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SMITH ZANDER

Date: 05 DEC 2025

The Board of Directors

SBS Nexus Berhad
C-7, Jalan Dataran SD1
PJU 9, Bandar Sri Damansara
52200 Kuala Lumpur

Dear Sirs / Madams,

Independent Market Research Report on the Branding and Marketing Industry in Malaysia ("IMR Report")

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of SBS Nexus Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry in which SBS Nexus Berhad and its subsidiaries ("SBS Nexus Group") operate and to offer a clear understanding of the industry dynamics. SBS Nexus Group is a branding and marketing solutions specialist, principally involved in the provision of offline branding solutions and digital branding solutions. Hence, the scope of work for this IMR Report will address the following areas:

(i) Branding and marketing industry in Malaysia;

(ii) Key demand drivers, risks and challenges of the branding and marketing industry in Malaysia; and

(iii) Competitive landscape of the branding and marketing industry in Malaysia.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, amongst others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies mentioned in this report.

For and on behalf of SMITH ZANDER:

DENNIS TAN
MANAGING PARTNER

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The research for this IMR Report was completed on 5 December 2025.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has over 27 years of experience in market research and strategy consulting, including over 22 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

1 BRANDING AND MARKETING INDUSTRY IN MALAYSIA

Overview

Branding and marketing strategies are employed by brand owners to create brand awareness and communicate their brands as well as product offerings and services to their target market, with the goal of driving sales, customer interest and customer engagement. Consumers are regularly exposed to countless brands and products in the market. In order for brands to stand out and remain relevant, it is vital that brand owners continuously enhance their brand awareness through branding and marketing strategies to keep their customers engaged with their brands, as well as maintain and expand their market share in the industry.

Branding and marketing strategies can include any form of platform, tool or activity that involve exposing the brand to the market to ensure that the target audience is aware of the brand's existence, values, products and services, as well as making the brand more recognisable and familiar to the target audience. The various forms of branding and marketing channels are as segmented below:

Segmentation of the branding and marketing channels

<table>
<tr><th colspan="2">Segments of branding and marketing channels</th><th colspan="3">Examples of branding and marketing tools/platforms</th></tr>
<tr><td rowspan="2">Out-of-home ("OOH") media</td><td>Traditional OOH media (i.e. print media)</td><td>Outdoor and indoor media:
• <u>Static billboards, banners, buntings, wall stickers</u>, posters, etc.</td><td>Transit media:
• Wrap advertising on trains, buses, taxis and e-hailing vehicles, etc.</td><td>Handouts and merchandise:
• <u>Flyers, brochures, notebooks, calendars, table stickers, pocket tissues, paper bags, booklets</u>, pens, keychains, water bottles and tumblers, magnets, mousepads, tote bags, etc.</td></tr>
<tr><td>Digital OOH media</td><td>Outdoor and indoor media:
• <u>Digital billboards, television/digital screens</u>, interactive display screens/kiosks, cinema advertising, etc.</td><td>Transit media:
• Digital screens in trains, vehicle rooftop digital screens, etc.</td><td>Not applicable.</td></tr>
<tr><td colspan="2">Digital media</td><td colspan="3"><u>Social media marketing, digital articles, social media advertising, search engine marketing, influencer marketing, email advertising, digital broadcasts, video advertising, advertisement on websites</u>, digital news and magazine websites, search engine optimisation, podcast advertising, etc.</td></tr>
<tr><td colspan="2">Public relations and event management</td><td colspan="3"><u>Press releases, product launching, networking events</u>, roadshows, etc.</td></tr>
<tr><td colspan="2">Mobile and web-based applications, and website development</td><td colspan="3"><u>Internal mobile and web-based applications and websites (i.e. used by employees of a business organisation), consumer mobile and web-based applications and websites (i.e. used by customers of a business organisation or the general public)</u>, gaming applications, etc.</td></tr>
<tr><td colspan="2">Offline publications</td><td colspan="3"><u>Print magazines</u>, newspapers, journals, etc.</td></tr>
<tr><td colspan="2">Television and radio networks</td><td colspan="3">Air-time advertisement slots</td></tr>
<tr><td colspan="2">Others</td><td colspan="3">Direct marketing (e.g. telemarketing, short message service (SMS) advertising and door-to-door marketing), experiential marketing (e.g. live demonstrations and product sampling), etc.</td></tr>
</table>

Notes:

- *Examples in* ***<u>bold, italicised and underlined font</u>*** *denote the forms of branding and marketing tools/platforms offered by SBS Nexus Group.*
- *The examples listed are not exhaustive.*

Source: SMITH ZANDER

OOH media refers to forms of advertising that target consumers when they are outside of their home (i.e. public places). OOH media can be further segmented into traditional OOH media (i.e. print media) and digital OOH media. On the other hand, digital media refers to content distributed through electronic devices such as smartphones, computers and tablets in various digital formats such as text, audio, video and images.

Public relations events are essential in communicating a brand's positive image through media coverage, thus enhancing the brand's recognition and position. Furthermore, public relations events can be an effective platform for direct engagement with customers by enabling personal interactions between brand owners and target customers as well as attracting media attention and social media sharing, thus boosting a brand's visibility.

Consumer mobile and web-based applications and websites are key tools in modern branding and marketing strategies as they can enhance customer engagement and brand accessibility. Mobile and web-based applications and websites enable a direct and convenient line of communication between the brand owners and customers anytime and anywhere as customers can access the mobile applications and websites on their electronic devices. Furthermore, internal mobile and web-based applications and websites enable efficient project management and workflow processes, translating to higher quality work and faster delivery of services, which boosts the company's professional image, and in turn, elevates customer experiences and satisfaction.

Various other forms of media include offline publications such as print magazines and newspapers, television and radio networks, direct marketing and experiential marketing.

Market performance, size and growth

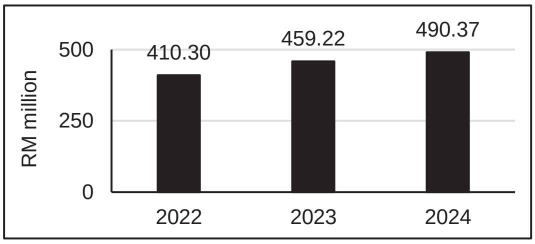
SBS Nexus Group offers branding and marketing solutions comprising offline branding solutions and digital branding solutions. Offline branding solutions comprise OOH media services, public relations and event management, and offline publications. Digital branding solutions comprise online marketing services, digital broadcasts, video production, digital OOH media and online media, as well as mobile and web-based applications, and website development. Hence, this section focuses on the market performances of the abovementioned solutions.

(a) Offline branding solutions

(i) OOH media

The market size of OOH media, as represented by traditional OOH advertising expenditure (comprising advertising expenditure on billboards, street furniture, transit and transportation, and place-based media (e.g. ambient media at point of sale and posters in restrooms)), grew from RM410.30 million in 2022 to RM490.37 million in 2024 at a compound annual growth rate ("CAGR") of 9.32%.

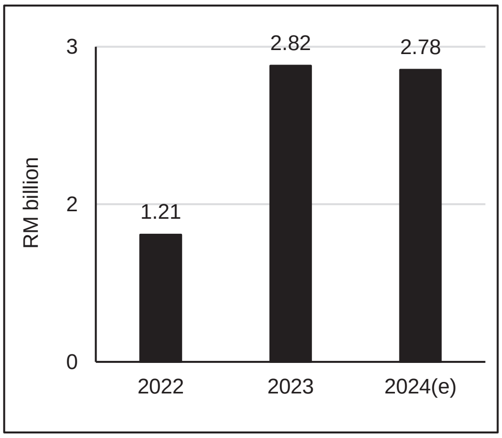
OOH media market size, Malaysia, 2022 – 2024



Source: Statista

(ii) Public relations and event management

EEI contributed by business events, Malaysia, 2022 – 2024



Notes:

- *(e) – estimate. Actual data is not publicly available.*
- *Comprises estimated economic impact ("EEI") contributed by business events supported by the MyCEB. These figures exclude EEI contributed by business events that are not supported by the MyCEB as complete data for EEI contributed by business events not supported by the MyCEB is not publicly available.*
- *Economic impact refers to the financial effects of business events on a destination or region, which includes direct and indirect impact. Direct impact includes spending by attendees, exhibitors and organisers on accommodation, transportation, food and event-related services. Indirect impact occurs when businesses that directly serve the business events (e.g. venues, hotels and transportation companies) purchase goods and services from other industries to meet increased demand.*

Source: Malaysia Convention and Exhibition Bureau ("MyCEB")

Growing demand for business events drives the demand for services that manage these events, including public relations and event management services.

As public relations activities and events are forms of business events, the size of the public relations and event management market is represented by the EEI contributed by business events which are supported by the MyCEB in Malaysia ("EEI").

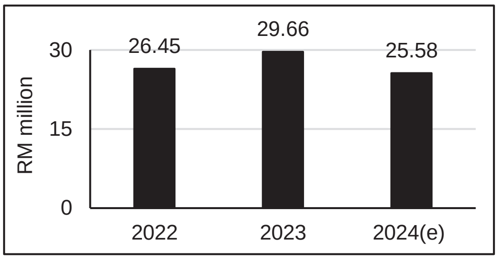
The growth of EEI indicates growing demand for business events, demonstrating how much businesses are willing to spend on events related to branding and marketing. This in turn reflects the demand for public relations and event management services to manage these business events.

The low EEI in 2022 was due to the outbreak of the COVID-19 pandemic in 2020, whereby lockdown measures implemented by the Government of Malaysia to curb the spread of the virus led to steep declines in business events organised during the period of 2020 to 2022. Following the gradual subsidence of the COVID-19 pandemic, the EEI recovered at a CAGR of 51.58%, from RM1.21 billion in 2022 to an estimated RM2.78 billion in 2024, exceeding pre-COVID-19 pandemic levels in 2019.

(iii) Offline publication

Offline publications include print magazines, newspapers and journals. As SBS Nexus Group is involved in offline publication, specifically the publication of print magazine, magazine advertising expenditure is used to represent the market size of the offline publication market. From 2022 to 2023, the offline publication market size, as represented by magazine advertising expenditure, grew year-on-year (YOY) by 12.14% from RM26.45 million to RM29.66 million. From 2023 to 2024, the offline publication market size is expected to decrease by 13.76% to RM25.58 million, due to the rising adoption of digital branding and marketing solutions.

Offline publication market size, Malaysia, 2022 – 2024



Note: (e) – estimate. Actual data is not publicly available.

Sources: Malaysian Communications and Multimedia Commission ("MCMC"), SMITH ZANDER

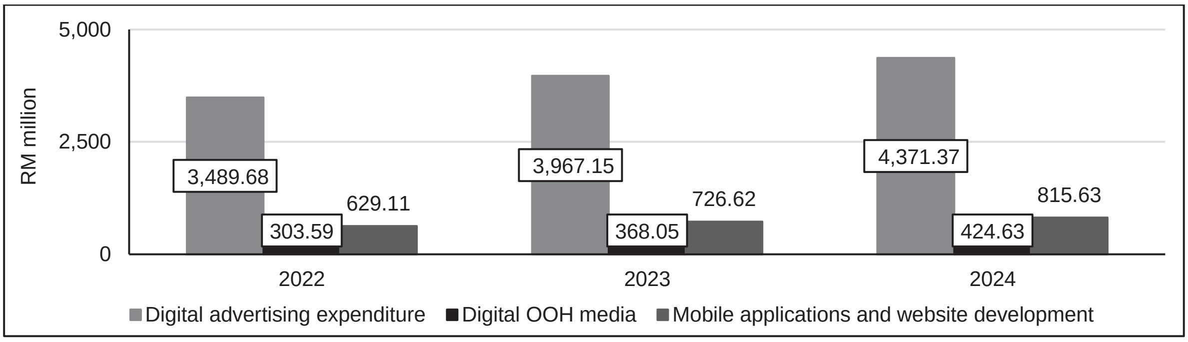
(b) Digital branding solutions

The market size of online marketing solutions, digital broadcasts, video production and online media solutions collectively, is represented by digital advertising expenditure as these services are digital forms of branding and marketing tools/platforms. From 2022 to 2024, digital advertising expenditure rose from RM3.49 billion to RM4.37 billion at a CAGR of 11.90%, demonstrating growing demand for online marketing solutions, digital broadcasts, video production and online media solutions.

Further, the market size of digital OOH media, as represented by digital OOH advertising expenditure, grew from RM303.59 million in 2022 to RM424.63 million in 2024 at a CAGR of 18.27%.

Additionally, the market size of the mobile and web-based applications, and website development solutions, as represented by the mobile applications and website development market size, grew from RM629.11 million in 2022 to RM815.63 million in 2024 at a CAGR of 13.86%.

Digital advertising expenditure, digital OOH media market size, and mobile applications and website development market size, Malaysia, 2022 – 2024



Notes:

- *Digital advertising expenditure comprises advertising expenditure on online banner advertising, influencer advertising, search engine advertising, video advertising and social media advertising.*
- *Digital OOH media market size comprises advertising expenditure on digital billboards, digital street furniture, digital transit and transportation media and digital place-based media (e.g. digital ambient media at point of sale). Digital OOH media is not part of OOH media shown above in (a)(i).*

Sources: Statista, SMITH ZANDER

As consumers become more digital savvy due to the rising use of internet as well as smartphones, tablets and laptops, time spent online by consumers are increasing. In order to reach consumers and maintain customer engagement, businesses are increasingly seeking digital branding solutions to capture their target market's attention. As a result, the demand for digital branding solutions is on an increasing trend, and it is expected to continue to rise in the long run as the use of internet, smartphones, tablets and laptops become more widespread in this increasingly digitised era, driven by rapid advancements in technology and shifting consumer behaviour towards preference for the convenience of digital devices. Please refer to Section 2 of this IMR Report for more information on the demand drivers of the branding and marketing industry in Malaysia.

2 KEY DEMAND DRIVERS, RISKS AND CHALLENGES OF THE BRANDING AND MARKETING INDUSTRY IN MALAYSIA

Key demand drivers

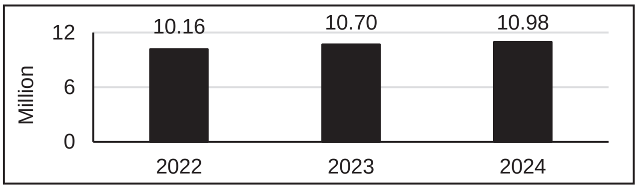
► **Businesses' need to grow and maintain their brand visibility drive the demand for branding and marketing solutions**

- Strong brand visibility and presence in the market are pivotal in attracting new customers, creating customer loyalty and having satisfactory customer retention in order to ensure business growth and competitiveness. Branding and marketing activities enable businesses to expose and communicate the strengths and values of their products, services and capabilities to existing and potential customers, serving as a powerful influence to create, associate and leave a positive impression and image of their brands.
- By helping customers to understand their strengths and values, businesses can establish their brand identities, differentiate themselves from their competitors and create memorability of their brand, which can amplify brand awareness. Higher brand awareness in the market keeps existing and potential customers engaged and draws their attention towards the brand, leading to familiarity with the brand amongst consumers, which can be associated with greater trust in the brand when coupled with positive impressions. This may subsequently allure customers to make a particular brand the preferred option over one that is lesser known and thus, enhancing said brand's competitiveness in the long run.
- As such, to consistently remain competitive and stand out amongst competitors, businesses will continuously seek branding and marketing solutions to elevate their brand presence and value. This, in turn, will drive the growth of the branding and marketing industry.

► **Growing number of businesses signify growth potential for branding and marketing solutions**

- Businesses' need for branding and marketing solutions to stand out from their competitors will become more prevalent as the number of businesses continue to grow over time.

Number of businesses, Malaysia, 2022 – 2024



Source: Companies Commission of Malaysia ("CCM")

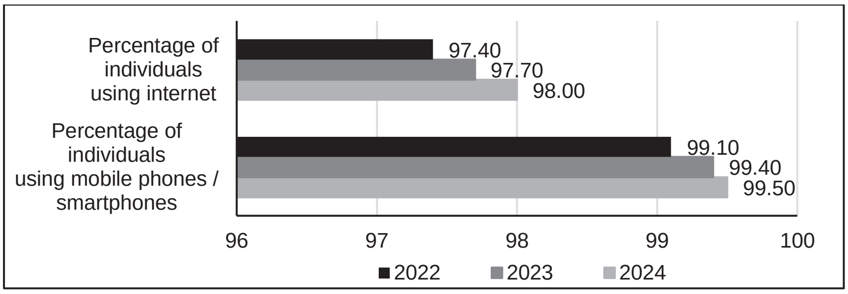
- The number of businesses (i.e. companies, sole proprietorships and partnerships) in Malaysia increased from 10.16 million in 2022 to 10.98 million in 2024, at a CAGR of 3.96%, which indicates the growth potential for the branding and marketing industry in Malaysia.

- Regardless of the size of the business, businesses in general can benefit from employing various types of branding and marketing strategies to boost the strength of their brand visibility and presence among consumers. As such, the demand for branding and marketing services is expected to continue to grow in the long term as the number of businesses continues to rise.

► **Digitalised consumer behaviour and attachment to mobile devices by the general public leads to businesses adopting digital branding solutions**

- Internet and mobile devices such as smartphones and tablets have become an essential part of everyday lives, and the general public is becoming dependent on mobile devices to perform daily activities such as communications, social networking, information searches, online shopping, gaming, entertainment, handling work-related tasks and studying.
- This is evident by the growth in the percentage of individuals using the internet from 97.40% in 2022 to 98.00% in 2024, as well as the growth in the percentage of individuals using mobile phones / smartphones from 99.10% in 2022 to 99.50% in 2024.

Percentage of individuals using internet and mobile phones / smartphones, Malaysia, 2022 – 2024



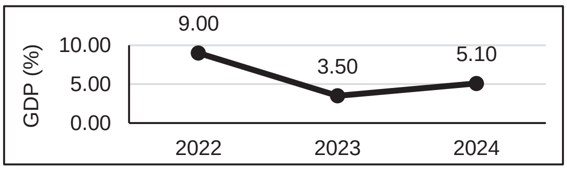
Source: Department of Statistics Malaysia ("DOSM")

- The proliferation and wide acceptance of internet and mobile devices have led businesses to adopt digital branding solutions, as most Malaysians use internet and mobile phones / smartphone, and thus, businesses' target audience are likely to be online, enabling them to capture a wider market share with efficacy. This will subsequently drive the demand for digital branding solutions and in turn, lead to the growth of the branding and marketing industry.
- Furthermore, the preference for mobile and web-based applications and websites is due to minimal effort required to drive users to use mobile and web-based applications and websites as many are already mobile device users, and are familiar with using mobile and web-based applications and websites. With the increasing trend of digitalisation, it has led to retail business investing in mobile and web-based applications and/or website development, as part of their branding and marketing strategy, to drive brand recognition and expand their market outreach. As businesses continue to improve or integrate new functionalities based on the latest technological trends to stay connected with users and enhance user experience, it also aids in increasing the stickiness of their customers to their brand. Hence, this leads to the increasing demand for digital branding solutions.

► **Economic growth spurs the demand for branding and marketing solutions**

- Economic growth drives greater revenue for businesses and thus, boosts their profitability. Increased profitability enables businesses to expand their marketing expenditure and allocate higher budgets to implement branding and marketing activities to further drive sales. This will, in turn, lead to the increase in demand for branding and marketing solutions.

GDP growth, Malaysia, 2022 – 2024



Source: DOSM

- Economic growth is represented by gross domestic product ("GDP") growth. In 2023, Malaysia's GDP normalised to 3.50% after experiencing a steep rebound in 2022 due to economic recovery as Malaysia reopened its borders in April 2022 subsequent to the gradual subsidence of the COVID-19 pandemic.

- In 2024, Malaysia's GDP grew by 5.10%, primarily driven by the services and manufacturing sectors.
- The International Monetary Fund has projected Malaysia's GDP to grow by 4.50% in 2025 and by 4.00% in 2026. Moving forward, the growth of the economy is expected to support businesses' financial performance, enabling greater investments in branding and marketing strategies which in turn, will continue to drive the demand for branding and marketing solutions.

Key industry risks and challenges

- **Changing consumer behaviour leads to the need for continuous creative innovation, including in branding and marketing solutions**
  - With increasing digital connectivity, consumer behaviour and preferences are being shaped by social media trends which are constantly changing at rapid rates. As such, branding and marketing materials and strategies must be continuously updated in line with shifting consumer behaviour and trends in order to reach target audiences and keep them engaged with the brand.
  - For example, as new social media platforms are introduced to the market, industry players need to be able to create content that leverages on the functions of the social media platform which appeals to the user demographics of the platform. Industry players also need to keep abreast of the latest media trends and innovate new branding and marketing solutions in order to maintain customer engagement.
  - Further, for media whereby advertising revenue is dependent on web traffic or views attracted, it is crucial for industry players to consistently produce new and relevant content to avoid losing audience interest, which would result in a decrease in advertising revenue. The inability of industry players to create new, exciting and relevant content may impact their ability to retain or secure customers, which in turn, may affect their financial performance.

- **Adverse economic conditions may impact the demand for branding and marketing solutions**
  - As the demand for branding and marketing solutions is dependent upon businesses investing in branding and marketing strategies, the performance of the branding and marketing industry is subject to the economic conditions of the country.
  - A slowdown in economic growth may affect business performance and in turn, affect the propensity of businesses to invest in branding and marketing strategies. With the aim of maintaining the sustainability of business and in anticipation of weaker market demand during periods of adverse economic conditions, businesses may prioritise cost-saving measures and, consequently, limit the budget for branding and marketing activities. As such, the demand for branding and marketing solutions may be impacted during periods of economic downturn.

- **Dependence on the availability of experienced branding and marketing talent as well as related skilled technical personnel in the market**
  - Industry players require branding and marketing talent that possess relevant experience and fundamental knowledge such as marketing analytics, content creation and storytelling, as well as graphic design and visual branding, amongst others, to provide suitable branding and marketing strategies according to the customer's branding objectives.
  - Further, industry players may also require skilled technical personnel for various services related to branding and marketing activities such as filming and video shooting, as well as video editing and effects, amongst others, as part of their branding and marketing strategy service offerings.
  - Failure to hire and/or retain talents with suitable skills and capabilities may adversely affect an industry player's ability to secure new customers and/or sustain revenue growth, which could lead to challenges in improving their financial performance.

3 COMPETITIVE LANDSCAPE OF THE BRANDING AND MARKETING INDUSTRY IN MALAYSIA

Overview

The branding and marketing industry comprises the following types of key industry players:

(1) **Branding and marketing solutions specialists**: These companies specialise in assisting brand owners to craft effective branding and marketing strategies, with the goal to create high brand awareness and loyalty, and establishing the desired brand image. This includes managing brand owners' advertising needs and requirements (e.g. sourcing for suitable advertising spaces from media owners, managing air-time slots and scheduling the posting of content), design of marketing materials, proposing content, content creation, editorial services and event management, amongst other solutions. These companies may also own some media assets such as online/digital media and print media. SBS Nexus Group is an example of branding and marketing solutions specialist.

(2) **Media owners that also offer branding and marketing solutions**: These companies primarily own and operate media assets, including newspapers, magazines, television networks, radio stations, digital media, OOH media and/or digital OOH media, amongst others. In addition to monetising their media platforms through the sale of advertising spaces, these companies may also offer branding and marketing solutions such as content creation to deliver end-to-end advertising solutions. They leverage their proprietary audience data and content production capabilities to deliver targeted and impactful advertising campaigns for their customers. Furthermore, such integration allows these companies to offer broader market reach, especially for brand owners seeking exposure across multiple media channels. While SBS Nexus Group is not primarily a media owner, SBS Nexus Group can compete with media owners that also offer similar branding and marketing solutions. Examples of these media owners include Media Prima Berhad, Media Chinese International Limited and Star Media Group Berhad.

There are other types of industry players in the broader branding and marketing industry that are not deemed as similar to SBS Nexus Group in terms of their scope of services such as media owners that do not offer branding and marketing solutions, advertising agencies and media brokers.

The branding and marketing industry in Malaysia is competitive and fragmented due to large number of industry players. The barriers to entry within the branding and marketing industry is low, whereby a new industry player may enter the market with low capital investment and small range of branding and marketing solutions. However, to remain competitive in the branding and marketing industry in the long term requires industry players to expand their product and service offerings such as providing a broad range of branding and marketing solutions on various forms of media and platforms, investing in skilled technical personnel and prevalent technologies to provide versatile branding and marketing solutions. These improvements are crucial for industry players to retain their customers or to attract new customers, as customers' branding and marketing requirements change over time.

Industry players compete in terms of pricing, quality of solutions, range of offerings and portfolio of media partners such as media owners and media brokers for the distribution of branding and marketing content.

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Key Industry Players

As SBS Nexus Group is principally involved in the provision of offline branding solutions (comprising OOH media services, public relations and event management, and offline publication), and digital branding solutions (comprising online marketing services, digital broadcasts, video production, digital OOH media, online media services, as well as mobile and web-based applications, and website development), the basis for selection of the key industry players are as follows:

- Companies that are involved in the provision of a range of branding and marketing solutions (i.e. at least 3 types) such as OOH media services, public relations and event management, offline publication, online marketing solutions, digital broadcasts, video production, digital OOH media, online media services, and/or mobile and web-based applications, and website development. These companies may also be involved in the provision of other types of branding and marketing solutions as part of their range of offerings;
- Companies that are branding and marketing solutions specialists or media owners that also offer branding and marketing solutions; and
- Companies with total revenue above RM5.00 million in their latest available financial year.

Companies that offer a single type of branding and marketing solution such as mobile and web-based applications, and website development or event management are excluded from consideration as key industry players in this IMR Report, as these companies do not compete in terms of range of offerings with SBS Nexus Group. The selection of key industry players includes companies that offer a broader range of branding and marketing solutions, encompassing at least 3 types of branding and marketing solutions that are similar to the offerings of SBS Nexus Group. Evaluating industry players with a broad range of solutions allows for more accurate comparison of close competitors in terms of range of offerings and competitive positioning in the market.

The key industry players identified are as listed below:

Company name[(1)]	A[(2)]	B[(3)]	Examples of solutions offered	Latest available financial year	Total revenue[(4)] (RM million)	Segmental revenue[(5)] (RM million)	GP / (GL) (RM million)	GP / (GL) margin (%)	PAT / (LAT) (RM million)	PAT / (LAT) margin (%)
Media Prima Berhad[(6)]		✓	Commercial television and radio broadcasting, publishing; printing, sale and distribution of newspapers; home shopping network; provision of internet and digital-based media; provision of outdoor advertising space and related production services; media content production and distribution; property investment; and other media industry related services	30 June 2025	857.01	672.96	N/A[(7)]	N/A	20.69	2.41
Media Chinese International Limited[(8)]		✓	Publishing, printing and distribution of newspapers, magazines, books and digital contents; and provision of travel and travel related services	31 March 2025	709.89	167.59	178.54	25.15	(38.44)	(5.41)
Star Media Group Berhad[(6)]		✓	Publication, printing and/or distribution of newspapers, magazines, journals and periodicals in print or electronic form; digital content services and managers; promoters and organisers of events and investment in real properties; operating wireless radio broadcasting stations; online advertising; provision of property exhibition services; and provision of shared services and property development	31 December 2024	247.63	171.70	137.92	55.70	66.81	26.98
Seni Jaya Corporation Berhad[(6)]		✓	OOH media ownership; provision of production and media advertising; event and promotion services; general advertising; and information technology services	30 June 2025	69.71	8.89	28.95	41.53	10.07	14.45
Innity Sdn Bhd[(9)]	✓		Display advertising; mobile advertising; premium publishers marketplace; programmatic media buying solution; video	31 December 2024	45.63	43.95	N/A[(7)]	N/A	(1.64)	(3.59)

Company name[(1)]	A[(2)]	B[(3)]	Examples of solutions offered	Latest available financial year	Total revenue[(4)] (RM million)	Segmental revenue[(5)] (RM million)	GP / (GL) (RM million)	GP / (GL) margin (%)	PAT / (LAT) (RM million)	PAT / (LAT) margin (%)
			advertising; influencer marketing; content marketing; and social commerce solution							
SBS Nexus Group	✓		OOH media solutions; public relations and event management; offline publications; online marketing solutions; digital broadcasts; video production; digital OOH media and online media; as well as mobile and web-based applications, and website development	31 December 2024	29.92	28.33	14.96	50.00	7.60	25.40
Kingdom Digital Solutions Sdn Bhd[(10)]	✓		Integrated marketing; social media and content marketing; video production; and media strategy	31 December 2024	23.76	23.76	N/A[(7)]	N/A	2.08	8.75
Business Media International Sdn Bhd[(11)]		✓	Digital and print media ownership; advertisement placement services; content marketing packages; organisation of exhibition and conferences; business impact assessment and recognition; and growth analytics	31 December 2022[(12)]	15.00	15.00	9.03	60.20	4.25	28.33
Sym World Innovation Sdn Bhd	✓		Creative services; social media services; digital services; and media services	31 March 2025	9.52	9.52	2.64	27.73	(0.43)	(4.52)
MMM Group Berhad[(6)]		✓	Digital OOH media ownership; branding and identity development; marketing strategy; creative content development; digital marketing; public relations; and event marketing	31 March 2025	7.97	7.97	3.48	43.66	(0.62)	(7.78)
SG Activamedia (M) Sdn Bhd	✓		Search engine marketing; search engine optimisation; and social media marketing	30 June 2024	6.31	6.31	N/A[(7)]	N/A	0.74	11.73

Notes:

- *Latest available information as at the research completion date of this IMR Report.*
- *GP / (GL) – Gross profit / (Gross loss); PAT / (LAT) – Profit after tax / (Loss after tax); N/A – Not available.*
- *The identified key industry players include all industry players that were identified by SMITH ZANDER based on available sources, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of key industry players is exhaustive.*

(1) These companies may be involved in the provision of other types of solutions in addition to the provision of OOH media services, public relations and event management, offline publication, online marketing solutions, digital broadcasts, video production, digital OOH media, online media services, and/or mobile and web-based applications, and website development.
(2) A = Branding and marketing solutions specialists.
(3) B = Media owners that also offer branding and marketing solutions.
(4) May include revenue derived from other businesses that are not related to the provision of OOH media services, public relations and event management, offline publication, online marketing solutions, digital broadcasts, video production, digital OOH media, online media services, and/or mobile and web-based applications, and website development.
(5) Segmental revenue which comprises revenue derived from provision of OOH media services, public relations and event management, offline publication, online marketing solutions, digital broadcasts, video production, digital OOH media, online media services, and/or mobile and web-based applications, and website development are disclosed where such information is publicly available. Segmental revenue may also include revenue from the provision of other types of branding and marketing solutions.
(6) Listed on the Main Market of Bursa Malaysia Securities Berhad.
(7) This information is not reported in the latest financial statements.
(8) Dually listed on The Stock Exchange of Hong Kong Limited and the Main Market of Bursa Malaysia Securities Berhad.
(9) A subsidiary of Innity Corporation Berhad. Innity Corporation Berhad is listed on the ACE Market of Bursa Malaysia Securities Berhad. Innity Corporation Berhad and its group of companies are principally involved in the business of online advertising solutions, computer and mobile software applications development, operation of promotional and sales event information website, software production and development of content and influencer marketing.

(10) A subsidiary of Hakuhodo DY Holdings Inc. Hakuhodo DY Holdings Inc. is a company incorporated and domiciled in Japan, and is listed on the Prime Market of Tokyo Stock Exchange. Hakuhodo DY Holdings Inc. and its group of companies are principally involved in the provision of marketing and advertising services.

(11) A subsidiary of Audience Analytics Limited. Audience Analytics Limited is a company incorporated and domiciled in Singapore, and is listed on the Catalist of the Singapore Exchange Securities Trading Limited. Audience Analytics Limited and its group of companies are principally involved in the provision of business impact assessment and recognition services, organisation of exhibitions services, and business media and analytics services.

(12) The latest available financial information is as at 31 December 2022 based on the search conducted on CCM's website as at the research completion date of this IMR Report.

Sources: SBS Nexus Group, Bursa Malaysia Securities Berhad, CCM, various company websites, SMITH ZANDER

Large players such as Media Prima Berhad, Media Chinese International Limited and Star Media Group Berhad have substantially higher revenue as they are primarily media owners that also offer branding and marketing solutions. These players have many media channels on which they leverage to offer advertising spaces as well as the provision of branding and marketing solutions such as content creation to deliver end-to-end advertising solutions. While these large players are not comparable to SBS Nexus Group in terms of revenue size and their primary business operations materially deviate from that of SBS Nexus Group (i.e. primarily own and operate media assets), these large players are considered as competitors to SBS Nexus Group in terms of the provision of branding and marketing solutions.

Market share

SBS Nexus Group's market shares, Malaysia, 2024

Sources: SBS Nexus Group, SMITH ZANDER

In 2024, the size of the offline branding solutions market, which encompasses OOH media, public relations and event management, and offline publication, was recorded at RM3.30 billion. For the financial year ended 2024, the revenue for SBS Nexus Group derived from offline branding solutions was recorded at RM11.16 million, and thereby SBS Nexus Group captured a market share of 0.34% in the offline branding solutions market in Malaysia.

In 2024, the size of the digital branding solutions market, which encompasses digital advertising, digital OOH media, and mobile applications and website development, was recorded at RM5.61 billion. For the financial year ended 2024, the revenue for SBS Nexus Group derived from digital branding solutions was recorded at RM17.16 million, and thereby SBS Nexus Group captured a market share of 0.31% in the digital branding solutions market in Malaysia.

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9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 Our branding is critical to our success, and the value of our house brand, 'ShangHai' and our reputation may be adversely affected by negative perception

Our success depends on the value of our house brand, 'ShangHai', which is integral to our business. For FYE 2022 to 2024 and FPE 2025, revenue from our 'ShangHai' branded services (comprising offline publication, digital broadcasts, business awards and recognition events as well as networking events) collectively contributed RM3.5 million (29.7%), RM4.5 million (22.6%), RM2.1 million (7.1%) and RM0.9 million (4.0%) of our total revenue respectively. The decline in revenue from FYE 2023 to 2024 was due to the lower revenue from our SIR and SHIPBA events as our Group organised these events on a smaller scale in FYE 2024 and the absence of revenue from a one-off business awards and recognisation event, namely "ShangHai Rekatone Outstanding Design Award" of RM0.3 million. Further, the decline in revenue in FPE 2025 was mainly due to the lower revenue from our SHIPBA events, primarily due to lower approval rates for nominations as a result of stricter vetting processes as well as fewer publicity packages being taken up by participants. Please refer to Section 12.2.2(a) for further details.

'ShangHai' brand is a long-established printed Mandarin-language business media brand that has been in the market for 46 years as at LPD and it is well known among the Mandarin-speaking SME community in Malaysia. Public perception of our Group's branding is vital in building trust and confidence towards our Group's overall services. Despite the relatively lower contribution directly from our Group's 'ShangHai' branded services in FYE 2024 and FPE 2025, the recognition of the brand plays a pivotal role in enhancing awareness of our Group's presence, thus creating spillover effect that may drive the demand for other branding and marketing services offered by our Group comprising out-of-home media, public relations and event management, online marketing services, video production, digital-out-of-home media and online media, as well as mobile and web-based applications, and website development services.

Maintaining and promoting our house brand will depend largely on the success of our marketing activities and our ability to provide consistent quality services. The reputation of our house brand could be adversely affected if we fail to achieve these objectives or if our public image or reputation were to be tarnished by negative publicity through social media platforms, including negative publicity about our services, customer service, personnel, or marketing efforts. Content that is averse to our interests, whether or not accurate or truthful, could be posted on social media platforms and immediately disseminated to broad audiences without any verification of such content. Isolated incidents involving us, our customers or other business partners, or the services we sell, could also erode the trust and confidence of our customers and damage the reputation of our house brand, especially if such incidents result in adverse publicity. For instance, we may be wrongly faulted and subject to market rumours based on unfounded claims for poor quality services when in reality, such issues may stem from misunderstanding or miscommunication. We are unable to guarantee that our brand development strategies will prevent or mitigate the occurrence of such incidents, accelerate the recognition of our house brand, or increase revenue.

We may also be subject to liabilities resulting from actions by our employees and/ or customers which may be beyond our control. As our house brand, 'ShangHai' is integral to our 'ShangHai' branded services, we are reliant on the goodwill of our 'ShangHai' brand. Consequently, if the activities of our employees and/ or customers result in negative publicity which adversely affects our 'ShangHai' brand, our reputation may be affected, and the value of our house brand may be harmed. Any harm to our reputation or house brand could adversely affect our ability to attract and engage customers, and may consequently impact our business, financial condition, and results of operations adversely.

For FYE 2022 to 2024, FPE 2025 and up to LPD, we have not experienced any incidents of malicious sabotage or rumours which led to an adverse impact on our house brand and reputation. Nevertheless, there can be no assurance that any negative perception or publicity on our house brand and reputation will not occur in the future and that it would not have a material adverse impact on our business and financial performance.

9.1.2 Absence of long-term contracts with our customers may result in the fluctuation of our Group's financial performance

Our Group has not historically entered into, and presently does not have any, long-term contracts with our customers. The lack of long-term contracts with our customers is in line with the dynamics of our business, which is subject to rapid changes in consumer behaviour, business needs, marketing strategies and market trends. Therefore, our customers purchase our services on an as-needed basis.

The absence of long-term contracts may result in the fluctuation of our Group's sales and overall financial performance. It poses risks to our Group as any business decisions made by our customers resulting in the reduction of purchases of our services may affect our financial performance. Should our existing customers cease, or substantially reduce purchasing our services, and if we are unable to replace these customers with new customers, or substantially increase purchases from other existing customers, in a timely manner, our financial performance may be adversely affected.

Further, our revenue from the delivery of the development projects is recognised upon issuance of invoices based on project delivery milestones over the tenure of the projects. As such, the timing of project delivery will affect our billing schedule which will in turn affect our revenue recognition and may cause our profit and operating cash flow to fluctuate. Our development projects generally range for a period of 2 to 6 months depending on the complexity of the project.

Our Group's inability to continuously secure new projects and customers for this business segment may adversely affect our Group's financial performance. Since the acquisition of SBS Media Tech in 2023 and up to LPD, our Group has not experienced any shortage of projects that has adversely affected the revenue of our Group. However, the non-recurrent nature of our mobile and web-based applications, and website development projects secured from customers may cause our revenue, profit and operating cash flow to fluctuate.

9.1.3 We are reliant on third party suppliers for our operations

The offerings of our services require the sourcing of supplies from various third party suppliers and service providers. For example, our services of out-of-home media and offline publication require the printing of marketing materials which we do not carry out in-house. Hence, we rely on third party printing suppliers to print the marketing materials for our out-of-home media and offline publication services. For FYE 2022 to 2024 and FPE 2025, the printing of marketing materials for our out-of-home media and offline publication services were fully outsourced to third party printing suppliers in Malaysia, whereas the printing and production of pocket tissues were outsourced to a supplier in China.

Aside from printing supplies, our Group also procures supplies and services for our in-house events (i.e. business awards and recognition events, and networking events) from third party suppliers and service providers for event venue, event decorations, backdrops, sound and lighting services, event performers, make-up artists, event videographers, event crews and food catering services. We also rely on other third party suppliers and service providers for the provision of our other services such as hosts, videographers, photographers, journalists, software providers, equipment rental providers, billboard owners and agencies.

As such, our Group's business operations are dependent on the services of our third party suppliers and service providers. For FYE 2022 to 2024 and FPE 2025, the contribution of purchases from third party suppliers were recorded at RM1.2 million (19.8%), RM1.9 million (22.2%), RM3.4 million (22.7%) and RM3.2 million (22.9%) respectively, whereas the remaining RM3.2 million (52.6%), RM4.5 million (51.2%), RM9.8 million (65.2%) and RM9.9 million (70.4%) were contribution of purchases from service providers. Any significant increase in operating costs due to increase in prices from our third party suppliers and service providers may impact our cost of sales. If we are unable to pass the increased costs to our customers in a timely manner, this will negatively impact our profitability.

For FYE 2022 to 2024 and FPE 2025, our Group's overall GP margin was recorded at 46.8%, 56.4%, 50.0% and 35.4% respectively. For FYE 2024, our Group chose not to pass on increased cost to customers in order to maintain our competitiveness which led to a decline in our Group's overall GP margin. For FPE 2025, our Group's GP margin declined mainly due to higher outsourced services costs. Further details on our analysis of GP margin by business segment are as set out in Section 12.2.2(b).

In addition, as we do not enter into any long-term contracts with our suppliers and service providers, there is no assurance that they will be able to continuously provide supplies and services to our Group at commercially viable prices or that our Group can maintain our relationship with them in the future. In the event that any of our major suppliers or service providers are unable to provide the required supplies and/ or services to our Group, there is no assurance that we will be able to source the required supplies and/ or services from other suppliers or service providers in a timely manner and at similarly competitive prices. This may also cause delays to the fulfilment of services to our customers which may adversely affect our business reputation and/ or customers raising complaints against our Group. Consequently, our financial performance may be adversely affected. For FYE 2022 to 2024, FPE 2025 and up to LPD, we have not encountered any major incidences where third party suppliers and service providers failed to deliver their supplies and/ or services to our Group which had materially affected our business operations and financial performance.

9.1.4 We are dependent on our Executive Directors and key senior management team for the continued success and growth of our business

Our Group's continued success, future business growth and expansion are, to a significant extent, dependent on our management's experience, expertise and continuous efforts. Our Executive Directors and key senior management are critical to our Group's operations. Coupled with their long service and in-depth knowledge of the branding and marketing industry, they play a pivotal role in our daily business operations as well as formulating and implementing strategies to drive the growth and expansion of our Group.

Please refer to Sections 5.1.2 and 5.3.3 for further details on the profiles of our Executive Directors and key senior management respectively.

The loss of any of our Executive Directors and/ or key senior management simultaneously, or within a short time span, without suitable and timely replacements, or our inability to attract and retain qualified and competent personnel or integrate new personnel, could adversely affect the business operations, financial performance and the future growth of our Group. For FYE 2022 to 2024, FPE 2025 and up to LPD, we have not encountered any unexpected incidence of loss of personnel from our management team simultaneously or within a short period of time. However, there can be no assurance that the loss of members of our management team simultaneously or within a short period of time may not occur in the future and that we will be able to find a suitable replacement in a timely manner, which may in turn have a material adverse impact on our operations, financial performance and the future growth of our business.

9.1.5 Our financial performance may be adversely affected in the event of early termination or non-renewal of our exclusive service and management agreement with Entity T

We had on 3 April 2023, entered into an exclusive service and management agreement with Entity T for the development, preparation, administration, management and maintenance of indoor digital media platforms, as well as to carry out the activities of media advertising through the management of advertising space or air-time-slots of the indoor digital media platforms in all outlets of the Statutory Body related to Entity T nationwide. As at LPD, there are 107 outlets nationwide, and we manage the media advertising space and air-time-slots of the indoor digital media of all outlets. Our current agreement with Entity T is effective for a period of 3 years from 13 April 2023, and is renewable for another 3 years upon expiry depending on the performance of the advertising revenue received. Entity T agrees not to enter into a similar agreement with a third party during the term of the exclusive service and management agreement. This exclusive obligation applies solely to Entity T and does not restrict our Group from entering into similar arrangements with other parties.

Through this agreement, we generated revenue of RM3.3 million, RM4.4 million and RM2.9 million in FYE 2023, FYE 2024 and FPE 2025, representing 16.6%, 14.8% and 13.3% of our total revenue respectively. Of this amount, RM0.3 million in FYE 2023, RM0.6 million in FYE 2024 and RM0.2 million in FPE 2025, was directly contributed by Entity T from advertisement sales facilitated by them, while the remaining RM3.0 million in FYE 2023, RM3.8 million in FYE 2024 and RM2.7 million in FPE 2025 was derived from advertising fees collected from various customers for air-time slots on the indoor digital media platforms located in all outlets of the Statutory Body related to Entity T nationwide. In the event of early termination, or non-renewal of our service and management agreement upon its expiry in 2026, our financial performance may be adversely affected.

Further, our financial performance may also be affected should there be any revision in the allocation of consideration between Entity T and our Group pursuant to the expiry and renewal of our agreement. For illustration, assuming our allocation of consideration from Entity T is reduced by 10% for FPE 2025, our GP would decrease by approximately RM7,800. This represents a reduction of approximately 0.1% of our Group's total GP for FPE 2025, and a marginal decline in our GP margin from 35.44% to 35.41%.

9.1.6 Our intellectual property rights may be infringed and/ or we may inadvertently infringe on third party's intellectual property rights

We retain the ownership rights of our 'SBS' and 'ShangHai' brand. There are possibilities that the intellectual property rights of our 'SBS' and 'ShangHai' brand and services may be infringed by third party(ies). Further, as our services involve creative works, there are also possibilities that we could inadvertently infringe intellectual property rights held by third party(ies). This would result in the risk of the third party challenging our Group's intellectual property rights or taking legal action against us.

There is no assurance that any of the above incidents will be resolved in our favour. In the event that we are unsuccessful in pursuing any action against third party infringers, or a third party has successfully established that we have infringed its intellectual property, we may suffer loss arising from financial penalties and/ or litigation costs. We may also be exposed to other risks such as adverse reputation which may impact our financial performance. For FYE 2022 to 2024, FPE 2025 and up to LPD, our Group has not encountered any incidences relating to the infringement of our intellectual property rights, or our Group infringing on the intellectual property rights held by third party(ies).

9.1.7 We may be exposed to the risk of data security breaches

Our customers who engage our mobile and web-based applications, and website development services may have their personal information, customer information and all data generated stored on third party cloud platform(s). Storage of data electronically may expose our database to external security threats such as malware attacks, hacking, espionage or cyber intrusions, as well as internal security breaches which include unauthorised access to restricted information by our employees.

Further, under the Personal Data Protection Act 2010, any service provider that collects customer information has the responsibility to adopt and implement a policy that protects the privacy of identifiable information. Failure to protect our customers' information from security breaches may result in the termination of services by our customers as well as exposure to legal action by the customers for breach of confidentiality including, but not limited to, lawsuits for damages arising from such breaches, which could adversely affect our business reputation.

While we and third party cloud solution providers have taken the necessary measures to minimise the risk of potential security breaches such as the usage of firewalls and regular vulnerability tests, there can be no assurance that there will not be cases of security breaches in the future which could lead to adverse impact to our Group's business reputation or financial performance. Since the commencement of our business and up to LPD, we have not encountered any incidences of data security breaches which led to leakages of customers' information.

9.1.8 We rely on the availability of creative talents and IT personnel for the provision of our services

The provision of our services is dependent on the availabilities of creative talents with the relevant expertise comprising graphic design, content creation and video production, as well as IT personnel. As at LPD, we have a total of 8 creative talents with the abovementioned expertise and 3 IT personnel (including Lai Kian Chuan, our Head of Digital), which accounted for 25.0% of our workforce. Further, as we continue to grow our business, we will be required to hire more creative talents and IT personnel to cater to the demand for our services. As detailed in Sections 4.9.1(b) and 7.17.1(c), we intend to hire 50 additional new employees, of which 27 of them comprise employees with expertise in content creation, graphic design, video production or IT.

Hence, our ability to retain and attract competent creative talents and IT personnel is crucial for our continued success, future business growth and expansion, as well as to reduce our dependency on third party services providers. A significant loss of such employees and our inability to find suitable replacements in a timely and cost-efficient (i.e. at competitive salary rates which are within our hiring budget) manner may cause disruptions to our deliverables, as well as our ability to secure more sales. Further, delays to our delivery schedules may lead to dissatisfaction from our customers and may impact our business reputation and ability to secure sales from these customers in the future. Additionally, we may lose our competitive edge if we are unable to recruit competent creative talents and IT personnel to support our planned expansion.

For FYE 2022 to 2024, FPE 2025 and up to LPD, our Group has not encountered instances whereby we face resource constraints of creative talents and IT personnel, or that we are unable to hire creative talents and IT personnel in a timely manner, which led to delays in the delivery, and/ or quality, of our services to customers. Nevertheless, there is no assurance that such incidence will not occur in the future, and that it will not impact our business reputation and/ or financial performance.

9.1.9 We may not be able to successfully implement our business strategies

Our business strategies are as follows:

(a) We intend to relocate to a larger office as our new headquarters in anticipation of our business expansion;

(b) We intend to purchase new equipment as part of our new headquarters expansion plan;

(c) We intend to expand our customer based through offering our branding and marketing solutions to the Malay-speaking SME community;

(d) We intend to further enhance our brand recognition through increasing our branding and marketing activities in Malaysia; and

(e) We intend to further grow our mobile and web-based applications, and website development business to capture opportunities arising from the demand for digitalisation.

Please refer to Section 7.17 for further information on our business strategies and prospects.

The implementation of our business strategies may require higher capital expenditures, operational expenditures and other working capital requirements than initially planned or anticipated, which will increase our Group's overall operational cost, including overhead costs. We may also not be able to secure sufficient funding and/ or bank borrowings in addition to the gross proceeds from the Public Issue. This may result in an adverse impact to our profitability if we are unable to gain sufficient revenue following the execution of our business strategies. In addition, if our existing and proposed expansion plans are not completed within budget, this may adversely affect our Group's financial performance as well as our ability to pursue other growth opportunities.

There can be no assurance that the effort and expenditure spent on the execution of our business strategies will yield expected results in expanding our business. We are also not able to guarantee the successful implementation of our business strategies, nor can we assure that we will be able to anticipate the business and operational risks arising from our future plans and strategies. In the event of such failure, our business operations and financial performance may be adversely impacted.

9.1.10 We are exposed to credit risks and default payment by customers

We generally grant our customers credit periods ranging from cash term to 90 days from the date of invoice. Our customers have varying degrees of credit risk profiles which exposes us to the risk of default in payment by them. In the event that payment is not received within the credit period or there is a default in payment by our customers, we may provide impairment loss on trade receivables or write off trade receivables as bad debts, which may adversely affect our financial performance.

Our net loss/ reversal on impairment of financial assets for FYE 2022 to 2024 and FPE 2025 are as follows:

	FYE 2022	FYE 2023	FYE 2024	FPE 2025
	RM'000	RM'000	RM'000	RM'000
Net (loss)/ reversal on impairment of financial assets	(613)	12	(491)	631

As at LPD, trade receivables past due but not impaired amounted to approximately RM27,000 or 0.2% of our total trade receivables as at 30 June 2025. Please refer to Section 12.2.2(e) for further details on our impairment loss on trade receivables.

Save for a bad debt amounting to RM20,000 that was written off in FYE 2022 which mainly arose from a non-refundable deposit paid by our Group for a deliverable that was subsequently cancelled, there was no other trade receivables that was written off as bad debts for FYE 2022 to 2024 and FPE 2025. Nevertheless, there can be no assurance that any delay or failure in receiving payments from our customers in the future may not result in trade receivables being written off as bad debts, which could adversely impact our financial performance.

9.1.11 We are subject to the risk of inadequate insurance coverage

As at LPD, our Group maintains fire insurance to protect against losses and liabilities to our existing headquarters in Bandar Sri Damansara.

For FYE 2022 to 2024, FPE 2025 and up to LPD, we have not encountered any incidence for which our insurance coverage is insufficient to cover the damages, losses and liabilities incurred which resulted in material adverse impact on our financial performance. However, there is no assurance that our insurance coverage may be adequate in all circumstances to cover the losses, damages or liabilities that may arise in connection with our Group's operations, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. Further, we do not have insurance coverage for certain risks such as political risks, terrorism or war. Moreover, we are subject to the risk that, in future, we may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. If we suffer a loss or incur a liability arising from insufficiently insured risk or any uninsured risk, the costs incurred may adversely affect our financial performance.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We face competition within the branding and marketing industry

We operate in a competitive industry and we face competition from existing industry players and new market entrants, in terms of service quality, pricing, range of service offerings, technical competence, brand name, customer service and timely delivery, among others. In addition, industry players are continuously seeking ways to compete with one another, often by improving service quality and range of service offerings.

According to the IMR report, our Group captured a market share of 0.34% and 0.31% in FYE 2024 in the offline branding solutions market and the digital branding solutions market in Malaysia, respectively. Failure to remain competitive in the industry may lead to reduced sales, as well as the ability to attract new customers, which may adversely impact our Group's financial performance. Whilst we strive to remain competitive, there can be no assurance that any changes in the competitive environment would not have any material and adverse impact on our business and financial performance.

9.2.2 We are subject to risk relating to the economic, political and/ or legal environment in the markets in which we operate

Any development in the political, economic and regulatory environment in Malaysia could materially or adversely affect our business operations and financial performance. Such developments include, but are not limited to, changes in political leadership, general economic and business conditions, fluctuations in foreign exchange rates and interest rates, acts of terrorism, riots, expropriation, nationalisation, changes in fiscal and monetary policies of the Government such as inflation, deflation, methods of taxation, tax policies (including sales and services tax, excise duties and tariffs), foreign worker levy and exchange control measures, unemployment trends, deterioration of international bilateral relationships, outbreak of diseases and other matters that influence consumer confidence and spending. Further, our Group could also be affected by new laws, regulations, and guidelines that are introduced to govern business activities whether in general or specific to the branding and marketing industry.

Any unfavourable changes or adverse developments in one or more of the abovementioned developments and/ or conditions may have a material adverse effect on our business operations and financial performance.

9.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

9.3.1 There is no prior market for our Shares

There was no public trading market for our Shares prior to our IPO. Hence, there is no assurance that upon our Listing, an active market for our Shares will develop, or, if developed, that such a market can be sustained. Our IPO Price was determined after taking into consideration various factors including but not limited to our business strategies and our financial and operating history.

There can be no assurance that our IPO price will correspond to the price at which our Shares will be traded on the ACE Market, upon or subsequent to our Listing, and the market price of our Shares will not decline below the IPO Price.

9.3.2 There may be a potential delay to or cancellation of our Listing

Our Listing may be aborted or delayed due to possible occurrences of certain events, which include, among others, the following:

(a) the selected investors fail to subscribe for the portions of our IPO Shares;

(b) our Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligations therein;

(c) we are unable to meet the minimum public shareholding spread requirement under the Listing Requirements, whereby at least 25.0% of our total number of Shares for which our Listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares at the point of our Listing; and/ or

(d) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA shall apply. Our Company shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC upon expiration of that period until the full refund is made.

If our Listing is aborted and/ or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules. Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of the High Court of Malaya or with notice to be sent to the Director General of the IRB and ROC within 7 days of the date of the special resolution, and us meeting the solvency requirements under Section 117(3) of the Act. There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

Nonetheless, our Board will endeavour to comply with the various regulatory requirements, including, inter alia, public shareholding spread requirements for our Listing. However, there can be no assurance that the abovementioned factors/ events will not cause a delay in or non-implementation of our Listing.

9.3.3 The trading and performance of our Shares following our Listing is subject to fluctuations

Upon completion of our Listing, the trading price of our Shares could be subject to significant fluctuation due to factors specific to our Group or industry in which our Group is operating. Some factors may not be within our control and are unrelated or disproportionate to our financial results. These factors may include, among others, variations in the results of our operations, changes in analyst's recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of the stock market is also affected by the external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on the stock market, thus adding risks to the market price of our Shares.

9.4 OTHER RISKS

9.4.1 Our Promoters will be able to exert significant influence over our Company

Our Promoters will collectively hold approximately 56.5% of our enlarged share capital upon Listing. As a result, they will be able to effectively control the business direction and management of our Group and as such there can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders. The interests of our Promoters may differ from the interests of our other shareholders and they may be able to exercise significant influence over the vote of our Shares. Our Promoters could also have significant influence in determining the outcome of any corporate transactions or other matters submitted to our shareholders for approval. This includes the election of Directors, approval of business ventures and having substantial voting control over our Group. As such, our Promoters will have a deciding vote on the outcome of any ordinary resolution (which requires a simple majority of 50% plus 1 voting share) to be tabled at general meeting, unless they are required to abstain from voting by law, relevant guidelines or regulations.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisition, Distribution and as disclosed below, there were no transactions, existing and/ or potential, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors, substantial shareholders and/ or persons connected with them which are material to our Group during FYE 2022 to 2024, FPE 2025 and up to LPD:

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FPE 2025 RM'000	FPE 2025 %	1 July 2025 up to LPD RM'000	1 July 2025 up to LPD %
Hyper Media[4]	SBS Digital Holdings, SBS Events, SBS Social and Shanghai Media	Piah Yee Ling	Lim Yent Lan, mother of Piah Yee Ling, was a director and shareholder of Hyper Media Piah Yee Ling is our Executive Director, Promoter and substantial shareholder	Provision of out-of-home media services and online marketing services such as social media marketing and Google marketing	1,211	[1]10.4	121	[1]0.6	-	-	-	-	-	-
	SBS Digital Holdings, SBS Events and Shanghai Media			Tele-marketing fees	(353)	[2]5.7	-	-	-	-	-	-	-	-
	SBS Digital Media			Advances from Hyper Media to SBS Digital Media	200	[3]13.7	80	[3]1.3	-	-	-	-	-	-
	SBS Digital Media			Repayment to Hyper Media from SBS Digital Media	-	-	(120)	[3]2.0	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FPE 2025 RM'000	FPE 2025 %	1 July 2025 up to LPD RM'000	1 July 2025 up to LPD %
Hotpaper Media[4]	SBS Digital Holdings, SBS Digital Media and SBS Social	Piah Yee Ling	Lim Yent Lan, mother of Piah Yee Ling, was the owner of Hotpaper Media Piah Yee Ling is our Executive Director, Promoter and substantial shareholder	Provision of out-of-home media services	467	[1]4.0	261	[1]1.3	-	-	-	-	-	-
	SBS Social			Provision of sticker installation services	-	-	(8)	[2]0.1	-	-	-	-	-	-
	SBS Social			Advances from Hotpaper Media to SBS Social	-	-	2	[3]<0.1	-	-	-	-	-	-
	SBS Digital Holdings			Repayment from Hotpaper Media to SBS Digital Holdings	14	[3]1.0	-	-	-	-	-	-	-	-
	SBS Digital Holdings			Expenses paid on behalf of Hotpaper Media by SBS Digital Holdings for administrative expenses	(5)	[3]0.3	-	-	-	-	-	-	-	-
Soldgo[5]	SBS Digital Media, SBS Media Tech and SBS Social	Piah Yee Ling	Lim Yent Lan, mother of Piah Yee Ling, was a director and shareholder of Soldgo	Provision of online marketing services such as social media marketing and Google marketing	363	[1]3.1	560	[1]2.8	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FPE 2025 RM'000	FPE 2025 %	1 July 2025 up to LPD RM'000	1 July 2025 up to LPD %
	SBS Digital Media		Piah Yee Ling is our Executive Director, Promoter and substantial shareholder	Advances from Soldgo to SBS Digital Media	-	-	80	(3)1.3	-	-	-	-	-	-
Felement Sdn Bhd(13)	SBS Digital Holdings, SBS Digital Media, SBS Media Tech, SBS Social and Shanghai Media	Datin Cheah Siew Ling	Datin Cheah Siew Ling, is a director and shareholder of Felement Sdn Bhd	Provision of out-of-home media services and website development services	8	(1)<0.1	208	(1)1.0	12	(1)<0.1	(12)6	(1)<0.1	-	-
	Shanghai Media		Datin Cheah Siew Ling, is a director and was a shareholder of Shanghai Media	Purchase of event materials	-	-	(3)	(2)<0.1	-	-	-	-	-	-
MK Magnet Sdn Bhd(14)	SBS Digital Holdings, SBS Digital Media and SBS Social	Piah Yee Ling	Piah Ken Fatt, brother of Piah Yee Ling, is a director and shareholder of MK Magnet Sdn Bhd	Provision of out-of-home media services(10)	101	(1)0.9	10	(1)0.1	12	(1)<0.1	6	(1)<0.1	-	-
	SBS Digital Holdings, SBS Digital Media, SBS Events and Shanghai Media			Purchase of magnets and event materials(10)	(2)	(2)<0.1	(5)	(2)0.1	(8)	(2)<0.1	(7)	(2)<0.1	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

					Transaction value									
					FYE 2022		FYE 2023		FYE 2024		FPE 2025		1 July 2025 up to LPD	
Related party	**Transacting company in our Group**	**Interested person**	**Nature of relationship**	**Nature of transaction**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
	SBS Digital Media		Piah Yee Ling is our Executive Director, Promoter and substantial shareholder	Advances from MK Magnet Sdn Bhd to SBS Digital Media	9	(3)0.6	-	-	-	-	-	-	-	-
	SBS Digital Holdings and SBS Digital Media			Repayment to MK Magnet Sdn Bhd from SBS Digital Holdings and SBS Digital Media	(8)	(3)0.5	(2)	(3)<0.1	-	-	-	-	-	-
GUH Properties Sdn Bhd	SBS Digital Holdings	Datuk Seri H'ng Bak Tee	Datuk Seri H'ng Bak Tee is our Independent Non-Executive Chairman and Chief Executive Officer/ Group Managing Director of GUH Holdings Berhad GUH Properties Sdn Bhd is a wholly-owned subsidiary of GUH Holdings Berhad	Provision of banner installation services	-	-	-	-	3	(1)<0.1	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FPE 2025 RM'000	FPE 2025 %	1 July 2025 up to LPD RM'000	1 July 2025 up to LPD %
WP Dynasty Sdn Bhd[6]	SBS Digital Holdings and SBS Digital Media	Wong Chun Mun and Piah Yee Ling	Wong Chun Mun and Piah Yee Ling were directors and shareholders of WP Dynasty Sdn Bhd	Advances to WP Dynasty Sdn Bhd by SBS Digital Holdings and SBS Digital Media	(34)	[3]2.3	(13)	[3]0.2	-	-	-	-	-	-
	SBS Digital Holdings and SBS Digital Media		Wong Chun Mun and Piah Yee Ling are our Managing/ Executive Directors, Promoters and substantial shareholders	Repayment from WP Dynasty Sdn Bhd to SBS Digital Holdings and SBS Digital Media	1,006	[3]68.8	18	[3]0.3	-	-	-	-	-	-
	SBS Digital Holdings and SBS Digital Media			Expenses paid on behalf of WP Dynasty Sdn Bhd by SBS Digital Holdings and SBS Digital Media for professional fees	(20)	[3]1.4	(5)	[3]0.1	-	-	-	-	-	-
SBS Group Holdings Berhad[7]	SBS Events and SBS Social	Wong Chun Mun and Piah Yee Ling	Wong Chun Mun and Piah Yee Ling were directors and shareholders of SBS Group Holdings Berhad	Repayment to SBS Group Holdings Berhad by SBS Events and SBS Social	-	-	(107)	[3]1.8	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FPE 2025 RM'000	FPE 2025 %	1 July 2025 up to LPD RM'000	1 July 2025 up to LPD %
	SBS Digital Holdings and SBS Digital Media		Wong Chun Mun and Piah Yee Ling are our Managing/ Executive Directors, Promoters and substantial shareholders	Repayment from SBS Group Holdings Berhad to SBS Digital Holdings and SBS Digital Media	*	(3)<0.1	95	(3)1.6	-	-	-	-	-	-
	SBS Digital Media			Expenses paid on behalf of SBS Group Holdings Berhad by SBS Digital Media for professional fees	(6)	(3)0.4	-	-	-	-	-	-	-	-
WP Agro Sdn Bhd(8)	SBS Social	Wong Chun Mun, Piah Yee Ling, Warren Cheng and Lim Cheng Yong(9)	Wong Chun Mun, Piah Yee Ling, Warren Cheng and Lim Cheng Yong were directors and shareholders of WP Agro Sdn Bhd	Advances to WP Agro Sdn Bhd by SBS Social	(29)	(3)2.0	-	-	-	-	-	-	-	-
	SBS Digital Media and SBS Social			Repayment from WP Agro Sdn Bhd to SBS Digital Media and SBS Social	87	(3)6.0	-	-	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FPE 2025 RM'000	FPE 2025 %	1 July 2025 up to LPD RM'000	1 July 2025 up to LPD %
			Wong Chun Mun, Piah Yee Ling and Warren Cheng are our Managing/ Executive Directors, Promoters and substantial shareholders Lim Cheng Yong is our Chief Business Officer and substantial shareholder											
Novus Media	SBS Social and SBS Digital Media	Low Kok Yew	Low Kok Yew is the director and shareholder of Novus Media	Billboard rental fees paid to Novus Media	-	-	-	-	(201)	(2)1.8	-	-	-	-
	SBS Media Tech		Low Kok Yew was SBS Digital Holdings' substantial shareholder(11)	Provision of website development to Novus Media	-	-	-	-	20	(1)0.1	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value: FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FPE 2025 RM'000	FPE 2025 %	1 July 2025 up to LPD RM'000	1 July 2025 up to LPD %
Wong Chun Mun	SBS Digital Holdings, SBS Digital Media, SBS Events and SBS Social	Wong Chun Mun	Wong Chun Mun is our Managing Director/ Chief Executive Officer, Promoter and substantial shareholder	Advances from Wong Chun Mun to SBS Digital Holdings, SBS Digital Media, SBS Events and SBS Social	3,445	(3)235.6	3,399	(3)56.2	590	(3)6.8	-	-	-	-
	SBS Digital Holdings, SBS Digital Media and SBS Events			Advances to Wong Chun Mun by SBS Digital Holdings, SBS Digital Media and SBS Events	(628)	(3)43.0	(1,738)	(3)28.8	(2,469)	(3)28.6	-	-	-	-
	SBS Digital Holdings, SBS Digital Media, SBS Events and SBS Social			Repayment from Wong Chun Mun to SBS Digital Holdings, SBS Digital Media, SBS Events and SBS Social	1,552	(3)106.2	2,785	(3)46.1	2,471	(3)28.6	-	-	-	-
	SBS Digital Holdings, SBS Digital Media, SBS Events and SBS Social			Repayment to Wong Chun Mun by SBS Digital Holdings, SBS Digital Media, SBS Events and SBS Social	(1,641)	(3)112.2	(5,442)	(3)90.0	(596)	(3)6.9	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FPE 2025 RM'000	FPE 2025 %	1 July 2025 up to LPD RM'000	1 July 2025 up to LPD %
	SBS Digital Media and SBS Social			Expenses paid on behalf of Wong Chun Mun by SBS Digital Media and SBS Social for administrative expenses	-	-	(45)	[(3)]0.7	(2)	[(3)]<0.1	-	-	-	-
	SBS Digital Holdings, SBS Digital Media and SBS Social			Expenses paid on behalf by Wong Chun Mun to SBS Digital Holdings, SBS Digital Media and SBS Social for administrative expenses	35	[(3)]2.4	-	-	5	[(3)]<0.1	-	-	-	-
Piah Yee Ling	SBS Digital Holdings, SBS Digital Media, SBS Social, SBS Events and Shanghai Media	Piah Yee Ling	Piah Yee Ling is our Executive Director, Promoter and substantial shareholder	Advances from Piah Yee Ling to SBS Digital Holdings, SBS Digital Media, SBS Social, SBS Events and Shanghai Media	2,542	[(3)]173.9	2,438	[(3)]40.3	121	[(3)]1.4	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FPE 2025 RM'000	FPE 2025 %	1 July 2025 up to LPD RM'000	1 July 2025 up to LPD %
	SBS Digital Holdings, SBS Digital Media, SBS Events and SBS Social			Advances to Piah Yee Ling by SBS Digital Holdings, SBS Digital Media, SBS Events and SBS Social	(120)	(3)8.2	(653)	(3)10.8	(2,040)	(3)23.6	-	-	-	-
	SBS Digital Holdings, SBS Digital Media and SBS Events			Repayment from Piah Yee Ling to SBS Digital Holdings, SBS Digital Media and SBS Events	687	(3)47.0	492	(3)8.1	2,090	(3)24.2	-	-	-	-
	SBS Digital Holdings, SBS Digital Media, SBS Social and Shanghai Media			Repayment to Piah Yee Ling from SBS Digital Holdings, SBS Digital Media, SBS Social and Shanghai Media	(1,211)	(3)82.8	(3,675)	(3)60.8	(124)	(3)1.4	-	-	-	-
	SBS Digital Media, SBS Social and SBS Events			Expenses paid on behalf of Piah Yee Ling by SBS Digital Media, SBS Social and SBS Events for administrative expenses	(56)	(3)3.8	(27)	(3)0.4	(50)	(3)0.6	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Related party	Transacting company in our Group	Interested person	Nature of relationship	Nature of transaction	Transaction value FYE 2022 RM'000	FYE 2022 %	FYE 2023 RM'000	FYE 2023 %	FYE 2024 RM'000	FYE 2024 %	FPE 2025 RM'000	FPE 2025 %	1 July 2025 up to LPD RM'000	1 July 2025 up to LPD %
	SBS Social			Expenses paid on behalf by Piah Yee Ling to SBS Social for payment to suppliers	-	-	792	(3)13.1	-	-	-	-	-	-
Warren Cheng	SBS Social	Warren Cheng	Warren Cheng is our Promoter, Executive Director/ Chief Operating Officer and substantial shareholder	Advances from Warren Cheng to SBS Social	300	(3)20.5	-	-	5	(3)<0.1	-	-	-	-
	SBS Social			Advances to Warren Cheng by SBS Social	(295)	(3)20.2	(6)	(3)0.1	(7)	(3)<0.1	-	-	-	-
	SBS Social			Repayment from Warren Cheng to SBS Social	-	-	255	(3)4.2	-	-	-	-	-	-
	SBS Social			Repayment to Warren Cheng by SBS Social	(6)	(3)0.4	(220)	(3)3.6	(5)	(3)<0.1	-	-	-	-
	SBS Social			Expenses paid on behalf by Warren Cheng to SBS Social for purchase of laptop	-	-	9	(3)0.1	-	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Notes:

* Represents less than RM1,000.

(1) Calculated based on our Group's revenue for each of the respective financial years/ period under review.

(2) Calculated based on our Group's cost of sales for each of the respective financial years/ period under review.

(3) Calculated based on the Group's NA for each of the respective financial years/ period under review.

(4) On 1 March 2021, Hyper Media was incorporated under the Act by Lim Yent Lan (held 100.0% shareholding) and is principally involved in online marketing services and digital-out-of-home media services. Upon incorporation, she was appointed as the sole director of Hyper Media and was responsible for the day-to-day operations.

On 1 March 2022, Lim Yent Lan set up a sole proprietorship namely Hotpaper Media to undertake provision of out-of-home media services and was responsible for the day-to-day operations of the company.

As she sought to transition into retirement, she disposed both Hyper Media and Hotpaper Media on 23 August 2023 and 16 August 2023 respectively to Chew Ee Hun (a non-related party) for a nominal disposal consideration of RM1 respectively, based on the adjusted net liabilities after deduction of bank balances of Hyper Media as at 30 June 2022 of RM182,890, and based on net liabilities of Hotpaper Media as at 31 December 2022 of RM206,366. Pursuant to the disposals, she (i) resigned as a director of Hyper Media on 23 August 2023; and (ii) transferred ownership of Hotpaper Media to Chew Ee Hun on 16 August 2023. Thereafter, Hyper Media and Hotpaper Media ceased to be our related party.

(5) On 31 May 2021, Lim Yent Lan acquired 100.0% shareholdings in Soldgo (then dormant) from its subscriber shareholders. Upon acquisition, the company commenced operations with the provision of digital-out-of-home media services. Lim Yent Lan was responsible for the day-to-day operations of Soldgo.

On 29 December 2022, SBS Digital Holdings entered into a conditional share sale agreement to purchase the entire shareholdings of Soldgo from Lim Yent Lan, for a purchase consideration of RM300,000. The purchase consideration was arrived at based on inter-alia, guaranteed PAT of at least RM300,000 for FYE 30 April 2023. The purchase consideration would be paid conditional upon Soldgo achieving the guaranteed PAT of RM300,000. However, as Soldgo was unable to meet the guaranteed PAT of RM300,000, the acquisition of Soldgo was terminated on 30 September 2023. On 5 October 2023, Lim Yent Lan disposed her entire shareholdings to Chew Ee Xuen (a non-related party), for a nominal disposal consideration of RM1, based on net liabilities of Soldgo as at 30 April 2023 of RM167,927. On even date, Lim Yent Lan resigned as director of Soldgo. Thereafter, Soldgo ceased to be our related party.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

(6) Principally involved in property investment.

(7) Dissolved on 9 September 2024, was dormant prior to its dissolution. This company was intended to be a property investment holding company.

(8) A dormant company, previously principally involved in investment holding of shares in a company involved in agricultural activities.

(9) Wong Chun Mun, Piah Yee Ling, Warren Cheng and Lim Cheng Yong resigned as directors of WP Agro Sdn Bhd on 24 October 2023 and subsequently disposed of their entire shareholdings on 10 November 2023 in WP Agro Sdn Bhd to Law Chun Keong @ Wong Chun Keong (brother of Wong Chun Mun). The disposal consideration of RM4 was arrived based on WP Agro Sdn Bhd's shareholders deficit of RM9,855 as at 30 June 2023. Subsequently, WP Agro Sdn Bhd has been dissolved on 21 April 2025.

(10) This transaction is expected to continue to subsist after our Listing.

(11) Low Kok Yew had on 9 September 2023 joined SBS Digital Holdings shareholdings as a 7.0% passive shareholder. Due to health reasons, Low Kok Yew sold his entire 7.0% shareholdings in SBS Digital Holdings to Wong Chun Mun for a purchase consideration of RM700,000 on 21 April 2025. The purchase consideration was arrived at a "willing-buyer willing-seller" based on a 15.3% premium of the audited NA of SBS Digital Holdings as at 31 December 2024 of RM8.7 million.

(12) The last transaction with Felement Sdn Bhd was on 17 March 2025 and will not subsist after our Listing.

(13) Principally involved in the retail and distribution of perfumes, cosmetics and other skin products.

(14) Principally involved in manufacturing and printing of magnets.

Save for the provision of out-of-home media services to MK Magnet Sdn Bhd and the purchase of magnets and event materials from MK Magnet Sdn Bhd which are recurrent and will continue to subsist after our Listing as stated in Note (10) above, the other related party transactions as set out above will not subsist after our Listing.

The transactions in relation to advances and payments on behalf between our Group and our related parties were not conducted on arm's length basis as they were interest free. However, all such transactions have been fully settled as at LPD. Moving forward, we will not receive any advances/ payment on behalf from/ to our related parties, nor provide any advances/ payment on behalf to our related parties.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Save for the above, our Board is of the view that all our Group's related party transactions were conducted on an arm's length basis and on competitive commercial terms not more favourable to our Group's related parties, on the following basis:

(a) Provision of out-of-home media services, online marketing services and website development services by our Group were based on comparable rates charged to other third party customers;

(b) Procurement of tele-marketing services were based on the comparable quotations obtained from third parties;

(c) Procurement of sticker installation services were based on the comparable quotations obtained from third parties;

(d) Procurement of billboard rental fees were based on the comparable quotations obtained from third parties;

(e) Purchase of magnets and event materials was based on the prevailing market rates at the time of purchase; and

(f) Provision of banner installation services were based on comparable rates charged to other third parties.

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10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Moving forward, in order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions

(i) at least 2 other contemporaneous transactions with third parties for similar products and/ or quantities will be used as comparison, wherever possible, to determine if the price and terms offered by related parties are fair and reasonable and comparable to those offered by other third parties for the same or substantially similar type of products/ services and/ or quantities; or

(ii) if quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by other third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board shall seek mandate from shareholders to enter into any recurrent related party transactions at a general meeting. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into.

(b) Other related party transactions

(i) whether the terms of the related party transaction are fair and on arm's length basis to our Group and would apply on the same basis if the transaction did not involve a related party;

(ii) the rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and

(iii) whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and the nature of the related parties' interest in the transaction.

Where required under the Listing Requirements, a related party transaction may require prior approval of shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the shareholders are concerned; and whether the transaction is to the detriment of minority shareholders. In such instances, the independent adviser shall also advise minority shareholders on whether they should vote in favour of the transaction.

For related party transactions that require shareholders' approval, our Directors, major shareholders and/ or persons connected with such Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/ or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/ or indirect shareholdings. Such interested Directors and/ or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting. The relevant directors who are deemed interested or conflicted in such transactions shall also abstain from our Board deliberations and voting on the Board resolutions relating to these transactions.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. If a member of our Audit and Risk Management Committee has an interest in any related party transaction, he is to abstain from participating in the review and approval process in relation to that transaction. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

10.2 OTHER TRANSACTIONS

10.2.1 Transactions entered into that are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for FYE 2022 to 2024, FPE 2025 and up to LPD.

10.2.2 Outstanding loans (including guarantees of any kind)

(a) Outstanding loans and/ or balances

As at LPD, there are no outstanding loans made by our Group to/ for the benefit of a related party or granted by the related parties for the benefit of our Group.

(b) Guarantees

As at LPD, the following individuals have jointly and severally provided personal guarantees and SBS Digital Holdings has provided corporate guarantees for the banking and hire purchase facilities extended by the following financial institutions ("**Financiers**"):

Financiers	Type of facilities	Outstanding balance as at LPD	Facility limit	Guarantor
		RM'000	RM'000	
CIMB Bank Berhad	• 1 term loan	189	500	• Wong Chun Mun • Piah Yee Ling
CIMB Islamic Bank Berhad	• 1 term loan	243	565	• Wong Chun Mun • Piah Yee Ling
Alliance Bank Malaysia Berhad	• 1 overdraft • 1 term loan	1,462 2,131	1,500 2,175	• Wong Chun Mun • Piah Yee Ling • Warren Cheng • Lim Cheng Yong
	• 1 term loan	476	1,000	• Wong Chun Mun • Piah Yee Ling • Lim Cheng Yong
	• 1 term loan	241	500	• Wong Chun Mun • Piah Yee Ling • Warren Cheng

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Financiers	Type of facilities	Outstanding balance as at LPD	Facility limit	Guarantor
		RM'000	RM'000	
Maybank Islamic Berhad	• 1 term loan	381	500	• Wong Chun Mun • Piah Yee Ling • Warren Cheng
AmBank (M) Berhad	• 1 term loan	732	1,000	• Wong Chun Mun • Lim Cheng Yong • Warren Cheng • SBS Digital Holdings
	• 1 term loan	656	900	• Wong Chun Mun • Piah Yee Ling • SBS Digital Holdings
		6,511	**8,640**	

In conjunction with our Listing, we have applied to the Financiers to obtain a conditional consent for the release and/ or discharge of the personal guarantees by substituting the same with a corporate guarantee from our Company and/ or other securities from our Group acceptable to the Financiers. Until such release and/ or discharge are obtained from the respective Financiers, our Promoters and substantial shareholders will continue to guarantee the banking and hire purchase facilities extended to our Group.

We have obtained consent from all Financiers for the substitution of the said personal guarantees with corporate guarantees from our Company, to be completed as soon as practicable after our Listing.

10.2.3 Financial assistance provided for the benefit of a related party

As at LPD, there is no financial assistance provided by us for the benefit of any related party.

10.2.4 Transactions entered into with M&A Securities

Save as disclosed below, we have not entered into any transactions with M&A Securities who is the Adviser, Sponsor, Underwriter and Placement Agent for our Listing:

(a) Agreement dated 4 August 2024 between SBS Digital Holdings and M&A Securities for the appointment of M&A Securities as Adviser, Sponsor, Underwriter and Placement Agent for our Listing; and

(b) Underwriting Agreement dated 25 November 2025 entered into between our Company and M&A Securities for the underwriting of 41,650,000 Issue Shares.

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

As at LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in:

(a) other businesses and corporations which are carrying on a similar trade as our Group; and

(b) the business of our customers and suppliers.

It is our Directors' fiduciary duty to avoid conflict and in order to mitigate any possible conflict of interest situation, in the future, our Directors will declare to our Audit and Risk Management Committee and our Board their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Audit and Risk Management Committee will then first evaluate if such Director's involvement gives rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether there is an actual or potential conflict of interest of a Director, our Audit and Risk Management Committee will then:

(a) immediately inform our Audit and Risk Management Committee and Board of the conflict of interest situation;

(b) after deliberation with our Audit and Risk Management Committee, to make recommendations to our Board to direct the conflicted Director to:

    (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and

    (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b)(ii) above, the conflicted Director and persons connected to him (if applicable) shall be absent from any Board discussion relating to the recommendation of our Audit and Risk Management Committee and the conflicted Director and persons connected to him (if applicable) shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of our Board, be present at our Board meeting to answer any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Audit and Risk Management Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

(a) M&A Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Adviser, Sponsor, Placement Agent and Underwriter for our Listing;

(b) Ong Eu Jin Partnership has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Solicitors for our Listing;

(c) TGS TW PLT has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for our Listing; and

(d) Smith Zander has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as IMR for our Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our historical financial information throughout FYE 2022 to 2024 and FPE 2024 to 2025 have been prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

Our Group (other than SBS Media Tech, which was acquired in FYE 2023) are assumed under common control during FYE 2022 to 2024 and FPE 2024 and 2025 and are regarded as continuing entities. As such, the historical financial information of our Group for FYE 2022 to 2024 and FPE 2024 and 2025 is presented based on the combined financial statements of our Group. The financial statements of SBS Media Tech have been fully consolidated into our Group since the completion of its acquisition on 11 January 2023.

12.1.1 Combined statements of profit and loss and other comprehensive income

The following table sets out a summary of our combined statements of profit and loss and other comprehensive income for FYE 2022 to 2024 and FPE 2024 and 2025, which have been extracted from the Accountants' Report as set out in Section 13. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			Unaudited	Audited
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2024**	**FPE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	11,602	19,946	29,924	12,735	21,760
Cost of sales	(6,171)	(8,698)	(14,969)	(5,809)	(14,048)
GP	**5,431**	**11,248**	**14,955**	**6,926**	**7,712**
Other income	556	337	548	56	1
Administrative expenses	(2,594)	(3,853)	(4,424)	(1,952)	(1,756)
Net (loss)/ reversal on impairment of financial assets	(613)	12	(491)	(420)	631
Other expenses	(20)	(16)	-	-	-
Profit from operations	**2,760**	**7,728**	**10,588**	**4,610**	**6,588**
Finance costs	(344)	(448)	(510)	(242)	(187)
PBT	**2,416**	**7,280**	**10,078**	**4,368**	**6,401**
Taxation	(646)	(1,720)	(2,479)	(978)	(1,696)
PAT/ Total comprehensive income	**1,770**	**5,560**	**7,599**	**3,390**	**4,705**
PAT/ Total comprehensive income attributable to:					
- Owners of our Company	1,583	5,560	7,599	3,390	4,705
- Non-controlling interests	187	-	-	-	-
	1,770	**5,560**	**7,599**	**3,390**	**4,705**
EBIT(1)	2,758	7,722	10,586	4,609	6,589
EBITDA(1)	2,914	8,484	10,953	4,765	6,692
GP margin (%)(2)	46.8	56.4	50.0	54.4	35.4
PBT margin (%)(3)	20.8	36.5	33.7	34.3	29.4
PAT margin (%)(3)	13.6	27.9	25.4	26.6	21.6
Effective tax rate (%)(4)	26.7	23.6	24.6	22.4	26.5
Basic EPS (sen)(5)	0.4	1.5	2.1	0.9	1.3
Diluted EPS (sen)(6)	0.3	1.1	1.6	0.7	1.0

Notes:

(1) EBIT and EBITDA are computed as follows:

	Audited			Unaudited	Audited
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2024**	**FPE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
PAT	1,770	5,560	7,599	3,390	4,705
Less:					
Interest income	(2)	(6)	(2)	(1)	*
Add:					
Finance costs	344	448	510	242	187
Taxation	646	1,720	2,479	978	1,697
EBIT	**2,758**	**7,722**	**10,586**	**4,609**	**6,589**
Add:					
Depreciation and amortisation	156	762	367	156	103
EBITDA	**2,914**	**8,484**	**10,953**	**4,765**	**6,692**

Note:

* Represents less than RM1,000.

(2) Computed based on GP over revenue.

(3) PBT and PAT margin are computed based on PBT and PAT attributable to the owners of our Company over revenue, respectively.

(4) Computed based on taxation over PBT.

(5) Computed based on PAT attributable to the owners of our Company over enlarged share capital of 367,500,000 Shares before our IPO.

(6) Computed based on PAT attributable to the owners of our Company over enlarged share capital of 490,000,000 Shares after our IPO.

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12.1.2 Combined statements of financial position

The following table sets out the combined statements of financial position of our Group as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000
Assets				
Non-current assets				
Property, plant and equipment	2,296	2,656	2,285	2,258
Investment properties(1)	2,766	1,611	-	-
Intangible assets(2)	150	1,098	1,000	950
Goodwill(3)	-	2,397	2,397	2,397
Deferred tax assets	217	-	196	121
Total non-current assets	**5,429**	**7,762**	**5,878**	**5,726**
Current assets				
Trade receivables	6,149	3,829	7,166	11,209
Other receivables(4)	177	424	1,716	3,101
Tax recoverable	92	94	119	25
Fixed deposit with a licensed bank	-	-	1	1
Cash and bank balances	2,467	5,068	5,131	7,226
Total current assets	**8,885**	**9,415**	**14,133**	**21,562**
Total assets	**14,314**	**17,177**	**20,011**	**27,288**
Equity and liabilities				
Equity				
Share capital	-	-	(6)	(6)
Invested equities(5)	100	2,922	2,922	2,922
Merger reserve	135	135	135	135
Retained earnings	1,227	2,987	5,585	10,290
Total equity	**1,462**	**6,044**	**8,642**	**13,347**
Liabilities				
Non-current liabilities				
Borrowings	5,440	5,366	3,954	4,318
Lease liabilities	396	587	48	35
Deferred tax liabilities	-	47	-	-
Total non-current liabilities	**5,836**	**6,000**	**4,002**	**4,353**

	Audited			
	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Borrowings	1,874	940	1,326	2,606
Lease liabilities	58	109	25	25
Trade payables	491	749	305	396
Other payables	1,283	1,472	1,868	2,410
Contract liabilities	999	293	847	85
Amount due to Directors	(7)1,651	(8)15	-	-
Tax payable	660	1,555	2,996	4,066
Total current liabilities	**7,016**	**5,133**	**7,367**	**9,588**
Total liabilities	**12,852**	**11,133**	**11,369**	**13,941**
Total equity and liabilities	**14,314**	**17,177**	**20,011**	**27,288**

Notes:

(1) Comprise a 1½-storey semi-detached factory on freehold land located at Skudai, Johor which was disposed in FYE 2023 and a double-storey shop office located at Shah Alam, Selangor which was disposed in FYE 2024.

(2) Comprises trademark namely "ShangHai Business Media" and software acquired for our mobile and web-based applications, and website development services under our digital branding solutions segment arising from the acquisition of SBS Media Tech in FYE 2023.

(3) Arising from the acquisition of SBS Media Tech.

(4) Comprises, amongst others, non-trade receivables, deposits, prepayments and withholding tax refundable. The increase in other receivables by RM1.3 million or 325.0% to RM1.7 million as at 31 December 2024 (31 December 2023: RM0.4 million) was mainly due to higher prepayments related to IPO expenses and insurance expenses amounting to approximately RM1.5 million. The IPO-related prepayment was made in advance to secure professional services essential to our Listing, while insurance premiums were paid upfront to ensure continuous coverage for our Group's operations. As these payments cover periods extending beyond FYE 2024, they are recognised as prepayments under other receivables. The increase in other receivables by RM1.4 million or 82.4% to RM3.1 million as at 30 June 2025 (31 December 2024: RM1.7 million) was mainly due to higher prepayment related to IPO expenses and advance payments made to suppliers for various services, including but not limited to billboard advertising, amounting to RM2.8 million as at 30 June 2025 (31 December 2024: RM1.4 million), partly arising from timing differences in project execution and supplier billing cycles.

(5) Represents the share capital of SBS Digital Holdings. For information, SBS Digital Holdings had on 11 January 2023 entered into a share sale agreement with Lai Kian Chuan and Alphabets Partners Limited to acquire the entire shareholdings in SBS Media Tech by way of issuance of 145,000 new ordinary shares of SBS Digital Holdings at RM13.79 each for a total consideration of RM2.0 million. However, according to Paragraph 33 of MFRS 3 Business Combination, the consideration transferred should be measured at fair value, of which has been determined to be RM19.46 per share, for a total fair value consideration of RM2,821,700. Consequently, the invested equity increased from RM100,000 as at 31 December 2022 to RM2.9 million as at 31 December 2023.

(6) Represents less than RM1,000.

(7) Arising from dividends declared by our Group that were pending payment, and subsequently settled in June 2023.

(8) Arising from administrative expenses and the purchase of a laptop by our Directors on behalf of our Group, which was subsequently repaid in June 2024.

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12.1.3 Combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for FYE 2022 to 2024 and FPE 2025, which have been extracted from the Accountants' Report as set out in Section 13. It should be read with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
Profit before tax	2,416	7,280	10,078	6,401
Adjustments for:				
Amortisation of intangible assets	-	571	99	49
Allowance for ECL on:				
- Trade receivables	612	322	1,068	115
- Other receivables	3	-	-	-
Bad debts written off	20	-	-	-
Depreciation of property, plant and equipment	124	171	252	53
Depreciation of investment properties	32	20	16	-
Gain on disposal of property, plant and equipment	-	-	(233)	-
Interest income	(2)	(6)	(2)	(1)
Interest expenses	344	448	510	187
Loss/ (Gain) on disposal of an investment property	-	16	(215)	-
Reversal of ECL on:				
- Trade receivables	(1)	(322)	(577)	(746)
- Other receivables	(2)	(12)	-	-
Waiver of deposits	(3)	-	-	-
Waiver of debts from other payables	(1)	(1)	-	-
Operating profit before working capital changes	**3,544**	**8,487**	**10,996**	**6,059**
Changes in working capital:				
Contract liabilities	999	(706)	554	(762)
Receivables	(2,976)	4,402	(5,120)	(4,797)
Payables	883	(1,555)	(47)	633
Cash generated from operations	**2,450**	**10,628**	**6,383**	**1,133**
Tax paid	(943)	(1,181)	(1,359)	(477)
Tax refunded	-	-	53	19
Net cash from operating activities	**1,507**	**9,447**	**5,077**	**675**

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from investing activities				
Acquisition of intangible assets	-	(990)	-	-
Acquisition of shares from non-controlling interests	(1)	-	-	-
Acquisition of subsidiaries under common control(2)	(1)	-	-	-
Acquisition of a subsidiary, net of cash acquired(3)	-	176	-	-
Interest received	2	6	2	(1)
Proceeds from disposal of an investment property	-	1,120	1,810	-
Proceeds from disposal of property, plant and equipment	-	-	511	-
Proceeds from issuance of shares by a subsidiary under common control	(1)	-	-	-
Purchase of property, plant and equipment	(52)	(167)	(159)	(26)
Repayment from Directors	2,958	-	-	-
Net cash from/ (used in) investing activities	**2,908**	**145**	**2,164**	**(26)**
Cash flows from financing activities				
Dividends paid	(6,200)	(3,800)	(5,000)	-
Interest paid	(344)	(448)	(510)	(187)
Proceeds from issuance of shares(4)	-	-	(1)	-
Net drawdown/ (repayment) of term loans	1,232	(1,009)	(1,027)	135
Advances from/ (Repayment to) Directors	1,651	(1,646)	(15)	-
Repayment of lease liabilities	(53)	(88)	(624)	(12)
Net cash used in financing activities	**(3,714)**	**(6,991)**	**(7,176)**	**(64)**
Net changes in cash and cash equivalents	701	2,601	65	585
Cash and cash equivalents at beginning of year/ period	1,766	2,467	5,068	5,133
Cash and cash equivalents at end of year/ period	**2,467**	**5,068**	**5,133**	**5,718**
Fixed deposit with a licensed bank	-	-	1	1
Cash and bank balances	2,467	5,068	5,132	7,226
Less: Bank overdraft	-	-	-	(1,509)
Cash and cash equivalents at end of year/ period	**2,467**	**5,068**	**5,133**	**5,718**

Notes:

(1) Represents less than RM1,000.

(2) Refers to the acquisition of SBS Digital Media, SBS Social, SBS Events and Shanghai Media.

(3) Refers to the acquisition of SBS Media Tech.

(4) Represents our Company's paid-up share capital of RM1.00 comprising 1 ordinary share, that was subscribed as a subscriber's share on the date of incorporation (i.e. 10 September 2024).

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

The following discussion and segmental analysis of our combined financial statements for FYE 2022 to 2024 and FPE 2024 and 2025 should be read with the Accountants' Report set out in Section 13.

12.2.1 Overview of our operations

(a) Principal activities

Our Group is a branding and marketing solutions specialist, principally involved in the provision of offline branding solutions; and digital branding solutions, which core business activities are segmented as follows:

(i) offline branding solutions comprising out-of-home media services, public relations and event management as well as offline publications; and

(ii) digital branding solutions comprising online marketing services, digital broadcasts, video production, digital out-of-home media and online media, as well as mobile and web-based applications, and website development.

In addition, we also organise and host business awards and recognition events, as well as networking events, as part of our business leads generation initiatives, from which we also derive revenue. These events enable us to generate business leads from potential customers (i.e. entrepreneurs, micro-SMEs, SMEs and corporations) and it also serves as a service that benefits our customers by providing them a platform to drive branding and publicity.

For further details, please refer to Section 7.3 for our Group's detailed business overview.

(b) Revenue

We derive our revenue mainly from Malaysia for FYE 2022 to 2024 and FPE 2024 and 2025, save for revenue generated from Indonesia, Singapore and Taiwan, which collectively contributed less than 1.0% of our Group's total revenue for FYE 2022 to 2024 and FPE 2024 and 2025 as well as from Hong Kong which contributed 3.9%, 1.0%, 2.4% and 0.1% of our Group's total revenue for FYE 2023, FYE 2024, FPE 2024 and FPE 2025 respectively.

Our Group generally receives sales orders from our customers for the provision of offline branding solutions and digital branding solutions. Our revenue from these segments is recognised:

(i) at the point in time when the goods and/ or services are rendered to the customers, which coincides with the delivery and acceptance of the goods and/ or services by the customers;

(ii) at the point in time when the advertisements are displayed on the respective platforms; or

(iii) at the point in time when the relevant events occur for public relations and event management services under the offline branding solutions segment.

Revenue generated from business leads generation initiatives is recognised on a one-off basis, at the point in time when the relevant events occur.

For information, if our Group receives any advance consideration from customers for services where the performance obligations have not yet been satisfied, and such revenue is expected to be recognised within one year, we will recognise the advance consideration as contract liabilities. It will only be recognised as revenue once the performance obligations have been satisfied.

Please refer to Notes (17) and (19) of the Accountants' Report, as set out in Section 13 for further information.

(c) Cost of sales

Our Group's cost of sales comprises the following:

(i) Hardware and materials

The hardware and materials costs mainly comprise the following:

(aa) IT equipment such as digital signage display screens, media players, servers, firewalls, networking equipment (i.e. routers, switches, and cables), computer/ laptops and other accessories; and

(bb) event materials such as trophies, plaques, frames and other recognition products.

(ii) Outsourced services

The fees payable for outsourced services comprise the costs associated with certain scopes of work which we outsourced to third party service providers. These include video production, website and social media management, content creation and management services, influencer marketing and the execution of digital marketing campaigns such as running advertisements and managing digital platforms. Additionally, these fees encompass distribution and installation services, interviewers and the creation of interview articles, photo shooting, printing of publication, booklets and flyers (which include printing materials costs such as paper, ink, toner, printing plates and other consumables). IT related services such as software development, testing and installation of IT solutions are also included. Other costs comprise services for bunting and banner licence application services, telemarketing and fees paid to advertising agencies and costs of renting billboards from third party providers.

(iii) Staff costs

Staff costs mainly comprise staff salaries, bonuses, allowances and statutory contributions for our employees who are directly involved in our Group's revenue generating business activities.

(iv) Overhead and other costs

The overhead and other costs mainly comprise expenses associated with hosting press releases, product launching, company/ appreciation dinners, and corporate activities under our offline branding solutions segment and networking events and business award ceremonies under our business leads generation initiatives. These include hotel and restaurant bookings, venue rental fees, catering services, decorations, music licences, makeup artists, props, event crew, sound system rentals, transportation and any other associated event management expenses.

(d) Other income

Other income mainly comprises wages subsidies, rental income, interest income and gain on disposal of property, plant and equipment as well as of an investment property.

(e) Administrative expenses

Administrative expenses are expenses not directly attributable to the generation of revenue, which mainly comprises staff costs, Directors' remuneration, upkeep and maintenance, office expenses and utilities, professional fees, depreciation and amortisation as well as marketing expenses.

(f) Net (loss)/ reversal on impairment of financial assets

Being the provision for impairment losses on our trade and other receivables based on assessment on the ECL made on the trade and other receivables in accordance with MFRS 9.

(g) Other expenses

Other expenses comprise loss on disposal of an investment property, deposits written off and bad debts written off.

(h) Finance costs

Finance costs comprise interest expenses on our term loans and lease liabilities.

(i) Recent developments

Save as disclosed below, there were no other significant events subsequent to our Group's audited combined financial statements for FPE 2025:

(i) Acquisition; and

(ii) Distribution.

(j) Exceptional and extraordinary items

There were no exceptional or extraordinary items for FYE 2022 to 2024 and FPE 2025. In addition, our audited combined financial statements for FYE 2022 to 2024 and FPE 2025 were not subject to any audit qualifications.

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12.2.2 Review of our results of operations

(a) Revenue

Analysis of revenue by business segment

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Offline branding solutions	**2,687**	**23.2**	**6,397**	**32.1**	**11,164**	**37.3**	**4,400**	**34.6**	**8,040**	**36.9**
• Out-of-home media	2,144	18.5	3,491	17.5	6,075	20.3	2,446	19.2	4,799	22.0
• Public relations and event management	272	2.4	2,700	13.5	4,769	15.9	1,735	13.7	3,241	14.9
• Offline publication	271	2.3	206	1.1	320	1.1	219	1.7	*	*
Digital branding solutions	**6,778**	**58.4**	**10,049**	**50.4**	**17,162**	**57.4**	**7,366**	**57.8**	**12,941**	**59.5**
• Online marketing services	5,039	43.4	1,564	7.8	2,623	8.8	1,162	9.1	2,235	10.3
• Digital broadcasts	1,047	9.0	788	4.0	220	0.7	77	0.6	92	0.4
• Video production	531	4.6	284	1.4	462	1.6	151	1.2	306	1.4
• Digital-out-of-home media and online media	-	-	3,802	19.1	8,677	29.0	3,471	27.2	6,489	29.8
• Mobile and web-based applications, and website development[(1)]	161	1.4	3,611	18.1	5,180	17.3	2,505	19.7	3,819	17.6
Business leads generation initiatives	**2,137**	**18.4**	**3,500**	**17.5**	**1,598**	**5.3**	**969**	**7.6**	**779**	**3.6**
• Business awards and recognition events	2,137	18.4	3,487	17.4	1,582	5.2	706	5.5	388	1.8
• Networking events	-	-	13	0.1	16	0.1	263	2.1	391	1.8
	11,602	**100.0**	**19,946**	**100.0**	**29,924**	**100.0**	**12,735**	**100.0**	**21,760**	**100.0**

Notes:

* Represents less than RM1,000 or 0.1%.

(1) Further breakdown of revenue is as set out below:

	Audited			Unaudited	Audited
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2024**	**FPE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Mobile and web-based applications, and website development:					
- Web-based applications development	-	3,567	3,850	1,488	3,064
- Website development	161	44	1,330	1,017	255
- Mobile applications	-	-	-	-	500
	161	**3,611**	**5,180**	**2,505**	**3,819**

Mobile and web-based applications, and website may be developed as a standalone or in combination, depending on our customer's request. During FYE 2022 to 2024, our Group only provided services for the development of website, as well as web-based applications on a standalone basis. As we only develop mobile applications in 2025, such revenue contribution has been reflected in FPE 2025. As a branding and marketing solutions specialist, we focus on developing mobile and web-based applications, and websites for businesses' branding and marketing needs, which is supported by the development of systems. Despite our capabilities, we do not develop standalone systems (e.g. enterprise resource planning system, supply chain management system, human resource management system, and accounting and financial system) in the FYE 2022 to 2024 and FPE 2025. Please refer to Section 7.3.1(b) for further clarification on the basis of classifying mobile and web-based applications, and website development under the digital branding solutions segment.

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Analysis of revenue by geographical location

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	11,592	99.9	19,166	96.1	29,539	98.7	12,381	97.2	21,737	99.9
Hong Kong	-	-	770	3.9	302	1.0	302	2.4	18	0.1
Others[(1)]	10	0.1	10	*	83	0.3	52	0.4	5	*
	11,602	**100.0**	**19,946**	**100.0**	**29,924**	**100.0**	**12,735**	**100.0**	**21,760**	**100.0**

Notes:

* Less than 0.1%.

(1) Comprising Indonesia, Singapore and Taiwan.

Comparison between FYE 2022 and FYE 2023

Our Group's total revenue increased by RM8.3 million or 71.6%, to RM19.9 million in FYE 2023 (FYE 2022: RM11.6 million), mainly attributable to the increase in revenue across all our business segments. Our revenue from digital branding solutions segment contributed RM10.0 million or 50.4% of our total revenue in FYE 2023 (FYE 2022: RM6.8 million or 58.4%), while our offline branding solutions segment and business leads generation initiatives contributed RM6.4 million or 32.1% and RM3.5 million or 17.5% respectively in FYE 2023 (FYE 2022: RM2.7 million or 23.2% and RM2.1 million or 18.4% respectively).

Offline branding solutions

Our revenue from the offline branding solutions segment increased by RM3.7 million or 137.0% to RM6.4 million in FYE 2023 (FYE 2022: RM2.7 million) mainly attributable to the following:

(i) higher revenue from our public relations and event management by RM2.4 million to RM2.7 million in FYE 2023 (FYE 2022: RM0.3 million) as (a) our Group ventured into training workshops organised on behalf of our customers in FYE 2023, which generated RM1.0 million (FYE 2022: nil); and (b) organised more events on behalf of our customers (i.e. 23 events in FYE 2023 as compared to 12 events in FYE 2022); and

(ii) higher revenue from out-of-home media services by RM1.4 million to RM3.5 million (FYE 2022: RM2.1 million). Notwithstanding the number of customers for these services decreased to 433 in FYE 2023 (FYE 2022: 468 customers), the increase in revenue was mainly attributable to a rebound in spending from customers who were willing to spend more on advertising following the reopening of the economy.

Digital branding solutions

Our revenue from the digital branding solutions segment increased by RM3.2 million or 47.1%, to RM10.0 million in FYE 2023 (FYE 2022: RM6.8 million), which was mainly attributable to the following:

(i) new revenue stream from digital out-of-home media services for management of advertisements on indoor digital media platforms, pursuant to a service and management agreement with Entity T entered in April 2023, which contributed RM3.3 million in FYE 2023 (FYE 2022: nil). For clarification, out of the RM3.3 million, RM0.3 million was contributed from Entity T directly (relates to advertisements sales brought in by Entity T), while the balance of RM3.0 million was derived from advertising fees collected from various customers (relates to advertisements sales brought in by our Group) for the sale of air-time slots on the indoor digital media platforms located in all outlets of a Statutory Body affiliated with Entity T nationwide; and

(ii) higher revenue from mobile and web-based applications, and website development by RM3.4 million to RM3.6 million for FYE 2023 (FYE 2022: RM0.2 million) mainly attributable to 15 new projects undertaken and delivered. For information purposes, out of the 15 new projects undertaken and delivered during FYE 2023, 7 projects were related to web-based applications development and 8 projects were related to website development.

However, the aforementioned increase in the digital branding solutions segment was partially offset by the decrease in revenue from online marketing services by RM3.4 million to RM1.6 million in FYE 2023 (FYE 2022: RM5.0 million). The decrease in revenue from online marketing services was mainly due to the absence of revenue from customers who were previously eligible for the matching grant of up to RM5,000 per entity under the SME Digitalisation Initiative, provide by the Ministry of Finance Malaysia through Bank Simpanan Nasional (FYE 2022: RM3.7 million). This was due to our Group's decision in FYE 2023 to discontinue services to customers applying through the SME Digitalisation Initiative. For information, our Group had served 732 such customers in FYE 2022.

Business leads generation initiatives

Our revenue from business leads generation initiatives increased by RM1.4 million or 66.7%, to RM3.5 million in FYE 2023 (FYE 2022: RM2.1 million), which was attributable to the following:

(i) higher revenue from our SIR event by RM0.9 million to RM1.3 million in FYE 2023 (FYE 2022: RM0.4 million) as a result of higher application fees, sales of publicity and sponsorship packages as more customers sought event visibility. For information, the number of participants increased to 145 in FYE 2023 (FYE 2022: 70 participants). The number of participants is based on the invoicing date, with invoices issued prior to the events. Invoicing and payments for the SIR event held in January 2023 were partially collected and recognised in FYE 2022, while the awards event was held in January 2023;

(ii) new revenue stream contributed from our first SHE event of RM0.4 million in FYE 2023 (FYE 2022: nil); and

(iii) revenue contributed from a one-off business awards and recognisation event, namely "ShangHai Rekatone Outstanding Design Award" of RM0.3 million in FYE 2023 (FYE 2022: nil). For clarification, this "ShangHai Rekatone Outstanding Design Award" is similar to initiatives like SHE/ SHIPBA. The award was launched in collaboration with a technology company focused on providing a one-stop service for interior designers, architects, and property owners in FYE 2023, with the aim of recognising excellence in interior design. However, after assessing the overall profitability of the initiative, we decided not to continue with the award in the subsequent financial year.

The aforementioned increase was partially offset by the lower revenue contribution from our SHIPBA event by RM0.2 million to RM1.4 million in FYE 2023 (FYE 2022: RM1.6 million). Although the number of participants rose to 116 in FYE 2023 (FYE 2022: 94 participants), majority of the participants opted for lower value packages, resulting in the decreased revenue.

Comparison between FYE 2023 and FYE 2024

Our Group's total revenue increased by RM10.0 million or 50.3%, to RM29.9 million in FYE 2024 (FYE 2023: RM19.9 million), mainly due to the increase in revenue from digital branding solutions segment as well as offline branding solutions segment which contributed RM17.2 million or 57.4% (FYE 2023: RM10.0 million or 50.4%) and RM11.2 million or 37.3% (FYE 2023: RM6.4 million or 32.1%) in FYE 2024 respectively. The increase in revenue from these 2 segments was partially offset by the decrease in revenue from our business leads generation initiatives which contributed RM1.6 million or 5.3% in FYE 2024 (FYE 2023: RM3.5 million or 17.5%).

Offline branding solutions

Our revenue from the offline branding solutions segment increased by RM4.8 million or 75.0%, to RM11.2 million in FYE 2024 (FYE 2023: RM6.4 million) mainly attributable to the following:

(i) higher revenue from out-of-home media services by RM2.6 million to RM6.1 million in FYE 2024 (FYE 2023: RM3.5 million). This was primarily attributable to higher number of customers of 478 in FYE 2024 (FYE 2023: 433 customers) as well as a continued increase in orders for printed materials, such as flyers and brochures; and

(ii) higher revenue from our public relations and event management by RM2.1 million to RM4.8 million in FYE 2024 (FYE 2023: RM2.7 million) as a result of higher number of events being organised on behalf of our customers in FYE 2024. There was a total of 34 events organised on behalf of our customers in FYE 2024 (FYE 2023: 23 events). In addition, for information purposes, revenue from our training workshops decreased by RM0.5 million to RM0.5 million in FYE 2024 (FYE 2023: RM1.0 million). This decline follows the strong initial demand in FYE 2023 when the workshops were newly launched and attracted considerable interest. The revenue in FYE 2024 reflect a more typical level of customer engagement as the initial surge of interest subsided.

Digital branding solutions

Our revenue from the digital branding solutions segment increased by RM7.2 million or 72.0%, to RM17.2 million in FYE 2024 (FYE 2023: RM10.0 million) which was attributable to the following:

(i) higher revenue from digital out-of-home media and online media by RM4.9 million to RM8.7 million in FYE 2024 (FYE 2023: RM3.8 million). This was primarily attributable to larger budgets allocated for these services by the majority of customers, driven by the growing interest in digital billboard advertisements, which many customers sought to incorporate into their marketing strategies. For information, customers who place digital billboard advertisements with us contributed significantly, generating RM4.2 million for FYE 2024 (FYE 2023: RM0.4 million). In addition, we generated RM4.4 million in FYE 2024 (FYE 2023: RM3.3 million) pursuant to a service and management agreement with Entity T entered in April 2023. Of this amount, RM0.6 million (FYE 2023: RM0.3 million) was contributed from Entity T directly (relates to advertisements sales brought in by Entity T) while the balance of RM3.8 million (FYE 2023: RM3.0 million) was derived from advertising fees collected from various customers (relates to advertisements sales brought in by our Group) for the sale of air-time slots on the indoor digital media platforms located in all outlets of a Statutory Body affiliated with Entity T nationwide;

(ii) higher revenue from mobile and web-based applications, and website development by RM1.6 million to RM5.2 million in FYE 2024 (FYE 2023: RM3.6 million). This was primarily attributable to higher number of customers in FYE 2024 (FYE 2024: 39 customers as compared to FYE 2023: 28 customers), along with larger budgets allocated for these services by the majority of them. For information purposes, there were 12 projects related to web-based applications development (FYE 2023: 7 projects) and 15 projects related to website development in FYE 2024 (FYE 2023: 8 projects); and

(iii) higher revenue from online marketing services by RM1.0 million to RM2.6 million in FYE 2024 (FYE 2023: RM1.6 million). This was primarily attributable to the onboarding of new customers during FYE 2024, namely Christy Ng Sdn Bhd and DagangAsia Network Holding Sdn Bhd.

Business leads generation initiatives

Our revenue from business leads generation initiatives decreased by RM1.9 million or 54.3%, to RM1.6 million in FYE 2024 (FYE 2023: RM3.5 million) mainly due to the following:

(i) lower revenue from our SIR and SHIPBA events by RM1.6 million or 59.3% to RM1.1 million in FYE 2024 (FYE 2023: RM2.7 million) as our Group organised these events on a smaller scale in FYE 2024. Our Company has scaled down the size of participants and frequency of events to (a) optimise resources and better align with our overall business strategies; and (b) address customers' feedback regarding the previous events' duration and scale. Moving forward, our Group will reposition our business leads generation initiatives by focusing on smaller-scale events intended to better support our offline and digital branding solutions. While these events may contribute lower direct revenue, they are expected to yield more qualified business prospects and enhance customer engagement. For information, the number of participants for SIR and SHIPBA events was 29 and 70 in FYE 2024 respectively (FYE 2023: 145 and 116 respectively). For information, the number of participants is based on the invoicing date, with invoices issued prior to the events. Invoicing and payments for the SIR event held in January 2023 were partially collected and recognised in FYE 2022, while the awards event was held in January 2023; and

(ii) the absence of revenue from a one-off business awards and recognisation event, namely "ShangHai Rekatone Outstanding Design Award" that was organised in FYE 2023 of RM0.3 million, which did not take place in FYE 2024.

Comparison between FPE 2024 and FPE 2025

Our Group's total revenue increased by RM9.1 million or 71.7%, to RM21.8 million in FPE 2025 (FPE 2024: RM12.7 million), mainly attributable to the increase in revenue from digital branding solutions segment as well as offline branding solutions segment which contributed RM12.9 million or 59.5% (FPE 2024: RM7.4 million or 57.8%) and RM8.0 million or 36.9% (FPE 2024: RM4.4 million or 34.6%) in FPE 2025 respectively. The increase in revenue from these 2 segments was partially offset by the decrease in revenue from our business leads generation initiatives which contributed RM0.8 million or 3.6% in FPE 2025 (FPE 2024: RM1.0 million or 7.6%).

Offline branding solutions

Our revenue from the offline branding solutions segment increased by RM3.6 million or 81.8%, to RM8.0 million in FPE 2025 (FPE 2024: RM4.4 million) mainly attributable to the following:

(i) higher revenue from out-of-home media services by RM2.4 million to RM4.8 million in FPE 2025 (FPE 2024: RM2.4 million). This was primarily attributable to a higher average order value per customer in FPE 2025, despite the number of customers decreased to 208 in FPE 2025 (FPE 2024: 241 customers). The increase in average order value per customer was driven by continued increase in orders with larger budgets for offset and inkjet and digital printing services including, amongst others, brochures, notebooks, banners, table stickers and buntings; and

(ii) higher revenue from our public relations and event management by RM1.5 million to RM3.2 million in FPE 2025 (FPE 2024: RM1.7 million) as a result of higher number of events being organised on behalf of our customers in FPE 2025. For information, there were a total of 27 events organised on behalf of our customers in FPE 2025 (FPE 2024: 16 events),

which was partially offset by lower revenue from offline publication services by RM0.2 million to less than RM1,000 for the FPE 2025 (FPE 2024: RM0.2 million). The decrease was due to the different production and launch timing of the 4^{th} edition, which is scheduled for mid-December 2025, whereas the 3^{rd} edition was launched in July 2024. As a result, only minimal revenue (i.e. less than RM1,000) were recognised during the FPE 2025.

Digital branding solutions

Our revenue from the digital branding solutions segment increased by RM5.5 million or 74.3%, to RM12.9 million in FPE 2025 (FPE 2024: RM7.4 million) which was attributable to the following:

(i) higher revenue from digital out-of-home media and online media by RM3.0 million to RM6.5 million in FPE 2025 (FPE 2024: RM3.5 million). This was primarily attributable to increase in revenue by RM1.7 million to RM3.5 million (FPE 2024: RM1.8 million) as a result of higher spending on digital billboard advertisements services by our customers, which led to an increase in the average order value per customer in FPE 2025. In addition, the higher revenue from digital out-of-home media and online media was also driven by an increase in revenue by RM1.2 million to RM2.9 million in FPE 2025 (FPE 2024: RM1.7 million) under the exclusive service and management agreement with Entity T;

(ii) higher revenue from mobile and web-based applications, and website development by RM1.3 million to RM3.8 million in FPE 2025 (FPE 2024: RM2.5 million). This was mainly attributable to higher number of customers in FPE 2025 (FPE 2025: 27 customers as compared to FPE 2024: 19 customers), along with larger budgets allocated for these services by the majority of them. For information purposes, there were 13 projects related to web-based applications development, 2 projects related to website development and 2 projects related to mobile applications development in FPE 2025 compared to 7 projects were related to web-based applications development and 5 projects were related to website development in FPE 2024; and

(iii) higher revenue from online marketing services by RM1.0 million to RM2.2 million in FPE 2025 (FPE 2024: RM1.2 million). This was primarily attributable to the increase in number of customers to 76 in FPE 2025 (FPE 2024: 29) as a result of growing demand for online marketing services among businesses.

Business leads generation initiatives

Our revenue from business leads generation initiatives decreased by RM0.2 million or 20.0%, to RM0.8 million in FPE 2025 (FPE 2024: RM1.0 million) mainly due to the lower revenue from our SHIPBA events by RM0.2 million. This was primarily due to lower approval rates for nominations as a result of stricter vetting processes as well as fewer publicity packages being taken up by participants. For information, the number of participants for SHIPBA events was 43 in FPE 2025 (FPE 2024: 70).

(b) Cost of sales, GP and GP margin

Analysis of cost of sales by components

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Hardware and materials	755	12.2	934	10.7	1,857	12.4	371	6.4	1,541	11.0
Outsourced services	2,978	48.3	4,263	49.0	9,576	64.0	3,398	58.5	10,689	76.1
Staff costs	1,710	27.7	2,310	26.6	1,812	12.1	1,035	17.8	939	6.7
Overhead and other costs	728	11.8	1,191	13.7	1,724	11.5	1,005	17.3	879	6.2
	6,171	**100.0**	**8,698**	**100.0**	**14,969**	**100.0**	**5,809**	**100.0**	**14,048**	**100.0**

Analysis of cost of sales by business segment

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Offline branding solutions	2,193	35.5	2,983	34.3	5,444	36.4	2,156	37.1	4,887	34.8
Digital branding solutions	2,937	47.6	3,798	43.7	8,180	54.6	2,880	49.6	8,410	59.9
Business leads generation initiatives	1,041	16.9	1,917	22.0	1,345	9.0	773	13.3	751	5.3
	6,171	**100.0**	**8,698**	**100.0**	**14,969**	**100.0**	**5,809**	**100.0**	**14,048**	**100.0**

Analysis of GP and GP margin by business segment

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Offline branding solutions	494	18.4	3,414	53.4	5,720	51.2	2,244	51.0	3,153	39.2
Digital branding solutions	3,841	56.7	6,251	62.2	8,982	52.3	4,486	60.9	4,531	35.0
Business leads generation initiatives	1,096	51.3	1,583	45.2	253	15.8	196	20.2	28	3.6
	5,431	**46.8**	**11,248**	**56.4**	**14,955**	**50.0**	**6,926**	**54.4**	**7,712**	**35.4**

(i) Hardware and materials

Our hardware and materials costs increased by RM0.1 million or 12.5% to RM0.9 million in FYE 2023 (FYE 2022: RM0.8 million), mainly attributable to increased purchase costs of IT equipment for our customers in connection with our mobile and web-based applications, and website development projects.

Our hardware and materials costs increased by RM1.0 million or 111.1% to RM1.9 million in FYE 2024 (FYE 2023: RM0.9 million), mainly due to the increased purchase costs of IT equipment for our customers, driven by the different project requirements related to our mobile and web-based applications, and website development projects.

Our hardware and materials costs increased by RM1.1 million or 275.0% to RM1.5 million in FPE 2025 (FPE 2024: RM0.4 million), mainly due to the increased purchase costs of IT equipment for our customers, driven by the different project requirements related to our mobile and web-based applications, and website development projects.

(ii) Outsourced services

Our outsourced services costs increased by RM1.3 million or 43.3% to RM4.3 million in FYE 2023 (FYE 2022: RM3.0 million), mainly attributable to the increased revenue for our offline branding solutions and digital branding solutions segments, which necessitated higher outsourcing to support our increased revenue and expanded service offerings (i.e. digital out-of-home media services for indoor digital media).

Our outsourced services costs increased by RM5.3 million or 123.3% to RM9.6 million in FYE 2024 (FYE 2023: RM4.3 million), mainly due to increased revenue for our offline branding solutions and digital branding solutions segments, which necessitated higher outsourcing to support our increased revenue.

Our outsourced services costs increased by RM7.3 million or 214.7% to RM10.7 million in FPE 2025 (FPE 2024: RM3.4 million), mainly due to increased revenue for our offline branding solutions and digital branding solutions segments, which necessitated higher outsourcing to support our increased revenue as both our internal manpower levels remained largely unchanged between the two periods.

(iii) Staff costs

Our staff costs increased by RM0.6 million or 35.3% to RM2.3 million in FYE 2023 (FYE 2022: RM1.7 million), mainly attributable to the additional 4 headcounts following the inclusion of SBS Media Tech into our Group as well as annual salary adjustment.

Our staff costs decreased by RM0.5 million or 21.7% to RM1.8 million in FYE 2024 (FYE 2023: RM2.3 million), mainly attributable to the decrease in headcounts across various departments, including marketing, videographer, event management and IT from 32 as at 31 December 2023 to 28 as at 31 December 2024. Additionally, 2 new joiners hired in FYE 2024 joined in June 2024 and October 2024 respectively, to replace the loss in headcount over the years. Since these new hires joined midway through the year, their salaries were only partially reflected in the staff costs for FYE 2024. Furthermore, the Senior IT who resigned in January 2024 was not replaced throughout the remainder of FYE 2024 (i.e. February 2024 to December 2024), which also contributed to the decrease in staff costs.

Our staff costs decreased slightly by RM0.1 million or 10.0% to RM0.9 million FPE 2025 (FPE 2024: RM1.0 million), remaining relatively consistent overall.

(iv) Overhead and other costs

Our overhead and other costs increased by RM0.5 million or 71.4% to RM1.2 million in FYE 2023 (FYE 2022: RM0.7 million), mainly attributable to the increased event-related expenses. These costs were associated with hosting press releases, product launching, company/ appreciation dinners, and corporate activities on behalf of our customers under our offline branding solutions segment as well as for events under our business lead generation initiatives. These costs include hotel and restaurant bookings, venue rental fees, catering services, decorations, music licences, makeup artists, event crews, sound system rentals, transportation and any other associated event management expenses.

Our overhead and other costs increased by RM0.5 million or 41.7% to RM1.7 million in FYE 2024 (FYE 2023: RM1.2 million), mainly attributable to increased event-related expenses incurred for organising events such as press releases, product launching, company/ appreciation dinners, and corporate activities on behalf of our customers under our offline branding solutions segment. These costs include hotel and restaurant bookings, venue rental fees, catering services, decorations, music licences, makeup artists, event crews, sound system rentals, transportation and any other associated event management expenses.

Our overhead and other costs decreased by RM0.1 million or 10.0% to RM0.9 million in FPE 2025 (FPE 2024: RM1.0 million), mainly due to lower costs resulting from a smaller-scale SHIPBA event held in FPE 2025, which had 43 participants (FPE 2024: 70 participants). While certain overhead costs associated with organising these events such as decorations, music licences, sound system rental, props, and photo or video shooting, are relatively fixed regardless of event size, whilst other components such as venue size, number of tables, catering and consumables remain variable.

Comparison between FYE 2022 and FYE 2023

Our Group's total cost of sales increased by RM2.5 million or 40.3% to RM8.7 million in FYE 2023 (FYE 2022: RM6.2 million). The cost of sales for each of our business segments increased, mainly due to the following:

(i) outsourced services, which increased by RM1.3 million or 43.3% to RM4.3 million in FYE 2023 (FYE 2022: RM3.0 million);

(ii) staff costs, which increased by RM0.6 million or 35.3% to RM2.3 million in FYE 2023 (FYE 2022: RM1.7 million);

(iii) overhead and other costs, which increased by RM0.5 million or 71.4% to RM1.2 million (FYE 2022: RM0.7 million); and

(iv) hardware and materials costs, which increased by RM0.1 million or 12.5% to RM0.9 million (FYE 2022: RM0.8 million).

All of these increases are explained in earlier sections above for each cost component, which is in tandem with the increase in revenue across our respective business segments.

Our Group recorded an increase in GP by RM5.8 million or 107.4% to RM11.2 million in FYE 2023 (FYE 2022: RM5.4 million), and our overall GP margin improved to 56.4% in FYE 2023 (FYE 2022: 46.8%), mainly due to the increased GP and improved GP margin from our offline branding solutions and digital branding solutions segments.

Our GP for the offline branding solutions segment increased by RM2.9 million or 580.0% to RM3.4 million in FYE 2023 (FYE 2022: RM0.5 million), mainly attributable to higher revenue achieved for the said segment as explained above. Our GP margin for the offline branding solutions segment improved to 53.4% in FYE 2023 (FYE 2022: 18.4%) mainly due to the following:

(i) higher revenue from public relations and event management (i.e. training workshops) which yielded higher margins as the majority of these trainings are conducted virtually by our in-house trainers; and

(ii) cost efficiency achieved through increased sales in out-of-home media services (i.e. inkjet and offset printing), resulting from economies of scale as suppliers generally offer lower prices for larger orders.

Our GP for the digital branding solutions segment increased by RM2.5 million or 65.8% to RM6.3 million in FYE 2023 (FYE 2022: RM3.8 million), mainly attributable to higher revenue achieved for the said segment as explained above. Our GP margin for the digital branding solutions segment improved to 62.2% for FYE 2023 (FYE 2022: 56.7%) mainly attributable to higher revenue from digital out-of-home media and online media services (i.e. advertisements on indoor digital media platforms), and mobile and web-based applications, and website development which typically yield higher margins. These services are scalable due to relatively low staff costs.

Our GP for the business leads generation initiatives increased by RM0.5 million or 45.5% to RM1.6 million in FYE 2023 (FYE 2022: RM1.1 million), mainly attributable to higher revenue achieved for the said segment as explained above. Notwithstanding the above, our GP margin for the business leads generation initiatives decreased to 45.2% in FYE 2023 (FYE 2022: 51.3%) mainly due to increase in staff costs as more staffs were assigned to support the revenue growth of this segment.

Comparison between FYE 2023 and FYE 2024

Our Group's total cost of sales increased by RM6.3 million or 72.4% to RM15.0 million in FYE 2024 (FYE 2023: RM8.7 million). This was mainly due to the digital branding solutions and offline branding solutions segments, where the cost of sales increased by RM6.8 million to RM13.6 million in FYE 2024 (FYE 2023: RM6.8 million), as a result of the following:

(i) outsourced services which increased by RM5.2 million or 126.8% to RM9.3 million in FYE 2024 (FYE 2023: RM4.1 million);

(ii) overhead and other costs which increased by RM0.5 million or 71.4% to RM1.2 million in FYE 2024 (FYE 2023: RM0.7 million), and

(iii) hardware and materials costs which increased by RM1.0 million or 142.9% to RM1.7 million in FYE 2024 (FYE 2023: 0.7 million),

which is in tandem with the increase in revenue from the digital branding solutions and offline branding solutions segments.

Our Group recorded an increase in GP by RM3.8 million or 33.9% to RM15.0 million in FYE 2024 (FYE 2023: RM11.2 million), mainly attributable to the increased GP from our digital branding solutions as well as offline branding solutions segments by RM5.0 million or 51.5% to RM14.7 million in FYE 2024 (FYE 2023: RM9.7 million) as a result of higher revenue generated from the said segments as explained above. The increase in GP from these 2 segments was partially offset by the decrease in GP from our business leads generation initiatives by RM1.3 million or 81.3% to RM0.3 million in FYE 2024 (FYE 2023: RM1.6 million) as a result of lower revenue generated in FYE 2024 as explained above.

Our overall GP margin decreased to 50.0% in FYE 2024 (FYE 2023: 56.4%), mainly due to the decrease in GP margin across all the business segments.

Our GP margin for the offline branding solutions segment decreased marginally to 51.2% in FYE 2024 (FYE 2023: 53.4%) mainly due to higher outsourced services costs as well as overhead and other costs. The higher outsourced services costs was mainly due to our Group's reliance on outsourcing while awaiting the recruitment of new staff. In addition, both outsourced services costs as well as overhead and other costs were also impacted by inflationary pressures leading to increased costs for materials and services required. Despite these challenges, our Group chose not to pass on the additional costs to customers in order to maintain our competitiveness.

Our GP margin for the digital branding solutions segment decreased to 52.3% in FYE 2024 (FYE 2023: 62.2%) mainly due to higher proportion of revenue from digital out-of-home media and online media services, particularly digital billboard advertisements, which generally yielded lower margin compared to advertisements on indoor digital media platforms, which generally yielded higher margin. Additionally, there were higher outsourced services costs as well as hardware and materials costs. This was mainly attributable to the varying project requirements related to our mobile and web-based applications, and website development projects undertaken in FYE 2024. In FYE 2024, several projects had significant hardware and materials requirements, and as hardware was typically supplied without markup and generated no margin, this contributed to higher direct costs and reduced the segment's profitability.

Furthermore, due to the increase in project volume, our Group had to engage third-party developers to support delivery, as internal manpower levels remained largely unchanged from the previous year. This reliance on external resources further contributed to the lower GP margin.

Our GP margin for the business leads generation initiatives decreased to 15.8% in FYE 2024 (FYE 2023: 45.2%) mainly due to lower revenue resulting from a reduced number of participants at events held in FYE 2024 as compared to FYE 2023 as explained in Section 12.2.2(a) above. Since most of the outsourced costs as well as overhead and other costs associated with organising these events (i.e. decorations, music licences, sound system rental and props as well as photo or video shooting) are fixed, the decline in revenue impacted our GP margin.

Comparison between FPE 2024 and FPE 2025

Our Group's total cost of sales increased by RM8.2 million or 141.4% to RM14.0 million in FPE 2025 (FPE 2024: RM5.8 million). This was mainly due to the digital branding solutions and offline branding solutions segments, where the cost of sales increased by RM8.3 million to RM13.3 million in FPE 2025 (FPE 2024: RM5.0 million), as a result of the following:

(i) outsourced services, which increased by RM7.0 million or 205.9% to RM10.4 million in FPE 2025 (FPE 2024: RM3.4 million); and

(ii) hardware and materials costs, which increased by RM1.2 million or 400.0% to RM1.5 million in FPE 2025 (FPE 2024: RM0.3 million).

The increases in outsourced services as well as hardware and materials costs were mainly due to the increase in revenue from the digital branding solutions and offline branding solutions segments. However, the increase in cost of sales outpaced revenue growth, resulting in margin compression during the period.

Our Group recorded an increase in GP by RM0.8 million or 11.6% to RM7.7 million in FPE 2025 (FPE 2024: RM6.9 million), mainly attributable to the increased GP from our offline branding solutions segment by RM1.0 million or 45.5% to RM3.2 million in FPE 2025 (FPE 2024: RM2.2 million) and increase in GP from our digital branding solution segment marginally by approximately RM45,000 to RM4.5 million in FPE 2025 (FPE 2024: RM4.5 million) as a result of higher revenue generated from the said segment as explained above. The increase in GP from these segments was partially offset by the decrease in GP from our business leads generation initiatives by RM0.2 million to approximately RM28,000 in FPE 2025 (FPE 2024: RM0.2 million) as a result of lower revenue generated from the said segment as explained above.

Our overall GP margin decreased to 35.4% in FPE 2025 (FPE 2024: 54.4%), mainly due to the decrease in GP margin across all the business segments.

Our GP margin for the offline branding solutions segment decreased to 39.2% in FPE 2025 (FPE 2024: 51.0%) mainly due to higher outsourced services costs. The higher outsourced services costs was mainly due to our Group's reliance on outsourcing while awaiting the recruitment of new staff.

Our GP margin for the digital branding solutions segment decreased to 35.0% in FPE 2025 (FPE 2024: 60.9%) mainly due to higher outsourced services costs as well as hardware and materials costs. This was mainly attributable to the varying project requirements related to our mobile and web-based applications, and website development projects undertaken in FPE 2025. In FPE 2025, several projects had significant hardware and materials requirements, and as hardware was typically supplied without markup and generated no margin, this contributed to higher direct costs and reduced the segment's profitability. Furthermore, due to the increase in project volume, our Group had to engage third-party developers to partially support the delivery and implementation of the projects, as our internal manpower levels remained largely unchanged between the two periods. This reliance on external resources further contributed to the lower GP margin, as reflected in the reduction of the GP margin for digital billboard from 59.0% to 46.5% in FPE 2025.

Our GP margin for the business leads generation initiatives decreased to 3.6% in FPE 2025 (FPE 2024: 20.2%) mainly due to lower revenue resulting from a reduced number of participants at events held in FPE 2025 as compared to FPE 2024 as explained in Section 12.2.2(a) above.

(c) Other income

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Wages subsidies	307	55.2	89	26.4	1	0.2	1	1.8	-	-
Rental income	174	31.3	149	44.2	97	17.7	53	94.6	-	-
Gain on disposal of property, plant and equipment	-	-	-	-	233	42.5	-	-	-	-
Gain on disposal of an investment property	-	-	-	-	215	39.2	-	-	-	-
Government grants/ incentives[(1)]	60	10.8	39	11.6	-	-	-	-	-	-
Delivery service fees[(2)]	3	0.5	-	-	-	-	-	-	-	-
Waiver of debts from other payables	[(3)]	[(3)]	1	0.3	-	-	-	-	-	-
Ad hoc services	-	-	53	15.7	-	-	-	-	-	-
Others[(4)]	12	2.2	6	1.8	2	0.4	2	3.6	1	100.0
	556	**100.0**	**337**	**100.0**	**548**	**100.0**	**56**	**100.0**	**1**	**100.0**

Notes:

(1) Comprising amongst others, interest income, claims from HRDF, grants from Malaysia Digital Economy Corporation, incentives from MATRADE and SME Corporation Malaysia.

(2) Our Group's core business does not involve delivery services. However, during the COVID-19 pandemic, we adapted to changing market conditions by partnering with an e-commerce platform to offer delivery services on a part-time basis, which allowed us to generate one-off additional revenue stream. We have halted these services since FYE 2023 and do not intend to continue such services in the future.

(3) Less than RM1,000 or 0.1%.

(4) Comprising amongst others, waiver of deposits, one-off income for Google advertisement and interest income.

Comparison between FYE 2022 and FYE 2023

Our other income decreased by RM0.3 million or 50.0% to RM0.3 million in FYE 2023 (FYE 2022: RM0.6 million), mainly due to the lower wages subsidies by RM0.2 million to approximately RM89,000 in FYE 2023 (FYE 2022: RM0.3 million). For information, the wages subsidies for FYE 2022 of RM0.3 million were under Program Subsidi Upah from SOCSO, while the wages subsidies amounting to approximately RM89,000 for FYE 2023 were under the Skim Jaminan Penjanaan Pekerjaan from SOCSO.

Comparison between FYE 2023 and FYE 2024

Our other income increased by RM0.2 million or 66.7% to RM0.5 million in FYE 2024 (FYE 2023: RM0.3 million), mainly due to the gain of RM0.4 million from the disposal of property, plant and equipment (i.e. 3 units of motor vehicles) as well as disposal of an investment property (i.e. a double-storey shop office located at Shah Alam, Selangor) in FYE 2024 (FYE 2023: nil).

The gain on disposal of property, plant and equipment as well as an investment property was partially offset by the following:

(i) lower wages subsidies by approximately RM88,000 to approximately RM1,000 in FYE 2024 (FYE 2023: approximately RM89,000) due to absence of Skim Jaminan Penjanaan Pekerjaan from SOCSO in FYE 2024;

(ii) absence of ad hoc services for our customer such as urgent delivery, replacements and extra copies, in FYE 2024 (FYE 2023: approximately RM53,000). For information, our Group has reclassified the income received from ad hoc services from other income to revenue, effective 1 January 2024;

(iii) lower rental income by approximately RM52,000 to approximately RM97,000 in FYE 2024 (FYE 2023: approximately RM149,000) mainly due to the disposal of a 1½-storey semi-detached factory on a freehold land located at Skudai, Johor which was generating rental income in FYE 2023; and

(iv) absence of Government grants/ incentives in FYE 2024 (FYE 2023: approximately RM39,000). For information, the Government grants/ incentives of approximately RM39,000 in FYE 2023 were claimed from HRDF on behalf of our customers. In FYE 2024, such Government grants/ incentives were claimed directly by our customers.

Comparison between FPE 2024 and FPE 2025

Our other income decreased by RM55,000 to RM1,000 in FPE 2025 (FPE 2024: RM56,000) mainly due to the absence of rental income of approximately RM53,000 following the disposal of a double-storey shop office located at Shah Alam, Selangor which was completed on 1 December 2024.

12. FINANCIAL INFORMATION *(Cont'd)*

(d) Administrative expenses

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs	660	25.5	1,022	26.5	1,121	25.3	533	27.3	622	35.4
Other staff related costs(1)	99	3.8	194	5.0	91	2.0	26	1.3	69	3.9
Depreciation and amortisation	156	6.0	762	19.8	367	8.3	156	8.0	103	5.9
Directors' remuneration	594	22.9	534	13.9	614	13.9	332	17.0	284	16.2
Commission(2)	59	2.3	203	5.3	255	5.8	168	8.6	161	9.2
Upkeep and maintenance	353	13.6	234	6.1	127	2.9	64	3.3	38	2.2
Professional fees	90	3.5	215	5.6	669	15.1	304	15.6	99	5.6
Office expenses and utilities	154	5.9	213	5.5	216	4.9	101	5.2	106	6.0
Marketing expenses	97	3.7	167	4.3	345	7.8	120	6.1	134	7.6
Travelling and accommodation	115	4.4	96	2.5	119	2.7	59	3.0	20	1.1
Insurance and tax	49	1.9	85	2.2	157	3.5	66	3.4	29	1.7
Licensing and regulatory expenses	20	0.8	54	1.4	58	1.3	3	0.2	6	0.3
Rental	3	0.1	11	0.3	3	0.1	-	-	-	-
Penalty charges(3)	60	2.3	34	0.9	224	5.1	*	*	14	0.8
Others(4)	85	3.3	29	0.7	58	1.3	20	1.0	71	4.1
	2,594	**100.0**	**3,853**	**100.0**	**4,424**	**100.0**	**1,952**	**100.0**	**1,756**	**100.0**

Notes:

* Represents less than RM1,000 or 0.1%.

(1) Comprise, amongst others, training expenses, staff uniforms, staff refreshments and staff welfare expenses.

(2) Refers to incentives awarded to our sales and marketing employees for successfully achieving their performance target.

(3) Refers to penalty charges related to the late filing of tax return, late payment of tax and underestimation of tax payable.

(4) Comprise, amongst others, bank charges and recruitment advertisement for employment.

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM1.3 million or 50.0% to RM3.9 million in FYE 2023 (FYE 2022: RM2.6 million), mainly due to the following:

(i) increase in depreciation and amortisation by RM0.6 million or 300.0% to RM0.8 million in FYE 2023 (FYE 2022: RM0.2 million). This was primarily due to a one-off amortisation of customers' contract of RM0.5 million arising from the acquisition of SBS Media Tech;

(ii) increase in staff costs by RM0.3 million or 42.9% to RM1.0 million in FYE 2023 (FYE 2022: RM0.7 million). This was primarily due to net additional 4 headcounts from 31 December 2022 to 31 December 2023 due to amongst others, the inclusion of SBS Media Tech into our Group, as well as annual salary adjustment of our existing employees;

(iii) increase in commission by RM0.1 million or 239.0% to RM0.2 million in FYE 2023 (FYE 2022: approximately RM59,000). This was primarily due to higher staff incentives awarded for meeting performance targets, aligning with the overall increase in revenue during the same financial year; and

(iv) increase in professional fees by RM0.1 million or 122.2% to RM0.2 million in FYE 2023 (FYE 2022: approximately RM90,000). This was primarily due to professional fees incurred in connection with the IPO.

Comparison between FYE 2023 and FYE 2024

Our administrative expenses increased by RM0.5 million or 12.8% to RM4.4 million in FYE 2024 (FYE 2023: RM3.9 million), mainly attributable to the following:

(i) increase in professional fees by RM0.5 million or 250.0% to RM0.7 million in FYE 2024 (FYE 2023: RM0.2 million). This was primarily due to professional fees incurred in connection with the IPO;

(ii) increase in penalty charges by RM0.2 million or 488.2% to RM0.2 million in FYE 2024 (FYE 2023: RM34,000). This was mainly due to late filing of tax return, late payment of tax and underestimation of tax payable for the year of assessment 2023. To prevent the late filing of tax returns and late payment of tax in the future, our Group has established a policy and procedure for the preparation, revision and submission of corporate tax returns to ensure timely and accurate tax submissions; and

(iii) increase in marketing expenses by RM0.1 million or 50.0% to RM0.3 million in FYE 2024 (FYE 2023: RM0.2 million) as a result of increased sales in FYE 2024. The marketing expenses mainly consist of digital marketing expenses, including payments for Google services such as Google Ads, Google Analytics, Google Search Console as well as search engine optimisation services.

The increase in professional fees and marketing expenses was partially offset by the decrease in depreciation and amortisation expenses by RM0.4 million or 50.0% to RM0.4 million in the FYE 2024 (FYE 2023: RM0.8 million). The decrease in depreciation and amortisation expenses was mainly due to the absence of a one-off amortisation of customers' contract of RM0.5 million, which arose from the acquisition of SBS Media Tech and was recognised in FYE 2023.

Comparison between FPE 2024 and FPE 2025

Our administrative expenses decreased by RM0.2 million or 10.0% to RM1.8 million in FPE 2025 (FPE 2024: RM2.0 million), mainly due to the decrease in professional fees by RM0.2 million to approximately RM0.1 million in FPE 2025 (FPE 2024: RM0.3 million) as IPO-related professional fees incurred in FPE 2024 were not capitalised as they were not directly related to an equity transaction.

(e) Net (loss)/ reversal on impairment of financial assets

	Audited						**Unaudited**		**Audited**	
	FYE 2022		**FYE 2023**		**FYE 2024**		**FPE 2024**		**FPE 2025**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Impairment losses:										
Trade receivables										
- Reversal of ECL	[1]	-	322	2,683.3	559	(113.8)	73	(17.4)	746	118.2
- Allowance for ECL	(612)	99.8	(322)	(2,683.3)	(1,050)	213.8	(493)	117.4	(115)	(18.2)
Other receivables										
- Reversal of ECL	2	(0.3)	12	100.0	-	-	-	-	-	-
- Allowance for ECL	(3)	0.5	-	-	-	-	-	-	-	-
Net (loss)/ reversal on impairment of financial assets	**(613)**	**100.0**	**12**	**100.0**	**(491)**	**100.0**	**(420)**	**100.0**	**631**	**100.0**

Note:

(1) Represents less than RM1,000.

Our Group recognises allowance for impairment losses for trade receivables based on the simplified approach in accordance with MFRS 9 Financial Instruments and measures the allowance for impairment loss based on a lifetime ECL from initial recognition while using the three-stage general approach within MFRS 9 using the forward-looking ECL model for allowance for impairment losses for other receivables.

Our Group uses an allowance matrix to measure the ECL of trade receivables from past due ageing. Expected loss rates are determined by the probability of the non-collection from the trade receivables multiplied by the amount of the expected loss arising from default. Trade receivables have been grouped based on shared credit risk characteristics – the days past due.

During the process, the probability of non-payment by the trade receivables is adjusted by forward-looking information affecting the ability of the customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables.

Comparison between FYE 2022 and FYE 2023

We recorded a net reversal on impairment of financial assets of approximately RM12,000 in FYE 2023 (FYE 2022: net loss on impairment of financial assets of RM0.6 million), mainly due to reversal of ECL allowance on trade and other receivables as a result of improved credit quality of trade and other receivables.

Comparison between FYE 2023 and FYE 2024

We recorded a net loss on impairment of financial assets of RM0.5 million in FYE 2024 (FYE 2023: net reversal in impairment of financial assets of approximately RM12,000), mainly due to higher ECL allowance on trade receivables related to outstanding debts which exceeded our credit period of 90 days. While these debts remain uncollected, they are primarily timing issues, and we do not anticipate any substantial collection problems.

Comparison between FPE 2024 and FPE 2025

We recorded a net reversal on impairment of financial assets of approximately RM0.6 million in FPE 2025 (FPE 2024: net loss on impairment of financial assets of RM0.4 million), mainly due to the following:

(i) higher reversal of ECL allowance on trade receivables in FPE 2025 as a result of improved subsequent collections from customers and overall enhancement in the credit quality of trade receivables; and

(ii) lower ECL allowance on trade receivables in FPE 2025 which was primarily driven by improved collections and a reduction in outstanding debts exceeding our credit period of 90 days.

(f) Other expenses

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Loss on disposal of an investment property	-	-	16	100.0	-	-	-	-	-	-
Bad debts written off	20	100.0	-	-	-	-	-	-	-	-
	20	**100.0**	**16**	**100.0**	**-**	**-**	**-**	**-**	**-**	**-**

Our other expenses remained consistent from FYE 2022 to FYE 2023.

In FYE 2022, we recorded a bad debt written off, which mainly arose from a non-refundable deposit paid by our Group for a deliverable that was subsequently cancelled.

In FYE 2023, our Group recorded a marginal loss on the disposal of an investment property as the disposal consideration received for the disposal of a 1½-storey semi-detached factory on a freehold land located at Skudai, Johor was lower than the carrying value. This disposal was aimed to monetise the investment property and reduce capital commitments of our Group.

(g) Finance costs

	Audited						Unaudited		Audited	
	FYE 2022		FYE 2023		FYE 2024		FPE 2024		FPE 2025	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Term loans	320	93.0	416	92.9	482	94.5	225	93.0	185	98.9
Lease liabilities	24	7.0	32	7.1	28	5.5	17	7.0	2	1.1
	344	**100.0**	**448**	**100.0**	**510**	**100.0**	**242**	**100.0**	**187**	**100.0**

Comparison between FYE 2022 and FYE 2023

Our finance costs increased by RM0.1 million or 33.3% to RM0.4 million in FYE 2023 (FYE 2022: RM0.3 million), mainly due to higher term loan interest as a result of drawdown of term loans amounting to RM0.9 million in FYE 2023 for our working capital requirements.

Comparison between FYE 2023 and FYE 2024

Our finance costs increased marginally by approximately RM0.1 million or 25.0% to approximately RM0.5 million in FYE 2024 (FYE 2023: RM0.4 million), mainly due to higher term loan interest resulting from early repayment charges of RM45,000 arising from the settlement of term loan in relation to the disposal of a double-storey shop office located at Shah Alam, Selangor.

Comparison between FPE 2024 and FPE 2025

Our finance costs decreased by approximately RM55,000 or 22.7% to RM0.2 million in FPE 2025 (FPE 2024: RM0.2 million), mainly due to lower average borrowings during the period, as total borrowings at the beginning of FPE 2025 stood at approximately RM5.4 million compared to RM7.0 million at the beginning of FPE 2024, following a net repayment of approximately RM1.6 million between 1 January 2024 and 1 January 2025.

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(h) PBT and PBT margin

	Audited			Unaudited	Audited
	FYE 2022	FYE 2023	FYE 2024	FPE 2024	FPE 2025
PBT (RM'000)	2,416	7,280	10,078	4,368	6,401
PBT margin (%)	20.8	36.5	33.7	34.3	29.4
PAT (RM'000)	1,770	5,560	7,599	3,390	4,705
PAT margin (%)	13.6	27.9	25.4	26.6	21.6

Comparison between FYE 2022 and FYE 2023

We recorded an increase in PBT of RM4.9 million or 204.2% in FYE 2023, which was mainly attributable to the following:

(i) increase in GP as explained in Section 12.2.2(b) above; and

(ii) recorded a net reversal on impairment of financial assets of approximately RM12,000 (FYE 2022: net loss on impairment of financial assets of RM0.6 million) as explained in Section 12.2.2(e) above,

which was partially offset by an increase in administrative expenses by RM1.3 million to RM3.9 million in FYE 2023 (FYE 2022: RM2.6 million) and decrease in other income by RM0.3 million to RM0.3 million in FYE 2023 (FYE 2022: RM0.6 million) as explained in Sections 12.2.2(d) and 12.2.2(c) above respectively.

Our PBT margin increased from 20.8% in FYE 2022 to 36.5% in FYE 2023. Such increase was mainly attributable to the increase in GP margin as explained in Section 12.2.2(b) above and the net reversal on impairment of financial assets recorded for the FYE 2023. This was partially offset by the lower other income as explained above.

Correspondingly, we recorded an increase in PAT of RM3.8 million or 211.1% in FYE 2023 and our PAT margin improved from 13.6% in FYE 2022 to 27.9% in FYE 2023. The improvement was mainly attributable to higher PBT and PBT margin in FYE 2023.

Comparison between FYE 2023 and FYE 2024

We recorded an increase in PBT of RM2.8 million or 38.4% in FYE 2024, which was mainly attributable to our higher GP by RM3.8 million for FYE 2024 as explained in Section 12.2.2(b) which was partially offset by higher administrative expenses by RM0.5 million to RM4.4 million in FYE 2024 (FYE 2023: RM3.9 million) and net loss on impairment of financial assets of RM0.5 million (FYE 2023: net reversal in impairment of financial assets of approximately RM12,000) as explained in Sections 12.2.2(d) and 12.2.2(e) above, respectively.

Our PBT margin decreased from 36.5% in FYE 2023 to 33.7% in FYE 2024. Such decrease was mainly due to the decrease in GP margin and net loss on impairment of financial assets as explained in Sections 12.2.2(b) and 12.2.2(e) above, respectively, which was partially offset by the lower administrative expenses as a percentage of revenue.

As a result, our PAT increased by RM2.0 million or 35.7% in FYE 2024, while our PAT margin decreased from 27.9% in FYE 2023 to 25.4% in FYE 2024. The fluctuation in our PAT and PAT margin for the FYE 2024 was mainly due to the factors as explained above regarding PBT, PBT margin, with tax expenses explained in the section below.

Comparison between FPE 2024 and FPE 2025

We recorded an increase in PBT of RM2.0 million or 45.5% in FPE 2025, which was mainly attributable to the following:

(i) net reversal on impairment of financial assets of RM0.6 million in FPE 2025 (FPE 2024: net loss on impairment of financial assets of RM0.4 million) as explained in Section 12.2.2(e) above;

(ii) increase in GP as explained in Section 12.2.2(b) above; and

(iii) decrease in administrative expenses by RM0.2 million to RM1.8 million in FPE 2025 (FPE 2024: RM2.0 million) as explained in Sections 12.2.2(d).

Our PBT margin decreased from 34.3% in FPE 2024 to 29.4% in FPE 2025. Such decrease was mainly due to the decrease in GP margin as explained in Section 12.2.2(b) above, which was partially offset by the net reversal on impairment of financial assets and lower administrative expenses as a percentage of revenue for the FPE 2025 as well as lower finance cost as explained in Section 12.2.2(g).

As a result, our PAT increased by RM1.3 million or 38.2% in FPE 2025 while our PAT margin decreased from 26.6% in FPE 2024 to 21.6% in FPE 2025. The fluctuation in our PAT and PAT margin for the FPE 2025 was mainly due to the factors as explained above regarding PBT, PBT margin, with tax expenses explained in the section below.

(i) Taxation

	Audited			**Unaudited**	**Audited**
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2024**	**FPE 2025**
Taxation (RM'000)	646	1,720	2,479	978	1,696
Statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0
Effective tax rate (%)	26.7	23.6	24.6	22.4	26.5

Comparison between FYE 2022 and FYE 2023

Our tax expenses increased by RM1.1 million or 183.3% to RM1.7 million in FYE 2023 (FYE 2022: RM0.6 million), mainly attributable to higher PBT recorded for FYE 2023.

Our effective tax rate of 26.7% for the FYE 2022 was higher than the statutory tax rate of 24.0% mainly due to the following:

(i) non-deductible expenses incurred totalling RM0.3 million, which comprise amongst other, the depreciation expenses and net loss on impairment of financial assets; and

(ii) movement of deferred tax assets not recognised of approximately RM43,000.

However, the higher effective tax rate due to the above was partially offset by the following:

(i) over provision of deferred tax in prior financial year of RM0.1 million;

(ii) tax saving from first tranche of chargeable income of RM0.1 million; and

(iii) non-taxable income of approximately RM33,000, which comprise rental income, interest income and wages subsidies.

Our effective tax rate of 23.6% for FYE 2023 was fairly consistent with the statutory tax rate of 24.0%.

Comparison between FYE 2023 and FYE 2024

Our tax expenses increased by RM0.8 million or 47.1% to RM2.5 million in FYE 2024 (FYE 2023: RM1.7 million), mainly attributable to higher PBT recorded for FYE 2024.

Our effective tax rate of 24.6% for FYE 2024 was fairly consistent with the statutory tax rate of 24.0%.

Comparison between FPE 2024 and FPE 2025

Our tax expenses increased by RM0.7 million or 70.0% to RM1.7 million in FPE 2025 (FPE 2024: RM1.0 million), mainly attributable to higher PBT recorded for FPE 2025.

Our effective tax rate of 26.5% for FPE 2025 was higher than the statutory tax rate of 24.0% mainly due to the following:

(i) under provision of current tax in prior financial year of RM0.2 million; and

(ii) under provision of deferred tax in prior financial year of RM0.1 million,

which was partially offset by non-taxable income of approximately RM0.1 million, which comprise interest income and net reversal on impairment of trade receivables.

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12.2.3 Review of cash flows

The table below sets out the summary of our historical audited combined statements of cash flows for FYE 2022 to 2024 and FPE 2025.

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash from operating activities	1,507	9,447	5,077	675
Net cash from/ (used in) investing activities	2,908	145	2,164	(26)
Net cash used in financing activities	(3,714)	(6,991)	(7,176)	(64)
Net cash increase in cash and cash equivalents	701	2,601	65	585
Cash and cash equivalents at the beginning of the financial year/ period	1,766	2,467	5,068	5,133
Cash and cash equivalents at the end of the financial year/ period	**2,467**	**5,068**	**5,133**	**5,718**

FYE 2022

Net cash for operating activities

For FYE 2022, we recorded net operating cash inflow of RM1.5 million after taking into consideration our operating profit of RM3.5 million and the following working capital changes:

(a) increase in receivables by RM3.0 million mainly due to slower collection from our customers who were utilising the matching grant under the SME Digitalisation Initiative; and

(b) tax paid amounting to RM0.9 million.

The above was partially offset by:

(a) increase in contract liabilities by RM1.0 million mainly attributable to advance payments received from our customers for our digital branding solutions (i.e. digital broadcasts, video production and online marketing services) that have yet to be delivered as at 31 December 2022; and

(b) increase in payables by RM0.9 million mainly due to higher trade payable as a result of increased business activities toward the end of the year and higher accrued expenses arising from expenses incurred by our Group.

Net cash for investing activities

Our Group recorded a net cash inflow of RM2.9 million from investing activities, mainly due to full repayment of amount owing from our Directors (i.e. Wong Chun Mun and Piah Yee Ling) to our Group.

Net cash for financing activities

Our Group recorded a net cash outflow of RM3.7 million from financing activities, mainly due to dividends declared and paid of RM6.2 million in respect of FYE 2022, which was partially offset by the following:

(a) net drawdown of term loans of RM1.2 million for our Group's working capital requirements; and

(b) amount due to our Directors (i.e. Wong Chun Mun and Piah Yee Ling) of RM1.7 million, resulting from dividends declared for FYE 2022 that were pending payment. Such amount was subsequently settled in FYE 2023.

FYE 2023

Net cash for operating activities

For FYE 2023, we recorded net operating cash inflow of RM9.4 million after taking into consideration our operating profit of RM8.5 million and the following working capital changes:

(a) decrease in receivables by RM4.4 million mainly as a result of the collection from our customers under the digital branding solutions segment, where our Group had initiated various steps to improve collection such as sending timely reminders and closely following up on outstanding payment.

The above was partially offset by the following:

(a) decrease in payables by RM1.6 million mainly due to repayment to our suppliers and non-trade creditors;

(b) tax paid amounting to RM1.2 million; and

(c) decrease in contract liabilities by RM0.7 million mainly due to the delivery of services to our customers for which we have collected advance payments.

Net cash for investing activities

Our Group recorded a net cash inflow of RM0.1 million from investing activities, mainly due to the net proceeds from the disposal of a 1½-storey semi-detached factory on a freehold land located at Skudai, Johor of RM1.1 million after deducting the associated disposal costs. This inflow was substantially offset by the acquisition of intangible assets in the form of software, amounting to RM1.0 million, which includes the source code and object code for our mobile and web-based applications, and website development services under our digital branding solutions segment.

Net cash for financing activities

Our Group recorded a net cash outflow of RM7.0 million from financing activities, mainly due to:

(a) dividends declared and paid of RM3.8 million in respect of FYE 2023;

(b) repayment of amount owing to our Directors of RM1.6 million;

(c) net repayment of term loan of RM1.0 million; and

(d) interest paid on our borrowings of RM0.4 million.

FYE 2024

Net cash for operating activities

For FYE 2024, we recorded net operating cash inflow of RM5.1 million after taking into consideration our operating profit of RM11.0 million and the following working capital changes:

(a) increase in receivables by RM5.1 million mainly due to higher revenue recognised towards the end of the year; and

(b) tax paid of RM1.4 million,

which was partially offset by the increase in contract liabilities by RM0.6 million attributable to advance payments received from our customers for our offline branding solutions and digital branding solutions (i.e. offset printing and online marketing services) that have yet to be delivered as at 31 December 2024.

Net cash for investing activities

Our Group recorded a net cash inflow of approximately RM2.2 million from investing activities, mainly due to the following:

(a) proceeds from disposal of a double-storey shop office located at Shah Alam, Selangor of RM1.8 million; and

(b) proceeds from disposal of property, plant and equipment (i.e. 3 units of motor vehicles) of RM0.5 million,

which was partially offset by the purchase of servers and computers/ laptops of RM0.1 million.

Net cash for financing activities

Our Group recorded a net cash outflow of RM7.2 million from financing activities, mainly attributable to:

(a) dividends declared and paid of RM5.0 million in respect of FYE 2024;

(b) net repayment of term loans of RM1.0 million;

(c) repayment of lease liabilities of RM0.6 million; and

(d) interest paid on our borrowings of RM0.5 million.

FPE 2025

Net cash for operating activities

For FPE 2025, we recorded net operating cash inflow of RM0.7 million after taking into consideration our operating profit of RM6.1 million and the following working capital changes:

(a) increase in receivables by RM4.8 million mainly due to higher revenue recognised towards the end of the period as well as prepaid expenses related to our IPO;

(b) decrease in contract liabilities by RM0.8 million mainly due to the delivery of services to our customers for which we have collected advance payments;

(c) increase in payables by RM0.6 million mainly due to accrued expenses related to our IPO as well as higher trade payable resulting from increased business activities towards the end of the financial period; and

(d) tax paid amounting to RM0.5 million.

Net cash for investing activities

Our Group recorded a net cash outflow of approximately RM26,000 from investing activities, mainly due to the purchase of accounting software, laptops, monitor and other accessories for our business operations.

Net cash for financing activities

Our Group recorded a net cash outflow of approximately RM64,000 from financing activities, mainly attributable to the interest paid on our borrowings of RM0.2 million, which was partially offset by the net drawdown of borrowings amounting to RM0.1 million for our Group's working capital requirements.

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12.3 LIQUIDITY AND CAPITAL RESOURCES

12.3.1 Working capital

We finance our operations with cash generated from operations, credit extended by trade payables and/ or financial institutions and existing cash and bank balances. Our facilities from financial institutions comprise term loans and hire purchase.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and interest rates on borrowings. We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

Our Board confirms that we have sufficient funds for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

(a) Our cash and bank balances of approximately RM5.7 million as at LPD;

(b) Our expected future cash flows from operations;

(c) Our total banking facilities (excluding hire purchases) as at LPD up to a total limit of RM8.6 million, of which RM6.5 million has been utilised; and

(d) The proceeds to be raised from our Public Issue.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. We carefully consider our cash position and ability to obtain further financing before making significant capital commitments.

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12.4 BORROWINGS

All of our borrowings are interest-bearing and denominated in RM. Our total outstanding borrowings as at 30 June 2025 stood at RM7.0 million, details of which are set out below:

	Purpose	Security	Tenure of the facility	Effective interest rate	As at 30 June 2025
				%	RM'000
Interest bearing short-term borrowings, payable within 1 year:					
Term loans	Acquisition of (a) our existing headquarters; and (b) working capital requirements	(a) Legal charge over our existing headquarters; (b) Corporate guarantee by SBS Digital Holdings; and (c) Joint and several guarantee by our substantial shareholders, namely Wong Chun Mun, Piah Yee Ling, Warren Cheng and Lim Cheng Yong	60 to 240 months	3.5 to 10.4	2,606
Hire purchases	Acquisition of motor vehicles	Guarantee by Wong Chun Mun	72 to 120 months	4.8 to 4.9	25
				Total current borrowings	**2,631**
Interest bearing long-term borrowings, payable after 1 year:					
Term loans	Acquisition of (a) our existing headquarters; and (b) working capital requirements	(a) Legal charge over our existing headquarters; (b) Corporate guarantee by SBS Digital Holdings; and (c) Joint and several guarantee by our substantial shareholders, namely Wong Chun Mun, Piah Yee Ling, Warren Cheng and Lim Cheng Yong	60 to 240 months	3.5 to 10.4	4,318
Hire purchases	Acquisition of motor vehicles	Guarantee by Wong Chun Mun	72 to 120 months	4.8 to 4.9	35
				Total non-current borrowings	**4,353**
Total borrowings					**6,984**
Gearing (times)					
After Acquisition but before Public Issue and utilisation of proceeds[(1)]					0.5
After Acquisition, Public Issue and utilisation of proceeds[(2)]					0.02

Notes:

(1) Computed based on our pro forma total equity of RM13.3 million in the pro forma combined statements of financial position after the Acquisition but before Public Issue and utilisation of proceeds.

(2) Computed based on our pro forma total equity of RM39.4 million in the pro forma combined statements of financial position after Acquisition, Public Issue and utilisation of proceeds.

As at LPD, we do not have any borrowings which are non-interest bearing and/ or in foreign currency. We do not encounter seasonality in the trend of our borrowings and there is no restriction on the use of our committed banking facilities, save for prior consents from the licensed banks before using the banking facilities, where necessary.

We have not defaulted on payments of principal sums and/ or interests in respect of any of our borrowings throughout FYE 2022 to 2024, FPE 2025 and up to LPD.

As at LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan, which can materially affect (a) our financial position and results; (b) business operations; or (c) the investments by holders of our securities. During FYE 2022 to 2024 and FPE 2025, we did not experience any claw back or reduction in the facilities limit granted to us by our lenders.

In conjunction with our Listing, we have applied to the financiers to obtain a release and/ or discharge of the guarantees by substituting the same with a corporate guarantee from our Company and/ or other securities from our Group acceptable to the financiers. Until such release and/ or discharge are obtained from the respective financiers, our Promoters and/ or substantial shareholders, Wong Chun Mun, Piah Yee Ling, Warren Cheng and Lim Cheng Yong will continue to guarantee the banking facilities extended to our Group.

We have obtained consent from all Financiers for the substitution of the said personal guarantees with corporate guarantees from our Company, to be completed as soon as practicable after our Listing.

12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

As at LPD, save as disclosed in Section 12.4 above, we do not have nor utilise any other financial instruments or have any other treasury policies. We finance our operations mainly through cash generated from our operations, credit extended by our suppliers and external sources of funds comprising borrowings. The principal usages of these bank borrowings are for the purchase of property, plant and equipment and our working capital requirements.

As at LPD, save for our hire purchase which are based on fixed interest rates, all other borrowings bear variable interest rates based on the financial institution's cost of fund rate plus a rate, which varies depending on the type of facility.

12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save as disclosed below, we do not have any other material capital commitments:

	To be funded from proceeds of our Public Issue
	RM'000
Approved but not contracted for:	
• Renovation expenses, acquisition of studio equipment and set up of IT and networking infrastructure for our new headquarters[(1)]	5,660
• Acquisition of laptops/ computers, cloud storage, hosting servers and software subscription[(2)]	670
	6,330

Notes:

(1) Further details are set out in Section 4.9.1(a).

(2) Further details are set out in Section 4.9.1(b).

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant. There is no proceeding pending or threatened or any fact likely to give rise to any proceeding, which might materially or adversely affect our position or business as at LPD.

As at LPD, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable, may have a material effect on our business, financial results or position.

12.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group for FYE 2022 to 2024 and FPE 2025 are as follows:

	Audited			
	FYE 2022	FYE 2023	FYE 2024	FPE 2025
Trade receivables turnover (days)[(1)]	138	91	67	77
Trade payables turnover (days)[(2)]	19	26	13	5
Current ratio (times)[(3)]	1.3	1.8	1.9	2.2
Gearing ratio (times)[(4)]	5.3	1.2	0.6	0.5

Notes:

(1) Computed based on the average trade receivables and net of allowances for impairment loss as at financial year/ period end over revenue for the respective financial years/ period, multiplied by 365 days for FYE 2022 and 2023 and 366 days for FYE 2024 and 182 days for FPE 2025.

(2) Computed based on the average trade payables as at financial year/ period end over cost of sales for the respective financial years/ period, multiplied by 365 days for FYE 2022 and 2023 and 366 days for FYE 2024 and 182 days for the FPE 2025.

(3) Computed based on current assets over current liabilities as at the end of each financial year/ period.

(4) Computed based on total interest-bearing borrowings over total equity as at the end of each financial year/ period.

12.8.1 Trade receivables turnover

The key financial ratios of our Group for FYE 2022 to 2024 and FPE 2025 are as follows:

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade receivables	2,596	6,149	3,829	7,166
Closing trade receivables	6,149	3,829	7,166	11,209
Average trade receivables	4,373	4,989	5,498	9,188
Revenue	11,602	19,946	29,924	21,760
Trade receivables turnover period (days)	138	91	67	77

The normal payment term granted by our Group to our customers ranges from cash term to credit term of 90 days (FPE 2025, FYE 2024 and FYE 2023: cash term to 90 days; FYE 2022: cash term to 60 days), which is determined on a case-by-case basis taking into consideration various factors such as our business relationship with our customers and the credit history of our customers, while new customers are subject to our credit verification and assessment process. Credit term will commence from the date of invoice. For information, our Group extended our credit term from 60 days in FYE 2022 to 90 days in FYE 2023, mainly to standardise the credit periods within our Group and to adapt to evolving customer payment practices resulting from amongst others, economic conditions (i.e. COVID-19).

As our Group does not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. Our Group uses ageing analysis to monitor the credit quality of the trade receivables.

Our trade receivables turnover periods for FYE 2022 and FYE 2023 were 138 days and 91 days respectively, all of which exceeded our normal trade credit period. However, for FYE 2024, our trade receivables turnover period improved to 67 days, which is within our normal trade credit period. Despite the increase in our trade receivables turnover period from 67 days for FYE 2024 to 77 days for FPE 2025, such days remained within the normal trade credit period of 90 days granted to our customers.

Our trade receivables turnover period decreased from 138 days for FYE 2022 to 91 days for FYE 2023 as a result of the collection from our customers under digital branding solutions segment, where our Group had initiated various steps to improve collection such as sending timely reminders and closely following up on outstanding payment. For information, the higher trade receivables turnover period of 138 days for FYE 2022 was mainly due to slower collection from our customers who were utilising the matching grant under the SME Digitalisation Initiative.

Our trade receivables turnover period decreased from 91 days for FYE 2023 to 67 days for FYE 2024 mainly attributable to better credit monitoring and more proactive actions, such as follow-ups by our Group's sales and finance departments.

Our trade receivables turnover period increased from 67 days for FYE 2024 to 77 days for FPE 2025 mainly due to higher trade receivables resulting from higher revenue recognised towards the end of the financial period.

The ageing analysis of our trade receivables as at 30 June 2025 is as follows:

	Trade receivables as at 30 June 2025		**Collection from 1 July 2025 to LPD**	**Balance trade receivables as at LPD**
	RM'000	**Percentage of trade receivables**	**RM'000**	**RM'000**
	(a)	**(a)/total of (a)**	**(b)**	**(c) = (a)-(b)**
Neither past due nor impaired	9,344	83.4	7,016	2,328
Past due but not impaired:				
- less than 30 days	1,300	11.6	1,286	14
- 31 to 60 days	482	4.3	476	6
- 61 to 90 days	70	0.6	63	7
- over 90 days	13	0.1	13	-
	1,865	16.6	1,838	27
	11,209	**100.0**	**8,854**	**2,355**

As at LPD, RM8.9 million or 79.0% of our total trade receivables as at 30 June 2025 has been collected. As at LPD, the remaining RM2.4 million or 21.0% of our total trade receivables as at 30 June 2025 is still outstanding.

Our Group has not encountered any major disputes with our trade receivables.

12.8.2 Trade payables turnover

Our average trade payables turnover period for FYE 2022 to 2024 and FPE 2025 is as follows:

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade payables	164	491	749	305
Closing trade payables	491	749	305	396
Average trade payables	328	620	527	351
Cost of sales	6,171	8,698	14,969	14,048
Trade payables turnover period (days)	19	26	13	5

The normal payment terms granted to our Group by our suppliers ranges from cash term to credit term of 30 days from the date of invoice depending on the suppliers and type of products or services procured. To maintain good working relationship with our suppliers, we pay them within the respective credit periods.

Our trade payables turnover period for FYE 2022 to 2024 and FPE 2025 were 19 days, 26 days, 13 days and 5 days respectively, all of which were within the normal credit terms granted by our suppliers.

Our trade payables turnover period increased from 19 days for FYE 2022 to 26 days for FYE 2023 as our Group was optimising its cash management strategy which allows our Group to hold onto cash longer and strengthen our Group's ability to meet short-term obligations. Our trade payables turnover period decreased from 26 days for FYE 2023 to 13 days for FYE 2024 mainly due to our ability to make quicker payments following improved collections from trade receivables in FYE 2023. Our trade payables turnover period decreased from 13 days for FYE 2024 to 5 days for FPE 2025 mainly due to improved internal cash flow, which enabled quicker settlement of payments. Accordingly, the improved payment helped maintain good relationships with our suppliers.

The ageing analysis of our trade payables as at 30 June 2025 is as follows:

	Trade payables as at 30 June 2025		Payment from 1 July 2025 to LPD	Balance trade payables as at LPD
	RM'000	**Percentage of trade payables**	**RM'000**	**RM'000**
	(a)	**(a)/total of (a)**	**(b)**	**(c) = (a)-(b)**
Within credit period	85	21.5	83	2
Exceeding credit period:				
- less than 30 days	61	15.4	61	-
- 31 to 60 days	106	26.8	29	77
- over 60 days	144	36.3	97	47
	311	78.5	187	124
	396	**100.0**	**270**	**126**

As at LPD, RM0.3 million or 68.2% of our trade payables as at 30 June 2025 has been settled. As at LPD, the remaining approximately RM0.1 million or 31.8% of our total trade payables as at 30 June 2025 is still outstanding.

As at LPD, we do not have any material disputes in respect of our trade payables and no material legal proceedings to demand for payment have been initiated by our suppliers against us.

12.8.3 Current ratio

Our current ratio throughout FYE 2022 to 2024 and FPE 2025 is as follows:

	Audited			
	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current assets	8,885	9,415	14,133	21,562
Current liabilities	7,016	5,133	7,367	9,588
Net current assets	**1,869**	**4,282**	**6,766**	**11,974**
Current ratio (times)	1.3	1.8	1.9	2.2

Our Group's current ratio ranges from 1.3 times to 2.2 times for FYE 2022 to 2024 and FPE 2025. This indicates that our Group is capable of meeting short-term obligations as our current assets such as trade and other receivables are readily converted to cash, and together with our cash in bank, are enough to meet the current liabilities.

Our Group's current ratio increased to 1.8 times as at 31 December 2023 (as at 31 December 2022: 1.3 times). This was mainly attributable to the decrease in current liabilities following the repayment of amount owing to our Directors of RM1.6 million in FYE 2023.

Our Group's current ratio of 1.9 times as at 31 December 2024 was fairly consistent with the current ratio of 1.8 times as at 31 December 2023.

The current ratio increased from 1.9 times as at 31 December 2024 to 2.2 times as at 30 June 2025, mainly due to higher current assets by RM7.5 million to RM21.6 million as at 30 June 2025 (31 December 2024: RM14.1 million) as a result of:

(a) higher trade and other receivables by RM5.4 million to RM14.3 million as at 30 June 2025 (31 December 2024: RM8.9 million) due to higher revenue recognised towards the end of the financial period as well as prepaid expenses related to our IPO; and

(b) higher cash and bank balances by RM2.1 million to RM7.2 million as at 30 June 2025 (31 December 2024: RM5.1 million).

12.8.4 Gearing ratio

Our gearing ratio throughout FYE 2022 to 2024 and FPE 2025 is as follows:

	Audited			
	As at 31 December			**As at 30 June**
	2022	**2023**	**2024**	**2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowings[(1)]	7,768	7,002	5,353	6,984
Total equity	1,462	6,044	8,642	13,347
Gearing ratio (times)	5.3	1.2	0.6	0.5

Note:

(1) Computed based on total interest-bearing borrowings and lease liabilities over total equity as at the end of the respective financial years/ period.

As at 31 December 2023, our gearing ratio decreased to 1.2 times (as at 31 December 2022: 5.3 times), mainly attributable to the increase in total equity as a result of PAT achieved for FYE 2023 of RM5.6 million and fair value of RM2.8 million arising from the acquisition of SBS Media Tech in FYE 2023. This was partially offset by dividends declared in FYE 2023 of RM3.8 million.

Our gearing ratio decreased to 0.6 times as at 31 December 2024 (as at 31 December 2023: 1.2 times), mainly attributable to the following:

(a) increase in total equity as a result of PAT achieved for FYE 2024 of RM7.6 million, which was partially offset by dividends declared in FYE 2024 of RM5.0 million; and

(b) decrease in total borrowings following the net repayment of borrowings of RM1.7 million in FYE 2024.

Our gearing ratio decreased to 0.5 times as at 30 June 2025 (as at 31 December 2024: 0.6 times), mainly attributable to the increase in total equity arising from the PAT of RM4.7 million achieved for FPE 2025. This was partially offset by an increase in total borrowings following a net drawdown of term loan of RM1.6 million.

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12.9 SIGNIFICANT FACTORS AFFECTING OUR BUSINESS

Section 9 details the risk factors relating to our business and the industry in which we operate. Some of these risk factors have an impact on our revenue and financial performance. The main factors which affect revenues and profits include but are not limited to the following:

(a) Our branding is critical to our success, and the value of our house brand, 'ShangHai' and our reputation may be adversely affected by negative perception

Our success relies on the value of our house brand, 'ShangHai', which is integral to our business. For FYE 2022 to 2024 and FPE 2025, revenue from our 'ShangHai' branded services (comprising offline publication, digital broadcasts, business awards and recognition events as well as networking events) collectively contributed RM3.5 million (29.7%), RM4.5 million (22.6%), RM2.1 million (7.1%) and RM0.9 million (4.0%) of our total revenue respectively. The decline in revenue from FYE 2023 to 2024 was due to the lower revenue from our SIR and SHIPBA events as our Group organised these events on a smaller scale in FYE 2024 and the absence of revenue from a one-off business awards and recognisation event, namely "ShangHai Rekatone Outstanding Design Award" of RM0.3 million. Further, the decline in revenue in FPE 2025 was mainly due to the lower revenue from our SHIPBA events, primarily due to lower approval rates for nominations as a result of stricter vetting processes as well as fewer publicity packages being taken up by participants. Please refer to Section 12.2.2(a) for further details.

'ShangHai' brand is a long-established printed Mandarin-language business media brand that has been in the market for 46 years as at LPD and it is well known among the Mandarin-speaking SME community in Malaysia. Public perception of our Group's branding is vital in building trust and confidence towards our Group's overall services. Despite the relatively lower contribution directly from our Group's 'ShangHai' branded services in FYE 2024 and FPE 2025, the recognition of the brand plays a pivotal role in enhancing awareness of our Group's presence, thus creating spillover effect that may drive the demand for other branding and marketing services offered by our Group comprising out-of-home media, public relations and event management, online marketing services, video production, digital-out-of-home media and online media, as well as mobile and web-based applications, and website development services.

Our house brand's reputation depends on marketing and consistent service quality. The reputation of our house brand could be adversely affected if we fail to achieve these objectives or if our public image or reputation were to be tarnished by negative publicity through social media platforms, including negative publicity about our services, customer service, personnel, or marketing efforts. Misunderstandings or unfounded claims could tarnish our image, and actions by employees or customers beyond our control may also result in adverse publicity. We are unable to guarantee that our brand development strategies will prevent or mitigate the occurrence of such incidents, accelerate the recognition of our house brand, or increase revenue. While we have not faced incidents of malicious sabotage or rumours impacting our house brand's reputation from FYE 2022 to 2024, FPE 2025 and up to LPD, we cannot guarantee such issues will not arise in the future, potentially affecting our business and financial performance.

Please refer to Section 9.1.1 for further details.

(b) Absence of long-term contracts with our customers may result in the fluctuation of our Group's financial performance

Our Group does not have long-term contracts with customers, as services are purchased on an as-needed basis due to the dynamic nature of our industry, which is influenced by changes in consumer behaviour, business needs, marketing strategies and market trends. This lack of long-term contracts may result in fluctuating sales and overall financial performance, as reductions in purchases by existing customers could adversely affect our revenue if not offset by new or increased purchases from other customers in a timely manner.

Revenue from the delivery of the development projects is recognised upon issuance of invoices based on project delivery milestones over the tenure of the projects. As such, the timing of project delivery will affect our billing schedule which will in turn affect our revenue recognition and may cause our profit and operating cash flow to fluctuate. Our development projects generally range from 2 to 6 months, depending on complexity of the project.

Our Group's inability to continuously secure new projects and customers for this business segment may adversely affect our Group's financial performance. Since the acquisition of SBS Media Tech in 2023 and up to LPD, our Group have not experienced project shortages affecting revenue. However, the non-recurrent nature of mobile and web-based applications, and website development projects may still cause our revenue, profit and operating cash flow to fluctuate.

Please refer to Section 9.1.2 for further details.

(c) We are reliant on third party suppliers for our operations

Our services rely on third party suppliers and service providers for various supplies and tasks, such as printing of marketing materials for out-of-home media and offline publication, which are fully outsourced to Malaysian suppliers, except for pocket tissues' printing and production, which is outsourced to a supplier in China. Additionally, we depend on third party suppliers for our in-house event requirements such as event venue, event decorations, backdrops, sound and lighting services, event performers, make-up artists, event videographers, event crews and food catering services. We also procure services from hosts, videographers, photographers, journalists, software providers, equipment rental providers, billboard owners, and agencies to support our other services.

The absence of long-term contracts with suppliers poses risks, as we cannot guarantee the continuity of services at commercially viable prices. Significant cost increases from suppliers could impact our profitability if not passed to customers promptly. Moreover, the inability of our major suppliers or service providers to deliver the required services could cause delays to the fulfilment of services to our customers which may adversely affected our business reputation and/ or customers raising complaints against our Group, adversely affecting our financial performance. Despite these risks, from FYE 2022 to 2024 and FPE 2025, we have not experienced any significant disruptions from third party suppliers that materially impacted our business operations and financial performance.

Please refer to Section 9.1.3 for further details.

(d) Our financial performance may be adversely affected in the event of early termination or non-renewal of our exclusive service and management agreement with Entity T

On 3 April 2023, we entered into an exclusive service and management agreement with Entity T for the development, preparation, administration, management and maintenance of indoor digital media platforms, as well as to carry out the activities of media advertising through the management of advertising space or air-time-slots of the indoor digital media platforms in all outlets of a Statutory Body related to Entity T nationwide. Our current agreement with Entity T is effective for a period of 3 years from 13 April 2023, which includes an option to renew for an additional 3 years upon expiry, subject to the performance of advertising revenue. Entity T agrees not to enter into a similar agreement with a third party during the term of the exclusive service and management agreement. This exclusive obligation applies solely to Entity T and does not restrict our Group from entering into similar arrangements with other parties.

Through this agreement, we generated revenue of RM3.3 million, RM4.4 million and RM2.9 million in FYE 2023, FYE 2024 and FPE 2025, representing 16.6%, 14.8% and 13.3% of our total revenue respectively. Of this amount, RM0.3 million in FYE 2023, RM0.6 million in FYE 2024 and RM0.2 million in FPE 2025 was directly contributed by Entity T from advertisement sales facilitated by them, while the remaining RM3.0 million in FYE 2023, RM3.8 million in FYE 2024 and RM2.7 million in FPE 2025 was derived from advertising fees collected from various customers for air-time slots on the indoor digital media platforms located in all outlets of a Statutory Body related to Entity T nationwide. In the event of early termination or non-renewal of the agreement upon its expiry in 2026, our financial performance could be adversely affected.

Further, our financial performance may also be affected should there be any revision in the allocation of consideration between Entity T and our Group pursuant to the expiry and renewal of our agreement. For illustration, assuming our allocation of consideration from Entity T is reduced by 10% for FPE 2025, our GP would decrease by approximately RM7,800. This represents a reduction of approximately 0.1% of our Group's total GP for FPE 2025, and a marginal decline in our GP margin from 35.44% to 35.41%.

(e) We may be exposed to the risk of data security breaches

Our mobile and web-based applications, and website development services may involve storing customer data on third party cloud platform(s), which poses risks of external threats such as malware attacks, hacking, espionage or cyber intrusions, as well as internal security breaches like unauthorised employee access. Under the Personal Data Protection Act 2010, we are obligated to safeguard customer information, and failure to do so could lead to service terminations, legal actions, reputational damage, and financial losses. Although we and our third party cloud solution providers have taken the necessary measures to minimise the risk of potential security breaches such as firewalls and regular vulnerability tests, there can be no assurance that there will not be cases of security breaches in the future which could lead to adverse impact to our Groups business reputation or financial performance. Since commencement of our business and up to LPD, we have not encountered any incidences of data security breaches resulting in leakages of customers' information.

Please refer to Section 9.1.7 for further details.

(f) We rely on the availability of creative talents and IT personnel for the provision of our services

Our services rely on the availability of skilled creative talents in graphic design, content creation, video production, and IT personnel, who currently make up 25.0% of our workforce as at LPD. As we expand, we plan to hire 50 additional employees, including 27 with expertise in content creation, graphic design, video production or IT. Retaining and attracting competent personnel is essential for our growth, reducing reliance on third party service providers, and ensuring timely delivery of services. The loss of key employees and difficulty in finding suitable replacements could disrupt operations, delay delivery schedules, impact customer satisfaction, damage our reputation, and hinder future sales. While we have not faced significant resource constraints or recruitment delays from FYE 2022 to 2024, FPE 2025 and up to LPD, there is no guarantee that such issues will not arise in the future and potentially affect our business reputation and/ or financial performance.

Please refer to Section 9.1.8 for further details.

(g) We are exposed to credit risks and default payment by customers

We generally offer our customers credit periods ranging from cash term to 90 days from the invoice date, exposing us to varying degrees of credit risk and the potential for payment defaults. If payments are not received within the credit period, we may need to recognise impairment losses or write off trade receivables as bad debts, negatively affecting our financial performance. For FYE 2022 to 2024 and FPE 2025, our net (loss)/ reversal on impairment of financial assets were as follows:

	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net (loss)/ reversal on impairment of financial assets	(613)	12	(491)	631

Please refer to Section 12.2.2(e) for further details on our impairment loss on trade receivables for the FYE 2022 to 2024 and FPE 2025. As at LPD, trade receivables past due but not impaired amounted to approximately RM27,000 or 0.2% of our total trade receivables as at 30 June 2025.

Save for a bad debt amounting to RM20,000 that was written off in FYE 2022 which mainly arose from a non-refundable deposit paid by our Group for a deliverable that was subsequently cancelled, there was no other trade receivables that was written off as bad debts for FYE 2022 to 2024 and FPE 2025. Nevertheless, there can be no assurance that any delay or failure in receiving payments from our customers in the future may not result in trade receivables being written off as bad debts, which could adversely impact our financial performance.

12.10 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9.

12.11 IMPACT OF INFLATION

During FYE 2022 to 2024 and FPE 2025, our financial performance was not materially affected by inflation. However, there is no assurance that our financial performance will not be adversely affected by inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we are unable to pass on the higher costs to our customers through an increase in selling prices.

12.12 IMPACT OF INTEREST RATES

Interest coverage ratio measures the number of times a company can make its interest payments with its EBIT. Our interest coverage ratio for FYE 2022 to 2024 and FPE 2025 is as follows:

	Audited			
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
EBIT	2,758	7,722	10,586	6,589
Finance costs	344	448	510	187
Interest coverage ratio (times)(1)	8.0	17.2	20.8	35.2

Note:

(1) Computed based on EBIT over finance costs for the respective financial years/ period.

Our interest coverage ratios range from 8.0 times to 35.2 times during FYE 2022 to 2024 and FPE 2025, indicating that our Group has been able to generate sufficient profits from operations to meet our interest-serving obligations.

Our financial results for FYE 2022 to 2024 and FPE 2025 were not materially affected by fluctuations in interest rates. However, any major increase in interest rates would raise the cost of our borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

12.13 IMPACT OF FOREIGN EXCHANGE RATE

Our transactions are solely denominated in RM.

12.14 ORDER BOOK

We do not enter into long-term contracts with our customers as our sales are transacted based on purchase orders from our customers on an ongoing basis. Due to the nature of our business, we do not maintain an order book.

12.15 DIRECTORS' STATEMENT ON OUR GROUP'S FINANCIAL PERFORMANCE

Our Board is of the opinion that:

(a) our revenue will remain sustainable with an upward growth trend, in line with the anticipated growth in the branding and marketing industry as set out in the IMR Report in Section 8;

(b) our liquidity will improve further subsequent to our Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.17; and

(c) our capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt or equity funding for our capital expansion should the need arise.

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margin or know of any factors that are likely to have a material impact on our liquidity, revenue or profitability.

12.16 TREND INFORMATION

Based on our track record for FYE 2022 to 2024 and FPE 2025, including our segmental analysis of revenue and profitability, the following trends may continue to affect our business:

(a) during FYE 2022 to 2024 and FPE 2025, revenue contribution from digital branding solutions segment has been the main revenue contributor for our business. We expect this segment to continue contributing significantly to our revenue in future;

(b) during FYE 2022 to 2024 and FPE 2025, the main components of our cost of sales were outsourced services and staff costs which constituted approximately 75.6% to 82.8% of our total cost of sales. We expect this trend to continue. Notwithstanding our Group's plan to recruit additional employees and reduce reliance on third party service providers as stated in Section 4.9.1(b), the successful implementation of this strategy may result in a shift of some outsourced service costs to in-house staff costs. However, the overall proportion of combined outsourced services and staff costs as a percentage of total cost of sales may remain within a similar range, unless other significant changes in cost structure occur such as a reduced need for manual labour; and

(c) our Group achieved a GP margin of 46.8%, 56.4% and 50.0% for FYE 2022 to 2024 respectively and 35.4% for FPE 2025. We aim to improve and stabilise our GP margin to within our historical range of 47.0% and 56.0% in the future, subject to our continued ability to manage our costs efficiently.

As at LPD, after all reasonable enquires, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations, save as disclosed in Sections 7.8, 12.2, 12.9, 12.10, 12.11, 12.12 and 12.13;

(b) material capital commitments as disclosed in Section 12.6;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in Sections 7.8, 12.2, 12.9, 12.10, 12.11, 12.12 and 12.13;

(d) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save as disclosed in Sections 7.8, 12.2, 12.9, 12.10, 12.11, 12.12 and 12.13; and

(e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical combined financial statements not necessarily indicative of the future financial performance and position save as disclosed in Sections 7.8, 12.2, 12.9, 12.10, 12.11, 12.12 and 12.13.

Based on the above, our Board is optimistic about the future prospects of our Group given our competitive strengths as set out in Section 7.16, the outlook of the branding and marketing industry in Malaysia as set out in the IMR Report in Section 8 and our commitment to implement the business strategies and prospects as set out in Section 7.17.

12.17 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy and the declaration of dividends and other distribution are subject to the discretion of our Board. It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

As we are a holding company, our ability to declare and pay dividends or make other distributions to our shareholders are dependent upon the dividends we receive from our subsidiaries, present and future. Our subsidiaries will require its financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiaries to transfer funds in the form of cash dividends, loans or advances to us. Moving forward, the payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant. Save for certain restrictive covenants from our credit facilities, which our subsidiaries are subject to, there is no other dividend restriction imposed on our subsidiaries as at LPD.

Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

(a) the level of cash and level of indebtedness;

(b) required and expected interest expense, cash flows, profits, return on equity and retained earnings;

(c) our expected results of operations and future level of operations;

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

(e) the prior consent from our lenders, if any.

The payment and amount of any dividends or distributions to our shareholders will be at the discretion of our Board, and will depend on factors stated above (which may not be exhaustive). There is no assurance as to whether the dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

Our Company may from time to time approve dividend or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board.

Further, under the Act, our Company may not declare or pay dividend if there are reasonable grounds for believing that:

(a) our Company is, or would after the payment be unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than its liabilities.

For FYE 2022 to 2024, FPE 2025 and up to LPD, we declared and paid the following dividends:

	Audited				**Unaudited**
	FYE 2022	**FYE 2023**	**FYE 2024**	**FPE 2025**	**1 July 2025 up to LPD**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Dividends declared and paid	6,200	3,800	5,000	-	-
PAT	1,770	5,560	7,599	-	-
Dividend payout ratio (%)	350.3	68.3	65.8	-	-

The dividends declared and paid in FYE 2022 to 2024 were funded via internally generated funds. Although our Group has consistently paid dividends during FYE 2022 to 2024, we have not adopted a formal dividend policy to preserve financial flexibility. This approach allows our Board to make prudent decisions based on our Group's performance, cash flow, and capital requirements. As we are currently in a growth phase, profits may be prioritised for reinvestment to support expansion plans. The absence of a fixed policy enables our Board to assess and declare dividends at its discretion, taking into account the best interests of our Group and our shareholders.

Any dividends declared will be at the discretion of our Board and any final dividends declared will be subject to approval of our shareholders at our AGM.

As at LPD, there is no outstanding dividends declared and unpaid. Subsequent to LPD, no dividends was declared, made or paid by our Group. Further to the above, we do not intend to declare or pay any dividends from LPD up to the point of our Listing.

No inference should or can be made from any of the above statements as to our actual future profitability or our ability to pay dividends in the future.

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12.18 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 31 October 2025 and after adjusting for the effects of Acquisition, Public Issue and utilisation of proceeds.

	Unaudited	I	II	III
	[1]As at 31 October 2025	After Acquisition	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
Capitalisation				
Shareholders' equity	13,241	13,241	43,866	39,310
Total capitalisation	**13,241**	**13,241**	**43,866**	**39,310**
Indebtedness[1]				
Current				
Borrowings	2,583	2,583	2,583	598
Lease liabilities	25	25	25	25
	2,608	2,608	2,608	623
Non-current				
Borrowings	4,015	4,015	4,015	-
Lease liabilities	27	27	27	27
	4,042	4,042	4,042	27
Total indebtedness	**6,650**	**6,650**	**6,650**	**650**
Total capitalisation and indebtedness	**19,891**	**19,891**	**50,516**	**39,960**
Gearing ratio (times)[2]	**0.50**	**0.50**	**0.15**	**0.02**

Notes:

(1) All of our indebtedness are secured and/ or guaranteed.

(2) Calculated based on total indebtedness divided by total capitalisation.

SBS NEXUS BERHAD
[Registration No: 202401038150 (1583997-D)]
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT FOR THE FINANCIAL YEARS ENDED 31 DECEMBER ("FYE") 2022, 2023 AND 2024 AND 6 MONTHS FINANCIAL PERIODS ENDED 30 JUNE ("FPE") 2024 AND 2025

TGS TW PLT

CHARTERED ACCOUNTANTS

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants
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Date: 4 December 2025

The Board of Directors
SBS Nexus Berhad
C-7, Jalan Dataran SD 1
PJU 9, Bandar Sri Damansara
52200 Kuala Lumpur

Dear Sirs,

Reporting Accountants' Opinion on the Financial Information (as defined herein) Contained in the Accountants' Report of SBS Nexus Berhad ("the Company" or "SBS")

Opinion

We have audited the accompanying combined financial statements ("Financial Information") of the Company and of its subsidiaries (collectively known as "the combining entities" or "SBS Group") which comprise the combined statements of financial position as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the combining entities for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 and financial period ended 30 June 2025, and material accounting policy information and other explanatory notes, as set out on pages 4 to 45.

This Financial Information has been prepared for inclusion in the prospectus for SBS Group in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

In our opinion, the accompanying Financial Information gives a true and fair view of the combined financial position of the combining entities as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, and of their financial performance and cash flows for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 and financial period ended 30 June 2025 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Paragraph 10.04 of Chapter 10, Part II Division 1, Equity of the Prospectus Guidelines as issued by the Securities Commission 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 *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

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

Responsibilities of the Directors for the Financial Information

The Directors of the Company are responsible for the preparation of Financial Information of the combining entities that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of Financial Information of the combining entities that is free from material misstatement, whether due to fraud or error.

Responsibilities of the Directors for the Financial Information (Cont'd)

In preparing the Financial Information of the combining entities, the Directors are responsible for assessing the combining entities' 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 combining entities or cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the Financial Information of the combining entities as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 Information.

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 Information of the combining entities, 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 combining entities' 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 combining entities' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our accountants' report to the related disclosures in the Financial Information of the combining entities 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 combining entities to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Information of the combining entities, including the disclosures, and whether the Financial Information of the combining entities 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 activities within the combining entities as a basis for forming an opinion on the Financial Information of the combining entities. We are responsible for the direction, supervision and review of the audit work performed for purpose 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.

Restriction on Distribution and Use

This report is made solely to the Company and for inclusion in the prospectus of the Company to be issued in relation to the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for no other purposes. We do not assume responsibility to any other person for the content of this report.

Other Matters

1. The comparative information for the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows and related explanatory notes for the financial period ended 30 June 2024 has not been audited.

2. The significant events occurring after the end of the financial period ended 30 June 2025 have been disclosed in Note 1(d) to the combined financial statements.

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants

TEOH CHEY YEAT
03447/08/2027 J
Chartered Accountant

KUALA LUMPUR
4 December 2025

SBS NEXUS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022, 31 DECEMBER 2023, 31 DECEMBER 2024 AND 30 JUNE 2025

	Note	Audited 30.6.2025 RM	Audited 31.12.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	2,257,950	2,284,924	2,655,678	2,295,652
Investment properties	4	-	-	1,610,717	2,766,289
Intangible assets	5	950,083	999,583	1,098,583	150,000
Goodwill	6	2,396,619	2,396,619	2,396,619	-
Deferred tax assets	7	121,149	196,272	-	217,317
		5,725,801	5,877,398	7,761,597	5,429,258
Current assets					
Trade receivables	8	11,208,459	7,165,604	3,829,020	6,149,179
Other receivables	9	3,101,284	1,716,221	424,148	176,297
Tax recoverable		25,408	118,891	93,992	91,830
Fixed deposit with a licensed bank	10	1,000	1,000	-	-
Cash and bank balances		7,226,192	5,131,543	5,068,133	2,467,217
		21,562,343	14,133,259	9,415,293	8,884,523
Total assets		27,288,144	20,010,657	17,176,890	14,313,781
EQUITY					
Share capital	11	1	1	-	-
Invested equities	12(a)	2,921,700	2,921,700	2,921,700	100,000
Merger reserve	12(b)	135,103	135,103	135,103	135,103
Retained earnings		10,289,907	5,585,387	2,986,890	1,227,160
Total equity		13,346,711	8,642,191	6,043,693	1,462,263
LIABILITIES					
Non-current liabilities					
Borrowings	13	4,318,115	3,953,620	5,365,490	5,440,229
Hire purchase liabilities	14	35,306	48,017	587,454	395,675
Deferred tax liabilities	7	-	-	46,921	-
		4,353,421	4,001,637	5,999,865	5,835,904
Current liabilities					
Borrowings	13	2,605,475	1,325,822	940,429	1,874,456
Hire purchase liabilities	14	25,123	24,527	109,284	58,375
Trade payables	15	396,348	305,411	749,101	490,474
Other payables	16	2,410,485	1,868,188	1,471,764	1,282,477
Contract liabilities	17	84,588	846,810	292,822	999,426
Amount due to Directors	18	-	-	15,141	1,650,818
Tax payable		4,065,993	2,996,071	1,554,791	659,588
		9,588,012	7,366,829	5,133,332	7,015,614
Total liabilities		13,941,433	11,368,466	11,133,197	12,851,518
Total equity and liabilities		27,288,144	20,010,657	17,176,890	14,313,781

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

SBS NEXUS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2023, AND 31 DECEMBER 2024 AND FINANCIAL PERIOD ENDED 30 JUNE 2025

	Note	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Revenue	19	21,760,322	12,734,654	29,924,094	19,945,630	11,602,384
Cost of sales		(14,048,108)	(5,808,348)	(14,969,365)	(8,697,606)	(6,170,887)
Gross profit		7,712,214	6,926,306	14,954,729	11,248,024	5,431,497
Other income		697	55,760	548,274	336,647	555,574
Administrative expenses		(1,755,970)	(1,952,334)	(4,424,009)	(3,852,713)	(2,593,852)
Net reversal/(loss) on impairment of financial assets		631,188	(420,041)	(491,232)	12,346	(612,671)
Other expenses		-	-	-	(16,446)	(20,000)
Profit from operations		6,588,129	4,609,691	10,587,762	7,727,858	2,760,548
Finance costs	20	(186,744)	(241,331)	(510,356)	(447,828)	(344,359)
Profit before tax	21	6,401,385	4,368,360	10,077,406	7,280,030	2,416,189
Taxation	22	(1,696,865)	(978,593)	(2,478,909)	(1,720,300)	(645,755)
Profit for the financial period/year, representing total comprehensive income for the financial period/year		4,704,520	3,389,767	7,598,497	5,559,730	1,770,434
Profit for the financial period/year, representing total comprehensive income for the financial period/year attributable to:						
Owners of the combining entities		4,704,520	3,389,767	7,598,497	5,559,730	1,582,797
Non-controlling interests ("NCI")		-	-	-	-	187,637
		4,704,520	3,389,767	7,598,497	5,559,730	1,770,434
Earnings per share:						
Basic (sen)	23	1.28	0.92	2.07	1.51	0.43
Diluted (sen)	23	1.28	0.92	2.07	1.51	0.43

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

SBS NEXUS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2023, AND 31 DECEMBER 2024
AND FINANCIAL PERIOD ENDED 30 JUNE 2025

		Attributable to owners of the combining entities						
		Non-distributable			Distributable			
	Note	Share capital RM	Invested equities RM	Merger reserve RM	Retained earnings RM	Total RM	NCI RM	Total equity RM
Audited								
At 1 January 2022		-	235,060	-	5,196,113	5,431,173	460,567	5,891,740
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	1,582,797	1,582,797	187,637	1,770,434
Transactions with owners:								
Issuance of shares by a subsidiary under common control	1(d)	-	50	-	-	50	50	100
Acquisition of shares from NCI	1(d)	-	-	-	108,250	108,250	(108,254)	(4)
Acquisition of subsidiaries under common control	1(d)	-	(135,110)	135,103	-	(7)	-	(7)
Dividends	24	-	-	-	(5,660,000)	(5,660,000)	-	(5,660,000)
Dividends to NCI		-	-	-	-	-	(540,000)	(540,000)
At 31 December 2022		-	100,000	135,103	1,227,160	1,462,263	-	1,462,263
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	5,559,730	5,559,730	-	5,559,730
Transactions with owners:								
Issuance of shares by a subsidiary under common control	1(d)	-	2,821,700	-	-	2,821,700	-	2,821,700
Dividends	24	-	-	-	(3,800,000)	(3,800,000)	-	(3,800,000)
At 31 December 2023		-	2,921,700	135,103	2,986,890	6,043,693	-	6,043,693
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	7,598,497	7,598,497	-	7,598,497
Transactions with owners:								
Issuance of share	11	1	-	-	-	1	-	1
Dividends	24	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
At 31 December 2024		1	2,921,700	135,103	5,585,387	8,642,191	-	8,642,191

SBS NEXUS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2023, AND 31 DECEMBER 2024
AND FINANCIAL PERIOD ENDED 30 JUNE 2025 (CONT'D)

		Attributable to owners of the combining entities						
		Non-distributable			Distributable			
	Note	Share capital RM	Invested equities RM	Merger reserve RM	Retained earnings RM	Total RM	NCI RM	Total equity RM
Unaudited								
At 1 January 2024		-	2,921,700	135,103	2,986,890	6,043,693	-	6,043,693
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	3,389,767	3,389,767	-	3,389,767
Transaction with owners:								
Dividends	24	-	-	-	(2,000,000)	(2,000,000)	-	(2,000,000)
At 30 June 2024		-	2,921,700	135,103	4,376,657	7,433,460	-	7,433,460
Audited								
At 1 January 2025		1	2,921,700	135,103	5,585,387	8,642,191	-	8,642,191
Profit for the financial period, representing total comprehensive income for the financial period		-	-	-	4,704,520	4,704,520	-	4,704,520
At 30 June 2025		1	2,921,700	135,103	10,289,907	13,346,711	-	13,346,711

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

SBS NEXUS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 DECEMBER 2024 AND FINANCIAL PERIOD ENDED 30 JUNE 2025

	Note	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Cash flows from operating activities						
Profit before tax		6,401,385	4,368,360	10,077,406	7,280,030	2,416,189
Adjustments for:						
Amortisation of intangible assets		49,500	49,500	99,000	570,441	-
Allowance for expected credit losses on:						
- trade receivables		114,732	493,222	1,068,199	322,085	611,507
- other receivables		-	-	-	-	3,233
Bad debts written off		-	-	-	-	20,000
Depreciation of property, plant and equipment		53,175	95,939	252,121	171,306	124,095
Depreciation of investment properties		-	9,820	15,551	19,644	32,339
Gain on disposal of property, plant and equipment		-	-	(233,473)	-	-
Interest income		(259)	(1,303)	(1,672)	(5,526)	(2,256)
Interest expenses		186,744	241,331	510,356	447,828	344,359
(Gain)/Loss on disposal of an investment property		-	-	(214,658)	16,446	-
Reversal of expected credit losses on:						
- trade receivables		(745,920)	(73,181)	(576,967)	(321,806)	(289)
- other receivables		-	-	-	(12,625)	(1,780)
Waiver of deposits		-	-	-	-	(3,300)
Waiver of debts from other payables		-	-	-	(500)	(429)
Operating profit before working capital changes		6,059,357	5,183,688	10,995,863	8,487,323	3,543,668
Changes in working capital:						
Contract liabilities		(762,222)	(173,707)	553,988	(706,604)	999,426
Receivables		(4,796,730)	(4,133,370)	(5,119,889)	4,402,162	(2,976,258)
Payables		633,234	90,528	(47,266)	(1,555,178)	882,619
Cash generated from operations		1,133,639	967,139	6,382,696	10,627,703	2,449,455
Tax paid		(477,218)	(467,150)	(1,358,936)	(1,181,187)	(943,001)
Tax refunded		18,881	34,215	53,215	-	-
Net cash from operating activities		675,302	534,204	5,076,975	9,446,516	1,506,454
Cash flows from investing activities						
Acquisition of intangible assets		-	-	-	(990,000)	-
Acquisition of shares from NCI		-	-	-	-	(4)
Acquisition of subsidiaries under common control		-	-	-	-	(7)
Acquisition of a subsidiary, net of cash acquired		-	-	-	176,457	-
Interest received		259	1,303	1,672	5,526	2,256
Proceeds from disposal of an investment property		-	-	1,809,824	1,119,482	-
Proceeds from disposal of property, plant and equipment		-	-	511,406	-	-
Proceeds from issuance of shares by a subsidiary under common control		-	-	-	-	100
Purchase of property, plant and equipment	A	(26,201)	(9,301)	(159,300)	(166,501)	(51,872)
Repayment from Directors		-	-	-	-	2,957,594
Net cash (used in)/from investing activities		(25,942)	(7,998)	2,163,602	144,964	2,908,067

SBS NEXUS BERHAD
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COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 DECEMBER 2024 AND FINANCIAL PERIOD ENDED 30 JUNE 2025 (CONT'D)

	Note	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Cash flows from financing activities						
Dividends paid		-	(2,000,000)	(5,000,000)	(3,800,000)	(6,200,000)
Interest paid		(186,744)	(241,331)	(510,356)	(447,828)	(344,359)
Proceeds from issuance of share		-	-	1	-	-
Net drawdown/(repayment) of term loans		134,772	1,015,380	(1,026,477)	(1,008,766)	1,232,573
(Repayment to)/Advances from Directors		-	(11,784)	(15,141)	(1,645,560)	1,650,818
Repayment of hire purchase liabilities	**B**	(12,115)	(53,888)	(624,194)	(88,410)	(52,752)
Net cash from/(used in) financing activities		(64,087)	(1,291,623)	(7,176,167)	(6,990,564)	(3,713,720)
Net changes in cash and cash equivalents		585,273	(765,417)	64,410	2,600,916	700,801
Cash and cash equivalents at the beginning of the financial period/year		5,132,543	5,068,133	5,068,133	2,467,217	1,766,416
Cash and cash equivalents at the end of the financial period/year		5,717,816	4,302,716	5,132,543	5,068,133	2,467,217
Cash and cash equivalents at the end of the financial period/year comprise:						
Fixed deposit with a licensed bank	10	1,000	-	1,000	-	-
Cash and bank balances		7,226,192	4,302,716	5,131,543	5,068,133	2,467,217
Less: Bank overdraft	13	(1,509,376)	-	-	-	-
		5,717,816	4,302,716	5,132,543	5,068,133	2,467,217

NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

A. Purchase of property, plant and equipment

	Note	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Total additions	3	26,201	9,301	159,300	497,599	51,872
Less: Acquisition by means of hire purchase liabilities	26	-	-	-	(331,098)	-
Total cash payment		26,201	9,301	159,300	166,501	51,872

SBS NEXUS BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 DECEMBER 2024 AND FINANCIAL PERIOD ENDED 30 JUNE 2025 (CONT'D)

NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

B. Cash outflows for leases as a lessee

	Note	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Included in net cash from operating activities:						
Payment relating to short-term leases	21	-	-	2,880	11,000	2,500
Included in net cash from/(used in) financing activities:						
Payment of hire purchase liabilities		12,115	53,888	624,194	88,410	52,752
Payment of interest on hire purchase liabilities	20	1,565	16,540	28,069	32,290	24,252
		13,680	70,428	652,263	120,700	77,004
		13,680	70,428	655,143	131,700	79,504

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

SBS NEXUS BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. **Corporate information**

(a) **Introduction**

This report has been prepared solely to comply with the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of SBS Nexus Berhad ("the Company" or "SBS") in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (hereinafter defined as "the Listing") and should not be relied upon for any other purposes.

(b) **Background**

The Company was incorporated in Malaysia on 10 September 2024 as a public limited liability company under the name of SBS Nexus Berhad.

The registered office of the Company is located at 29-2, Level 29, Oval Damansara, 685, Jalan Damansara, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.

The principal place of business of the Company is located at C-7, Jalan Dataran SD 1, PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur.

(c) **Principal activities**

The principal activity of the Company is investment holding.

The details of the subsidiaries as of the date of this report are as follow:

Name of company	Place of business /Country of incorporation	Date of incorporation	Effective interest %	Principal activities
SBS Digital Holdings Sdn. Bhd. ("SDH")	Malaysia	30 July 2009	100	Provision of out-of-home media services.
SBS Digital Media Sdn. Bhd. ("SBSM")	Malaysia	30 November 2017	100	Provision of digital broadcast, offline publication, online marketing services as well as digital out-of-home media and online media.
SBS Social Sdn. Bhd. ("SBSS")	Malaysia	19 February 2016	100	Provision of online marketing services and video production.
SBS Events Sdn. Bhd. ("SBSE")	Malaysia	28 September 2017	100	Provision of public relations and event management.

1. **Corporate information (Cont'd)**

(c) **Principal activities (Cont'd)**

The details of the subsidiaries as of the date of this report are as follow: (Cont'd)

Name of company	Place of business /Country of incorporation	Date of incorporation	Effective interest %	Principal activities
Shanghai Media Sdn. Bhd. ("SHM")	Malaysia	14 April 2022	100	Organising business awards and recognition events, and networking events.
SBS Media Tech Sdn. Bhd. ("SMT")	Malaysia	4 June 2018	100	Provision of digital out-of-home media as well as mobile and web-based applications, and website development.

(d) **Acquisition and Distribution**

The Group will be formed pursuant to the completion of the acquisition and distribution of SDH and its subsidiaries by the Company prior to the listing and quotation on the ACE Market of Bursa Malaysia Securities Berhad.

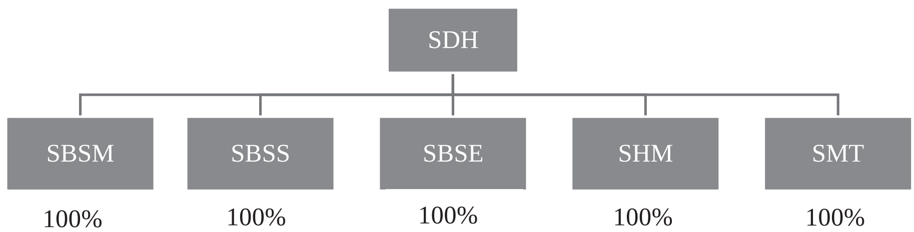
The Company entered into a conditional Share Sale Agreement on 28 May 2025 to acquire the entire equity interest in SDH for a purchase consideration of RM8,672,999 to be satisfied by the issuance of 367,499,999 new ordinary shares in the Company at an issue price of RM0.0236 per share. ("Acquisition")

Concurrent with the acquisition, and immediately after its completion, SDH proposes to declare dividend-in-specie to the Company comprising the entire equity interest it holds in SBSM, SBSS, SBSE, SHM and SMT which collectively amounts to RM3,271,711. ("Distribution")

The Acquisition and Distribution were completed on 11 November 2025 and 12 November 2025 respectively and consolidated using merger method of accounting.

The group structure before and after completion of the acquisition and distribution are as follows:

<ins>Before the acquisition and distribution</ins>

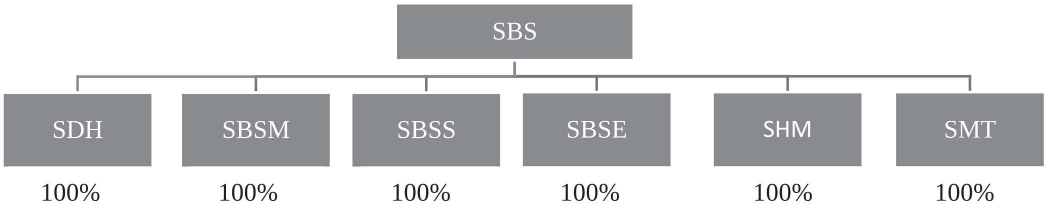


1. **Corporate information (Cont'd)**

(d) **Acquisition and Distribution (Cont'd)**

The group structure before and after completion of the acquisition and distribution are as follows: (Cont'd)

After the acquisition and distribution



Acquisition of subsidiaries

(i) On 22 December 2022, SDH acquired 3,000,000 newly issued ordinary shares of SBSM, at RM0.05 each, representing 75% equity interest in SBSM, for total cash consideration of RM150,000.

On 29 December 2022, SDH acquired the remaining 25% equity interest in SBSM, comprising 1,000,000 shares for total cash consideration of RM3. The acquisition consists of 900,000 (22.5%) ordinary shares acquired from the Company's existing common shareholders for RM2 and 100,000 (2.5%) ordinary shares acquired from another shareholder for RM1.

(ii) On 22 December 2022, SDH acquired 3,000,000 newly issued ordinary shares of SBSS, at RM0.10 each, representing 75% equity interest in SBSS, for total cash consideration of RM300,000.

On 29 December 2022, SDH acquired the remaining 25% equity interest in SBSS, comprising 1,000,000 shares for total cash consideration of RM3. The acquisition consists of 900,000 (22.5%) ordinary shares acquired from the Company's existing common shareholders for RM2 and 100,000 (2.5%) ordinary shares acquired from another shareholder for RM1.

(iii) On 29 December 2022, SDH acquired 100% equity interest in SBSE, comprising 100 ordinary shares for total cash consideration of RM3. The acquisition consists of 60 (60%) ordinary shares acquired from the Company's existing common shareholders for RM2 and 40 (40%) ordinary shares acquired from another shareholder for RM1.

(iv) On 29 December 2022, SDH acquired 100% equity interest in SHM which was incorporated on 14 April 2022, comprising 100 ordinary shares for total cash consideration of RM2. The acquisition consists of 50 (50%) ordinary shares acquired from the Company's existing common shareholder for RM1 and 50 (50%) ordinary shares acquired from another shareholder for RM1.

The acquisition of SBSM, SBSS, SBSE and SHM was consolidated using merger method of accounting. Under the merger method of accounting, the results of these subsidiaries are presented as if the merger has taken effect throughout the current and previous financial years.

(v) On 11 January 2023, SDH acquired 100% equity interest in SMT, comprising 100,000 ordinary shares satisfied via issuance of 145,000 new ordinary shares of SDH at RM13.79 each for total consideration of RM2,000,000. However, according to Paragraph 33 of MFRS 3 Business Combination, the consideration transferred should be measured at fair value, of which determined to be RM19.46 per share, for a total fair value consideration of RM2,821,700.

1. **Corporate information (Cont'd)**

(d) **Acquisition and Distribution (Cont'd)**

Consideration, assets recognised and liabilities assumed

The following summarises the major classes of consideration and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	RM
Fair value of consideration	2,821,700
Fair value of identifiable net assets	
Property, plant and equipment	33,733
Intangible assets - customer contracts	529,024
Trade receivables	2,317,508
Cash and bank balances	176,457
Deferred tax liabilities	(121,962)
Trade payables	(692,171)
Other payables	(1,311,421)
Amount due to a Director	(9,883)
Tax payable	(496,204)
Total identifiable net assets	425,081

Goodwill arising from business combination

	RM
Fair value of consideration	2,821,700
Fair value of identifiable net assets	(425,081)
Goodwill	2,396,619

Net cash inflow from acquisition of a subsidiary

	RM
Cash and cash equivalents acquired	176,457

(e) **Auditors**

The relevant financial period/years of the audited financial statements used for the purpose of the combined financial statements ("Relevant Financial Period/Years") and the auditors are as follows:

Company	**Relevant Financial Period/Years**	**Statutory Auditors**
SBS	30 June 2025	TGS TW PLT
	10 September 2024 (Date of incorporation) to 31 December 2024	TGS TW PLT
SDH	30 June 2025	TGS TW PLT
	31 December 2024	TGS TW PLT
	31 December 2023	TGS TW PLT
	31 December 2022*	STYL ASSOCIATES PLT
SBSM	30 June 2025	TGS TW PLT
	31 December 2024	TGS TW PLT
	31 December 2023	TGS TW PLT
	31 December 2022*	STYL ASSOCIATES PLT

1. **Corporate information (Cont'd)**

(e) **Auditors (Cont'd)**

The relevant financial period/years of the audited financial statements used for the purpose of the combined financial statements ("Relevant Financial Period/Years") and the auditors are as follows: (Cont'd)

Company	Relevant Financial Period/Years	Statutory Auditors
SBSS	30 June 2025	TGS TW PLT
	31 December 2024	TGS TW PLT
	31 December 2023	TGS TW PLT
	31 December 2022*	STYL ASSOCIATES PLT
SBSE	30 June 2025	TGS TW PLT
	31 December 2024	TGS TW PLT
	31 December 2023	TGS TW PLT
	31 December 2022*	STYL ASSOCIATES PLT
SHM	30 June 2025	TGS TW PLT
	31 December 2024	TGS TW PLT
	31 December 2023	TGS TW PLT
	14 April 2022 (Date of incorporation) to 31 December 2022*	STYL ASSOCIATES PLT
SMT	30 June 2025	TGS TW PLT
	31 December 2024	TGS TW PLT
	31 December 2023	TGS TW PLT

*Reaudited by TGS TW PLT for the purposes of this Financial Information

The audited financial statements of SBS, SDH, SBSM, SBSS, SBSE, SHM and SMT for the relevant financial period/years reported above were not subject to any qualification or modification.

2. **Basis of preparation**

(a) **Statement of compliance**

The combined financial statements of the combining entities have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

The combined financial statements consist of the financial statements of combining entities as disclosed in Note 1(c) to this report, which were under common control throughout the reporting periods/years by virtue of common controlling shareholders.

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

The combined financial statements of the combining entities have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policy information in the respective notes.

The combining entities have consistently applied the accounting policies throughout all periods presented in the combined financial statements unless otherwise stated.

2. **Basis of preparation (Cont'd)**

(a) **Statement of compliance (Cont'd)**

(i) Adoption of new and amended standards

During the financial period, the combining entities have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for the current financial period:

Amendments to MFRS 121	Lack of Exchangeability

The adoption of the amendments to MFRSs did not have any significant impact on the combined financial statements of the combining entities.

(ii) Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements - Volume 11	Amendments to MFRS 1 Amendments to MFRS 7 Amendments to MFRS 9 Amendments to MFRS 10 Amendments to MFRS 107	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to 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 combining entities intend to adopt the above new and amendments to MFRSs when they become effective.

The initial applications of the above-mentioned new and amendments to MFRSs are not expected to have any significant impact on the combined financial statements of the combining entities.

(b) **Functional and presentation currency**

These combined financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest RM except when otherwise stated.

2. **Basis of preparation (Cont'd)**

(c) **Significant accounting judgements, estimates and assumptions**

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

Judgements

There are no significant areas of critical judgements made by management in applying the accounting policies that have the most significant effect on the amounts recognised in the combined financial statements.

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, investment properties and intangible assets

The combining entities regularly review the estimated useful lives of property, plant and equipment, investment properties and intangible 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, investment properties and intangible assets would increase the recorded depreciation and decrease the value of property, plant and equipment, investment properties and intangible assets. The carrying amounts at the reporting date for property, plant and equipment, investment properties and intangible assets are disclosed in Notes 3, 4 and 5 to the combined financial statements respectively.

Recoverability of goodwill

The combining entities determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the combining entities to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 6 to the combined financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 7 to the combined financial statements.

Determination of transaction prices

The combining entities are required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the combining entities assess the impact of any variable consideration in the contract due to discounts or penalties in the contract.

2. **Basis of preparation (Cont'd)**

(c) **Significant accounting judgements, estimates and assumptions (Cont'd)**

Key sources of estimation uncertainty (Cont'd)

Determination of transaction prices (Cont'd)

There is no estimation required in determining the transaction price, as revenue from sale of goods or rendering of services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

Provision for expected credit loss of financial assets at amortised cost

The combining entities review the recoverability of its receivables at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The combining entities use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the combining entities' past history and existing market conditions as well as forward looking estimates.

The combining entities use a provision matrix to calculate expected credit loss for receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the combining entities' historical observed default rates. The combining entities will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The carrying amounts at the reporting date for receivables are disclosed in Notes 8 and 9 to the combined financial statements respectively.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The combining entities recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. **Property, plant and equipment**

	Computer and software RM	Furniture and fittings RM	Leasehold shoplot RM	Machinery and tools RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
Audited								
Cost								
At 1 January 2022	343,664	287,787	2,380,000	145,000	860,578	299,041	184,036	4,500,106
Additions	26,837	10,630	-	-	-	14,405	-	51,872
At 31 December 2022	370,501	298,417	2,380,000	145,000	860,578	313,446	184,036	4,551,978
Acquisition of a subsidiary	36,800	-	-	-	-	-	-	36,800
Additions	20,816	3,998	-	-	405,000	7,785	60,000	497,599
At 31 December 2023	428,117	302,415	2,380,000	145,000	1,265,578	321,231	244,036	5,086,377
Additions	159,300	-	-	-	-	-	-	159,300
Disposal	-	-	-	-	(984,523)	-	-	(984,523)
At 31 December 2024	587,417	302,415	2,380,000	145,000	281,055	321,231	244,036	4,261,154
Additions	24,701	-	-	-	-	1,500	-	26,201
At 30 June 2025	612,118	302,415	2,380,000	145,000	281,055	322,731	244,036	4,287,355
Accumulated depreciation								
At 1 January 2022	293,457	281,924	240,674	116,000	747,296	278,268	174,612	2,132,231
Charge for the financial year	20,763	4,192	26,741	14,500	37,760	16,999	3,140	124,095
At 31 December 2022	314,220	286,116	267,415	130,500	785,056	295,267	177,752	2,256,326
Acquisition of a subsidiary	3,067	-	-	-	-	-	-	3,067
Charge for the financial year	24,947	4,392	26,741	14,498	88,586	8,002	4,140	171,306
At 31 December 2023	342,234	290,508	294,156	144,998	873,642	303,269	181,892	2,430,699
Charge for the financial year	85,752	4,105	26,743	-	114,000	6,381	15,140	252,121
Disposal	-	-	-	-	(706,590)	-	-	(706,590)
At 31 December 2024	427,986	294,613	320,899	144,998	281,052	309,650	197,032	1,976,230
Charge for the financial period	29,416	1,723	13,370	-	-	2,666	6,000	53,175
At 30 June 2025	457,402	296,336	334,269	144,998	281,052	312,316	203,032	2,029,405
Carrying amount								
At 30 June 2025	154,716	6,079	2,045,731	2	3	10,415	41,004	2,257,950
At 31 December 2024	159,431	7,802	2,059,101	2	3	11,581	47,004	2,284,924
At 31 December 2023	85,883	11,907	2,085,844	2	391,936	17,962	62,144	2,655,678
At 31 December 2022	56,281	12,301	2,112,585	14,500	75,522	18,179	6,284	2,295,652

3. **Property, plant and equipment (Cont'd)**

(a) Material accounting policy information

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of property, plant and equipment is recognised in the profit or loss on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Computer and software	10% - 20%
Furniture and fittings	10% - 20%
Leasehold shoplot	89 years
Machinery and tools	10%
Motor vehicles	20%
Office equipment	10% - 20%
Renovation	20%

(b) Including in net carrying amount of property, plant and equipment are right-of-use assets as follows:

	Audited 30.6.2025 RM	**Audited 31.12.2024 RM**	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**
Leasehold shoplot	2,045,731	2,059,101	2,085,844	2,112,585
Motor vehicles	3	3	391,936	75,522
	2,045,734	2,059,104	2,477,780	2,188,107

(c) Depreciation charges of right-of-use assets are as follows:

	Audited FPE 2025 RM	**Unaudited FPE 2024 RM**	**Audited FYE 2024 RM**	**Audited FYE 2023 RM**	**Audited FYE 2022 RM**
Leasehold shoplot	13,370	13,370	26,743	26,741	26,741
Motor vehicles	-	57,000	114,000	88,586	37,760
	13,370	70,370	140,743	115,327	64,501

(d) Additions of right-of-use assets are as follows:

	Audited 30.6.2025 RM	**Unaudited FPE 2024 RM**	**Audited 31.12.2024 RM**	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**
Motor vehicles	-	-	-	405,000	-

3. **Property, plant and equipment (Cont'd)**

(e) The combining entities have pledged the following property, plant and equipment to a licensed bank as securities for banking facilities granted to the combining entities as disclosed in Note 13 to the combined financial statements:

	Audited 30.6.2025 RM	Audited 31.12.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM
Leasehold shoplot	2,045,731	2,059,101	2,085,844	2,112,585

(f) Included in the carrying amounts of the combining entities' motor vehicles amounted to RMNil (31.12.2024: RMNil, 31.12.2023: RM391,934 and 31.12.2022: RM75,519) are held in trust in the name of a Director.

4. **Investment properties**

	Freehold land and building RM	Leasehold shoplot RM	Total RM
Audited			
Cost			
At 1 January 2022/31 December 2022	1,224,798	1,826,790	3,051,588
Disposal	(1,224,798)	-	(1,224,798)
At 31 December 2023	-	1,826,790	1,826,790
Disposal	-	(1,826,790)	(1,826,790)
At 31 December 2024/30 June 2025	-	-	-
Accumulated depreciation			
At 1 January 2022	76,175	176,785	252,960
Charge for the financial year	12,695	19,644	32,339
At 31 December 2022	88,870	196,429	285,299
Charge for the financial year	-	19,644	19,644
Disposal	(88,870)	-	(88,870)
At 31 December 2023	-	216,073	216,073
Charge for the financial year	-	15,551	15,551
Disposal	-	(231,624)	(231,624)
At 31 December 2024/30 June 2025	-	-	-
Carrying amount			
At 31 December 2024/30 June 2025	-	-	-
At 31 December 2023	-	1,610,717	1,610,717
At 31 December 2022	1,135,928	1,630,361	2,766,289
Fair value			
At 31 December 2024/30 June 2025	-	-	-
At 31 December 2023	-	1,976,548	1,976,548
At 31 December 2022	1,200,000	1,767,768	2,967,768

(a) Material accounting policy information

Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and accumulated impairment losses.

4. **Investment properties (Cont'd)**

(a) Material accounting policy information (Cont'd)

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rate is:

Freehold land and building	2%
Leasehold shoplot	Over the remaining lease period

The freehold land of the combining entities was not separable from its freehold building and hence, depreciation was charged at the aggregate amount of freehold land and building.

(b) The investment properties of the combining entities are leased to customers under operating leases with monthly rental payments. The leases contain initial non-cancellable periods ranging from 1 to 2 years.

	Audited 30.6.2025 RM	Audited 31.12.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM
Within 1 year	-	-	105,600	31,500
Between 1 and 2 years	-	-	8,800	16,000
	-	-	114,400	47,500

(c) Investment properties of the combining entities amounting to RMNil (31.12.2024: RMNil, 31.12.2023: RM1,610,717 and 31.12.2022: RM2,766,289) have been pledged to licensed banks as securities for banking facilities granted to the combining entities as disclosed in Note 13 to the combined financial statements.

(d) Fair value of investment properties was estimated by the Directors based on internal appraisal of market values of comparable properties. The fair values are within Level 3 of the fair value hierarchy.

(e) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Rental income	-	52,800	96,800	127,300	150,000
Direct operating expenses	-	4,114	6,617	9,597	13,148

5. **Intangible assets**

	Customer contracts RM	Software RM	Trademark RM	Total RM
Audited				
Cost				
At 1 January 2022/31 December 2022	-	-	150,000	150,000
Acquisition of a subsidiary	529,024	-	-	529,024
Additions through separately acquired	-	990,000	-	990,000
At 31 December 2023	529,024	990,000	150,000	1,669,024
Written off	(529,024)	-	-	(529,024)
At 31 December 2024/30 June 2025	-	990,000	150,000	1,140,000

5. **Intangible assets (Cont'd)**

	Customer contracts RM	Software RM	Trademark RM	Total RM
Audited (Cont'd)				
Accumulated amortisation				
At 1 January 2022/31 December 2022	-	-	-	-
Charge for the financial year	529,024	41,417	-	570,441
At 31 December 2023	529,024	41,417	-	570,441
Charge for the financial year	-	99,000	-	99,000
Written off	(529,024)	-	-	(529,024)
At 31 December 2024	-	140,417	-	140,417
Charge for the financial period	-	49,500	-	49,500
At 30 June 2025	-	189,917	-	189,917
Carrying amount				
At 30 June 2025	-	800,083	150,000	950,083
At 31 December 2024	-	849,583	150,000	999,583
At 31 December 2023	-	948,583	150,000	1,098,583
At 31December 2022	-	-	150,000	150,000

Customer contracts represent agreements made with customers acquired through the acquisition of a subsidiary. Customer contracts are fully amortised during the previous financial year corresponding to their expiration.

Software represents computer programmes in the form of source code and object code that have been acquired for use in developing and selling of digital products. The software was fully operational during the previous financial year and is assessed to have a useful life of 10 years.

Trademark is associated with the business product named Shanghai Business Media and is assessed to have indefinite useful life.

(a) Material accounting policy information

Intangible assets with finite useful lives that are acquired separately are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful lives.

Intangible assets are amortised based on the useful lives of the assets as follow:

Customer contracts	Over the contract period
Software	10%

Intangible assets with indefinite useful lives that are acquired separately are carried at cost and not amortised, but are tested for impairment annually.

(b) Impairment testing for cash-generating units ("CGU")

Management has carried out a review of the recoverable amounts of the intangible assets based on value-in-use calculations. The key assumptions for the value-in-use calculations are regarding the discount rates and using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU to which the asset belongs. The growth rates are based on past results and budgets done by management.

The combining entities prepare cash flows forecasts derived from the most recent financial forecasts approved by management for the next 5 years. The rate used to discount the forecast cash flows is 5% (31.12.2024: 4% to 5%, 31.12.2023 and 31.12.2022: 5% to 6%).

5. **Intangible assets (Cont'd)**

(b) Impairment testing for cash-generating units ("CGU") (Cont'd)

As at 30 June 2025, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amounts to be below the carrying amounts of the intangible assets.

Having considered the above, management is of the view that there is no impairment of the intangible assets as at 30 June 2025.

6. **Goodwill**

	RM
Cost	
At 1 January 2023	-
Addition	2,396,619
At 31 December 2023/31 December 2024/30 June 2025	2,396,619

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired.

The recoverable amount of the goodwill is determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates and growth rates during the reporting period. Management estimates discount rates using pre-tax rates that reflect the current market assessments of the time value of money and the risks specific to the goodwill. The growth rates are based on past results and budgets done by management.

The combining entities prepare cash flows forecasts derived from the most recent financial forecasts approved by management for the next 5 years. The rate used to discount the forecast cash flows is 5%. (31.12.2024: 4% to 5%, 31.12.2023 and 31.12.2022: 5% to 6%).

As at 30 June 2025, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amount to be below the carrying amount of the goodwill.

Having considered the above, the management is of the view that there is no impairment of goodwill as at 30 June 2025.

7. **Deferred tax assets/(liabilities)**

	Audited FPE 2025 RM	**Audited FYE 2024 RM**	**Audited FYE 2023 RM**	**Audited FYE 2022 RM**
At beginning of the financial period/year	196,272	(46,921)	217,317	328,128
Acquisition of a subsidiary	-	-	(121,962)	-
Recognised in profit or loss	(75,123)	243,193	(142,276)	(110,811)
At end of the financial period/year	121,149	196,272	(46,921)	217,317

The components of deferred tax assets/(liabilities) are as follows:

	Audited 30.6.2025 RM	**Audited 31.12.2024 RM**	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**
Property, plant and equipment	(26,074)	2,363	(75,659)	3,713
Provisions	90,999	126,276	24,859	19,164
Contract liabilities	-	-	3,879	5,440
Unutilised business losses	144	67,537	-	189,000
Unutilised capital allowances	56,080	96	-	-
	121,149	196,272	(46,921)	217,317

7. **Deferred tax assets/(liabilities) (Cont'd)**

Deferred tax assets (stated at gross) have not been recognised in respect of the following items:

	Audited 30.6.2025 RM	Audited 31.12.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM
Property, plant and equipment	-	(61,780)	(21,582)	(23,253)
Provisions	-	214,187	433,972	217,029
	-	152,407	412,390	193,776

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries that have a recent history of losses.

8. **Trade receivables**

	Audited 30.6.2025 RM	Audited 31.12.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM
Trade receivables	11,749,903	8,338,236	4,528,641	6,816,016
Less: Allowance for expected credit losses ("ECLs")	(541,444)	(1,172,632)	(699,621)	(666,837)
	11,208,459	7,165,604	3,829,020	6,149,179

Trade receivables are non-interest bearing and are generally on credit terms of 90 (31.12.2024 and 31.12.2023: cash term to 90 and 31.12.2022: cash term to 60) days. They are recognised at their original invoice amounts which represent their values on initial recognition.

Included in trade receivables of the combining entities is RMNil (31.12.2024: RMNil, 31.12.2023: RM106,000 and 31.12.2022: RMNil) due from a company in which a Directors of a subsidiary has interest.

Included in trade receivables of the combining entities is RMNil (31.12.2024: RMNil, 31.12.2023: RM765,801 and 31.12.2022: RM1,555,691) due from companies in which a person connected to a Director has interest.

Movements in the allowance for ECLs of trade receivables are as follows:

	Audited FPE 2025 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
At beginning of the financial period/year	1,172,632	699,621	666,837	55,619
Acquisition of a subsidiary	-	-	32,505	-
Charge for the financial period/year	114,732	1,049,978	322,085	611,507
Reversal for the financial period/year	(745,920)	(558,746)	(321,806)	(289)
Written off for the financial period/year	-	(18,221)	-	-
At end of the financial period/year	541,444	1,172,632	699,621	666,837

8. **Trade receivables (Cont'd)**

The following table provides information about the exposure to credit risk and allowance for ECLs for trade receivables:

	Gross amount RM	ECLs RM	Net amount RM
Audited			
30.6.2025			
Not past due	9,582,316	(238,389)	9,343,927
Past due:			
Less than 30 days	1,334,340	(34,555)	1,299,785
31 to 60 days	497,414	(15,795)	481,619
61 to 90 days	77,337	(7,259)	70,078
More than 90 days	258,496	(245,446)	13,050
	11,749,903	(541,444)	11,208,459
Audited			
31.12.2024			
Not past due	3,289,160	(46,417)	3,242,743
Past due:			
Less than 30 days	552,254	(26,334)	525,920
31 to 60 days	2,192,729	(107,309)	2,085,420
61 to 90 days	1,412,226	(149,999)	1,262,227
More than 90 days	891,867	(842,573)	49,294
	8,338,236	(1,172,632)	7,165,604
Audited			
31.12.2023			
Not past due	516,619	(1,821)	514,798
Past due:			
Less than 30 days	560,101	(6,707)	553,394
31 to 60 days	527,065	(10,277)	516,788
61 to 90 days	681,695	(23,849)	657,846
More than 90 days	2,243,161	(656,967)	1,586,194
	4,528,641	(699,621)	3,829,020
Audited			
31.12.2022			
Not past due	1,031,543	(4,946)	1,026,597
Past due:			
Less than 30 days	587,323	(29,524)	557,799
31 to 60 days	382,857	(6,254)	376,603
61 to 90 days	180,790	(25,321)	155,469
More than 90 days	4,633,503	(600,792)	4,032,711
	6,816,016	(666,837)	6,149,179

9. **Other receivables**

	Audited 30.6.2025 RM	Audited 31.12.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM
Non-trade receivables	295,105	2,052	70,719	166,828
Less: Allowance for ECLs	(210)	(210)	(210)	(12,835)
	294,895	1,842	70,509	153,993
Deposits	5,944	6,943	6,943	21,423
Prepayments	2,795,496	1,703,723	346,018	881
Withholding tax refundable	4,949	3,713	678	-
	3,101,284	1,716,221	424,148	176,297

Included in non-trade receivables of the combining entities is RMNil (31.12.2024 and 31.12.2023: RMNil and 31.12.2022: RM95,243) due from companies in which Directors have interests.

Included in prepayments is an amount of RM1,812,545 (31.12.2024: RM1,226,970, 31.12.2023: RM331,901 and 31.12.2022: RMNil) in relation to the listing expenses.

Movements in the allowance for ECLs of other receivables are as follows:

	Audited FPE 2025 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
At beginning of the financial period/year	210	210	12,835	11,382
Charge for the financial period/year	-	-	-	3,233
Reversal for the financial period/year	-	-	(12,625)	(1,780)
At end of the financial period/year	210	210	210	12,835

10. **Fixed deposit with a licensed bank**

The interest rate of fixed deposit with a licensed bank of the combining entities is 2.65% (31.12.2024: 2.75%). The maturity of fixed deposit of the combining entities is 12 months (31.12.2024: 6 months).

11. **Share capital**

	Number of ordinary share Unit	Amount RM
Audited		
Issued and fully paid:		
At 10 September 2024 (date of incorporation)/ At 31 December 2024/30 June 2025	1	1

The Company was incorporated with paid-up share capital of RM1 comprising 1 ordinary share that was subscribed as subscriber's share on the date of incorporation.

The holder of ordinary share is entitled to receive dividends as declared from time to time, and is entitled to one vote per share at meetings of the Company.

12. **Invested equities, merger reserve and non-controlling interests**

(a) Invested equities

	Audited FPE 2025 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
At beginning of the financial period/year	2,921,700	2,921,700	100,000	235,060
Issuance of shares by a subsidiary under common control	-	-	2,821,700	50
Acquisition of subsidiaries under common control	-	-	-	(135,110)
At end of the financial period/ year	2,921,700	2,921,700	2,921,700	100,000

In the financial year ended 31 December 2023, SDH entered into agreement to acquire SMT by way of issuance of 145,000 new ordinary shares of SDH at RM13.79 each for a total consideration of RM2,000,000. However, according to Paragraph 33 of MFRS 3 Business Combination, the consideration transferred should be measured at fair value, of which has been determined to be RM19.46 per share for a total fair value consideration of RM2,821,700.

The group structure arising from the restructuring of the combining entities is disclosed in Note 1(d) to the combined financial statements.

(b) Merger reserve

The combined financial statements have been prepared using the merger method to account for the acquisition of SBSM, SBSS, SBSE, and SHM. Merger reserve is determined as the difference between the cost of merger and the nominal value of the share capital of the subsidiaries acquired and is recognised in statements of financial position.

The merger reserve at the acquisition date is derived as follows:

	RM
Nominal value of the subsidiaries' share capital	135,110
Less: Total consideration paid	(7)
Merger reserve	135,103

(c) Non-controlling interests

The subsidiaries which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the combining entities.

13. **Borrowings**

	Audited 30.6.2025 RM	Audited 31.12.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM
Secured				
Non-current				
Term loans	4,318,115	3,953,620	5,365,490	5,440,229
Current				
Bank overdraft	1,509,376	-	-	-
Term loans	1,096,099	1,325,822	940,429	1,874,456
	2,605,475	1,325,822	940,429	1,874,456
	6,923,590	5,279,442	6,305,919	7,314,685

The borrowings are secured by the following:

(i) Legal charge over the properties of the combining entities as disclosed in Notes 3 and 4 to the combined financial statements;
(ii) Corporate guarantee by SBS Digital Holdings Sdn. Bhd.; and
(iii) Joint and several guarantee by the Directors of the Company.

The repayment terms of the borrowings are as follows:

(i) Bank overdrafts are repayable on demand.
(ii) Term loans are repayable by 60 to 240 (31.12.2024, 31.12.2023 and 31.12.2022: 60 to 240) months.

The interest rate for the borrowings is as follow:

	Audited 30.6.2025 %	Audited 31.12.2024 %	Audited 31.12.2023 %	Audited 31.12.2022 %
Bank overdraft	7.67	-	-	-
Term loans	3.50 - 10.35	3.50 - 10.35	3.50 - 10.35	3.40 - 10.10

14. **Hire purchase liabilities**

	Audited 30.6.2025 RM	Audited 31.12.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM
Non-current	35,306	48,017	587,454	395,675
Current	25,123	24,527	109,284	58,375
	60,429	72,544	696,738	454,050

The maturity analysis of hire purchase liabilities at the end of the reporting period is as follows:

	Audited 30.6.2025 RM	Audited 31.12.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM
Within 1 year	27,360	27,360	140,856	80,388
Between 2 to 5 years	36,589	50,271	444,524	241,164
More than 5 years	-	-	214,196	215,535
	63,949	77,631	799,576	537,087
Less: Future finance charges	(3,520)	(5,087)	(102,838)	(83,037)
Present value of hire purchase liabilities	60,429	72,544	696,738	454,050

14. **Hire purchase liabilities (Cont'd)**

The combining entities lease motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

15. **Trade payables**

The normal trade credit terms granted to the combining entities range from 30 (31.12.2024 and 31.12.2023: cash term to 30 and 31.12.2022: cash term to 30) days.

Included in trade payables of the combining entities is RMNil (31.12.2024: RMNil, 31.12.2023: RM7,700 and 31.12.2022: RM263,900) due to companies in which a person connected to a Director has interest.

16. **Other payables**

	Audited 30.6.2025 RM	**Audited 31.12.2024 RM**	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**
Non-trade payables	886,118	816,496	738,703	432,420
Accruals	387,026	285,620	289,356	478,291
Deposits received	630	630	27,030	38,130
Sales and Services Tax payable	1,136,711	765,442	416,675	333,636
	2,410,485	1,868,188	1,471,764	1,282,477

Included in non-trade payables of the combining entities is RMNil (31.12.2024 and 31.12.2023: RMNil and 31.12.2022: RM107,152) due to companies in which the Directors of the Company have interests.

Included in non-trade payables of the combining entities is RMNil (31.12.2024: RMNil, 31.12.2023: RM242,300 and 31.12.2022: RM201,680) due to companies in which a person connected to a Director has interest.

Included in non-trade payables of the combining entities is RMNil (31.12.2024: RM540, 31.12.2023: RMNil and 31.12.2022: RMNil) due to a company in which a Director of a subsidiary has interest.

17. **Contract liabilities**

	Audited 30.6.2025 RM	**Audited 31.12.2024 RM**	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**
Current				
Advance received from customers	84,588	846,810	292,822	999,426

The contract liabilities primarily relate to advance consideration received from customers for services of which the combining entities have not satisfied the performance obligation and are expected to be recognised as revenue within one year.

The revenue recognised in the current financial period/years that was included in the contract liabilities balance at the beginning of the financial period/year of the combining entities is RM846,810 (FYE 2024: RM292,822, FYE 2023: RM999,426 and FYE 2022: RMNil).

18. **Amount due to Directors**

Amount due to Directors is unsecured, non-trade in nature, non-interest bearing and repayable on demand.

19. **Revenue**

	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Revenue from contracts with customers:					
Offline branding solutions	8,040,634	4,399,042	11,163,521	6,396,500	2,687,474
Digital branding solutions	12,941,083	7,366,361	17,162,416	10,048,618	6,778,008
Business leads generation initiatives	778,605	969,251	1,598,157	3,500,512	2,136,902
	21,760,322	12,734,654	29,924,094	19,945,630	11,602,384
Timing of revenue recognition:					
At a point in time	21,760,322	12,734,654	29,924,094	19,945,630	11,602,384

The combining entities recognise revenue from the following major sources:

Offline branding solutions

Revenue from offline branding solutions primarily arises from traditional advertising mediums, including flyer distribution, newspaper inserts, banner installations, pocket tissue distribution, offset printing and table stickers. Revenue is recognised at a point in time when the goods or services are transferred to the customers, which coincides with the delivery and acceptance of the goods or services by the customers.

The combining entities also offer corporate branding event management services for events such as press releases, product launching and corporate activities. Revenue is recognised at a point in time based on the occurrence of the events.

Digital branding solutions

Revenue from digital branding solutions includes advertisements on social media and digital platforms. Revenue is recognised at a point in time when the advertisements are displayed on the respective platforms.

The combining entities also provide mobile and web-based applications, and website development as part of its digital growth solutions. Revenue is recognised at a point in time when the products or services are delivered and accepted by the customers.

Business leads generation initiatives

Revenue from business leads generation initiatives consists of hosting networking events, including investor relations events, campaigns and business awards and recognition ceremonies. Revenue is recognised at a point in time based on the occurrence of the events.

20. **Finance costs**

	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Interest expenses on:					
- Hire purchase liabilities	1,565	16,540	28,069	32,290	24,252
- Term loans	185,179	224,791	482,287	415,538	320,107
	186,744	241,331	510,356	447,828	344,359

21. **Profit before tax**

Profit before tax is determined after charging/(crediting), amongst others, the following items:

	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Auditors' remuneration					
- current financial period/year	55,000	65,000	110,000	100,000	49,833
- under provision in prior financial period/year	-	33,000	182,000	10,000	-
Amortisation of intangible assets	49,500	49,500	99,000	570,441	-
Allowance for ECLs on:					
- trade receivables	114,732	493,222	1,068,199	322,085	611,507
- other receivables	-	-	-	-	3,233
Bad debts written off	-	-	-	-	20,000
Depreciation of property, plant and equipment	53,175	95,939	252,121	171,306	124,095
Depreciation of investment properties	-	9,820	15,551	19,644	32,339
Gain on disposal of property, plant and equipment	-	-	(233,473)	-	-
Interest income	(259)	(1,303)	(1,672)	(5,526)	(2,256)
Lease expenses related to short-term lease (a)	-	-	2,880	11,000	2,500
(Gain)/Loss on disposal of an investment property	-	-	(214,658)	16,446	-
Reversal of ECLs on:					
- trade receivables	(745,920)	(73,181)	(576,967)	(321,806)	(289)
- other receivables	-	-	-	(12,625)	(1,780)
Rental income	-	(52,800)	(96,800)	(149,300)	(174,000)
Wages subsidy	-	(1,200)	(1,200)	(89,080)	(306,862)
Waiver of deposits	-	-	-	-	(3,300)
Waiver of debts from other payables	-	-	-	(500)	(429)

21. **Profit before tax (Cont'd)**

(a) The combining entities lease equipment and premises with contract terms of not more than one year. These leases are short-term. The combining entities have elected not to recognise right-of-use assets and lease liabilities for these leases.

22. **Taxation**

	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Tax expenses recognised in profit or loss					
Current tax					
Current financial period/ year provision	1,428,593	1,096,008	2,625,123	1,533,896	651,401
Under/(Over) provision in prior financial period/year	193,149	-	96,979	44,128	(116,457)
	1,621,742	1,096,008	2,722,102	1,578,024	534,944
Deferred tax					
Origination and reversal of temporary differences	1,088	(117,415)	(178,853)	142,276	110,811
Under/(Over) provision in prior financial period/year	74,035	-	(64,340)	-	-
	75,123	(117,415)	(243,193)	142,276	110,811
	1,696,865	978,593	2,478,909	1,720,300	645,755

22. **Taxation (Cont'd)**

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax rate of the combining entities are as follows:

	Audited FPE 2025 RM	**Unaudited FPE 2024 RM**	**Audited FYE 2024 RM**	**Audited FYE 2023 RM**	**Audited FYE 2022 RM**
Profit before tax	6,401,385	4,368,360	10,077,406	7,280,030	2,416,189
At Malaysian statutory tax rate 24%	1,536,332	1,048,406	2,418,577	1,747,207	579,885
Tax savings from first tranche of chargeable income	-	(189,192)	(225,000)	(247,823)	(99,215)
Expenses not deductible for tax purposes	61,040	105,001	527,945	220,861	271,642
Income not subject to tax	(131,113)	(13,760)	(212,856)	(96,540)	(33,340)
Movement of deferred tax assets not recognised	(36,578)	28,138	(62,396)	52,467	43,240
Under/(Over) provision of current tax in prior financial period/year	193,149	-	96,979	44,128	(116,457)
Under/(Over) provision of deferred tax in prior financial period/ year	74,035	-	(64,340)	-	-
	1,696,865	978,593	2,478,909	1,720,300	645,755

The combining entities have unutilised business losses and unutilised capital allowances for carry forward to offset future taxable profits as follows:

	Audited 30.6.2025 RM	**Unaudited 30.06.2024 RM**	**Audited 31.12.2024 RM**	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**
Unutilised business losses	233,668	241,325	281,404	-	787,743
Unutilised capital allowances	600	200	400	-	-
	234,268	241,525	281,804	-	787,743

Based on the current legislation, any unutilised business losses shall be carried forward for a maximum period of ten consecutive years of assessment immediately following that year of assessment, whereas the unutilised capital allowances are allowed to be carried forward indefinitely.

23. **Earnings per share**

(a) Basic earnings per share

The basic earnings per share is calculated based on the combined profit for the financial year attributable to the owners of the combining entities and the number of ordinary shares as follows:

	Audited FPE 2025 RM	**Unaudited FPE 2024 RM**	**Audited FYE 2024 RM**	**Audited FYE 2023 RM**	**Audited FYE 2022 RM**
Profit attributable to owners of the combining entities	4,704,520	3,389,767	7,598,497	5,559,730	1,582,797
Number of ordinary shares*	367,500,000	367,500,000	367,500,000	367,500,000	367,500,000
Basic earnings per share (sen)	1.28	0.92	2.07	1.51	0.43

* It is assumed to be the number of ordinary shares before public issue

(b) Diluted earnings per share

The combining entities have no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares outstanding as at the end of the reporting period.

24. **Dividends**

	Audited FPE 2025 RM	**Unaudited FPE 2024 RM**	**Audited FYE 2024 RM**	**Audited FYE 2023 RM**	**Audited FYE 2022 RM**
<u>In respect of the financial year ended 31 December 2022</u>					
Interim single-tier dividend of RM8.00 per ordinary share, declared and payable on 16 December 2022 ^	-	-	-	-	800,000
Interim single-tier dividend of RM3.00 per ordinary share, declared and payable on 16 December 2022 *	-	-	-	-	2,700,000
Interim single-tier dividend of RM2.40 per ordinary share, declared and payable on 16 December 2022 #	-	-	-	-	2,160,000
<u>In respect of the financial year ended 31 December 2023</u>					
Interim single-tier dividend of RM30.00 per ordinary share, declared and payable on 6 January 2023 ^	-	-	-	3,000,000	-
Interim single-tier dividend of RM1.60 per ordinary share, declared and payable on 18 November 2023 ^	-	-	-	800,000	-

24. **Dividends (Cont'd)**

	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
In respect of the financial year ended 31 December 2024					
Interim single-tier dividend of RM4.00 per ordinary share, declared and payable on 18 June 2024 ^	-	2,000,000	2,000,000	-	-
Interim single-tier dividend of RM6.00 per ordinary share, declared and payable on 31 December 2024 ^	-	-	3,000,000	-	-
	-	2,000,000	5,000,000	3,800,000	5,660,000

* Paid by SBSS to common control shareholders

Paid by SBSM to common control shareholders

^ Paid by SDH to common control shareholders

The Board of Directors does not recommend any final dividend for the current financial period.

25. **Staff costs**

	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Salaries, fees and other emoluments	1,643,161	1,695,741	3,157,832	3,458,239	2,702,982
Defined contribution plans	181,383	185,410	349,968	364,798	232,539
Social security contributions	20,405	18,472	38,437	42,418	28,795
	1,844,949	1,899,623	3,546,237	3,865,455	2,964,316

26. **Reconciliation of liabilities arising from financing activities**

The table below shows the detailed changes in the liabilities of the combining entities arising from financing activities, including both cash and non-cash changes:

	At 1.1.2025 RM	Financing cash flows (i) RM	At 30.6.2025 RM
Hire purchase liabilities	72,544	(12,115)	60,429
Term loans	5,279,442	134,772	5,414,214
	5,351,986	122,657	5,474,643

26. **Reconciliation of liabilities arising from financing activities (Cont'd)**

The table below shows the detailed changes in the liabilities of the combining entities arising from financing activities, including both cash and non-cash changes: (Cont'd)

	At 1.1.2024 RM	Financing cash flows (i) RM	At 30.6.2024 RM
Hire purchase liabilities	696,738	(53,888)	642,850
Term loans	6,305,919	1,015,380	7,321,299
Amount due to Directors	15,141	(11,784)	3,357
	7,017,798	949,708	7,967,506

	At 1.1.2024 RM	Financing cash flows (i) RM	At 31.12.2024 RM
Hire purchase liabilities	696,738	(624,194)	72,544
Term loans	6,305,919	(1,026,477)	5,279,442
Amount due to Directors	15,141	(15,141)	-
	7,017,798	(1,665,812)	5,351,986

	At 1.1.2023 RM	New lease RM	Financing cash flows (i) RM	Acquisition of a subsidiary RM	At 31.12.2023 RM
Hire purchase liabilities	454,050	331,098	(88,410)	-	696,738
Term loans	7,314,685	-	(1,008,766)	-	6,305,919
Amount due to Directors	1,650,818	-	(1,645,560)	9,883	15,141
	9,419,553	331,098	(2,742,736)	9,883	7,017,798

	At 1.1.2022 RM	Financing cash flows (i) RM	At 31.12.2022 RM
Lease liabilities	506,802	(52,752)	454,050
Term loans	6,082,112	1,232,573	7,314,685
Amount due to Directors	-	1,650,818	1,650,818
	6,588,914	2,830,639	9,419,553

(i) The cash flows from term loans make up the net amount of proceeds from or repayments of borrowings in the combined statements of cash flows.

27. **Related party disclosures**

(a) Identifying related parties

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

27. **Related party disclosures (Cont'd)**

(a) Identifying related parties (Cont'd)

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the combining entities either directly or indirectly. The key management personnel comprise the Directors and management personnel of the combining entities, having authority and responsibility for planning, directing and controlling the activities of the combining entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the combining entities are as follows:

	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Transactions with Directors					
- Dividends paid	-	720,000	2,190,000	3,288,000	5,660,000
- Advances to	-	1,025,458	4,515,652	2,397,061	1,043,090
- Advances from	-	317,578	716,486	5,836,442	6,286,564
- Repayments to	-	325,811	725,193	9,336,956	2,858,456
- Repayments from	-	1,061,368	4,560,921	3,532,780	2,239,392
- Expenses paid on behalf of	-	52,226	52,226	72,177	55,554
- Expenses paid on behalf by	-	-	5,474	801,295	34,606
Transactions with companies in which a person connected to a Director has interest					
- Rental income	-	-	-	22,000	24,000
- Purchases	6,690	4,584	7,604	12,270	354,507
- Sales	11,830	8,381	12,383	951,167	2,142,554
- Advances from	-	-	-	162,300	209,000
- Repayments to	-	-	-	121,680	8,040
- Repayments from	-	-	-	-	13,683
- Expenses paid on behalf by	-	-	-	-	4,700
Transactions with a company in which a Director of a subsidiary has interest					
- Purchases	-	-	-	2,588	-
- Sales	-	16,660	11,966	207,710	8,356
Transactions with companies in which Directors have interests					
- Sales	-	3,000	3,000	-	-
- Advances to	-	-	-	13,390	63,165
- Repayments to	-	-	-	107,152	-
- Repayments from	-	-	-	113,325	1,092,637
- Expenses paid on behalf by	-	-	-	4,692	26,155

27. **Related party disclosures (Cont'd)**

(b) Significant related party transactions (Cont'd)

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the combining entities are as follows: (Cont'd)

	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Transactions with a company in which a shareholder has interest					
- Sales	-	-	20,000	-	-
- Purchases	-	-	201,000	-	-

(c) Compensation of key management personnel

The fees and remuneration of Directors and other members of key management personnel are as follows:

	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Directors of the Company					
Fees	-	12,000	18,000	54,000	120,000
Salaries and other emoluments	253,004	285,504	532,008	428,341	427,647
Defined contribution plans	28,500	32,400	60,120	47,688	43,200
Social security contributions	2,088	1,737	3,651	3,477	3,006
	283,592	331,641	613,779	533,506	593,853
Other key management personnel					
Fees	12,000	12,000	24,000	4,000	-
Salaries and other emoluments	199,891	215,020	419,148	328,903	179,703
Defined contribution plans	23,532	25,332	49,428	38,676	8,640
Social security contributions	2,088	1,737	3,651	2,897	1,002
	237,511	254,089	496,227	374,476	189,345
	521,103	585,730	1,110,006	907,982	783,198

28. **Segment information**

Segmental reporting is not presented as the combining entities are principally engaged in advertising, marketing and media solutions, which is substantially within a single business segment and operates predominantly in Malaysia.

28. **Segment information (Cont'd)**

Geographical information

Revenue information based on the geographical location of customers is as follows:

	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Malaysia	21,737,722	12,381,294	29,539,318	19,165,778	11,592,484
Hong Kong	18,000	302,000	302,000	770,000	-
Others*	4,600	51,360	82,776	9,852	9,900
	21,760,322	12,734,654	29,924,094	19,945,630	11,602,384

The non-current assets are entirely located in Malaysia.

* Others for this purpose consists of Singapore, Indonesia and Taiwan.

Major customers

	Audited FPE 2025 RM	Unaudited FPE 2024 RM	Audited FYE 2024 RM	Audited FYE 2023 RM	Audited FYE 2022 RM
Customer A	618,000	982,000	1,600,000	3,190,943	-
Customer B	-	284,500	284,500	83,800	1,211,457
Customer C	2,994,288	898,600	2,164,000	-	-

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

	Audited 30.6.2025 RM	Audited 31.12.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM
At amortised cost				
Financial assets				
Trade receivables	11,208,459	7,165,604	3,829,020	6,149,179
Other receivables	300,839	8,785	77,452	175,416
Fixed deposit with a licensed bank	1,000	1,000	-	-
Cash and bank balances	7,226,192	5,131,543	5,068,133	2,467,217
	18,736,490	12,306,932	8,974,605	8,791,812

29. **Financial instruments (Cont'd)**

(a) Classification of financial instruments

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

	Audited 30.6.2025 RM	Audited 31.12.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM
At amortised cost (Cont'd)				
Financial liabilities				
Borrowings	6,923,590	5,279,442	6,305,919	7,314,685
Trade payables	396,348	305,411	749,101	490,474
Other payables	1,273,774	1,102,746	1,055,089	948,841
Amount due to Directors	-	-	15,141	1,650,818
	8,593,712	6,687,599	8,125,250	10,404,818

(b) Financial risk management objectives and policies

The combining entities' financial risk management policy is to ensure that adequate financial resources are available for the development of the combining entities' operations whilst managing its credit, liquidity and market risks. The combining entities operate within clearly defined guidelines that are approved by the Board and the combining entities' policy is not to engage in speculative transactions.

The following sections provide details regarding the combining entities' 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 combining entities if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The combining entities' exposure to credit risk arises principally from trade receivables, other receivables, fixed deposit with a licensed bank and cash and bank balances. There are no significant changes as compared to the previous financial years.

The combining entities 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 combining entities assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the combining entities 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.

The carrying amounts of the financial assets recorded on the combined statements of financial position as at the reporting date represent the combining entities' maximum exposure to credit risk.

There are no significant changes as comparted to previous financial period/years.

29. **Financial instruments (Cont'd)**

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

(i) Credit risk (Cont'd)

Credit risk concentration

As at the end of the financial year, the combining entities had 1 (31.12.2024, 31.12.2023 and 31.12.2022: 1) major customer and accounted for approximately 11% (31.12.2024: 17%, 31.12.2023: 17% and 31.12.2022: 16%) of the trade receivables outstanding

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

(ii) Liquidity risk (Cont'd)

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

The combining entities' funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The combining entities finance their liquidity through internally generated cash flows and minimise liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the combining entities can be required to pay.

	On demand or within 1 year RM	**2 to 5 years RM**	**More than 5 years RM**	**Total contractual cash flows RM**	**Total carrying amounts RM**
Audited 30.6.2025					
Non-derivative financial liabilities					
Borrowings	2,918,854	3,094,660	2,518,268	8,531,782	6,923,590
Hire purchase liabilities	27,360	36,589	-	63,949	60,429
Trade payables	396,348	-	-	396,348	396,348
Other payables	1,273,774	-	-	1,273,774	1,273,774
	4,616,336	3,131,249	2,518,268	10,265,853	8,654,141
Audited 31.12.2024					
Non-derivative financial liabilities					
Borrowings	1,651,375	3,172,652	1,605,296	6,429,323	5,279,442
Hire purchase liabilities	27,360	50,271	-	77,631	72,544
Trade payables	305,411	-	-	305,411	305,411
Other payables	1,102,746	-	-	1,102,746	1,102,746
	3,086,892	3,222,923	1,605,296	7,915,111	6,760,143

29. **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 table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the combining entities can be required to pay. (Cont'd)

	On demand or within 1 year RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amounts RM
Audited 31.12.2023					
Non-derivative financial liabilities					
Borrowings	1,325,575	4,557,512	1,953,095	7,836,182	6,305,919
Hire purchase liabilities	140,856	444,524	214,196	799,576	696,738
Trade payables	749,101	-	-	749,101	749,101
Other payables	1,055,089	-	-	1,055,089	1,055,089
Amount due to Directors	15,141	-	-	15,141	15,141
	3,285,762	5,002,036	2,167,291	10,455,089	8,821,988
Audited 31.12.2022					
Non-derivative financial liabilities					
Borrowings	2,143,242	4,635,276	2,382,134	9,160,652	7,314,685
Hire purchase liabilities	80,388	241,164	215,535	537,087	454,050
Trade payables	490,474	-	-	490,474	490,474
Other payables	948,841	-	-	948,841	948,841
Amount due to Directors	1,650,818	-	-	1,650,818	1,650,818
	5,313,763	4,876,440	2,597,669	12,787,872	10,858,868

(iii) Market risk

Interest rate risk

The combining entities' fixed rate deposit and hire purchase liabilities are exposed to a risk of change in their fair value due to changes in interest rates. The combining entities' variable rate borrowings is exposed to a risk of change in cash flows due to changes in interest rates.

The combining entities manage their interest rate risk exposure from interest-bearing borrowings by obtaining financing with the most favourable interest rates in the market. The combining entities constantly monitor their interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The combining entities do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

29. **Financial instruments (Cont'd)**

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

(iii) Market risk (Cont'd)

Interest rate risk (Cont'd)

The interest rate profile of the combining entities' significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Audited 30.6.2025 RM	Audited 31.12.2024 RM	Audited 31.12.2023 RM	Audited 31.12.2022 RM
Fixed rate instruments				
Fixed deposit with a licensed bank	1,000	1,000	-	-
Hire purchase liabilites	(60,429)	(72,544)	(696,738)	(454,050)
	(59,429)	(71,544)	(696,738)	(454,050)
Floating rate instrument				
Borrowings	(6,923,590)	(5,279,442)	(6,305,919)	(7,314,685)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The combining entities do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the combining entities' profit before tax by RM69,236 (31.12.2024: RM52,794, 31.12.2023: RM63,059 and 31.12.2022: RM73,147), arising mainly as a result of lower/higher interest expense on floating rate borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables, payables, cash and cash equivalents and short-term borrowings approximately their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

30. **Capital management**

The combining entities' objective when managing capital are to safeguard the combining entities' 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 combining entities may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

30. **Capital management (Cont'd)**

The combining entities monitor capital using a net gearing ratio. The combining entities' policy is to maintain a prudent level of net gearing ratio that complies with debt covenants and regulatory requirements. The net gearing ratios at end of the reporting period are as follows:

	Audited 30.6.2025 RM	**Audited 31.12.2024 RM**	**Audited 31.12.2023 RM**	**Audited 31.12.2022 RM**
Borrowings	6,923,590	5,279,442	6,305,919	7,314,685
Hire purchase liabilities	60,429	72,544	696,738	454,050
Less: Fixed deposit with a licensed bank	(1,000)	(1,000)	-	-
Less: Cash and bank balances	(7,226,192)	(5,131,543)	(5,068,133)	(2,467,217)
Net (cash)/debts	(243,173)	219,443	1,934,524	5,301,518
Total equity	13,346,711	8,642,191	6,043,693	1,462,263
Net gearing ratio (times)	N/A	0.03	0.32	3.63

There were no changes in the combining entities' approach to capital management during the financial period.

SBS NEXUS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the combined financial statements set out on pages 4 to 45 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the combined financial position of the combining entities as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025 and of their combined financial performance and cash flows for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 and financial periods ended 30 June 2024 and 30 June 2025.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 4 December 2025.

WONG CHUN MUN	PIAH YEE LING

KUALA LUMPUR

SBS NEXUS BERHAD
[Registration No.: 202401038150 (1583997-D)]
(Incorporated in Malaysia)

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2025

TGS TW PLT

CHARTERED ACCOUNTANTS

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants
Unit E-16-2B,
Level 16, Icon Tower (East)
No.1, Jalan 1/68F, Jalan Tun Razak
50400 Kuala Lumpur.
Tel : +603 9771 4326
Email: tgsaudit@tgs-tw.com
www.tgs-tw.com

Date: 4 December 2025

The Board of Directors
SBS Nexus Berhad
C-7, Jalan Dataran SD 1
PJU 9, Bandar Sri Damansara
52200 Kuala Lumpur

Dear Sirs,

SBS NEXUS BERHAD ("SBS" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2025

We have completed our assurance engagement to report on the compilation of Pro Forma Combined Statements of Financial Position of SBS Nexus Berhad and its subsidiaries (collectively known as "the combining entities" or "the Group") as at 30 June 2025.

The Pro Forma Combined Statements of Financial Position have been compiled by the Directors based on the applicable criteria as specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and described in the notes as set out in Basis of Preparation of Pro Forma Combined Statements of Financial Position ("Applicable Criteria").

The Pro Forma Combined Statements of Financial Position have been compiled by the Directors for illustrative purposes only and for inclusion into the Prospectus of the Group in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

As part of this process, information about the combining entities' combined financial position has been extracted by the Directors from the audited statements of financial position of the combining entities as at 30 June 2025, on which was reported by us to the members of the combining entities on 4 December 2025 without any modification.

Directors' Responsibility for the Pro Forma Combined Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis set out in the notes to the Pro Forma Combined Statements of Financial Position on the Applicable Criteria.

Our Independence and Quality Control

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

Our firm applies *International Standard on Quality Management ("ISQM") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the Pro Forma Combined Statements of Financial Position have been properly compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

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

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Combined Statements of Financial Position.

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

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

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Combined Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

Our Responsibility (Cont'd)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the combining entities, the event or transaction in respect of which the Pro Forma Combined Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

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

Opinion

In our opinion, the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria.

Other matters

This report has been prepared solely for the purpose of inclusion in the Prospectus of SBS Nexus Berhad in connection with the Listing. It is not intended to be used for any other purposes. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
Chartered Accountants

TEOH CHEY YEAT
03447/08/2027 J
Chartered Accountant

Kuala Lumpur
4 December 2025

SBS NEXUS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2025

The Pro Forma Combined Statements of Financial Position of the Group as at 30 June 2025 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 30 June 2025, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position.

	Note	As at 30.6.2025*	Adjustments for Acquisition	Pro Forma I After Acquisition	Adjustments for Public Issue	Pro Forma II After Public Issue	Adjustments for Utilisation of Proceeds	Pro Forma III After Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
ASSETS								
Non-current assets								
Property, plant and equipment		2,257,950		2,257,950		2,257,950		2,257,950
Intangible assets		950,083		950,083		950,083		950,083
Goodwill		2,396,619		2,396,619		2,396,619		2,396,619
Deferred tax assets		121,149		121,149		121,149		121,149
Total non-current assets		5,725,801		5,725,801		5,725,801		5,725,801
Current assets								
Trade receivables		11,208,459		11,208,459		11,208,459		11,208,459
Other receivables	3.01	3,101,284		3,101,284		3,101,284	(1,812,545)	1,288,739
Tax recoverable		25,408		25,408		25,408		25,408
Fixed deposit with a licensed bank		1,000		1,000		1,000		1,000
Cash and bank balances	3.02	7,226,192		7,226,192	30,625,000	37,851,192	(8,743,455)	29,107,737
Total current assets		21,562,343		21,562,343		52,187,343		41,631,343
Total assets		27,288,144		27,288,144		57,913,144		47,357,144

* Extracted from the Group's audited combined financial statements for the financial period ended 30 June 2025

TGS TW PLT * For Identification Purpose

SBS NEXUS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2025 (CONT'D)

The Pro Forma Combined Statements of Financial Position of the Group as at 30 June 2025 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 30 June 2025, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position. (Cont'd)

	Note	As at 30.6.2025*	Adjustments for Acquisition	Pro Forma I After Acquisition	Adjustments for Public Issue	Pro Forma II After Public Issue	Adjustments for Utilisation of Proceeds	Pro Forma III After Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
EQUITY								
Equity attributable to owners of SBS Nexus Berhad:-								
Share capital	3.03	1	8,672,999	8,673,000	30,625,000	39,298,000	(1,596,438)	37,701,562
Invested equities	3.04	2,921,700	(2,921,700)	-		-		-
Merger reserve/(deficit)	3.05	135,103	(5,751,299)	(5,616,196)		(5,616,196)		(5,616,196)
Retained earnings	3.06	10,289,907		10,289,907		10,289,907	(2,959,562)	7,330,345
Total equity		13,346,711		13,346,711		43,971,711		39,415,711
LIABILITIES								
Non-current liabilities								
Borrowings	3.07	4,318,115		4,318,115		4,318,115	(4,318,115)	-
Hire purchase liabilities		35,306		35,306		35,306		35,306
Total non-current liabilities		4,353,421		4,353,421		4,353,421		35,306

* Extracted from the Group's audited combined financial statements for the financial period ended 30 June 2025

SBS NEXUS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2025 (CONT'D)

The Pro Forma Combined Statements of Financial Position of the Group as at 30 June 2025 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Combined Statements of Financial Position on the assumption that these transactions were completed on 30 June 2025, and should be read in conjunction with the notes accompanying to the Pro Forma Combined Statements of Financial Position. (Cont'd)

	Note	As at 30.6.2025*	Adjustments for Acquisition	Pro Forma I After Acquisition	Adjustments for Public Issue	Pro Forma II After Public Issue	Adjustments for Utilisation of Proceeds	Pro Forma III After Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
LIABILITIES (CONT'D)								
Current liabilities								
Borrowings	3.07	2,605,475		2,605,475		2,605,475	(1,681,885)	923,590
Hire purchase liabilities		25,123		25,123		25,123		25,123
Trade payables		396,348		396,348		396,348		396,348
Other payables		2,410,485		2,410,485		2,410,485		2,410,485
Contract liabilities		84,588		84,588		84,588		84,588
Tax payable		4,065,993		4,065,993		4,065,993		4,065,993
Total current liabilities		9,588,012		9,588,012		9,588,012		7,906,127
Total liabilities		13,941,433		13,941,433		13,941,433		7,941,433
Total equity and liabilities		27,288,144		27,288,144		57,913,144		47,357,144
Number of ordinary shares		367,500,000 #		367,500,000 #	122,500,000	490,000,000		490,000,000
Net assets per share attributable to owners of SBS Nexus Berhad (sen)		3.63		3.63		8.97		8.04
Hire purchase liabilities and Borrowings		6,984,019		6,984,019		6,984,019		984,019
Gearing ratio (times)		0.52		0.52		0.16		0.02

* Extracted from the Group's audited combined financial statements for the financial period ended 30 June 2025

It is assumed to be the number of shares before public issue

SBS NEXUS BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2025 (CONT'D)

1. **BASIS OF PREPARATION**

The Pro Forma Combined Statements of Financial Position of the Group has been prepared for illustrative purposes and on the assumptions that all the events and transactions mentioned as per Note 2 to the Pro Forma Combined Statements of Financial Position had taken place on 30 June 2025.

The Pro Forma Combined Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the audited combined financial statements of the combining entities for the financial period ended 30 June 2025 and in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Prospectus Guidelines.

2. **LISTING SCHEME**

(i) **Pro Forma I: Acquisition and Distribution**

The Acquisition entails acquiring the entire equity interest of SBS Digital Holdings Sdn. Bhd., for a purchase consideration of RM8,672,999 to be satisfied by the issuance of 367,499,999 new ordinary shares at an issue price of RM0.0236 per share.

Concurrent with the acquisition, and immediately after its completion, SBS Digital Holdings Sdn. Bhd. proposes to declare dividend-in-specie to the Company comprising the entire equity interest it holds in SBS Digital Media Sdn. Bhd., SBS Social Sdn. Bhd., SBS Events Sdn. Bhd., Shanghai Media Sdn. Bhd. and SBS Media Tech Sdn. Bhd. which collectively amounts to RM3,271,711.

The Distribution has no impact on the Pro Forma Combined Statement of Financial Position.

(ii) **Pro Forma II: Public Issue**

The Public Issue involves a public issue of 122,500,000 new ordinary shares in SBS Nexus Berhad at an indicative issue price of RM0.25 per share.

In conjunction with the IPO, the Company would seek the listing and quotation of its entire enlarged issued share capital comprising 490,000,000 ordinary shares in SBS Nexus Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

SBS NEXUS BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2025 (CONT'D)

2. **LISTING SCHEME (CONT'D)**

(iii) **Pro Forma III: Utilisation of Proceeds**

Gross proceeds from the Public Issue of RM30,625,000 are expected to be utilised as follows:

Details of use of proceeds	Estimated timeframe for the use of proceeds upon Listing	RM	% of total gross proceeds from the Public Issue
Set-up of our new headquarters [(2)]	24 months [(1)]	**7,100,000**	**23.2%**
Business expansion [(2)]	24 months [(1)]	**7,250,000**	**23.7%**
Branding, marketing and promotional activities [(2)]	18 months [(1)]	**740,000**	**2.4%**
Repayment of borrowings [(3)]	12 months [(1)]	**6,000,000**	**19.6%**
Working capital [(2)]	12 months [(1)]	**5,035,000**	**16.4%**
Estimated listing expenses [(4)]	1 month [(1)]	**4,500,000**	**14.7%**
Total estimated proceeds		**30,625,000**	**100.0%**

(1) From the date of listing of the shares.

(2) The utilisation of proceeds earmarked for the abovementioned purposes are not reflected in the pro forma combined statements of financial position, as the Group has not yet entered into any contractually binding agreements, including sales and purchase agreements or purchase orders. Thus, the proceeds will be included in the cash and bank balances. The actual deployment of funds will take place over time and is expected to contribute to increased operating expenses and capital investments, which will be reflected in future financial periods.

(3) The repayment of the borrowings is expected to result in annual interest savings of approximately RM0.4 million based on the current interest rates and is not reflected in because these savings are prospective in nature and subject to fluctuation in future interest rates, which are inherently uncertain. On the other hand, there will be a one-off early repayment charge of RM56,000 for the settlement of a RM1.9 million term loan from Alliance Bank Malaysia Berhad and this will be reflected in as it represents a quantifiable cost incurred at the point of loan settlement.

(4) If the actual listing expenses are higher than budgeted, the deficit will be funded by internally generated funds. Conversely, if the actual listing expenses are lower than amount budgeted, the excess will be used for the general working capital requirements.

The listing expenses are estimated at RM4,500,000 and will be set off against the share capital and profit or loss accordingly. The apportionment is disclosed in Notes 3.03 and 3.06.

(iv) **Listing**

The Listing of and quotation for the entire enlarged issue share capital on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

SBS NEXUS BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2025 (CONT'D)

3. EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

3.01 OTHER RECEIVABLES

The movements in other receivables are as follows:

	RM
As at 30 June 2025/Pro Forma I to II	3,101,284
Pursuant to Utilisation of Proceeds	
- Estimated listing expenses	(1,812,545)
As per Pro Forma III	1,288,739

3.02 CASH AND BANK BALANCES

The movements in cash and bank balances are as follows:

	RM
As at 30 June 2025/Pro Forma I	7,226,192
Pursuant to Public Issue	30,625,000
As per Pro Forma II	37,851,192
Pursuant to Utilisation of Proceeds	
- Estimated listing expenses	(2,687,455)
- Repayment of borrowings	(6,000,000)
- Payment of penalty for early repayment of borrowings	(56,000)
As per Pro Forma III	29,107,737

SBS NEXUS BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2025 (CONT'D)

3. **EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.03 **SHARE CAPITAL**

The movements in share capital are as follows:

	RM
As at 30 June 2025	1
Pursuant to Acquisition	8,672,999
As per Pro Forma I	8,673,000
Pursuant to Public Issue	30,625,000
As per Pro Forma II	39,298,000
Pursuant to Utilisation of Proceeds	
- Estimated listing expenses*	(1,596,438)
As per Pro Forma III	37,701,562

* The estimated listing expenses of RM1,596,438 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2,903,562 that attributable to the Listing will be expensed off to profit or loss.

3.04 **INVESTED EQUITIES**

	RM
As at 30 June 2025	2,921,700
Pursuant to Acquisition	(2,921,700)
As per Pro Forma I to III	-

3.05 **MERGER RESERVE/(DEFICIT)**

The movements in merger reserve/(deficit) are as follows:

	RM
As at 30 June 2025	135,103
Pursuant to Acquisition	(5,751,299)
As per Pro Forma I to III	(5,616,196)

TGS TW PLT * For Identification Purposes

SBS NEXUS BERHAD

NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2025 (CONT'D)

3. **EFFECTS ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.06 **RETAINED EARNINGS**

The movements in retained earnings are as follows:

	RM
As at 30 June 2025/Pro Forma I to II	10,289,907
Pursuant to Utilisation of Proceeds	
- Estimated listing expenses*	(2,903,562)
- Payment of penalty for early repayment of borrowings	(56,000)
As per Pro Forma III	7,330,345

* The estimated listing expenses of RM1,596,438 directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2,903,562 that attributable to the Listing will be expensed off to profit or loss.

3.07 **BORROWINGS**

The movements in borrowings are as follows:

	RM
As at 30 June 2025/Pro Forma I to II	6,923,590
Pursuant to Utilisation of Proceeds	
- Repayment of borrowings	(6,000,000)
As per Pro Forma III	923,590

TGS TW PLT * For Identification Purposes

SBS NEXUS BERHAD

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2025 (CONT'D)

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution date 4 December 2025.

On behalf of the Board of Directors

Wong Chun Mun
Director

Piah Yee Ling
Director

15. STATUTORY AND OTHER INFORMATION

15.1 SHARE CAPITAL

(a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.

(b) Save for the Pink Form Allocations as disclosed in Section 4.3.2:

(i) no Director or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiaries; and

(ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.

(c) Save for the new Shares issued for the Acquisition and to be issued for the Public Issue as disclosed in Sections 6.2.1 and 4.3.1 respectively, no shares of our Company have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.

(d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.

(e) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

15.2 SHARE CAPITAL OF OUR SUBSIDIARIES

Details of our Company's share capital are as set out in Section 6.1. Details of the share capital of our subsidiaries are as set out below.

15.2.1 SBS Digital Holdings

SBS Digital Holdings' issued share capital as at LPD is RM2,921,700 comprising 500,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			RM
30 July 2009	2	RM2/ Subscribers' shares	2
15 August 2012	99,998	RM99,998/ Cash	100,000
9 September 2023	145,000	RM2,821,700/ Otherwise than cash(1)	2,921,700
9 September 2023	255,000	N/A/ Bonus Issue(2)	2,921,700

15. STATUTORY AND OTHER INFORMATION *(Cont'd)*

Notes:

(1) On 11 January 2023, SBS Digital Holdings entered into a share sale agreement with Lai Kian Chuan and Alphabets Partners Limited to acquire the entire shareholdings in SBS Media Tech by way of issuance of 145,000 new ordinary shares of SBS Digital Holdings at RM13.79 each for a total consideration of RM2,000,000. However, according to Paragraph 33 of MFRS 3 Business Combination, the consideration transferred should be measured at fair value, of which has been determined to be RM19.46 per share, for a total fair value consideration of RM2,821,700.

(2) Relates to bonus issue of 255,000 shares in SBS Digital Holdings. The number of cumulative shares of SBS Digital Holdings were 500,000 ordinary shares as at 9 September 2023.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in SBS Digital Holdings. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.2 SBS Digital Media

SBS Digital Media's issued share capital as at LPD is RM200,000 comprising 4,000,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			RM
30 November 2017	10	RM10/ Subscribers' shares	10
9 March 2020	49,990	RM49,990/ Cash	50,000
5 March 2021	-	N/A/ Share split(1)	50,000
22 December 2022	3,000,000	RM150,000/ Cash	200,000

Note:

(1) Relates to subdivision of every 1 existing ordinary share held in SBS Digital Media into 20 ordinary shares by each of the shareholders of the company. The number of cumulative shares of SBS Digital Media were 1,000,000 ordinary shares as at 5 March 2021.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in SBS Digital Media. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.3 SBS Events

SBS Events' issued share capital as at LPD is RM100 comprising 100 ordinary shares. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			RM
28 September 2017	100	RM100/ Subscribers' shares	100

15. STATUTORY AND OTHER INFORMATION *(Cont'd)*

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in SBS Events. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.4 SBS Media Tech

SBS Media Tech's issued share capital as at LPD is RM100,000 comprising 100,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			RM
4 June 2018	100	RM100/ Subscribers' shares	100
20 July 2022	86,900	RM86,900/ Otherwise than cash	87,000
21 July 2022	13,000	RM13,000/ Cash	100,000

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in SBS Media Tech. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.5 SBS Social

SBS Social's issued share capital as at LPD is RM400,000 comprising 4,000,000 ordinary shares. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			RM
19 February 2016	1,000	RM1,000/ Subscribers' shares	1,000
13 March 2020	49,000	RM49,000/ Cash	50,000
5 March 2021	-	N/A/ Share split[(1)]	50,000
24 March 2021	500,000	RM50,000/ Cash	100,000
12 October 2021	-	N/A/ Share consolidation[(2)]	100,000
22 December 2022	3,000,000	RM300,000/ Cash	400,000

Notes:

(1) Relates to subdivision of every 1 existing ordinary share held in SBS Social into 20 ordinary shares by each of the shareholders of the company. The number of cumulative shares of SBS Social were 1,000,000 ordinary shares as at 5 March 2021.

(2) Relates to consolidation of every 2 existing ordinary shares in SBS Social into 1 ordinary share. For clarification, the shares that were consolidated were the 1,000,000 ordinary shares with issue price of RM0.05 each held by SBS Social's shareholders as at 5 March 2021. Upon completion of such share consolidation, the number of cumulative shares of SBS Social decreased from 1,500,000 ordinary shares as at 24 March 2021 to 1,000,000 ordinary shares as at 12 October 2021.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in SBS Social. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.2.6 Shanghai Media

Shanghai Media's issued share capital as at LPD is RM100 comprising 100 ordinary shares. The movements in its issued share capital since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
			RM
14 April 2022	100	RM100/ Subscribers' shares	100

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Shanghai Media. In addition, there were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

15.3 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

15.3.1 Changes to share capital and variation of class rights

Clause 15.1 – Company may alter its capital in certain ways

"Subject to the Applicable Laws, the Company may from time to time by Ordinary Resolution:

(a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing shares;

(b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, 1 or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares;

(c) cancel Shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;

(d) convert all or any of its issued Shares into stock and reconvert that stock into paid up Shares; and

(e) subject to the provisions of this Constitution and the Act, convert and/ or reclassify any class of Shares into any other class of Shares."

Clause 15.2 – Power to reduce capital

"The Company may by Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws."

Clause 15.4 – Purchase of own Shares

"Subject to the provisions of the Act and/ or the Applicable Laws, the Company may, with the sanction of an Ordinary Resolution of the Members in meeting of Members, purchase its own Shares and make payment in respect of the purchase and/ or give financial assistance to any person for the purpose of purchasing its own Shares on such date(s), terms and manner as may be determined from time to time by the Directors. Any Shares in the Company so purchased by the Company shall be dealt with in accordance with the Act and/ or the Applicable Laws. The provision of Clauses 15.1 and 15.2 hereof shall not affect the power of the Company to cancel any Shares or reduce its share capital pursuant to any exercise of the Company's power under this Clause."

Clause 16.1 – Increase of share capital

"Subject to all Applicable Laws, the Company may from time to time, whether all the Shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation of new Shares, such new capital to be of such amount and to be divided into Shares of such respective amounts and (subject to any special rights for the time being attached to any existing class of shares) to carry such preferential, deferred or other special rights (if any) or to be subject to such conditions or restrictions (if any), in regard to dividend, return of capital, voting or otherwise, as the Company by the resolution authorising such increase may direct."

Clause 17 – Variation on rights

"If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of 75.0% of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class. To every such separate meeting the provisions of this Constitution relating to meeting of Members shall mutatis mutandis apply so that the necessary quorum shall be 2 persons at least holding or representing by proxy at least 1/3 of the issued shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary."

15.3.2 Transfer of Securities

Clause 11.1 – Transfer in writing and to be left at the Office

"For the purpose of registration of a transfer of Shares that are not Deposited Securities, every instrument of transfer which is executed in accordance with the Applicable Laws, shall be left at the Office together with such fee not exceeding RM3.00 or as the Directors may determine, where a share certificate has been issued for the Share to be transferred, the certificate of the Shares and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the Shares, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as the Member within 30 days from receipt of such duly executed and stamped instrument of transfer."

Clause 11.2 – Transfer of Securities

"The transfer of any Deposited Security shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Security."

Clause 11.5 – Directors may refuse registration of transfers

"Subject to the provisions of the Act, the SICDA, the Listing Requirements and the Rules of the Central Depository, the Directors may, in their discretion and without assigning any reason therefor, refuse to register, the transfer of any Share, not being a fully paid share, and whether or not the Company claims lien on the same."

Clause 11.6 – Closing of registration of transfers

"The registration of transfers may be closed at such times and for such periods as the Directors may from time to time determine but not exceeding in the whole 30 days in any calendar year. In relation to the closure, the Company shall give written notice in accordance with the Rules of the Central Depository to issue the relevant appropriate Record of Depositors.

The Company shall before close such register:

(a) give notice of such intended book closure (in the case of the register) in accordance with Section 55 of the Act; and

(b) give notice of such intended closure to the Bursa Securities for such period as prescribed by the Exchange or the Applicable Laws before the intended date of such closure including in such notice, such date, the reason for such closure and the address of the share registry at which documents will be accepted for registration."

Clause 11.7 – Limitation of liability

"Neither the Company nor the Directors nor any of its officers shall incur any liability for authorising or causing the registering or acting upon a transfer of securities apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although transferred, the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that, the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the Securities transferred, or otherwise in defective manner. In every such case, the person registered as the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto."

15.3.3 Remuneration of Directors

Clause 21.4 – Remuneration

"The Directors shall be paid by way of remuneration for their services such fixed sum as shall from time to time be determined by the Company in meeting of Members, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

(a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the shareholders in general meeting;

(b) remuneration and other emoluments (including bonus, benefits or any other emoluments) payable to executive Directors may not include a commission on or percentage of turnover;

(c) fees payable to Directors and any benefits payable to Directors shall be subject to annual approval by an Ordinary Resolution at a meeting of Members;

(d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and

(e) the fees and/ or benefits payable to non-executive Directors who is also Director of the subsidiary(ies) includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiary(ies), but does not include insurance premium or any issue of Securities."

Clause 21.5 – Reimbursement

"In addition to the remuneration provided under Clause 21.4, each Director shall be paid such reasonable travelling, hotel and other expenses as he shall incur in attending and returning from meetings of the Directors or any committee of the Directors or meeting of Members or which they may otherwise incur in connection with the business of the Company."

Clause 22.3 – Remuneration of Managing Director

"The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors, and may be by way of fixed salary or commission or participation in profits or by any or all of those modes, but shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement."

15.3.4 Voting and borrowing powers of the Directors

Clause 23.2 – Directors' borrowing powers

"The Directors may from time to time at their discretion raise or borrow such sums of money as they think proper and may secure the repayment of such sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage or guarantee, charge or security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being and borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any subsidiary, associated or other companies or persons. Provided that the Directors shall not issue any debt securities convertible to ordinary shares without the prior approval of the Company in meeting of members.

(a) Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of Shares, attending and voting at meeting of members of the Company, appointment of Directors and otherwise.

(b) If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company in its ordinary course of business, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

(c) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 352 of the Act as regards the registration of mortgages and charges therein specified or otherwise." Clause 23.3 – Guarantee "The Directors may exercise all the powers of the Company to guarantee payment of money payable under contract obligations of any subsidiary company or companies with or without securities."

Clause 24.7 – Proceedings of meeting

"A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretion by or under this Constitution vested in or exercisable by the Directors generally. Subject to this Constitution, questions arising at any meeting of the Directors shall be decided by a majority of votes of the Directors present and each Director having 1 vote and determination by a majority of Directors shall for all purposes deemed as a decision from the Board."

Clause 24.8 – Chairman's casting vote

"In case of an equality of votes, the chairman shall have a second or casting vote provided always that the chairman of a meeting at which only 2 Directors form a quorum or at which only 2 Directors are competent to vote on the questions at issue, shall not have a second or casting vote."

15.4 GENERAL INFORMATION

(a) Save for the dividends paid to our shareholders in FYE 2022 to 2024, FPE 2025 and up to LPD and remuneration of our Directors and key senior management as disclosed in Sections 5.1.5, 5.2.4 and 5.3.5 respectively, issuance of our Shares as consideration for the Acquisition as disclosed in Section 6.2.1 and repayment of advances provided by our Promoters as disclosed in Section 10.1, there are no other amount or benefit which has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholders.

(b) Save as disclosed in Section 10.1, none of our Promoters, Directors and/ or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

(c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 16.

(d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

(e) Our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

15.5 CONSENTS

(a) The written consents of our Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretaries and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;

(b) The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and report relating to the pro forma combined financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and

(c) The written consent of our IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

15.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

(a) Constitution;

(b) Audited financial statements of SBS Nexus Berhad since the date of incorporation up to 31 December 2024 and FPE 2025;

(c) Audited financial statements of SBS Digital Holdings, SBS Digital Media, SBS Events, SBS Media Tech, SBS Social and Shanghai Media for FYE 2022 to 2024, where applicable;

(d) Accountants' Report as set out in Section 13;

(e) Reporting Accountants' Report relating to our pro forma combined financial information as set out in Section 14;

(f) IMR Report as set out in Section 8;

(g) Material contracts as set out in Section 6.5; and

(h) Letters of consent as set out in Section 15.5.

15.7 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATION PERIOD

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 23 DECEMBER 2025

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 7 JANUARY 2026

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

16.2.2 Placement

Types of Application	Application Method
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions

Types of Application	Application Method
Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions

Eligible Persons, selected investors and Bumiputera investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted for the Application**.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO SUBMIT APPLICATIONS USING A JOINT BANK ACCOUNT MUST CONTACT THE FINANCIAL INSTITUTION HANDLING THE APPLICATIONS TO ENSURE THAT THE NAME ON THE JOINT BANK ACCOUNT MATCHES THE NAME ON THEIR CDS ACCOUNT. THIS STEP MINIMIZES THE RISK OF REJECTION OF IPO APPLICATIONS DUE TO NAME DISCREPANCIES. OUR COMPANY, PRINCIPAL ADVISER AND ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUES ARISING THEREAFTER.

16.3.2 Application by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(a) You must be one of the following:

(i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

(ii) a corporation/ institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/ trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(c) You must submit Applications by using only one of the following methods:

(i) White Application Form; or

(ii) Electronic Share Application; or

(iii) Internet Share Application.

16.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

16.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.25 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. 815**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(a) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

(b) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later than 5.00 p.m. on 7 January 2026 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions or Participating Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, RHB Bank Berhad, CGS International Securities Malaysia Sdn Bhd, Hong Leong Investment Bank Berhad, Kenanga Investment Bank Berhad, Malacca Securities Sdn Bhd, Moomoo Securities Malaysia Sdn Bhd, TA Securities Holdings Berhad and UOB Kay Hian (M) Sdn Bhd (formerly known as UOB Kay Hian Securities (M) Sdn Bhd). A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firms (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions or Participating Securities Firms.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(a) reject Applications which:

(i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

(ii) are illegible, incomplete or inaccurate; or

(iii) are accompanied by an improperly drawn up or improper form of remittance; or

(b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(c) bank in all Application monies (including those from unsuccessful/ partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER/ UNDER SUBSCRIPTION

In the event of over-subscription, the Issuing House, will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our Issue Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the issuing house to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website at https://srmy.vistra.com within 1 market day after the balloting date.

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing. In such an event, we will return in full, without interest, all monies paid in respect of all Applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our Issue Shares by the Malaysian Public and/ or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.3, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL/ PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/ partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

(a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/ registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary/ registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (a) and (b) above (as the case may be).

(d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or by issuance of banker's draft sent by ordinary/ registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

(a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firms of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution or Participating Securities Firms (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(b) You may check your account on the 5th Market Day from the balloting date.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

(c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions or Participating Securities Firms (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(a) Our IPO Shares allotted to you will be credited into your CDS Account.

(b) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/ offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(d) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution or Participating Securities Firms and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://srmy.vistra.com, **one Market Day** after the balloting date.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

You may also check the status of your Application at the above website, **5 Market Days** after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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