THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")
THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY REDPLANET BERHAD ("**REDPLANET**" OR THE "**COMPANY**"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

THIS CIRCULAR HAS BEEN REVIEWED AND APPROVED BY SIERAC CORPORATE ADVISERS SDN. BHD., BEING THE APPROVED ADVISER TO REDPLANET FOR THE PROPOSED ACQUISITION (AS DEFINED HEREIN).

BURSA SECURITIES DID NOT PERUSE THIS CIRCULAR PRIOR TO ISSUANCE AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS CIRCULAR, VALUATION CERTIFICATE AND REPORT, IF ANY, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS CIRCULAR.

REDPLANET®

REDPLANET BERHAD
(201901014292 (1323620-A))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN AZTI TECHNOLOGY SDN. BHD. ("AZTI") FOR A PURCHASE CONSIDERATION OF RM7.65 MILLION TO BE SATISFIED VIA A COMBINATION OF CASH CONSIDERATION OF RM5.36 MILLION AND SHARE CONSIDERATION OF RM2.29 MILLION VIA ISSUANCE OF 10,928,571 NEW REDPLANET SHARES AT AN ISSUE PRICE OF RM0.21 PER SHARE ("PROPOSED ACQUISITION")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Approved Adviser for Part A	*Independent Adviser for Part B*
sierac corporate advisers	Strategic Capital
SIERAC CORPORATE ADVISERS SDN. BHD.	**STRATEGIC CAPITAL ADVISORY SDN. BHD.**
Registration No.: 200001013247 (515853-A)	Registration No.: 199901003253 (478153-U)

The notice of the Extraordinary General Meeting ("**EGM**") of RedPlanet will be conducted fully virtually through live streaming via an application known as Zoom from No. 1-8, Level 8, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Friday, 17 November 2023 at 11.00 a.m. or immediately upon the conclusion of the Fourth Annual General Meeting ("4th AGM") of the Company scheduled to be held on the same day at 10.30 a.m., whichever is later or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed herein. This Circular, Notice of EGM and Form of Proxy can be downloaded at Bursa Securities' website at www.bursamalaysia.com and RedPlanet's website at https://redplanetgrp.com.

A member entitled to attend, participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/her behalf. In such event, the completed and signed Form of Proxy must be lodged at the Share Registrar's Office situated at Unit 32- 01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan OR by electronic means via email to is.enquiry@my.tricorglobal.com, not less than forty-eight (48) hours before the time set for the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy	:	Wednesday, 15 November 2023 at 11.00 a.m., or at any adjournment thereof
Date and time of the EGM	:	Friday, 17 November 2023 at 11.00 a.m., or immediately upon the conclusion of the 4th AGM of the Company scheduled to be held on the same day at 10.30 a.m., whichever is later

This Circular is dated 1 November 2023

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

"1st Guarantee Period"	:	6-month FPE 30 June 2024 covering the period from 1 January 2024 to 30 June 2024
"1st Guaranteed Profit"	:	Unaudited consolidated PAT of RM1.25 million
"2nd Guarantee Period"	:	12-month FYE 30 June 2025 covering the period from 1 July 2024 to 30 June 2025
"2nd Guaranteed Profit"	:	Audited consolidated PAT of RM2.50 million
"3rd Guarantee Period"	:	6-month FPE 31 December 2025 covering the period from 1 July 2025 to 31 December 2025
"3rd Guaranteed Profit"	:	Unaudited consolidated PAT of RM1.25 million
"5D-VWAMP"	:	5-day volume weighted average market price
"Act"	:	Companies Act, 2016 including any amendments thereto from time to time
"All Guarantee Periods"	:	the 24-month period from 1 January 2024 to 31 December 2025, comprising 1st Guarantee Period, 2nd Guarantee Period and 3rd Guarantee Period
"Alpha Zaicon"	:	Alpha Zaicon Technology International Inc (Registration No.: C 1226856)
"AZTI"	:	AZTI Technology Sdn. Bhd. (Registration No.: 201401020333 (1096419-X))
"Azti Engineering"	:	AZTI Engineering (M) Sdn. Bhd. (Registration No.: 200601014858 (734610-H))
"AZTI Group"	:	AZTI and its subsidiaries
"B2B"	:	Business to business
"B2C"	:	Business to consumer
"Board"	:	Board of Directors of RedPlanet
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
"Cash Consideration"	:	Cash consideration of RM5.36 million
"Circular"	:	This Circular dated 1 November 2023 in relation to the Proposed Acquisition
"Comparable Companies"	:	Companies listed on Bursa Securities that are deemed broadly comparable to AZTI by virtue of their involvement in the provision of ICT, software and services
"Consideration Shares"	:	10,928,571 new RedPlanet Shares at the Issue Price
"Directors"	:	Directors of RedPlanet

"EGM"	:	Extraordinary General Meeting
"EPS"	:	Earnings per share
"FPE"	:	Financial period ended
"FYE"	:	Financial year(s) ended
"GBTEK"	:	GBTEK Sdn. Bhd. (Registration No.: 201601009810 (1180738-T))
"GIS"	:	Geographic information system
"ICT"	:	Information and communications technology
"Interested Parties"	:	LWS, LTT and Newventures Equity Sdn. Bhd., collectively
"Issue Price"	:	Issue price of RM0.21 per share
"LAT"	:	Loss after tax
"LBT"	:	Loss before tax
"LEAP Market"	:	LEAP Market of Bursa Securities
"LMLR"	:	LEAP Market Listing Requirements of Bursa Securities
"LPD"	:	30 September 2023, being the latest practicable date prior to the date of this Circular
"LTD"	:	6 September 2023, being the last trading day prior to the date of the SPA and Announcement
"LTT"	:	Low Ting Ting, spouse of LWS
"LWS"	:	Lian Wah Seng
"NA"	:	Net assets
"NCSB"	:	Newventures Capital Sdn. Bhd. (Registration No.: 201501010536 (1135871-U))
"PAT"	:	Profit after tax
"PBT"		Profit before tax
"PE"	:	Price to earnings
"PIES"	:	Platform intrusion emergency stop
"PPSB"	:	Puncak Prospek Sdn. Bhd. (Registration No.: 202101007453 (1407752-X))
"Profit Guarantee"	:	The Vendors guarantee that AZTI will achieve RM5.0 million consolidated PAT for the period from 1 January 2024 to 31 December 2025, based on the consolidated financial statements of AZTI

"Proposed Acquisition"	:	Proposed acquisition of 51% equity interest in AZTI by RedPlanet for a Purchase Consideration of RM7.65 million to be satisfied via a combination of Cash Consideration of RM5.36 million and Share Consideration of RM2.29 million via issuance of 10,928,571 new RedPlanet shares at the Issue Price
"Purchase Consideration"	:	Purchase consideration of RM7.65 million to be satisfied via a combination of Cash Consideration of RM5.36 million and Share Consideration of RM2.29 million via issuance of 10,928,571 new RedPlanet Shares at the Issue Price
"R&D"	:	Research & Development
"RedPlanet Shares"	:	Ordinary shares in RedPlanet
"RedPlanet" or "Company"	:	RedPlanet Berhad (Registration No. 201901014292 (1323620-A))
"Retained Cash Consideration"	:	Retained cash consideration of RM2.55 million from the Cash Consideration retained by RedPlanet as a security for AZTI to achieve the Profit Guarantee
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Sale Shares"	:	1,020,000 ordinary shares in AZTI
"SCA" or "Approved Adviser"	:	Sierac Corporate Advisers Sdn. Bhd. (Registration No.: 200001013247 (515853-A))
"SHA"	:	Conditional shareholders' agreement dated 7 September 2023 entered into between RedPlanet, the Vendors and AZTI in conjunction with the Proposed Acquisition
"Share Consideration"	:	Share consideration of RM2.29 million
"SPA"	:	Conditional share purchase agreement dated 7 September 2023 entered into between RedPlanet and the Vendors in relation to the Proposed Acquisition
"Total Guaranteed Profit"	:	A minimum aggregate consolidated PAT of not less than RM5.0 million to be achieved by AZTI during All Guarantee Periods on a combined basis based on the consolidated financial results of AZTI
"Strategic" or "Independent Adviser"	:	Strategic Capital Advisory Sdn. Bhd. (Registration No.: 199901003253 (478153-U))
"Vendors"	:	LWS, NCSB and PPSB, collectively

References to "**our Company**" in this Circular are to RedPlanet and references to "**our Group**" are to our Company and our subsidiaries. References to "**we**", "**us**", "**our**" and "**ourselves**" in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to "**you**" or "**your(s)**" in this Circular are to our shareholders.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in our semi-annual results or annual audited accounts, is due to rounding.

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

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

Key Information	Description	Reference to Circular
Details of the Proposed Acquisition	The Proposed Acquisition entails the acquisition by RedPlanet of 10,928,571 ordinary shares in AZTI, representing 51% equity interest in AZTI for the Purchase Consideration of RM7.65 million. The Purchase Consideration of RM7.65 million is to be satisfied via a combination of cash consideration of RM5.36 million and share consideration of RM2.29 million via the issuance of 10,928,571 Consideration Shares at the Issue Price of RM0.21 per share. Pursuant to the SPA, the Vendors guarantee and undertake that AZTI shall achieve a minimum unaudited consolidated PAT of RM1.25 million for the 1st Guarantee Period, audited consolidated PAT of RM2.50 million for the 2nd Guarantee Period, and unaudited consolidated PAT of RM1.25 million for the 3rd Guarantee Period. Upon completion of the Proposed Acquisition, AZTI will become a subsidiary of RedPlanet.	Section 2
Rationale for the Proposed Acquisition	The Proposed Acquisition offers an opportunity for RedPlanet to expand its current portfolio of technology operations. The acquisition of AZTI, which is also involved in the technology business represents a strategic investment and is undertaken in-line with RedPlanet's objectives and strategy to diversify its customer base. RedPlanet specialises in GIS solutions, which have wide-ranging applications and is a valuable resource for comprehending and overseeing geographical information. RedPlanet deems that the full ownership of the PIES system by AZTI coupled with its proven track record shall provide the enlarged RedPlanet Group the competitive edge in securing future railway related projects.	Section 3
Risk factors	The risk factors pertaining to the Proposed Acquisition include but are not limited to the following: (i) Non-completion risk; (ii) Achievability of the Profit Guarantee; (iii) Investment and integration risk; and (iv) Political, economic and regulatory considerations.	Section 5

Key Information	Description	Reference to Circular
Approvals required	The Proposed Acquisition is subject to the following being obtained: (i) the approval of Bursa Securities for the listing of and quotation for the Consideration Shares on the LEAP Market of Bursa Securities; (ii) the approval of the shareholders of RedPlanet at the EGM to be convened; (iii) a waiver by the shareholders of the Company of their pre-emptive rights pursuant to Section 85(1) of the Act to be first offered the Consideration Shares which will result in a dilution to their shareholdings in the Company; and (iv) the approval, consent and/or sanction of any other relevant authorities/parties, if required.	Section 7
Interests of directors, major shareholders, chief executive and/or person connected with them	As at the LPD, LWS is the Non-Executive Chairman and major shareholder of RedPlanet. He is also the director and major shareholder of AZTI. Presently, LWS holds the entire equity interests of AZTI via his personal capacity as well as his shareholdings in NCSB and PPSB and indirect shareholdings via his spouse, LTT in NCSB. LWS, LTT and Newventures Equity Sdn. Bhd. are collectively known as the "Interested Parties". The Interested Parties and person connected with them will abstain from voting in respect of his/her direct and/or indirect shareholdings in RedPlanet on the resolution pertaining to the Proposed Acquisition to be tabled at the EGM to be convened.	Section 10
Directors' statement and recommendation	After taking into consideration the rationale, terms, conditions, evaluation from the Independent Adviser and effects of the Proposed Acquisition, the Board (save for the Interested Parties who have abstained from deliberating and voting in respect of the Proposed Acquisition at the relevant Board meetings) is of the opinion that the Proposed Acquisition is in the best interest of RedPlanet and not detrimental to the interest of the non-interested shareholders of RedPlanet.	Section 11

PART A

LETTER TO THE SHAREHOLDERS OF REDPLANET IN RELATION TO THE PROPOSED ACQUISITION

REDPLANET BERHAD
(201901014292 (1323620-A))
(Incorporated in Malaysia)

Registered Office
Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

1 November 2023

Board of Directors

Lian Wah Seng (Non-Independent Non-Executive Chairman)
Panjetty Kumaradevan Senthil Kumar (Executive Director)
Mohamad Azhar Bin Ahmad (Executive Director)
Phong Hon Wai (Independent Non-Executive Director)

To: The Shareholders of RedPlanet

Dear Sir/Madam,

PROPOSED ACQUISITION

1. INTRODUCTION

On 7 September 2023, SCA had, on behalf of the Board, announced that the Company had on even date entered into a conditional SPA with the Vendors in relation to the acquisition by RedPlanet of the Sale Shares from the Vendors for a total purchase consideration of RM7.65 million to be satisfied via a combination of cash consideration of RM5.36 million and share consideration of RM2.29 million via issuance of 10,928,571 new RedPlanet Shares at an Issue Price of RM0.21 per share. In conjunction with the Proposed Acquisition, RedPlanet has, on even date, entered into a SHA with the Vendors and AZTI for the purpose of regulating their relationship with each other upon completion of the SPA.

In view of the interests of the Interested Parties in the Proposed Acquisition, details of which are set out in Section 10 of this Circular, the Proposed Acquisition is deemed as a related party transaction pursuant to Rule 7.06 of the LMLR of Bursa Securities and requires the Company's non-interested shareholders' approval at the EGM to be convened. Accordingly, Strategic has been appointed as the Independent Adviser on 4 August 2023 to advise the non-interested Directors and non-interested shareholders of the Company with:

(i) an opinion as to whether the Proposed Acquisition is fair and reasonable so far as the non-interested shareholders are concerned and whether the Proposed Acquisition is to the detriment of the non-interested shareholders of the Company; and

(ii) a recommendation as to whether the non-interested shareholders of the Company should vote in favour of the Proposed Acquisition.

Further details on the Proposed Acquisition are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED ACQUISITION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND FORM OF PROXY ARE ENCLOSED HEREIN.

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

2. DETAILS OF THE PROPOSED ACQUISITION

2.1. Proposed Acquisition

The Proposed Acquisition entails the acquisition by RedPlanet of 1,020,000 ordinary shares in AZTI, equivalent to 51% of the issued capital of AZTI from the Vendors at the Purchase Consideration. In conjunction with the Proposed Acquisition, RedPlanet has, on even date, entered into the SHA with the Vendors and AZTI for the purpose of regulating their relationship with each other upon completion of the SPA. The Vendors will sell the Sale Shares to RedPlanet and receive the Purchase Consideration in the following manner:

Column 1	Column 2	Column 3	Column 4	Column 5
			Purchase Consideration	
Vendors	**No. of Sale Shares**	**Purchase Consideration (RM)**	**Cash Consideration (RM)**	**No. of Consideration Shares**
NCSB	535,500	4,016,251	2,811,376	5,737,500
PPSB	255,000	1,912,500	1,338,750	2,732,143
LWS	229,500	1,721,249	1,204,874	2,458,928
Total	**1,020,000**	**7,650,000**	**5,355,000**	**10,928,571**

The Sale Shares will be acquired by RedPlanet free from all encumbrances and with all rights and benefits of whatsoever nature attaching thereto with effect from the completion date of the Proposed Acquisition.

Upon completion of the Proposed Acquisition, AZTI will become a subsidiary of RedPlanet. The Cash Consideration is expected to be funded by internally generated funds.

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2.2. Profit Guarantee

In consideration of RedPlanet agreeing to purchase 51% equity interest in AZTI from the Vendors in accordance with the terms of the SPA, the Vendors covenant with and undertake to RedPlanet that the actual consolidated PAT of AZTI for the 24-month period from 1 January 2024 to 31 December 2025, based on the consolidated financial statements of the Company, shall be cumulatively not less than RM5.0 million on an aggregate basis, which shall be achieved as below:

(i) unaudited consolidated PAT of RM1.25 million for the 1st Guarantee Period;

(ii) audited consolidated PAT of RM2.50 million for the 2nd Guarantee Period; and

(iii) unaudited consolidated PAT of RM1.25 million for the 3rd Guarantee Period;

or a minimum aggregate consolidated PAT of not less than RM5.0 million (being the Total Guaranteed Profit) for the total 24-month period from 1 January 2024 to 31 December 2025, (being the All Guarantee Periods), on a combined basis based on the consolidated financial results of AZTI.

2.2.1. Reasonableness of the Profit Guarantee

The Profit Guarantee was arrived at after taking into consideration, the following:

(i) in view that RedPlanet shall hold 51% equity interest in AZTI upon Completion, the Total Guaranteed Profit attributable to the 51% equity interest held by RedPlanet amounts to RM2.55 million only (i.e. RM5.0 million x 51%);

(ii) the Profit Guarantee is backed by collateral in the form of the Retained Cash Consideration, which will be held by the purchaser as a security for AZTI to achieve the Profit Guarantee;

(iii) the parties agree that the Retained Cash Consideration shall be paid by RedPlanet to the Vendors in three (3) tranches upon AZTI achieving the guaranteed profit for the following periods in accordance with the Profit Guarantee mechanism as stipulated in Section 1.5 of the Appendix I of this Circular;

(iv) AZTI Group's existing secured project with a total contract sum of RM31.27 million with outstanding billings of approximately RM12.16 million as at the LPD; and

(v) AZTI Group's tender book of approximately RM35.71 million as at the LPD.

The Board (save for the Interested Parties) after having considered the above, is of the view that the Total Guaranteed Profit and All Guarantee Periods is reasonable and realistic.

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2.3. Mode of payment

The Purchase Consideration will be paid by RedPlanet to the Vendors in the following manner:

Tranche Payment	Payment Milestone	Cash Consideration (RM)	Share Consideration[(1)] (RM)	Total Consideration (RM)	Percentage (%)
Deposit	Upon execution of SPA	765,000	-	765,000	10.00
Balance Payment	Upon completion of SPA	2,040,000	[(2)]2,295,000	4,335,000	56.67
1st Tranche of Retained Cash Consideration[(3)]	Upon fulfilment of 1st Guaranteed Profit	637,500	-	637,500	8.33
2nd Tranche of Retained Cash Consideration[(3)]	Upon fulfilment of 2nd Guaranteed Profit	1,275,000	-	1,275,000	16.67
3rd Tranche of Retained Cash Consideration[(3)]	Upon fulfilment of 3rd Guaranteed Profit	637,500	-	637,500	8.33
Total		**5,355,000**	**[(2)]2,295,000**	**7,650,000**	**100.00**

Notes:

(1) *For avoidance of doubt, 45% of the Consideration Shares, which is 4,917,857 shares or RM1.03 million, will be held under moratorium to be in compliance with Rule 3.07 of the LMLR.*

(2) *RM2.29 million share consideration shall be settled by allotting and issuing a total of 10,928,571 new RedPlanet Shares to the Vendors.*

(3) *Notwithstanding completion, the parties agree that a total sum of RM2.55 million ("**Retained Cash Consideration**") from the Cash Consideration shall be retained by RedPlanet as a security for AZTI to achieve the Profit Guarantee as discussed in Section 2.2 of this Circular. The Retained Cash Consideration shall be released and paid to the Vendors in three (3) tranches upon AZTI's fulfilment of Profit Guarantee in accordance with Clause 5A of the SPA.*

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2.4. Information on AZTI

AZTI was incorporated in Malaysia on 4 June 2014 as a private limited company under the Companies Act 1965 and is deemed registered under the Act. As at the LPD, the issued share capital of AZTI is RM2.0 million, comprising of 2.0 million ordinary shares.

AZTI is principally engaged in the business of research and development of platform safety system through the PIES system, which utilises a series of flexible mounted sensor panels located between running rail in front of platforms and attached a proprietary strain sensitive cable to these sensor panels and developed electronic circuitry to eliminate environmental effects while still able to detect human intrusion. The PIES system has been successfully implemented in 4 countries, namely 20 stations in Canada, 14 stations in the United States, 8 stations in Australia and 88 stations in Malaysia. In addition, AZTI is undertaking a pilot railway project in Taiwan.

Further details of AZTI and its subsidiaries are set out in Appendix III of this Circular.

2.4.1. Information on NCSB

NCSB was incorporated as a private limited company on 18 March 2015 under the Companies Act 1965 and is deemed registered under the Act, as an investment holding company. As at the LPD, the issued share capital of NCSB is RM10 comprising 10 ordinary shares.

The directors and shareholders of NCSB are as follows:

Name	Director/ Shareholder	Nationality	No. of ordinary shares held	Shareholdings (%)
LWS	Director and shareholder	Malaysian	8	80.00
LTT	Director and shareholder	Malaysian	2	20.00
Total			**10**	**100.00**

2.4.2. Information on PPSB

PPSB was incorporated as a private limited company on 3 March 2021 under the Act, as an investment holding company. As at the LPD, the issued share capital of PPSB is RM100 comprising 100 ordinary shares.

The director and shareholder of PPSB is as follows:

Name	Director/ Shareholder	Nationality	No. of ordinary shares held	Shareholding (%)
LWS	Director and shareholder	Malaysian	100	100.00
Total			**100**	**100.00**

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2.4.3. Date and original cost of investment by the Vendors

The date and original cost of investment by the Vendors are set out in Section 5 of the Appendix III of this Circular.

2.5. Basis and justification for the Purchase Consideration

The Purchase Consideration of RM7.65 million was arrived at on a willing-buyer willing-seller basis, after taking into consideration, among others, the following:

(i) the Profit Guarantee of RM5.0 million provided by the Vendors;

(ii) the rationale and benefits of the Proposed Acquisition, as set out in Section 3 of this Circular;

(iii) the prospects of AZTI and the technology industry in Malaysia, as set out in Section 4 of this Circular;

(iv) AZTI Group's existing secured project with a total contract sum of RM31.27 million with outstanding billings of approximately RM12.16 million as at the LPD. Further information of AZTI Group's project details are set out in Appendix III of this Circular; and

(v) AZTI Group's tender book of approximately RM35.71 million as at the LPD.

To justify the reasonableness of the Purchase Consideration, a comparative analysis was carried out to benchmark the implied PE multiple of 6 times for the Purchase Consideration of RM7.65 million against the PE multiple of selected comparable companies carrying out similar business activities as AZTI.

For information purposes only, the table below sets out the PE multiple of Comparable Companies to AZTI by virtue of their involvement in the provision of ICT, software and services.

None of these companies or any other companies listed on Bursa Securities are exactly similar or directly comparable to AZTI in terms of, among others, composition of business, scale of operations, track record and future prospects. The PE multiple of the Comparable Companies as at the LPD are set out below solely for illustrative and comparison purposes only.

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			As at the LPD	
Comparable Companies	**Principal activities**	**PAT attributable to the owners of the company (RM'000)**	**Market [1]capitalisation (RM'000)**	**[2]PE multiple (times)**
EVD Berhad	Providing ICT system solutions focusing primarily on the transportation system solutions, healthcare and security system solutions	5,207	57,723	11.08
OpenSys (M) Berhad	Providing solutions to the financial services industry in the areas of self-service machines and delivery systems primarily in Malaysia	12,236	156,393	12.78
Willowglen MSC Berhad	Providing technological solutions for business, residential, commercial and industrial infrastructure	14,422	174,523	12.10
Average				**11.99**
Median				**12.10**
Low				**11.08**
High				**12.78**
Purchase Consideration (Implied PE multiple)				**6.00**

Notes:

(1) Calculated based on the closing market prices per share as at LPD, multiplied by the number of shares in issue, less treasury shares of respective companies as at the LPD.

(2) Calculated based on the closing market prices as at the LPD and the EPS, which is derived from PAT attributable to the owners of the company extracted from the announced quarterly reports of the respective companies for the period from 1 July 2022 to 30 June 2023 (trailing twelve months) divided by the number of shares in issue, less treasury shares of respective companies as at the LPD.

The implied PE multiple for the Proposed Acquisition of 6.00 times is derived based on Purchase Consideration for 100% ordinary shares in AZTI of RM15.00 million against 12-month Profit Guarantee of RM2.50 million. The implied PE Multiple of 6.00 times is:

(i) lower than the average PE multiple of 11.99 times and median PE multiple of 12.10 times of the Comparable Companies; and

(ii) below the lowest PE multiple of 11.08 times of the Comparable Companies.

Premised on the above, the Board is of the view that the Purchase Consideration is justifiable and reasonable. The Board is also of the opinion that the Proposed Acquisition of AZTI will be beneficial to the Company considering the appraised value of the entire equity interest in AZTI and the potential future earnings contribution by AZTI.

2.6. Basis and justification of the Issue Price of the Consideration Shares

The Issue Price of the Consideration Shares of RM0.21, representing a 5.00% premium from the 5D-VWAMP of RedPlanet Shares up to LPD of RM0.20. The Board is of the opinion that the Issue Price is reasonable, after taking into consideration the Issue Price represents:

(i) a premium of 110.00% to the NA per share of RM0.10 based on the audited consolidated accounts of RedPlanet as at 30 June 2022;

(ii) a premium of 5.00% to the 5D-VWAMP of RedPlanet Shares up to the LTD of RM0.20; and

(iii) a premium of 5.00% to the closing price of RedPlanet Shares of RM0.20 as at the LTD.

2.7. Ranking and listing of Consideration Shares

The Consideration Shares shall, upon allotment and issuance, rank equally in all respect with the existing RedPlanet Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the Consideration Shares.

An application will be made to Bursa Securities for the listing of and quotation for the Consideration Shares on the LEAP Market of Bursa Securities.

2.8. Liabilities to be assumed and estimated financial commitments pursuant to the Proposed Acquisition

Save for all the liabilities arising from or in connection with the SPA, RedPlanet will not assume any liabilities, contingent liabilities and/or guarantees pursuant to the Proposed Acquisition. The existing liabilities of AZTI will be settled by AZTI in the ordinary course of business.

However, upon the completion of the Proposed Acquisition and the transfer of the Sale Shares, RedPlanet may be required to provide corporate guarantees to AZTI and/or its subsidiary, in place of the Vendor to secure credit facilities granted to AZTI and/or its subsidiary. For information, RedPlanet may provide additional financial commitment of up to RM2.0 million to AZTI for working capital purposes, if required.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition offers an opportunity for RedPlanet to expand its current portfolio of technology operations. The acquisition of AZTI, which is also involved in the technology business represents a strategic investment and is undertaken in-line with RedPlanet's objectives and strategy to diversify it customer's base.

As at LPD, AZTI owns the PIES system which includes patents, trademarks, all relevant technical know-how and business goodwill as well as industry certifications. The PIES system utilises a series of flexible mounted sensor panels located between running rail in front of platforms and attached a proprietary strain sensitive cable to these sensor panels and developed electronic circuitry to eliminate environmental effects while still able to detect human intrusion.

RedPlanet reckons that the full ownership of the PIES system by AZTI coupled with its proven track record shall provide AZTI the competitive edge in securing future railway related projects. In addition, RedPlanet specialises in GIS solutions, which have wide-ranging applications. GIS technology enables the capture, analysis, interpretation, and visualisation of geographic or spatial data. It integrates various types of information, such as maps, satellite images, and tabular data, to provide a powerful tool for understanding and managing geographical information.

Given that the GIS solution of RedPlanet has wide application, RedPlanet hopes to leverage on AZTI's market presence to further expand its solutions offering and customer's base. This strategic partnership can be harnessed through various means, among others, customised GIS solutions, geospatial data enhancement, GIS training and support, as well as collaborative projects.

The Board believes that issuance of Consideration Shares as part payment of the Purchase Consideration will allow RedPlanet to conserve its cash flow for reinvestment and/or operational purposes for further growth.

4. OVERVIEW, OUTLOOK AND PROSPECTS

4.1. Overview and outlook of the Malaysian economy

In the second quarter, Malaysia's economy grew by 2.9%, showing resilience despite challenges. Factors behind this growth include, increased household spending up to 4.3% and higher inbound tourism with services exports rising to 41.4%. Investment activity remained strong. Unemployment steadied at 3.5%, and real wages increased to 1.0%, remaining stable compared to the previous quarter.

Inflation decreased to 2.8% due to lower food prices, reducing the food inflation to 5.6% for Q2 compared to 6.9% in Q1 and reduced fuel costs (fuel inflation was -2.5% for Q2 versus 0.2% in Q1). The Malaysian Ringgit depreciated against the US dollar by 5.8%, while the US dollar index slightly increased by 0.4%. Overall, Malaysia's economy displayed resilience and positive growth during Q2, driven by various factors including increased spending, a recovering tourism sector, and steady investments.

(Source: Bank Negara Malaysia Quarterly Bulletin Vol. 38, No. 2, Second Quarter 2023)

The global GDP growth in 2022 moderated to 3.4% reflecting the economic slowdown in advanced economies as well as emerging market and developing economies.

Despite the softened global growth, Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5%-7%, whereby real output value reached above the pre-pandemic level. The commendable performance was driven by domestic demand and improved labour market in line with the transition to the endemic phase. These resulted from an increase in economic activities which include household spending, investment and tourism.

Subsequently, encouraging expansion in all economic sectors primarily the services and manufacturing sector have also provided continuous impetus to the significant economic growth in 2022. Furthermore, the growth was attributed to robust external demand, especially among Malaysia's major trading partners.

On the supply side, all economic sectors are expected to remain in the positive growth trajectory in 2023, driven by the services and manufacturing sectors. Other sectors, namely agriculture, mining and construction are also expected to grow further in line with the improvement in economic activities. However, downside risks such as prolonged geopolitical conflict, climate related disasters and persistently high inflation are expected to further hampering the global economic growth, hence, affecting Malaysia's performance. Overall, the nation's GDP is forecast to grow approximately 4.5% in 2023.

(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)

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4.2. Overview and outlook of the ICT and e-commerce economy in Malaysia

ICT usage recorded an increase of 7.6 percentage points to 93.8%, followed by internet (increase 5.4 percentage points to 90.6%), and web presence (increase 9.4 percentage points to 63.3%). Information & Communication, Financial & Takaful / Insurance, and Real Estate sectors fully utilised the use of the internet and computers in their businesses.

The income generated from e-commerce experienced a remarkable 23.9% surged in 2021 compared to 2019, reaching RM1,037.2 billion. Examining the e-commerce income by market segment, the local market segment, which includes sales conducted within Malaysia, recorded a substantial increase of 25.5%, amounting to RM932.7 billion in 2021. In contrast, the international market segment increased by 11.9%, reaching RM104.5 billion.

Furthermore, analysing the e-commerce income based on the type of customer, B2C transactions experienced a significant growth, rose 26.2% to RM308.9 billion. B2B transactions increased 25.9% to RM713.1 billion. These statistics highlight the substantial growth and economic impact of e-commerce in Malaysia, with strong performances in the local market segment, B2B transactions, and B2C transactions.

E-Commerce expenditure recorded an increase of 23.6% to RM460.8 billion. The local market segment surged 25.8% to RM426.8 billion, while the international market grew 3.2% to RM34.0 billion. E-Commerce expenditure by type of market via B2B rose 20.5% to RM403.1 billion, followed by B2C with 85.0% to RM50.8 billion.

On quarterly basis, the first quarter of 2022 recorded an income of RM264.3 billion, which increased to RM273.8 billion in the second quarter. The upward trend continued, with e-commerce income registering RM274.6 billion in the third quarter of 2022 and RM287.1 billion in the fourth quarter of the same year.

(Source: Usage of ICT and E-Commerce by Establishment, Department of Statistics Malaysia, 6 July 2023)

Malaysia's Department of Statistics released data indicating a substantial surge in e-commerce income, which reached RM1.1 trillion in 2021. This marked an exceptional 21.8% increase compared to the previous year's figures.

The Malaysia Digital Economy Corporation ("**MDEC**") is actively pursuing an ambitious objective of achieving an e-commerce market size of RM1.65 trillion by 2025. Building upon the momentum generated by previous movement control orders, there is strong confidence that e-commerce income will surpass the RM1 trillion milestone this year.

The trajectory towards the RM1.65 trillion goal is significantly driven by the National E-commerce Strategic Roadmap ("**NESR**"), spearheaded by MDEC.

Additionally, the anticipated ratification of the Regional Comprehensive Economic Cooperation Agreement ("**RCEP**") promises substantial benefits for Malaysia's digital trade. Malaysia stands as one of the 15 RCEP member countries, collectively forming the world's largest Free Trade Agreement ("**FTA**").

(Source: Malaysia's E-Commerce Revenue To Reach RM1.65Tril by 2025, Ministry of Communications and Digital Malaysia)

4.3. Future prospects of RedPlanet

The enlarged RedPlanet Group stands to capitalise on the growing landscape of GIS technology as GIS has a wide range of applications in various fields, including urban planning, environmental management, agriculture, transportation, disaster management, and many others. It helps users make informed decisions by helping users understand where objects are located in relation to each other and their physical surroundings and reveal recurring patterns or trends in geographical data. It can identify clusters of similar data points (e.g., hotspots of disease outbreaks or areas with high crime rates) and assess how these patterns change over time. This analysis aids in decision-making, resource allocation and urban planning, among other applications.

The enlarged RedPlanet Group is set to new horizons both within Malaysia and on the international stage. In the Malaysian market, the enlarged RedPlanet Group plans to cultivate connections through knowledge sharing sessions and seminars with influential C-level executives within potential client organisations as well as participation in technology roadshows and marketing events. Furthermore, the enlarged RedPlanet Group aims to seize opportunities by tendering for GIS projects, expanding its presence within the local market.

Beyond domestic borders, the enlarged RedPlanet Group is collaborating closely with product leaders and partners as well as active participation in key GIS conferences to instrumental its growth outside Malaysia. The enlarged RedPlanet Group's established relationships with key clients and partners serve as a strong foundation for success, notably, its role in designing, developing, and maintaining customer's GIS systems for ongoing collaborations.

Based on the industry's landscape, the growth prospects of the enlarged RedPlanet Group is positive. The GIS solutions industry in Malaysia and the broader ASEAN region is on an upward trajectory driven by the increasing importance of geospatial technologies in urban planning and management, smart city investments, and growing private ventures.

(Source: Management of RedPlanet)

5. RISK FACTORS

5.1. Non-completion risk

The Proposed Acquisition is subject to, amongst others, the fulfilment of the conditions precedent and the performance by the relevant parties of their respective obligations within the stipulated timeframe as set out in the SPA. In the event that any of the conditions precedent are not fulfilled or waived, the SPA will lapse and the Company will not be able to complete the Proposed Acquisition.

In addition, the Proposed Acquisition is also conditional upon the approval of RedPlanet's non-interested shareholders and other relevant authorities. There is neither assurance that the Company would be able to obtain all the requisite approvals nor ensure all parties fulfil the respective obligations as set out in the SPA. If any of the conditions precedent of the SPA are not fulfilled or waived, as the case may be, within the stipulated timeframe, the SPA may be terminated. Consequently, the Proposed Acquisition will not be completed and the potential benefits arising thereon may not materialise.

Notwithstanding this, the Company and the Vendors will take all reasonable steps to ensure that the conditions precedent are fulfilled and their obligations as set out in the SPA are performed in accordance with the provisions of the SPA as well as to obtain all requisite approvals for the Proposed Acquisition.

5.2. Achievability of the Profit Guarantee

As set out in Section 2.2 of this Circular, the Profit Guarantee is deemed reasonable and realistic by the Board (save for the Interested Parties), but nevertheless subject to certain uncertainties and contingencies which are often outside of AZTI's control. While the Company has taken reasonable steps to assess the achievability of the Profit Guarantee, there can be no assurance that AZTI will not face potential issues which may result in the Profit Guarantee not being met.

5.3. Investment and integration risk

Although the Proposed Acquisition is expected to contribute positively to the future earnings of the Company, there is no assurance that the anticipated benefits from the Proposed Acquisition will be realised or that the Company will be able to generate sufficient returns from the projects of AZTI to offset the associated cost of investment and/or the upfront costs incurred. In addition, any decline in economic conditions may affect the potential benefits to be derived from the Proposed Acquisition and the duration required for RedPlanet to recoup its investment could be longer than anticipated.

Nevertheless, the Company has exercised due care in considering the potential risks and benefits associated with the Proposed Acquisition and believes that the Proposed Acquisition will be earnings accretive and synergistic to the enlarged RedPlanet group, after taking into consideration, among others, the Profit Guarantee and the prospects of AZTI.

5.4. Political, economic and regulatory considerations

Adverse changes in political, economic, regulatory and social conditions in Malaysia include inter-alia, changes in labour laws, introduction of new rules or regulation, fiscal and monetary policies and method of taxation, could materially and adversely affect the financial prospects of the Proposed Acquisition directly or indirectly. Furthermore, in the event of a resurgence of a pandemic or a prolonged uncertainty, this may materially affect the Malaysian economy, the industry in which the Company operates in and the potential benefits arising from the Proposed Acquisition. These factors are generally beyond the management's control and affects all the players within the industry.

The Company will seek to mitigate such risk through implementing prudent management policies, careful planning and allocation of resources as well as maintaining cordial relationship with the relevant authorities.

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6. EFFECTS OF THE PROPOSED ACQUISITION

6.1. Share capital

The pro forma effect of the Proposed Acquisition on the share capital of RedPlanet is set out below:

	No. of RedPlanet Shares	(RM)
Issued share capital of RedPlanet as at the LPD	159,396,700	(1) 5,544,129
To be issued pursuant to the Proposed Acquisition	10,928,571	2,295,000
Enlarged share capital	**170,325,271**	**7,839,129**

Note:

(1) After offset with listing expenses of RM135,271.

6.2. NA, NA per share and gearing

For illustration purposes only, based on the latest audited consolidated financial results of RedPlanet for the FYE 30 June 2023, the pro forma effects of the Proposed Acquisition on the consolidated NA and gearing of RedPlanet are shown below:

	Audited as at 30 June 2023 (RM)	After Proposed Acquisition (RM)
Share capital	5,544,129	7,839,129
Reorganisation deficit	(1,318,043)	(1,318,043)
Foreign exchange translation reserve	1,824	1,824
Retained profits	14,622,847	(1) 14,322,847
Total equity/NA	**18,850,757**	**20,845,757**
No. of RedPlanet Shares in issue	159,396,700	170,325,271
NA per share (RM)	0.12	0.12
Total borrowings	-	(3)6,405,887
Gearing (times)(2)	-	0.31

Notes:

(1) After incurring estimated expenses in relation to the Proposed Acquisition of approximately RM300,000.

(2) Computed based on total borrowings divided by total equity.

(3) RedPlanet has no external borrowing. After incorporating the impact of AZTI's borrowings of RM6.41 million as at 30 September 2022 with RedPlanet upon completion of the Proposed Acquisition.

6.3. Earnings and EPS

Barring any unforeseen circumstances and on the assumption that the Proposed Acquisition will be completed by the end December 2023, the Proposed Acquisition is not expected to have any material effect on the consolidated earnings and EPS of RedPlanet for the FYE 30 June 2024.

The Proposed Acquisition is expected to contribute positively to the future earnings and EPS of RedPlanet, after taking into consideration the Profit Guarantee provided as well as the outlook of the ICT industry as set out in Section 4.2 of this Circular.

However, the Group's EPS will be diluted accordingly as a result of the Consideration Shares to be issued.

The pro forma effects of the Proposed Acquisition on the Group's earnings and EPS based on its audited consolidated financial statements for the FYE 30 June 2023 (assuming that the Proposed Acquisition had been completed 1 July 2021 and assuming the achievement of 1st Guaranteed Profit) are as follows:

	Audited as at 30 June 2023	**After Proposed Acquisition**
	RM	**RM**
PAT attributable to the owners of the Company	4,160,936	4,160,936
Add: 51% of 1st Guaranteed Profit	-	637,500[(1)]
Less: Estimated expenses in relation to the Proposed Acquisition	-	(300,000)
Proforma earnings	**4,160,936**	**4,498,436**
Number of shares in issue	159,396,700	170,325,271
EPS (sen)	2.61	2.64

Note:

(1) Assuming AZTI achieved a PAT of at least RM1,250,000 which is the 1st Guaranteed Profit for the 1st Guarantee Period. Upon completion of the Proposed Acquisition, AZTI will become a 51% owned subsidiary of RedPlanet. Hence, RedPlanet will be able to share the 51% of PAT of AZTI.

6.4. Convertible securities

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

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6.5. Substantial shareholders' shareholding

For illustrative purpose, the pro forma effects of the Proposed Acquisition on the shareholdings of the substantial shareholders of RedPlanet are set out in the table below:

	As at the LPD				After Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	**No. of RedPlanet Shares**	**%**	**No. of RedPlanet Shares**	**%**	**No. of RedPlanet Shares**	**%**	**No. of RedPlanet Shares**	**%**
Pksen Ventures Sdn. Bhd.	48,813,300	30.62	-	-	48,813,300	28.66	-	-
Newventures Equity Sdn. Bhd.	39,845,800	25.00	-	-	39,845,800	23.39	-	-
Steve & Co Capital Sdn. Bhd.	25,159,700	15.78	-	-	25,159,700	14.77	-	-
Fajar Muda Sdn. Bhd.	16,554,900	10.39	-	-	16,554,900	9.72	-	-
Panjetty Kumaradevan Senthil Kumar	-	-	(1)48,813,300	30.62	-	-	(1)48,813,300	28.66
LWS	-	-	(2)39,845,800	25.00	2,458,928	1.44	(3)48,315,443	28.37
Steve Wan Siew Kum	-	-	(4)25,159,700	15.78	-	-	(4)25,159,700	14.77
Mohamad Azhar Bin Ahmad	-	-	(5)16,554,900	10.39	-	-	(5)16,554,900	9.72
NCSB	-	-	-	-	5,737,500	3.37	-	-
PPSB	-	-	-	-	2,732,143	1.60	-	-
LTT	-	-	-	-	-	-	(6)5,737,500	3.37

Notes:

(1) Deemed interest pursuant to Section 8 of the Act by virtue of his shareholding in Pksen Ventures Sdn. Bhd.
(2) Deemed interest pursuant to Section 8 of the Act by virtue of his shareholding in Newventures Equity Sdn. Bhd.
(3) Deemed interest pursuant to Section 8 of the Act by virtue of his shareholding in Newventures Equity Sdn. Bhd., NCSB and PPSB.
(4) Deemed interest pursuant to Section 8 of the Act by virtue of his shareholding in Steve & Co Capital Sdn. Bhd.
(5) Deemed interest pursuant to Section 8 of the Act by virtue of his shareholding in Fajar Muda Sdn. Bhd.
(6) Deemed interest pursuant to Section 8 of the Act by virtue of her shareholding in NCSB.

7. APPROVALS REQUIRED

The Proposed Acquisition is subject to the following being obtained:

(i) the approval of Bursa Securities for the listing of and quotation for the Consideration Shares on the LEAP Market of Bursa Securities;

(ii) the approval of the shareholders of RedPlanet at the EGM to be convened;

(iii) a waiver by the shareholders of the Company of their pre-emptive rights pursuant to Section 85(1) of the Act to be first offered the Consideration Shares which will result in a dilution to their shareholdings in the Company; and

(iv) the approval, consent and/or sanction of any other relevant authorities/parties, if required.

8. CONDITIONALITY

The Proposed Acquisition is not conditional upon any other corporate proposals of RedPlanet.

9. PERCENTAGE RATIO

The highest percentage ratio pursuant to Rule 7.02(f) of the LMLR, based on the latest audited financial statements of RedPlanet for FYE 30 June 2023, is 40.58%, being the aggregate value of the consideration given to AZTI against the NA of RedPlanet as at 30 June 2023.

For information, AZTI had on 23 May 2023 changed their financial year end from 30 September to 30 June.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSON CONNECTED WITH THEM

LWS is the Non-Executive Chairman and major shareholder of RedPlanet. He is also the director and major shareholder of AZTI. Presently, LWS holds the entire equity interests of AZTI via his personal capacity as well as his shareholdings in NCSB and PPSB and indirect shareholdings via his spouse, LTT in NCSB.

LTT is the spouse of LWS. She is a director and major shareholder of NCSB, the holding company of AZTI. LTT is also an alternate director of Newventures Equity Sdn. Bhd. which holds 25% equity interest in RedPlanet.

LWS, LTT and Newventures Equity Sdn. Bhd. are collectively known as the “Interested Parties”.

Save for the Interested Parties, none of other Directors and/or major shareholders and/or chief executive of RedPlanet and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Acquisition.

LWS has abstained and will continue to abstain from all deliberations and voting in relation to the Proposed Acquisition at the relevant Board meetings. The Interested Parties and person connected with them will also abstain from voting in respect of his/her direct and/or indirect shareholdings in RedPlanet on the resolution pertaining to the Proposed Acquisition to be tabled at the EGM to be convened.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

After taking into consideration the rationale, terms, conditions, evaluation from the Independent Adviser and effects of the Proposed Acquisition, the Board (save for the Interested Parties who have abstained from deliberating and voting in respect of the Proposed Acquisition at the relevant Board meetings) is of the opinion that the Proposed Acquisition is in the best interest of RedPlanet and not detrimental to the interest of the non-interested shareholders of RedPlanet.

Accordingly, the Board recommends that you vote in favour of the resolution to give effect to the Proposed Acquisition to be tabled at the forthcoming of EGM.

12. ADVISER

SCA has been appointed as Approved Adviser to RedPlanet for the Proposed Acquisition.

Strategic has been appointed as the Independent Adviser to provide the following:

(i) an independent evaluation of the Proposed Acquisition;

(ii) an opinion as to whether the Proposed Acquisition is fair and reasonable and on normal commercial terms as well as not detrimental to the non-interested shareholders of the Company; and

(iii) a recommendation as to whether the non-interested shareholders of the Company should vote for or against the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

13. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the acquisition of AZTI, there is no other corporate exercise that has been announced by the Company which are pending completion prior to the issuance of this Circular.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to all required approvals being obtained, the Board expects the estimated timeframe for the completion of Proposed Acquisition to be as follows:

Tentative dates	Events
Mid November 2023	EGM
Early December 2023	Listing of the Consideration Shares
End December 2023	Completion of the Proposed Acquisition

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15. EGM

The EGM, the notice of which is enclosed in this Circular, will be held fully virtually through live streaming via an application known as Zoom from No. 1-8, Level 8, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Friday, 17 November 2023 at 11.00 a.m. or immediately upon the conclusion of the Fourth Annual General Meeting ("**4th AGM**") of the Company scheduled to be held on the same day at 10.30 a.m., whichever is later or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Acquisition.

If you are unable to attend the EGM, you may appoint one or more proxies to participate and vote on your behalf. If you wish to do so, you should complete and lodge the Form of Proxy enclosed in this Circular at:

a) the Share Registrar's Office situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan; or

b) its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan; or

c) by electronic means via email to is.enquiry@my.tricorglobal.com,

not less than forty-eight (48) hours before the stipulated time fixed for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from participating and voting at the EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

The shareholders of RedPlanet are requested to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of the Board of
REDPLANET BERHAD

PANJETTY KUMARADEVAN SENTHIL KUMAR
Executive Director

PART B

IAL TO THE NON-INTERESTED SHAREHOLDERS OF REDPLANET IN RELATION TO THE PROPOSED ACQUISITION

EXECUTIVE SUMMARY

ALL DEFINITIONS USED IN THIS EXECUTIVE SUMMARY SHALL HAVE THE SAME MEANING AS THE WORDS AND EXPRESSIONS PROVIDED IN THE "DEFINITIONS" SECTION OF THE CIRCULAR, EXCEPT WHERE THE CONTEXT OTHERWISE REQUIRES OR WHERE OTHERWISE DEFINED IN THIS IAL.

THIS EXECUTIVE SUMMARY HIGHLIGHTS ONLY THE PERTINENT INFORMATION OF THE PROPOSED ACQUISITION. NON-INTERESTED SHAREHOLDERS ARE ADVISED TO READ CAREFULLY THE CONTENTS OF THIS IAL IN ITS ENTIRETY FOR FURTHER INFORMATION AND THE RECOMMENDATIONS FROM STRATEGIC, BEING THE INDEPENDENT ADVISER IN RELATION TO THE PROPOSED ACQUISITION. THIS IAL SHOULD ALSO BE READ IN CONJUNCTION WITH PART A OF THE CIRCULAR, INCLUDING THE APPENDICES THEREIN, FOR ANY OTHER RELEVANT INFORMATION BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION AT THE FORTHCOMING EGM OF THE COMPANY.

1. INTRODUCTION

On 7 September 2023, the Approved Adviser, on behalf of the Board, announced that the Company, had on the same date entered into the SPA with the Vendors for the Proposed Acquisition. In conjunction with the Proposed Acquisition, RedPlanet, had on the same date, entered into the SHA with the Vendors and AZTI for the purpose of regulating their relationship with each other upon completion of the SPA.

In view of the interests of the Interested Parties as set out in Section 10, Part A of the Circular, the Proposed Acquisition is deemed to be a related party transaction pursuant to Rule 7.06 of the LMLR.

In this respect, the Board (save for the Interested Directors) had on 4 August 2023 appointed Strategic as the Independent Adviser to advise the non-interested directors and non-interested shareholders of the Company on the fairness and reasonableness of the terms of the Proposed Acquisition.

The purpose of this IAL is to provide the non-interested directors and non-interested shareholders of the Company with an independent evaluation on the fairness and reasonableness of the Proposed Acquisition and whether the Proposed Acquisition is to the detriment of the non-interested shareholders as well as to provide a recommendation thereon on the voting of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

2. EVALUATION OF THE PROPOSED ACQUISITION

In arriving at our opinion and recommendation on the Proposed Acquisition, we had taken into consideration the following bases and analysis:

Consideration factors	Section	Our evaluation
(a) Rationale and justification of the Proposed Acquisition	5.1	AZTI Group is principally involved in the same industry as RedPlanet, which is the provision of ICT solutions, offering the PIES system, which mainly serves the railway industry, and GIS solutions, which have wide-ranging applications, respectively. The Proposed Acquisition will allow the enlarged RedPlanet Group to expand and provide additional services to its existing customers and vice versa. Further, the consolidation of the PIES system into RedPlanet's ICT solutions offered, coupled with the proven track record of AZTI Group and the PIES System, which has been successfully implemented in four (4) countries, shall provide AZTI Group

Consideration factors	Section	Our evaluation
		with a better recognition and competitive advantage to secure future railway related projects. The Proposed Acquisition will enable RedPlanet and AZTI Group to leverage on each other's expertise, technology and create synergies; and expanding its business operation, providing a more extensive range of value-added services to its existing and potential customers. Premise on the above, we are of the opinion that the rationale for the Proposed Acquisition is reasonable and not detrimental to the non-interested shareholders of the Company.
(b) Evaluation of the Proposed Acquisition		
(i) Basis and justification of the Purchase Consideration	5.2.1	The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after taking into consideration the following, amongst others: (i) The rationale of the Proposed Acquisition as set out in Section 3, Part A of the Circular; (ii) The Profit Guarantee; and (iii) The existing secured project and tender book of AZTI Group. In establishing our opinion on the fairness of the Purchase Consideration, Strategic had considered various methodologies, which are commonly used for valuation and took into consideration AZTI Group's future earnings generating capabilities, projected cash flows, its sustainability as well as various business considerations and risk factors affecting its business. We have also taken note that the Purchase Consideration implies a PE multiple of six (6) times based on the average Profit Guarantee per annum of RM2.50 million. Based on the RVA, the implied PE multiple of 6.00 times is lower than the average and range of PE multiple of the Comparable Companies. We have also benchmarked the implied PE multiple of AZTI Group against all companies listed under the "Technology" sector, "Software" subsector of Bursa Securities. The broad-based multiples indicated above reflects the general market expectations for the technology software industry. We note that the implied PE multiple of 6.00 times is below the average, median and range of PE multiple indicated above. In our assessment on the reasonableness of the Profit Guarantee, we take note of the followings: - AZTI Group's existing secured project with a total contract sum of RM31.27 million with outstanding billings of approximately RM12.16 million as at the LPD; - AZTI Group's tender book of approximately RM35.71 million as at the LPD; and - The Profit Guarantee is backed by collateral in the form of the Retained Cash Consideration, which will be held by the

Consideration factors	Section	Our evaluation
		purchaser as a security for AZTI to achieve the Profit Guarantee, and shall be paid to the Vendors in three (3) tranches upon AZTI achieving the guaranteed profit in accordance with the Profit Guarantee mechanism as stipulated in Section 1.5 of the Appendix I of the Circular. Premised on the above evaluation, we are of the opinion that the Profit Guarantee and the Purchase Consideration are fair and reasonable, and not detrimental to the non-interested shareholders of the Company.
(ii) Basis and justification for the Issue Price of the Consideration Shares	5.2.2	In assessing the fairness and reasonableness of the Issue Price of the Consideration Shares, we have compared the Issue Price against the last transacted price as at the LTD and the respective VWAMP for five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month up to the LTD. The Issue Price represent a premium of 5.00% over the closing market price on the LTD but are at a discount of 8.66%, 8.38%, 8.38%, 8.91% and 10.42% over the VWAMP for five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month up to the LTD. We are of the opinion that the aforesaid discount to the Issue Price is fair considering that RedPlanet Shares have not been actively traded over the past one (1) year up to the LTD. Premised on the above, we are of the opinion that the Issue Price of the Consideration Shares is fair and not detrimental to the non-interested shareholders of the Company.
(iii) Salient terms of the SPA and the SHA	5.2.3 & 5.2.4	We are of the view that the overall terms and conditions of the SPA and the SHA are fair and reasonable and not detrimental to the non-interested shareholders of the Company.
(c) Industry overview, outlook and prospects	5.3	The enlarged RedPlanet Group is expected to increase its ICT solutions offerings to the enlarged customer base, which in turn, barring unforeseen circumstances, is expected to contribute positively to the earnings of the enlarged RedPlanet Group. Moving forward, the enlarged RedPlanet Group with its combined resources will have enhanced access to larger scale business opportunities and have better opportunities to access to a wider range of customers as well as a platform to compete more competitively with other industry players (by offering the GIS technology to wider customers by leveraging on AZTI Group's presences in Canada, the United States, Australia and Taiwan). Premised on the above, we are of the view that the prospects of the enlarged RedPlanet Group following the Proposed Acquisition will be favourable and barring unforeseen circumstances, is poised to improve its financial performance in the future.

Consideration factors	Section	Our evaluation
(d) Risk factors relating to the Proposed Acquisition	5.4	We take note of the risk factors as disclosed in Section 5, Part A of the Circular. The Company is not expected to be exposed to new business risks as a result of the Proposed Acquisition. We also wish highlight that despite efforts and measures taken by the Company to mitigate the risks associated with the Proposed Acquisition, no assurance can be given that one or a combination of risk factors as stated above and in Section 5, Part A of the Circular will not occur and give rise to material and adverse impact on the business and operations of the Company, its financial performance, financial position or prospects thereon.
(e) Financial effects of the Proposed Acquisition	5.5	The financial effects of the Proposed Acquisition on the Company are as follows: (i) The Proposed Acquisition will result in an increase in the Company's share capital from 159,396,700 RedPlanet Shares to 170,325,271 RedPlanet Shares following the issuance of the Consideration Shares upon completion of the Proposed Acquisition; (ii) The shareholdings of the existing substantial shareholders, save for LWS, will collectively decrease from 56.79% to 53.15% whilst LWS' direct and indirect shareholdings will increase from 25.00% to 29.81% upon completion of the Proposed Acquisition; (ii) The gearing of the enlarged RedPlanet Group will increase from nil to 0.31 times after the Proposed Acquisition after consolidating the borrowings of AZTI Group. As a result, it would be at a higher financial risk due to higher interest expense exposure and potentially higher interest rate for future bank borrowings. (iii) The Proposed Acquisition is expected to contribute positively to the earnings of the Company after taking into consideration, amongst others, the Profit Guarantee and the outlook of the ICT industry. The financial effects of the Proposed Acquisition are fair and reasonable and not to the detriment of the non-interested shareholders of the Company.

3. CONCLUSION AND RECOMMENDATION

Premised on our overall assessment of the Proposed Acquisition, we are of the opinion that the terms of the Proposed Acquisition are fair and reasonable and are not detrimental to the interests of the non-interested shareholders of the Company.

Accordingly, we recommend that the non-interested shareholders to vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM of the Company.

We have not taken into consideration any specific investment objective, financial situation or particular need of any individual non-interested shareholders. We recommend that any non-interested shareholders who require advice in relation to the Proposed Acquisition in the context of their individual investment objectives, financial situation or particular needs, consult their respective stockbrokers, bank managers, accountants, solicitors or other professional advisers.

NON-INTERESTED SHAREHOLDERS OF THE COMPANY ARE ADVISED TO READ BOTH THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND CAREFULLY CONSIDER THE RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITION TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

Strategic Capital Advisory Sdn Bhd
(Registration No. 199901003253 (478153-U))
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Date: 1 November 2023

To: The Non-Interested Shareholders of RedPlanet Berhad

Dear Sir/Madam,

REDPLANET BERHAD ("REDPLANET" OR "COMPANY")

INDEPENDENT ADVICE LETTER ("IAL") IN RELATION TO THE PROPOSED ACQUISITION

This IAL is prepared for inclusion in the Circular and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the definitions section of the Circular, except where the context otherwise requires or where otherwise defined herein.

1. INTRODUCTION

On 7 September 2023, the Approved Adviser, on behalf of the Board, announced that the Company, had on the same date entered into the SPA with the Vendors for the Proposed Acquisition. In conjunction with the Proposed Acquisition, RedPlanet, had on the same date, entered into the SHA with the Vendors and AZTI for the purpose of regulating their relationship with each other upon completion of the SPA.

In view of the interests of the Interested Parties as set out in Section 10, Part A of the Circular, the Proposed Acquisition is deemed to be a related party transaction pursuant to Rule 7.06 of the LMLR.

In this respect, the Board (save for the Interested Parties) had on 4 August 2023 appointed Strategic as the Independent Adviser to advise the non-interested Directors and non-interested shareholders of the Company on the fairness and reasonableness of the terms of the Proposed Acquisition.

The purpose of this IAL is to provide the non-interested Directors and non-interested shareholders of the Company with an independent evaluation on the fairness and reasonableness of the Proposed Acquisition and whether the Proposed Acquisition is to the detriment of the non-interested shareholders as well as to provide a recommendation thereon on the voting of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

Other than for this intended purpose, this IAL should not be used for any other purpose and/or by any other persons and/or reproduced, wholly or partially, without our express written consent.

Non-interested shareholders of the Company are advised to read this IAL and Part A of the Circular together with the appendices thereon, and to carefully consider the recommendations contained herein before voting on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM of the Company. If you are in doubt about the course of action to be taken, you should consult your stockbroker, bank manager, accountant, solicitor or other professional advisers immediately.

2. DETAILS OF THE PROPOSED ACQUISITION

The details of the Proposed Acquisition are set out in Section 2, Part A of the Circular and should be read in their entirety.

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

The interests of the Interested Parties and/or persons connected to them are set out in Section 10, Part A of the Circular.

The interested Director has abstained and will continue to abstain from all deliberations and voting for the Proposed Acquisition at the relevant Board meetings. The Interested Parties and persons connected with them will also abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM.

4. LIMITATIONS TO THE EVALUATION OF THE PROPOSED ACQUISITION

Strategic was not involved in the formulation of the Proposed Acquisition or any deliberation and negotiation on the terms and conditions of the Proposed Acquisition.

The terms of reference of our appointment as Independent Adviser are in accordance with the requirements relating to independent adviser as set out in Rule 7.06 of the LMLR and the Best Practice Guide in relation to IAL issued by Bursa Securities.

Our role as an Independent Adviser does not extend to expressing an opinion on the commercial merits of the Proposed Acquisition, which is solely the responsibility of the Board, although we may draw upon their views in arriving at our opinion. As such, where comments or points of the consideration are included on matters, which may be commercially oriented, these are incidental to our overall financial evaluation and concern matters, which we may deem material for disclosure. Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Proposed Acquisition. Our terms of reference as Independent Adviser is limited to expressing our independent evaluation of the Proposed Acquisition which is based on the sources of information as highlighted below.

In rendering our advice, we have taken note of the pertinent issues which we have considered important in enabling us to assess the implication of the Proposed Acquisition, and therefore of general concern to the non-interested shareholders of the Company, as such:

(i) the scope of the Independent Adviser's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness of the Proposed Acquisition and other implications of the said proposal only. Comments or points of the consideration which may be commercially oriented such as the rationale and potential benefits of the Proposed Acquisition are included in our overall evaluation as we deem it necessary to enable the non-interested shareholders of the Company to consider and form their views thereon;

(ii) the Independent Adviser's views and advice as contained in this IAL only caters to the non-interested shareholders of the Company at large and not to any non-interested shareholders individually. Hence, in carrying out our evaluation, we have not given consideration the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and

(iii) we recommend that any individual non-interested shareholder or group of non-interested shareholders of the Company who is in doubt as to the action to be taken or required advice in relation to the Proposed Acquisition in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, shall consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately. We shall not be liable for any damage or loss sustained or suffered by any individual shareholders or any group of shareholders.

In performing our evaluation, we have relied on the following sources of information:

(i) The Company's announcement on 7 September 2023 in relation to the Proposed Acquisition;
(ii) The SPA;
(iii) The SHA;
(iv) The audited consolidated financial statements of AZTI for the FYE 30 September 2021 and 2022;
(v) Information contained in Part A of the Circular and the appendices attached thereto;
(vi) Other relevant information furnished to us by the management of the Company; and
(vii) Other publicly available information which we deemed relevant.

We have made all reasonable enquiries and have relied on the Board and management of the Company to exercise due care to ensure that all information, documents as mentioned above and relevant facts, information and representation for our evaluation of the Proposed Acquisition had been disclosed to us and that such information is accurate, reasonable, complete, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate.

We have not undertaken an independent investigation into the business of the Company and AZTI Group and are not aware of any fact or matter not disclosed which renders any such information untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. We have also assumed that the Proposed Acquisition will be implemented based on the terms as set out in Appendix I of the Circular, without material waiver or modification.

The Board has, individually and collectively, accepted full responsibility that all material facts, financial and other information essential to our evaluation have been disclosed to us, that they have seen this IAL, and for the accuracy of the information in respect of the Proposed Acquisition (save for those in relation to our evaluation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission, of which would make any statement herein incomplete, false and/or misleading.

We are satisfied with the disclosures from the Board and management of the Company and that sufficient information has been obtained, and to the best of our knowledge and belief, the information is accurate, reasonable, complete, valid and there is no omission of material facts. We have also performed our reasonableness check and where possible, corroborating such information with independent sources. Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us, as at the LPD. Such conditions may change over a short period of time.

Accordingly, our evaluation and recommendation expressed herein do not take into account the information, events and conditions arising after the date hereof. After the dispatch of this IAL, should Strategic become aware of any significant change affecting the information contained in this IAL or have reasonable grounds to believe that there is material omission in this IAL, we will immediately notify the shareholders. If circumstances require, a supplementary IAL will be sent accordingly to the shareholders.

Strategic confirms that there is no conflict of interest or any circumstances which exist or likely to give rise to a possible conflict of interest situation for Strategic to carry out the role as the Independent Adviser in connection with the Proposed Acquisition. Strategic also confirms that it has not had any professional relationship with the Company, and their related parties in the past two (2) years.

Strategic is permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act, 2007. Strategic has undertaken the role as an independent adviser for corporate exercises in the past two (2) years before the date of this IAL, which include amongst others:

(i) the private placement of up to 167,999,993 new ordinary shares in Mieco Chipboard Berhad ("**Mieco**") representing approximately 20% of the existing total number of issued shares of Mieco, to independent third party investor(s) and the acquisition of the entire equity interest in Seng Yip Furniture Sdn Bhd, a wholly-owned subsidiary of SYF Resources Berhad, for a total purchase consideration of RM50,000,000 to be satisfied entirely via cash based on a conditional share sale agreement dated 6 October 2021, as per our independent advice letter dated 29 November 2021;

(ii) the disposal of 3 pieces of vacant freehold lands located at Bandar Baru Enstek, Tempat Bandar Baru Enstek, Daerah Seremban, Negeri Sembilan by Signature Realty Sdn Bhd, a wholly-owned subsidiary of Signature International Berhad to Ace Logistic Sdn Bhd for a total cash consideration of RM54,567,000 via 3 conditional sale and purchase agreements, all dated 13 September 2021, as per our independent advice letter dated 6 December 2021;

(iii) the joint ventures between Amverton Prop Sdn Bhd (formerly known as AMJ Construction Sdn Bhd), a wholly-owned subsidiary of HIL Industries Berhad with Unik Sejati Sdn Bhd, Pembinaan Kesentosaan Sdn Bhd and Amverton Carey Golf & Island Resort Sdn Bhd to undertake residential developments on 5 parcels of land located in Mukim Sungai Buloh, Mukim Klang and Mukim Jugra, via 4 conditional joint venture agreements, all dated 20 April 2021, as per our independent advice letter dated 28 December 2021;

(iv) the acquisition by BKG Development Sdn Bhd, a wholly-owned subsidiary of CHGP of the entire equity interest in Quaver Sdn Bhd for a cash consideration of RM1.25 million as well as the acceptance by Kayangan Kemas Sdn Bhd, another subsidiary of CHGP, of the letter of award from Ace Logistic Sdn Bhd for the related party project involving the design, construction and completion of a proposed single-storey factory with 3-storey office and hostel at Mukim Labu, Bandar Baru Enstek, Negeri Sembilan for a contract sum of RM57.09 million, as per our independent advice letter dated 15 December 2022;

(v) the acquisition by Radiant Globaltech Berhad of the remaining 20% equity interest in Grand-Flo Spritvest Sdn Bhd, an 80% owned subsidiary of Radiant Globaltech Berhad, for a total purchase consideration of RM12,605,000 to be satisfied entirely in cash, as per our independent advice letter dated 7 June 2023; and

(vi) the acquisition by W T K Holdings Berhad of 70% equity interest in Durafarm Sdn Bhd for a total cash consideration of RM132.20 million, as per our independent advice letter dated 19 October 2023.

Premised on the foregoing, Strategic is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested Directors and non-interested shareholders in relation to the Proposed Acquisition.

5. EVALUATION OF THE PROPOSED ACQUISITION

In evaluating the Proposed Acquisition, we have considered the following:

(i) Rationale of the Proposed Acquisition;
(ii) Evaluation of the Proposed Acquisition:
  (a) Basis and justification of the Purchase Consideration;
  (b) Basis and justification for the Issue Price of the Consideration Shares;
  (c) Salient terms of the SPA; and
  (d) Salient terms of the SHA;
(iii) Industry overview, outlook and prospects;
(iv) Risk factors relating to the Proposed Acquisition; and
(v) Financial effects of the Proposed Acquisition.

The views expressed by Strategic in this IAL are based on, amongst others, current economic, market and political conditions prevailing as at the LPD. In this respect, the non-interested shareholders of the Company should take further note of any announcements relevant to their consideration of the Proposed Acquisition which may be released after the LPD.

5.1 Rationale of the Proposed Acquisition

The rationale of the Proposed Acquisition is as set out in Section 3, Part A of the Circular.

We note that AZTI Group is principally involved in the same industry as RedPlanet, which is the provision of ICT solutions. Although both AZTI Group and RedPlanet are involved in the same industry, the type of ICT solutions offered are different, wherein AZTI Group is principally involved in the provision of PIES system, which mainly serves the railway industry, whilst the RedPlanet specialises in GIS solutions, which have wide-ranging applications. Hence, the Proposed Acquisition will allow the enlarged RedPlanet Group to expand and provide additional services to its existing customers and vice versa.

Further, the consolidation of the PIES system into RedPlanet's ICT solutions offered, coupled with the proven track record of AZTI Group and the PIES System, which has been successfully implemented in four (4) countries, shall provide AZTI Group with a better recognition and competitive advantage to secure future railway related projects.

The Proposed Acquisition will enable RedPlanet and AZTI Group to leverage on each other's expertise, technology and create synergies; and expanding its business operation, providing a more extensive range of value-added services to its existing and potential customers. The Proposed Acquisition would also allow the enlarged RedPlanet Group to further grow and expand its business and is expected to contribute positively to the earnings of the enlarge RedPlanet Group and correspondingly enhance the value of the Company.

Premised on the above, we are of the opinion that the rationale for the Proposed Acquisition is reasonable and not detrimental to the interests of the non-interested shareholders of the Company. Nevertheless, the non-interested shareholders of the Company should note that the potential benefits arising from the Proposed Acquisition are subject to certain risk factors as disclosed in Section 5, Part A of the Circular. Our assessment and evaluation of the risk factors are also being discussed in Section 5.4 of this IAL.

5.2 Evaluation of the Proposed Acquisition

5.2.1 Basis and Justification of the Purchase Consideration

The basis and justification of arriving at the Purchase Consideration is set out in Section 2.5, Part A of the Circular.

The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after taking into consideration the following, amongst others:

i) The rationale of the Proposed Acquisition as set out in Section 3, Part A of the Circular;

ii) The Profit Guarantee; and

iii) The existing secured project and tender book of AZTI Group.

In establishing our opinion on the fairness of the Purchase Consideration, Strategic had considered various methodologies, which are commonly used for valuation and took into consideration AZTI Group's future earnings generating capabilities, projected cash flows, its sustainability as well as various business considerations and risk factors affecting its business.

We have also taken note that the Purchase Consideration implies a PE multiple of six (6) times based on the average Profit Guarantee per annum of RM2.50 million.

Based on the above, we are of the opinion that the Relative Valuation Analysis ("**RVA**") is the most suitable valuation methodology as RVA compares the value of an asset based on traded multiples of similar assets, based on current sentiment of the market. Hence, we have applied the PE Multiple in our assessment of the fairness of the Purchase Consideration. We have considered the Enterprise Value/Earnings before interest, tax, depreciation and amortisation ("**EBITDA**") multiple and have concluded that this valuation multiple was not suitable as the Profit Guarantee is based on the PAT and not the EBITDA levels of the AZTI Group.

We have also considered the Price to Book ("**PB**") Multiple and have concluded that this valuation multiple is also not suitable as PB Multiple values a company based on the value of its assets, net of all liabilities at a specific point in time and does not take into consideration the future income stream of a company. Considering that AZTI Group provides ICT solutions, the PB Multiple may not accurately reflect the potential and market value of AZTI Group.

Further, we have also considered other valuation methodologies and found that the following methodologies are not suitable in the assessment of the fairness of the Purchase Consideration based on the following factors:-

Valuation Methodologies	Discussion
Discounted cash flow ("DCF") Methodology	DCF Methodology is an investment appraisal technique which considers both the time value of money and the projected net cash flow generated discounted at a specified discount rate to derive at the valuation of the subject matter. AZTI Group is not able to accurately project its long term future cash flows considering the nature of AZTI Group's business being mainly projects/contracts related which typically lasts from one (1) to three (3) years, rendering a long term cash flow projections subject to various uncertainties. Whilst the Profit Guarantee provided by the Vendors may provide some element of predictability in the earnings or cash flows of AZTI Group, the Profit Guarantee only covers two (2) calendar years. Hence, Strategic has concluded that this methodology is not suitable in the determination of the fairness of the Purchase Consideration.
Revalued Net Asset Valuation ("**RNAV**")	RNAV method seeks to adjust the net asset of a company to take into consideration the valuation of assets of a company to determine the adjusted value of the firm's financial value. Considering that AZTI Group provides ICT solutions, RNAV may not accurately reflect the potential and market value of AZTI Group.
Comparable Transaction Analysis ("**CTA**")	CTA is a valuation method which seeks to compare against other recent comparable transactions undertaken by companies listed on the local and/or regional stock exchanges that had entered into proposed acquisitions of similar assets. It also reflects a reasonable estimate of multiples or premiums that others have paid for similar companies in the past.

Valuation Methodologies	Discussion
	We have conducted our searches on precedent transactions for the past three (3) years from S&P Capital IQ as at the LTD, with the criteria that the subject company involves in the provision of software solutions for the railway industry in Malaysia. As there was no precedent transaction for the past three (3) years, we are of the view that CTA is not suitable in the determination of the fairness of the Purchase Consideration.

RVA

RVA seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth. Under the RVA, reference was made to the valuation statistics of companies listed on Bursa Securities with principal activities that we consider broadly comparable to AZTI Group, i.e. principally involved in software solutions for the railway industry, to get an indication of the current market expectation with regards to the fairness of the Purchase Consideration.

As there is only one (1) comparable company, namely EVD Berhad ("**EVD**"), we have expanded our search to include global listed companies. Based on the above criteria, a total of three (3) companies that we consider broadly comparable to AZTI Group ("**Comparable Companies**") were selected, details of which are as follows:-

Comparable Companies	Principal activities
EVD	Provides ICT system solutions for transportation infrastructure in Malaysia and Philippines. It offers transportation system solutions to, amongst others, the railways, urban rail transit, roads, and highways.
IVU Traffic Technologies AG ("**IVU**")	Develops, installs, maintains, and operates integrated ICT solutions for buses and trains worldwide. It also provides integration, implementation, support, and cloud hosting and maintenance services.
Zhengzhou Jiean Hi-Tech Co., Ltd. ("**Jiean**")	Engages in the research, development, and technical services of computer simulation training systems in rail transit, emergency safety, and other fields in China.

It is important to note that the Comparable Companies tabulated herein are by no means exhaustive and may differ from AZTI Group in terms of, inter alia, composition of business activities, scale of operations, geographical location of operations, profit track record, financial profile, risk profile, prospects, capital structure, marketability of their securities and other criteria.

One should also note that any comparisons made with respect to the Comparable Companies are merely to provide a comparison to the implied valuation of AZTI and the selection of Comparable Companies and adjustments made are highly subjective and judgmental and the selected companies may not be entirely comparable due to various factors.

The table below sets out the valuation statistics of the Comparable Companies based on the closing market prices as at the LTD as extracted from S&P Capital IQ:

Comparable Company	Closing market price	Market Capitalisation [1] (RM million)	PE multiple [2] (times)
EVD	RM0.15	61.84	49.42 [3]
IVU	EUR14.60	1,278.71	26.37
Jiean	CNY20.35	1,449,47	49.29
		Average	41.70
		Maximum	49.42
		Minimum	26.37

Notes:

[1] *Computed based on the closing market prices and the outstanding ordinary shares as at the LTD, translated at an exchange rate of RM5.0159/EUR and RM0.6399/CNY for IVU and Jiean respectively as extracted from S&P Capital IQ.*

[2] *Calculated based on the closing market prices and the trailing twelve (12) months financial results on a diluted earnings basis as at the LTD as extracted from S&P Capital IQ.*

[3] *For information purposes, the PE multiple of EVD, on a non-dilutive earnings basis as at the LTD as extracted from S&P Capital IQ, is 11.87 times.*

The implied PE multiple based on the Purchase Consideration and the average Profit Guarantee per calendar year is as follows:-

Implied PE multiple	
Value of 100% equity interest in AZTI [1]	RM15.00 million
Average Profit Guarantee per calendar year	RM2.50 million
Implied PE multiple	6.00 times
Comparable Companies:	
Average	41.70
Maximum	49.42
Minimum	26.37

Notes:

[1] *Calculated using the Purchase Consideration divided by 51%.*

Based on the above, the implied PE multiple of 6.00 times is lower than the average and range of PE multiple of the Comparable Companies.

We have also benchmarked the implied PE multiple of AZTI Group against all companies listed under the "Technology" sector, "Software" subsector of Bursa Securities as at the LTD as follows:

	Description	Range of PE multiple (times)
Bursa Securities – Technology sector - Software subsector computed multiple	The companies listed under the Technology sector, Software subsector of Bursa Securities comprises 31 companies (excluding 1 company classified under Guidance Note 3 of Bursa Securities' listing requirements).	6.13 – 252.36 (Average: 53.57) (Median: 25.22) (*as extracted from S&P Capital IQ*)

The broad-based multiples indicated above reflects the general market expectations for the technology software industry. We note that the implied PE multiple of 6.00 times as computed above is below the average, median and range of PE multiple indicated above.

Based on the above assessment where the implied PE multiple of 6.00 times is lower than the average and range of PE Multiple of the Comparable Companies and all companies listed under the "Technology" sector, "Software" subsector of Bursa Securities, we are of the opinion that the Purchase Consideration is fair, reasonable and not detrimental to the non-interested shareholders of the Company.

In our assessment on the reasonableness of the Profit Guarantee, we take note of the followings:

- AZTI Group's existing secured project with a total contract sum of RM31.27 million with outstanding billings of approximately RM12.16 million as at the LPD;
- AZTI Group's tender book of approximately RM35.71 million as at the LPD; and
- The Profit Guarantee is backed by collateral in the form of the Retained Cash Consideration, which will be held by the purchaser as a security for AZTI to achieve the Profit Guarantee, and shall be paid to the Vendors in three (3) tranches upon AZTI achieving the guaranteed profit in accordance with the Profit Guarantee mechanism as stipulated in Section 1.5 of the Appendix I of the Circular.

Premised on the above, we are of the opinion that the Profit Guarantee is reasonable and not detrimental to the non-interested shareholders of the Company.

5.2.2 Basis and Justification for the Issue Price of the Consideration Shares

Section 2.6, Part A of the Circular sets out the basis and justification for the Issue Price of the Consideration Shares.

In assessing the fairness and reasonableness of the Issue Price of the Consideration Shares, we have compared the Issue Price against:

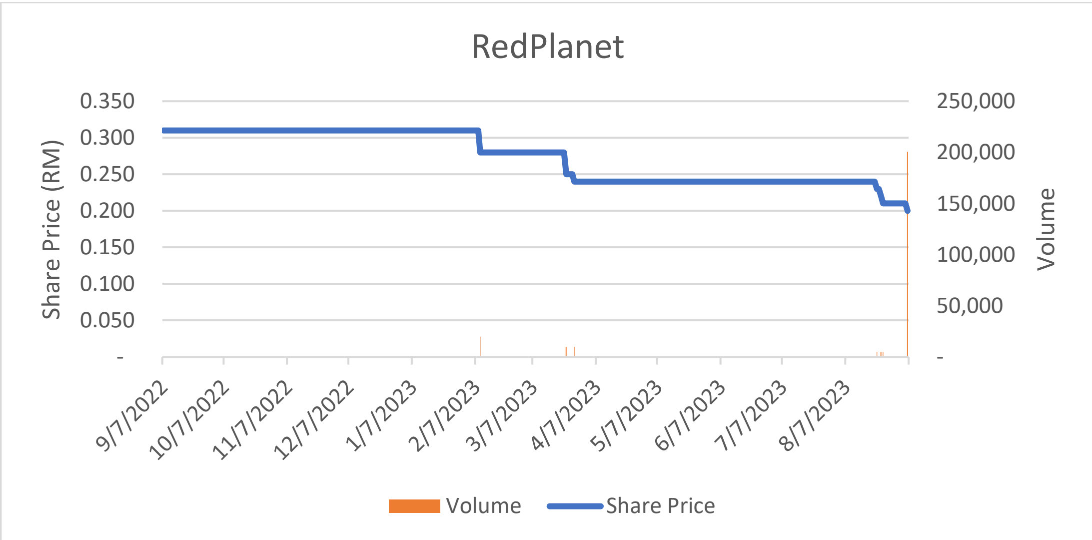
i) The last transacted price as at the LTD; and
ii) The respective VWAMP as set out in the table below:-

Basis of comparison based on	VWAMP/ closing price RM	Premium/(discount) over VWAMP/closing price RM	%
Last transacted price as at the LTD	0.200	0.010	5.00
VWAMP for the five (5)-day up to the LTD	0.230	(0.020)	(8.66)
VWAMP for the one (1)-month up to the LTD	0.229	(0.019)	(8.38)
VWAMP for the three (3)-month up to the LTD	0.229	(0.019)	(8.38)
VWAMP for the six (6)-month up to the LTD	0.231	(0.021)	(8.91)
VWAMP for the twelve (12)-month up to the LTD	0.234	(0.024)	(10.42)

(Source: S&P Capital IQ)

Based on the table above, we noted that the Issue Price represent a premium of 5.00% over the closing market price on the LTD but are at a discount of 8.66%, 8.38%, 8.38%, 8.91% and 10.42% over the VWAMP for five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month up to the LTD.

We are of the opinion that the aforesaid discount to the Issue Price is fair considering that RedPlanet Shares have not been actively traded over the past one (1) year up to the LTD as shown in the graph below.



From on the above, we noted the following:-
i) The market price of RedPlanet Shares was between RM0.200 to RM0.31 for the past one (1) year between September 2022 to September 2023; and
ii) The average market price of RedPlanet Shares was RM0.2729.

Based on the above, we are of the opinion that the Issue Price of the Consideration Shares is fair and not detrimental to the non-interested shareholders of the Company.

5.2.3 Salient terms of the SPA

The salient terms of the SPA are as disclosed in Appendix I of the Circular. Non-interested shareholders of the Company are advised to read Appendix I of the Circular in the entirety.

Our comments on the salient terms of the SPA are as follows:

	Salient terms	Strategic Comments
1.	Sale and Purchase of Sale Shares Subject to the terms and conditions of the SPA, the Vendors as legal and beneficial owner agree to sell and RedPlanet agrees to purchase the Sale Shares representing 51% of the total share capital of AZTI in the proportion as set out in Column 2 of the table within Section 2.1 of the Circular, free from all claims, liens, pledges, charges, encumbrances and any equities whatsoever together with all rights attached and all dividends, rights and distributions declared, paid or made in respect of the same on the terms and conditions of the SPA.	 This term is fair and a common commercial term for transactions of this nature and will ensure that the Company will have legal, beneficial and unencumbered ownership of the Sale Shares upon completion of the Proposed Acquisition.
2.	Conditions Precedent i. The sale and purchase of the Sale Shares is conditional upon the satisfaction of certain conditions precedent within 4 months from the date of the SPA or such other date(s) the parties may mutually agree (“**Conditional Period**”). The conditions precedent includes the following:-	
	a. The approval of Bursa Securities for the listing of and quotation for the Consideration Shares to be issued pursuant to the Proposed Acquisition on the LEAP Market;	We are of the view that this term is reasonable as RedPlanet is a listed company and approval is required in compliance with the LMLR.
	b. The results of the due diligence review (including but not limited to legal due diligence review) into AZTI and its affairs being satisfactory to RedPlanet;	We are of the view that this term is reasonable as it protects the Company from any adverse findings during the due diligence review.
	c. The approval of the board of RedPlanet and approval of the shareholders of RedPlanet at a general meeting to be convened in respect of the Proposed Acquisition and the issuance of the Consideration Shares; and	We are of the view that this term is reasonable as RedPlanet is a listed company and approval is required in compliance with the LMLR.
	d. Such other consents or approvals as may be necessary from any governmental or regulatory body or competent authority, or third-party having jurisdiction over the sale of the Sale Shares, having been granted, waived or obtained.	This term is reasonable as the approvals from the respective parties are required for the completion of the Proposed Acquisition.
	ii. Unless specifically waived by the parties, if any of the conditions precedent above are not fulfilled before the Conditional Period, the SPA shall cease and determine and other than costs and expenses in relation to the Proposed Acquisition, neither party shall have any claims against the other for costs, damages, compensations or otherwise, save for any antecedent breach of any representation, undertaking and/or any of the terms of the SPA. The Deposit shall be immediately refunded to RedPlanet by the Vendors.	This term is reasonable as it serves to protect the interest of the Company in the event the Proposed Acquisition is aborted.

	Salient terms	Strategic Comments
3.	<u>Purchase Consideration</u> The Purchase Consideration shall be satisfied by RedPlanet via:- a. payment of cash consideration; and b. allotment and issuance of the Consideration Shares of the value equivalent to the share consideration. to the Vendors, in the amount and proportion in accordance with the respective payment milestones set out in the table within Section 2.3 of the Circular.	The issuance of the Consideration Shares allows the Company to conserve its cash resources and not incur additional borrowings to enable requisite funding being available to the enlarged RedPlanet Group and enhances the Group's financial position via a larger equity base. The justification of the Purchase Consideration has been discussed in Section 5.2.1 of this IAL whilst the justification for the Issue Price of the Consideration Shares have been discussed in Section 5.2.2 of this IAL. The payment milestones are fair considering that the Retained Cash Consideration shall be paid to the Vendors upon AZTI achieving the guaranteed profit in accordance with the Profit Guarantee mechanism.
4.	<u>Retained Cash Consideration</u> Notwithstanding Completion, the parties agree that a total sum of RM2,550,000 from the Cash Consideration shall be retained by RedPlanet as a security for AZTI to achieve the Profit Guarantee set out in Section 1.5 of Appendix I of the Circular. The Retained Cash Consideration may be released and paid to the Vendors in 3 tranches upon AZTI's fulfilment of the Profit Guarantee.	This term is fair considering that the Retained Cash Consideration shall be paid to the Vendors upon AZTI achieving the guaranteed profit in accordance with the Profit Guarantee mechanism.
5.	<u>Profit Guarantee</u> i. Notwithstanding anything contained in the SPA to the contrary and notwithstanding Completion, the Vendors jointly and severally guarantee to RedPlanet that AZTI shall achieve: a. unaudited consolidated PAT of RM1,250,000 (being the 1st Guaranteed Profit) for the 1st Guarantee Period; b. audited consolidated PAT of RM2,500,000 (being the 2nd Guaranteed Profit) for the 2nd Guarantee Period; and c. unaudited consolidated PAT of RM1,250,000 (being the 3rd Guaranteed Profit) for 3rd Guarantee Period, or a minimum aggregate consolidated PAT of not less than RM5,000,000 (being the Total Guaranteed Profit) for the total 24-month period from 1 January 2024 to 31 December 2025, (being the All Guarantee Periods), on a combined basis based on the consolidated financial results of AZTI. ii. For avoidance of doubt, in view that RedPlanet shall hold 51% equity interest in AZTI upon Completion, the Total Guaranteed Profit attributable to the 51% equity interest held by RedPlanet amounts to RM2,550,000 only (i.e. RM5,000,000 x 51%). iii. The parties agree that the Retained Cash Consideration shall be paid by RedPlanet to the Vendors in three (3) tranches upon AZTI achieving the guaranteed profit for the following periods in accordance with the Profit Guarantee mechanism stipulated as follow:-	These terms are reasonable as it serves as additional comfort to the Company in respect of the financial performance of AZTI Group, whereby the Retained Cash Consideration shall be paid to the Vendors upon AZTI achieving the guaranteed profit in accordance with the Profit Guarantee mechanism.

	Salient terms	Strategic Comments
	a. In respect of 1st Guarantee Period; (i) If the AZTI's unaudited consolidated PAT during the 1st Guarantee Period ("**1st Profit**") achieves the 1st Guaranteed Profit, RedPlanet shall proceed to release and pay RM637,500 from the Retained Cash Consideration ("**1st Tranche Retained Cash Consideration**") to the Vendors. (ii) For avoidance of doubt, in the event AZTI's 1st Profit exceeds the 1st Guaranteed Profit, such excess of unaudited consolidated PAT shall be carried forward to 2nd Guarantee Period and form part of the audited consolidated PAT of AZTI for the 2nd Guarantee Period. (iii) In the event where the 1st Profit achieves or exceeds the Total Guaranteed Profit, the Retained Cash Consideration shall be released and paid in full by RedPlanet to the Vendors. (iv) In the event the 1st Profit is lower than the 1st Guaranteed Profit, the amount to be released and paid by RedPlanet to the Vendors shall be calculated as follow:- $\textit{Amount to be released to the Vendors for the 1st Guarantee Period} = \dfrac{\textit{1st Profit}}{\textit{1st Guaranteed Profit}} \times \textit{RM637,500}$ (v) In the event where AZTI records an unaudited consolidated loss after tax, RedPlanet is not required to release or pay any sum to the Vendors for the 1st Guarantee Period. (vi) The parties agree that the deficiency in the 1st Profit of AZTI (i.e. where the 1st Profit is less than the 1st Guaranteed Profit) or where AZTI records an unaudited consolidated loss after tax, such difference between the 1st Profit and 1st Guaranteed Profit shall be carried forward to 2nd Guarantee Period and/or 3rd Guarantee Period for the purpose of calculating the aggregate audited/unaudited consolidated PAT of AZTI for 2nd Guarantee Period and 3rd Guarantee Period. (vii) In the event where the parties dispute over the calculation of the unaudited consolidated PAT or the unaudited consolidated financial statement of AZTI, the parties shall jointly appoint an external auditor ("**External Auditor**") to approve and certify the unaudited consolidated financial statement. (viii) For avoidance of doubt, any amount from the 1st Tranche Retained Cash Consideration which is not paid by RedPlanet to the Vendors ("**Balance of 1st Tranche**") shall be carried forward to the 2nd Guarantee Period and be payable if the Aggregate Profit Up To 2nd GP achieves the sum of 1st Guaranteed Profit and 2nd Guaranteed Profit. If there is deficiency in the Aggregate Profit Up To 2nd GP, or where AZTI records an aggregate audited consolidated loss after tax during the 2nd Guarantee Period, the Balance of 1st Tranche shall be further carried to the 3rd Guarantee Period and be payable if the Total Aggregate Profit achieves the Total Guarantee Profits. (ix) For further clarity, any amount from the 1st Tranche Retained Cash Consideration which has been paid by RedPlanet to the Vendors in respect of 1st Guarantee Period shall not be refunded in	

Salient terms		Strategic Comments
	the event AZTI experiences deficiency or records audited/unaudited consolidated loss after tax for the 2nd Guarantee Period and/or 3rd Guarantee Period. b. In respect of the 2nd Guarantee Period; (i) If AZTI's aggregate consolidated PAT for the 1st Guarantee Period and 2nd Guarantee Period (“**Aggregate Profit Up to 2nd GP**”) achieves the sum of 1st Guaranteed Profit and 2nd Guaranteed Profit, RedPlanet shall proceed to release and pay an additional RM1,275,000 from the Retained Cash Consideration (“**2nd Tranche Retained Cash Consideration**”) to the Vendors. The Balance of 1st Tranche (if any) shall also be paid by RedPlanet to the Vendors. (ii) For avoidance of doubt, in the event AZTI's Aggregate Profit Up To 2nd GP exceeds the sum of the 1st Guaranteed Profit and 2nd Guaranteed Profit, such excess of audited consolidated PAT shall be carried forward to the 3rd Guarantee Period and form part of the unaudited consolidated PAT of AZTI for the 3rd Guarantee Period. (iii) In the event where the Aggregate Profit Up To 2nd GP achieves or exceeds the Total Guaranteed Profit, the Retained Cash Consideration (or its balance) shall be released and paid in full by RedPlanet to the Vendors. (iv) In the event the Aggregate Profit Up To 2nd GP is lower than the sum of 1st Guaranteed Profit and 2nd Guaranteed Profit, the amount to be released and paid by RedPlanet to the Vendors shall be calculated as follows:- $\textit{Amount to be released to the Vendors for the 2nd Guarantee Period} = \frac{A}{B} \times RM1{,}912{,}500^{*} - C$ Whereas: “A” means the Aggregate Profit Up To 2nd GP; “B” means RM3,750,000, which is the sum of the 1st Guaranteed Profit and the 2nd Guaranteed Profit; * the sum of 1st Tranche Retained Cash Consideration and 2nd Tranche Retained Cash Consideration; and “C” means the amount paid by RedPlanet to the Vendors for fulfilling or part-fulfilling of profit guarantee for the 1st Guarantee Period. (v) In the event where AZTI records an aggregate audited consolidated loss after tax for 1st Guarantee Period and 2nd Guarantee Period, RedPlanet is not required to release or pay any sum from the 2nd Tranche Retained Cash Consideration to the Vendors for the 2nd Guarantee Period. (vi) The parties agree that the deficiency in AZTI's Aggregate Profit Up To 2nd GP (i.e. where the Aggregate Profit Up To 2nd GP is less than the sum of 1st Guaranteed Profit and 2nd Guaranteed Profit) or where AZTI records an aggregate audited consolidated loss after tax, such deficiency or loss shall be carried forward to the 3rd Guarantee Period for the purpose of calculating the aggregate	

	Salient terms	Strategic Comments
	unaudited consolidated PAT of AZTI for 3rd Guarantee Period. (vii) In the event where the parties dispute over the calculation of the aggregate audited consolidated PAT or audited consolidated financial statement of AZTI, the parties shall jointly appoint an External Auditor to approve and certify the audited consolidated financial statement. (viii) For avoidance of doubt, any amount from the 2nd Tranche Retained Cash Consideration which is not paid by RedPlanet to the Vendors (“**Balance of 2nd Tranche**”) shall be carried forward to the 3rd Guarantee Period and be payable if the Total Aggregate Profit achieves the Total Guaranteed Profit. (ix) For further clarity, any amount from the 2nd Tranche Retained Cash Consideration which has been paid by RedPlanet to the Vendors in respect of 2nd Guarantee Period shall not be refunded in the event AZTI experiences deficiency or records aggregate unaudited consolidated loss after tax for the 3rd Guarantee Period. c. In respect of the 3rd Guarantee Period; (i) If AZTI’s aggregate consolidated PAT for All Guarantee Periods (“**Total Aggregate Profit**”) achieves the Total Guaranteed Profit, RedPlanet shall proceed to release and pay an additional RM637,500 from the Retained Cash Consideration (“3rd **Tranche Retained Cash Consideration**”) to the Vendors. The Balance of 1st Tranche and the Balance of 2nd Tranche ,if any, shall also be paid by RedPlanet to the Vendors. (ii) In the event the Total Aggregate Profit is lower than the sum of Total Guaranteed Profit for All Guarantee Periods, the amount to be released and paid by RedPlanet to the Vendors shall be calculated as follows:- $\textit{Amount to be released to the Vendors for the 3rd Guarantee Period} = \frac{A}{B} \times RM2,550,000^{*} - C$ Whereas: “A” means the Total Aggregate Profit; “B” means RM5,000,000, which is the Total Guaranteed Profit; * the Retained Cash Consideration; and “C” means the amount paid by RedPlanet to the Vendors for fulfilling or part-fulfilling of profit guarantee for the 1st Guarantee Period and 2nd Guarantee Period. (iii) In the event where AZTI records an aggregate unaudited consolidated loss after tax at the end of All Guarantee Periods, RedPlanet is not required to release or pay any sum from the 3rd Tranche Retained Cash Consideration, Balance of 1st Tranche and/or Balance of 2nd Tranche to the Vendors for the 3rd Guarantee Period. (iv) In the event where the parties dispute over the calculation of the aggregate unaudited consolidated PAT or unaudited consolidated financial statement of AZTI, the parties shall	

	Salient terms	Strategic Comments
	jointly appoint an External Auditor to approve and certify the unaudited consolidated financial statement.	
6.	Completion	
	i. Completion shall take place within 30 days from the date the SPA becomes unconditional (i.e. upon all the conditions precedent are fulfilled or waived) or such other date as the parties may mutually agree otherwise ("**Completion Date**"). ii. On the Completion Date, the Vendors shall deliver to RedPlanet, amongst others: a. the duly executed and registrable transfer forms of the Sale Shares in favour of RedPlanet together with all the respective original share certificates relating thereto; and b. a copy of the resolution of the board of AZTI (duly certified) approving (i) the transfer of the Sale Shares from the Vendors to RedPlanet; (ii) the appointment of the nominees of RedPlanet as the new directors of AZTI. iii. On the Completion Date, RedPlanet shall pay the balance of Cash Consideration (i.e. RM2,040,000) and deliver to the Vendors, amongst others: a. deliver to the Vendors copies of the statement/evidence evidencing the payment of the balance of Cash Consideration (i.e. RM2,040,000) to the Vendors; and b. deliver to the Vendors a copy, certified as true by the company secretary of RedPlanet, of the resolution or minutes of meeting of the board of directors of RedPlanet approving the issue and allotment of the Consideration Shares by RedPlanet to the Vendors.	We are of the opinion that these terms are fair and reasonable whereby the Company and the Vendors must fulfil their respective obligations in ensuring the timely completion of the Proposed Acquisition. We also note that these terms are commonly seen in contracts of this nature.
7.	Default	
	i. In the event RedPlanet fails to complete the purchase of the Sale Shares, or if prior to Completion, it shall be found that any of RedPlanet's warranties was, when given, or will be or would be, at Completion (as if they had been given again at Completion) not complied with or otherwise untrue or misleading in a material respect, the Vendors shall be entitled to the right to seek specific performance against RedPlanet, or by notice in writing to RedPlanet to terminate the SPA.	This term is reasonable as it sets out the events of default, where the Company has to fulfill its obligations pursuant to the SPA, together with the repercussion terms.
	ii. In the event the Vendors fail to complete the sale of the Sale Shares, or if prior to Completion, it shall be found that any of the Vendors' warranties was, when given, or will be or would be, at Completion (as if they had been given again at Completion) not complied with or otherwise untrue or misleading in a material respect, RedPlanet shall be entitled to the right to seek specific performance against the Vendors, or by notice in writing to the Vendors to terminate the SPA.	This term is reasonable as it sets out the events of default, where the Vendor has to fulfill its obligations pursuant to the SPA, together with the repercussion terms.
	iii. Unless otherwise expressly provided in the SPA, RedPlanet acknowledges and agrees that after Completion, the only remedy it has against the Vendors for any breach of the warranties or any breach of its covenants or obligations shall be only the right to claim damages against the Vendors for actual loss suffered.	This term is reasonable as it sets out the remedy available to the Company against any breach of the warranties by the Vendors.

Premised on the above, we are of the view that the abovementioned salient terms of the SPA are fair and reasonable and not detrimental to the non-interested shareholders of the Company.

5.2.4 Salient terms of the SHA

The salient terms of the SHA are as disclosed in Appendix II of the Circular. Non-interested shareholders of the Company are advised to read Appendix II of the Circular in the entirety.

Our comments on the salient terms of the SHA are as follows:

	Salient terms	Strategic Comments
1.	Capital Call In the event of any capital call by AZTI involving new issuance of shares or other form of securities by AZTI, all shareholders shall first be offered a right to subscribe for such new securities in proportion proportionate to their respective shareholding proportions and upon the same proportionate terms.	This term is fair and a common commercial term for transactions of this nature and will ensure that the respective shareholdings are at all times be maintained in the same proportion.
2.	Shareholders' Advance In the event where only RedPlanet provides a shareholder's loan to the Company or its subsidiaries, the shareholder's loan shall be imposed with an interest at a rate to be mutually agreed upon by the Board, subject to the compliance with prevailing laws and, where applicable, the listing requirements of Bursa Securities.	This term is fair as it serves to safeguard RedPlanet's interest in the event of provision of any shareholder's loan by RedPlanet to AZTI Group.
3.	Directors The board of directors of AZTI shall consist of a maximum of three directors where RedPlanet shall be entitled to nominate two directors while LWS shall be entitled to nominate one director:-	This clause is reasonable and will ensure RedPlanet has control over AZTI's board.
4.	Quorum and voting for Board Meetings A quorum for board meetings for the transaction of any business of AZTI shall consist of any two directors. Other than the board's reserved matters which shall be passed by unanimous votes from all the directors, all other matters for decision by the board shall be decided by simple majority vote of the directors present and voting at the board meeting. Each director shall have one vote.	This clause is reasonable, and coupled with RedPlanet's entitlement to nominate two directors, will ensure RedPlanet has control over AZTI's board.
5.	Quorum and voting for Shareholders' Meetings The quorum for any general meeting shall be two shareholders (one of whom shall be the corporate representative of RedPlanet), attending by proxy, attorney or corporate representative. Other than the shareholders' reserved matters which shall be passed by unanimous votes from all the shareholders, all matters arising at any general meeting shall, unless otherwise required by law, be decided by resolution passed by a simple majority of the votes cast by the shareholders present in person, by corporate representative, by attorney or by proxy, at the general meeting sufficient to form quorum and entitled to vote.	This clause is reasonable and will ensure RedPlanet's interests as a shareholder is protected.
6.	Management LWS shall (subject to his willingness) be appointed as the chief executive officer (**"CEO"**) to manage and administer the day-to-day operations of AZTI and its subsidiaries, provided that LWS shall hold not less than 25% of equity interest (the aggregate of direct and indirect interest) in AZTI at any point of time. In the event where LWS decides to relinquish his position as the CEO of AZTI and/or its subsidiaries, the board of AZTI shall appoint a new CEO to fill up the vacancy.	This clause is reasonable and will allow RedPlanet to leverage on LWS' experience in managing AZTI Group's day-to-day operations and ensure LWS' interests is aligned with RedPlanet.

	Salient terms	Strategic Comments
7.	Board's Reserved Matters and Shareholders' Reserved Matters Unless a resolution has been passed with the unanimous vote from all the directors (in respect of board's resolution) or shareholders (in respect of shareholders' resolution), as the case may be, the shareholders shall procure for AZTI to refrain from passing any board's or shareholders' resolution in respect of the reserved matters, including (but not limited to): i. any increase in the share capital of AZTI, or the issuance and allotment of new shares, or the issue of any new class of shares in the capital of AZTI or the issuing of any convertible securities by AZTI. ii. the formation of and change to the term of reference and/or authorities of the CEO of AZTI and its subsidiaries; and iii. The dissolution, liquidation, winding-up or the reduction or restructuring of share capital of AZTI.	These clauses are reasonable and will ensure that important issues to be considered that will affect the business operation of AZTI be determined unanimously by the parties and act as a guidance for directors and shareholders of AZTI prior to any matters and decisions being made and approved by the relevant parties.
8.	Right of First Refusal In view that LWS is the founder of AZTI, RedPlanet agrees to grant LWS (or his nominee) a right of first refusal ("**ROFR**") to acquire the AZTI Shares held by RedPlanet, prior to offering the AZTI Shares it holds to any third party. If RedPlanet desires to transfer all or any part of the AZTI Shares to any third party, RedPlanet shall make an ROFR offer by giving to LWS a notice ("**ROFR Notice**") in writing of such desire, where the ROFR Notice shall specify: (a) the name and details of the third party purchaser ("**Third Party Purchaser**"); (b) the number of AZTI Shares proposed to be sold and transferred (the "**ROFR Shares**"); (c) the price for the sale of each AZTI Share ("**ROFR Price**"); and (d) where applicable, the other material terms and conditions of such offer ("**ROFR Terms**"). If LWS wishes to accept the ROFR offer, LWS shall notify RedPlanet of his acceptance ("**ROFR Acceptance Notice**") within thirty (30) days of the date of the ROFR Notice. RedPlanet and LWS shall complete the transfer of ROFR Shares to LWS, and payment for the same, within thirty (30) days of receipt of ROFR Acceptance Notice by RedPlanet. In the event that: i. LWS rejects the ROFR offer or fail to send RedPlanet the ROFR Acceptance Notice within thirty (30) days of the date of the ROFR Notice; or ii. where LWS fails to complete the transfer of the ROFR Shares within thirty (30) days from the receipt of the ROFR Acceptance Notice and such failure is not caused by any delay on the part of RedPlanet; then, RedPlanet may dispose of the ROFR Shares to the Third Party Purchaser on the following terms: i. the Third Party Purchaser must be a *bona fide* third party purchaser; ii. the sale to the Third Party Purchaser must be at a price which is the same or more than the ROFR Price and on terms no more favourable than the ROFR Terms; iii. the Third Party Purchaser has first agreed to sign a deed of ratification and accession (in the form agreed by all the Parties) agreeing to be bound by all the terms of this SHA, assuming all the rights and obligations of RedPlanet; and iv. the sale to the Third Party Purchaser must complete within a period of three (3) months from the date of the ROFR Notice, failing which the sale to the Third Party Purchaser is prohibited.	These terms are reasonable as it sets out the conditions that RedPlanet needs to comply with prior to the disposal of its shareholdings.

	Salient terms	Strategic Comments
9.	Termination The parties agree that this SHA will automatically be terminated: i. by mutual agreement in writing of the parties; ii. in relation to any shareholder when it ceases to hold, directly or indirectly, any shares in AZTI; iii. when AZTI cease to carry on any business; iv. when AZTI only have one shareholder; or v. in the event that the SPA fails to complete on or before 17 January 2024 or such other date as may be agreed in writing among the parties to the SPA.	These terms are reasonable as they give the parties the rights to terminate the SHA as well as to safeguard the interests of the shareholders of AZTI.

Premised on the above, we are of the view that the abovementioned salient terms of the SHA are fair and reasonable and not detrimental to the non-interested shareholders of the Company.

5.3 Industry overview, outlook and prospects

We take note of the industry overview, outlook and prospects as disclosed in Section 4, Part A of the Circular.

Overview and prospects of the Malaysian Economy

The Malaysian economy expanded moderately in the second quarter of 2023 (2.9%; 1Q 2023: 5.6%), weighed mainly by slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment. Household spending was supported by further growth in employment and wages. Meanwhile, investment activity was underpinned by capacity expansion, progress of multi-year projects and higher fixed asset spending by the government. Continued recovery in inbound tourism partially offset the slower goods export growth. Growth during the quarter was also affected by the high base effect in the second quarter of 2022 when the economy experienced strong growth from reopening effects and policy measures. On the supply side, the services and construction sectors continued to support growth. Meanwhile, production in the agriculture and mining sectors were affected by hot weather and plant maintenance. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.5% (1Q 2023: 0.9%).

Headline inflation during the quarter continued to moderate to 2.8% (1Q 2023: 3.6%). The moderation was recorded in both non-core inflation and core inflation. For non-core inflation, fresh food and fuel contributed to the decline. Core inflation, while declining, remained elevated relative to its long-term average (2011-2019 average: 2.0%). The moderation in core inflation (2Q 2023: 3.4%; 1Q 2023: 3.9%) was largely contributed by selected services. These included food away from home, telephone and telefax services, and personal transport repair and maintenance. Inflation pervasiveness declined as the share of Consumer Price Index items recording monthly price increases moderated to 42.7% during the quarter (1Q 2023: 56.0%), below the second quarter long-term average (2011-2019) of 43.9%. Notably, inflation pervasiveness dropped in June after a transitory uptick in May following the festive season

(*Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2023, Bank Negara Malaysia*)

Despite the softened global growth, Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5%-7%, whereby real output value reached above the pre-pandemic level. Malaysia's economic growth is projected to moderate amid the signs of weakness in the global growth momentum. The growth will be mainly supported by steady domestic demand primarily private expenditure as well as initiatives under the Budget 2023 and development expenditure under the Twelfth Malaysia Plan, 2021-2025. On the supply side, all economic sectors are expected to remain in the positive growth trajectory in 2023, driven by services and manufacturing sectors. However, downside risks such as prolonged geopolitical conflict, climate-related disasters and persistently high inflation are expected to further hampering the global economy growth, hence, affecting Malaysia's performance. Overall, the nation's gross domestic products is forecast to grow approximately 4.5% in 2023.

(*Source: Updates on Economic & Fiscal Outlook and Revenue Estimates 2023, Ministry of Finance, Malaysia*)

Overview and outlook of ICT industry

The services sector grew by 10.9% in 2022, mainly supported by the wholesale and retail trade; transportation and storage; as well as real estate and business services subsectors. The performance was attributed to the upswing in tourism-related activities following the reopening of international borders, increased consumer spending, higher adoption of digitalisation across all sectors as well as improved demand for professional services.

The information and communication subsector expanded by 5.2% in 2022, backed by telecommunication segment following soaring usage of e-commerce services and subscription to media streaming including entertainment and sport packages. The expansion of the segment was also attributed by the broadband's wider coverage and better internet speed through the National Digital Network (JENDELA) initiative.

The services sector is projected to expand by 5.3% in 2023 driven by domestic demand amid moderate global activities. The growth will continue to be buoyed by wholesale and retail trade; transportation and storage; information and communication; food & beverages and accommodation; and finance and insurance subsectors.

The wholesale and retail trade subsector is expected to grow and will remain as the key subsector, following greater usage of e-commerce and rapid transition to digitalization. The expansion of online transaction is in line with the aim towards creating a cashless society ecosystem. The motor vehicles segment is also projected to support the subsector's growth with the introduction of new electric vehicle (EV) models.

The information and communication subsector is anticipated to further expand, mainly led by the wider digital adoption by businesses and individuals particularly the utilisation of Fixed Wireless Access and other fit-for-purpose technologies. In addition, efforts to attract high-quality investment in digital-related infrastructures such as data centres and cloud computing services along with continued surge of online streaming activities will further boost the subsector.

(Source: Updates on Economic & Fiscal Outlook and Revenue Estimates 2023, Ministry of Finance)

Prospects of RedPlanet

As set out in Section 4.3, Part A of the Circular, the management of RedPlanet is of the view that the growth prospects of the Company are positive.

The enlarged RedPlanet Group is expected to increase its ICT solutions offerings to the enlarged customer base, which in turn, barring unforeseen circumstances, is expected to contribute positively to the earnings of the enlarged RedPlanet Group. Moving forward, the enlarged RedPlanet Group with its combined resources will have enhanced access to larger scale business opportunities and have better opportunities to access to a wider range of customers as well as a platform to compete more competitively with other industry players (by offering the GIS technology to wider customers by leveraging on AZTI Group's presences in Canada, the United States, Australia and Taiwan).

Premised on the above, we are of the view that the prospects of RedPlanet following the Proposed Acquisition will be favourable and barring unforeseen circumstances, is poised to improve its financial performance in the future. As such, we are of the opinion that the Proposed Acquisition is in the best interest of the Company.

Further, upon the completion of the Proposed Acquisition, the benefits from the merger of RedPlanet and AZTI Group appears realisable as both RedPlanet and AZTI Group are in the similar business, i.e the provision of ICT business but in different industries and will result in enhanced scale and synergies through amongst other, the increased services offering from capitalising the growing landscape of GIS technology that has a wide range of applications in various field, i.e. transportation of which AZTI Group is currently focusing on. In addition, the Proposed Acquisition will also improve operational efficiencies, resulting from economies of scale and integration, and the ability to increase range of value-added services for its existing and future customers. The customer base of the enlarged RedPlanet Group will also be expanded following the completion of the Proposed Acquisition. Nonetheless, we wish to highlight that the above is subject to uncertainties which are not within the Board's control such as change in Government policies, pandemic risk, changes in consumers preferences and changes in financing conditions. The occurrence of any of such events may materially impact the businesses and may adversely affect the Group's revenue and profitability to be derived from the Proposed Acquisition.

5.4 Risk factors relating to the Proposed Acquisition

As the Group is already involved in the ICT industry, the Group is already exposed to the risks associated with the said industry of which AZTI Group is also operating in. Notwithstanding the foregoing, you are advised to consider carefully the risk factors pertaining to the Proposed Acquisition as set out in Section 5, Part A of the Circular as well as the following:-

5.4.1 Completion risk

We are of the view that the completion risk of the Proposed Acquisition is a common aspect of similar proposals. We noted that in the event any of the conditions precedent of the SPA are not able to be fulfilled, some of which are beyond the control of the Company, the Company will not be able to complete the Proposed Acquisition, thus resulting non-materialisation of the potential benefits expected from the Proposed Acquisition.

5.4.2 Achievability of the Profit Guarantee

We wish to highlight that the Profit Guarantee, despite being deemed reasonable by the Board, is subject to certain uncertainties and contingencies which are often outside AZTI's control, including but not limited to, potential delays and/or cancellation of projects as well as crystallisation of its existing tender book and projects currently being pursued which will result in the Profit Guarantee not being met.

5.4.3 Additional financial risk

After the Proposed Acquisition, the enlarged RedPlanet Group's debt level will increase following the consolidation of the exiting borrowings of AZTI Group, i.e. an increase from zero borrowing to approximately RM6.41 million. Such increase in bank borrowing will increase financial risks of the enlarged RedPlanet Group as it will be required to service and incur higher interest expenses, whilst ensuring that it also generates sufficient cash flow to repay the bank borrowings in due course. Any future adverse fluctuation in interest rates may also adversely impact the enlarged RedPlant Group.

We also wish highlight that despite efforts and measures taken by the Company to mitigate the risks associated with the Proposed Acquisition, no assurance can be given that one or a combination of risk factors as stated above and in Section 5, Part A of the Circular will not occur and give rise to material and adverse impact on the business and operations of the Company, its financial performance, financial position or prospects thereon.

In evaluating the Proposed Acquisition, non-interested shareholders of the Company should carefully consider the said risk factors and their respective mitigating factors before voting on the resolution pertaining to the Proposed Acquisition at the forthcoming EGM of the Company.

Non-interested shareholders of the Company should also note that the risk factors mentioned therein are not meant to be exhaustive.

5.5 Financial effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition on the Company as disclosed in Section 6, Part A of the Circular are as follows:-

(i) Issued share capital and substantial shareholders' shareholdings

The Proposed Acquisition will result in an increase in the Company's share capital from 159,396,700 RedPlanet Shares to 170,325,271 RedPlanet Shares following the issuance of the Consideration Shares upon completion of the Proposed Acquisition.

The shareholdings of the existing substantial shareholders, save for LWS, will collectively decrease from 56.79% to 53.15% whilst LWS' direct and indirect shareholdings will increase from 25.00% to 29.81% upon completion of the Proposed Acquisition. Nonetheless, the non-interested shareholders of RedPlanet should note that the issuance of the Consideration Shares pursuant to the Proposed Acquisition is expected to result in dilution to the shareholdings of the non-interested shareholders.

(ii) NA and gearing

The proforma effects of the Proposed Acquisition on the NA, NA per Share and gearing of the Group, based on the latest audited consolidated statement of financial position of the Group as at 30 June 2023 is set out below:

	Audited as at 30 June 2023 (RM'000)	After completion of the Proposed Acquisition (RM'000)
Total equity	18,851	20,846 [a]
Total borrowings (RM'000)	Nil	6,406
Gearing (times)*	Nil	0.31
NA per Share (RM)^	0.12	0.12

Notes:
^ *Calculated based on NA over number of Shares.*
* *Calculated based on total borrowings over NA.*

(a) *After deducting the estimated expenses of approximately RM0.30 million in relation to the Proposed Acquisition.*

The gearing of the Group will increase from nil to 0.31 times after the Proposed Acquisition after consolidating the borrowings of AZTI Group. As a result, the Group would be at a higher financial risk due to higher interest expense exposure and potentially higher interest rate for future bank borrowings.

(iii) Earnings and EPS

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the end December 2023. The Proposed Acquisition is expected to contribute positively to the earnings of the Group after taking into consideration, amongst others, the Profit Guarantee and the outlook of the ICT industry. However, the Group's EPS may be diluted due to the issuance of Consideration Shares.

Based on the above, we are of the opinion that the effects of the Proposed Acquisition are fair and reasonable and not to the detriment of the non-interested shareholders of the Company.

6 CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Acquisition and have set out our evaluation in Section 2 through Section 5 of this IAL. We summarised the potential advantages and disadvantages of the Proposed Acquisition as follows:

Potential Advantages	Potential Disadvantages
The enlarged RedPlanet Group is expected to enjoy synergistic benefits in terms of operation, cost as well as platform to source for sizeable contracts, resulting from the implementation of efficient operational strategies, which amongst others include delivery capacity, ICT solutions offerings, and procurement which will bode well for the enlarged RedPlanet Group.	The Company would be at a higher financial risk due to higher interest expense exposure and potentially higher interest rate for future bank borrowings subsequent to the consolidation of existing borrowings of AZTI Group.
	Upon completion of the Proposed Acquisition, the shareholdings of the existing non-interested shareholders will be diluted.

We have taken cognisance of the rationale and justification, financial evaluation, effects and risk factors of the Proposed Acquisition. Based on our evaluation and comments on the Proposed Acquisition, we are of the opinion that the Proposed Acquisition is **fair and reasonable** and is **not detrimental** to the non-interested shareholders of the Company.

Accordingly, we recommend that the non-interested shareholders to vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the forthcoming EGM of the Company.

Before arriving at the decision to vote on the resolution pertaining to the Proposed Acquisition, it is pertinent that the non-interested shareholders of the Company to consider the issues and implications raised in this IAL as well as other considerations as set out in Part A of the Circular carefully and the Directors' statement and recommendation (save for the Interested Parties) in respect to the Proposed Acquisition as set out in Section 11, Part A of the Circular.

Yours faithfully,
For and on behalf of
STRATEGIC CAPITAL ADVISORY SDN. BHD.

NG WOON LIT
Director
Investment Representative
eCMSRL/B5412/2015

TAN DAI LIANG, CFA
Director
Investment Representative
eCMSRL/B6239/2015

1. SPA

The salient terms of the SPA are as follows: -

1.1. Sale and Purchase of Sale Shares

1.1.1 Subject to the terms and conditions of the SPA, the Vendors as legal and beneficial owners agree to sell and RedPlanet agrees to purchase the Sale Shares representing 51% of the total share capital of AZTI in the proportion as set out in Column 2 of the table within Section 2.1 of this Circular, free from all claims, liens, pledges, charges, encumbrances and any equities whatsoever together with all rights attached and all dividends, rights and distributions declared, paid or made in respect of the same on the terms and conditions of the SPA.

1.1.2 The number of Sale Shares to be acquired by RedPlanet from the respective Vendors are set out in the table within Paragraph 2.1 of this Circular.

1.2 Conditions Precedent

1.2.1 The sale and purchase of the Sale Shares is conditional upon the satisfaction of certain conditions precedent within 4 months from the date of the SPA or such other date(s) the parties may mutually agree ("**Conditional Period**"). The conditions precedent includes the following:

(a) The approval of Bursa Securities for the listing of and quotation for the Consideration Shares to be issued pursuant to the Proposed Acquisition on the LEAP Market;

(b) The results of the due diligence review (including but not limited to legal due diligence review) into AZTI and its affairs being satisfactory to RedPlanet;

(c) The approval of the board of RedPlanet and approval of the shareholders of RedPlanet at a general meeting to be convened in respect of the Proposed Acquisition and the issuance of the Consideration Shares; and

(d) Such other consents or approvals as may be necessary from any governmental or regulatory body or competent authority, or third-party having jurisdiction over the sale of the Sale Shares, having been granted, waived or obtained.

1.2.2 Unless specifically waived by the parties, if any of the conditions precedent above are not fulfilled before the Conditional Period, the SPA shall cease and determine and other than costs and expenses in relation to the Proposed Acquisition, neither party shall have any claims against the other for costs, damages, compensations or otherwise, save for any antecedent breach of any representation, undertaking and/or any of the terms of the SPA. The Deposit (defined herein) shall be immediately refunded to RedPlanet by the Vendors.

1.3 Purchase Consideration

1.3.1 The Purchase Consideration shall be satisfied by RedPlanet via:

(a) payment of Cash Consideration; and

(b) allotment and issuance of the Consideration Shares of the value equivalent to the share consideration;

to the Vendors, in the amount and proportion in accordance with the respective payment milestones set out in the table within Section 2.3 of this Circular.

1.4 Retained Cash Consideration

1.4.1 Notwithstanding Completion, the parties agree that a total sum of RM2,550,000 (i.e. the Retained Cash Consideration) from the Cash Consideration shall be retained by RedPlanet as a security for AZTI to achieve the Profit Guarantee set out in Section 1.5 of this Appendix I. The Retained Cash Consideration may be released and paid to the Vendors in 3 tranches upon AZTI's fulfilment of the Profit Guarantee.

1.5 Profit Guarantee

1.5.1 Notwithstanding anything contained in the SPA to the contrary and notwithstanding Completion, the Vendors jointly and severally guarantee to RedPlanet that AZTI shall achieve**:**

(a) unaudited consolidated PAT of RM1,250,000 (being the 1st Guaranteed Profit) for the 1st Guarantee Period;

(b) audited consolidated PAT of RM2,500,000 (being the 2nd Guaranteed Profit) for the 2nd Guarantee Period; and

(c) unaudited consolidated PAT of RM1,250,000 (being the 3rd Guaranteed Profit) for 3rd Guarantee Period,

or a minimum aggregate consolidated PAT of not less than RM5,000,000 (being the Total Guaranteed Profit) for the total 24-month period from 1 January 2024 to 31 December 2025, (being the All Guarantee Periods), on a combined basis based on the consolidated financial results of AZTI**.**

1.5.2 For avoidance of doubt, in view that RedPlanet shall hold 51% equity interest in AZTI upon Completion, the Total Guaranteed Profit attributable to the 51% equity interest held by RedPlanet amounts to RM2,550,000 only (i.e. RM5,000,000 x 51%).

1.5.3 The parties agree that the Retained Cash Consideration shall be paid by RedPlanet to the Vendors in three (3) tranches upon AZTI achieving the guaranteed profit for the following periods in accordance with the profit guarantee mechanism stipulated as follow: -

(a) In respect of 1st Guarantee Period: -

(i) If the AZTI's unaudited consolidated PAT during the 1st Guarantee Period ("**1st Profit**") achieves the 1st Guaranteed Profit, RedPlanet shall proceed to release and pay RM637,500 from the Retained Cash Consideration ("**1st Tranche Retained Cash Consideration**") to the Vendors.

(ii) For avoidance of doubt, in the event AZTI's 1st Profit exceeds the 1st Guaranteed Profit, such excess of unaudited consolidated PAT shall be carried forward to 2nd Guarantee Period and form part of the audited consolidated PAT of AZTI for the 2nd Guarantee Period.

(iii) In the event where the 1st Profit achieves or exceeds the Total Guaranteed Profit, the Retained Cash Consideration shall be released and paid in full by RedPlanet to the Vendors.

(iv) In the event the 1st Profit is lower than the 1st Guaranteed Profit, the amount to be released and paid by RedPlanet to the Vendors shall be calculated as follow:-

$$\textit{Amount to be released to the Vendors for the } 1^{st} \textit{ Guarantee Period} = \frac{1^{st}\ \textit{Profit}}{1^{st}\ \textit{Guaranteed Profit}} \times \textit{RM637,500}$$

(v) In the event where AZTI records an unaudited consolidated loss after tax, RedPlanet is not required to release or pay any sum to the Vendors for the 1st Guarantee Period.

(vi) The parties agree that the deficiency in the 1st Profit of AZTI (i.e. where the 1st Profit is less than the 1st Guaranteed Profit) or where AZTI records an unaudited consolidated loss after tax, such difference between the 1st Profit and 1st Guaranteed Profit shall be carried forward to 2nd Guarantee Period and/or 3rd Guarantee Period for the purpose of calculating the aggregate audited/unaudited consolidated PAT of AZTI for 2nd Guarantee Period and 3rd Guarantee Period.

(vii) In the event where the parties dispute over the calculation of the unaudited consolidated PAT or the unaudited consolidated financial statement of AZTI, the parties shall jointly appoint an external auditor ("**External Auditor**") to approve and certify the unaudited consolidated financial statement.

(viii) For avoidance of doubt, any amount from the 1st Tranche Retained Cash Consideration which is not paid by RedPlanet to the Vendors ("**Balance of 1st Tranche**") shall be carried forward to the 2nd Guarantee Period and be payable if the Aggregate Profit Up To 2nd GP (as defined in Section 1.5.3(b)(i) of this Appendix) achieves the sum of 1st Guaranteed Profit and 2nd Guaranteed Profit. If there is deficiency in the Aggregate Profit Up To 2nd GP, or where AZTI records an aggregate audited consolidated loss after tax during the 2nd Guarantee Period, the Balance of 1st Tranche shall be further carried to the 3rd Guarantee Period and be payable if the Total Aggregate Profit achieves the Total Guarantee Profits.

(ix) For further clarity, any amount from the 1st Tranche Retained Cash Consideration which has been paid by RedPlanet to the Vendors in respect of 1st Guarantee Period shall not be refunded in the event AZTI experiences deficiency or records audited/unaudited consolidated loss after tax for the 2nd Guarantee Period and/or 3rd Guarantee Period.

(b) In respect of the 2nd Guarantee Period: -

(i) If AZTI's aggregate consolidated PAT for the 1st Guarantee Period and 2nd Guarantee Period ("**Aggregate Profit Up To 2nd GP**") achieves the sum of 1st Guaranteed Profit and 2nd Guaranteed Profit, RedPlanet shall proceed to release and pay an additional RM1,275,000 from the Retained Cash Consideration ("**2nd Tranche Retained Cash Consideration**") to the Vendors. The Balance of 1st Tranche (if any) shall also be paid by RedPlanet to the Vendors.

(ii) For avoidance of doubt, in the event AZTI's Aggregate Profit Up To 2nd GP exceeds the sum of the 1st Guaranteed Profit and 2nd Guaranteed Profit, such excess of audited consolidated PAT shall be carried forward to the 3rd Guarantee Period and form part of the unaudited consolidated PAT of AZTI for the 3rd Guaranteed Period.

(iii) In the event where the Aggregate Profit Up to 2nd GP achieves or exceeds the Total Guaranteed Profit, the Retained Cash Consideration (or its balance) shall be released and paid in full by RedPlanet to the Vendors.

(iv) In the event the Aggregate Profit Up To 2nd GP is lower than the sum of 1st Guaranteed Profit and 2nd Guaranteed Profit, the amount to be released and paid by RedPlanet to the Vendors shall be calculated as follows: -

$$\textit{Amount to be released to the Vendors for the 2nd Guarantee Period} = \frac{A}{B} \times RM1{,}912{,}500^{*} - C$$

Whereas:

"A" means the Aggregate Profit Up To 2nd GP;

"B" means RM3,750,000, which is the sum of the 1st Guaranteed Profit and the 2nd Guaranteed Profit;

* the sum of 1st Tranche Retained Cash Consideration and 2nd Tranche Retained Cash Consideration; and

"C" means the amount paid by RedPlanet to the Vendors for fulfilling or part-fulfilling of profit guarantee for the 1st Guarantee Period.

(v) In the event where AZTI records an aggregate audited consolidated loss after tax for 1st Guarantee Period and 2nd Guarantee Period, RedPlanet is not required to release or pay any sum from the 2nd Tranche Retained Cash Consideration to the Vendors for the 2nd Guarantee Period.

(vi) The parties agree that the deficiency in AZTI's Aggregate Profit Up To 2nd GP (i.e. where the Aggregate Profit Up To 2nd GP is less than the sum of 1st Guaranteed Profit and 2nd Guaranteed Profit) or where AZTI records an aggregate audited consolidated loss after tax, such deficiency or loss shall be carried forward to 3rd Guarantee Period for the purpose of calculating the aggregate unaudited consolidated PAT of AZTI for 3rd Guarantee Period.

(vii) In the event where the parties dispute over the calculation of the aggregate audited consolidated PAT or the audited consolidated financial statement of AZTI, the parties shall jointly appoint an External Auditor to approve and certify the audited consolidated financial statement.

(viii) For avoidance of doubt, any amount from the 2nd Tranche Retained Cash Consideration which is not paid by RedPlanet to the Vendors ("**Balance of 2nd Tranche**") shall be carried forward to the 3rd Guarantee Period and be payable if the Total Aggregate Profit achieves the Total Guaranteed Profit.

(ix) For further clarity, any amount from the 2nd Tranche Retained Cash Consideration which has been paid by RedPlanet to the Vendors in respect of the profit guarantee for 2nd Guarantee Period shall not be refunded in the event AZTI experiences deficiency or records aggregate unaudited consolidated loss after tax for the 3rd Guarantee Period.

(c) In respect of the 3rd Guarantee Period: -

(i) If AZTI's aggregate consolidated PAT for All Guarantee Periods ("**Total Aggregate Profit**") achieves the Total Guaranteed Profit, RedPlanet shall proceed to release and pay an additional RM637,500 from the Retained Cash Consideration ("**3rd Tranche Retained Cash Consideration**") to the Vendors. The Balance of 1st Tranche and the Balance of the 2nd Tranche, if any, shall also be paid by RedPlanet to the Vendors.

(ii) In the event the Total Aggregate Profit is lower than the Total Guaranteed Profit for All Guarantee Periods, the amount to be released and paid by RedPlanet to the Vendors shall be calculated as follows: -

$$\textit{Amount to be released to the Vendors for the 3rd Guarantee Period} = \frac{A}{B} \times RM2{,}550{,}000^{*} - C$$

Whereas:

"A" means the Total Aggregate Profit;

"B" means RM5,000,000, which is the Total Guaranteed Profit;

* the Retained Cash Consideration; and

"C" means the amount paid by RedPlanet to the Vendors for fulfilling or part-fulfilling of profit guarantee for the 1st Guarantee Period and 2nd Guarantee Period.

(iii) In the event where AZTI records an aggregate unaudited consolidated loss after tax at the end of All Guarantee Periods, RedPlanet is not required to release or pay any sum from the 3rd Tranche Retained Cash Consideration, Balance of 1st Tranche and/or Balance of 2nd Tranche to the Vendors for the 3rd Guarantee Period.

(iv) In the event where the parties dispute over the calculation of the aggregate unaudited consolidated PAT or the unaudited consolidated financial statement of AZTI, the parties shall jointly appoint an External Auditor to approve and certify the unaudited consolidated financial statement.

1.6 Completion

1.6.1 Completion shall take place within 30 days from the date the SPA becomes unconditional (i.e. upon all the conditions precedent are fulfilled or waived) or such other date as the parties may mutually agree otherwise ("**Completion Date**").

1.6.2 On the Completion Date, the Vendors shall deliver to RedPlanet the documents and items set out in Section 1.7 of this Appendix I.

1.6.3 On the Completion Date, RedPlanet shall pay the balance of Cash Consideration (i.e. RM2,040,000) and deliver to the Vendors the documents set out in Section 1.8 of this Appendix I.

1.7 Vendors' Obligations on Completion Date

1.7.1 On the Completion Date, the Vendors shall deliver, amongst others:

(a) the duly executed and registrable transfer forms of the Sale Shares in favour of RedPlanet together with all the respective original share certificates relating thereto; and

(b) a copy of the resolution of the board of AZTI (duly certified) approving (i) the transfer of the Sale Shares from the Vendors to RedPlanet; (ii) the appointment of the nominees of RedPlanet as the new directors of AZTI.

1.8 Purchaser's Obligations on Completion Date

1.8.1 On the Completion Date, in exchange for the documents listed in Section 1.7 (of this Appendix I) from the Vendors, RedPlanet shall, amongst others:

(a) deliver to the Vendors copies of the statement/evidence evidencing the payment of the balance of Cash Consideration (i.e. RM2,040,000) to the Vendors; and

(b) deliver to the Vendors a copy, certified as true by the company secretary of RedPlanet, of the resolution or minutes of meeting of the board of directors of RedPlanet approving the issue and allotment of the Consideration Shares by RedPlanet to the Vendors.

1.9 Default

1.9.1 In the event RedPlanet fails to complete the purchase of the Sale Shares, or if prior to Completion, it shall be found that any of RedPlanet's warranties was, when given, or will be or would be, at Completion (as if they had been given again at Completion) not complied with or otherwise untrue or misleading in a material respect, the Vendors shall be entitled to the right to seek specific performance against RedPlanet, or by notice in writing to RedPlanet to terminate the SPA.

1.9.2 In the event the Vendors fail to complete the sale of the Sale Shares, or if prior to Completion, it shall be found that any of the Vendors' warranties was, when given, or will be or would be, at Completion (as if they had been given again at Completion) not complied with or otherwise untrue or misleading in a material respect, RedPlanet shall be entitled to the right to seek specific performance against the Vendors, or by notice in writing to the Vendors to terminate the SPA.

1.9.3 Unless otherwise expressly provided in the SPA, RedPlanet acknowledges and agrees that after Completion, the only remedy it has against the Vendors for any breach of the warranties or any breach of its covenants or obligations shall be only the right to claim damages against the Vendors for actual loss suffered.

1.10 Governing Laws

1.10.1 The SPA shall be governed by, and construed in accordance with, the laws of Malaysia.

1. SHA

LWS, NCSB and PPSB and RedPlanet entered into a SHA to regulate their mutual rights, liabilities and obligations in relation to AZTI. The salient terms of the SHA are set out below:

1.1 Capital Structure of AZTI

1.1.1 The issued and paid-up share capital of AZTI immediately after the completion of the Proposed Acquisition shall be held in the following manner and proportions by the following shareholders:

Shareholders	No. of ordinary shares in AZTI	Proportion (%)
RedPlanet	1,020,000	51.000
NCSB	514,500	25.725
PPSB	245,000	12.250
LWS	220,500	11.025
TOTAL	**2,000,000**	**100.000**

1.2 Capital Call

1.2.1 The shareholding proportion of AZTI as set out in the table in Section 1.1.1 of this Appendix II shall continue to be maintained by the parties save as otherwise expressly contemplated by the SHA.

1.2.2 In the event of any capital call by AZTI involving new issuance of shares or other form of securities by AZTI, all shareholders shall first be offered a right to subscribe for such new securities in proportion proportionate to their respective shareholding proportions and upon the same proportionate terms.

1.3 Shareholders' Advance

1.3.1 In the event where only RedPlanet provides a shareholder's loan to the Company or its subsidiaries, the shareholder's loan shall be imposed with an interest at a rate to be mutually agreed upon by the Board, subject to the compliance with prevailing laws and, where applicable, the listing requirements of Bursa Securities.

1.4 Directors

1.4.1 The board of directors of AZTI shall consist of a maximum of three directors where RedPlanet shall be entitled to nominate two directors while LWS shall be entitled to nominate one director.

1.5 Quorum and Voting for Board Meetings

1.5.1 A quorum for board meetings for the transaction of any business of AZTI shall consist of any two directors.

1.5.2 Other than the board's reserved matters which shall be passed by unanimous votes from all the directors, all other matters for decision by the board shall be decided by simple majority vote of the directors present and voting at the board meeting. Each director shall have one vote.

1.6 Quorum and Voting for Shareholders' Meetings

1.6.1 The quorum for any general meeting shall be two shareholders (one of whom shall be the corporate representative of RedPlanet), attending by proxy, attorney or corporate representative.

1.6.2 Other than the shareholders' reserved matters which shall be passed by unanimous votes from all the shareholders, all matters arising at any general meeting shall, unless otherwise required by law, be decided by resolution passed by a simple majority of the votes cast by the shareholders present in person, by corporate representative, by attorney or by proxy, at the general meeting sufficient to form quorum and entitled to vote.

1.7 Management

1.7.1 LWS shall (subject to his willingness) be appointed as the chief executive officer ("**CEO**") to manage and administer the day-to-day operations of AZTI and its subsidiaries, provided that LWS shall hold not less than 25% of equity interest (the aggregate of direct and indirect interest) in AZTI at any point of time. In the event where LWS decides to relinquish his position as the CEO of AZTI and/or its subsidiaries, the board of AZTI shall appoint a new CEO to fill up the vacancy.

1.8 Board's Reserved Matters and Shareholders' Reserved Matters

1.8.1 Unless a resolution has been passed with the unanimous vote from all the directors (in respect of board's resolution) or shareholders (in respect of shareholders' resolution), as the case may be, the shareholders shall procure for AZTI to refrain from passing any board's or shareholders' resolution in respect of the reserved matters, including (but not limited to):

(a) any increase in the share capital of AZTI, or the issuance and allotment of new shares, or the issue of any new class of shares in the capital of AZTI or the issuing of any convertible securities by AZTI;

(b) the formation of and change to the term of reference and/or authorities of the CEO of AZTI and its subsidiaries; and

(c) The dissolution, liquidation, winding-up or the reduction or restructuring of share capital of AZTI.

1.9 Right of First Refusal

1.9.1 In view that LWS is the founder of AZTI, RedPlanet agrees to grant LWS (or his nominee) a right of first refusal ("**ROFR**") to acquire the AZTI Shares held by RedPlanet, prior to offering the AZTI Shares it holds to any third party.

1.9.2 If RedPlanet desires to transfer all or any part of the AZTI Shares to any third party, RedPlanet shall make an ROFR offer by giving to LWS a notice ("**ROFR Notice**") in writing of such desire, where the ROFR Notice shall specify: (a) the name and details of the third party purchaser ("**Third Party Purchaser**"); (b) the number of AZTI Shares proposed to be sold and transferred (the "**ROFR Shares**"); (c) the price for the sale of each AZTI Share ("**ROFR Price**"); and (d) where applicable, the other material terms and conditions of such offer ("**ROFR Terms**").

1.9.3 If LWS wishes to accept the ROFR offer, LWS shall notify RedPlanet of his acceptance ("**ROFR Acceptance Notice**") within thirty (30) days of the date of the ROFR Notice. RedPlanet and LWS shall complete the transfer of ROFR Shares to LWS, and payment for the same, within thirty (30) days of receipt of ROFR Acceptance Notice by RedPlanet.

1.9.4 In the event that:

(a) LWS rejects the ROFR offer or fail to send RedPlanet the ROFR Acceptance Notice within thirty (30) days of the date of the ROFR Notice; or

(b) where LWS fails to complete the transfer of the ROFR Shares within thirty (30) days from the receipt of the ROFR Acceptance Notice and such failure is not caused by any delay on the part of RedPlanet;

then, RedPlanet may dispose of the ROFR Shares to the Third Party Purchaser on the following terms:

(1) the Third Party Purchaser must be a *bona fide* third party purchaser;

(2) the sale to the Third Party Purchaser must be at a price which is the same or more than the ROFR Price and on terms no more favourable than the ROFR Terms;

(3) the Third Party Purchaser has first agreed to sign a deed of ratification and accession (in the form agreed by all the Parties) agreeing to be bound by all the terms of this SHA, assuming all the rights and obligations of RedPlanet; and

(4) the sale to the Third Party Purchaser must complete within a period of three (3) months from the date of the ROFR Notice,

failing which the sale to the Third Party Purchaser is prohibited.

1.10 Termination

1.10.1 The parties agree that this SHA will automatically be terminated:

(a) by mutual agreement in writing of the parties;

(b) in relation to any shareholder when it ceases to hold, directly or indirectly, any shares in AZTI;

(c) when AZTI cease to carry on any business;

(d) when AZTI only have one shareholder; or

(e) in the event that the SPA fails to complete on or before 17 January 2024 or such other date as may be agreed in writing among the parties to the SPA.

1.11 Governing Law

1.11.1 This SHA shall be governed by, and construed in accordance with the laws of Malaysia.

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1.0 Background Information on AZTI

AZTI was incorporated in Malaysia on 4 June 2014 as a private limited company under the Companies Act 1965 and is deemed registered under the Act.

AZTI is principally engaged in the business of research and development of platform safety system through the PIES system, which utilises a series of flexible mounted sensor panels located between running rail in front of platforms and attached a proprietary strain sensitive cable to these sensor panels and developed electronic circuitry to eliminate environmental effects while still able to detect human intrusion. The PIES system has been successfully implemented in 4 countries, namely 20 stations in Canada, 14 stations in the United States, 8 stations in Australia and 88 stations in Malaysia. In addition, AZTI is undertaking a pilot railway project in Taiwan.

AZTI is also engaged in business development and licensing of intellectual property rights as well as investment holding.

Details of AZTI's intellectual property rights are as follows:

(i) As at the LPD, there are 20 trademarks registered by AZTI in countries such as Malaysia, China, Vietnam, Australia, Indonesia, Thailand, and Hong Kong;

(ii) As at the LPD, there are 7 trademarks registered by Alpha Zaicon in countries such as Malaysia, Canada and the United States of America; and

(iii) As at the LPD, AZTI has registered 6 patents in respect of the invention under the title "A System To Detect Human Intrusion" in 6 countries, namely Malaysia, Australia, Indonesia, Singapore, China and Philippines. Further, AZTI is in the midst of applying for registration of another 2 patents in respect of the same invention in Vietnam and Thailand.

AZTI's cost on research and development expenditure for FYE 30 September 2020 to FYE 30 September 2022 and 6-month FPE 31 March 2023, are as follows:

	FYE 30 September 2020 (RM)	**FYE 30 September 2021 (RM)**	**FYE 30 September 2022 (RM)**	**6-month FPE 31 March 2023 (RM)**
R&D expenditure[(1)]	231,663	123,458	29,589	184,097
R&D manpower	437,371	429,444	435,842	235,887
Total	**669,034**	**552,902**	**465,431**	**419,984**

Note:

(1) R&D expenditure including expenses incurred for jobs and tasks as follows:
- *a. PIES SMS Alert Module;*
- *b. AZTI Video Analytical Trackside Intrusion Detection system;*
- *c. AZTI Virtual Screen Door and Passenger Flow Management System; and*
- *d. Laser scanner in horizontal and 2 zones version for barrier PIES development.*
- *e. Incurred for a PIES pilot project in Taiwan.*

For information, there is an average of 4 R&D personnel employed for the last 3 financial years.

2.0 Share Capital

As at the LPD, the issued share capital of AZTI is RM2.0 million, comprising of 2.0 million ordinary shares.

3.0 Directors and Substantial Shareholders

As at the LPD, the director and shareholders of AZTI are as follows:

Vendors	Director/ Shareholder	Nationality/Place of incorporation	No. of ordinary shares held	Shareholdings (%)
LWS	Director and shareholder	Malaysian	450,000	22.50
NCSB	Shareholder	Malaysia	1,050,000	52.50
PPSB	Shareholder	Malaysia	500,000	25.00
Total			**2,000,000**	**100.00**

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4.0 Subsidiaries

The subsidiaries of AZTI as at the LPD are as follows:

Subsidiary company	Date/Place of incorporation	Commencement date of business operations	Principal activities	Share Capital (RM)	No. of issued shares	Shareholdings held by AZTI (%)
Azti Engineering	22 May 2006/ Malaysia	30 October 2014	Turnkey engineering design integration, installation, testing, commissioning, project management marketing and procurement, engineering services for the rail industry	2,000,000	2,000,000	100.00
Alpha Zaicon	25 July 2014/ British Columbia	15 November 2014	Intellectual property licensing	243,632	75,000	100.00
GBTEK	23 March 2016/ Malaysia	31 December 2017	IT development support services	2,450,000	2,450,000	100.00

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5.0 Date and Original Cost of Investment

The respective original costs and dates of investment in the ordinary shares of AZTI are as follows:

Vendors	Original date of investment	No. of ordinary shares held	Original cost of investment (RM)
LWS	9 January 2018 14 January2018 12 March 2021	266,667 100,000 83,333	266,667 110,000 428,569
NCSB	27 March 2015 14 January 2018	800,000 250,000	800,000 250,000
PPSB	12 March 2021	500,000	2,571,431
Total		**2,000,000**	**4,426,667**

6.0 Material Contracts, Contingent Liability and Material Commitment

6.1 Material Contracts

Save as disclosed below, AZTI Group has not entered into any material contracts (not being a contract entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular.

On 4 October 2021, Azti Engineering (a wholly owned subsidiary of AZTI) has entered into a sale and purchase agreement with Sinny Properties Sdn. Bhd. ("**Sinny**") to acquire a property held under individual title HSD 296642, PT 5934, Pekan Puchong Perdana, Daerah Petaling, Selangor measuring approximately 793 sq. metres land area together with a 3 storey semi-detached industrial factory building (with mezzanine floor) erected thereon, for a consideration of RM6.65 million which was paid using bank borrowings. The transaction was completed on 8 August 2022.

6.2 Contingent Liabilities

There are no contingent liabilities incurred or known to be incurred by our Group as at the LPD, which upon becoming due or enforceable, may have a material impact on the financial position or business of our Group.

6.3 Material Commitments

There are no material commitments incurred or known to be incurred by our Group as at the LPD, which upon becoming due or enforceable, may have a material impact on the financial position or business of our Group.

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7.0 Audit Qualification and Accounting Policies

The audited combined financial statements for AZTI Group from FYE 30 September 2019 to FYE 30 September 2022 were prepared in accordance with the approved accounting standards in Malaysia - Malaysian Financial Reporting Standards ("**MFRS**") and International Financial Reporting Standards ("**IFRS**").

The audited financial statements of the companies within AZTI Group from FYE 30 September 2019 to FYE 30 September 2022 were not subject to any audit qualification, modification and disclaimer.

There are no accounting policies which are peculiar to AZTI Group because of the nature of the business or industry which AZTI Group is involved in. For further details on the accounting policies of AZTI Group, see Note 4 of the audited financial statements of AZTI for 30 September 2022 set out in Appendix V of this Circular.

8.0 Material Litigation

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

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9.0 Historical Financial Information

A summary of the financial information of AZTI for FYE 30 September 2019 to FYE 30 September 2022 and 6-month FPE 31 March 2023 are as follows:

	Audited FYE 30 September				**Unaudited**
	2019 (RM)	**2020 (RM)**	**2021 (RM)**	**2022 (RM)**	**6-month FPE 31 March 2023 (RM)**
Revenue	8,019,413	8,868,170	5,936,984	8,427,289	379,470
Gross profit/(loss)	2,446,256	5,104,466	1,743,017	2,404,155	(1,987,051)
PBT/(LBT)	(5,687,329)	649,391	(1,469,878)	(656,471)	(3,780,507)
LAT	(6,234,218)	(604,806)	(599,210)	(1,222,153)	(2,816,288)
Shareholders' equity/ NA	15,804,456	15,329,847	10,048,911	5,075,030	2,257,800
Interest bearing borrowings	593,246	1,019,093	863,185	6,405,887	6,554,802
Gross profit margin (%)	30.50	57.56	29.36	28.53	(523.64)
EPS (RM)	(3.12)	(0.30)	(0.30)	(0.61)	(1.41)
NA per share (RM)	7.90	7.66	5.02	2.54	1.13
Current ratio (times)	2.61	2.82	1.83	1.32	0.82
Gearing ratio (times)	0.04	0.07	0.09	1.26	2.90

For information, AZTI had on 23 May 2023 changed their financial year end from 30 September to 30 June.

The audited financial statements for FYE 30 September 2021 and FYE 30 September 2022 of AZTI, are set out in Appendix V of this Circular.

Financial commentary:

FYE September 2020 vs FYE September 2019

The revenue for AZTI increased by 10.58% or RM0.85 million, from RM8.02 million in the FYE 30 September 2019, to RM8.87 million in the FYE 30 September 2020. The increase in revenue was mainly due to the delay in recognition of revenue in relation to LRT3 contract which was terminated in FYE 30 September 2019 ("**Old LRT3 Project**") whereby the work performed up to the termination date only been agreed by the customer in FYE 30 September 2020. AZTI was subsequently awarded a new LRT3 contact in August 2020 ("**New LRT3 Project**").

The gross profit for AZTI showed an increase of RM2.66 million or 108.66% from RM2.45 million for FYE 30 September 2019 to RM5.10 million for FYE 30 September 2020. The increase was mainly attributable to the higher revenue recorded for the Old LRT3 Project that has high profit margin.

For FYE 30 September 2020, AZTI recorded a PBT of RM0.65 million as compared to a LBT of RM5.69 million for FYE 30 September 2019. This was primarily due to increase in gross profit for FYE 30 September 2020 coupled with absence of one-off impairment losses on intangible assets of RM2.94 million incurred in FYE 30 September 2019.

FYE 30 September 2021 vs FYE 30 September 2020

The revenue for AZTI decreased by 33.05% or RM2.93 million, from RM8.87 million in the FYE 30 September 2020, to RM5.94 million in the FYE 30 September 2021. The decrease in revenue was mainly due to slower work progress for the New LRT3 Project in FYE 30 September 2021 due to the Covid-19 pandemic and completion of Ampang Extension Line project in March 2021.

The gross profit for AZTI showed a decrease of 65.85% or RM3.36 million from RM5.10 million for the FYE 30 September 2020 to RM1.74 million for the FYE 30 September 2021, mainly attributed to lower revenue recognised. For FYE 30 September 2021, there is no high margin project such as Old LRT3 Project.

For FYE 30 September 2021, AZTI recorded a LBT of RM1.47 million as compared to a PBT of RM0.65 million for FYE 30 September 2020. This was primarily due to lower gross profit. AZTI recorded a LAT of RM0.60 million for both financial years under review despite recorded higher LBT for FYE 30 September 2021 mainly due to recognition of net deferred tax asset of RM0.87 million in FYE 30 September 2021.

FYE 30 September 2022 vs FYE 30 September 2021

The revenue for AZTI increased by 41.95% or RM2.49 million, from RM5.94 million in the FYE 30 September 2021, to RM8.43 million in the FYE 30 September 2022. The increase in revenue was mainly due to higher percentage of completion for the on-going New LRT3 Project.

The gross profit for AZTI showed an increase of 37.93% or RM0.66 million from RM1.74 million for the FYE 30 September 2021, to RM2.40 million for the FYE 30 September 2022. This increase is mainly attributed to higher revenue recognition. The gross profit margin remained consistent at approximately 29% for these 2 financial years under review.

For FYE 30 September 2022, AZTI recorded a lower LBT of RM0.66 million as compared to RM1.47 million for FYE 30 September 2021, representing a decrease of 55.34% or RM0.81 million. The lower LBT was primarily due to better gross profit achieved for the FYE 30

September 2022. AZTI recorded a LAT of RM1.22 million for FYE 30 September 2022 as compared to RM0.60 million for FYE 30 September 2021. The lower LAT for FYE 30 September 2021 was due to the recognition of a tax income of RM0.87 million that arising from recognition of net deferred tax asset.

6-month FPE 31 March 2023 vs FYE 30 September 2022

AZTI recorded a revenue of RM0.38 million for the 6-month FPE 31 March 2023, which if annualised was amounted to RM0.76 million. As compared to the revenue for FYE 30 September 2022 of RM8.43 million, the lower revenue for 6-month FPE 31 March 2023 was mainly due to slower work progress and the revision of budgeted project cost for the New LRT3 Project to a higher estimate.

AZTI incurred a gross loss of RM1.99 million for the 6-month FPE 31 March 2023 as compared to a gross profit of RM2.40 million recognised in FYE 30 September 2022, mainly due to lower revenue and the revision of budgeted project cost for the New LRT3 Project to a higher estimate.

For the 6-month FPE 31 March 2023, AZTI recorded a LBT of RM3.78 million as compared to RM0.66 million for FYE 30 September 2022, representing an increase of 475.88% or RM3.12 million. This was primarily due to the gross loss incurred in the 6-month FPE 31 March 2023.

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10.0 Major Customers

Details of AZTI's major customers from FYE 30 September 2020 up to LPD are as follows:

Customer	Principal Activities	Project
Customer 1	A government - owned management and engineering consultancy, both locally and abroad, to undertake commercial and transit-oriented projects as the country's major transport infrastructure projects through their key business arms. Owner-operator of the Malaysia's rail services, including LRT networks, KL Monorail, MRT lines and the stage bus services.	Design, Supply, Delivery, Installation, Integration, Testing and Commissioning of Passenger Intruder Emergency Stop System for the 25 existing stations of Ampang Line and 11 new stations of Ampang Line Extension Project.
Customer 2	An engineering services provider as a government contractor in the areas of mechanical & electrical (M&E) engineering, civil engineering, building and maintenance services, training systems, software and equipment supply.	Prasarana/LRT 3 - Design, Manufacture, Supply, Delivery, Installation, Testing and Commissioning of Signalling & Train Control System, Platform Screen Door System, Intrusion Prevention System for LRT3 Bandar Utama - Johan Setia (Project).

11.0 On-going and Completed projects

Details of AZTI's ongoing projects from FYE 30 September 2020 up to LPD are as follows:

Date of award	Owner of project	Nature/ details of project	Contract Value (RM)	Commencement Date	Completion Date	Project Status
4 August 2020	Customer 2	Turnkey System for Design, Manufacturing, Supply, Delivery, Installation, Testing & Commissioning of 20 Stations of Intrusive Prevention System ("IPS") (referred to as "**New LRT3 Project**")	31,274,178	4 August 2020	31 July 2024 (estimated)	On going
		Total contract value (RM)	**31,274,178**			

Details of AZTI's completed projects from FYE 30 September 2020 up to LPD are as follows:

Date of award	Owner of project	Nature/ details of project	Contract Value (RM)	Commencement Date	Completion Date	Project Status
9 December 2014	Customer 1	Ampang Line Extension - Design, Supply, Delivery, Installation, Integration, Testing and Commissioning of Passenger Intruder Emergency Stop System for the 25 existing Stations of Ampang Line and 11 New Stations of Ampang Line Extension Project	65,000,000	19 December 2014	30 March 2021	Completed
		Total contract value (RM)	**65,000,000**			

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AZTI TECHNOLOGY SDN. BHD. (1096419-X)

MSC MALAYSIA Status Company

Certificate No MY16/02255 Certificate No MY16/05511

Date: 31 October 2023

The Board of Directors
RedPlanet Berhad
Unit 30-01, level 30,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan

Dear Sirs,

On behalf of the Board of AZTI Technology Sdn Bhd ("**AZTI**"), I wish to report that after making due enquiries in relation to the period from 30 September 2022, being the date to which the last audited financial statements of AZTI to 31 March 2023, being the date to which the last management accounts of AZTI has been made up to the date hereof, being a date not earlier than 14 days before the issuance of this Circular:

(i) The business of AZTI and its subsidiaries (collectively, the "**AZTI Group**") has, in the opinion of the board if AZTI, been satisfactorily maintained;

(ii) Since the last audited financial statements of AZTI, AZTI Group's net asset has reduced from RM5,075,030 in financial year ended 30 September 2022 to RM2,257,800 in financial period ended 31 March 2023, which changes the value of the assets of the AZTI Group;

(iii) The current assets of AZTI Group appear in the books as at 31 March 2023 at values which are believed to be realizable in the ordinary course of business;

(iv) There are no contingent liabilities which have arisen by reason of any guarantee of indemnities given by the AZTI Group;

(v) There have been, since the last audited financial statements as at 30 September 2022 and management accounts as at 31 March 2023 of AZTI, no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the AZTI Group which the board of AZTI is aware of; and

(vi) There have been no material changes in the published reserves or any unusual factors affecting the profits of AZTI since the last audited financial statements of AZTI of 30 September 2022 and last management accounts of AZTI of 31 March 2023.

Yours faithfully
For and on behalf of the Board of
AZTI TECHNOLOGY SDN BHD

LIAN WAH SENG
DIRECTOR

3-9, The Boulevard Mid Valley City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia. Telephone: 03-2712 9322

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AZTI TECHNOLOGY SDN. BHD.

(Incorporated in Malaysia)

Registration No: 201401020333 (1096419 - X)

FINANCIAL REPORT
for the financial year ended 30 September 2021

AZTI TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)
Registration No: 201401020333 (1096419 - X)

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AZTI TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)
Registration No: 201401020333 (1096419 - X)

DIRECTORS' REPORT

The director hereby submit the report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of research and development of platform safety system, business development and licensing of intellectual property rights as well as investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Loss after taxation for the financial year	(599,210)	(283,193)
Attributable to:-		
Owners of the Company	(599,210)	(283,193)

DIVIDENDS

Dividends paid or declared by the Company since 30 September 2020 are as follows:-

	RM
Ordinary Share	
<u>In respect of the financial year ended 30 September 2021</u>	
First interim single tier dividend of RM2.15 per ordinary share, paid on 30 September 2021	4,300,000

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

AZTI TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)
Registration No: 201401020333 (1096419 - X)

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the director took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied himself that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the director is not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the director took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the director is not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the director is not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the director, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

AZTI TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)
Registration No: 201401020333 (1096419 - X)

DIRECTORS' REPORT

CHANGE OF CIRCUMSTANCES

At the date of this report, the director is not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the director, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the director, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors who served during the financial year and up to the date of this report are as follows:-

Lian Wah Seng
Shahril Khuzairi Bin Abdullah (Resigned on 16 March 2021)

DIRECTOR'S INTERESTS

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

	← Number of Ordinary Shares →			
	At 1.10.2020	Bought	Sold	At 30.9.2021
The Company				
Direct Interest				
Lian Wah Seng	366,667	-	-	366,667
Indirect Interest				
Lian Wah Seng	1,050,000	-	-	1,050,000

By virtue of his shareholdings in the Company, Lian Wah Seng is deemed to have interests in shares in the Company and its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 25 to the financial statements.

INDEMNITY AND INSURANCE COST

The Company maintains a Directors' and Officers' Liability Insurance Policy on a group basis. During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Group were RM3,000,000 and RM11,140 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 33 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period is disclosed in Note 34 to the financial statements.

AZTI TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)
Registration No: 201401020333 (1096419 - X)

DIRECTORS' REPORT

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

Signed in accordance with a resolution of the director dated 06 APR 2022

Lian Wah Seng

AZTI TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)
Registration No: 201401020333 (1096419 - X)

STATEMENT BY A DIRECTOR
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

I, Lian Wah Seng, being the sole director of AZTI Technology Sdn. Bhd., state that, in my opinion, the financial statements set out on pages 11 to 90 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2021 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the director dated 06 APR 2022

Lian Wah Seng

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

I, Lian Wah Seng, MIA Membership Number: 17404, being the director primarily responsible for the financial management of AZTI Technology Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 11 to 90 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Lian Wah Seng, NRIC Number: 720524-10-5141
at Kuala Lumpur
in the Federal Territory
on this 06 APR 2022

PESURUHJAYA SUMPAH
No. W-275
Datin Hjh Raihela Wanchik
1-1-2022
29-04-2023
MALAYSIA

Before me

Lian Wah Seng

B-1-2, Blok B, Tingkat 1, Unit 2
Megan Avenue I
No 12, Jalan Yap Kwan Seng,
50450, Kuala Lumpur

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Crowe

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AZTI TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)
Registration No: 201401020333 (1096419 - X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of AZTI Technology Sdn. Bhd., which comprise the statements of financial position as at 30 September 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 90.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Crowe

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AZTI TECHNOLOGY SDN. BHD. (CONT'D)
(Incorporated in Malaysia)
Registration No: 201401020333 (1096419 - X)

Responsibilities of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

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

Crowe

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AZTI TECHNOLOGY SDN. BHD. (CONT'D)
(Incorporated in Malaysia)
Registration No: 201401020333 (1096419 - X)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

Crowe

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AZTI TECHNOLOGY SDN. BHD. (CONT'D)
(Incorporated in Malaysia)
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OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Chin Kit Seong
03030/01/2023 J
Chartered Accountant

Kuala Lumpur

06 APR 2022

AZTI TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)
Registration No: 201401020333 (1096419 - X)

STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2021

		The Group		The Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	2,000,000	2,000,000
Equipment	6	362,007	712,783	-	257,811
Right-of-use assets	7	346,992	268,645	11,502	80,513
Intangible assets	8	-	-	-	-
Deferred tax assets	9	927,926	-	-	-
		1,636,925	981,428	2,011,502	2,338,324
CURRENT ASSETS					
Inventories	10	-	74,216	-	-
Trade receivables	11	3,405,361	6,171,816	-	-
Other receivables, deposits and prepayments	12	722,931	1,555,267	42,862	35,431
Contract assets	13	119,216	8,361,532	3,845,558	3,685,066
Amount owing by subsidiaries	14	-	-	7,301	1,941,449
Short-term investments	15	5,925,776	2,625,193	-	-
Current tax assets		241,944	33,054	-	33,054
Fixed deposits with licensed banks	16	3,986,272	4,797,392	-	-
Cash and bank balances		6,544,821	578,757	2,932,711	84,352
		20,946,321	24,197,227	6,828,432	5,779,352
TOTAL ASSETS		22,583,246	25,178,655	8,839,934	8,117,676

AZTI TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)
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STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2021 (CONT'D)

		The Group		The Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	2,000,000	2,000,000	2,000,000	2,000,000
Retained profits		8,287,138	13,186,348	361,708	4,944,901
Foreign exchange translation reserve	18	(238,227)	143,499	-	-
TOTAL EQUITY		10,048,911	15,329,847	2,361,708	6,944,901
NON-CURRENT LIABILITIES					
Other payable	22	120,141	-	-	-
Lease liabilities	19	70,464	15,025	-	12,043
Term loans	20	702,811	860,204	-	-
Deferred tax liabilities	9	167,236	385,815	-	-
		1,060,652	1,261,044	-	12,043
CURRENT LIABILITIES					
Trade payables	21	976,475	1,528,215	-	453
Contract liabilities	13	9,326,362	5,615,132	6,111,610	579,844
Other payables and accruals	22	703,090	694,203	153,950	160,046
Amount owing to subsidiaries	14	-	-	173,588	155,020
Lease liabilities	19	283,329	284,881	12,043	71,369
Term loans	20	157,392	112,539	-	-
Dividend payables		-	194,000	-	194,000
Current tax liabilities		27,035	158,794	27,035	-
		11,473,683	8,587,764	6,478,226	1,160,732
TOTAL LIABILITIES		12,534,335	9,848,808	6,478,226	1,172,775
TOTAL EQUITY AND LIABILITIES		22,583,246	25,178,655	8,839,934	8,117,676

AZTI TECHNOLOGY SDN. BHD.
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Registration No: 201401020333 (1096419 - X)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

		The Group		The Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
REVENUE	23	5,936,984	8,868,170	2,009,738	700,981
COST OF SALES		(4,193,967)	(3,763,704)	(763,337)	(734,374)
GROSS PROFIT/(LOSS)		1,743,017	5,104,466	1,246,401	(33,393)
OTHER INCOME		325,381	293,128	15,026	19,734
		2,068,398	5,397,594	1,261,427	(13,659)
SELLING AND MARKETING EXPENSES		(75,050)	(343,461)	(2,437)	(206,807)
ADMINISTRATIVE EXPENSES		(3,098,822)	(3,326,767)	(911,149)	(1,036,200)
OTHER EXPENSES		(743,298)	(628,759)	(469,733)	(392,629)
FINANCE COSTS		(102,356)	(47,404)	(6,631)	(11,888)
WRITEBACK OF/(NET) IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	24	481,250	(401,812)	(14,719)	(17,350)
(LOSS)/PROFIT BEFORE TAXATION	25	(1,469,878)	649,391	(143,242)	(1,678,533)
INCOME TAX INCOME/ (EXPENSE)	26	870,668	(1,254,197)	(139,951)	-
LOSS AFTER TAXATION		(599,210)	(604,806)	(283,193)	(1,678,533)
OTHER COMPREHENSIVE INCOME					
Item that May be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		(381,726)	130,197	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(980,936)	(474,609)	(283,193)	(1,678,533)

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

AZTI TECHNOLOGY SDN. BHD.
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Registration No: 201401020333 (1096419 - X)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
LOSS AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Company	(599,210)	(604,806)	(283,193)	(1,678,533)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-				
Owners of the Company	(980,936)	(474,609)	(283,193)	(1,678,533)

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

AZTI TECHNOLOGY SDN. BHD.
(Incorporated in Malaysia)
Registration No: 201401020333 (1096419 - X)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	Share Capital RM	Retained Profits RM	Foreign Exchange Translation Reserves RM	Total Equity RM
The Group					
Balance at 1.10.2019		2,000,000	13,791,154	13,302	15,804,456
Loss after taxation for the financial year		-	(604,806)	-	(604,806)
Other comprehensive income for the financial year: - Foreign currency translation differences		-	-	130,197	130,197
Total comprehensive expenses for the financial year		-	(604,806)	130,197	(474,609)
Balance at 30.9.2020/1.10.2020		2,000,000	13,186,348	143,499	15,329,847
Loss after taxation for the financial year		-	(599,210)	-	(599,210)
Other comprehensive income for the financial year: - Foreign currency translation differences		-	-	(381,726)	(381,726)
Total comprehensive expenses for the financial year		-	(599,210)	(381,726)	(980,936)
Distributions to owners of the Company: - Dividend	31	-	(4,300,000)	-	(4,300,000)
Balance at 30.9.2021		2,000,000	8,287,138	(238,227)	10,048,911

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)

	Note	Share Capital RM	Retained Profits RM	Total Equity RM
The Company				
Balance at 1.10.2019		2,000,000	6,623,434	8,623,434
Loss after taxation/Total comprehensive expenses for the financial year		-	(1,678,533)	(1,678,533)
Balance at 30.9.2020/1.10.2020		2,000,000	4,944,901	6,944,901
Loss after taxation/Total comprehensive expenses for the financial year		-	(283,193)	(283,193)
Distributions to owners of the Company: - Dividend	31	-	(4,300,000)	(4,300,000)
Balance at 30.9.2021		2,000,000	361,768	2,361,708

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

AZTI TECHNOLOGY SDN. BHD.

(Incorporated in Malaysia)
Registration No: 201401020333 (1096419 - X)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(1,469,878)	649,391	(143,242)	(1,678,533)
Adjustments for:-					
COVID-19 related rent concessions		(66,540)	(12,025)	(14,950)	(12,025)
Depreciation:					
- equipment		280,034	297,131	92,551	95,992
- right-of-use assets		361,333	339,010	69,011	69,011
Interest expense:					
- lease liabilities		33,664	45,640	6,631	11,888
- others		151,197	70,780	-	-
Inventories written down		74,216	-	-	-
Income from short-term investments		(120,584)	(93,034)	-	-
Interest income		(85,468)	(165,299)	-	-
(Reversal of impairment losses)/Impairment loss:					
- amount owing by subsidiaries		-	-	14,719	17,350
- contract assets		-	(481,250)	-	-
- trade receivables		-	481,250	-	-
- other receivables		-	401,812	-	-
- equipment		175,269	-	175,269	-
Writeback of allowance for impairment losses on trade receivables		(481,250)	-	-	-
Unrealised loss/(gain) on foreign exchange		-	84	9,444	(2,909)
Operating (loss)/profit before working capital changes		(1,148,007)	1,533,490	209,433	(1,499,226)
Decrease/(Increase) in contract assets		8,242,316	(469,106)	(160,492)	2,437,803
Increase/(Decrease) in contract liabilities		3,711,230	(1,290,177)	5,531,766	579,844
Decrease/(Increase) in trade and other receivables		4,080,041	107,397	(7,431)	11,056
Decrease in trade and other payables		(613,764)	(35,754)	(200,549)	(362,612)
Decrease/(Increase) in amount owing by subsidiaries		-	-	1,914,825	(387,729)
Increase/(Decrease) in amount owing to subsidiaries		-	-	18,568	(3,215)
CASH FROM/(FOR) OPERATIONS CARRIED FORWARD		14,271,816	(154,150)	7,306,120	775,921

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

AZTI TECHNOLOGY SDN. BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)

		The Group		The Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FROM/(FOR) OPERATIONS BROUGHT FORWARD		14,271,816	(154,150)	7,306,120	775,921
Income tax paid		(616,486)	(349,201)	-	(43,937)
Income tax refunded		-	229,729	-	77,780
Interest paid		(97,169)	(51,897)	(79,862)	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		13,558,161	(325,519)	7,226,258	809,764
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(4,840)	-
Decrease/(Increase) of fixed deposits pledged with licensed banks		811,120	(165,278)	-	-
Income from short-term investments		120,584	93,034	-	-
Interest income received		85,468	165,299	-	-
Purchase of equipment	6	(104,527)	(13,787)	(10,009)	(11,738)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		912,645	79,268	(14,849)	(11,738)
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividend paid		(4,300,000)	(589,752)	(4,300,000)	(589,752)
Drawdown of term loans	27(a)	-	500,000	-	-
Interest paid	27(a)	(85,044)	(62,878)	(6,631)	(10,243)
Repayment to holding company		-	-	-	(84,042)
Repayment of lease liabilities	27(a)	(324,849)	(296,876)	(56,419)	(55,732)
Repayment of term loans	27(a)	(112,540)	(27,802)	-	-
NET CASH FOR FINANCING ACTIVITIES		(4,822,433)	(477,308)	(4,363,050)	(739,769)

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

AZTI TECHNOLOGY SDN. BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 (CONT'D)

		The Group		The Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9,648,373	(723,559)	2,848,359	58,257
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(381,726)	130,113	-	(84)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		3,203,950	3,797,398	84,352	26,179
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27(c)	12,470,597	3,203,950	2,932,711	84,352

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

AZTI TECHNOLOGY SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	No. 35-10, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan.
Principal place of business	:	No. 3-9, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 6 April 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of research and development of platform safety system, business development and licensing of intellectual property rights as well as investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3. BASIS OF PREPARATION (CONT'D)

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Company's financial statements except as follows:-

The Company has early adopted Amendment to MFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021' which allows lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification when conditions are met and to recognise the rent concession directly in profit or loss. The Company has applied such practice expedient to all of its COVID-19-related rent concessions and the financial impacts are disclosed in Note 25 to the financial statements.

AZTI TECHNOLOGY SDN. BHD.
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon its initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

Key Source of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the COVID-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets.

(b) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences and unused tax losses could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(c) Revenue Recognition for Services Contracts

The Group recognises services revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists.

(d) Impairment of Equipment and Right-of-use Assets

The Group determines whether an item of its equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirely at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.6 EQUIPMENT

All items of equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Depreciation on equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Advertising signboard	20%
Computer and equipment	20% - 33%
Furniture and fittings	20%
Motor vehicles	20%
Office equipment	20%
Renovation	20%
Tools and equipment	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment. Any changes are accounted for as a change in estimate.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 EQUIPMENT (CONT'D)

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.7 INTANGIBLE ASSETS

(a) Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

(i) its ability to measure reliably the expenditure attributable to the asset under development;
(ii) the product or process is technically and commercially feasible;
(iii) its future economic benefits are probable;
(iv) its intention to complete and the ability to use or sell the developed asset; and
(v) the availability of adequate technical, financial and other resources to complete the asset under development

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 10 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INTANGIBLE ASSETS (CONT'D)

(b) Other Intangible Assets

Patents and trademarks and business goodwill which have indefinite useful live are not amortised. At the end of each reporting period, the useful lives of the brand names are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the assets. Such assets are tested for impairment annually and whenever there is an indication of that they may be impaired.

Other intangible assets, other than goodwill, that are acquired by the Group, which has finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Other intangible assets are amortised on a straight-line method over their estimated useful lives from the date they are available for use. The principal annual rates used for this purpose are:-

Trade secrets and know-how	10 years

In the event that the expected future economic benefits are no longer probable of being recovered, the other intangible assets are written down to its recoverable amount.

The amortisation method and useful life and residual value are reviewed, and adjusted if appropriate at the end of each reporting period.

4.8 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 LEASES (CONT'D)

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Company or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

4.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.12 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES (CONT'D)

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.16 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.17 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.18 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

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

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.19 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Rendering of Platform Intrusion Safety Services

Revenue from services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of costs incurred for work performed to date over the estimated total costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the services rendered exceed the amount invoiced, a contract asset is recognised. If the amount invoiced exceeds the services rendered, a contract liability is recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(b) Rendering Ancillary Services of Platform Intrusion Safety

Revenue is recognised at a point in time when the services have been rendered to the customers and coincides with the delivery of services and acceptance by customers.

(c) Rendering of Technical Assistance

Revenue from providing technical assistance is recognised over time in the period in which the services are rendered using the input method, determined by reference to the labour days incurred for work performed todate as a percentage of the estimated total labour days. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the services rendered exceed the amount invoiced, a contract asset is recognised. If the amount invoiced exceeds the services rendered, a contract liability is recognised.

(d) Licence Fee

Revenue for licence fees is recognised on a straight-line basis over the length of the licensing contract.

(e) Sales of Goods

Revenue is recognised at a point in time when the goods have been delivered to the customer and upon its acceptance, and it is probable that the Company will collect the considerations to which it would be entitled to in exchange for the goods sold.

4.20 OTHER INCOME

Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

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5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2021	**2020**
	RM	RM
Unquoted shares:-		
At cost	2,243,632	2,243,632
Less: Accumulated impairment losses	(243,632)	(243,632)
	2,000,000	2,000,000

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2021	2020	
		%	%	
AZTI Engineering (M) Sdn. Bhd.	Malaysia	100	100	Turnkey engineering designing, integrating, installation, testing, commissioning, project management, marketing and procurement, engineering services for the rail industry.
Alpha ZaiconTechnology International Inc. ^	British Columbia	100	100	Intellectual property licensing.

Note:-

^ - *The financial statements of Alpha Zaicon Technology International Inc. are unaudited as Business Corporations Act does not require the accounts to be audited.*

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6. EQUIPMENT

	As 1.10.2020 RM	Additions RM	Impairment Losses RM	Depreciation Charges RM	At 30.9.2021 RM
The Group					
2021					
Carrying Amount					
Advertising signboard	2,374	-	(1,092)	(1,282)	-
Computer and equipment	37,124	26,094	(23,223)	(20,817)	19,178
Furniture and fittings	306,205	55,021	(63,586)	(118,773)	178,867
Motor vehicles	8,167	-	-	(7,000)	1,167
Office equipment	45,416	15,012	(12,834)	(16,813)	30,781
Renovation	302,566	8,400	(74,534)	(107,304)	129,128
Tools and equipment	10,931	-	-	(8,045)	2,886
	712,783	104,527	(175,269)	(280,034)	362,007

	As 1.10.2019 RM	Additions RM	Depreciation Charges RM	At 30.9.2020 RM
2020				
Carrying Amount				
Advertising signboard	3,655	-	(1,281)	2,374
Computer and equipment	63,166	3,898	(29,940)	37,124
Furniture and fittings	422,605	2,572	(118,972)	306,205
Motor vehicles	15,167	-	(7,000)	8,167
Office equipment	66,168	2,067	(22,819)	45,416
Renovation	403,553	5,250	(106,237)	302,566
Tools and equipment	21,813	-	(10,882)	10,931
	996,127	13,787	(297,131)	712,783

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6. EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Losses RM	Carrying Amount RM
2021				
Advertising signboard	6,408	(5,316)	(1,092)	-
Computer and equipment	238,508	(196,107)	(23,223)	19,178
Furniture and fittings	652,588	(410,135)	(63,586)	178,867
Motor vehicles	35,000	(33,833)	-	1,167
Office equipment	171,514	(127,899)	(12,834)	30,781
Renovation	540,022	(336,360)	(74,534)	129,128
Tools and equipment	54,945	(52,059)	-	2,886
	1,698,985	(1,161,709)	(175,269)	362,007
2020				
Advertising signboard	6,408	(4,034)	-	2,374
Computer and equipment	219,164	(182,040)	-	37,124
Furniture and fittings	597,567	(291,362)	-	306,205
Motor vehicles	35,000	(26,833)	-	8,167
Office equipment	156,502	(111,086)	-	45,416
Renovation	531,622	(229,056)	-	302,566
Tools and equipment	54,945	(44,014)	-	10,931
	1,601,208	(888,425)	-	712,783

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6. EQUIPMENT (CONT'D)

The Company	At 1.10.2020 RM	Additions RM	Impairment Losses RM	Depreciation Charges RM	At 30.9.2021 RM
2021					
Carrying Amount					
Advertising signboard	2,374	-	(1,092)	(1,282)	-
Computer and equipment	21,847	10,009	(23,223)	(8,633)	-
Furniture and fittings	98,790	-	(63,586)	(35,204)	-
Office equipment	20,328	-	(12,834)	(7,494)	-
Renovation	114,472	-	(74,534)	(39,938)	-
	257,811	10,009	(175,269)	(92,551)	-

2020	At 1.10.2019 RM	Additions RM	Depreciation Charges RM	At 30.9.2020 RM
Carrying Amount				
Advertising signboard	3,655	-	(1,281)	2,374
Computer and equipment	26,035	3,699	(7,887)	21,847
Furniture and fittings	134,086	2,572	(37,868)	98,790
Office equipment	29,216	217	(9,105)	20,328
Renovation	149,073	5,250	(39,851)	114,472
	342,065	11,738	(95,992)	257,811

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6. EQUIPMENT (CONT'D)

The Company	At Cost RM	Accumulated Depreciation RM	Accumulated Impairment Losses RM	Carrying Amount RM
2021				
Advertising signboard	6,408	(5,316)	(1,092)	-
Computer and equipment	52,833	(29,610)	(23,223)	-
Furniture and fittings	189,550	(125,964)	(63,586)	-
Office equipment	45,525	(32,691)	(12,834)	-
Renovation	199,692	(125,158)	(74,534)	-
	494,008	(318,739)	(175,269)	-
2020				
Advertising signboard	6,408	(4,034)	-	2,374
Computer and equipment	42,824	(20,977)	-	21,847
Furniture and fittings	189,550	(90,760)	-	98,790
Office equipment	45,525	(25,197)	-	20,328
Renovation	199,692	(85,220)	-	114,472
	483,999	(226,188)	-	257,811

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7. RIGHT-OF-USE ASSETS

	At 1.10.2020 RM	Modification of Lease Liabilities RM	Depreciation Charges RM	At 30.9.2021 RM
The Group				
2021				
Carrying Amount				
Motor vehicles	11,866	-	(11,866)	-
Office premises	256,779	439,680	(349,467)	346,992
	268,645	439,680	(361,333)	346,992

	At 1.10.2019 RM	Modification of Lease Liabilities RM	Depreciation Charges RM	At 30.9.2020 RM
2020				
Carrying Amount				
Motor vehicles	46,844	-	(34,978)	11,866
Office premises	560,811	-	(304,032)	256,779
	607,655	-	(339,010)	268,645

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

	At 1.10.2020 RM	Depreciation Charges RM	At 30.9.2021 RM
The Company			
2021			
Carrying Amount			
Office premises	80,513	(69,011)	11,502

	At 1.10.2019 RM	Depreciation Charges RM	At 30.9.2020 RM
2020			
Carrying Amount			
Office premises	149,524	(69,011)	80,513

The Group and the Company leases motor vehicles and office premises of which the leasing activity is summarised below:-

(i) Motor vehicles — The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets.

(ii) Office premises — The Group and the Company have leased office premises between 18 to 24 (2020 - 24 to 36) and 24 (2020 - 24) months respectively.

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8. INTANGIBLE ASSETS

The Group	Patents and Trademark RM	Trade Secrets and Know-how RM	Business Goodwill RM	Development Cost RM	Total RM
At Cost:-					
At 1.10.2019	349,209	1,746,041	1,396,832	501,800	3,993,882
Foreign exchange adjustments	(7,095)	(35,476)	(28,381)	-	(70,952)
At 30.9.2020/1.10.2020	342,114	1,710,565	1,368,451	501,800	3,922,930
Foreign exchange adjustments	21,109	105,545	84,436	-	211,090
At 30.9.2021	363,223	1,816,110	1,452,887	501,800	4,134,020
Accumulated Amortisation:-					
At 1.10.2019	-	(873,014)	-	(189,185)	(1,062,199)
Foreign exchange adjustments	-	17,738	-	-	17,738
At 30.9.2020/1.10.2020	-	(855,276)	-	(189,185)	(1,044,461)
Foreign exchange adjustments	-	(52,772)	-	-	(52,772)
At 30.9.2021	-	(908,048)	-	(189,185)	(1,097,233)
Accumulated Impairment Losses:-					
At 1.10.2019	(349,209)	(873,027)	(1,396,832)	(312,615)	(2,931,683)
Foreign exchange adjustments	7,095	17,738	28,381	-	53,214
At 30.9.2020/1.10.2020	(342,114)	(855,289)	(1,368,451)	(312,615)	(2,878,469)
Foreign exchange adjustments	(21,109)	(52,773)	(84,436)	-	(158,318)
At 30.9.2021	(363,223)	(908,062)	(1,452,887)	(312,615)	(3,036,787)
Carrying Amount					
At 30.9.2020	-	-	-	-	-
At 30.9.2021	-	-	-	-	-

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8. INTANGIBLE ASSETS (CONT'D)

The Company	Development Cost RM
At Cost:-	
At 2021/2020	501,800
Accumulated Amortisation:-	
At 2021/2020	(189,185)
Accumulated Impairment Loss:-	
At 2021/2020	(312,615)
Carrying Amount	
At 30.9.2020	-
At 30.9.2021	

The development cost is in respect of the cost incurred for the development of Platform Intrusion Emergency System ("PIES").

9. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2021 RM	**2020** RM
Deferred tax assets	927,926	-
Deferred tax liabilities	(167,236)	(385,815)
	760,690	(385,815)

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9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The deferred tax assets recognised at the end of the reporting period and before appropriate offsetting are as follows:-

	At 1.10.2020 RM	Recognised in Profit or Loss (Note 26) RM	At 30.9.2021 RM
The Group			
2021			
Deferred tax assets:			
- contract liabilities	-	2,062,025	2,062,025
- unabsorbed capital allowances	-	17,761	17,761
- temporary difference on services contract	91,171	223,755	314,926
	91,171	2,303,541	2,394,712
Deferred tax liabilities:			
- deferred cost	-	(1,466,786)	(1,466,786)
- temporary difference on services contract	(476,986)	309,750	(167,236)
	(476,986)	(1,157,036)	(1,634,022)
	(385,815)	1,146,505	760,690

	At 1.10.2019 RM	Recognised in Profit or Loss (Note 26) RM	At 30.9.2020 RM
2020			
Deferred tax assets:			
- contract liabilities	929,766	(929,766)	-
- temporary difference on services contract	-	91,171	91,171
	929,766	(838,595)	91,171
Deferred tax liability:			
- temporary difference on services contract	(525,311)	48,325	(476,986)
	404,455	(790,270)	(385,815)

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9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unused tax losses:				
- expires in year of assessment 2031	2,349,513	-	-	-
Pioneer tax losses	-	2,847,548	-	2,847,548
Unabsorbed capital allowances	45,471	59,663	-	59,663
Contract liabilities	6,111,610	5,815,096	6,111,610	579,844
Impairment loss:				
- development cost	312,615	312,615	312,615	312,615
- investment in subsidiaries	-	-	243,632	243,632
- equipment	80,566	-	80,566	-
- trade receivables	-	481,250	-	-
- other receivables	401,812	401,812	-	-
- inventories	74,216	-	-	-
- amount owing by subsidiaries	-	-	6,514,187	6,499,468
Lease liabilities	6,801	31,261	541	2,899
Excess of depreciation over capital allowances	178,166	28,390	108,747	-
Accelerated of capital allowances over depreciation	-	(14,052)	-	(14,052)
	9,560,770	9,963,583	13,371,898	10,531,617

The unused tax losses are allowed to be utilised for 10 (2020 - 7) consecutive years of assessment ("YA") while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

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10. INVENTORIES

	The Group	
	2021 RM	2020 RM
Spare parts	-	74,216
Recognised in profit or loss:-		
Inventories written down	74,216	-

11. TRADE RECEIVABLES

	The Group	
	2021 RM	2020 RM
Trade receivables	3,405,361	6,653,066
Allowance for impairment losses	-	(481,250)
	3,405,361	6,171,816
Allowance for impairment losses:-		
At 1 October 2020/2019	(481,250)	-
Addition during the financial year (Note 24)	-	(481,250)
Writeback during the financial year (Note 24)	481,250	-
At 30 September	-	(481,250)

The Group's normal credit terms ranging from 30 to 101 (2020 - 30 to 101) days. Other credit terms are assessed and approved on a case-by-case basis.

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12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	475,448	1,601,812	-	-
Allowance for impairment losses	(401,812)	(401,812)	-	-
	73,636	1,200,000	-	-
Goods and services tax receivable	4,240	3,097	-	-
Deposits	480,756	299,306	19,500	19,800
Prepayments	164,299	52,864	23,362	15,631
	722,931	1,555,267	42,862	35,431
Allowance for impairment losses:-				
At 1 October 2020/2019	(401,812)	-	-	-
Addition during the financial year (Note 24)	-	(401,812)	-	-
At 30 September	(401,812)	(401,812)	-	-

(a) In the previous financial year, included in other receivables of the Group is an amount of RM1,200,000 paid to a registered Private Equity Management company under the Securities Commission for seeking investment opportunity in private equity shares. During the financial year, the amount of RM1,200,000 remains uninvested and has refunded to the Group.

(b) Included in the deposits of the Group is an amount of RM332,500 (2020 - Nil) related to deposit paid for the purchase of a property as disclosed in Note 34 to the financial statements.

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13. CONTRACT ASSETS/(LIABILITIES)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Contract Assets				
Contract assets relating to service contracts	119,216	8,361,532	3,845,558	3,685,066
Allowance for impairment losses	-	-	-	-
	119,216	8,361,532	3,845,558	3,685,066
Allowance for impairment losses:-				
At 1 October 2020/2019	-	(481,250)	-	-
Reversal during the financial year (Note 24)	-	481,250	-	-
At 30 September	-	-	-	-
Contract Liabilities				
Contract liabilities relating to service contracts	(9,326,362)	(5,615,132)	(6,111,610)	(579,844)

(a) The contract assets primarily relate to the Group's and Company's right to consideration for services rendered completed on service contracts but not yet billed as at the reporting date. The amount will be invoiced within 1 (2020 - 1) year.

(b) The contract liabilities primarily relate to advance billing to a customer for the rendering of services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to within 3 (2020 - 2) years.

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13. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(c) The changes to contract asset and contract liability balances during the financial year are summarised below:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 October 2020/2019	2,746,400	505,867	3,105,222	6,122,869
Revenue recognised in profit or loss during the financial year	5,431,484	8,010,619	2,009,738	700,981
Billings to customers during the financial year	(17,385,030)	(6,251,336)	(7,381,012)	(3,718,628)
Reversal of impairment loss during the financial year (Note 24)	-	481,250	-	-
At 30 September	(9,207,146)	2,746,400	(2,266,052)	3,105,222
Represented by:-				
Contract assets	119,216	8,361,532	3,845,558	3,685,066
Contract liabilities	(9,326,362)	(5,615,132)	(6,111,610)	(579,844)
	(9,207,146)	2,746,400	(2,266,052)	3,105,222

(d) The following table summarises contract price allocated to unsatisfied performance obligations resulting from contracts with customers:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Services contracts with remaining contract periods	27,718,078	33,149,512	10,291,219	4,026,359

The Group and the Company will recognise this revenue when the performance obligation is completed, which is expected to occur within 1 to 3 (2020 - 1 to 3) years.