directors of Arka
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
"Circular"	:	This circular to shareholders of Arka in relation to the Proposed Disposal dated 29 May 2026
"CKD"	:	Completely knocked-down, refers to motor vehicles which are imported in parts and not as one assembled unit. Such units are first sent to an assembly plant in the target country where all these parts are assembled and one complete motor vehicle is made using the imported components.
"Director(s)"	:	In accordance with Paragraph 10.02(c), Part B of the MMLR, a director shall have the same meaning given in Section 2(1) of the Act and 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 Proposed Disposal were agreed upon, a director of Arka or any other company which is its subsidiary or holding company or a managing director/ chief executive of Arka, its subsidiary or holding company
"Disposal Consideration"	:	The disposal consideration of RM43.00 million for 800,000 ESSB Shares, representing 40.0% equity interest of ESSB to be satisfied entirely via cash
"E&E"	:	Electrical and electronics
"EBIT"	:	Earnings before interest and taxes
"ECSB"	:	Enfrasys Consulting Sdn Bhd (Registration No. 201001001467 (886044-P))
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per Share
"ESSB"	:	Enfrasys Solutions Sdn Bhd (Registration No. 200301000701 (603121-U))
"ESSB Share(s)"	:	Ordinary share(s) in ESSB
"FMCG"	:	Fast moving consumer goods

"FPE"	:	financial period ended
"FYE"	:	Financial year ended/ ending, as the case may be
"IT"	:	Information technology
"JJSB" or "Purchaser"	:	Joy Jewel Sdn Bhd (Registration No. 200701004645 (762644-D))
"LPD"	:	30 April 2026, being the latest practicable date prior to the date of printing of this Circular
"LBIT"	:	Loss before interest and taxes
"LBT"	:	Loss before tax
"M&A Securities" or the "Principal Adviser"	:	M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H))
"MMLR"	:	Main Market Listing Requirements of Bursa Securities
"NA"	:	Net assets
"Ordinary shares in Arka"	:	Arka Shares
"PE Multiple"	:	Price-to-earnings multiple
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"Proposed Disposal"	:	Proposed disposal of ESSB, 800,000 ordinary shares representing 40% equity interest in ESSB for a disposal consideration of RM43.0 million to be satisfied entirely via cash
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Sale Shares"	:	800,000 ESSB Shares
"SPA"	:	Share purchase agreement dated 9 April 2026 entered into between Arka and JJSB for the Proposed Disposal

All references to "**you**" in this Circular are to the shareholders of Arka.

Any reference in this Circular to any provision of a statute, Paragraph, regulation, enactment, or Paragraph of a stock exchange shall (where the context admits) be construed as a reference to the provision of such statute, Paragraph, regulation, enactment or Paragraph of a stock exchange (as the case may be) as modified by any written law, or, if applicable, any amendment of re-enactment to the statute, regulation, enactment or Paragraph of a stock exchange for the time being in force. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amount listed, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Group's plans and objectives will be achieved.

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THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED DISPOSAL. SHAREHOLDERS OF ARKA ARE ADVISED TO READ THE CIRCULAR AND ITS APPENDIX FOR FURTHER DETAILS AND NOT TO SOLELY RELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSED DISPOSAL BEFORE VOTING AT THE FORTHCOMING EGM.

The Board is recommending you to vote **IN FAVOUR** of the resolution in relation to the Proposed Disposal to be tabled at the forthcoming EGM.

Key information		Description	Reference to Circular
Details of the Proposed Disposal	:	The Proposed Disposal entails the disposal of the Sale Shares, representing 40.0% equity interest in ESSB to JJSB for a disposal consideration of RM43.0 million to be satisfied entirely via cash.	**Section 2**
Utilisation of proceeds	:	For illustration purposes, assuming the Disposal Consideration to be received from the Proposed Disposal is RM43.0 million, the proceeds raised from the Proposed Disposal is intended to be utilised in the following manner:	**Section 3**

Utilisation of proceeds	**Estimated timeframe for utilisation**	**RM'000**
Expansion of Arka Group's logistic division	Within 36 months	13,000
Potential investments	Within 36 months	10,000
General working capital	Within 36 months	17,350
Estimated expenses in relation to the Proposed Disposal	Within 2 months	2,650
Total		**43,000**

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Key information		Description	Reference to Circular
Rationale	:	(i) Realise the value of our investment in ESSB at a fair market value thereby unlocking the capital appreciation of the asset and providing an opportunity for our Group to monetise our non-core investment. For the avoidance of doubt, investments where our Group does not have controlling ownership or operational control, are considered non-core investments. Notwithstanding ESSB's significant contribution to Group's profit (as illustrated in Section 6.1), the investment in ESSB is considered a non-core and passive investment in view of Arka's 40% equity interest in ESSB, being a non-controlling stake where our Group has limited control and influence over ESSB's strategic direction and operational decisions. Hence, the Proposed Disposal will enable our Group to realise the value of this non-core investment and reallocate our financial resources towards other strategic and revenue-generating business segments that are more closely aligned with our Group's long-term strategic objectives and where our Group is able to exercise greater operational control; and (ii) Use the cash proceeds from the Proposed Disposal to reallocate funds towards areas that offer higher growth potential and better returns.	**Section 4**
Risk factors	:	Pursuant to the Proposed Disposal, our Group would be exposed to the following risks: (i) Non-completion risk; (ii) Contractual risk; and (iii) Loss of contribution from ESSB.	**Section 5**
Approvals required and conditionality	:	The Proposed Disposal are subject to the following approvals being obtained: (i) shareholders of Arka at the forthcoming EGM; and (ii) any other relevant authorities and/ or parties, if required. The Proposed Disposal is not conditional upon any corporate proposals undertaken or to be undertaken by our Company.	**Section 8**
Board's recommendation	:	The Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.	**Section 10**

ARKA BERHAD
(Registration No. 197701005709 (36747-U))
(Incorporated in Malaysia)

Registered Office:

Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar,
10200 George Town,
Pulau Pinang, Malaysia

29 May 2026

Directors:
Y.M. Dato' Syed Budriz Putra *(Non-Independent Non-Executive Chairman)*
Ibrahim Aiman bin Mohd Nadzmi *(Managing Director)*
Tung Shao Yin *(Independent Non-Executive Director)*
Lee Chin Chuan *(Independent Non-Executive Director)*
Au Foong Yee *(Independent Non-Executive Director)*

Dear Shareholders,

PROPOSED DISPOSAL

1. INTRODUCTION

On 9 April 2026, M&A Securities had, on behalf of the Board, announced that Arka had on even date entered into the SPA with JJSB, for the proposed disposal of 800,000 ESSB Shares, representing 40% equity interest in ESSB for a disposal consideration of RM43.0 million to be satisfied entirely via cash.

Further details on the Proposed Disposal is set out in the ensuing sections of this Circular.

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

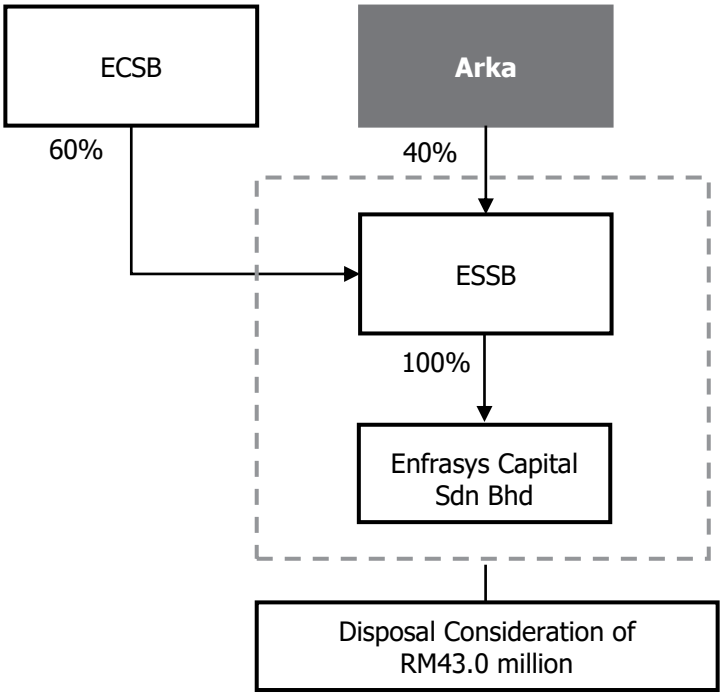
YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Background information on the Proposed Disposal

The Proposed Disposal entails the disposal of 800,000 ESSB Shares, representing 40.0% equity interest in ESSB to JJSB, for the Disposal Consideration to be satisfied entirely in cash. The Sale Shares will be sold free from all encumbrances and together with all rights attaching to them now or hereafter attaching thereto, in accordance with the terms and conditions of the SPA. The salient terms of the SPA are set out in **Appendix I** of this Circular.

The existing group structure of ESSB is set out as follows:



For the avoidance of doubt, ESSB is an associate company of Arka. Upon the Completion (as set out in **Section 4, Appendix I** of this Circular), ESSB will cease to become an associated company of Arka Group.

2.2 Information on ESSB

ESSB was incorporated in Malaysia on 10 January 2003 under the Companies Act 1965 and is deemed registered under the Act as a private limited company. As at LPD, the issued share capital of ESSB is RM2.0 million comprising 2,000,000 ordinary shares. Its place of business is at DF2-15-01 (Unit 3), Level 15, Persoft Tower, 6B, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.

ESSB is principally involved in the business of providing training and consultancy services in the field of IT including but not limited to software development, system integration, programming, change management and strategic planning and any other information technology related activities.

Further information on ESSB is set out in **Appendix II** of this Circular.

2.3 Information on the Purchaser

JJSB was incorporated in Malaysia on 13 February 2007 under the Companies Act 1965 and is deemed registered under the Act as a private limited company. JJSB is an investment holding company. Its place of business is a Unit F313, Block F, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.

As at LPD, the issued share capital of JJSB is RM2 comprising 2 ordinary shares. For information purposes, JJSB is not related to Arka.

As at LPD, the directors of JJSB are Ahmad Bin Abdullah and Farah Binti Ahmad. Their respective shareholdings in JJSB as at LPD are as follows:

	Direct		Indirect	
Name	**No. of JJSB Shares**	**(1)%**	**No. of JJSB Shares**	**(1)%**
Ahmad Bin Abdullah	1	50.0	-	-
Farah Binti Ahmad	1	50.0	-	-

Note:

(1) Computed based on 2 shares in issue as at LPD.

2.4 Basis and justification of arriving at the Disposal Consideration

The Disposal Consideration was negotiated and arrived at, on a "willing-buyer willing seller" basis between Arka and the Purchaser, after taking into consideration, amongst others, the following:

(i) The rationale of the Proposed Disposal, further details of which are set out in Section 4 of this Circular; and

(ii) PE Multiples of the selected comparable companies of ESSB listed on Bursa Securities ("**Comparable Companies**").

The Comparable Companies have been arrived at based on the following parameters:

(a) principally involved in similar principal activities as ESSB in Malaysia (i.e. providing training and consultancy services in the field of IT including but not limited to software development, system integration, programming, change management and strategic planning and any other IT related activities); and

(b) have revenue derived from IT related business ranging from RM50.0 million to RM350.0 million based on their latest audited financial statements. This range was determined after taking into consideration ESSB's revenue of RM107.4 million, RM161.1 million, RM250.7 million for the past 3 FYE 31 December 2022, 2023 and 2024, respectively, based on ESSB's audited financial statements. In addition, ESSB recorded revenue of RM270.2 million for FYE 31 December 2025 based on its management accounts.

Following the above, the Comparable Companies selected based on the parameters above have market capitalisation ranging from RM50.0 million to RM150.0 million as at 31 March 2026.

We are of the view that the PE Multiple valuation methodology is the most appropriate valuation methodology for ESSB due to, amongst others, the following:

(a) the PE Multiple is a commonly used and widely accepted valuation metric which estimates a company's market value based on its PAT relative to its peers. In this regard, we observed that ESSB has been profitable for the last 3 FYE 31 December 2022, 2023 and 2024;

(b) the PE Multiple is more likely to reflect prevailing market sentiment and investor expectations towards the IT related sector;

(c) the value of ESSB is principally driven by its ability to generate future earnings from its ongoing business operations rather than the underlying value of its assets. Accordingly, we consider the NA or revalued net asset valuation methodologies to be less appropriate as such methodologies are generally more suitable for valuations of asset-based companies; and

(d) we did not adopt the discounted cash flow valuation methodology as this methodology is generally more appropriate for businesses with reasonably predictable and stable future cash flows that are supported by contractual visibility. At this point, the management of ESSB is unable to reliably forecast the future cash flows of the business, given ESSB's limited contractual visibility over future earnings.

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The PE multiples of the Comparable Companies are set out below:

Comparable Companies	**Principal activities**	**[1]Market capitalisation**	**[2]PAT attributable to the owners of company**	**[3]PE Multiple**
		RM'000	**RM'000**	**times**
Infoline Tec Group Berhad	Provision of information, technology infrastructure and cybersecurity solutions, trading of ancillary hardware, and related service	128,917	[4]14,029 (trailing 4 quarters financial results ended 31 March 2025)	9.2
Kronologi Asia Berhad	Provision of business consulting, designing of solutions and research and development relating to new and emerging information technology software, applications, multimedia development, information systems, data management software, data protection solutions and processes, system back-up and disaster recovery systems and related businesses, provision of hybrid and cloud enterprise data management technology and solutions	84,589	11,029 (audited financial results for FYE 31 January 2025)	7.7
SMRT Holdings Berhad	Provision of software consultancy and development, IT solutions related to telecommunication	63,750	27,676 (audited financial results for FYE 30 June 2025)	2.3
Divfex Berhad	Provision of computer networking and digital media solutions and services; maintenance of computer networking, storage and network management solutions; computer system integration and consultancy services; testing equipment in the information technology industries	63,387	5,414 (audited financial results for FYE 30 June 2025)	11.7
			Average:	**7.7**
			Low:	**2.3**
			High:	**11.7**

Notes:

(1) Extracted from Bloomberg as at 31 March 2026.

(2) Extracted from the latest audited annual report of the Comparable Companies, unless otherwise stated.

(3) Computed based on the market capitalisation as at 31 March 2026 divided by the PAT attributable to the owners of the Comparable Companies.

(4) Given that the deviation between the unaudited financial results and audited results for the 15-month FPE 31 March 2025 is approximately RM1,000 (which is negligible), the trailing 4 quarters financial results up to 31 March 2025 is adopted for the purpose of calculating the PE Multiple, instead of arbitrarily pro-rating the audited 15-month financial results to a 12-month financial results.

The Disposal Consideration of RM43.0 million represents a PE Multiple of approximately 5.9 times based on Arka's share of PAT in ESSB Group for FYE 31 December 2024, as follows:

	RM'000
ESSB Group's PAT attributable to owners of its company in FYE 31 December 2024	18,273
Arka's share of profit in ESSB Group pursuant to its 40.0% equity interest in ESSB	7,309
Disposal Consideration	43,000
PE Multiple (times)	5.9

Premised on the above, the PE Multiple of 5.9 times represents a discount of 23.4% to the average PE Multiple of the Comparable Companies and our Board is of the view that this discount is reasonable based on the following:

(a) Arka is disposing its non-controlling equity interest of 40.0% in ESSB to the Purchaser, with such discount being solely attributable to the illiquidity associated with Arka's non-controlling stake in ESSB; and

(b) The illiquidity discount of 23.4% is within the range of 20.0% to 30.0% as published by Professor Aswath Damodaran in his publication titled *"Marketability and Value: Measuring the Illiquidity Discount"*.

2.5 Mode of settlement

The Disposal Consideration is to be settled entirely in cash in the following manner:

Payment terms	**Timeline of payment**	**Total payment amount to the Vendor**	
		RM'000	**%**
Deposit	Upon the signing of the SPA	860	2.0
Balance Disposal Consideration	On the Completion Date (as defined in **Appendix I** of this Circular)	42,140	98.0
		43,000	**100.0**

2.6 Liabilities to be assumed

Save for the obligations and liabilities pursuant to the SPA, as set out in **Appendix I** of this Circular, there are no other liabilities in respect of ESSB, including contingent liabilities and/ or guarantees, which will be assumed by Arka after the Completion.

For the avoidance of doubt, Arka has not provided any form of guarantees in favour of the Purchaser in relation to ESSB that will remain outstanding after the Completion.

2.7 Original date and cost of investment in ESSB

The original cost of investment of the Vendor in ESSB and date of such investments are set out below:

Date of investment	**No. of ESSB shares**	**Cost of investment**
		RM
30 September 2021	400,000	20,000,000
Total		**20,000,000**

On 8 February 2024, the share capital of ESSB was increased from RM1.0 million, comprising 1,000,000 ordinary shares of RM1 each to RM2.0 million comprising of 2,000,000 ordinary shares of RM1 each by capitalisation of the retained earnings. As such, Arka's shareholdings in ESSB increased from 400,000 shares to 800,000 shares accordingly.

2.8 Cash company or PN17 listed issuer

The Proposed Disposal is not expected to result in Arka becoming a cash company or a PN17 listed issuer as defined under the MMLR.

3. UTILISATION OF PROCEEDS

The proceeds to be received from the Proposed Disposal of RM43.0 million is intended to be utilised in the following manner:

Utilisation of proceeds	**Notes**	**RM'000**	**%**	***Estimated timeframe for utilisation**
Expansion of Arka Group's logistic division	(a)	13,000	30.2	Within 36 months
Potential investments	(b)	10,000	23.3	Within 36 months
General working capital	(c)	17,350	40.3	Within 36 months
Estimated expenses in relation to the Proposed Disposal	(d)	2,650	6.2	Within 2 months
		43,000	**100.0**	

Notes:

* From receipt of proceeds.

(a) Our Group intends to utilise approximately RM13.0 million of the proceeds for the expansion and enhancement of our Group's existing logistic solutions business segment.

Our logistic solutions business segment recorded the following results for FYE 31 December 2023 to 2025:

FYE 31 December 2023: EBIT of RM1.6 million;
FYE 31 December 2024: LBIT of RM3.4 million; and
FYE 31 December 2025: EBIT of RM0.5 million.

This performance was mainly a result of the decrease in our warehousing business from our previous rented warehouse in Kulim, Kedah as there were lower demand for storage of CKD vehicle components in the past 3 financial years. Consequently, in January 2026 our Group had ceased warehousing activities from the rented warehouse in Kulim, Kedah. This is primarily due to the increase in imported vehicles from China into the Malaysian market, leading to a decline in production volume of locally assembled conventional CKD vehicles.

As at LPD, our logistic solutions business segment is mainly serving the automobile sector. Moving forward, as part of our plan to improve our financial performance, our Group intends to expand our logistic solutions offering to other sectors such as E&E, FMCG and manufacturing to broaden our customer base and support business growth.

Following the above, the allocation is aimed at enhancing operational capacity, expanding market reach and strengthening our Group's recurring income base. This allocation includes the following:

- capital expenditure to purchase new motor vehicles such as 40-foot trucks, feeder trucks, prime movers and trailers. For information, as at LPD, our Group is operating a total of 22 units of 40-foot trucks, 7 feeder trucks, 11 prime movers with 71 trailers for haulage operations with a utilisation rate of 81%, with the remaining 19% attributable to downtime associated with the maintenance and replacement requirements of aging motor vehicles. At this juncture, our Group intends to allocate RM5.5 million of the proceeds, which is expected to be sufficient for acquisition of up to approximately 10 units of trucks, prime movers and/ or trailers, subject to operational requirements, availability and market conditions.

  The additional motor vehicles for our logistic division will allow our Group to expand geographical coverage as well as to other sectors such as E&E, FMCG and manufacturing. Further, we also intend to increase frequency of delivery for our customers by reducing the abovementioned downtime.

  By leveraging on our existing presence in Penang and Kedah, our Group plans to undertake various marketing activities in a bid to establish new business relationships, focusing on E&E manufacturers and FMCG companies located in the northern region of Peninsula Malaysia such as Kulim Hi-Tech Park, Prai Industrial Area, Bukit Minyak, Batu Kawan and other surrounding industrial zones; and

- capital expenditure to acquire new warehouse facilities to expand our footprint into the following locations:

  (i) Prai, Penang; and
  (ii) Medini, Johor.

  Our Group's existing business locations as at LPD and target business locations are set out below:

Geographical presence	**Business locations**	**Main functions**
(a) Existing locations		
Malaysia		
Northern region		
- Penang	Kompleks Sempilai Jaya, Penang	Corporate office and Headquarters of Logistic Division
	Mak Madin, Penang	Branch office for container depot operations
	Tasek Gelugor, Penang	Branch office for warehouse operations and warehouse
- Kedah	Bukit Kayu Hitam, Kedah	Branch office for custom clearance and cross border operations between Malaysia and Thailand
Central region		
- Selangor	Shah Alam, Selangor	Branch office for sales and operations in central region
Southern region		
- Johor	Pasir Gudang, Johor	Branch office for sales and operations in southern region

Geographical presence	Business locations	Main functions
	Iskandar Puteri, Johor	Branch office for custom clearance and cross border operations between Malaysia and Singapore
Singapore		
West region	Tuas, Singapore	Warehouse and Operations office involved in the provision of warehousing, cargo consolidation, repacking, palletising, loading/ unloading, and customs permit preparation services
(b) Target locations for expansion		
Malaysia		
Northern region		
- Penang	Prai, Penang	Branch office for warehouse operations and warehouse
Southern region		
- Johor	Medini, Johor	Branch office for warehouse operations and warehouse

As at LPD, our Group operates 2 warehouses located in Tasek Gelugor, Penang and Tuas, Singapore. For information, our capacity and utilisation of warehousing space for FYE 31 December 2025 and 3-month FPE 31 March 2026 are as follows:

FYE 31 December 2025	(1)Available space (sq ft)	(2)Average utilisation (sq ft)	(3)Utilisation rate (%)
Tasek Gelugor, Penang(4)	145,833	79,600	54.6
Tuas, Singapore(4)	4,000	3,500	87.5
Kulim, Kedah(5)	117,000	66,946	57.2

3-month FPE 31 March 2026	(1)Available space (sq ft)	(2)Average utilisation (sq ft)	(3)Utilisation rate (%)
Tasek Gelugor, Penang(4)	(6)50,000	50,000	100.0
Tuas, Singapore(4)	4,000	3,300	82.5

Notes:

(1) Available capacity is calculated based on the total available warehousing space for storage of goods.

(2) Average utilisation is based on the average occupied rented warehousing space each month during FYE 31 December 2025 or 3-month FPE 31 March 2026 (where applicable).

(3) Utilisation rate is calculated as: (average utilisation/ available space) x 100%.

(4) Rented by our Group.

(5) Our Group had ceased warehousing activities in this rented warehouse since January 2026.

(6) Our Group has reduced the available space for warehousing activities in Tasek Gelugor, Penang warehouse to 50,000 sq ft since January 2026 due to lower demand from our clients.

Following the above, our Group intends to allocate the remaining RM7.5 million of the proceeds to acquire a warehouse in Prai, Penang (being a key northern industrial hub strategically located nearby the major industrial zones, port and airport in Penang) and another warehouse in Medini, Johor (being a key developing business district strategically located nearby Malaysia - Singapore Second Link Bridge) as the management is of the view that the additional warehouses to be acquired at the strategic locations are expected to meet the requirements of our expansion plans to other sectors such as E&E, FMCG and manufacturing. This allocation of RM7.5 million is expected to be insufficient for the acquisition of 2 warehouses as set out above and the shortfall will be funded via a combination of internally generated funds and/ or bank borrowings of our Group.

The new warehouse facilities will also allow our Group to increase our capacity in offering storage, handling, labelling, repacking, cross-docking and distribution services.

The actual breakdown of these capital expenditures cannot be determined at this juncture as the actual capital expenditures will depend on the prevailing opportunities, market conditions and business requirements at the relevant time. Any variation to the amount allocated will be adjusted to or from the amount allocated for general working capital.

(b) Our Group intends to utilise approximately RM10.0 million of the proceeds for potential investments to complement the existing business of our Group, namely the logistic and tyre businesses. Our Company will continuously seek investment opportunities and/ or collaborations which the Board deems appropriate and in the best interest of our Company as well as bring potential earnings to our Group.

As at LPD, our Group has neither identified any suitable or viable investment opportunity for consideration. However, we are actively exploring various business opportunities in the logistics sector, and our Company will only commit after evaluations of these business opportunities have been completed and the opportunities are deemed economically viable. At present, our Company has not entered into any agreements with any parties for potential collaboration. In the event that our Company is not able to identify any suitable investment opportunities within 36 months from the Completion, the proceeds will continue to be placed in interest-bearing deposits with licensed financial institutions and/ or invested in short-term money market instruments. The interest derived from the deposits with licensed financial institutions or gains from the short-term money market instruments will be used as additional working capital for our Group. Notwithstanding this, our Group will continue to actively explore and evaluate potential suitable investment(s) to strengthen our Group's earnings.

As and when the Board and the management of our Group is able to identify any suitable investment(s), our Company will make the necessary announcements (in accordance with the MMLR or any other relevant rules and regulations) and to seek the necessary approval(s) from the shareholders of Arka and/ or relevant regulatory bodies should the nature of the transaction requires so.

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(c) Our Group intends to utilise up to approximately RM17.4 million of the proceeds for working capital requirements which include, but are not limited to, the day-to-day operations of our Group consisting of staff costs, procurement of inventories, fuel and freight expenses, crane and forklift expenses, repairs and maintenance of motor vehicles as well as other miscellaneous items. These expenditures are expected to support the increased operational scale arising from our Group's expansion and enhancement initiatives, as set out in notes (a) and (b) above, as well as a potential expansion of our sales, marketing and business development team through additional headcount over time as part of our Group's effort to expand out logistic solutions offering to other sectors such as E&E, FMCG and manufacturing.

For FYE 31 December 2025, our Group recorded net operating cash outflow of RM5.6 million mainly due operating loss before working capital changes of RM2.5 million, payment to creditors of RM1.2 million and income tax paid of RM1.5 million. Such operating cash flows will be insufficient to support the increased working capital requirements arising from the enlarged operations moving forward.

In particular, the enlarged operations are anticipated to result in higher operating expenditure and working capital requirements. Accordingly, a relatively significant portion of the proceeds has been allocated for working capital over a period of up to 36 months, which is aligned with the expected timeframe for the implementation of our Group's expansion and enhancement initiatives as set out in notes (a) and (b) to ensure that sufficient liquidity is available throughout the expansion period.

The actual breakdown of these expenses cannot be determined at this juncture as the actual expenses will depend on the actual operating and administrative requirements of our Group at the relevant time. Notwithstanding this and on a best estimate basis, the indicative percentage allocation of the proceeds to be utilised for each component of the working capital are as follows:

General working capital	**Indicative percentage allocation (%)**
Fuel, repairs and maintenance of motor vehicles	35.0
Staff costs	30.0
Freight expenses	15.0
Procurement of inventories as well as crane and forklift expenses	10.0
Other miscellaneous items	10.0
	100.0

(d) To defray expenses related to the Proposed Disposal, including professional fees, regulatory fees, capital gains tax and other incidental costs.

Description	**RM'000**
Professional fees for the Proposed Disposal (payable to the adviser, solicitors and other professionals for the Proposed Disposal)	350
Estimated tax payable in relation to the Proposed Disposal[(i)]	2,300
	2,650

Note:

(i) Computed based on 10.0% capital gains tax applied to Arka's estimated gain from the Proposed Disposal, amounting to approximately RM23.0 million, being the difference between the disposal consideration of RM43.0 million and the original investment cost of RM20.0 million.

Any variation to the amount allocated above will be adjusted to or from the amount allocated for working capital.

Pending the full utilisation of proceeds, Arka will place the proceeds as deposit with banks or other licensed financial institutions, short-term money market instruments or other highly liquid short-term investment such as marketable equities and debts securities, mutual funds as well as short-term paper. Any interest derived from such placement and short-term investments will be utilised as additional working capital of our Group as referred to in note (c) above.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is expected to allow our Group to:

(i) realise the value of our investment in ESSB at a market value thereby unlocking the capital appreciation of the investment and providing an opportunity for our Group to monetise our non-core investment.

For avoidance of doubt, investments where our Group does not have controlling ownership or operational control, are considered non-core investments. Save for ESSB, our Group does not have any other non-core assets subject to disposal at this juncture.

For information, our Group's share of profit from ESSB Group compared to our Group's PBT/ (LBT) are as follows:

	Audited			
	FYE 31 December 2022	**FYE 31 December 2023**	**FYE 31 December 2024**	**FYE 31 December 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Arka's share of profit from ESSB Group	1,391	2,543	7,229	7,971
PBT/ (LBT) of Arka Group	1,826	(1,381)	(8,742)	1,056

Notwithstanding ESSB's significant contribution to our Group's profit (as illustrated above), the investment in ESSB is considered a non-core and passive investment in view of our 40.0% equity interest in ESSB, being a non-controlling stake where our Group has limited control and influence over ESSB's strategic direction and operational decisions.

Hence, the Proposed Disposal will enable our Group to realise the value of this non-core investment and reallocate our financial resources towards other strategic and revenue-generating business segments which include, among others, our logistics business which is more closely aligned with our Group's long-term strategic objectives and where our Group is able to exercise greater operational control.

In addition, save for dividend income amounted to RM1.0 million received by our Group from ESSB on 13 March 2024, Arka did not receive any dividend income from ESSB for FYE 31 December 2022 to 2025. As such, the share of profit derived from ESSB's financial results in the relevant financial years under review were retained in ESSB and did not entirely translate into distributable cash flows to our Group. In this regard, the divestment of ESSB will enable our Group to monetise our investment in ESSB and redeploy the proceeds to better support our Group's liquidity position and capital efficiency after taking into consideration our Group's plans to improve financial performance as follows:

(a) expansion of our logistic solutions offering to other sectors such as E&E, FMCG and manufacturing;

(b) reducing opportunity cost associated with the downtime arising from the maintenance and replacement of aging motor vehicles; and

(c) acquiring 2 warehouses to increase our capacity in providing warehousing facilities.

(ii) use the cash proceeds from the Proposed Disposal in the manner as set out in Section 3 of this Circular, including amongst others, to reallocate funds towards areas that are under as our Group's expansion plans.

Overall, the Proposed Disposal is consistent with Arka's ongoing portfolio rationalisation efforts and is expected to be in the best interest of our Company and our shareholders.

5. RISK FACTORS IN RELATION TO THE PROPOSED DISPOSAL

5.1 Non-completion risk

The Completion is conditional upon the fulfilment of the conditions precedent and subject to compliance with the terms and conditions as stipulated in the SPA. The salient terms of the SPA are set out in **Appendix I** of this Circular.

There is no assurance that all conditions precedent will be fulfilled within the stipulated conditional period and/ or that the Proposed Disposal will be completed. In the event that any of the conditions precedent is/ are not fulfilled and/ or waived within the stipulated time period set out in the SPA, the Proposed Disposal may be delayed or terminated.

Notwithstanding the above, our Company shall take all reasonable steps to ensure that the conditions precedent and the terms and conditions as set out in the SPA, including obtaining the approvals/ consents required which are within our control, are fulfilled in a timely manner to facilitate the Completion.

5.2 Contractual risk

Arka has given representations, warranties and undertakings as set out in the SPA in favour of the Purchaser. In this regard, our Group may be subject to claims in accordance with the terms and conditions of the SPA in the event of breach of representations, warranties and/ or undertakings given by our Company.

Nevertheless, Arka will endeavour to ensure compliance with its obligations under the SPA in order to minimise the risk of any breach of the representations, warranties and/ or undertakings committed by our Company.

5.3 Loss of contribution from ESSB

Upon Completion, ESSB will cease to be Arka's associated company. Moving forward, our Group will not be able to recognise the share of profit from ESSB as it will not hold any equity interest in ESSB.

Nevertheless, the Proposed Disposal is expected to facilitate our Group to achieve its business plans and objectives as set out in Section 4 of this Circular, whereby the Proposed Disposal is undertaken to unlock the value of Arka's associated company and to enable our Group to focus its resources on its logistics business which is expected to contribute positively to our Group's future revenue and earnings.

6. EFFECTS OF THE PROPOSED DISPOSAL

6.1 Estimated gain arising from the Proposed Disposal

For illustrative purposes, based on the audited consolidated financial statements of Arka Group for the FYE 31 December 2025, the Proposed Disposal is expected to result in a pro forma gain of approximately RM1.1 million to Arka Group, details of which are set out below:

	RM'000
Disposal Consideration	43,000
(Less): Carrying amount of Arka's investment in ESSB[(1)]	(39,219)
(Less): Estimated expenses in relation to the Proposed Disposal	(2,650)
Estimated pro forma gain from the Proposed Disposal	**1,131**
Estimated pro forma gain per Share from the Proposed Disposal (sen)	**[(2)]1.72**

Notes:

(1) Based on the carrying amount of Arka's investment in ESSB as at 31 December 2025, which is computed based on the following:

	RM'000
Arka Group's cost of investment in ESSB as at 31 December 2025	20,000
Add: Share of post-acquisition reserve	19,219
	39,219

(2) Calculated based on estimated pro forma gain from the Proposed Disposal over share capital of 65,909,550 Shares as at LPD.

The estimated pro forma gain set out above is for illustration purposes. The actual gain from the Proposed Disposal can only be determined later upon Completion and will depend on, amongst others, the carrying amount of Arka's investment in ESSB at the time of Completion, actual expenses incurred and actual taxes paid in relation to the Proposed Disposal.

6.2 Issued share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of our Company as it does not involve any issuance of new Arka Shares.

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6.3 NA per share and gearing

The pro forma effects of the Proposed Disposal on the NA and gearing of Arka Group, based on the latest audited consolidated statement of financial position of Arka Group as at 31 December 2025, is set out below:

	Audited As at 31 December 2025	(I) After the Proposed Disposal
	RM'000	**RM'000**
Share capital	66,403	66,403
Other reserves	589	589
Accumulated losses	(8,925)	[(1)](7,794)
Non-controlling interest	(2,821)	(2,821)
Total equity/ NA	**55,246**	**56,377**
No. of Shares in issue	65,909,550	65,909,550
NA per Share (RM)	0.84	0.86
Total borrowings	1,651	1,651
Gearing (times)	0.03	0.03

Note:

(1) After adjusting for the pro forma net gain of approximately RM1.1 million arising from the Proposed Disposal and taking into account the estimated expenses in relation to the Proposed Disposal.

6.4 Earnings and EPS

The Proposed Disposal is expected to be completed by the second quarter of 2026 and our Group is anticipated to derive a one-off pro forma net gain arising from the Proposed Disposal of RM1.1 million.

For illustrative purposes, based on the audited consolidated financial statements of our Group for FYE 31 December 2025, the effects of the Proposed Disposal on the earnings of Arka assuming that the Proposed Disposal has been effected since the beginning of the financial year are as follows:

	Audited As at 31 December 2025	(I) After the Proposed Disposal
	RM'000	**RM'000**
Profit after tax attributable to the owners of Arka	696	696
Less: Deconsolidation of ESSB's PAT for FYE 31 December 2025	-	(7,971)
Add: Estimated net gain upon the completion of the Proposed Disposal	-	[(1)]1,131
Estimated profit/ (loss) after tax attributable to owners of our Company	**696**	**(6,144)**
Arka's weighted average number of ordinary shares in issue (excluding treasury shares, if any)	65,735,313	65,735,313
Basic earnings/ (loss) per Share (sen)[(2)]	**1.06**	**(9.35)**

Notes:

(1) After adjusting for the pro forma net gain of approximately RM1.1 million arising from the Proposed Disposal.

(2) Computed based on the profit/ loss after tax attributable to the owners of Arka over the total weighted average number of Shares (excluding treasury shares, if any).

6.5 Convertible securities

As at LPD, our Company does not have any existing convertible securities.

7. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the MMLR is approximately 75.3% calculated based on the Disposal Consideration over the audited consolidated NA of Arka Group for FYE 31 December 2024.

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Disposal is subject to the following approvals being obtained:

(i) shareholders of Arka at the forthcoming EGM to be convened; and

(ii) any other relevant authorities and/ or parties, if required.

The Proposed Disposal is not conditional upon any other proposals undertaken or to be undertaken by our Company. In addition, our Company has obtained the necessary waiver or consent for the sale, transfer and disposal of the Sale Shares and there are no existing options, warrants, calls, pre-emptive rights, subscription rights or other rights, agreements, arrangements or commitments of any nature under which any person or entity has any right over the Sale Shares.

Further, the Proposed Disposal is also not subject to any consent or approval pursuant to any agreements entered into by ESSB in relation to or for the purposes of the Proposed Disposal.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders of our Company and/ or persons connected with them (as defined in the MMLR) have any interest, direct or indirect, in the Proposed Disposal.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Disposal, including but not limited to the salient terms of the SPA, the basis and justification for the Disposal Consideration, the rationale for the Proposed Disposal as well as the effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of our Company.

Accordingly, our Board recommends that you vote **IN FAVOUR** of the resolution pertaining to the Proposed Disposal to be tabled at the forthcoming EGM.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Disposal is expected to be completed by the 2nd quarter of 2026.

The tentative timetable in relation to the Proposed Disposal is as follows:

Timeline	Key events
22 June 2026	EGM to approve the Proposed Disposal
29 June 2026	Fulfilment of the conditions precedent under SPA
July 2026	Completion of the Proposed Disposal

12. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Disposal (being the subject matter of this Circular), there are no other corporate exercise being undertaken by our Company which has been announced but not yet completed as at the date of this Circular.

13. EGM

An EGM, the notice of which is enclosed together with this Circular, will be held at Dewan Bungaraya, Level 2, WP Hotel, 362, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur on Monday, 22 June 2026 at 10:45 a.m. or immediately following the conclusion or adjournment of the Forty Eighth (48th) Annual General Meeting of the Company scheduled to be held on the same day at 10.00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions so as to give effect to the Proposed Disposal.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions contained, to be deposited at the Registered Office of our Company at Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Pulau Pinang, not less than 48 hours before the time appointed for holding the EGM or adjourned meeting. The lodging of the Form of Proxy will not preclude you from attending the EGM and voting in person should you subsequently wish to do so.

14. FURTHER INFORMATION

Shareholders are requested to peruse the attached appendices for further information.

Yours faithfully,
for and on behalf of the Board of
ARKA BERHAD

IBRAHIM AIMAN BIN MOHD NADZMI
MANAGING DIRECTOR

The salient terms of the SPA are as follows:

1. SALE AND PURCHASE

1.1 Sale and Purchase of Sale Shares

Subject to the terms and conditions contained in the SPA, the Vendor shall sell the Sale Shares and the Purchaser shall purchase the Sale Shares, with full title, free from all encumbrances, with effect from and including the Completion Date (as set out in **Section 4.1, Appendix I** of this Circular) to the intent that as from the Completion Date, all rights, benefits, entitlements and advantages accruing to the Sale Shares, including any dividend or distribution declared or paid on the Sale Shares after that, shall belong to the Purchaser.

2. CONSIDERATION AND PAYMENT

2.1 Disposal Consideration

The Disposal Consideration for the Sale Shares is RM43,000,000.00, which has been arrived at on the basis as set out in **Section 2.4** of this Circular.

2.2 Mode of Settlement of Disposal Consideration

The mode of consideration for the Sale Shares to be paid by the Purchaser to the Vendor shall be by way of cash consideration as set out in **Section 2.5** of this Circular.

3. CONDITIONS PRECEDENT

3.1 Conditions Precedent

The completion of the sale and purchase of the Sale Shares are conditional upon the following conditions precedent ("**Conditions Precedent**") being fulfilled herein on or before 30 June 2026 or such other date as the Parties may mutually agree in writing from time to time ("**Cut-Off Date**"):

(i) The Vendor procuring the approval of its directors and shareholders for the sale of the Sale Shares to the Purchaser in accordance with the terms and conditions of the SPA.

(ii) A certified true copy of such resolutions shall be delivered to the Purchaser's Solicitors (as defined in the SPA) within seven (7) days from the date the respective resolutions are passed.

(iii) The Vendor procuring such consents or approvals as may be necessary from any governmental or regulatory body; competent authority in connection with or for the purposes of the Proposed Disposal.

(iv) The Vendor procuring such consents or approvals as may be necessary from any third party pursuant to any agreements entered into by ESSB, in connection with or for the purposes of the Proposed Disposal.

(v) There has been no statement of facts, circumstances, changes, events, conditions, occurrences, developments or effects occurring which, individually or in the aggregate, have had or would reasonably be expected to have a material adverse effect on the business, assets, liabilities, financial condition, results of operations or prospects of ESSB, save for matters arising from or in connection with the Proposed Disposal contemplated under the SPA, including the fulfilment of the Conditions Precedent.

3.2 In the event that any of the Conditions Precedent is not fulfilled by and/or not waived by the Cut-Off Date, either Party may serve a written notice on the other Party to extend the Cut-Off Date for the fulfilment of the Conditions Precedent by a period of thirty (30) days or such other period mutually agreed by the Parties. If the Cut-Off Date is not extended in accordance with this **Section 3.2**, then:

(a) the SPA shall lapse and cease to have any further effect on the day after the Cut-Off Date;

(b) the Vendor shall refund the Deposit (as set out in **Section 2.5** of this Circular) to the Purchaser within seven (7) days from the termination of the SPA; and

(c) none of the Parties shall have any claim against the others save for antecedent breaches.

3.3 Notwithstanding any of the provisions herein to the contrary, the Parties may mutually agree to waive any of the Conditions Precedent in writing.

3.4 Unconditional Date

The SPA shall cease to be conditional upon the Unconditional Date ("**Unconditional Date**").

4. COMPLETION

4.1 Completion Date

The date falling five (5) Business Days after the Unconditional Date, or such other date as the Parties may mutually agree in writing from time to time ("**Completion Date**").

4.2 Completion of sale and purchase of Sale Shares

(a) Within two (2) Business Days prior to the Completion Date, the Vendor shall deliver and/or caused to be delivered to the Purchaser's solicitors to hold as stakeholder to be dealt with upon Completion, the following documents:

(i) The original share certificate in respect of the Sale Shares, together with valid share transfer forms duly executed by the Vendor in favour of the Purchaser to effect the transfer the Sale Shares.

(ii) The undated original resolution(s) of the board of directors of ESSB:

(A) approving the transfer of the Sale Shares to the Purchaser upon the Completion of the SPA in accordance with and subject to the terms and conditions herein contained;

(B) approving the entry into the registers of members of ESSB, the Purchaser as the holder of the Sale Shares upon Completion in accordance with and subject to the terms and conditions herein contained;

(C) approving the issuance of the new share certificate in respect of the Sale Shares in favour of the Purchaser; and

(D) approving the appointment of additional directors nominated by the Purchaser effective upon Completion (if any).

(iii) A copy of the conditional termination letter in respect of the Shareholders Agreement between ECSB, the Vendor and ESSB dated 7 July 2021 ("**Shareholders Agreement**"), pursuant to which (i) the rights of first refusal, tag-along rights and any other restrictions on transfer in relation to the Sale Shares are waived with effect from the date of execution of the said termination letter in relation to the Proposed Disposal and any transactions contemplated thereunder; and (ii) the Shareholders Agreement shall terminate with effect from Completion.

(collectively "**Vendor's Documents**")

(b) Within two (2) Business Days prior to the Completion Date, the Purchaser will:

(i) deliver a certified true copy of a board resolution approving the Proposed Disposal to the Purchaser's Solicitors as stakeholder; and

(ii) provide to the Vendor, the names of up to two (2) directors nominated by the Purchaser in writing to be appointed to the board of directors of ESSB on the Completion Date.

(collectively "**Purchaser Documents**")

(c) Subject to **Section 3, Appendix I** of this Circular hereof, Completion shall take place on the Completion Date at such place or manner as the Parties may mutually agree in writing whereupon:

(i) the Purchaser shall pay the Balance Disposal Consideration to the Purchaser's Solicitor to hold as stakeholder on the Completion Date;

(ii) the Purchaser's Solicitors shall release the Vendor's Documents to the Purchaser against the Purchaser's Solicitors' written confirmation to the Vendor's Solicitors that the Balance Disposal Consideration has been received in cleared funds; and

(iii) simultaneous with the release of the Vendor's Documents to the Purchaser, the Purchaser's Solicitors shall release the Purchaser's Documents to the Vendor's Solicitors.

For the avoidance of doubt, 'cleared funds' shall have the meaning where any reference to "pay", or cognate expressions, refers to payments effected through inter-bank transfers to the account of the payee, giving the payee access to immediate available, freely transferable, cleared funds.

(d) Upon the Purchaser's payment of the Balance Disposal Consideration in accordance with **Section 2.5** of this Circular, the Purchaser's Solicitors shall be free to attend to the stamping of the share transfer form duly executed by the Vendor in favour of the Purchaser to transfer the Sale Shares and thereafter submit the duly stamped form to the company secretary of ESSB to register the Purchaser as the new shareholder of ESSB.

(e) The Purchaser's Solicitors are authorised to release the Balance Disposal Consideration to the Vendor immediately upon Completion against receipt of the Vendor's Documents in accordance with **Section 4.2(c), Appendix I** of this Circular. For the avoidance of doubt, registration of the transfer of the Sale Shares in the register of members of ESSB shall not be a condition to such release.

5. TERMINATION

5.1 The SPA shall continue and remain in full force and effect unless terminated pursuant to the provisions of the SPA.

5.2 Purchaser's right to terminate

Without prejudice to the provisions in the SPA, the Purchaser shall be entitled to issue a notice of termination to the Vendor if, at any time prior to Completion in accordance with **Section 4.2, Appendix I** of this Circular:

(a) the Vendor commits any continuing or material breach of any of their obligations under the SPA which:

(i) is incapable of remedy; or

(ii) if capable of remedy, is not remedied within fourteen (14) days of them being given notice to do so;

(b) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of ESSB and/or Vendor;

(c) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of ESSB and/or Vendor;

(d) ESSB and/or Vendor becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;

(e) ESSB ceases to carry on the whole or substantial part of its business;

(f) the Vendor fails to deliver the Vendor's Documents to the Purchaser's solicitors (as stakeholders) in accordance with **Section 4.2(a), Appendix I** of this Circular; or

(g) any of the warranties given by the Vendors is found at any time to be untrue or inconsistent.

For the avoidance of doubt, any failure to fulfil any Condition Precedent in accordance with **Section 3.2, Appendix I** of this Circular shall not constitute a termination event or give rise to any termination right under this **Section 5.2, Appendix I** of this Circular and shall be dealt with exclusively in accordance with **Section 3.2, Appendix I** of this Circular.

5.3 Vendors' right to terminate

Without prejudice to the provisions in the SPA, the Vendor shall be entitled to issue a notice of termination to the Purchaser if:

(a) at any time prior to Completion, the Purchaser commits any continuing or material breach of any of their obligations under the SPA which:

(i) is incapable of remedy; or

(ii) if capable of remedy, is not remedied within fourteen (14) days of them being given notice to do so;

(b) at any time prior to Completion, a petition is presented (and such petition is not stayed or struck-out within thirty (30) Business Days of the petition being served) or an order is made or a resolution is passed, for the winding up of the Purchaser;

(c) at any time prior to Completion, an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the Purchaser;

(d) at any time prior to Completion, the Purchaser becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enters into any composition or arrangement with its creditors or make a general assignment for the benefit of its creditors;

(e) the Purchaser fails to pay the Balance Disposal Consideration in full to the Purchaser's solicitors (as stakeholders) by the time and in the manner specified on the Completion Date as set out in **Section 2.5, and Section 4.2(c) of Appendix I** of this Circular; or

(f) any of the representations or warranties given by the Purchaser is found at any time to be untrue or incorrect.

5.4 Consequences of termination

Following the issuance of a notice, given by either the Vendor to the Purchaser or the Purchaser to the Vendor, stating that the first Party wishes to terminate the SPA and specifying the Clause under which, and the facts that entitle the first Party to issue, the notice ("**Notice of Termination**"):

(a) the Parties shall within fourteen (14) days from the date of the Notice of Termination, return all documents delivered to them by or on behalf of the other Party to the other Party;

(b) the treatment of the Deposit and any monies paid shall be in accordance with the following:

(i) if the SPA is terminated by the Vendor pursuant to **Section 5.3, Appendix I** of this Circular, where the failure is attributable to the Purchaser, the Deposit (as set out in **Section 2.5** of this Circular) shall be forfeited to the Vendor as liquidated damages and shall not be refundable; or

(ii) if the SPA is terminated by the Purchaser pursuant to **Section 5.2, Appendix I** of this Circular where the failure is attributable to the Vendor, the Vendor shall refund or cause to be refunded the Deposit to the Purchaser by the Vendor and pay an amount equivalent to the deposit to the Purchaser as agreed liquidated damages within fourteen (14) days from the date of Notice of Termination;

In this regard, if any monies are held by the Purchaser's Solicitors as stakeholders, the Purchaser's Solicitors are authorised to refund the said monies to the Purchaser, and neither Party shall thereafter have any further rights or obligations under the SPA except in respect of such other rights or obligations under the SPA which are expressed to apply after the termination of the SPA and antecedent breaches.

(c) Notwithstanding the rights of termination set out in this **Section 5, Appendix I** of this Circular, the Parties will, prior to the termination of the SPA, use their best endeavours and take such actions as may be necessary and equitable to negotiate on such terms with the principle of good faith and fairness without detriment to the interests of any of them.

6. REPRESENTATIONS AND WARRANTIES

6.1 Vendors' Warranties

(a) The Vendor warrants and undertakes to and with the Purchaser that each of the Vendor's Warranties (as provided in **Section 6.1(e)** below) is, to the Vendor's knowledge, true and accurate in all material respects and is not misleading as at the date of the SPA and will continue to be true and accurate in all respects and not misleading down to and including Completion with reference to the facts and circumstances then existing.

(b) The Vendor acknowledges that the Purchaser has entered into the SPA in reliance upon the truth, accuracy and completeness of the Vendor's Warranties. Nothing in the SPA shall exclude or limit liability for fraud.

(c) The Vendor undertakes to the Purchaser that, in the event of any claim being made against it arising out of or relating to the SPA, except in the case of fraud, it will not make any claim against ESSB or against any director, officer or employee of ESSB on which or on whom he may have relied before agreeing to any terms of the SPA.

(d) The Vendor's Warranties –

(i) are separate and independent and, unless expressly provided to the contrary, are not limited or restricted by reference to or inference from the terms of any other Clause or provision of the SPA or the Schedules or any other warranty; and

(ii) shall survive Completion and remain in full force and effect for the period of three (3) years from Completion, and no claim in respect of any Vendor's Warranty may be brought after expiry of that period, save in the case of fraud.

(e) The Vendor hereby represents and warrants with the Purchaser, as at the date of the SPA up to and including the Completion Date, that;

(i) it is a company duly incorporated and validly existing under the laws of Malaysia;

(ii) it has full power, authority and legal right to enter into the SPA and to observe and perform its obligations, including without limitation, the sale of the Sale Shares upon the terms and conditions of the SPA;

(iii) it has taken or will take all necessary corporate and other actions to authorise the execution, delivery and performance of the SPA, including without limitation, the sale of the Sale Shares;

(iv) the SPA constitutes valid and binding obligations on the Vendor in accordance with the terms of the SPA;

(v) the execution and delivery of, the compliance with the terms of the SPA and the performance by the Vendor of its obligations under the SPA does not and will not:

(A) breach any provision of the constitution or constitutional documents of the Vendor or any statute, law, ordinance, rule or regulation of any governmental authority; or

(B) conflict with or result in the breach of or constitute a default, or give any third party a right to terminate under any of the terms, conditions or provisions of any agreement or instrument to which the Vendor and/or ESSB is now a party or any lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character to which any property of ESSB is subject or by which the Vendor and/or ESSB are/is bound or subject;

(vi) no resolution has been passed in relation to the Vendor for its winding-up or dissolution, or for the appointment of a liquidator, receiver, administrator, administrator receiver or similar officer over any or all its assets, and no:

(A) steps have been taken in relation to the Vendor; or

(B) legal proceedings have been started, or threatened, against the Vendor,

(vii) that the Vendor's Warranties are true, complete and accurate in all respects and there are no material omissions;

(viii) other than contained in the SPA:

(A) there is no encumbrances, sale, assignment, transfer, option or any other disposal or dealing over or affecting the Sale Shares;

(B) there is no agreement or arrangement to give or create any circumstances which may give or create any such Encumbrances, sale, assignment, transfer, option or other disposal or dealing in respect of the Sale Shares; and

(C) there is no claim by any person to be entitled to or under any such encumbrances, sale, assignment, transfer, option or other disposal or dealing or agreement or arrangement in respect of the Sale Shares;

(ix) the Vendor is the registered and beneficial owner of the Sale Shares;

(x) the Sale Shares are fully paid up and at all times up to the Completion Date, owned by the Vendor, free and clear of all encumbrance;

(xi) the Vendor has obtained all waivers and consents to the sale transfer and disposal of the Sale Shares and there are no existing options, warrants, calls, pre-emptive rights, subscriptions or other rights, agreements, arrangements or commitments of any character in relation to which any person has a right over the Sale Shares;

(xii) the Purchaser will on Completion be entitled to exercise all rights attached or accruing to the Sale Shares including, without limitation, the right to receive all dividends or other distributions or any return of capital declared, made or paid by ESSB on or after the Completion Date; and

(xiii) as at the date of the SPA, the Company has one (1) wholly-owned subsidiary, namely Enfrasys Capital Sdn Bhd (the details of which are set out in Schedule 1 of the SPA), which is dormant and has no outstanding liabilities, charges, pending litigation, claims, or unfiled statutory returns, and the Company has no other subsidiaries, associated companies or joint ventures.

(f) If at any time before or at Completion, the Vendor becomes aware that a Vendor's Warranty has been breached, is untrue or is misleading, that any of those things might occur, it shall immediately:

(i) notify the Purchaser in sufficient detail to enable the Purchaser to make an accurate assessment of the situation; and

(ii) if requested by the Purchaser, use their reasonable endeavours to prevent or remedy the notified occurrence.

6.2 Purchaser's Warranties

(a) The Purchaser warrants and undertakes to and with the Vendor that each of the Purchaser's Warranties (as provided in **Section 6.2(d)** below) is true and accurate in all respects and is not misleading as at the date of the SPA and will continue to be true and accurate in all respects and not misleading down to and including Completion with reference to the facts and circumstances then existing.

(b) The Purchaser further acknowledges that the Vendor has entered into the SPA in reliance upon the truth, accuracy and completeness of the Purchaser's Warranties.

(c) The Purchaser's Warranties are separate and independent and, unless expressly provided to the contrary, are not limited or restricted by reference to or inference from the terms of any other Clause or provision of the SPA or the Schedules or any other warranty.

(d) The Purchaser hereby represents and warrants with the Vendor, as at the date of the SPA up to and including the Completion Date, that;

(i) it is a company duly incorporated and validly existing under the laws of Malaysia;

(ii) it has full power, authority and legal right to enter into the SPA and to observe and perform its obligations, including without limitation, the purchase of the Sale Shares upon the terms and conditions of the SPA;

(iii) it has taken or will take all necessary corporate and other actions to authorise the execution, delivery and performance of the SPA, including without limitation, the purchase of the Sale Shares;

(iv) the SPA constitutes valid and binding obligations on the Purchaser in accordance with the terms of the SPA;

(v) the execution and delivery of, the compliance with the terms of the SPA and the performance by the Purchaser of its obligations under the SPA does not and will not:

(A) breach any provision of the constitution or constitutional documents of the Purchaser or any statute, law, ordinance, rule or regulation of any governmental authority; or

(B) conflict with or result in the breach of or constitute a default, or give any third party a right to terminate under any of the terms, conditions or provisions of any agreement or instrument to which the Purchaser and/or ESSB is now a party or any lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character to which any property of ESSB is subject or by which the Purchaser and/or ESSB are/is bound or subject;

(e) no resolution has been passed in relation to the Purchaser for its winding-up or dissolution, or for the appointment of a liquidator, receiver, administrator, administrator receiver or similar officer over any or all its assets, and no:

(i) steps have been taken in relation to the Purchaser; or

(ii) legal proceedings have been started, or threatened, against the Purchaser,

(f) that the Purchaser's Warranties are true, complete and accurate in all respects and there are no material omissions.

7. Vendor's Covenants and Undertakings

(a) The Vendor covenants with and undertakes to the Purchaser that, to the extent within its control and by exercising its voting rights in a manner consistent with the covenants and undertakings under this **Section 7, Appendix I** of this Circular, the Vendor shall procure that, between the date of the SPA and Completion and unless otherwise expressly agreed to by the Purchaser;

(b) ESSB shall preserve and maintain in full force and effect their corporate existence and shall comply in all respects with all applicable laws, rules, regulations, directives and/or orders to which it is subject;

(c) ESSB shall carry on business in the ordinary course substantially based on past practices, there will be no change in its businesses conducted by ESSB as at the date of the SPA ("**Business**"), operations, properties or otherwise anything done whereby its financial position shall be materially and adversely affected, it will not commence or carry on any type of business which is not ancillary or incidental to or an extension of the scope of the Business, and the Business and affairs of ESSB shall be managed properly and efficiently in good faith and in a business like manner and operated in accordance with sound commercial principles and in accordance with all applicable laws and all regulations and rules of all governmental, administrative, regulatory or supervisory entities;

(d) ESSB shall preserve and maintain all of its properties and assets (including any trade marks, service marks, trade names, trade name rights, domain names, logos, get up, patents, patent rights, inventions, innovations, trade secrets, licences, confidential information, franchises, registered and unregistered design rights, copyrights (including semi-conductor topography rights, database rights, software and computer programmes, modules and tools) and all other similar rights in any part of the world (including know how) including, without limitation, where such rights are obtained or enhanced by registration of such rights and applications and rights to apply for such registrations ("**Intellectual Property Rights**")), and the maintenance of the validity of all registrations in respect of such Intellectual Property Rights), owned or used in the conduct of the Business, in good working order and condition (ordinary wear and tear excepted), and continue to keep insured so much of their properties and assets, in such amounts reasonably regarded as adequate and against such risks (including, without limitation, fire, accident, burglary, third party errors, omissions and product liability) normally insured against by companies carrying on similar businesses or owning property of a similar nature;

(e) ESSB will have sufficient funds for its working capital requirements from the date of the SPA up to the Completion Date;

(f) ESSB shall keep such books of record and accounts, in which full and in all material respects correct entries shall be made of all its financial transactions and its assets and Business in accordance with its present practice and accounting principles, standards and practices generally accepted in Malaysia, or the equivalent standards and practices in the place where ESSB carry on business, consistently applied;

(g) ESSB shall pay and discharge, in accordance with its present practice (i) all taxes, assessments, levies, fees and charges imposed upon it or upon or in relation or in connection with its properties and (ii) all lawful and valid claims which, if unpaid, might by law become a lien upon its assets, and maintain such reserves in respect of taxes, assessments, levies, fees and charges as are required under generally accepted accounting principles, standards and practices generally accepted in Malaysia consistently applied, with the consequences that, as at the Completion Date, all taxes payable by or claims for taxation which have been or may be asserted against ESSB have been paid or discharged in full and/or moneys have been duly set aside for the same and/or adequate provisions for the same have been made in the accounts of ESSB;

(h) ESSB shall pay and discharge, or cause to be paid and discharged, all of its debts and liabilities when they mature or become due or are expressed to be due substantially based on past practices;

(i) ESSB shall promptly upon obtaining knowledge thereof, give notice to the Purchaser of (i) any litigation, investigation or proceeding affecting it that may have a material and adverse effect on its Business, operations, properties, assets, financial condition or prospects or (ii) any event or matter that may materially and adversely affect its Business, operations, properties, assets (including intangible assets), financial condition or prospects;

(j) ESSB shall not (i) declare any dividend or make any other distributions to its shareholders (including the Vendor) (save as may be expressly permitted herein) or (ii) pay any remuneration or directors' fees to its directors, save as permitted herein or in accordance with their terms of employment as set out in their respective employment agreements;

(k) save as required by law, ESSB shall not make any amendment to the terms and conditions of employment (including without limitation, remuneration, pension entitlements and other benefits) of any employee (other than reasonable increases, of which the Vendor shall notify the Purchaser as soon as reasonably possible), provide or agree to provide any gratuitous payment or benefit to any such person or any of their dependants, or engage or appoint any additional employee outside ESSB's standard terms and conditions;

(l) ESSB shall not dispose of, nor create or have outstanding any Encumbrance over (i) its assets and properties other than in the ordinary course of business or (ii) its Intellectual Property Rights;

(m) ESSB shall not become the legal or beneficial owner or holder of any share nor acquire any interest of any description in any other corporation save as described in the SPA;

(n) ESSB shall not dispose of all or any of their legal or beneficial interest in any share in any other corporation (if any); and

(o) ESSB shall not undertake any capital reduction, bonus issue, stock split or do such other acts in relation to its share capital or reserve or allot and issue any shares or other securities or grant any options over shares or securities or issue any warrants, convertible preference shares or other forms of convertible securities (howsoever called) which are convertible into shares in it or enter into any agreement or undertaking to do the same or do, or agree or permit to, or cause to be done, such acts which may dilute the interest of the Purchaser in ESSB or vary the rights attaching to any of the Sale Shares,

7.1 Each and every obligation under this **Section 7, Appendix I** of this Circular is a separate and independent primary obligation and waiver by the Purchaser of any particular obligation hereunder shall not be deemed or treated as waiver of any other obligation. All obligations shall survive and shall not be extinguished in any way by Completion. Each and every obligation shall be severally enforceable.

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1. INFORMATION ON ESSB

1.1 BACKGROUND INFORMATION

ESSB is a private limited company incorporated in Malaysia on 10 January 2003 under the Companies Act 1965 and is deemed registered under the Act. The principal activity of ESSB is principally involved in the business of providing training and consultancy services in the field of information technology including but not limited to software development, system integration, programming, change management and strategic planning and any other information technology related activities.

Since the 3 years preceding LPD, ESSB's main business activity has been provision of training and consultancy services in the field of information technology including but not limited to software development, system integration, programming, change management and strategic planning and any other information technology related activities.

1.2 SHARE CAPITAL

As at LPD, ESSB has an issued share capital of RM2.0 million comprising 2,000,000 ordinary shares. There is only one class of shares of ESSB.

1.3 DIRECTORS AND SHAREHOLDERS

As at LPD, the directors and shareholders of ESSB and their respective shareholdings are as follows:

			Direct		Indirect	
Name	**Nationality/ Place of incorporation**	**Designation**	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Syed Budriz Putra Jamalullail	Malaysian	Director	-	-	-	-
Azlan Azri Bin Zainal Abidin	Malaysian	Director	-	-	-	-
Beh Chor How	Malaysian	Director	-	-	-	-
Arka	Malaysia	-	800,000	40.0	-	-
ECSB	Malaysia	-	1,200,000	60.0	-	-
Digital Planners Sdn Bhd	Malaysia	-	-	-	(1)1,200,000	60.0
H.R.H Sultan Sharafuddin Idris Shah	Malaysian	-	-	-	(2)1,200,000	60.0
			2,000,000	**100.0**	**-**	**-**

Notes:

(1) Deemed interest by virtue of its direct shareholdings in ECSB pursuant to Section 8 of the Act.

(2) Deemed interest by virtue of his direct shareholdings in Digital Planners Sdn Bhd pursuant to Section 8 of the Act.

1.4 SUBSIDIARY AND ASSOCIATED COMPANY

As at LPD, ESSB has 1 direct subsidiary, the details of which are as follows:

Company	Date/ Place of incorporation	Effective equity interest %	Share capital (RM)	Principal activities
Enfrasys Capital Sdn Bhd	3 September 2021/ Malaysia	100.0	1	Dormant

For the avoidance of doubt, ESSB does not have any joint ventures or associate companies as at LPD.

1.5 HISTORICAL FINANCIAL INFORMATION

A summary of the financial information of ESSB based on its audited consolidated financial statements for FYE 31 December 2022 to 2024, and the latest unaudited FYE 31 December 2025 are set out below:

	Audited			Unaudited
	FYE 31 December 2022	FYE 31 December 2023	FYE 31 December 2024	FYE 31 December 2025
	RM'000	RM'000	RM'000	RM'000
Revenue	107,384	161,134	250,715	270,204
Gross profit	9,565	15,300	31,079	34,268
PBT	4,590	8,704	24,093	26,429
PAT	3,461	6,337	18,273	19,944
Issued share capital	1,000	1,000	2,000	2,000
Retained earnings	16,257	22,607	37,392	57,335
Reserves	462	463	345	494
Total equity attributable to owner of our Company	17,719	24,070	39,737	59,829
Non-controlling interest	89	95	-	-
Total equity	17,808	24,165	39,737	59,829
No. of ESSB shares ('000)	1,000	1,000	2,000	2,000
NA per ESSB share (RM)	17.8	24.2	19.9	29.9
Earnings per ESSB share (RM)	3.5	6.3	9.6	10.0
Total debt	-	-	-	-
Gearing (times)[1]	-	-	-	-
Current assets	51,523	80,286	90,580	100,867
Current liabilities	35,727	58,801	54,278	45,602
Current ratio (times)[2]	1.44	1.37	1.67	2.21
Cash and cash equivalents at the beginning of financial year	7,619	21,693	51,082	30,118

Notes:

(1) Computed based on debt over total equity; and

(2) Computed based on current assets over current liabilities.

The audited financial statements of ESSB for FYE 31 December 2022 to FYE 31 December 2024 have been prepared in accordance with the applicable approved Malaysian accounting standards and there was no audit qualification for the audited financial statements of ESSB for FYE 31 December 2022 to 2024.

Financial commentaries

Comparison between FYE 31 December 2022 vs FYE 31 December 2023

ESSB's revenue increased by 50.1% to RM161.1 million for the FYE 31 December 2023 (FYE 31 December 2022: RM107.4 million) primarily driven by onboarding of new clients from both the private and public sector. In FYE 31 December 2023, ESSB's revenue was contributed by 382 clients as compared to 349 clients in FYE 31 December 2022.

In addition, ESSB's GP margin improved slightly from 8.9% in FYE 31 December 2022 to 9.5% in FYE 31 December 2023.

ESSB recorded a PAT of RM6.3 million for the FYE 31 December 2023 (FYE 31 December 2022: PAT of RM3.5 million) which is in tandem with the increase in revenue as stated above.

Comparison between FYE 31 December 2023 vs FYE 31 December 2024

ESSB's revenue increased by 55.6% to RM250.7 million for the FYE 31 December 2024 (FYE 31 December 2023: RM161.1 million) primarily driven by onboarding of new clients and increasing orders from existing clients from public sector. In FYE 31 December 2024, ESSB's revenue was contributed by 377 clients as compared to 382 clients in FYE 31 December 2023.

In addition, ESSB's GP margin improved from 9.5% in FYE 31 December 2023 to 12.4% in FYE 31 December 2024 mainly attributable to the lower cost of sales arising from the favourable foreign exchange rates (i.e. the weakening of the American Dollar against RM).

ESSB recorded a PAT of RM18.3 million for the FYE 31 December 2024 (FYE 31 December 2023: PAT of RM6.3 million) which is in tandem with the increase in revenue as stated above.

Comparison between FYE 31 December 2024 vs FYE 31 December 2025

ESSB's revenue increased by 7.8% to RM270.2 million for the FYE 31 December 2025 (FYE 31 December 2024: RM250.7 million) underpinned by sustained growth from successful onboarding of clients in both the private and public sector mainly arising from clients' renewal of software licences upon its expiry. In FYE 31 December 2025, ESSB's revenue was contributed by 380 clients as compared to 377 clients in FYE 31 December 2024.

In addition, ESSB's GP margin remained relatively consistent, from 12.4% in FYE 31 December 2024 to 12.7% in FYE 31 December 2025.

ESSB recorded a PAT of RM19.9 million for the FYE 31 December 2025 (FYE 31 December 2024: PAT of RM18.3 million) which is in tandem with the increase in revenue as stated above.

For the FYE 31 December 2022, FYE 31 December 2023, FYE 31 December 2024 and FYE 31 December 2025, there was no:-

(i) accounting policy adopted by ESSB which is peculiar to ESSB due to the nature of its business or the industry in which it is involved; and

(ii) audit qualification of the financial statements of ESSB for the financial years under review.

1.6 MATERIAL COMMITMENTS

As at LPD, there is no material commitment, incurred or known to be incurred by ESSB, which may have a material impact on the profits or NA of ESSB.

1.7 CONTINGENT LIABILITIES

As at LPD, there are no contingent liabilities incurred or known to be incurred by ESSB which, upon becoming enforceable, may have a material impact on the profits and/ or NA of ESSB.

1.8 MATERIAL LITIGATION

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

1.9 MATERIAL CONTRACTS

As at LPD, ESSB has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular.

1.10 LIST OF ASSETS OWNED

A summary of the assets owned by ESSB based on the audited financial statement of ESSB for FYE 31 December 2024 is set out below:

	RM'000
Non-current asset	
Property, plant and equipment	1,105
Right-of-use assets	422
Deferred tax assets	1,942
Current assets	
Trade receivables	59,116
Other receivables	491
Cash and bank balances	30,973
Total assets	**94,049**

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ENFRASYS SOLUTIONS SDN. BHD.
[Company No. 200301000701 (603121-U)]
(Incorporated in Malaysia)

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2024
(In Ringgit Malaysia)

These financial statements and reports of the Company with ~~Qualified/~~ Unqualified Auditors' Report for the financial year end 31 December 2024 were circulated on

Dato' Syed Budriz Putra Jamalullail
Director

Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

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Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of **ENFRASYS SOLUTIONS SDN. BHD.** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in delivering comprehensive information technology services. Our services encompasses software development, system integration, programming, change management and strategic planning and provision of training and consultancy services.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM	Company RM
Profit for the financial year	18,272,586	18,206,903
Attributable to:		
Owners of the Company	18,272,838	18,206,903
Non-controlling interest	(252)	-
	18,272,586	18,206,903

In the opinion of the directors, the results of 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.

Company No. 200301000701 (603121-U)

DIVIDENDS

The amount of dividends declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single tier dividend of RM1.25 per ordinary share in respect of the financial year ended 31 December 2024, paid on 13 March 2024	2,500,000

The directors do not recommend any final dividend payment in respect of the current financial year.

RESERVES AND PROVISION

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

On 8 February 2024, pursuant to Directors' Resolution, the issued and paid-up capital of the Company was increased from RM1,000,000, comprising of 1,000,000 ordinary shares of RM1 each to RM2,000,000, comprising of 2,000,000 ordinary shares of RM1 each by the issuance of 1,000,000 new ordinary shares by way of credit of the retained earnings.

The new shares issued during the financial year rank pari passu with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the residual assets of the Company.

There was no issuance of debentures during the financial year.

SHARE OPTIONS

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 at the end of the financial year, there were no unissued shares of the Company under options.

Company No. 200301000701 (603121-U)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that no bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised their book values in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render it necessary to write off any bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) 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; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

Company No. 200301000701 (603121-U)

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Syed Budriz Putra Jamalullail *	
Azlan Azri Bin Zainal Abidin *	
Beh Chor How	
Ibrahim Aiman Bin Mohd Nadzmi	(Resigned on 15 August 2024)
Muhammad Hariz Bin Mohd Nadzmi	(Resigned on 2 December 2024)

* Director of the Company and of its subsidiaries

DIRECTORS' INTERESTS

Pursuant to Section 59(3) of the Companies Act, 2016 in Malaysia, the interest of Dato' Syed Budriz Putra Jamalullail and Azlan Azri Bin Zainal Abidin is disclosed in the Directors' Report of the ultimate holding company, Digital Planners Sdn. Bhd..

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the directors or with a firm of which the directors is a member, or with a Company in which the director has a substantial financial interest, except for any benefit which may be deemed to have arisen by the virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors, and/or shareholders as disclosed in Note 25 to the financial statement.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby the directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected for any directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

Company No. 200301000701 (603121-U)

IMMEDIATE HOLDING COMPANY

The directors regard Enfrasys Consulting Sdn. Bhd., a company incorporated in Malaysia, as the immediate holding company.

ULTIMATE HOLDING COMPANY

The directors regard Digital Planners Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2024 are RM61,000 and RM60,000 respectively.

Company No. 200301000701 (603121-U)

AUDITORS

The auditors, Morison LC PLT, have indicated their willingness to continue in office.

This report was approved by the board of directors on 14 APR 2025

Signed on behalf of the board
in accordance with a resolution of the directors,

DATO' SYED BUDRIZ PUTRA JAMALULLAIL

AZLAN AZRI BIN ZAINAL ABIDIN

Petaling Jaya

14 APR 2025

Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **ENFRASYS SOLUTIONS SDN. BHD.** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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 of 31 December 2024 and of their financial performance and cash flows for the year then ended on that date.

Signed on behalf of the board
in accordance with a resolution of the directors,

DATO' SYED BUDRIZ PUTRA JAMALULLAIL

AZLAN AZRI BIN ZAINAL ABIDIN

Petaling Jaya
14 APR 2025

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **DATO' SYED BUDRIZ PUTRA JAMALULLAIL**, the director primarily responsible for the financial management of **ENFRASYS SOLUTIONS SDN. BHD.**, do solemnly and sincerely declare that the accompanying 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.

DATO' SYED BUDRIZ PUTRA JAMALULLAIL

Subscribed and solemnly declared by the abovenamed at **PETALING JAYA** in the state of Selangor Darul Ehsan on
14 APR 2025

Before me,

PESURUHJAYA SUMPAH
No. B 519
CHUA FONG LING
01/01/2024 - 31/12/2026
MALAYSIA

COMMISIONER FOR OATHS

No. 11-2B, Jalan PJU 1/3F,
Sunwaymas Commercial Centre,
47301 Petaling Jaya, Selangor

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Company No. 200301000701 (603121-U)

Morison LC
Independent member
Morison Global

MORISON LC PLT (LLP0032572-LCA)
Chartered Accountants (AF 002469)
Level 11 - 01, Uptown No.3,
Jalan SS 21/39, Damansara Utama,
47400 Bandar Petaling Jaya, Selangor,
Malaysia.
+603 7491 4419
morisonlc.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ENFRASYS SOLUTIONS SDN. BHD.**, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company and the statements of profit or loss and other 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 material accounting policy information, as set out on pages 12 to 65.

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 2024 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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"), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

(Forward)

Company No. 200301000701 (603121-U)

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.

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 Financial Reporting Standards, International Financial Reporting Standards 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.

(Forward)

Company No. 200301000701 (603121-U)

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:

- 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.

- 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 of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

(Forward)

Company No. 200301000701 (603121-U)

Other Matter

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.

MORISON LC PLT (AF 002469)
202206000028 (LLP0032572-LCA)
Chartered Accountants

OOI CHI YEE
03684/08/2026 J
Chartered Accountant

Petaling Jaya
14 April 2025

Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Company	
		2024	2023	2024	2023
	Note	RM	RM	RM	RM
Revenue	5	250,715,055	161,134,328	250,715,055	161,134,328
Cost of sales		(219,636,065)	(145,834,329)	(219,636,065)	(145,834,329)
Gross profit		31,078,990	15,299,999	31,078,990	15,299,999
Other income		3,336,620	894,969	3,265,983	894,969
Administrative and other operating expenses		(4,432,491)	(2,377,409)	(4,427,537)	(2,371,397)
Reversal of impairment loss/(Impairment loss) on financial instruments		1,105,042	(1,078,906)	1,105,042	(1,078,906)
Selling and distribution costs		(7,121,656)	(4,059,887)	(7,121,656)	(4,059,887)
Profit from operations		23,966,505	8,678,766	23,900,822	8,684,778
Finance income		835,609	294,768	835,609	294,768
Finance costs		(709,458)	(269,750)	(709,458)	(269,750)
Profit before tax	6	24,092,656	8,703,784	24,026,973	8,709,796
Income tax expense	7	(5,820,070)	(2,366,286)	(5,820,070)	(2,366,286)
Profit for the financial year		18,272,586	6,337,498	18,206,903	6,343,510
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(264)	19,278	-	-
Total comprehensive income for the financial year		18,272,322	6,356,776	18,206,903	6,343,510

(Forward)

Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
Profit for the financial year attributable to:					
Owners of the Company		18,272,838	6,338,168	18,206,903	6,343,510
Non-controlling interest		(252)	(670)	-	-
		18,272,586	6,337,498	18,206,903	6,343,510
Total comprehensive income for the financial year attributable to:					
Owners of the Company		18,272,653	6,351,663	18,206,903	6,343,510
Non-controlling interest		(331)	5,113	-	-
		18,272,322	6,356,776	18,206,903	6,343,510

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

Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		Group		Company	
	Note	2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	8	1,105,042	905,434	1,105,042	905,434
Right-of-use assets	9	421,903	609,866	421,903	609,866
Investment in subsidiaries	10	-	-	1	183,867
Deferred tax assets	11	1,942,446	1,459,440	1,942,446	1,459,440
Total Non-Current Assets		3,469,391	2,974,740	3,469,392	3,158,607
Current Assets					
Trade receivables	12	59,115,965	27,684,295	59,115,965	27,684,295
Other receivables	13	491,365	538,161	491,365	516,198
Amount owing by a subsidiary	14	-	-	14,999	9,999
Amount owing by a related party	22	-	294,532	-	-
Cash and bank balances	15	30,972,596	51,768,949	30,970,142	51,764,924
Total Current Assets		90,579,926	80,285,937	90,592,471	79,975,416
TOTAL ASSETS		94,049,317	83,260,677	94,061,863	83,134,023

(Forward)

Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024 (CONT'D)

		Group		Company	
		2024	2023	2024	2023
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Share capital	16	2,000,000	1,000,000	2,000,000	1,000,000
Reserves	17	37,736,557	23,070,654	37,750,603	23,043,700
Equity attributable to owner of the Company		39,736,557	24,070,654	39,750,603	24,043,700
Non-controlling interest		-	94,609	-	-
Total Equity		39,736,557	24,165,263	39,750,603	24,043,700
Non-Current Liability					
Lease liabilities	18	34,458	293,960	34,458	293,960
Current Liabilities					
Lease liabilities	18	398,979	320,784	398,979	320,784
Trade payables	19	32,737,095	44,476,029	32,737,095	44,476,029
Other payables	20	19,052,415	12,659,355	19,050,915	12,654,264
Amount owing to immediate holding company	21	201,635	-	201,635	-
Tax payable		1,888,178	1,345,286	1,888,178	1,345,286
Total Current Liabilities		54,278,302	58,801,454	54,276,802	58,796,363
TOTAL LIABILITIES		54,312,760	59,095,414	54,311,260	59,090,323
TOTAL EQUITY AND LIABILITIES		94,049,317	83,260,677	94,061,863	83,134,023

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

Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	← Attributable to owner of the Company →						
	Non-distributable			Distributable			
	Share capital RM	Foreign currency translation reserve RM	Revaluation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group							
At 1 January 2023	1,000,000	93,440	368,192	16,257,359	17,718,991	89,496	17,808,487
Profit for the financial year	-	-	-	6,338,168	6,338,168	(670)	6,337,498
Foreign exchange translation reserve	-	13,495	-	-	13,495	5,783	19,728
Total comprehensive income for the financial year	-	13,495	-	6,338,168	6,351,663	5,113	6,356,776
Realisation of revaluation surplus upon depreciation	-	-	(11,814)	11,814	-	-	-
At 31 December 2023	1,000,000	106,935	356,378	22,607,341	24,070,654	94,609	24,165,263

(Forward)

Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

		← Attributable to owner of the Company →						
		Non-distributable			Distributable			
	Note	Share capital RM	Foreign currency translation reserve RM	Revaluation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group								
At 1 January 2024		1,000,000	106,935	356,378	22,607,341	24,070,654	94,609	24,165,263
Profit for the financial year		-	-	-	18,272,838	18,272,838	(252)	18,272,586
Foreign exchange translation reserve		-	(185)	-	-	(185)	(79)	(264)
Total comprehensive income for the financial year		-	(185)	-	18,272,838	18,272,653	(331)	18,272,322
Dividend paid	23	-	-	-	(2,500,000)	(2,500,000)	-	(2,500,000)
Issuance of bonus shares	16	1,000,000	-	-	(1,000,000)	-	-	-
Realisation of revaluation surplus upon depreciation		-	-	(11,814)	11,814	-	-	-
Recycling of foreign currency translation reserve upon winding up of a subsidiary	10	-	(106,750)	-	-	(106,750)	-	(106,750)
Elimination of non-controlling interest on winding up of a subsidiary	10	-	-	-	-	-	(94,278)	(94,278)
At 31 December 2024		2,000,000	-	344,564	37,391,993	39,736,557	-	39,736,557

(Forward)

Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

		Non-distributable		Distributable	
	Note	Share capital RM	Revaluation reserve RM	Retained earnings RM	Total equity RM
Company					
At 1 January 2023		1,000,000	368,192	16,331,998	17,700,190
Total comprehensive income for the financial year		-	-	6,343,510	6,343,510
Realisation of revaluation surplus upon depreciation		-	(11,814)	11,814	-
At 31 December 2023		1,000,000	356,378	22,687,322	24,043,700
At 1 January 2024		1,000,000	356,378	22,687,322	24,043,700
Total comprehensive income for the financial year		-	-	18,206,903	18,206,903
Dividend paid	23	-	-	(2,500,000)	(2,500,000)
Issuance of bonus shares	16	1,000,000	-	(1,000,000)	-
Realisation of revaluation surplus upon depreciation		-	(11,814)	11,814	-
At 31 December 2024		2,000,000	344,564	37,406,039	39,750,603

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

Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES				
Profit before tax	24,092,656	8,703,784	24,026,973	8,709,796
Adjustments for:				
Depreciation of:				
- Property, plant and equipment	239,259	204,879	239,259	204,879
- Right-of-use assets	362,830	123,291	362,830	123,291
Finance costs	709,458	269,750	709,458	269,750
Gain on winding up of a subsidiary	(90,654)	-	(20,017)	-
Interest income	(835,609)	(294,768)	(835,609)	(294,768)
(Reversal of impairment loss)/Impairment loss on trade receivables	(1,105,042)	1,078,906	(1,105,042)	1,078,906
Unrealised (gain)/loss on foreign exchange	112,961	(231,282)	112,961	(231,282)
Operating Profit Before Working Capital Changes	23,485,859	9,854,560	23,490,813	9,860,572
(Increase)/Decrease in:				
- Trade receivables	(29,849,698)	(24,513)	(29,849,698)	(24,513)
- Other receivables	24,852	(382,389)	24,833	(381,052)
(Decrease)/Increase in:				
- Trade payables	(12,283,721)	18,598,887	(12,283,721)	18,598,887
- Other payables	6,395,847	4,753,334	6,396,651	4,751,380
Net changes in amount owing to immediate holding company	-	(401,368)	-	(401,368)
Cash (Used in)/Generated From Operations	(12,226,861)	32,398,511	(12,221,122)	32,403,906
Interest received	835,609	294,768	835,609	294,768
Interest paid	(709,458)	(269,750)	(709,458)	(269,750)
Tax paid	(5,760,184)	(2,739,844)	(5,760,184)	(2,739,844)
Net Cash (Used In)/From Operating Activities	(17,860,894)	29,683,685	(17,855,155)	29,689,080

(Forward)

Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONT'D)

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM	**RM**	**RM**	**RM**
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(438,867)	(34,170)	(438,867)	(34,170)
Cash inflow from winding up of a subsidiary	203,883	-	203,883	-
Net changes in:				
- Amount owing by a subsidiary	-	-	(5,000)	(5,000)
- Amount owing to immediate holding company	-	(84,609)	-	(84,609)
(Placement)/Withdrawal of fixed deposit pledged	(167,290)	245,962	(167,290)	245,962
Net Cash (Used In)/From Investing Activities	(402,274)	127,183	(407,274)	122,183
CASH FLOWS USED IN FINANCING ACTIVITIES				
Dividend paid	(2,500,000)	-	(2,500,000)	-
Net changes in:				
- Amount owing to a related party	(568)	(318,727)	-	-
- Amount owing to immediate holding company	201,635	-	201,635	-
Repayment of lease liabilities	(356,174)	(121,331)	(356,174)	(121,331)
Net Cash Used In Financing Activities	(2,655,107)	(440,058)	(2,654,539)	(121,331)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(20,918,275)	29,370,810	(20,916,968)	29,689,932
Effect of foreign translation differences on cash and bank balances	(45,368)	18,531	(45,104)	(747)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	51,081,908	21,692,567	51,077,883	21,388,698
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR (Note 15)	30,118,265	51,081,908	30,115,811	51,077,883

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

Company No. 200301000701 (603121-U)

ENFRASYS SOLUTIONS SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

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

The Company is principally engaged in delivering comprehensive information technology services. Our services encompasses software development, system integration, programming, change management and strategic planning and provision of training and consultancy services.

The details of the subsidiaries are disclosed in Note 10.

The registered office of the Company is located at Unit 506, Block B3, Leisure Commerce Square, No. 9 Jalan PJS 8/9, 46150 Petaling Jaya, Selangor.

The principal place of business of the Company is located at DF2-15-01 (Unit 3), Level 15, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor.

The financial statements of the Group and of the Company have been authorised for issuance by the Board of Directors on 14 April 2025.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Statement of compliance

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

Company No. 200301000701 (603121-U)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

(a) Statement of compliance (Cont'd)

Adoption of amendments to MFRSs

During the financial year, the Group and the Company have adopted the following applicable amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of these amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

New MFRSs and amendments to MFRSs in issue but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature - dependent Electricity	1 January 2026
Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107	Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

(a) Statement of compliance (Cont'd)

New MFRSs and amendments to MFRSs in issue but not yet effective (Cont'd)

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company: (Cont'd)

		Effective dates for financial periods beginning on or after
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new MFRSs and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new MFRSs and amendment to standards are not expected to have any significant impacts on the financial statements of the Group and the Company.

(b) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

(b) Basis of accounting (Cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

  Non-derivative financial instruments
  Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

- Level 3 inputs are unobservable inputs for the asset or liability.

(c) Functional and presentation currency

Ringgit Malaysia ("RM") is the presentation currency of the Group and of the Company. RM is also the functional currency of the Company. The functional currency is the currency of the primary environment in which the Company operates. The Group's foreign operation has different functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

Company No. 200301000701 (603121-U)

3. MATERIAL ACCOUNTING POLICIES INFORMATION

(a) Basis of consolidation

(i) Subsidiaries and business combination

The Group applies acquisition method to account for business combinations from acquisition dates when the acquired set of activities meets the definition of a business and control is transferred to the Group.

(ii) Non-controlling interest

At the acquisition date, components of non-controlling interest of the Group are measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

(iii) Separate financial statements

In the Company's separate statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses.

(b) Revenue and other income recognition

(i) Revenue from contracts with customers

The Group and the Company recognise revenue from the following major sources:

(a) Sale of hardware or software

Revenue from the sale of hardware for a fixed fee specified in the contract shall be recognised when control over the hardware is transferred to customer at a point in time. For hardware sales, transfer of control is usually deemed to occur upon delivery of products and customer acceptances. Software licences may be provided to the customer at a point in time, activated or ready to be activated by the customer at a later stage, therefore revenue is recognised when customer obtains control of the software.

(b) Rendering of services

Revenue from training services is recognised at a point in time upon completion of services rendered based on the invoice amount. Services rendered are typically completed within a short time frame and there is no identifiable stage of completion.

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3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

(b) Revenue and other income recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group and the Company recognise revenue from the following major sources: (Cont'd)

(b) Rendering of services (Cont'd)

Revenue from maintenance services is recognised over the time in which the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed. Payment is generally due within 30 days to 60 days from invoice date.

(c) Contract income

Revenue from contract income is recognised over period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the percentage-of-completion method when the outcome of services provided can be estimated reliably. If the outcome of a service contract cannot be estimated reliably, contract revenue is recognised only to extend that contract costs incun-ed are likely to be recoverable. Payment is generally due within 30 days to 60 days from invoice date.

(d) Subscription fee

Subscription income is derived from the fees which entitle the member to services during the membership period. It is recognised over the time on a basis that reflects the timing, nature and value of the benefits provided. Payment is generally due within 30 days to 60 days from invoice date.

(ii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will be accrued to the Group or the Company.

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3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

(c) Property, plant and equipment

Property, plant and equipment (other than leasehold offices) are stated at cost less accumulated depreciation and impairment loss, if any.

Leasehold offices are measured at using revaluation model, based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses recognised after the date of revaluation. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Valuation is performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the leasehold offices at the end of the reporting date.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between the depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Property, plant and equipment are depreciated on a straight-line method based on the estimated useful lives of the assets as follows:

Leasehold offices	3%
Furniture and fittings	33.33%
Office equipment	33.33%
Computer equipment	33.33%
Renovation	50%
Software development	33.33%

(d) Leases

(i) Lessee accounting

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (those assets valued at less than RM20,000 each when purchased new). Accordingly, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

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3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

(d) Leases (Cont'd)

(i) Lessee accounting (Cont'd)

Right-of-use ("ROU") assets

The ROU assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The ROU assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU assets or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

(e) Financial instruments

Financial assets and liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the instruments.

At initial recognition, the Group and the Company measure a financial asset and financial liability at fair value plus or less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instruments. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

(i) Financial assets

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

(e) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

(a) Financial assets at amortised cost

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Interest income, foreign exchange gains or losses, impairment and any gain or loss on derecognition or modification are recognised in profit or loss.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount owing by a subsidiary and a related party as well as cash and bank balances.

(b) Financial assets at fair value through other comprehensive income ("FVOCI")

(i) Debt instruments

Financial assets that meet the following conditions are measured subsequently at FVOCI:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

(e) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

(b) Financial assets at fair value through other comprehensive income ("FVOCI") (Cont'd)

(ii) Equity instruments

This category comprises investment in equity investment that is not held for trading. The Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represent a recovery of part of the cost of investment.

The Group and the Company have not designated any financial assets as FVOCI.

(c) Financial assets at fair value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortised cost or FVOCI, as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value.

The Group and the Company have not designated any financial assets as FVTPL.

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3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

(e) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Regular way purchase or sale of financial assets

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset

(ii) Financial liabilities

The Group and the Company classify the financial liabilities at amortised cost or fair value through profit or loss. Financial liabilities are classified at FVTPL if it is classified as held for trading, it is a derivative, it is contingent consideration of an acquirer in a business combination or it is designated at such on initial recognition.

The Group and the Company subsequently measure other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group's and the Company's financial liabilities designated as amortised cost comprise trade and other payables, lease liabilities and amount owing to immediate holding company.

(f) Impairment of financial assets

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for financial assets that are determined to have low credit risk at the reporting date, cash and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-months expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

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3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

(f) Impairment of financial assets (Cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment including forward-looking information, where available.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical risk of default and credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

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4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

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 end of the reporting period.

Management is of the opinion that there are no instances of application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment and right-of-use ("ROU") assets

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 8 and 9 respectively.

Provision for expected credit loss of trade receivables

The Group and the Company review the recoverability of its trade receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history and existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for trade receivables is disclosed in Note 12.

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4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (Cont'd)

(a) Key sources of estimation uncertainty (Cont'd)

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below: (Cont'd)

Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences or unutilised tax losses and tax credits can be utilised. This involves judgement regarding future taxable profits of a particular entity in which the deferred tax asset has been recognised.

Estimating the future taxable profits involved significant assumptions, especially in respect of demand on existing and new services, competition and regulatory changes that may impact the pricing of services. These assumptions were derived based on past performance, future prospect and adjusted for non-recurring circumstances. The carrying amount of deferred tax assets is disclosed in Note 11.

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5. REVENUE

	Group and Company	
	2024	2023
	RM	RM
Revenue from contracts with customers:		
Sale of software or hardware	233,195,146	143,039,782
Rendering of services	5,812,812	5,145,942
Contract income	7,633,347	11,087,649
Subscription fee	4,073,750	1,860,955
Total revenue	250,715,055	161,134,328
Timing of revenue recognition:		
At a point in time	241,607,673	155,311,013
Over time	9,107,382	5,823,315
	250,715,055	161,134,328

As at the reporting date, revenue expected to be recognised in the future relating to performance obligation that are unsatisfied (or partially unsatisfied) is RM8,167,541 (2023: RM6,186,641). The Group and the Company expect to recognise this revenue when the performance obligation is satisfied, which is expected to occur over the next 12 months.

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6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Auditors' remuneration	61,000	41,000	60,000	40,000
Depreciation of:				
- Property, plant and equipment	239,259	204,879	239,259	204,879
- Right-of-use assets	362,830	123,291	362,830	123,291
Expenses relating to short term leases	16,146	55,248	16,146	55,248
(Reversal of impairment loss)/Impairment loss on trade receivables	(1,105,042)	1,078,906	(1,105,042)	1,078,906
Gain on winding up a subsidiary	(90,654)	-	(20,017)	-
Interest expense on:				
- Lease liabilities	34,226	6,151	34,226	6,151
- Short term borrowings	658,220	263,599	658,220	263,599
- Inter-company loan	17,012	-	17,012	-
Interest income from:				
- Deposits at banks	(775,687)	(254,177)	(775,687)	(254,177)
- Trade receivables	(19,350)	(36,345)	(19,350)	(36,345)
- Inter-company loan	(40,572)	(4,246)	(40,572)	(4,246)
Net (gain)/loss on foreign exchange:				
- Realised	(3,073,515)	(663,687)	(3,073,515)	(663,687)
- Unrealised	112,961	(231,282)	112,961	(231,282)
Staff costs	9,608,572	6,141,936	9,608,572	6,141,936

Staff costs include salaries, contributions to EPF, bonuses and all other staff related expenses. Contributions to EPF by the Company during the financial year amounted to RM865,959 (2023: RM627,627).

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7. INCOME TAX EXPENSE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current tax:				
Current year	6,264,649	2,935,286	6,264,649	2,791,405
Underprovision in prior year	38,427	53,041	38,427	53,041
	6,303,076	2,988,327	6,303,076	2,844,446
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences	(485,431)	(609,611)	(485,431)	(465,730)
Under/(Over) provision in prior year	3,047	(11,808)	3,047	(11,808)
Relating to crystalisation of deferred tax liabilities on revaluation reserves	(622)	(622)	(622)	(622)
	(483,006)	(622,041)	(483,006)	(478,160)
	5,820,070	2,366,286	5,820,070	2,366,286

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7. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM	**RM**	**RM**	**RM**
Profit before tax	24,092,656	8,703,784	24,026,973	8,709,796
Tax at the statutory tax rate of 24% (2023: 24%)	5,782,237	2,088,908	5,766,474	2,090,351
Tax effect of:				
- Non-deductible expenses	18,738	292,275	17,548	290,832
- Non-taxable income	(21,757)	(55,508)	(4,804)	(55,508)
Underprovision of tax expenses in prior year	38,427	53,041	38,427	53,041
Under/(Over) provision of deferred tax in prior year	3,047	(11,808)	3,047	(11,808)
Relating to crystalisation of tax liabilities on revaluation reserves	(622)	(622)	(622)	(622)
Income tax expense for the financial year	5,820,070	2,366,286	5,820,070	2,366,286

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8. PROPERTY, PLANT AND EQUIPMENT

	Valuation	Cost				
	Leasehold offices RM	Furniture and fittings RM	Office equipment RM	Computer equipment RM	Renovation RM	Total RM
Group and Company						
At 1 January 2023	810,000	100,117	69,827	333,479	258,988	1,572,411
Additions	-	2,700	4,990	26,480	-	34,170
At 31 December 2023	810,000	102,817	74,817	359,959	258,988	1,606,581
Accumulated depreciation						
At 1 January 2023	52,650	49,303	44,801	121,584	227,930	496,268
Charge for the financial year	24,300	25,942	13,929	109,655	31,053	204,879
At 31 December 2023	76,950	75,245	58,730	231,239	258,983	701,147
Net carrying amount						
At 31 December 2023	733,050	27,572	16,087	128,720	5	905,434

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8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Valuation	Cost					
	Leasehold offices RM	Furniture and fittings RM	Office equipment RM	Computer equipment RM	Renovation RM	Software development RM	Total RM
Group and Company							
At 1 January 2024	810,000	102,817	74,817	359,959	258,988	-	1,606,581
Additions	-	104,356	70,537	22,657	206,317	35,000	438,867
At 31 December 2024	810,000	207,173	145,354	382,616	465,305	35,000	2,045,448
Accumulated depreciation							
At 1 January 2024	76,950	75,245	58,730	231,239	258,983	-	701,147
Charge for the financial year	24,300	51,924	33,762	92,486	34,843	1,944	239,259
At 31 December 2024	101,250	127,169	92,492	323,725	293,826	1,944	940,406
Net carrying amount							
At 31 December 2024	708,750	80,004	52,862	58,891	171,479	33,056	1,105,042

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8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Revaluation of leasehold offices

The Company's leasehold offices were revalued on 19 November 2020 by independent professional qualified valuer, Laurelcap Sdn. Bhd.

The fair value was determined within Level 3 by using the comparison approach that reflects recent transaction price or listed for sale within the same location or other comparable localities, and adjusted for differences in key attributes such as size and shape of the lot, size, condition and design of the building, site facilities available, market conditions and other factors in order to arrive at a common basis for comparison.

Had the building been carried at historical cost less accumulated depreciation and impairment loss, its carrying amount would have been as follows:

	Group and Company	
	2024	2023
	RM	RM
Leasehold offices	326,586	343,122

(b) Remaining legal useful lives of leasehold offices

The remaining legal useful lives of leasehold offices are 70 years (2023:71 years).

(c) Fully depreciated property, plant and equipment

The gross carrying amounts of fully depreciated property, plant and equipment that are still in use at the reporting date were RM335,694 (2023: RM68,786) for the Group and the Company.

(d) Purchase of property, plant and equipment

The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year are by the way of cash.

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9. RIGHT-OF-USE ASSETS

	Group and Company	
	2024	**2023**
	RM	**RM**
Cost		
At 1 January	855,014	333,839
Additions	174,867	591,827
Expiration of lease liabilities	(285,955)	(70,652)
At 31 December	743,926	855,014
Accumulated depreciation		
At 1 January	245,148	192,509
Charge for the financial year	362,830	123,291
Expiration of lease liabilities	(285,955)	(70,652)
At 31 December	322,023	245,148
Net carrying amount		
At 31 December	421,903	609,866

The Group's and the Company's leases comprise buildings leased from Avenue Escapade Sdn Bhd. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The maturity analysis of lease liabilities are presented in Note 18.

The total cash outflow for the lease amounted to RM390,400 (2023: RM127,482).

Amount recognised in statements of profit or loss and other comprehensive income:

	Group and Company	
	2024	**2023**
	RM	**RM**
Depreciation of right-of-use assets	362,830	123,291
Interest expense on lease liabilities	34,226	6,151

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9. RIGHT-OF-USE ASSETS (CONT'D)

Acquisition of right-of-use assets were through the following:

	Group and Company	
	2024	**2023**
	RM	**RM**
Aggregate costs	174,867	591,827
Less: Lease liabilities	(174,867)	(591,827)
	-	-

10. INVESTMENT IN SUBSIDIARIES

	Company	
	2024	**2023**
	RM	**RM**
At Malaysia		
Unquoted shares, at cost	1	1
Outside Malaysia		
Unquoted shares, at cost	-	183,866
	1	183,867

Details of the subsidiaries are as follows:

Name of company	**Place of business/ Country of incorporation**	**Effective interest**		**Principal activities**
		2024	**2023**	
		%	**%**	
Direct Holding				
Chassasia (Brunei) Sdn. Bhd.*	Brunei	-	70	Computer software consultancy and management services
Enfrasys Capital Sdn. Bhd.	Malaysia	100	100	Dormant

**Not audited by Morison LC PLT*

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10. INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) At the extraordinary general meeting dated 14 September 2022, the shareholder of the subsidiary, Chassasia (Brunei) Sdn. Bhd has resolved to place the subsidiary under voluntary winding up. The winding up was completed on 24 August 2024.

The effect of the winding up of Chassasia (Brunei) Sdn. Bhd. on the financial position of the Group as at the date of winding up was as follow:

	2024 RM
Other receivables	21,944
Amount owing by related company	295,100
Other payables	(2,787)
Net assets	314,257
Less: Non-controlling interests	(94,278)
Net assets winding up	219,979
Net cash inflow	(203,883)
Recycling of foreign currency translation reserve	(106,750)
Gain on winding up	(90,654)

11. DEFERRED TAX ASSETS

	Group and Company	
	2024 RM	2023 RM
At 1 January	1,459,440	837,399
Recognised in profit or loss (Note 7)	485,431	609,611
Relating to crystalisation of deferred tax liabilities on revaluation reserve	622	622
(Over)/Underprovision in prior year	(3,047)	11,808
At 31 December	1,942,446	1,459,440

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group and Company	
	2024 RM	2023 RM
Deferred tax assets	2,064,235	1,632,333
Deferred tax liabilities	(121,789)	(172,893)
	1,942,446	1,459,440

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11. DEFERRED TAX ASSETS (CONT'D)

The components and movements of deferred tax assets and liabilities are as follows:

	Others RM
Group and Company	
Deferred tax assets	
At 1 January 2023	929,063
Recognised in profit or loss	703,270
At 31 December 2023	1,632,333
At 1 January 2024	1,632,333
Recognised in profit or loss	431,902
At 31 December 2024	2,064,235

	Property, plant and equipment RM	Revaluation of assets RM	Others RM	Total RM
Group and Company				
Deferred tax liabilities				
At 1 January 2023	(39,335)	(18,410)	(33,919)	(91,664)
Recognised in profit or loss	18,790	-	(112,449)	(93,659)
Relating crystalisation of deferred tax liability on revaluation reserve	-	622	-	622
Overprovision in prior year	11,839	(31)	-	11,808
At 31 December 2023	(8,706)	(17,819)	(146,368)	(172,893)
At 1 January 2024	(8,706)	(17,819)	(146,368)	(172,893)
Recognised in profit or loss	8,418	-	45,111	53,529
Relating crystalisation of deferred tax liability on revaluation reserve	-	622	-	622
Underprovision in prior year	(3,047)	-	-	(3,047)
At 31 December 2024	(3,335)	(17,197)	(101,257)	(121,789)

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12. TRADE RECEIVABLES

	Group and Company	
	2024	**2023**
	RM	**RM**
Trade receivables	59,176,892	28,850,264
Less: Accumulated impairment losses	(60,927)	(1,165,969)
	59,115,965	27,684,295

The credit terms of trade receivables range from 30 to 60 days (2023: 30 to 60 days).

Movements in the allowance for impairment losses are as follows:

	Lifetime allowance		
	Group assessed	**Individually assessed**	**Total**
	RM	**RM**	**RM**
Group and Company			
At 1 January 2023	26,136	60,927	87,063
Impairment loss recognised	-	1,078,906	1,078,906
At 31 December 2023	26,136	1,139,833	1,165,969
At 1 January 2024	26,136	1,139,833	1,165,969
Reversal of impairment losses	(26,136)	(1,078,906)	(1,105,042)
At 31 December 2024	-	60,927	60,927

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("lifetime ECL"). The expected credit losses on trade receivables are estimated by reference to past default experience of the debtors and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

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12. TRADE RECEIVABLES (CONT'D)

The aged analysis of trade receivables as at the end of the reporting period is as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
Group and Company			
2023			
Not past due	13,967,959	-	13,967,959
Past due:			
Less than 30 days	6,917,931	(3,060)	6,914,871
31 to 60 days	2,549,494	(1,719)	2,547,775
61 to 90 days	929,267	(11,420)	917,847
91 to 120 days	203,456	(163)	203,293
More than 120 days	3,142,324	(9,774)	3,132,550
	13,742,472	(26,136)	13,716,336
Individually impaired	1,139,833	(1,139,833)	-
	28,850,264	(1,165,969)	27,684,295
2024			
Not past due	34,491,412	-	34,491,412
Past due:			
Less than 30 days	7,934,912	-	7,934,912
31 to 60 days	9,710,562	-	9,710,562
61 to 90 days	3,767,386	-	3,767,386
91 to 120 days	3,082,578	-	3,082,578
More than 120 days	129,115	-	129,115
	24,624,553	-	24,624,553
Individually impaired	60,927	(60,927)	-
	59,176,892	(60,927)	59,115,965

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

As at the reporting date, trade receivables of RM24,624,553 (2023: RM13,716,336) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default.

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13. OTHER RECEIVABLES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deposits	366,468	214,479	366,468	214,479
Prepayments	124,897	323,682	124,897	301,719
	491,365	538,161	491,365	516,198

14. AMOUNT OWING BY A SUBSIDIARY

The amount owing by a subsidiary is unsecured, non-trade in nature, interest free and repayable on demand.

15. CASH AND BANK BALANCES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash in hand	1,000	1,000	1,000	1,000
Bank balances	1,221,360	1,127,587	1,218,906	1,123,562
Fixed deposits with licensed banks	29,750,236	50,640,362	29,750,236	50,640,362
	30,972,596	51,768,949	30,970,142	51,764,924
Less: Fixed deposits pledged to licensed banks	(854,331)	(687,041)	(854,331)	(687,041)
	30,118,265	51,081,908	30,115,811	51,077,883

Fixed deposits with licensed banks of the Group and of the Company amounting to RM854,331 (2023: RM687,041) are pledged to licensed banks for banking facilities granted to the Group and the Company and performance guarantee granted to third parties in respect of contracts entered into by the Group and the Company.

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16. SHARE CAPITAL

	Group and Company			
	2024		2023	
	Number of shares Units	Amount RM	Number of shares Units	Amount RM
Ordinary shares issued and fully paid:				
As 1 January	1,000,000	1,000,000	1,000,000	1,000,000
Issuance of shares	1,000,000	1,000,000	-	-
As 31 December	2,000,000	2,000,000	1,000,000	1,000,000

On 8 February 2024, pursuant to Directors' Resolution, the issued and paid-up capital of the Company was increased from RM1,000,000, comprising of 1,000,000 ordinary shares of RM1 each to RM2,000,000, comprising of 2,000,000 ordinary shares of RM1 each by the issuance of 1,000,000 new ordinary shares by way of credit of the retained earnings.

The new shares issued during the financial year rank pari passu with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regards to the Company's residual assets.

17. RESERVES

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Retained earnings	37,391,993	22,607,341	37,406,039	22,687,322
Foreign currency translation reserve	-	106,935	-	-
Revaluation reserve	344,564	356,378	344,564	356,378
	37,736,557	23,070,654	37,750,603	23,043,700

Retained earnings

The entire retained earnings of the Group and the Company are available for distribution as single tier dividends.

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17. RESERVES (CONT'D)

Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange difference arising from the translation of the subsidiary's financial statements whose functional currency (BND) is different from its presentation currency (RM).

Revaluation reserve

The revaluation reserve represents increases in the fair value of building, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

18. LEASE LIABILITIES

	Group and Company	
	2024	**2023**
	RM	**RM**
At 1 January	614,744	144,248
Additions	174,867	569,058
Modification of leases	-	22,769
Interest expense	34,226	6,151
Payment of interest	(34,226)	(6,151)
Payment of principal	(356,174)	(121,331)
At 31 December	433,437	614,744
Minimum lease liabilities repayments:		
Within 1 year	415,788	350,961
Later than 1 year but not later than 2 years	34,649	304,656
	450,437	655,617
Less: Future finance charges	(17,000)	(40,873)
	433,437	614,744
Present value of minimum lease liabilities repayments:		
Within 1 year	398,979	320,784
Later than 1 year but not later than 2 years	34,458	293,960
	433,437	614,744

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18. LEASE LIABILITIES (CONT'D)

Analysed by:		
Current portion	398,979	320,784
Non-current portion	34,458	293,960
	433,437	614,744

The Group and the Company lease buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At the reporting date, the incremental borrowing rate applied to lease liabilities ranges from 5.40% to 6.65% (2023: 5.40% to 6.65%) per annum.

The expenses relating to payments not included in the measurement of the lease liabilities of the Group and the Company are as follows:

	Group and Company	
	2024	**2023**
	RM	**RM**
Short-term leases	16,146	55,248

19. TRADE PAYABLES

Trade payables comprise amounts outstanding for purchases and ongoing costs. The credit period granted to the Group and the Company for purchases of goods ranges from 30 to 60 days (2023: 30 to 60 days). No interest is charged by the trade creditors for balances which are past due.

20. OTHER PAYABLES

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM	**RM**	**RM**	**RM**
Other payables	1,730,399	723,925	1,730,399	721,380
Accrued expenses	9,154,475	5,748,789	9,152,975	5,746,243
Contract liabilities	8,167,541	6,186,641	8,167,541	6,186,641
	19,052,415	12,659,355	19,050,915	12,654,264

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20. OTHER PAYABLES (CONT'D)

Contract liabilities represent the deferred revenue of the Group and the Company. Contract liabilities are the obligation of the Group and of the Company to transfer goods and services to a customer for which it has received consideration or an amount of consideration is due from the customer. If a customer pays consideration, such as advance payment and down payments, or the Group and the Company have a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company perform their obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss.

21. AMOUNT OWING TO IMMEDIATE HOLDING COMPANY

The amount owing to immediate holding is unsecured, non-trade in nature, interest free and repayable on demand.

22. AMOUNT OWING BY A RELATED PARTY

The amount owing by a related party is unsecured, non-trade in nature, interest free and repayable on demand.

23. DIVIDENDS

	RM
Single tier dividend of RM1.25 per ordinary share in respect of the financial year ended 31 December 2024, paid on 13 March 2024	2,500,000

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24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 01.01.2023 RM	Financing cash flows (i) RM	New lease liabilities (Note 18) RM	Other changes (ii) RM	At 31.12.2023 RM
Group					
Amount owing to/(by) a related party	24,195	(318,727)	-	-	(294,532)
Lease liabilities	144,248	(121,331)	569,058	22,769	614,744
	168,443	(440,058)	569,058	22,769	320,212

	At 01.01.2024 RM	Financing cash flows (i) RM	New lease liabilities (Note 18) RM	Other changes (ii) RM	At 31.12.2024 RM
Amount owing by a related party	(294,532)	(568)	-	295,100	-
Amount owing by immediate holding company	-	201,635	-	-	201,635
Lease liabilities	614,744	(356,174)	174,867	-	433,437
	320,212	(155,107)	174,867	295,100	635,072

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24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (Cont'd)

	At 01.01.2023 RM	Financing cash flows (i) RM	New lease liabilities (Note 18) RM	Other changes (ii) RM	At 31.12.2023 RM
Company					
Lease liabilities	144,248	(121,331)	569,058	22,769	614,744

	At 01.01.2024 RM	Financing cash flows (i) RM	New lease liabilities (Note 18) RM	Other changes (ii) RM	At 31.12.2024 RM
Lease liabilities	614,744	(356,174)	174,867	-	433,437
Amount owing by immediate holding company	-	201,635	-	-	201,635
	614,744	(154,539)	174,867	-	635,072

(i) The cash flows from amount owing by a related party and lease liabilities make up the net amount of advances from or repayments to in the statements of cash flows.

(ii) Other changes included modification of leases and winding up of a subsidiary.

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25. RELATED PARTY DISCLOSURES

(a) For the purposes of these financial statements, parties are considered to be related to the Group if the Group and the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(b) Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group include the executive director.

There was no compensation paid to any key management personnel during the financial year.

(c) Related party transaction

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM	**RM**	**RM**	**RM**
Transaction with immediate holding company				
Operation support charges paid/payable	(3,985,549)	(4,215,501)	(3,985,549)	(4,215,501)
Sale of software received/receivable	192,950	552,071	192,950	552,071
Loan interest received	40,572	4,246	40,572	4,246
Loan interest paid	(17,012)	-	(17,012)	-

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26. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Financial assets measured at amortised costs				
Trade receivables	59,115,965	27,684,295	59,115,965	27,684,295
Other receivables	366,468	214,479	366,468	214,479
Amount owing by a subsidiary	-	-	14,999	9,999
Amount owing by a related party	-	294,532	-	-
Cash and bank balances	30,972,596	51,768,949	30,970,142	51,764,924
	90,455,029	79,962,255	90,467,574	79,673,697
Financial liabilities measured at amortised costs				
Lease liabilities	433,437	614,744	433,437	614,744
Trade payables	32,737,095	44,476,029	32,737,095	44,476,029
Other payables	10,884,874	6,472,714	10,883,374	6,467,623
Amount owing to immediate holding company	201,635	-	201,635	-
	44,257,041	51,563,487	44,255,541	51,558,396

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26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables and advances to a subsidiary and a related party as well as deposits with banks. There are no significant changes as compared to prior years.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partial in full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the Group and the Company have 3 debtors (2023: 5 debtors) that accounted for approximately 46% (2023: 28%) of all the trade receivables outstanding.

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26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk. As at the reporting date, the maximum exposure to credit risk in relation to the bank guarantee of the Group and of the Company amounted to RM7,627,048 (2023: RM4,159,786).

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

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26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	Contractual interest rate %	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group							
2023							
Non-derivative financial liabilities							
Lease liabilities	5.40 - 6.65	350,961	304,656	-	-	655,617	614,744
Trade payables	-	44,476,029	-	-	-	44,476,029	44,476,029
Other payables	-	6,472,714	-	-	-	6,472,714	6,472,714
Bank guarantee*	-	4,159,786	-	-	-	4,159,786	-
				-	-		
		55,459,490	304,656	-	-	55,764,146	51,563,487

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26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	Contractual interest rate %	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group							
2024							
Non-derivative financial liabilities							
Lease liabilities	5.40 - 6.65	415,788	34,649	-	-	450,437	433,437
Trade payables	-	32,737,095	-	-	-	32,737,095	32,737,095
Other payables	-	10,884,874	-	-	-	10,884,874	10,884,874
Amount owing to immediate holding company	-	201,635	-	-	-	201,635	201,635
Bank guarantee*	-	7,627,048	-	-	-	7,627,048	-
		51,866,440	34,649	-	-	51,901,089	44,257,041

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26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	Contractual interest rate %	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company							
2023							
Non-derivative financial liabilities							
Lease liabilities	5.40 - 6.65	350,961	304,656	-	-	655,617	614,744
Trade payables	-	44,476,029	-	-	-	44,476,029	44,476,029
Other payables	-	6,467,623	-	-	-	6,467,623	6,467,623
Bank guarantee*	-	4,159,786	-	-	-	4,159,786	-
		55,454,399	304,656	-	-	55,759,055	51,558,396

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26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	Contractual interest rate %	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company							
2024							
Non-derivative financial liabilities							
Lease liabilities	5.40 - 6.65	415,788	34,649	-	-	450,437	433,437
Trade payables	-	32,737,095	-	-	-	32,737,095	32,737,095
Other payables	-	10,883,374	-	-	-	10,883,374	10,883,374
Amount owing to immediate holding company	-	201,635	-	-	-	201,635	201,635
Bank guarantee*	-	7,627,048	-	-	-	7,627,048	-
		51,864,940	34,649	-	-	51,899,589	44,255,541

* Based on the maximum amount that can be called for under the bank guarantee contract.

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26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United State Dollar ("USD").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Group	
	2024	**2023**
	RM	**RM**
Denominated in USD		
Cash and bank balances	303,416	423,699
Trade receivables	10,567,809	-
Trade payables	(26,455,895)	(34,363,782)
	(15,584,670)	(33,940,083)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rates against RM, with all other variables held constant.

Group	Change in currency rate RM	2024 Effect on profit before tax RM	2023 Effect on profit before tax RM
USD	Strengthened 5% (2023:5%)	(779,234)	(1,697,004)
	Weakened 5% (2023:5%)	779,234	1,697,004

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26. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of change in market risk.

The Group and the Company are not exposed to any interest rate risk as the Group and the Company have no variable rate financial instruments.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long terms deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

(c) Fair values of financial instruments

The carrying amounts of financial assets and financial liabilities as reported in the statements of financial position approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

Company No. 200301000701 (603121-U)

27. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There were no changes in the Group's approach to capital management during the financial year.

The Group is not subject to any externally imposed capital requirements.

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they individually and collectively accept full responsibility for the accuracy, completeness and correctness of the information given in this Circular 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 contained in this Circular false and misleading.

2. CONSENT AND DECLARATION

2.1 M&A Securities

M&A Securities, being the Principal Adviser for the Proposed Disposal, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

M&A Securities has given its confirmation that no conflict of interest or of any circumstances which would or is likely to give rise to a possible conflict of interest by virtue of its appointment as the Principal Adviser for the Proposed Disposal.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, our Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of our Group and the Board is not aware of any proceedings, pending or threatened, against our Group or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of our Group.

4. MATERIAL COMMITMENTS

As at LPD, the Board is not aware of any material commitments, incurred or known to be incurred, which may have a material impact on the results or financial position of our Group.

5. CONTINGENT LIABILITIES

Save for the obligation and liabilities arising from or in connection with the SPA for the Proposed Disposal, there are no other liabilities including contingent liabilities and/ or guarantees expected to be assumed from the Proposed Disposal.

As at LPD, save as disclosed above, the Board is not aware of any contingent liabilities, incurred or known to be incurred, which may have a material impact on the results or financial position of our Group.

6. MATERIAL CONTRACTS

Save for the SPA in relation to the Proposed Disposal, as at LPD, our Group has not entered into any material contracts which are or may be material (not being contracts entered into in the ordinary course of business of our Group) during the 2 years immediately preceding the date of this Circular.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company at Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Pulau Pinang, during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

(i) Constitution of our Company and ESSB;

(ii) Audited consolidated financial statements of our Group for the past 2 financial years i.e. FYE 31 December 2024 and FYE 31 December 2025 as well as the latest unaudited consolidated financial statements of our Group for the 3-month FPE 31 March 2026;

(iii) Audited consolidated financial statements of ESSB for past 2 financial years i.e. FYE 31 December 2023 and FYE 31 December 2024 as well as the latest unaudited consolidated financial statements of ESSB for FYE 31 December 2025;

(iv) Consent letters and declarations of conflict of interest as referred to in Section 2 above; and

(v) Material contract(s) as referred to in Section 6 above.

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ARKA BERHAD
(Registration No. 197701005709 (36747-U))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Arka Berhad ("**Arka**" or the "**Company**") will be held at Dewan Bungaraya, Level 2, WP Hotel, 362, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur, on Monday, 22 June 2026 at 10:45 a.m. or immediately following the conclusion or adjournment of the Forty Eighth (48th) Annual General Meeting of the Company scheduled to be held on the same day at 10.00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION

PROPOSED DISPOSAL BY ARKA BERHAD ("ARKA" OR THE "COMPANY") OF 800,000 ORDINARY SHARES REPRESENTING THE 40% EQUITY INTEREST IN ENFRASYS SOLUTIONS SDN BHD TO JOY JEWEL SDN BHD FOR A DISPOSAL CONSIDERATION OF RM43.0 MILLION TO BE SATISFIED ENTIRELY VIA CASH ("PROPOSED DISPOSAL")

"**THAT**, subject to all relevant approvals of all authorities and/ or other parties (if required) being obtained in respect of the Proposed Disposal, approval be and is hereby granted to the Company to dispose Enfrasys Solutions Sdn Bhd for a cash consideration of RM43.0 million, subject to and upon such terms and conditions as set out in the share purchase agreement dated 9 April 2026 entered into between Arka with Joy Jewel Sdn Bhd in relation to the Proposed Disposal ("**SPA**").

AND THAT approval be and is hereby given to the Board to give full effect to the Proposed Disposal with full powers and authority to approve, agree and assent to any conditions, variations, revaluations, modifications, and/ or amendments in any manner as may be required/ permitted by the relevant regulatory authorities or deemed necessary by the Board, to deal with matters, incidental, ancillary to and/ or relating thereto and take all steps and do all acts and to execute or enter into all such agreements, arrangements, undertakings, indemnities, transfers, extensions, assignments, deeds, confirmations, declarations and/ or guarantees, with any party or parties, to deliver or cause to be delivered all such documents and to do all such acts and matters as the Board may consider necessary to implement, finalise and give full effect to and complete the Proposed Disposal."

BY ORDER OF THE BOARD

YEOW SZE MIN (MAICSA 7065735) (SSM PC NO. 201908003120)
POH MING YI (LS 0010863) (SSM PC NO. 202408000861)

Company Secretaries

Kuala Lumpur
29 May 2026

Notes:

(1) A member of the Company entitled to attend and vote is entitled to appoint one (1) or more persons as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.

(2) Where a member of the Company appoints two (2) or more proxies to attend the meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

(3) A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

(4) Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(5) The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at Suite 18.05, MWE Plaza, No. 8, Lebuh Farquhar, 10200 George Town, Penang not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting, in default the instrument of proxy shall not be treated as valid.

(6) Subject to the Constitution, shareholders may deposit the instrument appointing the proxy by electronics means by way of submitting the instrument to the following e-mail address info@sshsb.com.my not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting, and in default the instrument of proxy shall not be treated as valid.

(7) An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.

(8) In respect of deposited securities, only members whose names appear on the Record of Depositors on 15 June 2026, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

(9) Pursuant to Paragraph 8.29A(1) of the MMLR, the resolution set out in this Notice will be put to vote by way of poll.

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ARKA BERHAD
(Registration No. 197701005709 (36747-U))
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
Number of Shares Held	

I/We .....
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No./ .....)

of .....
(FULL ADDRESS)

being a member/ members of **ARKA BERHAD**, hereby appoint

Name of Proxy	**NRIC No. / Passport No.**	**% of Shareholding to be Represented**
Address		
Email Address		**Contact No.**

or failing him/ her,

Name of Proxy	**NRIC No. / Passport No.**	**% of Shareholding to be Represented**
Address		
Email Address		**Contact No.**

or failing him/ her, the CHAIRMAN OF THE MEETING as my/ our proxy to vote for me/ us on my/ our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at Dewan Bungaraya, Level 2, WP Hotel, 362, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur on Monday, 22 June 2026 at 10:45 a.m. or immediately following the conclusion or adjournment of the Forty Eighth (48th) Annual General Meeting of the Company scheduled to be held on the same day at 10.00 a.m., whichever is the later or at any adjournment thereof.

ORDINARY RESOLUTION		**FOR**	**AGAINST**
1.	PROPOSED DISPOSAL		

(Please indicate with an X in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/ her discretion.)

Dated this ……. day of ……., 2026

……
Signature(s) of member(s)

Notes:

(1) A member of the Company entitled to attend and vote is entitled to appoint one (1) or more persons as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.

(2) Where a member of the Company appoints two (2) or more proxies to attend the meeting, the member shall specifies the proportion of his shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

(3) A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

(4) Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

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(8) In respect of deposited securities, only members whose names appear on the Record of Depositors on 15 June 2026, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

(9) Pursuant to Paragraph 8.29A(1) of the MMLR, the resolution set out in this Notice will be put to vote by way of poll.

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AFFIX
STAMP

The Company Secretaries
ARKA BERHAD
Registration No.: 197701005709 (36747-U)
Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar,
10200 George Town,
Pulau Pinang
Malaysia

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