



PAPPAJACK BERHAD

Registration No. 202001042414 (1398735-V)
(Incorporated in Malaysia under the Companies Act 2016)



2024

ANNUAL REPORT



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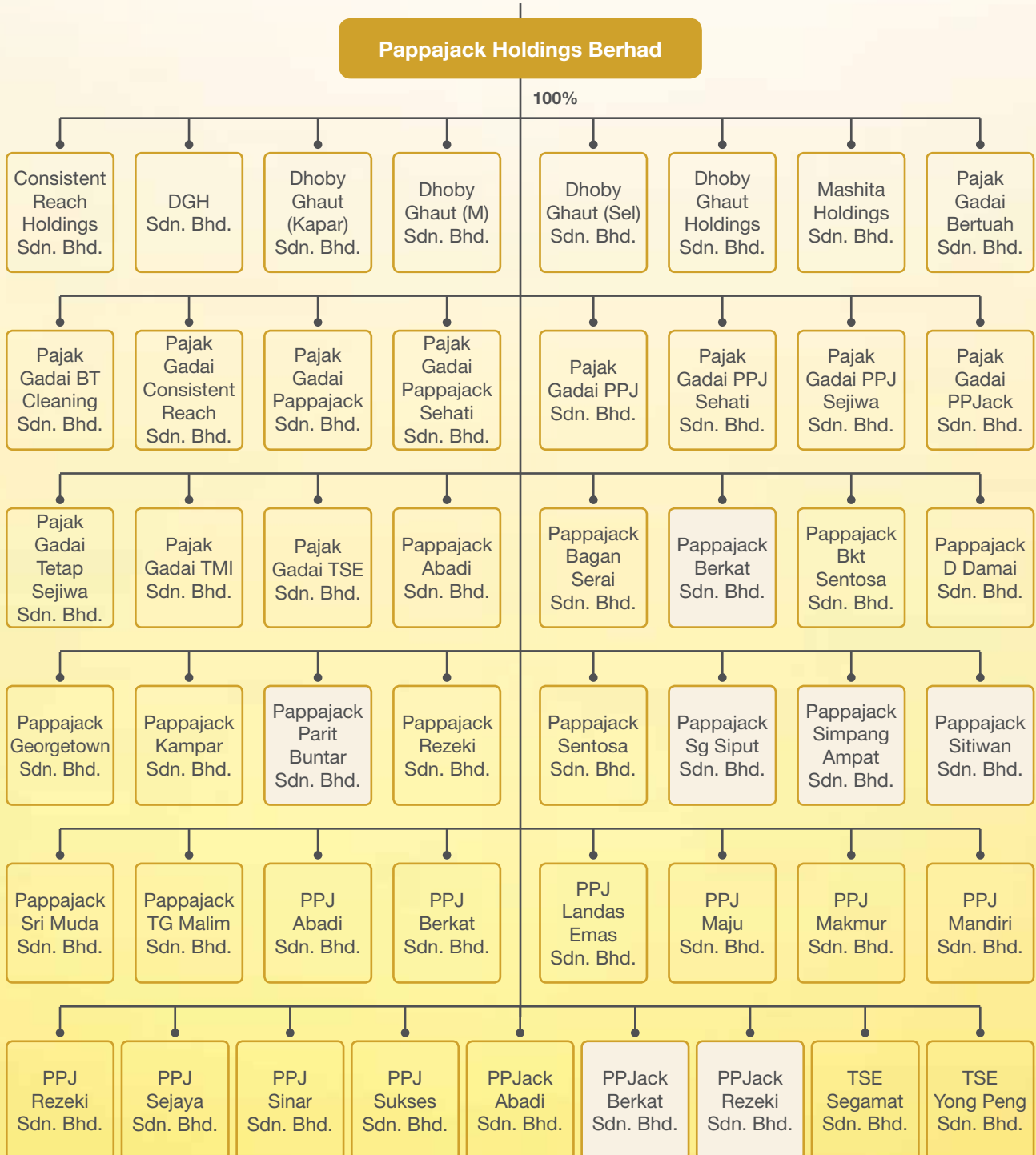
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CORPORATE STRUCTURE



PAPPAJACK BERHAD

Registration No. 202001042414 (1398735-V)
(Incorporated in Malaysia under the Companies Act 2016)



Note: Dormant Companies

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chong Chee Fire

Independent Non-Executive Chairman

Lim Boon Hua

Managing Director/Chief Executive Officer

Law Book Ching

Executive Director

Koo Woon Kan

Independent Non-Executive Director

Cheong Woon Yaw

Independent Non-Executive Director

Mah Ying Ying

Independent Non-Executive Director

AUDIT COMMITTEE

Chairman

Cheong Woon Yaw

Member

Koo Woon Kan
Mah Ying Ying

REMUNERATION COMMITTEE

Chairman

Koo Woon Kan

Member

Cheong Woon Yaw
Mah Ying Ying

NOMINATION COMMITTEE

Chairman

Koo Woon Kan

Member

Cheong Woon Yaw
Mah Ying Ying

RISK MANAGEMENT COMMITTEE

Chairman

Cheong Woon Yaw

Member

Koo Woon Kan
Mah Ying Ying

COMPANY SECRETARY

Wong Youn Kim (MAICSA 7018778)
CCM PC No. 201908000410

REGISTERED OFFICE

Level 5, Tower 8,
Avenue 5, Horizon 2
Bangsar South City
59200 Kuala Lumpur
Telephone No. : (603) 2280 6388
Facsimile No. : (603) 2280 6399
Email address : listcomalaysia@acclime.com

HEAD OFFICE/PRINCIPAL PLACE OF BUSINESS

11B, Jalan TK1/11A
Taman Kinrara, Seksyen 1
47180 Puchong
Selangor
Telephone No. : (603) 8080 4884
Email Address : enquiry@pappajack.com.my
Website : http://pappajack.com.my/

AUDITORS AND REPORTING ACCOUNTANTS

Baker Tilly Monteiro Heng PLT
Baker Tilly Tower, Level 10,
Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Telephone No. : (603) 2297 1000
Facsimile No. : (603) 2282 9980

SHARE REGISTRAR AND ISSUING HOUSE

Tricor Investor & Issuing
House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : (603) 2783 9299
Facsimile No. : (603) 2783 9222
Email address :
is.enquiry@my.vistra.com

STOCK EXCHANGE LISTING

Main Market of Bursa Securities
Stock Name : PPJACK
Stock Code : 0242

PRINCIPAL BANKER

Malayan Banking Berhad
No. 29 & 31, Jalan Puteri 1/4
Bandar Puteri Puchong
47100 Puchong, Selangor

RHB Bank Berhad
Level 6, Tower 3, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

WEBSITE

www.pappajack.com.my

DIRECTORS' PROFILE



CHONG CHEE FIRE

Independent Non-Executive Chairman



70

Age



Gender



Mr. Chong Chee Fire (“Mr. Chong”), a Malaysian male aged 70, is our Independent Non-Executive Chairman. He was appointed to the Board on 3 May 2021.

He obtained a Master of Business Administration from the University of Bradford, United Kingdom, in 1982. He became a Fellow of the Association of Chartered Certified Accountants in 1989 and has been a member of the Malaysian Institute of Accountants since 2002.

Mr. Chong has over 30 years of experience in the banking and financial services industry, having held various senior positions throughout his career.

He began his career in May 1983 as an Inspector in the Internal Audit and Inspection Department of Overseas Union Bank (OUB), Malaysia, a foreign bank, and later rose to the position of Assistant Vice President before leaving in December 1990.

From 1991 to 1996, he served as a Director of PT OCBC Sikap Securities in Jakarta, a subsidiary of Overseas-Chinese Corporation Bank Limited (OCBC Bank). In December 1996, he was redesignated as Chief Executive Officer (CEO) of PT OCBC, a position he held until October 1999.

After leaving PT OCBC, he was appointed as an Executive Director (Operations) of Hwang DBS Securities (Johor Bahru) Sdn. Bhd. from November 1999 to March 2001. In April 2001, he joined Pheim Unit Trusts Berhad (PUTB) as Chief Operating Officer (COO) and was later redesignated as CEO in January 2002. He resigned from PUTB in October 2003.

Since January 2004, he has been the founding Partner of CF Associates PLT, a Chartered Accountants and Business Advisory practice.

Currently, Mr. Chong serves on the boards of several private limited companies in Malaysia. Apart from his directorship in the Company, he does not hold any other directorships in public companies or listed issuers.

He has no family relationship with any Director or major shareholder of the Company and has no conflict of interest, including any interest in a competing business with the Company or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any) and has not been subjected to any public sanction or penalty imposed by any regulatory body during the financial year ended 31 December 2024.

He attended all five (5) Board Meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE

(Cont'd)



LIM BOON HUA

Managing Director, Chief Executive Officer

49

Age



Gender



Mr. Lim Boon Hua (“Mr. Lim”), a Malaysian male aged 49, is our Managing Director, Chief Executive Officer, and a substantial shareholder. He was appointed to the Board on 22 December 2020.

Mr. Lim began his career in 1994 as a Human Resource Supervisor at Goh Ah Lek Plastering Sdn. Bhd. In 1995, he independently provided outsourced foreign labour management services to the same company. Between 1998 and 2020, he ventured into various businesses, including the supply of domestic maids and manpower, the food and beverage industry, and the pawnbroking business.

In June 2013, Mr. Lim, together with his sister, Lim Siew Fang (our Promoter and substantial shareholder), co-founded Pajak Gadai Pappajack Sdn. Bhd., marking their entry into the pawnbroking industry. The company obtained its pawnbroking license in 2014 and commenced operations in the same year. Under his leadership, the business has continuously expanded through the establishment of multiple new outlets.

Mr. Lim was appointed as Managing Director of Pajak Gadai Pappajack Sdn. Bhd. in June 2013 and later assumed the role of Managing Director of Pappajack Holdings Berhad in February 2019.

As a key director within the Pappajack Group, Mr. Lim has played a pivotal role in providing business and management guidance while offering strategic direction to the Group’s key management. He has been instrumental in formulating the business strategies and growth plans of the Group and is expected to continue leading its strategic direction moving forward.

In addition to his role at Pappajack Berhad, Mr. Lim also serves on the board of several private limited companies in Malaysia, Singapore, and Indonesia for personal investment purposes.

Mr. Lim does not have any conflict of interest or potential conflict of interest, including any competing business interests with Pappajack Berhad or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any) and has not been subject to any public sanction or penalty imposed by any regulatory body during the financial year ended 31 December 2024.

He attended all five (5) Board Meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE

(Cont'd)



LAW BOOK CHING

Executive Director



Mr. Law Book Ching (“Mr. Law”), a Malaysian male aged 56, is our Executive Director and substantial shareholder. He was appointed to the Board on 22 December 2020. He is responsible for the development and implementation of strategic plans for our Group, with a focus on business expansion, competitive market analysis, and corporate communications.

He began his career in October 1987 as a Production Leader at Panasonic Appliances Air-Conditioning Malaysia Sdn. Bhd., where he was primarily responsible for supervising the production team. In February 2003, he left Panasonic Appliances Air-Conditioning Malaysia Sdn. Bhd as the Head of Production.

Thereafter, he joined Consistent Reach Sdn. Bhd., a company engaged in the supply of manpower services in March 2003, as its Managing Director and shareholder. In this role, he was primarily responsible for overseeing the company's operations. Additionally, he has invested in various businesses, including cleaning services, provision of contract labour, property investment, and property development. In 2013, he expanded his business ventures internationally by investing in Phewwongsean Leasing Co., Ltd., a company based in Laos. However, the business has since been scaled down.

In June 2018, Mr. Law was appointed as a Director of Pajak Gadai Consistent Reach Sdn. Bhd. and Pajak Gadai TSE Sdn. Bhd. He was later appointed as a Director of Pappajack Holdings Berhad in October 2020. He also serves as a board member of several private limited companies in Malaysia and Laos for personal investment purposes.

Mr. Law does not have any family relationship with any other directors or major shareholders of the company. He does not have any conflict of interest or potential conflict of interest, including any competing business interests with Pappajack Berhad or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any) and has not been subject to any public sanction or penalty imposed by any regulatory body during the financial year ended 31 December 2024.

He attended all five (5) Board Meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE

(Cont'd)



KOO WOON KAN

Independent Non-Executive Director

49

Age



Gender



Ms. Koo Woon Kan (“Ms. Koo”), a Malaysian female aged 49, is our Independent Non-Executive Director. She was appointed to the Board on 3 May 2021. She currently serves as the Chairman of the Remuneration Committee and Nomination Committee, as well as a member of the Audit Committee and Risk Management Committee.

Previously, she chaired the Audit Committee and Risk Management Committee while also serving as a member of the Remuneration Committee and Nomination Committee. As part of the Board’s restructuring on 23 August 2024, she was appointed as Chairman of the Remuneration Committee and Nomination Committee, while continuing her role as a key member of the Audit Committee and Risk Management Committee.

Ms. Koo obtained the Association of Chartered Certified Accountants (ACCA) qualification in 1999 and has been a member of the Malaysian Institute of Accountants since 2019.

She has over 20 years of experience in accounting, finance, and financial services, having held various leadership roles throughout her career.

She began her career in November 1999 as an Assistant Accountant with Guardian Security Consultants Sdn. Bhd., a subsidiary of HLI-Hume Management Co. Sdn. Bhd., and remained in this role until February 2001. From February 2001 to June 2006, she continued her career as an Internal Auditor at HLI-Hume, where she was later promoted to Senior Internal Auditor before leaving in July 2006.

Between July 2006 and January 2008, she worked as an Accountant at First Mobile Group Sdn. Bhd.. After taking a brief career break from February 2008 to July 2008, she joined Puma Sports Goods Sdn. Bhd. in October 2008 as Head of the Accounts Department, a role she held until June 2009. From July 2009 to May 2011, she served as a Senior Accountant at Scope International (M) Sdn. Bhd. Subsequently, she founded Eco Circle Sdn. Bhd. (May 2011), Rightway Management Sdn. Bhd. (October 2016), and Rightway Corporate Advisory Sdn. Bhd. (October 2022), companies engaged in property investment, trading activities, accounting, and corporate secretarial services.

Since December 2014, she has also served as the Financial Controller of Chi Yuan Industrial (M) Sdn. Bhd., a company involved in the manufacturing of polyethylene terephthalate (PET) and polyvinyl chloride (PVC).

She also serves as the Senior Independent Non-Executive Director of Richtech Digital Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad. Additionally, she is an Independent Non-Executive Director of Farmiera Berhad, a public limited liability company, and holds directorships in several private limited companies.

She has no family relationship with any Director or major shareholder of the Company. She has no conflict of interest, including any interest in a competing business with the Company or its subsidiaries. She has not been convicted of any offence within the past five (5) years (other than traffic offences, if any) and has not been subjected to any public sanction or penalty imposed by any regulatory body during the financial year ended 31 December 2024.

Ms. Koo attended all five Board Meetings held during the financial year ended 31 December 2024.

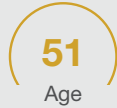
DIRECTORS' PROFILE

(Cont'd)



CHEONG WOON YAW

Independent Non-Executive Director



Mr. Cheong Woon Yaw ("Mr. Cheong"), a Malaysian male aged 51, is our Independent Non-Executive Director. He was appointed to the Board on 27 December 2021 and was redesignated as Chairman of the Audit Committee and Risk Management Committee on 23 August 2024. He also serves as a member of the Nomination Committee and Remuneration Committee of the Company.

He obtained a Diploma in Management Accounting and Accounting from the London Chamber of Commerce and Industry Examinations Board in 1994. He completed his ACCA qualification in December 2000 and was admitted as a member of ACCA in January 2002.

Mr. Cheong began his career in August 1997 as an Audit Assistant at Ernst & Young, where he was later promoted to Senior Auditor before leaving in May 2003. He subsequently held various finance leadership roles across multiple industries, including:

- Finance Manager at Informatics Resource Corporation Sdn. Bhd. (May 2003 – February 2004)
- Finance Manager at T.S. Law Holding Sdn. Bhd. (February 2004 – May 2005)
- Entrepreneur in Sales & Marketing of Health Products (June 2005 – May 2007)
- Finance Manager at Mangosteen Beverage (Malaysia) Sdn. Bhd. (May 2007 – June 2010), later Regional Finance Manager (June 2010 – March 2013)
- Senior Finance Manager at Avon Cosmetics (Malaysia) Sdn. Bhd. (March 2013 – November 2013)
- Senior Finance Manager at Mindvalley Lab Sdn. Bhd. (November 2013 – January 2016)
- Finance Director at J. Walter Thompson Sdn. Bhd. (February 2016 – June 2020)
- Technical Adviser, later promoted to Chief Financial Officer, at Multi Venture Networks Sdn. Bhd. (June 2020 – May 2023)
- Regional Finance Director at Asea Redox Malaysia Sdn. Bhd. (June 2023 – present)

Save for his directorship in the Company, Mr. Cheong does not hold any other directorships in public companies or listed issuers.

He has no family relationship with any Director or major shareholder of the Company. He has no conflict of interest, including any interest in a competing business with the Company or its subsidiaries. Additionally, he has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), nor has he been subjected to any public sanction or penalty imposed by any regulatory body during the financial year ended 31 December 2024.

Mr. Cheong attended all five Board Meetings held during the financial year ended 31 December 2024.

DIRECTORS' PROFILE

(Cont'd)



MAH YING YING

Independent Non-Executive Director

49

Age



Gender



Mah Ying Ying (“Ms. Mah”), a Malaysian female aged 49, is our Independent Non-Executive Director. She was appointed to the Board on 13 September 2024. She is a member of the Audit Committee, Nomination Committee, Remuneration Committee, and Risk Management Committee of the Company.

Ms. Mah graduated with a London Chamber of Commerce and Industry Diploma in Accounting and Computing in 1996 from Systematic Computer Centre. She has been admitted as a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants since 2004.

She began her career as an Account Assistant at Business Administration Sdn Bhd from June 1996 to March 2001, where she was responsible for preparing full sets of accounts for clients and liaising closely with them to gain a better understanding of their accounting systems.

In April 2001, she joined Yee Choon Kong & Co as an Audit Junior in the Audit Assurance department. During her tenure, she managed team members in conducting audits for clients across various industries, developed comprehensive audit strategies, and executed audit fieldwork to meet audit objectives. She was later promoted to Audit Senior before leaving the firm in November 2004.

She then joined Esota Electronics Sdn Bhd in December 2004 as an Accountant, overseeing the company’s financial operations, maintaining accounting records, preparing annual budgets and forecasts, and managing tax-related matters.

In August 2006, Ms. Mah moved to YL Lew & Associates as an Audit Manager, where she led a team in performing various audit assignments until September 2011. Later that year, she joined SJ Grant Thornton as an Audit Assistant Manager, where she was responsible for leading audit teams, conducting analytical reviews of clients’ financial statements, and preparing audit reports. She remained with the firm until May 2014.

In May 2014, she rejoined YL Lew & Associates as an Audit Manager, where her role was expanded to include reviewing tax-related matters for clients. She held this position until February 2022.

She is currently serving as an Audit Manager at Messrs. CHSS Chartered Accountants, a position she has held since March 2022, where she leads and manages audit teams, oversees audit assignments, and prepares tax computations and tax planning for clients.

She also serves as an Independent Non-Executive Director of Mestron Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

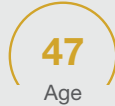
Ms. Mah has no family relationship with any Director or major shareholder of the Company. She has no conflict of interest, including any interest in a competing business with the Company or its subsidiaries. Additionally, she has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), nor has she been subjected to any public sanction or penalty imposed by any regulatory body during the financial year ended 31 December 2024.

Since her appointment, she has attended one (1) out of five (5) Board of Directors’ Meetings held during the financial year ended 31 December 2024.

KEY MANAGEMENT PROFILE

LIM CHEE HSIUNG

Chief Operating Officer



Lim Chee Hsiung, a Malaysian male aged 47, is our Chief Operating Officer and has been with our Group since September 2020. He obtained his Bachelor of Economics from Universiti Kebangsaan Malaysia in April 2002.

He began his career as a Sales and Audit Executive with Pan-West (Malaysia) Sdn. Bhd. in June 2002. After leaving Pan-West (Malaysia) Sdn. Bhd. in August 2003, he joined Orix Auto Leasing Malaysia Sdn. Bhd. from September 2003 to March 2007 as a Senior Marketing Executive.

From April 2007 to August 2020, he was the General Manager of Mashita Jaya Sdn. Bhd. (a company owned by Lim Boon Hua, our Promoter, substantial shareholder and Managing Director/Chief Executive Officer). In 2016, while still being attached to Mashita Jaya Sdn. Bhd., he was seconded to assist Lim Boon Hua in overseeing the business and operations of Pajak Gadai PPJ Sdn. Bhd. as its Chief of Operating Officer. He assisted Lim Boon Hua in the expansion of the outlets of our Group.

In September 2020, he was formally appointed as the Chief Operating Officer of Pappajack Holdings Berhad and responsible to oversee the day-to-day business and operations of our Group including the implementation of our Group's policies, both at the management and outlet levels.

He does not hold any directorship in public companies and listed issuers.

Mr. Lim does not have any family relationship with any other directors or major shareholders of the Company, and he does not have any conflict of interest or potential conflict of interest, including any interest in any competing business with Pappajack Berhad or its subsidiaries. He has no conviction for any offences within the past five years (other than traffic offences, if any), and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

KEY MANAGEMENT PROFILE

(Cont'd)

WONG KOON WAI

Chief Financial Officer

Wong Koon Wai is our Chief Financial Officer, a Malaysian male aged 50. He obtained his Bachelor Degree in Business (Accountancy) from the Royal Melbourne Institute of Technology (RMIT) in December 1999. He has been a member of CPA Australia and the Malaysian Institute of Accountants since 2008.

He began his career as an Audit Assistant in July 2000. In May 2003, he joined Crowe Malaysia PLT, where he advanced to the position of Senior Manager before leaving in June 2011. During his tenure with audit firms, he led engagements involving audits of publicly listed companies, transactional services, and fundraising exercises, both locally and internationally. Subsequently, in July 2011, he joined a private company engaged in manufacturing sheet piles and pipe piles, rooftop and decking solutions, and shoring solutions for construction projects, as its Group Financial Controller. In this role, he was responsible for overseeing the finance and accounting functions of the group's operations in Malaysia, Singapore, China, Vietnam, and Indonesia.

He subsequently joined the Malaysian Institute of Accountants in October 2012 as director, overseeing professional standards and practices within the Malaysian accounting profession. In November 2014, he transitioned to an information technology start-up, where he served as Chief Operating Officer until September 2018. In this capacity, he was primarily responsible for planning, directing, and coordinating the company's operational policies, initiatives, and strategic objectives. Following this, he pursued entrepreneurial ventures as an investor until July 2020, before joining our Group as Chief Financial Officer in August 2020.

He is an Independent Non-Executive Director of HLT Global Berhad and EVD Berhad, both listed on the ACE Market of Bursa Securities. He also serves as a Non-Independent Non-Executive Director of RichTech Digital Berhad, which is listed on the ACE Market. Additionally, he sits on the board of Golden Plus Holdings Berhad, a public limited liability company, as well as several other private companies in Malaysia.

Mr. Wong does not have any family relationship with any other directors or major shareholders of the Company, and he does not have any conflict of interest or potential conflict of interest, including any interest in any competing business with Pappajack Berhad or its subsidiaries. He has no conviction for any offences within the past five years (other than traffic offences, if any), and has not been imposed with any public sanction.

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,



On behalf of the Board of Directors, it is my privilege to present the Annual Report and Audited Financial Statements of Pappajack Berhad (“Pappajack” or “the Group”) for the financial year ended 31 December 2024.



ECONOMIC OVERVIEW

The year 2024 presented a mixed economic landscape as markets continued to navigate post-pandemic challenges, inflationary pressures, and global uncertainties. Despite these challenges, Pappajack has demonstrated remarkable resilience, leveraging our strategic positioning within the pawnbroking industry to deliver strong performance and sustainable growth.

Gold prices, a critical factor influencing our business, exhibited notable volatility but maintained an overall upward trajectory in 2024. International gold prices averaged approximately USD2,400 per ounce (<https://www.macrotrends.net/1333/historical-gold-prices-100-year-chart>), representing an increase of about 22.95% from 2023's average. This favourable pricing positively impacted our pledge sales segment.

FINANCIAL PERFORMANCE

I am pleased to report that Pappajack has achieved commendable financial results for the financial year ended 31 December 2024. The Group recorded a revenue of RM117.95 million, representing a solid increase of 7.79% from RM109.42 million in the previous year. This growth was primarily driven by a significant 17.87% increase in our pawnbroking interest charges segment, which generated RM42.88 million compared to RM36.38 million in 2023.

The Group's profit before taxation rose to RM33.58 million, a substantial improvement of 18.43% from RM28.36 million recorded in the previous year. This growth reflects our operational efficiency and strategic business initiatives. Profit after taxation increased to RM24.00 million from RM20.01 million in 2023, representing a commendable year-on-year growth of 19.96%.

Our balanced revenue streams continue to demonstrate the robustness of our business model. The pawnbroking interest charges segment contributed 36.35% of total revenue, while sales of unredeemed or bid pledges accounted for 63.65%. More significantly, the gross profit margin improved to 38.63% in 2024 from 34.21% in 2023, underscoring our focus on operational excellence and cost management.



CHAIRMAN'S STATEMENT

(Cont'd)

CORPORATE DEVELOPMENTS

A watershed moment for the Group occurred on 22 November 2024, when Pappajack successfully transferred its listing from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad. This milestone reflects our commitment to growth, governance, and the creation of long-term shareholder value. The transfer to the Main Market enhances our corporate profile, potentially broadening our investor base.

DIVIDEND

In recognition of our shareholders' continued support and the Group's strong performance, the Board declared two interim single-tier dividends of 0.5 sen per ordinary share each during the financial year. The first dividend was paid on 21 June 2024, and the second on 20 December 2024, totalling RM7.68 million for the year.

This represents a dividend payout ratio of approximately 32.01% of our profit after tax, balancing shareholder returns with the need to retain capital for future growth opportunities. The Board remains committed to maintaining a sustainable dividend payout that reward shareholders while ensuring the Group's long-term growth and financial stability.

CORPORATE GOVERNANCE AND SUSTAINABILITY

The Board remains steadfast in its commitment to upholding the highest standards of corporate governance and sustainability practices. We believe that good governance is fundamental to creating long-term value for our stakeholders and ensuring the sustainable growth of our business.

OUTLOOK AND PROSPECTS

Looking ahead, we remain cautiously optimistic about the Group's prospects in 2025.

Our strategic priorities include:

Network Expansion: We will continue to expand our network of pawnbroking outlets, both through organic growth and strategic acquisitions, to strengthen our market presence across Peninsular Malaysia.

Operational Excellence: We will continue to focus on operational efficiency to maintain our overall profitability.

Talent Development: We recognise that our people are our greatest asset, and we will continue to invest in developing their capabilities to drive our business forward.

The Management remains proactive in identifying growth opportunities that align with our strategic vision. We believe that our strong financial position, extensive network, and experienced leadership team position us well to capitalise on these opportunities and deliver sustainable value to our shareholders.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers, business partners, and regulatory authorities for their continued trust and support.

I also extend my appreciation to the management team and all employees of Pappajack for their dedication, hard work, and commitment to excellence.

A special note of thanks to my fellow Board members for their wisdom, guidance, and unwavering commitment to the Group's success. Together, we remain dedicated to steering Pappajack towards greater heights in the years to come.

Thank you.

Yours sincerely,

Chong Chee Fire

Chairman

Pappajack Berhad

23 April 2025

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS

Pappajack Berhad is an investment holding company, while the principal activities of all its subsidiaries are primarily focused on providing pawnbroking services through an extensive network of pawnbroking outlets across Malaysia.

Each pawnbroking outlet is owned and operated by a subsidiary within our Group, and these subsidiaries are individually licensed by the Kementerian Perumahan dan Kerajaan Tempatan, or "KPKT" (formerly known as the Kementerian Pembangunan dan Kerajaan Tempatan).

Our Group operated 43 pawnbroking outlets as of the balance sheet date, representing significant growth from the 37 outlets reported at the end of 2023. As of the date of this report, we have further expanded to 47 outlets across the country. This expansion reflects our ongoing commitment to strengthening our market presence across Peninsular Malaysia.

Pawnbroking services are offered by licensed pawnbrokers who primarily provide short-term, collateral-based loans, also known as pawn loans, to clients known as pawners. These clients secure loans using items of value, commonly gold jewellery, gold bars, gold coins, and luxury watches.

Our ongoing goal is to identify and capitalise on market opportunities in Malaysia, aiming to bolster our business operations and expand our market presence. To realise this objective, we are dedicated to maintaining a strong commitment to customer service, which we believe is essential for our long-term sustainability and growth.

A significant milestone was achieved on 22 November 2024, when Pappajack successfully transferred its listing from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad. This transfer enhances our corporate profile and potentially broadens our investor base, reflecting our commitment to growth, governance, and the creation of long-term shareholder value.

FINANCIAL PERFORMANCE

The Group is pleased to report continued improvement in our financial performance for the fiscal year ended 31 December 2024 ("FYE 2024"). Our profit after tax ("PAT") increased to RM24.00 million, up from RM20.01 million in the previous year, representing a growth of approximately 19.96%.

This significant rise in PAT can be attributed to our strategic focus on margin optimisation, which we achieved through enhanced operational efficiency and effective cost management strategies. Our efforts to optimise costs while boosting revenue have led to an overall enhancement in our profit margins.

Regarding the Group's financial metrics, the comparisons between our financial performance and position for FYE 2024 and FYE 2023 are outlined below:

Our financial performance		FYE 2024	FYE 2023	% Change
Revenue	RM'000	117,948	109,419	7.79
Gross profit ("GP")	RM'000	45,559	37,427	21.73
Profit before tax ("PBT")	RM'000	33,583	28,356	18.43
Profit after tax ("PAT")	RM'000	24,001	20,007	19.96
GP margin	%	38.63	34.21	12.93
PBT margin	%	28.47	25.92	9.87
PAT margin	%	20.35	18.28	11.29

MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

FINANCIAL PERFORMANCE *cont'd*

Our financial performance based on segment are further analysed as follows: -

Revenue		FYE 2024	FYE 2023	% Change
Pawnbroking interests charges	RM'000	42,879	36,379	17.87
Sales of unredeemed or bid pledges	RM'000	75,069	73,040	2.78
TOTAL	RM'000	117,948	109,419	7.79
GP				
Pawnbroking interests charges	RM'000	32,523	28,133	15.60
Sales of unredeemed or bid pledges	RM'000	13,036	9,294	40.26
TOTAL		45,559	37,427	21.73
GP Margin				
Pawnbroking interests charges	%	75.85	77.33	(1.92)
Sales of unredeemed or bid pledges	%	17.37	12.72	36.47

For the FYE 2024, the Group's revenue rose by 7.79% compared to the previous financial year. This growth was primarily driven by a 17.87% increase in revenue from pawnbroking interest charges, reflecting steady demand for our loan services. Additionally, revenue from the sale of unredeemed or auctioned pledges also increased by 2.78%.

The increase in gold prices directly contributed to the growth of our pawnbroking segment. Higher gold prices meant that customers received higher loan amounts for the same piece of gold jewellery compared to previous periods, thus driving an increase in the overall pawnbroking revenue. There has also been a noticeable shift toward pawnbroking as a preferred alternative financing method, with increasing acceptance among consumers as a legitimate and accessible financial service.

The Group's PBT climbed to RM33.58 million, marking a 18.43% increase over the previous fiscal year. This improvement in PBT primarily reflects the higher revenue achieved while maintaining effective cost management.

The Group's PAT surged by 19.96% or RM3.99 million, reaching RM24.00 million, demonstrating our ability to convert revenue growth into enhanced profitability.

Notably, the Group's GP margin improved significantly from 34.21% in FYE 2023 to 38.63% in FYE 2024, indicating improved operational efficiency and cost management strategies. This margin enhancement was evident across both our core business segments.

Gold prices, a critical factor influencing our business, exhibited notable volatility but maintained an overall upward trajectory in 2024, with international gold prices averaging approximately USD2,400 per ounce, representing an increase of about 22.95% from 2023's average. This favourable pricing positively impacted our pledge sales segment.

The Group did not undertake any significant capital expenditure other than for the opening of new outlets during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

FINANCIAL POSITION

Our financial position		FYE 2024	FYE 2023	% Change
Total non-current asset	RM'000	17,622	14,276	23.44
Total current assets	RM'000	287,609	272,001	5.74
Total non-current liabilities	RM'000	8,952	6,556	36.55
Total current liabilities	RM'000	33,943	34,437	(1.43)
Total shareholders' equity	RM'000	262,336	245,284	6.95

The Group maintains a strong financial position, with robust liquidity and a healthy balance sheet that positions us well for our continued expansion plans. Below is a detailed commentary on key aspects of our financial position as of 31 December 2024:

Assets

The Group's total assets increased during the year, primarily driven by growth in pawn loans (trade receivables), reflecting our expanded business operations and the higher loan values resulting from increased gold prices. Our pledged loans are fully secured against gold items, providing a strong collateral base that underpins our receivables.

Cash and bank balances remain at healthy levels, providing adequate liquidity for our day-to-day operations and strategic expansion initiatives. The rise in our total current assets positions us well to capitalise on growth opportunities as they arise.

Liabilities

The Group maintains a prudent approach to liability management. Our borrowings are closely monitored and maintained at manageable levels, ensuring financial stability while providing the necessary capital to fund our business growth. The healthy debt-to-equity ratio ensures that we have sufficient financial flexibility for our future expansion plans.

Equity

Shareholders' equity continued to strengthen during the year, fuelled by strong retained earnings from our profitable operations. This robust equity base provides a solid foundation for sustainable growth and enhances our capacity to withstand potential market challenges.

Liquidity and Capital Resources

The Group continues to generate healthy cash flows from operations, which adequately support our working capital requirements and expansion plans. Our financial strategy focuses on maintaining optimal liquidity levels while maximising returns for our shareholders.

We employ a disciplined approach to cash management, ensuring that resources are efficiently allocated between operational needs, expansion capital, and shareholder returns.

Financial Ratios

Key financial ratios show continuing improvement, reflecting enhanced operational efficiency and financial management:

- Return on equity has improved, demonstrating our ability to generate increasing returns from our capital base.
- Debt service coverage remains strong, indicating our solid capacity to meet financial obligations.
- Current ratio has strengthened, reflecting enhanced short-term liquidity.

In conclusion, the Group is not currently aware of any trends or events that are expected to significantly affect our operations, performance, financial condition, or liquidity in the near term.

Our strong financial position provides a solid foundation for executing our growth strategy, including the planned expansion of our pawnbroking network and potential acquisitions of suitable outlets.

MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

OPERATING ACTIVITIES

In the FYE 2024, our pawnbroking segment remained a significant contributor to our GP, accounting for 71.39% of the total. This segment's revenue saw a remarkable increase of 17.87%, or RM6.50 million, compared to FYE 2023, with a GP contribution of RM32.52 million, representing a 15.60% growth over the previous year. The GP margin for our pawnbroking segment remained robust at 75.85% in FYE 2024 compared to 77.33% in FYE 2023.

Additionally, there was substantial growth in the segment for the sale of unredeemed or bid pledges. While revenue for this segment increased moderately by 2.78% to RM75.07 million compared to RM73.04 million in FYE 2023, the GP in this segment saw a remarkable rise of 40.26%, amounting to RM13.04 million in FYE 2024, contributing approximately 28.61% to the Group's total GP of RM45.56 million. The GP margin for this segment enhanced significantly, increasing to 17.37% in FYE 2024 from 12.72% in the prior year, benefiting from higher gold prices during the sales period.

It's important to note that with a high redemption and renewal rate exceeding 90% in the past year, the volume of pledges that proceed to sale remains relatively low. As such, although gold prices are favourable, the impact on revenue and profitability from the sale of unredeemed pledges is moderated by this high redemption rate.

Overall, both our pawnbroking segment and sale of unredeemed or bid pledges segment exhibited growth in revenue and GP for FYE 2024, accompanied by strong GP margins across both segments.

The Group's balanced revenue streams continue to demonstrate the robustness of our business model, with the pawnbroking interest charges segment contributing 36.35% of total revenue, while sales of unredeemed or bid pledges accounted for 63.65%.

ANTICIPATED OR KNOWN RISKS

In line with Bursa Securities' regulatory framework on the new disclosure requirements, we highlight below the key anticipated or known risks that the Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks have also been disclosed below.

I. Our Business is Exposed to Unlawful and Suspicious Pawn Transactions and Transactions of Stolen Gold or Luxury Watches

We are subject to the risk arising from the use of our pawnbroking services for money laundering or terrorists financing purposes. There has been no incidence of breaches against the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001. However, there can be no assurance that the measures taken to prevent the use of our pawnbroking services for money laundering or terrorists financing purposes can fully eliminate unlawful and suspicious pawn transactions in our pawnbroking outlets. If we are convicted, we may be subject to imprisonments and/or fines.

The measures taken to prevent unlawful and suspicious dealings include ensuring that pledges received are directly from the rightful owners, verifying the identity of customers before pawn transactions, recording the identification details of customers and pledge assessment. Further, the adequacy of our Group's internal controls system to minimise the risk of stolen items being received at pawnbroking outlets is regularly reviewed by our management team and an independent internal control advisor. However, there is no assurance that the measures taken for prevention of unlawful dealings can fully eliminate transactions of stolen gold or luxury watches in our pawnbroking outlets. In the event of transactions of stolen gold or luxury watches, we face the risk of losing the pledges when confiscated by the police and as a result may not be able to recover the losses incurred. This may subsequently adversely affect our profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

ANTICIPATED OR KNOWN RISKS *cont'd*

II. We Are Subject to Regulatory Requirements for Pawnbroking Business

Our business operations are governed by the Kementerian Perumahan dan Kerajaan Tempatan (“KPKT”) and are governed by the regulations under the Pawnbrokers Act 1972. Under the Pawnbrokers Act 1972, a pawnbroking licence is mandatory for opening and operating a pawnbroking outlet. Such licence is valid for a period of 2 years and is subject to renewal provided that the pawnbroking outlet adheres to the regulations enforced by the KPKT.

In the event of non-compliance to the regulations imposed by the KPKT, our pawnbroking licences may be suspended, revoked or may not be renewed upon expiry. We can appeal to the KPKT in instances of suspension, revocation and non-renewal of our pawnbroking licences. If the KPKT's decision remains the same, we will be able to operate until the pledges held by the affected pawnbroking outlet(s) have been redeemed by our customers or the latest period of redemption for the pledges have expired, and we will also be able to sell the unredeemed and bid pledges. However, we will not be allowed to process new pawn transactions. Any suspension, revocation or failure to obtain, maintain or renew our pawnbroking licences may materially and adversely affect our business operations and financial performance. If we are not successful in renewing the licences upon expiry, we will not be able to operate the affected pawnbroking outlets and this may subsequently adversely affect our financial performance. Even though we have not experienced any instances of failure in obtaining, maintaining or renewing our pawnbroking licences, there is no assurance that we will be able to continue to successfully renew all our pawnbroking licences moving forward.

Further, if there are any changes in legislation, regulations and/or policies governing the pawnbroking industry leading to further and/or stricter requirements being imposed by the KPKT which we are required to comply with, our business operations may be restricted or we may incur higher operating costs. In the event that the increased operating costs cannot be passed on to our customers, we will have to absorb any cost increments which may adversely impact our business operations and profitability.

III. We Are Exposed to Liquidity Risk

Our pawnbroking business requires substantial cash capital for our business operations and thus, the liquidity of our pawnbroking business is dependent on our timely access to, and the costs associated with, raising and maintaining cash capital. In the event we receive an increase in demand for new pawn loans from customers, a decrease in pawn loan repayment from our customers, as well as a delay in the sale of unredeemed or bid pledges to scrap collectors and watch purchasers, our pawnbroking business may be exposed to liquidity risk. The decrease in pawn loan repayment from our customers and the delay in the sale of unredeemed or bid pledges to scrap collectors and watch purchasers may cause temporary deficit in our internally generated funds which may potentially impact our ability in maintaining sufficient liquidity and funds to meet daily cash needs (i.e. operating costs and expenses as well as the issuance of new pawn loans). Subsequently, this may thus impact our business operations and financial performance.

IV. We Are Dependent on Skilled, Reliable and Trustworthy Outlet Personnel for the Provision of Pawnbroking Services

We believe that one of the key factors for the continuous growth and success of our business is the extensive knowledge and experience of our skilled outlet personnel in providing pawnbroking services to our customers, particularly their skills in pledge assessment and price valuation. Further, our ability to provide quality customer service is also largely dependent on the performance of our outlet personnel. In the event our outlet personnel are not able to execute their responsibilities in a satisfactory manner to our customers or if our Group is unable to retain and maintain our team of capable outlet personnel or replace any possible loss of such skilled personnel, our customer satisfaction levels may decline causing our business operations to be adversely affected.

Further, due to the nature of our business which involves cash and valuable pledges, we are dependent on reliable and trustworthy outlet personnel for our operations. Failure to employ reliable and trustworthy outlet personnel may expose us to the risks of fraud, mismanagement or mishandling of cash and pledges, and we may be subject to loss and damages, which may adversely damage our reputation and profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

ANTICIPATED OR KNOWN RISKS *cont'd*

V. Our Pledge Value is Susceptible to Gold Price Volatility

We primarily receive gold as pledges for the provision of pawn loans to our customers. As such, the pledge value is influenced by gold price volatility as we offer pawn loans to our customers against the pledges of gold based on a loan margin which factors in the prevailing market value of the pledge.

Further, we also sell our unredeemed or bid pledges (i.e. gold) to scrap collectors at an agreed amount which is guided by the prevailing market value of gold. Gold is a commodity and hence, its price fluctuates. Gold prices are affected by various factors, amongst others, interest rates, fluctuation in USD, global or regional economic or political circumstances, market speculations as well as market supply and demand of gold.

In the event that gold prices experience sudden and/or prolonged downward movements, the value of our pledges for our pawnbroking business may be reduced and our customers may not redeem the pledges. If our customers do not redeem their pledges and the pledge values decline, we may sell the unredeemed or bid pledges at lower prices, which may adversely and materially affect our profitability and financial performance.

TREND AND OUTLOOK

Pawnbrokers continue to play a vital role in the financial ecosystem by providing short-term micro-loans to individuals who may have limited access to traditional banking, offering a unique value proposition that caters to the needs of financially underserved segments of the population.

By providing access to collateral-based lending solutions, pawnbrokers offer a reliable and expedient avenue for individuals to secure funds. Pawnbroking services fill a crucial gap in the market, ensuring that those who may not qualify for conventional loans or lack established credit histories have a viable alternative to meet their financial obligations.

The pawnbroking industry in Malaysia is experiencing continued growth trends fuelled by factors like rising inflation and a growing social acceptance of pawnbroking services. We have observed a noticeable shift toward pawnbroking as a preferred alternative financing method, with increasing acceptance among consumers as a legitimate and accessible financial service, particularly among those underserved or unserved by traditional banking institutions. With regulatory support and an increase in licensed pawnbrokers, the industry is poised for continued expansion.

Given the current global economic uncertainties, including inflationary pressures, geopolitical tensions, and volatility in financial markets, we believe that gold prices will likely remain elevated in the near to medium term. Gold continues to be viewed as a safe-haven asset during times of uncertainty, and as such, we expect its strong performance to be sustained in the coming years, which should continue to have a positive impact on our business.

The Group is committed to both expanding its existing network of pawnbroking outlets and venturing into new geographical markets within Peninsular Malaysia. By expanding the Group's network of pawnbroking outlets, we would be able to increase our market presence and serve a wider customer base. The expansion will support and contribute positively to the Group's financial performance.

The Management will continue its proactive strategy aimed at expansion, which involves both the opening of new pawnbroking outlets and the consideration of strategic acquisitions involving suitable pawnbroking outlets. We are targeting to open an additional 10 new outlets by the end of 2025 as part of our strategic expansion plan. Looking ahead, we aim to continue growing our footprint steadily over the next few years, with a focus on increasing accessibility and serving more communities that are underserved by traditional financial institutions. This strategic approach is expected to yield positive contributions to the Group's financial performance in the forthcoming years.

The Malaysian government continues to actively review and update regulations governing the industry, enhancing transparency, protecting consumer interests, and promoting responsible lending practices.

Overall, the outlook for the pawnbroking industry in Malaysia remains positive, driven by the growing demand for alternative financing options, and we are well-positioned to capitalise on these opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

DIVIDEND POLICY

The decision to declare interim dividends and recommend final dividends rests at the discretion of our Board of Directors. Currently, our Group does not have a formal dividend policy in place. However, we recognise the importance of rewarding our investors with dividends and intend to pay dividends to shareholders in the future, subject to various factors. These factors include, but are not limited to, our financial performance, cash flow requirements, availability of distributable reserves, and capital expenditure plans.

As our Company is an investment holding company, our income and ability to pay dividends are dependent upon the dividends and other distributions received from our subsidiaries. The payment of dividends or other distributions by our subsidiaries will be contingent upon their distributable profits, operating results, financial condition, capital expenditure plans, and other factors deemed relevant by the Board of Directors.

We understand the significance of providing our shareholders with the opportunity to participate in our profits through dividend payments. Consequently, we remain committed to striking a balance between reinvesting profits for future growth and distributing dividends to our shareholders, taking into consideration the overall financial health and strategic objectives of our Group.

During the FYE 2024, the Company declared two interim single-tier dividends of 0.5 sen per ordinary share each. The first dividend was paid on 21 June 2024, and the second on 20 December 2024, totalling RM7.68 million for the year. This represents a dividend payout ratio of approximately 32.01% of our PAT, balancing shareholder returns with the need to retain capital for future growth opportunities.

SUSTAINABILITY STATEMENT

INTRODUCTION

This Sustainability Statement (“Statement”) contains the Board’s reflections of Pappajack Group’s sustainability achievements and commitments in the year under review. This Statement also articulated our sustainability aspirations and sustainability-related plans moving forward as the Group strives to attain greater sustainability maturity.

REPORTING BOUNDARIES & GUIDANCE

This Statement covering the Group’s operations, specifically pawnbroking services across Malaysia for the period 1 January 2024 to 31 December 2024 has been prepared in accordance to Main Market Listing Requirements of Bursa Malaysia and with reference to reference to the Bursa Malaysia’s Sustainability Reporting Guide and Toolkits (3rd Edition) and Global Reporting Initiative (“GRI”) Standards.

This Sustainability Statement has not undergone external assurance.

FEEDBACK

We value feedback as an integral part of continuously improving our sustainability reporting, to this end, your input on this matter is highly valued to help us enhance our reporting and sustainability practices.

If you have any feedback, kindly send it to:

Email : enquiry@pappajack.com.my, or convey to the directors at the following address:

Head Office : 11B, Jalan TK1/11A, Taman Kinrara Seksyen 1, 47180 Puchong, Selangor

Telephone No : (603) - 8080 4884

APPROACH TO SUSTAINABILITY

The Group approaches sustainability from two (2) equally important perspective, the business longevity perspective so as to sustain our ability to generate value for our stakeholders and the environmental and societal perspective which brings to life the Group’s duty of care demonstrating our humanity and warmth.

We endeavour to achieve greater sustainability maturity by constantly integrating and infusing sustainability considerations into all aspects of our operations. This ensures that as we create value through positive financial results, we keep our responsibilities to mother earth and the society firmly in sight. In a broad sense, the Group consider sustainability as being similar to philanthropy - giving back in gratitude to reciprocate.

Delivering on both the above perspectives will place demands on the Group’s finite pool of resources and given that both carry equal importance, striking a balance will always be a challenging and delicate affair. However, the Group understands their respective importance and is committed to delivering on both, through astute resource allocation and ruthless prioritisation where we are confident that neither perspective will be compromised.

SUSTAINABILITY STATEMENT

(Cont'd)

SUSTAINABILITY GOVERNANCE

A sustainability governance structure is in place to exercise oversight, manage sustainability actions and deliver on the Group's sustainability commitments. This structure involves personnel from all levels to facilitate active participation throughout the Group thereby heightening awareness and more effectively embedding sustainability within the Group's constituents to cultivate a lasting and meaningful passion for change.

The Board sets the tone from the top through leading by example. They are supported by the management team in guiding and monitoring the delivery of the Group sustainability initiatives and commitments. Functional personnel, who complete the governance structure, contribute effort and expertise to implement initiatives that underlie sustainability commitments.

All constituents within the governance structure work collectively in unison to ensure that Pappajack Group delivers on our sustainability commitments and ensure that sustainability considerations are a core part of our business. Formal communication channels are built into the structure to facilitate ease of information sharing, monitoring, reporting and decision making, ensuring that sustainability initiatives are well implemented to achieve their objectives and realise our sustainability commitments.

The components of our Sustainability Governance Structure along with their respective roles and responsibilities are described in greater details below.



BOARD

- Holds ultimate responsibility for sustainability policies and strategies
- Provide leadership and guide the integration of sustainability into operations and management of material sustainability matters
- Endorse sustainability commitments and oversee their realisation
- Endorse sustainability risks and opportunities and oversee management of sustainability risks and leverage of sustainability opportunities
- Review and endorse sustainability reporting



MANAGEMENT

- Develop sustainability policies and strategies and recommend for Board approval
- Support the Board in monitoring and guiding the management of material sustainability matters
- Frame sustainability commitments, define initiatives to support their realisation and guide and advise on implementation of initiatives
- Review and endorse sustainability risks and opportunities, actions arising and recommend for Board approval
- Review sustainability reporting and recommend for Board approval



FUNCTIONAL PERSONNEL

- Support determination of material sustainability matters and propose actions/initiatives for their effective management
- Support identification of sustainability risks and opportunities and attendant actions to manage risks and leverage opportunities
- Execution of requisite actions, including providing expertise to: (i) manage sustainability risks (ii) capitalise on opportunities and report progress
- Implement sustainability initiatives
- Integrate sustainability considerations into operations and act as change agents to inculcate, promote and reinforce sustainability across the Group

SUSTAINABILITY STATEMENT



(Cont'd)

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a critical part of the effective embrace and delivery of sustainability. The Group recognises the significance of engaging our stakeholders, as these engagements offer an invaluable forum to give voice to our stakeholders and to allow them to give their frank and objective input. For the Group, the engagements affords us the opportunity to clarify our position as well as communicate proposed solutions.



Crucially, stakeholder inputs from engagements, are always instructive, and serves to provide invaluable guidance for us to arrive at informed decisions and formulate responses that are sustainable, targeted, inclusive and represent the best use of our scarce resources. In engaging with our stakeholders we also build ties that bind – enduring relationships founded on mutual respect and trust.

Extensive internal and external stakeholder engagements were conducted across FYE2024 as summarised in the table below.

Stakeholder	Why Significant	Mode and Frequency of Engagement	Areas of Interest	Our Response
 Customers	Customers are the principal source of the Group's revenue, they determine our business longevity and prosperity, while their perception of the Group exerts significant influence over our market image and reputation	<ul style="list-style-type: none"> • Company website/ Continuous • Media releases/ As required • Targeted customer communiques/ As required 	<ul style="list-style-type: none"> • Quick access to pledge-backed short term micro-loans • Safety of customers' pledges and security measures in place to safeguard them • Gold commodity prices • PDPA compliance 	<ul style="list-style-type: none"> • Specific identification facilitated through pawn tickets which records details of our customers and the pawn transaction, for instance weight, type and value of the pledge • Financing availability • Assurance of adequacy of security measures
 Government and Regulators	They provide the legal sanction for the Group's operations and set regulatory requirements for which compliance is mandatory	<ul style="list-style-type: none"> • Proactive consultations, communications and information exchange/ Continuous • Regulatory and legal compliance reporting/ Continuous • Inspections and examinations/ As required 	<ul style="list-style-type: none"> • Compliance to legislation and regulatory guidelines • Communications of amendments including implications and operational timelines • Accuracy, timeliness and transparency of responses and disclosures • Corporate governance and sustainability 	<ul style="list-style-type: none"> • Constant engagement • Stringent and timely compliance to all regulatory requirements • Satisfactory fulfilment of license conditions • Explicit practice of good corporate citizenship • Integration of sustainability consideration into operations



SUSTAINABILITY STATEMENT

(Cont'd)

Stakeholder	Why Significant	Mode and Frequency of Engagement	Areas of Interest	Our Response
 Shareholders and Investors	<p>These parties have influence over the Group's ability to raise capital, attract new investors and access financial resources</p>	<ul style="list-style-type: none"> • Annual Report including Sustainability Statement/Annually • Annual General Meetings/Annually • Extraordinary General Meetings/ As required • Quarterly financial results announcements/ Quarterly • Corporate announcements/ As required 	<ul style="list-style-type: none"> • Business performance and economic results • Strategies and future direction • Return on investment • Business resilience and longevity • Risk management and opportunities leverage • Trade velocity • Corporate governance and sustainability 	<ul style="list-style-type: none"> • Sustained positive economic results and value creation • Access to Board and Senior Management • Regular and frequent communication • Transparent and timely reporting, information updates and disclosures • Explicit practice of good corporate citizenship • Integration of sustainability consideration into operations
 Funders/ Lenders	<p>They are crucial to facilitating the Group's growth and expansion by providing access to financial resources, consequently they can affect our financial position and the achievement of strategic objectives</p>	<ul style="list-style-type: none"> • Annual Report including Sustainability Statement/Annually • Annual General Meetings/Annually • Extraordinary General Meetings/ As required • Quarterly financial results announcements/ Quarterly • Corporate announcements/ As required 	<ul style="list-style-type: none"> • Financial performance and business longevity • Borrowing costs and interest rates • Risk management • Regulatory compliance • Market reputation and credit rating • Corporate governance and sustainability 	<ul style="list-style-type: none"> • On-going compliance to loan covenants, terms and conditions • Assurance of resilience and business longevity • Transparent, regular and timely updates of corporate developments • Transparency over the Group's financial health and business strategies • Explicit practice of good corporate citizenship • Integration of sustainability consideration into operations

SUSTAINABILITY STATEMENT

(Cont'd)

Stakeholder	Why Significant	Mode and Frequency of Engagement	Areas of Interest	Our Response
 Employees	<p>Employees are the core of the Group which drives our operations and create value. They have a high dependence on the Group for their livelihood</p>	<ul style="list-style-type: none"> • Communications and feedback/ Continuous • Employee engagements and dialogues/ Continuous • Employee performance reviews/Annually 	<ul style="list-style-type: none"> • Business performance and economic results • Business resilience and longevity • Employee well-being focus and support • Occupational safety and health • Professional and personal development and compensation • Corporate governance and sustainability 	<ul style="list-style-type: none"> • Sustained positive economic results and value creation • Implement initiatives for employees' well-being, safety and health • Provide and sustain a safe working environment • Invest in employee training and development • Explicit practice of good corporate citizenship • Integration of sustainability consideration into operations
 Community	<p>Local communities may be affected by our operations and can exert significant impact on the our reputation and public perception both positively and negatively</p>	<p>Corporate Social Responsibility programmes/Across every financial year Community engagements and dialogues/Continuous</p>	<ul style="list-style-type: none"> • Financial support and aid • Business and employment opportunities 	<ul style="list-style-type: none"> • Financial assistance programmes • Targeted Corporate Social Responsibility activities • Local procurement • Local employment

MATERIALITY ASSESSMENT

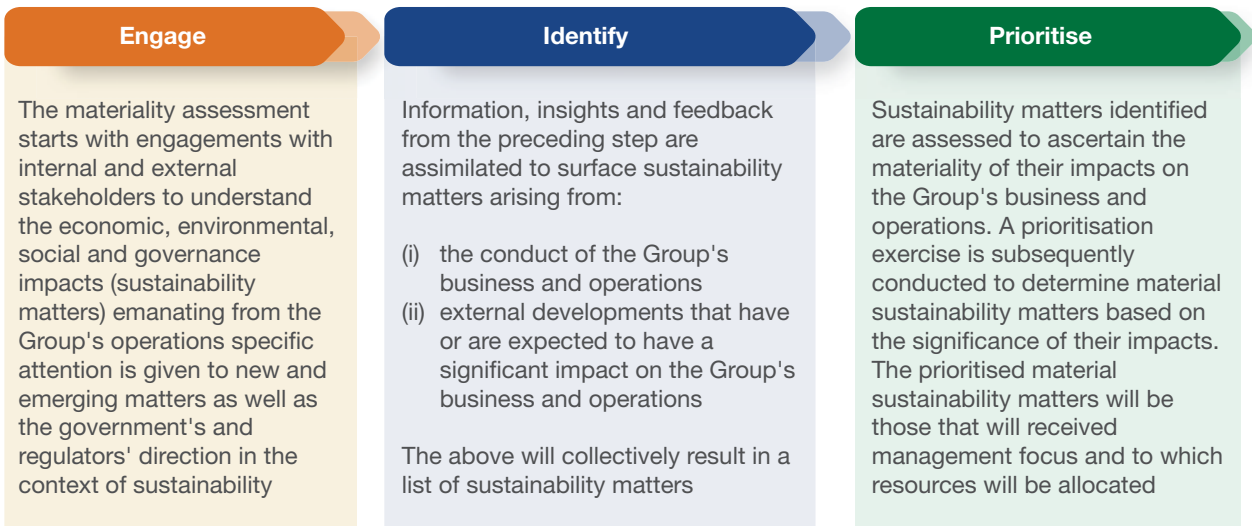
The Group performs a materiality assessment every financial year to determine the economic, environmental, social and governance impacts (collectively, sustainability matters) arising from the Group's operations, assess their relative materiality so as to prioritise them for management actions. This ensures effective use of the Group's scarce resources and management effort to address sustainability matters of high impact.

To gain assurance of completeness, material sustainability matters surfaced in the previous year are assessed for continuing relevance, as well, recognition is given to those that emerged in the current year. Critically the assessment also takes into account feedback and inputs gathered from our stakeholder engagements to ensure that material sustainability matters are balanced and inclusive.

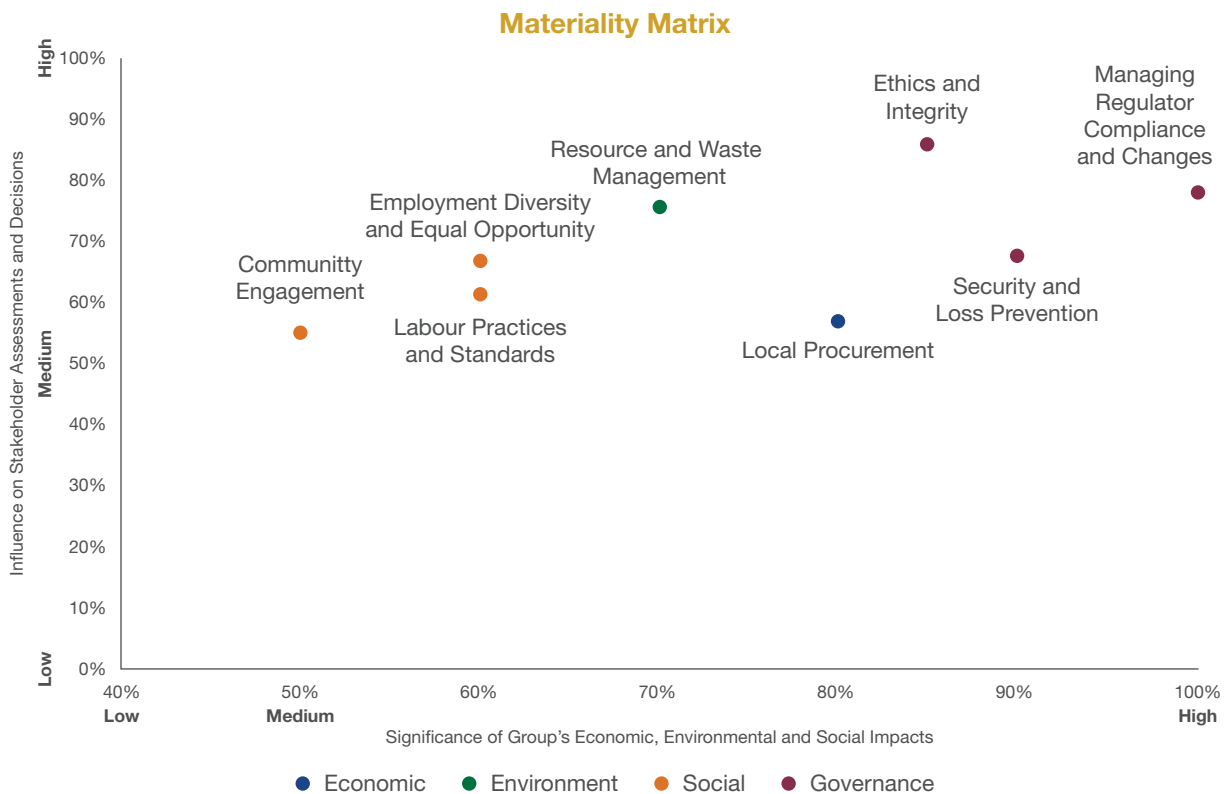
SUSTAINABILITY STATEMENT

(Cont'd)

The Group's materiality assessment follows the 3-step approach below and is guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits (3rd Edition) including Toolkits on Stakeholder Engagement and Materiality Assessment as well as GRI 3: Material Topics 2021.



8 sustainability material matters were identified in the current year's materiality assessment, their relative significance and respective ESG category are depicted in the materiality matrix below.












The top 3 material sustainability matters, namely Managing Regulatory Compliance and Changes, Ethics and Integrity and Security and Loss Prevention are considered “significantly material” segment as they have the greatest impact on Pappajack Group's long-term business value and stakeholders' interests.

SUSTAINABILITY STATEMENT

(Cont'd)





RISK MANAGEMENT

We have integrated sustainability and climate-related risks in addition to our corporate, financial and operational risks in our Risk Register. Below is a summary of our material matters and its related risks and opportunities. The Board ensures all identified risks are monitored by relevant senior management .

AREA	MATERIAL SUSTAINABILITY MATTERS	RISKS AND OPPORTUNITIES	LINK TO SDGs
ECONOMIC	Security and Loss Prevention	<p>Risks: Inadequate security measures will potentially lead to losses and impair customer confidence and trust.</p> <p>Opportunity: Constantly tightening and ensuring the adequacy of security and loss prevention measures at outlets and keeping them current to address changing circumstances and modes of security breaches will enhance customer confidence and keep them comforted. This will help retain current customers and attract new ones.</p>	
	Local Procurement Practices/ Supply Chain Management	<p>Risks: Weaknesses in procurement processes and the absence of related Standard Operating Procedures (“SOP”) can potentially lead to lack of transparency and control over procurement leading to potential financial losses.</p> <p>Opportunity: Enforcing transparency of and tightening control over procurement, including putting in place the appropriate SOP will safeguard against financial losses.</p>	 
ENVIRONMENTAL	Resource and Waste Management	<p>Risk: As good corporate citizen it is imperative for the Company to contribute to national and global efforts at environmental protection and conservation. Failure to practice responsible resource consumption and waste management will impact our good name, reputation and standing.</p> <p>Opportunities: Embracing the circular economy principles of reduce, reuse, and recycle as well as practicing responsible consumption will burnish the Group’s sustainability credentials and solidify our standing and reputation as a good corporate citizen.</p>	     

SUSTAINABILITY STATEMENT

(Cont'd)

AREA	MATERIAL SUSTAINABILITY MATTERS	RISKS AND OPPORTUNITIES	LINK TO SDGs
SOCIAL	<p>Employment Diversity and Equal Opportunity</p> <p>Labour Practices and Standards Development and Training</p>	<p>Risk: Employee disengagement and dissatisfaction, leads to high employee turnover which will deteriorate the Group's pool of talents and skills, critically this will affect value creation capacity and capabilities.</p> <p>Opportunities: Offering a fair and competitive compensation package comparable to industry peers will facilitate employee retention and help attract new talents, ensuring that the Group's capacity and capabilities to generate value remain strong and uncompromised. This in turn provides the Group with a platform grow competitive strengths and attain market leadership.</p>	  
	Community Investment	<p>Risks: Charity and philanthropy are hallmarks of good and responsible citizens. It is important to give back to society to reciprocate for their support. The lack of community support will affect the perception of the Group by the corporate fraternity and society in general.</p> <p>Opportunities: Community investment will enhance the Group's good name and reputation which has a substantial impact, albeit indirectly, on the Group's ability to retain its present and attract new customers.</p>	
GOVERNANCE	Managing Regulatory Compliance and Risks	<p>Risks: Operating in an industry that is subject to stringent regulations any lapse in compliance can potential impair the Group's ability to continue in business and also expose us to fines.</p> <p>Opportunity: An impeccable record of regulatory compliance will enhance the Group's market reputation and, provide comfort and trust to existing and prospective customers on our ability to provide responsible pawn broking service.</p>	

SUSTAINABILITY STATEMENT

(Cont'd)

AREA	MATERIAL SUSTAINABILITY MATTERS	RISKS AND OPPORTUNITIES	LINK TO SDGs
	Ethics and Integrity	<p>Risks: Ethics and integrity are foundational to all businesses, they are even more critical in our industry where trust is an imperative and indispensable. Weaknesses in ethics and integrity will result in erosion of our customer base and adversely affect our ability to attract new customers, consequently impairing our ability to generate value.</p> <p>Opportunities: Similar to regulatory compliance above, strong ethics and integrity will increase the Group's attractiveness as a trusted provider of pawnbroking services.</p>	
	Cyber Security and Data Privacy	<p>Risks: Failure to ensure adequate cyber security and comply with data protection laws poses significant risks which carry material consequences such as loss of customer confidence, regulatory sanctions and fines and erosion of market confidence.</p> <p>Opportunities: A strong and adequate cyber security stance and strict compliance to data security and privacy legislations ensures the Group's critical systems, IT infrastructure and customer data are safeguarded and protected against unauthorised intrusion and malicious attacks. This aspect will also attest to the Group's reputation for legal compliance and protection of customer interests.</p>	

UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS (UN SDGs)

The Group strives to align to the United Nations Sustainable Development Goals (UN SDGs) in its ESG practices. The Group's material sustainability matters are linked to the UN SDGs as shown above, this attests to efforts to integrate sustainability considerations across our operations.

MANAGEMENT OF MATERIAL MATTERS

ECONOMIC

Local Procurement

As a good and responsible corporate citizen, Pappajack is committed to directly contributing to national economic growth and development. As an integral part of delivering on this commitment the Group directs our procurement to local suppliers and vendors. We take great pride in supporting the local business community knowing that we are helping to sustaining local employment and uplifting societal development.

In FYE2024, Pappajack's procurement were entirely sourced from suppliers and vendors of local origin who are registered with the Group.

SUSTAINABILITY STATEMENT

(Cont'd)

Security and Loss Prevention

Security and loss prevention measures are implemented in all our pawnbroking outlets to prevent losses due to and to deter crimes such as burglary, theft and robbery. The preventive measures that are implemented include 24-hour CCTVs to record and monitor all activities on the premises.

The number of CCTV has increased in tandem with the number of outlets as illustrated in the table below. The average number of CCTV has remained relatively constant indicating a continuing tight focus on monitoring security at our outlets. To maintain tight and constant security oversight of outlets it is important CCTVs at all outlets are in good working order, recognising this, the Group unflinchingly conducts maintenance to ensure that all CCTVs are functioning well. In FYE2024, there was no incident of malfunction or major breakdown in CCTVs in any of the pawnbroking outlets. Over the past 3 years there has been only 1 incident in FYE2023 which was promptly and satisfactorily resolved.

	FYE2022	FYE2023	FYE2024
Number of outlets	30	37	43
Number of CCTVs	413	564	638
CCTV per outlet	13.8	15.2	14.8

In addition to CCTVs, a Central Monitoring System comprising a security alarm system and an anti-theft system have also been installed to detect intrusion and deter unauthorised entry into the Group's pawnbroking outlets. This has contributed to zero cases of burglary, theft or robbery reported across all the Group's pawnbroking outlets over the past three financial years, FYE2022 to FYE2024.

In addition to CCTVs, other key security measures our outlets include in-built vaults enclosed by reinforced concrete walls which are, at a minimum, 9-inch thick. The vaults are further secured by an automatic door lock.

As an additional layer of protection, Pappajack Group subscribes to jeweller's block insurance policy for all its operating pawnbroking outlets. Under the jeweller's block insurance, stocks and merchandise used in the conduct of the pawnbroking business as well as the properties of our pawnbroking outlets are insured against loss or damage by fire, natural disasters, explosion, burglary or theft.

The jeweller's block insurance also covers unredeemed pledges which are removed from our pawnbroking outlets and are in transit to public auctions and/or for the sale to scrap collectors and watch purchasers. The total jeweller's block insurance coverage across the past 3 years is shown below.

	FYE2022	FYE2023	FYE2024
Number of outlets	30	37	43
Average sum insured (RM'000)	5,669	6,639	6,971
Total sum insured (RM'000)	170,081	244,639	299,742

The total sum insured has increased from RM244.6 million (37 outlets, FYE2023) to RM299.7 million (43 outlets, FYE2024) and the average sum insured per outlet has increased from RM6.6 million in FYE2023 to RM6.9 million in FYE2024, demonstrating the Group's continuing commitment to ensuring adequate coverage against potential losses so as to assure business continuity. As well, the insurance is also significant to secure our customers' peace of mind knowing that their assets are covered.

Over the past three financial years, FYE2022 to FYE2024, the Group has not made any material claims under the jeweller's block insurance policies indicative of the tight security in place at our pawnbroking outlets.

SUSTAINABILITY STATEMENT

(Cont'd)

ENVIRONMENT

Resource and Waste Management

Pappajack Group acknowledges our responsibility to contribute to protecting the environment and preserve it for future generations. Although we operate in an industry whose operations do not cause significant environmental harm, Pappajack Group, nevertheless, is committed to weigh in meaningfully alongside the global community to stave off climate change and secure environmental integrity.



Our employees have participated the "Environmental Protection Project" organized by the Earth Warriors Association in September 2024.

The Group practices responsible consumption in resource and utility usage. We manage our electricity consumption conscientiously knowing that consumption of electricity from non-renewable sources is a major contributor of Greenhouse Gas ("GHG") emissions. Group is focused on managing the GHG emissions from our operations. This is an integral part of our carbon management efforts, conducted with a view to reducing the Group's carbon footprint and contribute to Malaysia delivering on its Paris Agreement commitment.

Below is the data for total electricity and energy consumption for the Group for the past three years:

	FYE2022	FYE2023	FYE2024
Number of outlets and offices	30	37	43
Electricity consumption (kWh)	317,531	378,192	477,733
Electricity consumption per outlet (kWh)	10,584	10,221	11,110
Revenue (RM)	69,962,964	109,418,831	117,948,190
Electricity intensity (kWh per RM revenue)	0.005	0.003	0.004
Energy consumption (Megawatt)	317.53	378.19	477.73

Although the Group is not a significant consumer of electricity, we nevertheless, are committed to do our part to protect environmental integrity and contribute to reducing Greenhouse Gas emissions associated with electricity utilisation. We have managed to hold electricity intensity relatively constant over the past 3 years, FYE2024 is even marginally lower than that of FYE2022 in spite of a 43% increase in the number of outlets and offices.

This year, we are commencing disclosure of water consumption by our outlets and offices. The water is drawn from municipal supply. The Group has no reliance on water in its operations, hence, water utilisation is minimal and confined to domestic purposes such as drinking and washing. Accordingly, the Group is constrained in our ability to significantly reduce consumption. However, we do constantly impress on our workforce to consume water responsibly so as to do our part to further environmental care.

SUSTAINABILITY STATEMENT

(Cont'd)

The table below lists water consumption over the past 3 years.

	FYE2022	FYE2023	FYE2024
Number of outlets and offices	30	37	43
Water consumption (m ³)	2,000	3,395	4,803
Water intensity (m ³ per outlet)	66.67	91.76	111.70

The increase in the water usage in FYE2024 was due to water leakage in 4 store outlets and the matter has been attended to.

Due to the nature of Pappajack's business, apart from domestic waste, the only Non-Hazardous waste Group has, is paper waste. The Group consumes the paper for its operational purposes. The Group does not have any Hazardous Waste.

Below is the data for its waste over the past 3 years are shown in the table below.

	FYE2022	FYE2023	FYE2024
Number of outlets and offices	30	37	43
Non-Hazardous Waste (Kg)	2,626	3,373	3,150
Hazardous Waste (Kg)	Nil	Nil	Nil
Total Waste (Kg)	2,626	3,373	3,150
Total Waste per outlet (kg)	87.53	91.16	73.26

Although the volume of paper purchase has increased, consumption management has been tight with paper being used responsibly across our network of outlet and offices. This is evident from the decline in paper purchased per outlet from 91kg in FYE2023 to 73kg in the current year (a fall of 20%) despite an increased number of outlets due to alignment with changes in the laws.

EMISSIONS

In this report, Pappajack Group will commence its reporting on its scope 2 GHG Emissions. Scope 2 GHG emissions are indirect emissions associated with purchased electricity, heat and steam. This data will help us identify areas for improvement and measure progress towards setting our emissions goals and targets.

The table below outlines the Scope 2 GHG Emission data for the Pappajack Group:

GHG Emissions (tCO ² -eq)	FYE2022	FYE2023	FYE2024
Scope 2 Indirect GHG Emissions ^(a)	245.77	293.19	369.77
Electricity intensity (tCO ² - per RM million revenue)	3.51	2.68	3.13

Notes:

(a) Scope 2 indirect emissions generated from electricity purchased. – grid emission factor sourced from myenergystats.st.gov.my – 0.774 Gg Co²e

SUSTAINABILITY STATEMENT

(Cont'd)

SOCIAL

Employment Diversity and Equal Opportunity

Pappajack Group acknowledges that a strong, cohesive and competent workforce is imperative for organisational. Our workforce, which forms the backbone of the Group have been unstinting in extending their support and contributing to the Group's success and growth. In response, we recognise the need to reciprocate as an explicit gesture to maintain and strengthen the harmonious relationships with our workforce and drive their continued passion to contribute to our continuing success.

We uphold a zero-tolerance policy against discrimination, ensuring all employees are accorded equal treatment regardless of nationality, race, religion, gender, marital status, age, or disabilities. The Group values diversity, equity, and inclusion acutely understanding that these elements are foundational to our workforce's sense of dignity. By embracing diverse perspectives and backgrounds we can access a wider pool of opinions is the basis for innovation and operational excellence.

The total number of employees as at the end of FYE2024 stands at 154 as compared to 136 in FYE2023, this represents an increase of 18 employees, or 13% reflecting the Group's continued expansion and growth.

	FYE2022		FYE2023		FYE2024	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Management	4	0	4	0	4	0
Executive	45	0	48	0	52	0
Non-Executive	69	0	84	0	98	0
Total	118		136		154	

For FYE 2024, the turnover of employees by employment category are as follows:

FYE	
Management	0
Executive	1
Non-Executive	22
Total	23

In terms of gender ratio, as at the end of FYE2024, 90% (139 employees) were female while 10% (15 employees) were male, representing a gender ratio of 90:10 compared to 87:13 at the end of FYE2023.

The Group constantly strives to attain a better balance in our workforce's gender ratio and will put in added focus on recruiting a higher proportion of male employees.

The Group's workforce statistics for FYE2024 are represented in the tables below:

Diversity by Gender

	FYE2022	FYE2023	FYE2024
Female	103	122	138
Male	15	14	16
Total Employees	118	136	154

SUSTAINABILITY STATEMENT

(Cont'd)

Diversity by Gender by Employee Category

	FYE2022		FYE2023		FYE2024	
	Male	Female	Male	Female	Male	Female
Management	4	0	4	0	4	0
Executive	8	37	8	40	9	44
Non-Executive	3	66	2	82	3	94
Total	15	103	14	122	16	138

Diversity by Age by Employee Category

FYE 2024	Below 30 years	30 to 50 years	Above 50 years
Management	0	3	1
Executive	19	24	9
Non-Executive	62	30	6

FYE 2023	Below 30 years	30 to 50 years	Above 50 years
Management	0	3	1
Executive	19	22	7
Non-Executive	53	27	4

FYE 2022	Below 30 years	30 to 50 years	Above 50 years
Management	0	3	1
Executive	19	20	6
Non-Executive	43	21	4

Board Diversity

At Pappajack Group, we also recognise the importance of gender and age diversity at the Board level.

The current Board representation is summarised as follows:

Board Diversity by gender and age group	Unit	FYE 2024
By Gender		
Male	%	67
Female	%	33
By Age		
Under 30	%	Nil
Between 30-50	%	50
Above 50	%	50

Please refer to pages 4 to 9 of the Annual Report 2024 for further details on the Board of Directors.

SUSTAINABILITY STATEMENT

(Cont'd)

Labour Practices and Standards

The Group recognises the importance of cultivating and maintaining a work environment that respects and upholds human rights consistent with our commitment to responsible and ethical conduct. We strive to ensure that our workforce is treated with the requisite dignity and respect, recognising their essential role in securing the Group's growth and success. As a good corporate citizen the Group embraces fair labour practices and continuously reinforces harmonious industry relations.

The Group's human resources policies and process aligns with international human rights treaties and conventions, child and forced labour are strictly prohibited as well as sexual harassment. We comply to the Employment Act 1955 and laws governing working hours, overtime benefits, and minimum wages. The Group complies with wage regulations and prevents excessive working hours, cultivating a safe, equitable, and sustainable work environment.

There has been no substantiated complaints concerning human rights violations over the last 3 years, FYE 2022 to FYE2024.

Pappajack Group has an expressed commitment to ensure that all employees are fairly compensated with a remuneration package that commensurate with their qualifications, experience and skills. We offer a range of competitive and supportive benefits to meet the needs of our workforce and, more importantly, the opportunity to grow and develop in a progressive organisation. In line with Malaysia's minimum wage regulations, Pappajack Group provides a starting base salary that aligns with legal requirements. The Group adopts a merit-based approach to compensate members of our workforce where rewards are solely based on performance levels determined based on fair and objective evaluations, without any discrimination. Pappajack Group is committed to employee equity in all aspects of employment.

As part of our employee value proposition the Group provides a range of benefits to our workforce, this also ensures the competitiveness of our compensation scheme to attract and retain employees. The range of benefits the Group provides to our employees is listed below:

- Medical
- Employees' Provident Fund ("EPF") contribution
- Social Security Organisation ("SOCSO") contribution
- Medical benefits
- Annual leave
- Compassionate leave

Health and Safety

The Group considers our workforce our most valuable asset who are critical in generating long-term value for our stakeholders. We are committed to reciprocating our workforce's unstinting contributions and efforts that have supported the Group continuing growth and prosperity. The Group provides a competitive remuneration package, which includes medical benefits for our employees – this is a common and conventional means of safeguarding employee health and well-being.

At our outlets, we institute safety measures such as fire fighting equipment and first aid kits to address any emergency. For the year in review, there are no work fatalities.

Health and Safety Trainings

During the year, the Group conducted general health and safety training for some of its employees. The number of the Group's employees who have received training in FYE 2024 is as follows:

	FYE2024
Number of employee trained	46
Total employees	154
% of employees trained	30%

SUSTAINABILITY STATEMENT

(Cont'd)

Community Engagement

As a good and responsible corporate citizen, Pappajack Group upholds our responsibility to give back to the society as a gesture of appreciation for our economic success, prosperity and growth. Importantly, giving back reflects the Group's humanity, underscoring that we are not solely driven by financial success.



In August 2024, we have conducted two sessions of corporate visit at our headquarter office that participated by the students from Centuria Academy and Finsource Group.

The Group believes in continuous corporate social responsibility towards the community will create value and enhance development of the community and the wider society. In FYE 2024, the Group had donated RM229,996 to support various causes such as sports activities, religious, the needy and less privileged and the various fund raising activities organised by the police forces and fire department.

Contributions made over the past 3 years is depicted below.

	FYE2022 (RM)	FYE2023 (RM)	FYE2024 (RM)
Investment directed to the Community	13,000	76,050	218,996

GOVERNANCE

Managing Regulatory Compliances and Changes

The Group's principal business of pawnbroking services is licensed under the Pawnbrokers Act 1972, it follows that the continuation of our operations hinges on our continuing and strict compliance to all legislative provisions and requirements. Any lapse in our compliance can have wide-ranging and material adverse impact on our business and our ability to continue creating stakeholder value. Accordingly, the Group places intense focus on regulatory compliance supported by diligent oversight and governance starting from the senior-most level of the Board through to our entire workforce.

Robust risk management processes and a strong system of internal controls are in place supplemented by independent internal and external auditors to maintain the required rigour over compliance and constantly keep the Group on constant vigilance to prevent any compliance lapses. In addition appropriate risk management processes are in place to identify, manage and mitigate any risks of any potential non-compliance which facilitates the Group in taking early action to head any non-compliance to governing regulations.

We are pleased to report that for FYE2024, similar to the previous 2 years, there is no claim or incident of non-compliance.

SUSTAINABILITY STATEMENT

(Cont'd)

Cybersecurity and Data Privacy

Information Technology (“IT”) has enabled a range of capabilities that have brought about enhanced competitiveness, greater customer intimacy, enhanced cost effectiveness and operational efficiency. Hence IT has been embraced unreservedly by both the public and private sectors. Pappajack has also similarly strongly adopted IT and automation to reap their attendant benefits. However, along with benefits, IT adoption also brings responsibilities, the most critical ones which are also mandated by relevant regulators are cyber security data privacy.

As IT application widened and deepened across the Group, operational dependency on IT has also increased surfacing a critical need to protect the Group’s IT infrastructure, applications and data against intrusions and malicious attacks by cyber criminals. Along similar lines, IT enablement has also resulted in the capture and processing of customer data the privacy and confidentiality are protected under the Personal Data Protection (“PDP”) Act 2010 as amended by the PDP (Amendment) Act 2024. The Group has also registered under the PDP as required.

To effectively discharge our responsibilities to protect the Group’s and our customers, the Group has in place dedicated and competent personnel responsible for overseeing our cyber security stance. In addition the Group has put in place the necessary fortifications as well as exercise vigilance and diligence to safeguard and protect the Group’s IT assets, data and secure the privacy and confidentiality of our customers’ data. These mechanisms concerned include, amongst others, firewalls, private networks, backup systems, and anti-virus and anti-malware systems.

In FYE2024, similar to the previous 2 years, there is no substantiated complaint regarding breach of customer data privacy or loss of customer data.

Ethics and Integrity

Pappajack adopts a zero-tolerance stance against fraud, bribery and corruption in keeping with our high standards of integrity and ethical conduct of business. The Group is profoundly aware that any lapses or compromise in our stringent stance will have negative impact on our ability to continue to create value and impair our good standing and reputation in the market.

The Group has in place a Code of Conduct that is mandatory for all employees to ensure that their business interactions are not tainted by malpractices. In addition a set of robust policies are also in place to govern and address anti-bribery, anti-corruption, anti-money laundering and whistleblowing. All the foregoing, which have been communicated to all our employees and accessible at our corporate website, serves to collectively inculcate trust, responsibility and ethical business conduct across the Group to establish and reinforce a culture of integrity in all aspects of our business and operations.

Training is an important means of reinforcing and embedding a culture of integrity, to this end the Group regularly conducts anti-bribery and anti-corruption training to our workforce. New recruits are given training during onboarding while employees in positions and functions that are exposed to higher corruption risk are provided with refresher training as a continuously reminder of the stance against bribery and corruption and the dire consequences of non-compliance.

The percentage of the Group’s employees who have received training on anti-bribery and corruption across the previous 3 year is summarised below.

	FYE2022	FYE2023	FYE2024
Number of employee trained	22	33	37
Total employees	118	136	154
% of employees trained	19%	24%	24%

The Group’s employees are expected to conduct themselves professionally, ethically and with integrity and not engage in any corrupt or illegal act. The Group takes seriously any allegation or suspicion of corruption given the material adverse potential consequences on the Group and our stakeholders. Every employees must uphold the Group’s high ethical and integrity standards in all their business dealings to secure to protect the Group against the corporate liability principles contained in Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009.

SUSTAINABILITY STATEMENT

(Cont'd)

Underscoring the compliance of our workforce to the Group's high standards of ethical conduct and integrity, in FYE2024, similar to the previous 3 years, there was no bribery and corruption case reported and the Group aims to maintain this record by promoting a positive culture of compliance.

In addition, none of our employees were penalised or dismissed due to non-compliance to our Anti-Bribery and Corruption Policy. Pappajack Group remains committed to preserving this record and will continue to uphold high levels of integrity and ethical standards.

In upholding integrity, transparency and accountability, the Group has in place a Whistleblowing Policy that is aligned to the Whistleblower Protection Act 2010. The Policy documents formal whistle blowing procedures to address valid whistleblowing complaints in relation to any misconduct, inappropriate and unethical behaviour within the Group. All whistleblowing complaints are accorded the requisite confidentiality and whistleblowers are protected from any retaliation, discrimination and mistreatment. All valid whistleblowing complaint will be investigated and appropriate action taken if allegation(s) are proven true.

PERFORMANCE DATA TABLE

Indicator	Unit	FYE2024	FYE2023	FYE2022
Bursa C1(a) Percentage of employees who have received training on anti- corruption by employee category		24%	24%	19%
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	Zero	Zero	Zero
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	RM218,996	RM76,050	RM13,000
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management - Under 30	Percentage	0%	0%	0%
Management - Between30-50	Percentage	1.9%	2.2%	2.5%
Management - Above 50	Percentage	0.6%	0.7%	0.8%
Executive - Under 30	Percentage	12.3%	14.0%	16.1%
Executive Between 30-50	Percentage	15.6%	16.2%	16.9%
Executive Above 50	Percentage	5.8%	5.1%	5.1%
Non-executive/TechnicalStaff - Under 30	Percentage	40.3%	39.0%	36.5%
Non-executive/TechnicalStaff - Between 30-50	Percentage	19.5%	19.9%	18.7%
Non-executive/TechnicalStaff - Above 50	Percentage	3.9%	2.9%	3.4%
Gender Group by Employee Category				
Management Male	Percentage	2.6%	2.9%	3.4%
Management Female	Percentage	0%	0%	0%
Executive Male	Percentage	5.8%	5.9%	6.8%
Executive Female	Percentage	28.6%	29.4%	31.4%
Non-executive / Technical Staff Male	Percentage	1.9%	1.5%	2.5%
Non-executive / Technical Staff Female	Percentage	61.0%	60.3%	55.9%

SUSTAINABILITY STATEMENT

(Cont'd)

Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	67%	67%	67%
Female	Percentage	33%	33%	33%
Under 30	Percentage	0%	0%	0%
Between 30-50	Percentage	50%	67%	67%
Above 50	Percentage	50%	33%	33%
Bursa C4(a) Total energy consumption	Megawatt	477.73	378.19	317.53
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	tCO2-e	369.77	293.19	245.77
Bursa C5(a) Number of work-related fatalities	Number	Zero	Zero	Zero
Bursa C5(c) Number of employees trained on health and safety standards	Number	46	N/A	N/A
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	Zero	Zero	Zero
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0%	0%	0%
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	0	N/A	N/A
Executive	Number	1	N/A	N/A
Non-executive/Technical Staff	Number	22	N/A	N/A
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	Zero	Zero	Zero
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100%	100%	100%
Bursa C9(a) Total volume of water used	Megalitres	4.80	3.39	2.00

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Pappajack Berhad (“Pappajack” or “the Company”) recognises the importance of practising good corporate governance and is committed to ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“Group”) to build sustainable business growth, safeguard the interest of shareholders, enhance shareholders’ value and protect stakeholders’ interest.

The Board is pleased to present this Corporate Governance Overview Statement (“CG Overview Statement”) to provide shareholders and investors with an overview of the Company’s corporate governance practices during the financial year ended 31 December 2024 (“FYE 2024”) with reference to the following three (3) key principles set out in the Malaysian Code on Corporate Governance (“MCCG”):

Principle A: Board Leadership and Effectiveness

Principle B: Effective Audit and Risk Management; and

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This CG Statement is presented in compliance with Paragraph 15.25 of the Main Market Listing Requirements (“MMLR” or “Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and shall be read together with the Corporate Governance Report (“CG Report”) which provides a detailed explanation of the Company’s application of the practices as set out in the MCCG during the financial year under review. The CG Report is available on the Company’s website at www.pappajack.com.my, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is responsible for leading and overseeing the strategic direction, corporate governance, risk management and sustainability efforts of the Group. It plays a pivotal role in guiding Management and ensuring that the Group’s affairs are conducted ethically and in accordance with applicable laws and regulations, while striving to protect and enhance long-term shareholder value.

The Board has adopted a Board Charter, which outlines the principal roles and responsibilities of the Board, Chairman, individual Directors, and Board Committees. The Charter also sets out matters reserved for the Board’s collective decision-making, such as approval of strategic plans, major capital expenditures, corporate proposals, quarterly and annual financial results, and related party transactions.

The Board discharges its responsibilities, among others, through:

- Reviewing and approving the Group’s strategic plan and direction.
- Overseeing the conduct of the Group’s business and evaluating whether it is properly managed.
- Ensuring effective risk management and internal control frameworks are in place.
- Succession planning, including appointing and evaluating key senior management.
- Reviewing the adequacy and integrity of the Group’s financial reporting and internal control systems.
- Promoting sustainability as part of business strategy.

The Board Charter is reviewed periodically to ensure it remains relevant and is aligned with applicable regulations and best practices. It is available on the Company’s website at www.pappajack.com.my.

To assist the Board in the discharge of its fiduciary duties, four (4) Board Committees have been established, namely:

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee

Each Committee operates within its Terms of Reference (“TOR”) that clearly defines its functions, responsibilities, powers, composition, and meeting procedures. The TORs are reviewed periodically and published on the Company’s website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

The Board Committees are entrusted with specific responsibilities to oversee and deliberate matters within their scope and provide sound recommendations to the Board for collective decision-making. However, the ultimate responsibility for decision-making lies with the Board.

Separation of positions of the Chairman and Managing Director/Chief Executive Officer

The Board recognises the importance of having a clear division of power and responsibilities between the roles of the Chairman of the Board and Managing Director/Chief Executive Officer to ensure that there is equilibrium of power and authority in managing and directing the Group. The roles of the Chairman of the Board and the Managing Director/Chief Executive Officer are distinct and separate to engender accountability and facilitate a clear division of responsibilities to ensure there is a balance of power and authority in the Group. This segregation of roles also facilitates a healthy open exchange of views between the Board and Management in their deliberation of businesses, strategies and key activities of the Group.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as a facilitator at the meetings and ensures that Board proceedings are in compliance with good conduct and best practices. The Board delegates to the Managing Director/Chief Executive Officer and the management, to oversee the day-to-day management of the Group's business operations and implementation of policies and strategies adopted by the Board to achieve the Group's objective of creating long-term value for its shareholders.

Access to Information and Advice

All Directors have unrestricted access to all information pertaining to the Group's business and affairs and have full access to management, Company Secretary and External Auditors for information needed to carry out their duties and responsibilities. This is to enable them to carry out their duties effectively and diligently. As and when necessary, Directors may, whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated.

Prior to each Board and Board Committee meeting, a formal meeting calendar is circulated in advance. Meeting materials, including the agenda, minutes of previous meetings, financial and operational reports, and relevant board papers, are provided to the Directors within a reasonable timeframe before the meeting to facilitate informed discussion and effective deliberation. The deliberations and decisions at Board and Board Committee meetings are documented in the minutes, which are circulated and confirmed at the subsequent meeting.

Company Secretary

The Board is supported by a qualified and competent Company Secretary, who plays a key advisory role in ensuring the Board and its Committees operate in accordance with applicable laws, regulations, and best governance practices.

The Company Secretary is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is qualified to act as a Company Secretary under Section 235 of the Companies Act 2016. She possesses extensive experience in corporate secretarial practices and regularly attends relevant training to keep abreast of legal and regulatory developments.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

Company Secretary *cont'd*

She is also responsible for ensuring that the Company's Constitution, procedures, policies and regulations are complied with. Also ensuring that, all obligations required by the regulatory and under the AMLR are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretary on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties as required. The Board is satisfied with the service and support rendered by the Company Secretary in discharging her functions.

Code of Conduct, Whistle Blowing Policy, Anti Bribery and Corruption Policy, and Anti-Money Laundering Policy

The Board had adopted the Code of Conduct to promote the corporate culture which engenders ethical conduct that permeates throughout the Group.

The Board had formalised a Whistleblowing Policy as the Board is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner. The whistleblowing policy provides an avenue for all Directors and employees of the Group to disclose any improper conduct and to provide protection for those who report such allegations.

The Company adopts a "zero tolerance" policy against all forms of bribery and corruption and is committed to conducting business professionally and upholding high standards of ethics and integrity. In this regard, the Company has adopted the Anti-Bribery and Anti-Corruption Policy to ensure compliance with and adherence to all applicable laws including, amongst others, the Malaysian Anti-Corruption Act 2009 and any of its amendments that may be made by the relevant authority from time to time. The Anti-Bribery and Corruption Policy will be reviewed and updated as and when necessary to ensure its relevance and effectiveness.

The Board had formalised an Anti-Money Laundering Policy which is to prevent the use of Pappajack's products and services for money laundering (which includes handling of criminal proceeds) or terrorists financing (referred to collectively as "money laundering") purposes. The Anti-Money Laundering Policy sets out Pappajack general guidance in consonance with the policy of the Bank Negara Malaysia ("BNM") to combat money laundering and terrorist financing activities, as embodied in the Anti-Money Laundering and Anti-Terrorism Financing Act 2001.

The Code of Conduct, Whistle Blowing Policy, Anti Bribery and Corruption Policy, and Anti-Money Laundering Policy are available on the Company's website.

Sustainability Governance

The Board is cognisant of the importance of business sustainability. The Board has the overall responsibility of overseeing the Group's sustainability matters, its direction and performance. The impact on economic, environmental and social aspects are always taken into consideration by the Board when developing and implementing any strategies, business plans, major plans of action and risk management of the Group. The Sustainability Statement of the Group which provides an overview of the sustainability performance for the financial year ended 31 December 2024, is set out on pages 21 to 39 of the Annual Report 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION

As at the date of this report, the Board comprises six (6) Directors i.e. one (1) Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, and two (2) Executive Directors. This composition complies with Paragraph 15.02 of the MMLR, which requires at least two (2) or one-third (1/3) of the Board members (whichever is higher) to be Independent Directors. It also aligns with the Practice 5.2 of MCCG, which encourages the Board to comprise a majority of Independent Directors.

The Board also meets Practice 5.9 of the MCCG, which recommends having at least 30% women representation. As at the date of this Statement, two (2) female Directors serve on the Board, representing 33% of its composition.

The Nomination Committee reviews the size and composition of the Board periodically to ensure a balanced and effective mix of skills, experience, diversity and independence. No single individual or group dominates the Board's decision-making process. The Independent Directors are independent of Management and major shareholders and are free from any relationship that could interfere with the exercise of independent judgement.

Based on the outcome of the annual Board evaluation, the Board is of the view that its current size and composition are appropriate and effective, and possess a balanced mix of qualifications, industry knowledge and functional expertise necessary for the effective oversight of the Group's operations.

Tenure of Independent Non-Executive Directors

The Independent Non-Executive Directors of the Company remain independent of management and continue to provide effective oversight and objective judgement, thereby ensuring a robust system of checks and balances in the Board's deliberations and decision-making processes.

The Board is mindful of Practice 5.3 of the MCCG, which recommends that the tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years. While the Company has not adopted a formal policy to limit the tenure of its Independent Non-Executive Directors to nine (9) years, the Board recognises the importance of preserving independence and will provide justification and seek annual shareholders' approval via a two-tier voting process at a general meeting should it decide to retain any INED beyond the nine-year threshold.

As at the date of this Statement, none of the four (4) Independent Non-Executive Directors on the Board has served beyond a cumulative term of nine (9) years.

Following the annual evaluation conducted during the financial year under review, the Board is satisfied with the independence, objectivity, and commitment demonstrated by all Independent Non-Executive Directors, and is of the view that they continue to act in the best interests of the Company.

Nomination Committee

The Board has established a Nomination Committee ("NC") to provide support and guidance in matters pertaining to the appointment of new Directors, Board composition, Directors' training programmes, and the performance evaluation of the Board, Board Committees, and individual Directors. The NC's full duties and responsibilities are set out in its Terms of Reference, which is available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

Nomination Committee *cont'd*

The NC comprises exclusively Independent Non-Executive Directors and is chaired by Ms. Koo Woon Kan. The composition of the NC and the meeting attendance of each member during the financial year ended 31 December 2024 are as follows:

Name	Designation	Meeting Attendance
Ms. Koo Woon Kan ⁽¹⁾ (Independent Non-Executive Director)	Chairman	2/2
Mr. Cheong Woon Yaw (Independent Non-Executive Director)	Member	2/2
Ms. Mah Ying Ying ⁽²⁾ (Independent Non-Executive Director)	Member	-
Dato' Magaret Ting Thien Hung ⁽³⁾ (Independent Non-Executive Director)	Former Member	1/1
Ms. Beh Ooi Siew ⁽⁴⁾ (Independent Non-Executive Director)	Former Member	-

Notes:

⁽¹⁾Re-designated as Chairman of the NC on 23 August 2024

⁽²⁾Appointed as a member of the NC on 13 September 2024

⁽³⁾Ceased to be a member of the NC on 14 June 2024 following retirement as Independent Non-Executive Director

⁽⁴⁾Appointed on 23 August 2024 and ceased as a member of the NC on 13 September 2024 following resignation as Independent Non-Executive Director

During the financial year, the NC carried out the following activities in discharging its responsibilities:

- Reviewed and assessed the performance and effectiveness of the Board and Board Committees as a whole.
- Evaluated the term of office and performance of the AC and each of its members.
- Assessed the independence of the Independent Directors based on criteria prescribed under the Listing Requirements.
- Reviewed and recommended the re-election of Directors retiring at the Annual General Meeting.
- Evaluated and recommended to the Board the appointment of new Directors based on the their competency, characters, time commitment, knowledge, experience, and skills.

Appointment of Directors

The NC is entrusted with the responsibility to identify, evaluate, and recommend suitable candidates for appointment to the Board, either to fill casual vacancies or to support the evolving needs of the Group. In selecting a candidate, the NC considers various factors, including character, integrity, competence, experience, time commitment, and diversity, as well as the number of directorships held. For Independent Non-Executive Directors, the NC also assesses the candidate's independence in accordance with the criteria prescribed under the Listing Requirements of Bursa Malaysia Securities Berhad.

In assessing a candidate's suitability, the NC also refers to the Company's Directors' Fit and Proper Policy, which outlines the key criteria relating to integrity, competence, experience, and time commitment. The NC is also committed to promoting diversity in the Board composition, including gender, age, ethnicity, and professional background, to ensure a balanced and effective Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

Appointment of Directors *cont'd*

Suitable candidates are identified through recommendations from Directors, Management, shareholders, or independent search firms where appropriate. The appointed individual will stand for re-election at the next AGM in accordance with the Company's Constitution.

During the financial year ended 31 December 2024, the NC undertook a review of the Board composition following the retirement of Dato' Magaret Ting Thien Hung. As part of this process, and to ensure continued Board effectiveness and balance, suitable candidates were identified and appointed, including Ms. Mah Ying Ying, who joined the Board as an Independent Non-Executive Director on 13 September 2024.

The process for appointment of new Board members includes identification of suitable candidates, conduct of background checks where applicable, assessment of the candidate's suitability by the NC, and recommendation to the Board for approval. All appointments are subject to the approval of the Board.

Re-election of Directors

In accordance with the Company's Constitution, one-third (1/3) or the number nearest to one-third (1/3) of the Directors shall retire from office at each Annual General Meeting ("AGM"), with all Directors required to retire from office at least once every three (3) years. Retiring Directors are eligible for re-election. All retiring Directors will abstain from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

When considering whether to recommend a Director for re-election, the NC evaluates various factors, including:

- the Director's contributions to the Board and continued ability to continue to contribute effectively;
- attendance at Board and committee meetings;
- whether the Director continues to possess the necessary attributes, competencies and qualifications; and
- for Independent Directors, the assessment of their independence.

Based on the annual assessment conducted, the NC was satisfied with the performance and continued contribution of the Directors who are standing for re-election. Accordingly, the NC recommended their re-election to the Board. The Board, having considered the NC's recommendation, supports the re-election of the eligible Directors at the forthcoming Fourth AGM of the Company, in accordance with the Company's Constitution.

Board Assessment and Annual Evaluation

For the financial year ended 31 December 2024, the Board, through the NC, conducted its annual performance evaluation to assess the effectiveness of the Board as a whole, its Committees, and the performance of individual Directors, including an assessment of the independence of the Independent Non-Executive Directors. The evaluation was carried out using customised questionnaires, guided by the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad.

The NC also reviewed the term of office and performance of the Audit Committee and its members and concluded that the Audit Committee had discharged its functions and responsibilities effectively.

The results of the evaluation were deliberated by the NC and reported to the Board. The NC concluded that the Board and its Committees continue to operate effectively, with the appropriate mix of skills, experience, and strong working dynamics.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

Time commitment

The Directors are mindful of the time commitment required to discharge their duties effectively, including attendance at Board, Board Committee and other relevant meetings. A meeting calendar is circulated and agreed upon prior to the start of each financial year to facilitate Directors' planning.

The Board met five (5) times during the financial year ended 31 December 2024. All Directors complied with the minimum attendance requirements under the Listing Requirements of Bursa Securities. The Board is satisfied with the time commitment demonstrated by each Director in discharging their responsibilities. Details of Directors' attendance at Board meetings during the year are set out below:

Name of Directors	Attendance	Percentage of attendance (%)
Chong Chee Fire <i>(Independent Non-Executive Chairman)</i>	5/5	100%
Lim Boon Hua <i>(Managing Director/Chief Executive Officer)</i>	5/5	100%
Law Book Ching <i>(Executive Director)</i>	5/5	100%
Koo Woon Kan <i>(Independent Non-Executive Director)</i>	5/5	100%
Cheong Woon Yaw <i>(Independent Non-Executive Director)</i>	5/5	100%
Mah Ying Ying <i>(Independent Non-Executive Director)</i> <i>(Appointed on 13 September 2024)</i>	1/1	100%
Dato' Magaret Ting Thien Hung <i>(Independent Non-Executive Director)</i> <i>(Retired on 14 June 2024)</i>	3/3	100%
Beh Ooi Siew <i>(Former Independent Non-Executive Director)</i> <i>(Appointed on 23 August 2024 and resigned on 13 September 2024; no Board meeting held during tenure)</i>	-	-

Directors' Training

The Board recognises the importance of continuous professional development for its Directors in order to discharge their duties effectively. All Directors are encouraged to attend relevant training programmes to broaden their perspectives and keep abreast of industry trends, regulatory changes, and corporate governance developments.

The Directors are also aware of the need to undertake ongoing training from time to time to stay updated on current developments, including new statutory and regulatory requirements as well as updates to financial reporting standards.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

Directors' Training *cont'd*

The training programmes and seminars attended by the Directors during the financial year ended 31 December 2024 are as follows:

Name of Directors	Seminars/Conferences/Training Programmes Attended	Date
Chong Chee Fire	AMLA 2001 & MACC Act 2009: Prevention, Detection & Collaboration in Fronting Compliance	11 May 2024
Lim Boon Hua	Mandatory Accreditation Programme Part II: Leading for Impact	20 – 21 May 2024
Law Book Ching	Mandatory Accreditation Programme Part II: Leading for Impact	20 – 21 May 2024
Koo Woon Kan	Practical Implementation of Beneficial Ownership under Companies (Amendment) Act 2024 and SSM e-BOS	4 April 2024
	S60C NOTICE and BO REPLY SLIP Updated Samples & Templates Implementation of BO Compliance under Companies (Amendment) Act 2024 & SSM e-BOS	18 April 2024
	E-invoice strategy	5 November 2024
	Board of Directors: Navigating Resilience via ESG Strategy	27 November 2024
Cheong Woon Yaw	Implementation of e-invoicing in Malaysia	30 January 2024
	Double Materiality Assessment for Sustainability Reporting Challenges of Regulatory Evolutions	31 January 2024
	Mastering Self-Leadership and Motivation in the Workplace	22 February 2024
	Capital Gains Tax (CGT) on Foreign and Domestic Transactions	28 February 2024
	Leadership in a Changed World – Upskill your leadership capabilities to drive resilient teams	9 May 2024
	ESG Matters@ACCA - Decoding Greenhouse Gas Emissions (GHG) Accounting: Scope 1, Scope 2 and Scope 3	27 May 2024
	ESG Matters@ACCA - Green Gold: Dive into Climate Finance Certification	21 August 2024
	Managing conflict – handling disagreements and speaking up for what you want	20 September 2024
	Growing your practice: green and resilient	25 September 2024
	Effective Communication for Young Managers – Mastering Listening & Leadership	3 October 2024
	Post Implementation of e-Invoicing in Malaysia – Challenges faced by Businesses and What's Next	7 October 2024
	Innovative strategies for public sector productivity	2 December 2024
	Unlocking Productivity and Efficiency for Accounting Professionals with AI	4 December 2024
Mah Ying Ying	Invoice implementation for Impart Export & SST Vol 2.2.	20 August 2024
	MIA Public Practice Programme 2024 – Audit	10 –11 September 2024

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

III. DIRECTORS' REMUNERATION

The Remuneration Committee ("RC") comprises exclusively Independent Non-Executive Directors and is chaired by Ms. Koo Woon Kan. The composition of the RC and the meeting attendance of each member during the financial year ended 31 December 2024 are as follows:

Name	Designation in RC	Meeting Attendance
Ms. Koo Woon Kan ⁽¹⁾ <i>(Independent Non-Executive Director)</i>	Chairman	2/2
Mr. Cheong Woon Yaw <i>(Independent Non-Executive Director)</i>	Member	2/2
Ms. Mah Ying Ying ⁽²⁾ <i>(Independent Non-Executive Director)</i>	Member	-
Dato' Magaret Ting Thien Hung ⁽³⁾ <i>(Independent Non-Executive Director)</i>	Former Member	1/1
Ms. Beh Ooi Siew ⁽⁴⁾ <i>(Independent Non-Executive Director)</i>	Former Member	-

Notes:

⁽¹⁾ Re-designated as Chairman of the RC on 23 August 2024

⁽²⁾ Appointed as a member of the RC on 13 September 2024

⁽³⁾ Ceased to be a member of the RC on 14 June 2024 following retirement as Independent Non-Executive Director

⁽⁴⁾ Appointed on 23 August 2024 and ceased as a member of the RC on 13 September 2024 following resignation as Independent Non-Executive Director

The RC is responsible for reviewing and recommending to the Board the remuneration packages of Executive Directors and Senior Management to ensure that they are aligned with the Group's performance, individual responsibilities, and prevailing market benchmarks. The RC also reviews fees and benefits payable to Non-Executive Directors.

The Company is committed to setting remuneration at levels that are sufficient to attract, retain, and motivate Directors and Senior Management of the calibre required to drive the Group's success. In determining appropriate remuneration, the RC considers various factors including the scope of responsibility, workload, skills and experience, as well as the Group's financial performance.

In accordance with Section 230(1) of the Companies Act 2016, fees and any benefits payable to Directors of a listed company and its subsidiaries must be approved at a general meeting of shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

III. DIRECTORS' REMUNERATION *cont'd*

The details of the Directors' remuneration for the financial year ended 31 December 2024 are as follows:

Name of Director	Fees RM'000	Salaries RM'000	Allowances RM'000	Bonus RM'000	Benefits- in-kind RM'000	Statutory Contribution RM'000	Share- based payment RM'000	Total RM'000
Executive Directors								
Lim Boon Hua	180	285	180	140	24	79.9	-	888.9
Law Book Ching	39.9	155	-	50	-	27.9	-	272.8
Non-Executive Directors								
Chong Chee Fire	57	-	3	-	-	-	34.8	94.8
Koo Woon Kan	40.5	-	3	-	-	-	29	72.5
Cheong Woon Yaw	40.5	-	3	-	-	-	29	72.5
Mah Ying Ying <i>(Appointed on 13 September 2024)</i>	10.7	-	0.5	-	-	-	-	11.2
Dato' Magaret Ting Thien Hung <i>(Retired on 14 June 2024)</i>	17.6	-	1.5	-	-	-	-	19.1
Beh Ooi Siew <i>(Appointed on 23 August 2024 and resigned on 13 September 2024)</i>	2.1	-	-	-	-	-	-	2.1

The details of the remuneration of the top Senior Management (including salary, bonus, benefit in kind and other emoluments) in each successive bands of RM50,000.00 during the financial year ended 31 December 2024 are as follows:-

Range of Remuneration (RM)	Designation of Top Senior Management
250,001 – 300,000	Chief Financial Officer
550,001 – 600,000	Chief Operating Officer

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Board is committed to maintaining the integrity of financial reporting. To support the Board in fulfilling its statutory and fiduciary responsibilities, the Audit Committee ("AC") is tasked with providing advice and assistance in areas including the Company's internal and external audit functions, risk management, compliance systems and practices, financial systems, accounting, control systems, and other matters that could have a significant impact on the financial condition or operations of the business. Additionally, the ARMC ensures that the Company's financial statements are in compliance with the relevant financial reporting standards in Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

I. Audit Committee *cont'd*

The ARMC comprises exclusively Independent Non-Executive Directors and the details of the composition of the ARMC are as follows:

Name	Designation in AC
Mr. Cheong Woon Yaw ⁽¹⁾ <i>(Independent Non-Executive Director)</i>	Chairman
Ms. Koo Woon Kan ⁽²⁾ <i>(Independent Non-Executive Director)</i>	Member
Ms. Mah Ying Ying ⁽³⁾ <i>(Independent Non-Executive Director)</i>	Member
Dato' Magaret Ting Thien Hung ⁽⁴⁾ <i>(Independent Non-Executive Director)</i>	Former Member
Ms. Beh Ooi Siew ⁽⁵⁾ <i>(Independent Non-Executive Director)</i>	Former Member

Notes:

⁽¹⁾ Re-designated as Chairman of the AC on 23 August 2024

⁽²⁾ Re-designated as a member of the AC on 23 August 2024

⁽³⁾ Appointed as a member of the AC on 13 September 2024

⁽⁴⁾ Ceased to be a member of the AC on 14 June 2024 following retirement as Independent Non-Executive Director

⁽⁵⁾ Appointed on 23 August 2024 and ceased as a member of the AC on 13 September 2024 following resignation as Independent Non-Executive Director

The Chairman of the AC is not the Chairman of the Board, thereby preserving the objectivity and independence of the Board's review of the AC's findings and recommendations. None of the AC members were former key audit partners of the Group's current external auditors. In line with best practices, the TOR of the AC stipulate a mandatory cooling-off period of at least three (3) years before a former key audit partner may be appointed as a member of the AC.

The AC has unrestricted access to the Executive Directors, Senior Management, External Auditors, and Internal Auditors to facilitate the discharge of its duties effectively. The composition of the AC is reviewed annually to ensure it remains independent and effective, and is aligned with the principles set out in the MCCG. All AC members are financially literate and possess an adequate understanding of the Group's business operations. They have also undertaken continuous professional development to stay current with developments in accounting standards, practices, and regulations.

For the financial year ended 31 December 2024, the Board is satisfied, based on the performance evaluation of the AC, that the AC Chairman and its members have carried out their responsibilities effectively.

The AC also reviews the independence, suitability, and appointment or re-appointment of the External Auditors on an annual basis, guided by the outcome of the External Auditors Assessment.

II. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility for maintaining a sound risk management and internal control system to safeguard shareholders' investments and the Group's assets. This responsibility includes identifying, evaluating, and managing material risks that could affect the achievement of the Group's business objectives.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

II. Risk Management and Internal Control Framework *cont'd*

The Group has in place an Enterprise Risk Management (ERM) Framework, which provides a structured and consistent approach for the identification, assessment, monitoring, and mitigation of key risks across all business units. The Risk Management Committee ("RMC"), established by the Board, oversees the effectiveness of the ERM framework and ensures that risk management is embedded into the Group's decision-making and operational processes.

The AC complements this oversight by evaluating the adequacy and effectiveness of the internal control system and risk management practices through its review of internal audit reports, external audit findings, and management's responses.

The Group's Internal Audit Function, which is outsourced to an independent professional firm and reports directly to the Audit Committee (AC), performs independent reviews of key business processes to assess compliance with internal policies, procedures, and regulatory requirements. The internal audit activities are carried out based on a risk-based internal audit plan that is reviewed and approved by the AC. The outsourced internal auditors have unrestricted access to all relevant documents, records, and personnel to enable them to discharge their responsibilities effectively.

The Board has received assurance from the Managing Director/Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects during the financial year under review.

The Group's overall risk management and internal control practices are further elaborated in the Statement on Risk Management and Internal Control on pages 57 to 62 of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANING RELATIONSHIP WITH STAKEHOLDERS

I. Engagement with Stakeholders

The Company is committed to ensuring that shareholders and investors are kept informed of key corporate developments, financial performance, Annual General Meeting matters, and other relevant updates. This is achieved through timely disclosures via announcements to Bursa Malaysia Securities Berhad and updates on the Company's corporate website at www.pappajack.com.my.

The Board recognises that fostering a constructive and effective relationship with shareholders and investors is fundamental to enhancing shareholder value. In this regard, the Board places importance on transparent, timely, and accurate communication of material information. The Board remains accountable to shareholders and other stakeholders for the overall performance and operations of the Group and endeavours to uphold high standards of disclosure and corporate reporting.

II. Conduct of General Meetings

The Annual General Meeting ("AGM") serves as the primary platform for dialogue and engagement between the Board and shareholders. It provides an opportunity for the Board to present the Company's performance and progress, while allowing shareholders to raise questions and provide feedback on the Company's operations. All Directors and key members of Management are present at the AGM to respond to queries from shareholders.

In line with Practice 13.1 of the Malaysian Code on Corporate Governance (MCCG), the notice convening the Third AGM was issued at least 28 days prior to the meeting. This ensures shareholders have adequate time to review the proposed resolutions, and to make the necessary arrangements for participation and voting.

The minutes of the Third AGM were also published on the Company's website to promote transparency and facilitate wider shareholder access to the proceedings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

COMPLIANCE STATEMENT

The Board is committed to ensuring that the Group adheres to the principles and practices set forth in the MCCG. The Board will continuously review and enhance its procedures to ensure ongoing compliance with the Code and to uphold the highest standards of corporate governance.

This CG Overview Statement was approved by the Board on 21 April 2025.

STATEMENT OF DIRECTORS' RESPONSIBILITY

In Relation To The Audited Financial Statements

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year in accordance with the applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 in Malaysia.

The Directors are responsible for ensuring that the financial statements present a true and fair view of the state of affairs of the Group and the Company at the end of the financial year, and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors ensured that the Management has:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis;

The Directors are responsible for ensuring that the Group and the Company maintain accounting records that accurately disclose the financial position of the Group and Company, enabling the financial statements to comply with the Companies Act 2016.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company, and to detect and prevent fraud and other irregularities.

AUDIT COMMITTEE REPORT

For the Financial Year Ended 31 December 2024

Pursuant to Paragraph 15.15 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors of Pappajack Berhad is pleased to present the Audit Committee (“AC”) Report for the financial year ended 31 December 2024 (“FYE 2024”)

The primary objective of the AC is to assist the Board in fulfilling its oversight responsibilities in the areas of financial reporting, corporate governance, risk management, and the internal control system. In discharging its duties, the ARMC is guided by its Terms of Reference (“TOR”), which clearly sets out its functions, authority, and responsibilities. The TOR is available on the Company’s website for reference.

COMPOSITION AND MEETINGS

The composition of the AC complies with the requirements of the MMLR and the practices outlined in the Malaysian Code on Corporate Governance (“MCCG”). As at the end of FYE 2024, the Committee comprised three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Committee is not the Chairman of the Board, in line with best governance practices.

Mr. Cheong Woon Yaw, the current Chairman, is a member of the Association of Chartered Certified Accountants. Two (2) members of the Committee are also members of the Malaysian Institute of Accountants, thereby meeting the financial literacy requirements under the MMLR.

During the financial year under review, a total of five (5) meetings were held. The details of attendance are set out below:

Name	Designation	Meeting Attendance
Mr. Cheong Woon Yaw ⁽¹⁾ <i>(Independent Non-Executive Director)</i>	Chairman	5/5
Ms. Koo Woon Kan ⁽²⁾ <i>(Independent Non-Executive Director)</i>	Member	5/5
Ms. Mah Ying Ying ⁽³⁾ <i>(Independent Non-Executive Director)</i>	Member	1/1
Dato’ Magaret Ting Thien Hung ⁽⁴⁾ <i>(Independent Non-Executive Director)</i>	Former Member	3/3
Ms. Beh Ooi Siew ⁽⁵⁾ <i>(Independent Non-Executive Director)</i>	Former Member	-

Notes:

- ⁽¹⁾ Re-designated as Chairman of the AC on 23 August 2024
- ⁽²⁾ Re-designated as a member of the AC on 23 August 2024
- ⁽³⁾ Appointed as a member of the AC on 13 September 2024
- ⁽⁴⁾ Ceased to be a member of the AC on 14 June 2024 following retirement as Independent Non-Executive Director
- ⁽⁵⁾ Appointed on 23 August 2024 and ceased as a member of the AC on 13 September 2024 following resignation as Independent Non-Executive Director

The Chief Financial Officer and Chief Operating Officer attended all AC meetings by invitation. Representatives of the External Auditors and internal audit service providers were also invited to attend the meetings to facilitate direct communication on matters under the purview of the Committee or on issues which, in their professional opinion, warranted the attention of the AC.

The Chairman of the AC provided a summary report to the Board after each meeting, highlighting key matters discussed and the Committee’s recommendations for the Board’s consideration. All deliberations of the AC were properly minuted, and the minutes were circulated to the Board members for notation after being reviewed and approved at the subsequent AC meeting.

AUDIT COMMITTEE REPORT

For the Financial Year Ended 31 December 2024

(Cont'd)

TERMS OF OFFICE AND PERFORMANCE

The Nomination Committee has assessed the term of office and performance of the AC and each of its members for FYE 2024 and was satisfied that each of them has discharged their duties effectively in accordance with the AC's TOR. The results of the AC performance assessment for FYE 2024 was reported to the Board.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE ARMIC

The summary of activities undertaken by the AC in the discharge of its duties and responsibilities for the financial year ended 31 December 2024 includes the following:

1. Financial Reporting

- (a) Reviewed the audited financial statements of the Company prior to submission to the Board for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act 2016 and the applicable approved accounting standards as per the Malaysian Accounting Standards Board.
- (b) Reviewed the unaudited financial results before recommending them for the Board's approval. Focusing particularly on:-
 - Any changes in accounting policies;
 - Significant adjustment arising from audit; and
 - Compliance with accounting standards and other legal requirements.

2. External Audit

- (a) Reviewed and approved the external audit plan presented by the External Auditors, which outlines the audit scope, audit process, and areas of emphasis.
- (b) Reviewed the external audit review memorandum and audit planning memorandum and the response from the management.
- (c) Reviewed the audit and non-audit fees and recommended to the Board for approval.
- (d) Carried out an annual assessment on the performance, suitability, capabilities, and independence of the External Auditors before recommending to the Board for approval on the re-appointment of External Auditors.
- (e) Conducted one (1) private meeting with the External Auditors without the presence of Executive Directors and Management to provide the External Auditors with an avenue to express any concerns they may have.

3. Internal Audit

- (a) Reviewed the internal audit plan presented by the Internal Auditors.
- (b) Reviewed the reports from the internal auditors and assessed the internal auditors' findings, the management's responses, and the necessary recommendations.
- (c) Reviewed and discussed the effective implementation of the action plans taken by the management in response to audit findings and weaknesses identified during the audit review.
- (d) Monitored the follow-up Audit Report on the internal audit findings and the implementation status based on the internal auditors' recommendations.
- (e) Reviewed and assessed the competency of the internal audit function.

4. Risk Management and Internal Control

- (a) Reviewed the risk assessment results to ascertain the significant risks of the Group and ensure implementation of appropriate risk management processes that can effectively identify, analyse, evaluate, monitor, and mitigate the significant risks impacting the Group.
- (b) Reviewed the adequacy and effectiveness of governance, risk management, and compliance processes.

AUDIT COMMITTEE REPORT

For the Financial Year Ended 31 December 2024

(Cont'd)

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE ARMC *cont'd*

5. Related Party Transactions/Conflict of Interest Situations

- (a) Reviewed and took note of all related party transactions reported for the FYE2024 to ensure that the transactions were at arm's length basis and on normal commercial terms.
- (b) Reviewed any potential conflict of interest situations that may arise within the Company and the Group including any transaction, procedure, or course of conduct that raises questions of Management integrity.

6. Other Matters

- (a) Reviewed the proposed dividend payout taking into consideration the cash flow requirements before recommending for Board's approval.
- (b) Reviewed and recommended the Audit Committee Report and Statement on Risk Management and Internal Control for the Board's approval before inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The AC recognises the importance of an adequately resourced and independent internal audit function in supporting a systematic and disciplined approach to evaluating and enhancing the effectiveness of the Group's risk management, internal control, and governance systems. The internal audit function provides reasonable assurance that these systems and processes are operating effectively and in alignment with the Group's objectives.

To maintain independence and objectivity, Pappajack has outsourced its internal audit function to a professional services firm, Resolve IR Sdn Bhd ("Resolve IR"). Resolve IR is engaged to assist the AC in carrying out independent assessments of the adequacy, efficiency, and effectiveness of the Group's risk management and internal control systems.

Resolve IR is led by Mr. Choo Seng Choon ("Mr. Choo"), a Certified Internal Auditor and Chartered Member of the Institute of Internal Auditors, Malaysia. Mr. Choo brings over 25 years of professional experience in internal audit, risk management, corporate governance, business performance management, taxation, due diligence, and corporate finance. He is also a Fellow Member of the Association of Chartered Certified Accountants (UK) and a Chartered Accountant with the Malaysian Institute of Accountants.

The number of staff deployed for the internal audit review ranged from 3 to 4 staff per visit. As a corporate member of the Institute of Internal Auditors, Malaysia, Resolve IR is adequately staffed with over 20 qualified personnel who possess the relevant skills and experience to deliver effective internal audit services. The outsourced internal audit function operates independently and is free from any relationships or conflicts of interest that could impair its objectivity. The internal audit function reports directly to the AC, while administrative matters are overseen by the Group's Chief Financial Officer.

Internal audit activities undertaken by Resolve IR are guided by the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors, ensuring that audit practices are aligned with global standards.

During the financial year under review, Resolve IR has undertaken the following activities:

- a) Developed a risk-based internal audit plan for AC's approval.
- b) Conducted internal audit reviews in accordance with the internal audit plan that is approved by the AC.
- c) Presented results of internal audit reviews together with recommendations for improvement and management's responses to the internal audit results during quarterly AC meetings.
- d) Reviewed the adequacy and effectiveness of the system of internal control in managing risks that may impede the Group from achieving its business objectives.

The total costs incurred by the Company for the outsourced internal audit function of the Group for FYE 2024 amounted to RM90,000 (2023:RM90,000).

This Audit Committee Report was approved by the Board on 21 April 2025.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2024

INTRODUCTION

The Board of Directors (“the Board”) of Pappajack Berhad (“Pappajack” or “the Company”) is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 31 December 2024 (“FYE 2024”) which is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Malaysian Code on Corporate Governance 2021 (“MCCG2021”) and as guided by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“SORMIC Guidelines”).

This statement outlines the main features of risk management and internal control of Pappajack and its subsidiary companies (collectively referred to as “Pappajack Group” or “the Group”) during the financial year under review and up to the date of approval of this Statement for inclusion in this annual report.

BOARD RESPONSIBILITY

The Board firmly believes that maintaining a robust risk management and internal control system is an integral part of the Group’s business and serves as a fundamental pillar of good corporate governance. The Board understands its ultimate responsibility and is dedicated to upholding a robust risk management and internal control framework across the Group.

In demonstrating such commitment, the Board integrates risk management into the Group’s core function and processes, defines risk appetite and risk tolerance as well as actively reviews and assesses the effectiveness of the Group’s risk management and internal control systems in ensuring that risks are managed within acceptable levels. This ensures the protection of shareholders’ investments and safeguards the Group’s assets.

Notwithstanding the above, the Board is aware that the systems of risk management and internal control can only provide reasonable and not absolute assurance against material misstatement, loss or contingencies in view of its inherent limitations as it is designed to manage risk to reasonable level rather than to eliminate the risks that impedes the achievement of the Group’s business objectives.

RISK MANAGEMENT FRAMEWORK

The Board possesses a comprehensive understanding of the Group’s key business risks. In acknowledging the risk-return dynamic, the Board employs a strategic approach that balances these factors to optimise decision-making, ultimately driving the successful achievement of the Group’s business objectives. The Group’s risk management framework remains an integral part of the Group’s structure, business processes, culture and philosophy to risk taking, especially in the assessment, mitigation and monitoring of inherent and emerging risks. The management of risks is aimed at optimising the appropriate balance between capitalising growth opportunities for gains and diligent mitigation of potential losses to the Group.

Enterprise Risk Management (“ERM”) framework was adopted to guide the risk management practices of the Group. Within the framework, structured processes were established for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls implemented. Risk management governance, guidelines, processes and control responsibilities are set out in the ERM framework. The framework is a prerequisite to ensuring that risk management is integrated in the Group’s business operation to facilitate the achievement of business objectives, safeguard business assets as well as create financial sustainability.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

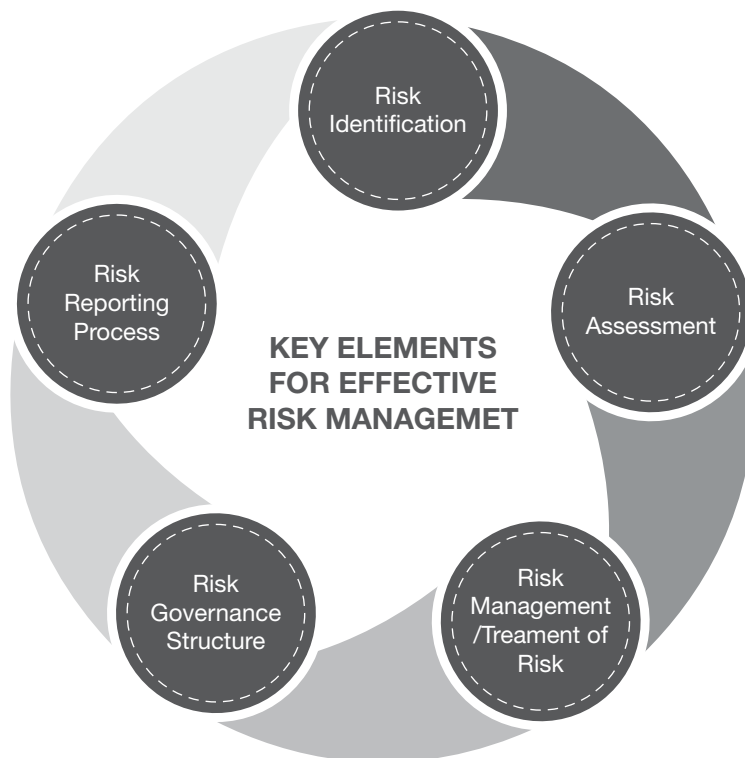
For the Financial Year Ended 31 December 2024
(Cont'd)

RISK MANAGEMENT FRAMEWORK *cont'd*

The ERM framework adopted aims to:

- Provide fundamentals and principles of risk and risk management that are to be applied in all situations and throughout all facets of the Group;
- Allow the Group to proactively manage its risks in a systematic and structured manner and to continually refine and reduce its risk exposures;
- Set out the process for identifying, assessing, responding, monitoring and reporting of risks and controls;
- Ensure appropriate strategies are in place to mitigate risks and maximize opportunities;
- Embed the risk management process and ensure it is an integral part of the Group's processes at the strategic and operational level;
- Facilitate the creation of a risk awareness culture at the group, entity, strategic and operational levels; and
- Give comfort and credibility on the risk management process and usher management towards the treatment, monitoring, reporting and review of key risks as well as to consider new and emerging risks on an ongoing basis.

The ERM framework adopted by the Group, which is in line with the standards on risk management as promulgated by Australian ISO 31000:2018 Risk Management – Guidelines, sets out the key elements for effective risk management, as set out below: -



Under Pappajack's ERM framework, risk governance and oversight are undertaken by the Board, Risk Management Committee ("RMC") and Executive Management. The Board is responsible to set the strategic direction for risk management, including roles and responsibilities relating to risk management as well as risk reporting structures and protocols of the Group. The Board's risk oversight role is assisted by the Risk Management Committee ("RMC"), inter-alia determining the Group's risk appetite and tolerance, monitoring the implementation of risk management policies, reviewing risk management structures, frameworks and practices, ascertaining the risk exposures of the Group and ensuring adequate infrastructure and resources are in place for effective risk management, while Executive Management is responsible to enforce the implementation of risk management practices throughout the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2024
(Cont'd)

RISK MANAGEMENT FRAMEWORK *cont'd*

The risk management process implemented within the Group continues to define, highlight, report and manage the key business and operational risks faced by the Group. During FYE 2024, the Group conducted its annual enterprise risk assessment (“ERA”) to review and update the Group’s risk profiles. Results of the ERA and the risk profiles were presented to the RMC and subsequently brought to the attention of the Board. Periodic reporting to both the RMC and the Board on risk management activities undertaken by management keeps the RMC and the Board informed and updated on all aspects of risk of the business. The Group remains committed to risk management excellence and continuously refines its application of risk management practices.

Key risks that the Group is exposed to which may have a material impact on the Group’s operations, financial condition and liquidity can be generally grouped into business economics, regulatory compliance, reliance on key personnel and gold price volatility.

Details of the Group’s key risks are as follows:

Unlawful and Suspicious Pawn Transactions and Transactions of Stolen Gold or Luxury Watches

There is no assurance that the measures taken for prevention of unlawful dealings can fully eliminate transactions of stolen gold or luxury watches in Pappajack’s pawnbroking outlets in the event the Group’s pawnbroking services are being used as medium for money laundering or terrorists financing purposes. Pledges of the Group may be confiscated by the police if transactions of stolen gold or luxury watches are identified or detected.

Regulatory Requirements for Pawnbroking Business

The Group’s business operations are governed under the regulations of the Pawnbrokers Act 1972, which comes under the jurisdiction of Kementerian Perumahan dan Kerajaan Tempatan (“KPKT”), also known as the Ministry of Housing and Local Government of Malaysia. Any changes in legislation, regulations and/or policies imposed by KPKT may restrict the Group’s operations or lead to higher operating costs. In the event that such increase in operating costs cannot be passed down to customers, the Group will have to absorb such incremental cost, and this may adversely affect the Group’s business operations and profitability.

Reliance on Cash Capital to Grow Business Operations

The Group relies on its cash capital to fund all operating costs and expenses as well as for the provision of pawn loans to customers (including the issuance of new pawn loans for growth). In the event the Group is unable to obtain and maintain adequate cash capital, the Group’s business operations may be affected as the Group may be forced to reduce pawn financing to customers.

Liquidity Risk

The Group’s pawnbroking business is exposed to liquidity risk in circumstances where the Group receives increased demand for new pawn loans from customers. Decrease in pawn loan repayment from customers as well as delay in the sale of unredeemed or bid pledges to scrap collectors or watch purchasers may aggressively deplete the Group’s internally generated funds and subsequently impact its ability in maintaining sufficient liquidity and funds to meet daily cash requirements. Furthermore, the Group may have a mismatch in timing for the generation of sufficient cash flow through the repayment of pawn loans from customers and the sale of unredeemed or bid pledges to repay bank borrowings.

Dependent on Skilled, Reliable and Trustworthy Outlet Personnel for the Provision of Pawnbroking Services

Extensive knowledge and experience in personnel providing pawnbroking services is a key factor for the continuous growth and success of the Group’s pawnbroking business. In addition, the Group’s ability to provide quality customer service is largely dependent on the performance of its human capital. In the event the Group’s personnel not able to execute their responsibilities satisfactorily or the Group is unable to retain or replace the loss of experienced personnel, customer satisfaction levels may decline causing the Group’s businesses to be adversely affected.

Moreover, personnel with insufficient experience may lead to the Group in accepting counterfeit pledges or pledges with low gold purity. Such losses arising from counterfeit pledges or pledges with low gold purity are not covered under the Group’s jeweler’s block insurance policy and therefore will be a cost to the Group subsequently.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2024
(Cont'd)

RISK MANAGEMENT FRAMEWORK *cont'd*

Pledge Value is susceptible to Gold Price Volatility

Pledge value is influenced by gold price volatility as the Group offers pawn loans to customers based on the prevailing market value of gold article pledged, after factoring a loan margin. Gold prices will be volatile due to various factors, amongst others, interest rates, fluctuation in US Dollar, global or regional economic or political circumstances, market speculations as well as market supply and demand of gold. The Group's pawnbroking business may be affected as customers may not redeem the pledges made if gold prices experience sudden and/or prolonged depression or decline.

Reliance on Key Personnel for Continues Success and Future Growth of Business

The Group is largely dependent on the contributions and involvement of key personnel including the Managing Director/Chief Executive Officer as well as key management personnel in the Group's business operations.

Continuous success and future growth of the Group depends on the capabilities and continuing efforts of key personnel. Therefore, any loss of key personnel may adversely impact the Group's business operations, financial performance and future growth, especially if without suitable successors and appropriate succession plans.

INTERNAL CONTROL SYSTEM

The Board recognizes the importance of robust internal control system in managing key risks that may impede the Group from achieving its business objectives. Given its integral nature within the Group's operation, the Board priorities regular review on the system of internal control to maintain its effectiveness. The Board has delegated such responsibility to the Audit Committee ("AC") and mandates the AC to oversee the internal control system that promotes strong corporate governance, operational agility, and continuous adherence to applicable laws and regulations.

Key elements and features of the Group's system of internal control are set out as below:

Control Environment

1. The Board is supported by several committees to oversee the various aspects of governance, namely the Audit Committee, Nomination Committee, Risk Management Committee and Remuneration Committee. Each committee has a defined terms of reference ("TOR") outlining their functions and duties as delegated by the Board.
2. The Group has developed a clear organization structure to define line of responsibility and delegated authority. The day-to-day operations of business is entrusted to the Executive Directors and Senior Management. Branch managers are empowered with the responsibility of managing their respective outlet's operations.
3. Internal operating policies and procedures are documented and formally set out. They are being reviewed and revised periodically to meet changes in the business and operating environment as well as to comply with statutory and regulatory requirements.
4. Business Ethics Policy has been set out to ensure that all personnel adhere to the Group's commitment when dealing with third parties and maintain high standards of integrity and ethics.
5. Performance reports such as financial, non-financial and corporate reports are regularly provided to the Board and Senior Management for their discussions and deliberations.
6. Regular meetings are held by the respective management team to discuss, deliberate and resolve matters relating to business development, operations, corporate, compliance and other administrative matters arising.
7. Direct involvement of Executive Directors in the running of key business entity as well as key business and operational areas of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2024
(Cont'd)

INTERNAL CONTROL SYSTEM *cont'd*

Control Environment *cont'd*

8. Employee handbook outlines the Group's employment policies, benefits, code of ethics, entitlements, guidelines as well as responsibilities of employees.
9. Code of Conduct has been established to ensure all employees adopt practices in line with good corporate governance and observe high standards of integrity and ethics in daily business activities.
10. Succession planning for key management positions of the Group has been in place to ensure that business operations and performance will not be adversely affected by the departure of any key personnel.
11. Whistleblowing Policy that allows genuine concern on any improper conduct or action within the Group to be reported using private and confidential channel is in place.
12. The Group has adopted an Anti-Bribery and Corruption Policy that promulgates zero tolerance against all forms of bribery and corruption and commits the Group to conducting a corruption risk assessment annually to identify areas vulnerable to bribery and corruption. Such policy is in line with the provisions of Malaysian Anti-Corruption Commission Act 2009.
13. The Anti-Money Laundering Policy adopted provides guidance towards countering money laundering and terrorist financing activities due to the Group's business that is exposed to the risk of unlawful, suspicious and unwarranted pawn transaction. Such policy has set out the required due diligence procedures to be conducted prior to any engagement of pawn transaction.
14. Policies and procedures on disaster recovery and data recovery have been in place to facilitate business continuity and to ensure safety of employees.

Information and Communication

1. Relevant and quality information are disseminated among members of the Board, Board Committees and Senior Management in accordance with established reporting lines across the Group in maintaining transparency and to facilitate appropriate deliberation and decision making.
2. Necessary communication with external parties (i.e. shareholders, auditor and etc.) regarding matters affecting the Group are undertaken by the relevant personnel and department across the Group.

Monitoring Activities

1. Management of the Group and the respective outlet engages in monthly meetings to discuss, deliberate, review and decide on matters affecting operations, business development and performance of the Group and outlets within the Group, including future direction of businesses and to resolve business and operational issues.
2. The Board Committees and Senior Management undertake regular reviews of the Group's performances and operations as part of its regular control and monitoring over the affairs of the Group and its operating outlets.

ASSURANCE PROVIDED BY THE GROUP SENIOR MANAGEMENT

The Group's Chief Executive Officer and Chief Financial Officer, to the best of their knowledge, provides assurance to the Board that the Group's system of risk management and internal control are operating adequately and effectively in all material aspects.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2024
(Cont'd)

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional service firm to assist the AC in undertaking regular reviews on the key risk areas and business processes of the Group with the intent of assessing the adequacy and effectiveness of the Group's system of internal control as well as to enhance its efficacy and coverage where appropriate. The outsourced internal audit function reports directly to the AC of Pappajack and administratively reports to the Chief Financial Officer of the Group. The internal audit function is free from any relationship or conflict of interest that could impair its objectivity and independence.

Internal control activities are conducted in accordance with the internal audit plan that has been approved by the AC. During the financial year, audit reviews covering the following business areas were undertaken:

- Anti-Money Laundering Framework & Processes
- Fixed Assets Management
- Human Resource Management
- Management Information System

Results of the reviews were reported directly to the AC at its quarterly meeting, highlighting internal audit deficiencies, recommendations for improvements, Management's response and proposed action plans. Follow-up reviews on the implementation of action plans were carried out to ensure that any deficiency highlighted have subsequently been addressed.

Based on the internal audit reviews conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report. The total costs incurred for outsourcing of its internal audit function for FYE 2024 was at approximately RM90,000.00.

In addition to the internal audit function, the AC also receives report and management letter from the external auditors that primarily focus on financial controls. Where there are incidents of non-compliances, appropriate corrective actions have been taken, and relevant enhanced procedures have been introduced.

REVIEW OF THE STATEMENTS BY EXTERNAL AUDITOR

Pursuant to Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control included in this annual report. The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the processes that the Board has adopted in the review on adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board is not aware of any significant risk management and internal control deficiency or weakness which had directly resulted in any material misstatement, losses or contingencies to the Group for the financial year under review. With the information and assurances provided, the Board is satisfied that the risk management framework and internal control system of the Group continue to operate effectively in all material aspects. The Board shall endeavour to continually undertake reviews of the Group's system of risk management and internal control to continue to safeguard stakeholders' interest and to preserve the Group's assets.

This statement is made in accordance with a resolution of the Board dated 21 April 2025.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the Listing Requirements of Bursa Malaysia Securities Berhad:-

1. STATUS OF UTILISATION OF PROCEEDS

Utilisation of proceeds from Private Placement

On 27 June 2023, Pappajack Berhad (“the Company”) completed the private placement following the listing and quotation of a total 100,200,000 placement shares at RM0.55 per placement share on the ACE Market of Bursa Malaysia Securities Berhad. The total gross proceeds raised from the private placement amounted to RM55.11 million.

The status of utilisation of proceeds as at 31 December 2024 is as follows:

Description of Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Intended Timeframe for Utilisation Upon Listing	Revised Intended Timeframe for Utilisation Upon Listing
(i) Cash capital for deployment of pawn loans	54,511	54,511	-	Within 12 months	30 June 2025 ⁽¹⁾
(ii) Listing expenses	599	599	-	Immediate	
	55,110	55,100	-		

Note:

- (1) On 22 August 2024, the Board of Directors has resolved to extend the timeframe for the utilisation of the Private Placement proceeds earmarked for the cash capital for deployment of pawn loans from 12 months of Listing to 30 June 2025

2. AUDIT AND NON-AUDIT FEES

For the financial year ended 31 December 2024, the amount of audit and non-audit fees paid or payable to the External Auditors by the Company and its subsidiaries (“Group”) respectively are as follows:

	Group RM	Company RM
Audit fees	479,000	37,000
Non-audit fees	6,000	6,000

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the Directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year ended 31 December 2024 or entered into since the end of the previous financial year.

4. MATERIAL CONTRACTS RELATING TO LOANS

There were no material contracts relating to loans entered into by the Company and its subsidiaries involving the interests of the Directors, chief executive who is not a director or major shareholder during the financial year.

5. RECURRENT RELATED PARTY TRANSACTIONS

During the financial year ended 31 December 2024, there were no material Recurrent Related Party Transactions of a revenue or trading nature which require shareholders' mandate.

ADDITIONAL COMPLIANCE INFORMATION

(Cont'd)

6. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company had, during its Extraordinary General Meeting held on 14 June 2023, obtained shareholders' approval in relation to the implementation of ESOS of up to 10% of the total number of issued shares of the Company (excluding treasury shares, if any) point in time over the duration of the ESOS for the eligible Directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries).

The ESOS shall be in force for a period of 5 years from the implementation date of 1 August 2023, and this is the only ESOS in existence during the financial year ended 31 December 2024.

Information in relation to ESOS is illustrated in the tables below:

Description	Number of Options			
	Grand Total (Since Commencement: 1 Aug 2023 – 31 Dec 2024)	Grand Total (During FYE 2024: Movements Only)	Directors and Chief Executive (Since Commencement: 1 Aug 2023 – 31 Dec 2024)	Directors and Chief Executive (During FYE 2024: Movements Only)
Granted	7,680,000	-	2,750,000	-
Exercised	-	-	-	-
Forfeited	465,000*	465,000	250,000*	250,000*
Outstanding	7,215,000	-465,000 [#]	2,500,000	-250,000 [#]

Notes:

* *Dato' Magaret Ting Thien Hung retired as Director on 14 June 2024. Accordingly, her unexercised ESOS options were forfeited in accordance with the ESOS By-Laws.*

[#] *Figures under "During FYE 2024" represent the movements during the financial year. Total outstanding options as at 31 December 2024 are disclosed under "Since Commencement" for clarity.*

Directors and Senior Management	Percentage	
	During FYE 2024	Since commencement up to 31 December 2024
(i) Aggregate maximum allocation	-	35.81%
(ii) Actual options granted	-	35.81%

There was no ESOS option offered to the Non-Executive Directors of the Company pursuant to the ESOS in respect of the financial year ended 31 December 2024.

7. VARIATION IN RESULTS

There was no material variance between the financial results and the profit forecast or unaudited results previously made for the financial year ended 31 December 2024.

8. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year ended 31 December 2024.

9. PROFIT FORECAST VARIANCE

There was no profit forecast issued during the financial year ended 31 December 2024.

10. REVALUATION POLICY ON LANDED PROPERTIES

The Company does not have a revaluation policy in respect of its landed properties.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activities of its subsidiaries are engaged in the business of licensed pawnshop.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	24,001,279	8,717,894
<hr/>		
Attributable to:		
Owners of the Company	24,001,279	8,717,894
<hr/>		

DIVIDENDS

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

	RM
Single tier first interim dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2024, paid on 21 June 2024	3,841,000
Single tier second interim dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2024, paid on 20 December 2024	3,841,000
<hr/>	

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors 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 doubtful debts and had satisfied themselves that all known bad debts had been written off and that no allowance for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off as bad debts inadequate to any substantial extent or render it necessary to make any allowance for doubtful debts in the financial statements of the Group and of the Company.

DIRECTORS' REPORT

(Cont'd)

CURRENT ASSETS

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

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are 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:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or 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 will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are 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 MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and the Company during the financial year were RM485,000 and RM43,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

DIRECTORS' REPORT

(Cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the Employee's Share Option Scheme ("ESOS").

On 11 September 2023, the Company's shareholders approved the establishment of an ESOS for the eligible directors and employees of the Group and of the Company with a total number of 7,680,000 options offered at an exercise price of RM1 per ESOS Option.

The share options granted may be exercised any time from the date of vesting to the date of expiry and settlement is by issuance of fully paid ordinary shares.

The options offered for the subscription of unissued ordinary shares and the respective exercise prices are as follows:

Grant date	Expiry date	Exercise price	Number of option over ordinary shares			
			At 1 January 2024	Granted	Forfeited	At 31 December 2024
11 September 2023	31 July 2028	RM1.00	7,680,000	-	(465,000)	7,215,000

DIRECTORS

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

Lim Boon Hua*	
Law Book Ching*	
Chong Chee Fire	
Koo Woon Kan	
Cheong Woon Yaw	
Mah Ying Ying	(Appointed on 13 September 2024)
Beh Oi Siew	(Appointed on 23 August 2024 and resigned on 13 September 2024)
Dato' Magaret Ting Thien Hung	(Retired on 14 June 2024)

* *Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Chew Leng Chow
Lau Nian Choon
Lee Kun Way
Lim Siew Fang
See Swee Choy
Soo Jon Teng

DIRECTORS' REPORT

(Cont'd)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares and share options granted under Employee's Share Option Scheme ("ESOS") in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	At 1 January 2024	Number of ordinary shares		At 31 December 2024
		Bought	Transferred	
Direct interests:				
Lim Boon Hua	34,411,277	5,219,500	-	39,630,777
Law Book Ching	2,230,000	1,000,000	-	3,230,000
Indirect interests:				
Lim Boon Hua	341,991,874 ⁽¹⁾	60,000	-	342,051,874 ⁽¹⁾
Law Book Ching	319,638,347 ⁽²⁾	-	-	319,638,347 ⁽²⁾

Interests in the holding company

	At 1 January 2024	Number of ordinary shares		At 31 December 2024
		Bought	Transferred	
Direct interests:				
Lim Boon Hua	5,525	38,145,785	-	38,151,310
Law Book Ching	1,440	-	-	1,440

Share options in the Company

	At 1 January 2024	Number of share options		At 31 December 2024
		Granted	Forfeited	
Chong Chee Fire	300,000	-	-	300,000
Koo Woon Kan	250,000	-	-	250,000
Dato' Magaret Ting Thien Hung	250,000	-	(250,000)	-
Cheong Woon Yaw	250,000	-	-	250,000

⁽¹⁾ Shares held through company in which the director has substantial financial interests and spouse.

⁽²⁾ Shares held through company in which the director has substantial financial interests.

DIRECTORS' REPORT

(Cont'd)

DIRECTORS' INTERESTS *cont'd*

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Lim Boon Hua and Law Book Ching are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) 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.

The directors' benefits of the Group and of the Company were as follows:

	Group and Company RM
Directors of the Company	
Executive directors	
- Fees	219,996
- Salaries, allowances and bonuses	810,004
- Defined contribution plans	105,348
- Other related expenses	2,434
	1,137,782
Non-executive directors	
- Fees	168,504
- Other related expenses	11,000
- Share-based payment	72,819
	252,323
	1,390,105

The estimated monetary value of benefit-in-kind received by an executive director other than in cash from the Group amounted to RM376,313 (2023: Nil).

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the 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, other than those arising from the share options granted under the ESOS.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity was given to or insurance effected for, any director or officer of the Company.

DIRECTORS' REPORT

(Cont'd)

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2024 %	2023 %	
<i>Direct subsidiary</i>				
Pappajack Holdings Berhad	Malaysia	100	100	Licensed pawnshop
<i>Subsidiaries of Pappajack Holdings Berhad</i>				
Pajak Gadai Tetap Sejiwa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Pappajack Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Bertuah Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJack Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJ Sehati Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJ Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Pappajack Sehati Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Consistent Reach Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai TSE Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai BT Cleaning Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai TMI Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut (Kapar) Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut Holdings Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut (M) Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Mashita Holdings Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Consistent Reach Holdings Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut (Sel) Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
DGH Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJ Sejiwa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Sejaya Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Rezeki Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Sinar Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Makmur Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Abadi Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Sukses Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Landas Emas Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Mandiri Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Berkat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Maju Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack D Damai Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop

DIRECTORS' REPORT

(Cont'd)

SUBSIDIARIES *cont'd*

The details of the Company's subsidiaries are as follows: *cont'd*

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2024 %	2023 %	
<i>Subsidiaries of Pappajack Holdings Berhad cont'd</i>				
Pappajack Kampar Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sentosa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sri Muda Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack TG Malim Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
TSE Yong Peng Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Abadi Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Bagan Serai Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Georgetown Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Rezeki Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJack Rezeki Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
TSE Segamat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Berkat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Bkt Sentosa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Parit Buntar Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sg Siput Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Simpang Ampat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sitiawan Sdn. Bhd. (formerly known as Pappajack Mantin Sdn. Bhd.)	Malaysia	100	100	Licensed pawnshop
PPJack Abadi Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJack Berkat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop

The available auditors' report on the accounts of the subsidiaries did not contain any qualification.

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

Other than as disclosed elsewhere in this report, the Company does not have any interest in shares in the holding company and its other related corporations during the financial year.

DIRECTORS' REPORT

(Cont'd)

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 22 November 2024, the Company's shares were transferred from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad under the "Financial Services" sector.

HOLDING COMPANY

The directors regard TSE Sejahtera Sdn. Bhd., a company incorporated in Malaysia, as the holding company of the Company.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

LIM BOON HUA

Director

Date: 23 April 2025

LAW BOOK CHING

Director

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	16,352,725	12,857,829	112,171	145,963
Investment property	6	1,269,666	1,289,200	-	-
Investment in a subsidiary	7	-	-	163,330,308	163,160,633
Deferred tax assets	8	-	129,083	-	-
Total non-current assets		17,622,391	14,276,112	163,442,479	163,306,596
Current assets					
Inventories	9	5,138,827	5,757,301	-	-
Current tax assets		783,202	668,581	131,373	-
Trade and other receivables	10	263,278,173	215,793,559	49,823,704	27,079,871
Cash and short-term deposits	11	18,408,690	49,781,122	503,593	21,681,351
Total current assets		287,608,892	272,000,563	50,458,670	48,761,222
TOTAL ASSETS		305,231,283	286,276,675	213,901,149	212,067,818
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	211,698,547	211,698,547	211,698,547	211,698,547
Reorganisation deficit	13	(11,518,039)	(11,518,039)	-	-
Other reserve	14	1,290,983	559,083	1,290,983	559,083
Retained earnings/(Accumulated losses)		60,864,137	44,544,858	352,650	(683,244)
		262,335,628	245,284,449	213,342,180	211,574,386
Non-controlling interest		-	-	-	-
TOTAL EQUITY		262,335,628	245,284,449	213,342,180	211,574,386
Non-current liabilities					
Loans and borrowings	15	8,925,329	6,542,070	72,380	103,635
Deferred tax liabilities	8	26,748	13,444	-	-
Total non-current liabilities		8,952,077	6,555,514	72,380	103,635
Current liabilities					
Loans and borrowings	15	32,500,600	31,982,609	31,255	29,589
Current tax liabilities		371,158	1,720,384	-	215,314
Other payables	16	1,071,820	733,719	455,334	144,894
Total current liabilities		33,943,578	34,436,712	486,589	389,797
TOTAL LIABILITIES		42,895,655	40,992,226	558,969	493,432
TOTAL EQUITY AND LIABILITIES		305,231,283	286,276,675	213,901,149	212,067,818

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

STATEMENTS OF COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue	17	117,948,190	109,418,831	-	-
Cost of sales		(72,389,241)	(71,992,190)	-	-
Gross profit		45,558,949	37,426,641	-	-
Other income	18	964,274	1,362,224	16,253,361	10,671,750
Administrative expenses		(10,590,198)	(8,173,737)	(7,093,967)	(5,163,681)
Operating profit		35,933,025	30,615,128	9,159,394	5,508,069
Finance costs	19	(2,350,379)	(2,258,905)	(6,411)	(61,494)
Profit before tax	20	33,582,646	28,356,223	9,152,983	5,446,575
Income tax expense	22	(9,581,367)	(8,348,911)	(435,089)	(215,314)
Profit for the financial year, representing total comprehensive income for the financial year		24,001,279	20,007,312	8,717,894	5,231,261
Profit attributable to:					
Owners of the Company		24,001,279	19,986,883	8,717,894	5,231,261
Non-controlling interest		-	20,429	-	-
		24,001,279	20,007,312	8,717,894	5,231,261
Total comprehensive income attributable to:					
Owners of the Company		24,001,279	19,986,883	8,717,894	5,231,261
Non-controlling interest		-	20,429	-	-
		24,001,279	20,007,312	8,717,894	5,231,261
Earnings per share attributable to ordinary equity holders of the Company (sen)					
- Basic and diluted	23	3.12	2.78		

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2024

Group	Attributable to owners of the Company					Total equity
	Share capital	Reorganisation deficit	Other reserve	Retained earnings		
Note	RM	RM	RM	RM	RM	RM
At 31 December 2023	211,698,547	(11,518,039)	559,083	44,544,858	245,284,449	
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income	-	-	-	24,001,279	24,001,279	
Transactions with owners						
Share options issued	14	-	731,900	-	731,900	
Dividends paid on shares	24	-	-	(7,682,000)	(7,682,000)	
Total transactions with owners		-	731,900	(7,682,000)	(6,950,100)	
At 31 December 2024	211,698,547	(11,518,039)	1,290,983	60,864,137	262,335,628	

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2024
(Cont'd)

Group	← Attributable to owners of the Company →							Total equity RM
	Share capital RM	Reorganisation deficit RM	Other reserve RM	Retained earnings RM	Sub-total RM	Non-controlling interest RM		
At 31 December 2022	156,588,547	(11,518,039)	-	28,385,769	173,456,277	788,975	174,245,252	
Total comprehensive income for the financial year								
Profit for the financial year, representing total comprehensive income	-	-	-	19,986,883	19,986,883	20,429	20,007,312	
Transactions with owners								
Issue of ordinary shares	55,110,000	-	-	-	55,110,000	-	55,110,000	
Share options issued	-	-	559,083	-	559,083	-	559,083	
Changes in ownership interests in a subsidiary	-	-	-	13,206	13,206	(809,404)	(796,198)	
Dividends paid on shares	-	-	-	(3,841,000)	(3,841,000)	-	(3,841,000)	
Total transactions with owners	55,110,000	-	559,083	(3,827,794)	51,841,289	(809,404)	51,031,885	
At 31 December 2023	211,698,547	(11,518,039)	559,083	44,544,858	245,284,449	-	245,284,449	

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2024

(Cont'd)

	← Attributable to owners of the Company →				
		Share capital	Other reserve	(Accumulated losses)/ Retained earnings	Total equity
	Note	RM	RM	RM	RM
Company					
At 31 December 2022		156,588,547	-	(2,073,505)	154,515,042
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		-	-	5,231,261	5,231,261
Transactions with owners					
Issue of ordinary shares	12	55,110,000	-	-	55,110,000
Share options issued	12	-	559,083	-	559,083
Dividends paid on shares	24	-	-	(3,841,000)	(3,841,000)
Total transactions with owners		55,110,000	559,083	(3,841,000)	51,828,083
At 31 December 2023		211,698,547	559,083	(683,244)	211,574,386
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		-	-	8,717,894	8,717,894
Transactions with owners					
Share options issued	12	-	731,900	-	731,900
Dividends paid on shares	24	-	-	(7,682,000)	(7,682,000)
Total transactions with owners		-	731,900	(7,682,000)	(6,950,100)
At 31 December 2024		211,698,547	1,290,983	352,650	213,342,180

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

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2024

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from operating activities					
Profit before tax		33,582,646	28,356,223	9,152,983	5,446,575
Adjustments for:					
Deposits written off		19,250	9,000	-	-
Depreciation of property, plant and equipment	5	3,317,148	2,866,366	33,792	33,792
Depreciation of investment property	6	19,534	19,533	-	-
Dividend income		-	-	(8,800,000)	(6,000,000)
Gain on lease modifications		(91,858)	(2,529)	-	-
Inventories written off		12,083	5,734	-	-
Interest expenses	19	2,350,379	2,258,905	6,411	61,494
Interest income		(711,415)	(679,704)	(1,278,616)	(1,547,887)
Property, plant and equipment written off		75,000	-	-	-
Share-based payment		731,900	559,083	562,225	419,346
Trade receivables written off		19,350	81,550	-	-
Write back of payables		-	(563,971)	-	-
Operating profit/(loss) before changes in working capital		39,324,017	32,910,190	(323,205)	(1,586,680)
<u>Changes in working capital:</u>					
Inventories		606,391	(1,579,074)	-	-
Trade and other receivables		(47,523,214)	(38,157,069)	21,303	(96,007)
Other payables		338,101	(32,041)	310,440	(33,793)
Cash (used in)/generated from operations		(7,254,705)	(6,857,994)	8,538	(1,716,480)
Interest received		152,722	590,959	58,509	551,167
Income tax paid		(10,902,827)	(6,741,416)	(781,776)	-
Net cash used in operating activities		(18,004,810)	(13,008,451)	(714,729)	(1,165,313)

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2024

(Cont'd)

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Cash flows from investing activities					
Acquisition of additional interest in a subsidiary	7(a)	-	(796,198)	-	-
Acquisition of a subsidiary, net of cash acquired		-	-	-	(55,000,000)
(Advances to)/Repayment from subsidiaries		-	-	(13,965,136)	27,825,112
Purchase of property, plant and equipment	11(b)	(2,264,807)	(2,097,892)	-	-
Interest received		558,693	88,745	1,220,107	996,720
Net cash used in investing activities		(1,706,114)	(2,805,345)	(12,745,029)	(26,178,168)
Cash flows from financing activities					
	11(c)				
Proceeds from issuance of ordinary shares		-	55,110,000	-	55,110,000
Payment of lease liabilities		(1,991,465)	(1,717,907)	(29,589)	(28,012)
Repayment of term loan		(54,385)	(52,131)	-	-
Repayment to shareholders		-	(8,910,001)	-	-
Repayment to a director		-	(56,201)	-	-
Repayment to subsidiaries		-	-	-	(2,243,038)
Drawdown of revolving credits		416,721	3,359,153	-	-
Dividend paid		(7,682,000)	(3,841,000)	(7,682,000)	(3,841,000)
Interest paid		(2,350,379)	(2,258,905)	(6,411)	(61,494)
Net cash (used in)/from financing activities		(11,661,508)	41,633,008	(7,718,000)	48,936,456
Net (decrease)/increase in cash and cash equivalents		(31,372,432)	25,819,212	(21,177,758)	21,592,975
Cash and cash equivalents at the beginning of the financial year		49,781,122	23,961,910	21,681,351	88,376
Cash and cash equivalents at the end of the financial year	11	18,408,690	49,781,122	503,593	21,681,351

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Pappajack Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200, Kuala Lumpur. The principal place of business of the Company is located at No.11B, Jalan TK 1/11A, Taman Kinrara, Seksyen 1, 47180 Puchong, Selangor Darul Ehsan, Malaysia.

The directors regard TSE Sejahtera Sdn. Bhd., a company incorporated in Malaysia, as the holding company of the Company.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 April 2025.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments to MFRSs

The Group and the Company have adopted the following applicable amendments to MFRSs for the current financial year:

MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows

The adoption of the above amendments to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. BASIS OF PREPARATION *cont'd*

2.3 New MFRSs and amendments to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
<u>Amendments to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRSs and amendments to MFRSs that may be applicable to the Group and the Company are summarised below:

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 Presentation of Financial Statements. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communication about the entity’s financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the “operating” category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as “other” to be labelled and/or described in as faithfully representative and precise a way as possible.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

2. BASIS OF PREPARATION *cont'd*

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

(a) Subsidiaries and business combination

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

(b) Non-controlling interests

At the acquisition date, components of non-controlling interests of the Group are measured at their acquisition-date fair values.

3.2 Separate financial statements

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

3.3 Financial instruments

Financial assets – subsequent measurement and gains and losses

Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - subsequent measurement and gains and losses

Financial liabilities at amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION *cont'd*

3.4 Property, plant and equipment

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

All property, plant and equipment (other than right-of-use assets as disclosed in Note 3.5) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Furniture and fittings	10
Office equipment	5
Computer hardware and software	5
Renovation	10
Electrical appliances	10
Signboard	10
Motor vehicles	5

3.5 Leases

(a) Lessee accounting

The Group and the Company present right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 15.

Short-term leases

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less). Accordingly, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

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

Lease liabilities

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

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(b) Lessor accounting

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of other income.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION *cont'd*

3.6 Investment property

Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses.

3.7 Inventories

Inventories principally comprise of unredeemed or bid pledges purchased on auction as a result of the Group's and the Company's pawn broking activities. Inventories are measured at the lower of cost and net realisable value.

Where necessary allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Revenue and other income

(a) Pawnbroking – Interest charges

Interest charges from collateral loan services is recognised on time-proportion basis using the fixed interest method.

(b) Sale of unredeemed or bid pledges

Revenue from the sale of unredeemed or bid pledges is recognised at a point in time when the performance obligation is satisfied upon the transfer of the goods to the buyer, which generally coincides with delivery and acceptance of the pledge sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Pawnbroking - Administrative fees

Revenue from the pawnbroking-administrative fees is recognised at a point in time when the performance obligation is satisfied upon the transfer of the services to the customer.

(d) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

(e) Interest income

Interest income is recognised using the effective interest method.

3.9 Deferred tax

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group uses a provisional matrix to calculate expected credit losses for trade receivables. The provision rates are depending on the number of days that a trade receivable is past due.

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

The information about the expected credit losses on the Group's and the Company's financial assets are disclosed in Note 25(b)(i).

(b) Net realisable value of inventories

The Group writes down its obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses current economic trends when making a judgement to evaluate the adequacy of the write-down of inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Note	Furniture and fittings		Office equipment		Computer hardware and software		Electrical appliances		Signboard		Motor vehicles		Right-of-use assets		Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Cost																
At 1 January 2023		289,605	2,039,439	444,116	4,526,503	19,689	422,922	134,192	10,009,000	17,885,466						
Additions		23,715	576,674	-	1,379,428	-	118,075	-	-	2,011,333	4,109,225					
Written off		-	(18,000)	-	-	-	-	-	-	-	(18,000)					
Lease modification		-	-	-	-	-	-	-	-	-	45,229					
At 31 December 2023		313,320	2,598,113	444,116	5,905,931	19,689	540,997	134,192	12,065,562	22,021,920						
Accumulated depreciation																
At 1 January 2023		70,499	1,347,256	244,565	1,679,613	19,689	125,540	67,096	2,831,021	6,385,279						
Depreciation charge for the financial year	20	29,116	361,025	74,620	506,478	-	46,663	26,838	1,821,626	2,866,366						
Written off		-	(18,000)	-	-	-	-	-	-	(18,000)						
Lease modification		-	-	-	-	-	-	-	(69,554)	(69,554)						
At 31 December 2023		99,615	1,690,281	319,185	2,186,091	19,689	172,203	93,934	4,583,093	9,164,091						
Carrying amount																
At 31 December 2023		213,705	907,832	124,931	3,719,840	-	368,794	40,258	7,482,469	12,857,829						

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Note	Office equipment RM	Signboard RM	Right-of-use assets RM	Total RM
Cost					
At 1 January 2023/ At 31 December 2023/ At 31 December 2024		6,700	17,688	184,100	208,488
Accumulated depreciation					
At 1 January 2023		558	1,327	26,848	28,733
Depreciation charge for the financial year	20	1,340	1,769	30,683	33,792
At 31 December 2023		1,898	3,096	57,531	62,525
Depreciation charge for the financial year	20	1,340	1,768	30,684	33,792
At 31 December 2024		3,238	4,864	88,215	96,317
Carrying amount					
At 31 December 2023		4,802	14,592	126,569	145,963
At 31 December 2024		3,462	12,824	95,885	112,171

(a) Right-of-use assets

The Group and the Company lease shoplots as their office space and residential unit as their staff hostel. The leases for shoplots space and staff hostel generally have lease terms between 3 to 12 years.

Information about leases for which the Group and the Company are lessees is presented below:

	Shoplots RM	Group Hostel RM	Total RM
Carrying amount			
At 1 January 2023	7,153,913	24,066	7,177,979
Additions	2,011,333	-	2,011,333
Depreciation	(1,815,788)	(5,838)	(1,821,626)
Lease modification	133,011	(18,228)	114,783
At 31 December 2023	7,482,469	-	7,482,469
Additions	3,397,115	-	3,397,115
Depreciation	(2,067,755)	-	(2,067,755)
Lease modification	1,225,122	-	1,225,122
At 31 December 2024	10,036,951	-	10,036,951

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(a) Right-of-use assets *cont'd*

Information about leases for which the Group and the Company are lessees is presented below:

	Company Shoplot RM
Carrying amount	
At 1 January 2023	157,252
Depreciation	(30,683)
At 31 December 2023	126,569
Depreciation	(30,684)
At 31 December 2024	95,885

The Group and the Company have included extension options in determining the right-of-use assets. These options are negotiated by the Group and the Company to provide flexibility in managing the leased-asset portfolio and align with the Group and the Company's business needs.

6. INVESTMENT PROPERTY

Group	Note	Freehold Land RM	Freehold Building RM	Total RM
Cost				
At 1 January 2024/At 31 December 2024		488,333	976,667	1,465,000
Accumulated depreciation				
At 1 January 2024		-	175,800	175,800
Depreciation charge for the financial year	20	-	19,534	19,534
At 31 December 2024		-	195,334	195,334
Carrying amount				
At 31 December 2024		488,333	781,333	1,269,666
Cost				
At 1 January 2023/At 31 December 2023		488,333	976,667	1,465,000
Accumulated depreciation				
At 1 January 2023		-	156,267	156,267
Depreciation charge for the financial year	20	-	19,533	19,533
At 31 December 2023		-	175,800	175,800
Carrying amount				
At 31 December 2023		488,333	800,867	1,289,200

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

6. INVESTMENT PROPERTY *cont'd*

Investment property of a subsidiary with a carrying amount of RM1,269,666 (2023: RM1,289,200) has been pledged as security to secure term loan granted to the Group as disclosed in Note 15(a).

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

	Group	
	2024	2023
	RM	RM
Rental income	55,176	51,414
Direct operating expenses:		
- income generating investment property	31,979	33,607

Fair value information

The directors estimated the fair value of investment property of approximately RM1,300,000 (2023: approximately RM1,500,000) is categorised at Level 3 of the fair value hierarchy.

The valuation of Level 3 investment property as at 31 December 2024 and 31 December 2023 were determined by directors' estimation based on the indicative market price of similar properties in the vicinity.

There are no Level 1 and Level 2 investment property or transfers between levels during the financial years ended 31 December 2024 and 31 December 2023.

7. INVESTMENT IN A SUBSIDIARY

	Company	
	2024	2023
	RM	RM
Unquoted shares, at cost	163,020,896	163,020,896
Equity contribution in respect of ESOS	309,412	139,737
At end of the financial year	163,330,308	163,160,633

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2024	2023	
		%	%	
<i>Direct subsidiary</i>				
Pappajack Holdings Berhad	Malaysia	100	100	Licensed pawnshop
<i>Subsidiaries of Pappajack Holdings Berhad</i>				
Pajak Gadai Tetap Sejiwa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Pappajack Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Bertuah Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJack Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJ Sehati Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

7. INVESTMENT IN A SUBSIDIARY *cont'd*

Details of the subsidiaries are as follows: *cont'd*

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2024 %	2023 %	
<i>Subsidiaries of Pappajack Holdings Berhad</i>				
<i>cont'd</i>				
Pajak Gadai PPJ Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Pappajack Sehati Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Consistent Reach Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai TSE Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai BT Cleaning Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai TMI Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut (Kapar) Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut Holdings Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut (M) Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Mashita Holdings Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Consistent Reach Holdings Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut (Sel) Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
DGH Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJ Sejiwa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Sejiwa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Rezeki Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Sinar Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Makmur Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Abadi Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Sukses Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Landas Emas Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Mandiri Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Berkat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Maju Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack D Damai Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Kampar Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sentosa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sri Muda Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack TG Malim Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
TSE Yong Peng Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Abadi Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Bagan Serai Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Georgetown Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Rezeki Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

7. INVESTMENT IN A SUBSIDIARY *cont'd*

Details of the subsidiaries are as follows: *cont'd*

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2024 %	2023 %	
<i>Subsidiaries of Pappajack Holdings Berhad cont'd</i>				
PPJack Rezeki Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
TSE Segamat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Berkhat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Bkt Sentosa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Parit Buntar Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sg Siput Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Simpang Ampat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sitiawan Sdn. Bhd. (formerly known as Pappajack Mantin Sdn. Bhd.)	Malaysia	100	100	Licensed pawnshop
PPJack Abadi Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJack Berkhat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop

(a) Acquisition of additional interest in a subsidiary

On 1 July 2023, the Company's wholly-owned subsidiary, Pappajack Holdings Berhad had acquired additional 780,000 ordinary shares in PPJ Berkhat Sdn. Bhd., representing 19.5% equity interest in PPJ Berkhat Sdn. Bhd. for a cash consideration of RM796,198. Consequently, PPJ Berkhat Sdn. Bhd. became a wholly-owned subsidiary as a result of the additional shares purchased.

Effect of the increase in the Company's ownership interest is as follows:

	2023 RM
Fair value of consideration transferred	796,198
Increase in share of net assets	(809,404)
Increase in the equity attributable to the owners of the Company	(13,206)

(b) Subscription for additional interest in subsidiaries

- (i) On 16 October 2023, Pappajack Holdings Berhad issued additional 55,000,000 ordinary shares of RM1 each, of which 55,000,000 ordinary shares were subscribed by the Company for a consideration of RM55,000,000. Accordingly, the Company's effective ownership in Pappajack Holdings Berhad remains the same subsequent to the subscription.
- (ii) On 22 November 2023, Pajak Gadai Tetap Sejiwa Sdn. Bhd. issued additional 3,000,000 ordinary shares of RM1 each, of which 3,000,000 ordinary shares were subscribed by the Company's wholly-owned subsidiary, Pappajack Holdings Berhad for a consideration of RM3,000,000. Accordingly, Pappajack Holdings Berhad and the Company's effective ownership in Pajak Gadai Tetap Sejiwa Sdn. Bhd. remains the same subsequent to the subscription.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

7. INVESTMENT IN A SUBSIDIARY *cont'd*

(c) Non-controlling interest in a subsidiary

The financial information of the Group's and the Company's subsidiary that has material non-controlling interest is as follows:

Equity interest held by non-controlling interest:

Name of company	Principal place of business/ country of incorporation	Ownership interest	
		2024	2023
		%	%
PPJ Berkat Sdn. Bhd.	Malaysia	100	100

Carrying amount of material non-controlling interest:

	2024	2023
	RM	RM
PPJ Berkat Sdn. Bhd.	-	-

Profit allocated to material non-controlling interest:

	2024	2023
	RM	RM
PPJ Berkat Sdn. Bhd.	-	20,429

8. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2024	2023
	RM	RM
Deferred tax assets		
At 1 January	129,083	898,459
Recognised in profit or loss (Note 22)	(129,083)	(769,376)
At 31 December	-	129,083
Deferred tax liabilities		
At 1 January	(13,444)	(20,222)
Recognised in profit or loss (Note 22)	(13,304)	6,778
At 31 December	(26,748)	(13,444)
Presented after appropriate offsetting as follows:		
Deferred tax assets	-	129,083
Deferred tax liabilities	(26,748)	(13,444)
	(26,748)	115,639

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

8. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

The components of deferred tax assets/(liabilities) as at the end of the financial year comprise the following:

	Group	
	2024	2023
	RM	RM
Deferred tax assets		
Unused tax losses	-	93,718
Unabsorbed capital allowance	-	35,365
	-	129,083
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and its tax bases	(26,748)	(13,444)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2024	2023
	RM	RM
Unused tax losses	497,031	72,770
Unabsorbed capital allowance	175,288	151,090
Temporary differences arising from property, plant and equipment	405,246	361,115
	1,077,565	584,975

The availability of unused tax losses for offsetting against future taxable profits of the subsidiary in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unused tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group	
	2024	2023
	RM	RM
2033	46,334	72,770
2034	450,697	-

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

9. INVENTORIES

	Group	
	2024 RM	2023 RM
At cost:		
Auctioned pledges	5,138,827	5,757,301

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM61,501,040 (2023: RM63,181,926).

(b) The Group recognised an expense in respect of inventories written off during the financial year was RM12,083 (2023: RM5,734).

10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Trade					
Trade receivables					
- Pawn loans	(a)	259,646,869	213,462,070	-	-
Non-trade					
Other receivables		703,595	150,779	81,704	102,007
Amounts owing by subsidiaries	(b)	-	-	49,730,000	26,964,864
Deposits	(c)	1,731,738	1,058,985	12,000	13,000
Prepayments		1,195,971	1,121,725	-	-
		3,631,304	2,331,489	49,823,704	27,079,871
Total trade and other receivables		263,278,173	215,793,559	49,823,704	27,079,871

(a) Trade receivables

Pawn loans are secured by pledges. The quantum of loans granted to customers is based on a portion of the value of the pledge. In the event that a customer does not renew or redeem a pledge within agreed redemption period from the grant date of the loan, the pledge will be disposed by a sale by auction or forfeited, in accordance with the provisions of the Pawnbrokers Act 1972.

The pawn loans bear monthly interest ranging from 0.8% to 2% (2023: 0.8% to 2%) and normal credit terms offered by the Group is 6 months.

The information about the credit exposures is disclosed in Note 25(b)(i).

(b) Amounts owing by subsidiaries

Amounts owing by subsidiaries are non-trade in nature, unsecured, non-interest bearing, and repayable on demand, except for an amount of RM45,930,000 (2023: RM23,841,001), which arise mainly from short-term advances and subject to interest at a rate of 2.3% (2023: 2.3%) per annum.

(c) Deposits

Included in deposits of the Group is a non-refundable deposit of RM150,000 (2023: RM412,520) for the renovation of shoplots.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

11. CASH AND SHORT-TERM DEPOSITS

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances		18,408,690	25,781,122	503,593	1,681,351
Short-term deposits placed with licensed bank	(a)	-	24,000,000	-	20,000,000
		18,408,690	49,781,122	503,593	21,681,351

- (a) In the previous financial year, deposits placed with licensed banks of the Group and of the Company bore effective interest at rates ranging from 2.60% to 3.90% per annum with a maturity of three months or less.
- (b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment.

	Note	Group	
		2024 RM	2023 RM
Purchase of property, plant and equipment	5	5,661,922	4,109,225
Financed by way of lease arrangements		(3,397,115)	(2,011,333)
Cash payments on purchase of property, plant and equipment		2,264,807	2,097,892

- (c) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1.1.2024 RM	Cash flows RM	Non-cash			31.12.2024 RM
			Addition RM	Lease modification RM	Others RM	
Group						
Amount owing to a director	7,591	-	-	-	-	7,591
Lease liabilities	7,879,639	(1,991,465)	3,397,115	1,133,264	-	10,418,553
Revolving credit	30,000,000	416,721	-	-	-	30,416,721
Term loan	645,040	(54,385)	-	-	-	590,655
	38,532,270	(1,629,129)	3,397,115	1,133,264	-	41,433,520

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

11. CASH AND SHORT-TERM DEPOSITS *cont'd*

(c) Reconciliation of changes in liabilities arising from financing activities are as follows: *cont'd*

	1.1.2023 RM	Cash flows RM	Non-cash			31.12.2023 RM
			Addition RM	Lease modification RM	Others RM	
Group						
Amounts owing to shareholders	9,473,972	(8,910,001)	-	-	(563,971)	-
Amount owing to a director	63,792	(56,201)	-	-	-	7,591
Lease liabilities	7,473,959	(1,717,907)	2,011,333	112,254	-	7,879,639
Revolving credit	26,640,847	3,359,153	-	-	-	30,000,000
Term loan	697,171	(52,131)	-	-	-	645,040
	44,349,741	(7,377,087)	2,011,333	112,254	(563,971)	38,532,270

	1.1.2024 RM	Cash flows RM	31.12.2024 RM
Company			
Lease liabilities	133,224	(29,589)	103,635

	1.1.2023 RM	Cash flows RM	31.12.2023 RM
Company			
Amounts owing to subsidiaries	2,243,038	(2,243,038)	-
Lease liabilities	161,236	(28,012)	133,224
	2,404,274	(2,271,050)	133,224

(d) Total cash outflows for leases:

During the financial year, the Group and the Company had total cash outflows for leases of RM2,510,097 (2023: RM2,165,110) and RM36,000 (2023: RM36,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

12. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2024	2023	2024	2023
	Unit	Unit	RM	RM
Issued and fully paid up (no par value):				
At 1 January	768,200,000	668,000,000	211,698,547	156,588,547
Issued during the financial year	-	100,200,000	-	55,110,000
At 31 December	768,200,000	768,200,000	211,698,547	211,698,547

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

In the previous financial year, the Company issued 100,200,000 new ordinary shares at a price of RM0.55 per ordinary share through private placement on 26 June 2023 for working capital purposes.

The new ordinary shares issued in the previous financial year rank pari passu in all respects with the existing ordinary shares of the Company.

13. REORGANISATION DEFICIT

	Group	
	2024	2023
	RM	RM
At 1 January/31 December	(11,518,039)	(11,518,039)

14. OTHER RESERVE

	Group and Company	
	2024	2023
	RM	RM
Share option reserve	1,290,983	559,083

The share option reserve comprises the cumulative value of services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Vesting period of the share option offered:

- (i) First 30%: 1 January 2024 to 31 July 2028
- (ii) Subsequent 30%: 1 January 2025 to 31 July 2028
- (iii) Remaining 40%: 1 January 2026 to 31 July 2028

NOTES TO THE FINANCIAL STATEMENTS

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14. OTHER RESERVE *cont'd*

On 11 September 2023, the Group granted share options with a total number of 7,680,000 to eligible directors and employees of the Group to acquire shares in the Company under the Employees Share Options Scheme ("ESOS") approved by the shareholders of the Company. The share options granted may be exercised any time from the date of vesting to the date of expiry and settlement is by issuance of fully paid ordinary shares.

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options:

	Number 2024	WAEP 2023	Number 2024	WAEP 2023
At beginning of the financial year	7,680,000	RM1.00	7,680,000	RM1.00
Forfeited during the financial year	(465,000)	RM1.00	-	-
At end of the financial year	7,215,000	RM1.00	7,680,000	RM1.00
Exercisable at end of the year	7,215,000	RM1.00	7,680,000	RM1.00

The options outstanding at 31 December 2024 have exercise price of RM1.00 (2023: RM1.00) and the weighted average remaining contractual life for the share options outstanding as at 31 December 2024 was 3.58 years (2023: 4.58 years).

The fair value of the share options granted were determined using a binomial option pricing model, and the inputs were:

	2023
Fair value of share options and assumptions	
Weighted average fair value of share option at grant date (RM)	0.24
Weighted average share price (RM)	0.81
Option life (years)	4.9
Risk-free rate (%)	3.62
Expected volatility (%)	25.62

The expected volatility reflected the assumption that the historical volatility was an indicative or future trends, which may also not necessarily be the actual outcome.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

15. LOANS AND BORROWINGS

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Non-current:					
Term loan	(a)	531,538	588,433	-	-
Lease liabilities	(b)	8,393,791	5,953,637	72,380	103,635
		8,925,329	6,542,070	72,380	103,635
Current:					
Term loan	(a)	59,117	56,607	-	-
Lease liabilities	(b)	2,024,762	1,926,002	31,255	29,589
Revolving credit	(c)	30,416,721	30,000,000	-	-
		32,500,600	31,982,609	31,255	29,589
		41,425,929	38,524,679	103,635	133,224
Total loan and borrowings:					
Term loan	(a)	590,655	645,040	-	-
Lease liabilities	(b)	10,418,553	7,879,639	103,635	133,224
Revolving credit	(c)	30,416,721	30,000,000	-	-
		41,425,929	38,524,679	103,635	133,224

(a) Term loan

Term loan of a subsidiary bears interest at base lending rate ("BLR") minus 2.2% per annum and is repayable by monthly instalments of RM7,050 (2023: RM7,050) over 20 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over the freehold land and buildings of a subsidiary as disclosed in Note 6; and
- (ii) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

15. LOANS AND BORROWINGS *cont'd*

(b) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Minimum lease payments:				
Not later than one year	2,626,011	2,338,377	36,000	36,000
Later than one year and not later than five years	7,926,640	6,449,001	76,500	112,500
Later than five years	1,924,400	183,700	-	-
	12,477,051	8,971,078	112,500	148,500
Less: Future finance charges	(2,058,498)	(1,091,439)	(8,865)	(15,276)
Present value of minimum lease payments	10,418,553	7,879,639	103,635	133,224
Present value of minimum lease payments:				
Not later than one year	2,024,762	1,926,002	31,255	29,589
Later than one year and not later than five years	8,182,258	5,874,353	72,380	103,635
Later than five years	211,533	79,284	-	-
	10,418,553	7,879,639	103,635	133,224
Less: Amount due within twelve months	(2,024,762)	(1,926,002)	(31,255)	(29,589)
Amount due after twelve months	8,393,791	5,953,637	72,380	103,635

(c) Revolving credit

The revolving credit of the Group is secured by way of:

- (i) Debenture over the fixed and floating assets of certain subsidiaries; and
- (ii) Corporate guarantee by the Company.

16. OTHER PAYABLES

	Note	Group		Company	
		2024 RM	2023 RM	2024 RM	2023 RM
Other payables		178,256	147,793	95,077	5,734
Amount owing to a director	(a)	7,591	7,591	-	-
Accruals		874,573	566,935	360,257	139,160
Deposits received		11,400	11,400	-	-
Total other payables		1,071,820	733,719	455,334	144,894

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

16. OTHER PAYABLES *cont'd*

(a) Amount owing to a director

Amount owing to a director are unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.

For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 25(b)(ii).

17. REVENUE

	Group	
	2024 RM	2023 RM
Over time:		
Pawnbroking - Interest charges	42,684,911	36,202,968
At a point in time:		
Sale of unredeemed or bid pledges	75,069,479	73,040,182
Pawnbroking - Administrative fees	193,800	175,681
	117,948,190	109,418,831

(a) Disaggregation of revenue

The Group reports the following major segments: pawnbroking and sale of unredeemed or bid pledges in accordance with MFRS 8 *Operating Segments*.

For disclosures on the Group's segment information as required by MFRS 8 *Operating Segments*, refer to Note 29.

18. OTHER INCOME

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Dividend income	-	-	8,800,000	6,000,000
Gain on lease modification	91,858	2,529	-	-
Insurance rebates	100,555	62,722	-	-
Interest income	711,415	679,704	1,278,616	1,547,887
Management fee income	-	-	6,174,745	3,123,863
Rental income	58,176	51,414	-	-
Write back of payables	-	563,971	-	-
Others	2,270	1,884	-	-
	964,274	1,362,224	16,253,361	10,671,750

NOTES TO THE FINANCIAL STATEMENTS

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19. FINANCE COSTS

	Group		Company	
	2024	2023	2024	2023
	RM	RM	RM	RM
Interest expense on:				
- Advances from key management personnel	-	90,000	-	-
- Advances from subsidiaries	-	-	-	53,506
- Lease liabilities	487,162	436,033	6,411	7,988
- Revolving credit	1,835,451	1,703,372	-	-
- Term loan	27,766	29,500	-	-
	2,350,379	2,258,905	6,411	61,494

20. PROFIT BEFORE TAX

Other than as disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit before tax:

	Note	Group		Company	
		2024	2023	2024	2023
		RM	RM	RM	RM
Auditors' remuneration					
- statutory audit:					
- Baker Tilly Monteiro Heng PLT		479,000	464,000	37,000	33,000
- Other service					
- Baker Tilly Monteiro Heng PLT		6,000	6,000	6,000	6,000
Deposits written off		19,250	9,000	-	-
Depreciation of investment property	6	19,534	19,533	-	-
Depreciation of property, plant and equipment	5	3,317,148	2,866,366	33,792	33,792
Employee benefits expense	21	10,241,370	7,891,330	4,715,774	3,488,978
Expense relating to short-term lease		31,470	11,170	-	-
Inventories written off		12,083	5,734	-	-
Property, plant and equipment written off		75,000	-	-	-
Trade receivables written off		19,350	81,550	-	-

NOTES TO THE FINANCIAL STATEMENTS

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21. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Salaries, wages, allowances and bonuses	7,667,787	6,017,856	3,516,334	2,711,031
Defined contribution plans	865,071	711,580	391,873	301,668
Other staff related expenses	976,612	602,811	245,342	56,933
Share-based payment	731,900	559,083	562,225	419,346
	10,241,370	7,891,330	4,715,774	3,488,978

Included in employee benefits expense are:

	Group and Company	
	2024 RM	2023 RM
Directors of the Company		
Executive directors		
- Fees	219,996	204,996
- Salaries, allowances and bonuses	810,004	407,503
- Defined contribution plans	105,348	53,010
- Other related expenses	2,434	2,317
	1,137,782	667,826
Non-executive directors		
- Fees	168,504	156,000
- Other related expenses	11,000	13,000
- Share-based payment	72,819	83,959
	252,323	252,959
	1,390,105	920,785

The estimated monetary value of benefit-in-kind received by an executive director other than in cash from the Group amounted to RM376,313 (2023: Nil).

NOTES TO THE FINANCIAL STATEMENTS

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22. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2024 and 31 December 2023 are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	8,826,343	7,234,051	468,627	215,314
- Adjustment in respect of prior years	612,637	352,262	(33,538)	-
	9,438,980	7,586,313	435,089	215,314
Deferred tax (Note 8):				
- Reversal of temporary differences	(851)	(22,095)	-	-
- Adjustment in respect of prior years	143,238	784,693	-	-
	142,387	762,598	-	-
Income tax expense recognised in profit or loss	9,581,367	8,348,911	435,089	215,314

Domestic income tax is calculated at the Malaysia statutory income tax rate of 24% (2023: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before tax	33,582,646	28,356,223	9,152,983	5,446,575
Tax at Malaysian statutory income tax rate of 24%	8,059,835	6,805,494	2,196,716	1,307,178
Adjustments:				
Income not subject to tax	(79,631)	(508,808)	(2,112,000)	(1,440,000)
Non-deductible expenses	727,066	845,458	383,911	348,136
Utilisation of previously unrecognised temporary differences	(38,485)	(1,078)	-	-
Deferred tax not recognised on temporary differences	156,707	70,890	-	-
Adjustment in respect of current income tax of prior years	612,637	352,262	(33,538)	-
Adjustment in respect of deferred tax of prior years	143,238	784,693	-	-
Income tax expense	9,581,367	8,348,911	435,089	215,314

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

23. EARNINGS PER SHARE

Basic earnings per ordinary share and diluted earnings per ordinary share

Basic earnings per ordinary share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per ordinary share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted earnings per ordinary share are computed as follow:

	Group	
	2024	2023
	RM	RM
Profit attributable to ordinary equity holders of the Company	24,001,279	19,986,883
Weighted average number of ordinary shares for basic earnings per share	768,200,000	719,884,384
Basic and diluted earnings per share (sen)	3.12	2.78

The diluted earnings per ordinary share of the Group for the financial year ended 31 December 2024 are same as the basic earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

24. DIVIDENDS

	Company	
	2024	2023
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Single tier first interim dividend for the financial year ended 31 December 2024: 0.50 sen per ordinary share	3,841,000	-
- Single tier second interim dividend for the financial year ended 31 December 2024: 0.50 sen per ordinary share	3,841,000	-
- Single tier interim dividend for the financial year ended 31 December 2023: 0.50 sen per ordinary share	-	3,841,000
	7,682,000	3,841,000

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount RM	Amortised cost RM
Group		
At 31 December 2024		
Financial assets		
Trade and other receivables, net of prepayment and non-refundable deposits	261,932,202	261,932,202
Cash and short-term deposits	18,408,690	18,408,690
	280,340,892	280,340,892
Financial liabilities		
Loans and borrowings, net of lease liabilities	(31,007,376)	(31,007,376)
Other payables	(1,071,820)	(1,071,820)
	(32,079,196)	(32,079,196)
At 31 December 2023		
Financial assets		
Trade and other receivables, net of prepayment and non-refundable deposits	214,259,314	214,259,314
Cash and short-term deposits	49,781,122	49,781,122
	264,040,436	264,040,436
Financial liabilities		
Loans and borrowings, net of lease liabilities	(30,645,040)	(30,645,040)
Other payables	(733,719)	(733,719)
	(31,378,759)	(31,378,759)
Company		
At 31 December 2024		
Financial assets		
Trade and other receivables, net of prepayment	49,823,704	49,823,704
Cash and short-term deposits	503,593	503,593
	50,327,297	50,327,297
Financial liability		
Other payables	(455,334)	(455,334)

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS *cont'd*

(a) Categories of financial instruments *cont'd*

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: *cont'd*

	Carrying amount	Amortised cost
	RM	RM
Company		
At 31 December 2023		
Financial assets		
Trade and other receivables, net of prepayment	27,079,871	27,079,871
Cash and short-term deposits	21,681,351	21,681,351
	48,761,222	48,761,222
Financial liability		
Other payables	(144,894)	(144,894)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for its shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

Credit risk concentration profile

The Group has no significant concentration of credit risk from its trade receivables. The Group minimises credit risk by requiring collateral and/or dealing with credit worthy counterparties.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

Trade receivables *cont'd*

Credit risk concentration profile *cont'd*

The Group determines the concentration of credit risk by monitoring its trade receivables.

The information about the credit risk exposure on the Group's trade receivables using a provision matrix are as follows:

	Gross carrying amount at default RM
Group	
2024	
Current	241,507,749
1 to 30 days past due	10,698,952
31 to 60 days past due	7,056,073
61 to 90 days past due	369,907
91 to 120 days past due	9,778
More than 120 days past due	4,410
	259,646,869
2023	
Current	197,831,538
1 to 30 days past due	9,092,157
31 to 60 days past due	6,127,574
61 to 90 days past due	298,273
91 to 120 days past due	37,807
More than 120 days past due	74,721
	213,462,070

Other receivables and other financial assets

For other receivables and other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

Other receivables and other financial assets *cont'd*

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

Some intercompany balances between entities within the Group comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loan and revolving credit granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM31,007,376 (2023: RM30,645,040) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 25(b)(ii). As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries's secured borrowings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from other payables, loan and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group's and the Company's treasury department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(ii) Liquidity risk *cont'd*

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	Contractual cash flows			Total RM
		On demand or within one year RM	Between one and five years RM	More than five years RM	
Group					
31 December 2024					
Other payables	1,071,820	1,071,820	-	-	1,071,820
Term loan	590,655	84,600	338,400	287,676	710,676
Lease liabilities	10,418,553	2,626,011	7,926,640	1,924,400	12,477,051
Revolving credit	30,416,721	30,416,721	-	-	30,416,721
	42,497,749	34,199,152	8,265,040	2,212,076	44,676,268
31 December 2023					
Other payables	733,719	733,719	-	-	733,719
Term loan	645,040	84,600	338,400	369,039	792,039
Lease liabilities	7,879,639	2,338,377	6,449,001	183,700	8,971,078
Revolving credit	30,000,000	30,000,000	-	-	30,000,000
	39,258,398	33,156,696	6,787,401	552,739	40,496,836
Company					
31 December 2024					
Other payables	455,334	455,334	-	-	455,334
Lease liabilities	103,635	36,000	76,500	-	112,500
Financial guarantee contract	-	31,007,376	-	-	31,007,376
	558,969	31,498,710	76,500	-	31,575,210
31 December 2023					
Other payables	144,894	144,894	-	-	144,894
Lease liabilities	133,224	36,000	112,500	-	148,500
Financial guarantee contract	-	30,645,040	-	-	30,645,040
	278,118	30,825,934	112,500	-	30,938,434

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

25. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial years.

	Carrying amount RM	Change in basis point	Effect on profit for the financial year RM	Effect on equity RM
Group				
31 December 2024				
Loans and borrowings	(31,007,376)	+ 50	(117,828)	(117,828)
		- 50	117,828	117,828
31 December 2023				
Loans and borrowings	(30,645,040)	+ 50	(116,451)	(116,451)
		- 50	116,451	116,451

(c) Fair value measurement

The carrying amounts of cash and short-term deposits, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year.

26. COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Group	
	2024 RM	2023 RM
Property, plant and equipment approved and contracted for	29,600	246,520

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

27. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group and the Company include:

- (i) Company's holding company;
- (ii) Subsidiaries;
- (iii) Entities in which certain directors have substantial financial interests; and
- (iv) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly and indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Interest received/receivable from:				
- Subsidiaries	-	-	711,467	921,213
Interest paid/payable to:				
- Subsidiaries	-	-	-	53,506
- Key management personnel	-	90,000	-	-
Management fee received/receivable from:				
- Subsidiaries	-	-	6,174,745	3,123,863
Dividend received/receivable from:				
- Subsidiary	-	-	8,800,000	6,000,000
Rental paid/payable to:				
- Entities in which certain director has substantial interest	570,600	368,200	36,000	36,000
Write back of payables:				
- Key management personnel	-	563,971	-	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 10 and 16.

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries as disclosed in Note 25(b)(i).

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

27. RELATED PARTIES *cont'd*

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any directors of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	Group and Company	
	2024	2023
	RM	RM
Fees	388,500	360,996
Salaries, allowances and bonuses	1,379,004	874,503
Defined contribution plans	179,318	113,720
Other related expenses	15,868	17,634
Share-based payment	250,750	205,786
	2,213,440	1,572,639

The estimated monetary value of benefit-in-kind received by an executive director other than in cash from the Group amounted to RM376,313 (2023: Nil).

28. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year ended 31 December 2024 and 31 December 2023.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as bank borrowings divided by total equity. The gearing ratio as at 31 December 2024 and 31 December 2023 are as follows:

	Note	Group	
		2024	2023
		RM	RM
Term loan	15	590,655	645,040
Revolving credit	15	30,416,721	30,000,000
		31,007,376	30,645,040
Total equity		262,335,628	245,284,449
Net gearing ratio (times)		0.12	0.12

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

28. CAPITAL MANAGEMENT *cont'd*

There was no bank borrowing in the Company for the financial years ended 31 December 2024 and 31 December 2023. Accordingly, calculation of debt to equity ratio is not meaningful to the Company.

There were no changes in the Group's and the Company's approach to capital management during the financial years under review.

The Group is required to maintain a debt to equity ratio not more than 0.5 to comply with a bank covenant.

29. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the directors for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follows:

Segments	Product and services
Interest income	Interest charges from pawnbroking
Sales auction	Sales of unredeemed or bid pledges

Segment profit

Segment performance is used to measure performance as the Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

Segment assets information is neither included in the internal management reports nor provided regularly to the Managing Director. Hence no disclosure is made on segment assets.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director. Hence no disclosure is made on segment liabilities.

NOTES TO THE FINANCIAL STATEMENTS

(Cont'd)

29. SEGMENT INFORMATION *cont'd*

Group	Pawnbroking interest charges RM	Sales of unredeemed or bid pledges RM	Adjustments and eliminations RM	Total RM
31 December 2024				
Revenue:				
Revenue from external customers	42,878,711	75,069,479	-	117,948,190
Segment profit	32,522,826	13,036,123	-	45,558,949
Other income				964,274
Administrative expenses				(10,590,198)
Finance costs				(2,350,379)
Income tax expense				(9,581,367)
Profit for the financial year				24,001,279
Results:				
<i>Included in the measure of segments profit are:</i>				
Employee benefits expense				10,241,370
Depreciation				3,317,148
31 December 2023				
Revenue:				
Revenue from external customers	36,378,649	73,040,182	-	109,418,831
Segment profit	28,132,350	9,294,291	-	37,426,641
Other income				1,362,224
Administrative expenses				(8,173,737)
Finance costs				(2,258,905)
Income tax expense				(8,348,911)
Profit for the financial year				20,007,312
Results:				
<i>Included in the measure of segments profit are:</i>				
Employee benefits expense				7,891,330
Depreciation				2,866,366

Information about major customers

For the sales of unredeemed or bid pledges segment, revenue was from two (2023: two) major customers. The customers represented approximately RM47,372,906 (2023: RM47,656,483) of the Group's total revenue.

30. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 22 November 2024, the Company's shares were transferred from ACE Market to the Main Market of Bursa Malaysia Securities Berhad under the "Financial Services" sector.

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **LIM BOON HUA** and **LAW BOOK CHING**, being two of the directors of PAPPAJACK BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 74 to 117 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 at 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.

LIM BOON HUA
Director

LAW BOOK CHING
Director

Kuala Lumpur

Date: 23 April 2025

STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **WONG KOON WAI**, being the officer primarily responsible for the financial management of PAPPAJACK BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 74 to 117 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

WONG KOON WAI
(MIA Membership No: 28907)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 23 April 2025.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of Pappajack Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pappajack Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 74 to 117.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Trade receivables (Note 10 to the financial statements)

The Group has significant trade receivables as at 31 December 2024. We focused on this area because the Group made significant judgement over assumption about risk of default and expected loss rate. Nevertheless, the trade receivables are secured with pledged articles therefore reducing the expected credit loss.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables;
- understanding the significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports;
- checking subsequent receipts, understanding the level of activity with the customer and discussing with directors on their explanation on recoverability with significantly past due balances; and
- discussing with directors on the recoverability of the material debts as at the end of the reporting period.

INDEPENDENT AUDITORS' REPORT

To the Members of Pappajack Berhad (Incorporated in Malaysia)
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Key Audit Matters *cont'd*

Group *cont'd*

Inventories (Note 9 to the financial statements)

We focused on this this area because inventories of the Group are significant. The review of the determination of carrying value of these inventories at lower of cost and net realisable value by the directors are major source of estimation uncertainty.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring and detection and write down/off of slow-moving inventories as at 31 December 2024;
- observing year end physical inventory count to examine physical existence and condition of the finished goods and evaluating the design and implementation of controls during the count;
- checking subsequent sales and understanding the directors' assessment on estimated net realisable value on selected inventory items; and
- discussing with the Group whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost, if any.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

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 information included in the annual 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 other information 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 other information and, in doing so, consider whether the other information 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine 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.

INDEPENDENT AUDITORS' REPORT

To the Members of Pappajack Berhad (Incorporated in Malaysia)
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Responsibilities of the Directors for the Financial Statements *cont'd*

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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 the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 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 and 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.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT

To the Members of Pappajack Berhad (Incorporated in Malaysia)
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2026 J
Chartered Accountant

Kuala Lumpur

Date: 23 April 2025

ANALYSIS OF SHAREHOLDINGS

As at 3 April 2025

Total number of issued shares	:	768,200,000 ordinary shares
Issued share capital	:	RM211,698,547.00
Class of shares	:	Ordinary Shares
Voting rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	18	1.30	200	0.00
100 – 1,000	299	21.62	136,800	0.02
1,001 – 10,000	430	31.09	2,369,600	0.31
10,001 – 100,000	382	27.62	14,109,900	1.83
100,001 – 38,409,999 (*)	253	18.30	431,945,153	56.23
38,410,000 and above (**)	1	0.07	319,638,347	41.61
Total	1,383	100.00	768,200,000	100.00

Notes:

- * Less than 5% of issued shares
 ** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS

(as per Register of Directors' Shareholdings)

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chong Chee Fire	-	-	-	-
Lim Boon Hua	42,473,877	5.53	342,051,874 ⁽¹⁾	44.53
Law Book Ching	6,508,332	0.85	319,638,347 ⁽²⁾	41.61
Koo Woon Kan	-	-	-	-
Cheong Woon Yaw	-	-	-	-
Mah Ying Ying	-	-	-	-

Notes:

- (1) Deemed interested by virtue of the interest of his spouse (Lee Kooi Lan) in Pappajack Berhad and his interest in TSE Sejahtera Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
 (2) Deemed interested by virtue of his interest in TSE Sejahtera Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

As at 3 April 2025

(Cont'd)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(as per Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
TSE Sejahtera Sdn Bhd	319,638,347	41.61	-	-
Lim Boon Hua	42,473,877	5.53	342,051,874 ⁽¹⁾	44.53
Law Book Ching	6,508,332	0.85	319,638,347 ⁽²⁾	41.61
Lim Siew Fang	-	-	319,638,347 ⁽³⁾	41.61
Lee Kooi Lan	22,413,527	2.92	362,112,224 ⁽⁴⁾	47.14

Notes:

- (1) Deemed interested by virtue of the interest of his spouse (Lee Kooi Lan) in Pappajack Berhad and his interest in TSE Sejahtera Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- (2) Deemed interested by virtue of his interest in TSE Sejahtera Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- (3) Deemed interested by virtue of her interest in TSE Sejahtera Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
- (4) Deemed interested by virtue of the interest of her spouse (Lim Boon Hua) in Pappajack Berhad and his interest held through TSE Sejahtera Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS

(without aggregating securities from different securities accounts belonging to the same Depositors)

No.	Name	No. of Shares Held	%
1.	TSE Sejahtera Sdn Bhd	319,638,347	41.61
2.	Soo Jon Teng	19,388,888	2.52
3.	Lee Kooi Lan	17,225,327	2.24
4.	Lim Tong Lee	15,602,385	2.03
5.	Lau Nian Choon	15,126,759	1.97
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Boon Hua (7013268)</i>	14,714,200	1.92
7.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chew Leng Chow (MY4471)</i>	13,257,300	1.73
8.	See Swee Choy	13,218,223	1.72
9.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Sam Yin Thing (MY4178)</i>	12,226,500	1.59
10.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chiau Haw Choon</i>	10,902,500	1.42
11.	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Boon Hua</i>	10,002,377	1.30
12.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Shyh Chyuh (MF00187)</i>	7,460,300	0.97
13.	Ng Shyh Chyuh	7,258,402	0.95
14.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Kun Way (M04)</i>	7,160,000	0.93
15.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Boon Hua (M04)</i>	6,414,600	0.84
16.	Teoh Kok Khong	6,300,686	0.82

ANALYSIS OF SHAREHOLDINGS

As at 3 April 2025

(Cont'd)

TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS

(without aggregating securities from different securities accounts belonging to the same Depositors) cont'd

No.	Name	No. of Shares Held	%
17.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Pui Yin (MY4542)</i>	6,120,500	0.80
18.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Chai Heng (MY4527)</i>	6,066,600	0.79
19.	Tan Poo Chun	5,856,544	0.76
20.	Tan Hui Koon	5,790,737	0.75
21.	Chew Leng Chow	5,643,018	0.73
22.	Wong Pui Yin	5,325,800	0.69
23.	Amsec Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Boon Hua</i>	5,191,500	0.68
24.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Kooi Lan (MY00386)</i>	5,188,200	0.68
25.	Alliancegroup Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Law Book Ching (7014572)</i>	5,177,400	0.67
26.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ho Kong Min</i>	5,069,500	0.66
27.	Aliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lew Kheong Yuen (7014598)</i>	4,842,300	0.63
28.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Boon Hua</i>	4,566,000	0.59
29.	Aliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chew Leng Chow (7014483)</i>	4,300,000	0.56
30.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chin Hin Group Property Berhad (MY4653)</i>	4,300,000	0.56
TOTAL		569,334,893	74.11

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting (“4th AGM”) of Pappajack Berhad (“Pappajack” or “Company”) will be held at Four Points by Sheraton Puchong, The Heron (Function Room), Level 2, Puchong Financial Corporate Centre (PFCC), Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan on Monday, 16 June 2025 at 2.30 p.m. for the purpose of transacting the following businesses:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon.
(Please refer to Explanatory Note 1)
2. To approve the payment of Directors’ fees to the Non-Executive Directors up to an amount of RM350,000.00 for the period from 17 June 2025 until the next Annual General Meeting of the Company to be held in 2026.
(Please refer to Explanatory Note 2) Ordinary Resolution 1
3. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM50,000.00 for the period from 17 June 2025 until the next Annual General Meeting of the Company to be held in 2026.
(Please refer to Explanatory Note 2) Ordinary Resolution 2
4. To re-elect the following Directors who retire by rotation in accordance with Clause 97.1 of the Constitution of the Company and being eligible, offer themselves for re-election:-
 - (a) Ms. Koo Woon Kan Ordinary Resolution 3
 - (b) Mr. Cheong Woon Yaw Ordinary Resolution 4*(Please refer to Explanatory Note 3)*
5. To re-elect Ms. Mah Ying Ying who retires by casual vacancy pursuant to Clause 106 of the Constitution of the Company and being eligible, offers herself for re-election.
(Please refer to Explanatory Note 3) Ordinary Resolution 5
6. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 6

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

7. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** Ordinary Resolution 7

“**THAT** subject always to the Companies Act 2016, Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant regulatory authorities, where such approval is required, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the capital of the Company (“New Shares”) from time to time and upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of such New Shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares, if any) of the Company at the time of issue **AND THAT** the Directors be and are also empowered to obtain the approval for the listing and quotation for such New Shares to be issued on Bursa Securities **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

AND FURTHER THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the existing shareholders of the Company to be offered New Shares in proportion to their shareholdings ranking equally to the existing issued shares of the Company arising from any issuance and allotment of New Shares pursuant to Sections 75 and 76 of the Companies Act 2016 **AND THAT** the Board of Directors of the Company is exempted from the obligation to offer such New Shares first to the existing shareholders of the Company."

(Please refer to Explanatory Note 4)

8. **PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED SHARE BUY-BACK AUTHORITY")** Ordinary Resolution 8

"THAT subject always to the provisions of the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and/or any other relevant laws, regulations, guidelines and/or regulatory authorities, if any:-

- (a) approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-
 - i) the aggregate number of shares which may be purchased and held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at the time of purchase; and
 - ii) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase;
 - iii) upon completion of the shares so purchased, the Directors of the Company be authorised at their absolute discretion to cancel the shares so purchased or to retain the shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act), or to retain part of the shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the MMLR of Bursa Securities and any other relevant authorities for the time being in force.
- (b) the approval conferred by this resolution shall commence immediately upon passing of this resolution and continue to be in force until:-
 - i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - ii) the expiration of the period within which the next AGM after that date is required to be held; or
 - iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the MMLR of Bursa Securities and any applicable laws, regulations, guidelines and requirements issued by any relevant authorities.

NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

(c) authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company. *(Please refer to Explanatory Note 5)*

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

WONG YOUN KIM
(MAICSA 7018778)
(SSM PC No. 201908000410)
 Company Secretary

Kuala Lumpur
 30 April 2025

NOTES:-

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote on his/her behalf.*
2. *A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.*
3. *A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds and is exempted from compliance with the provisions of Section 25A(1) of the Securities Industry (Central Depositories) Act 1991.*
5. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing. If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an attorney duly authorised.*
6. *The duly completed Form of Proxy must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof.*
7. *The resolutions set out in the Notice of 4th AGM will be put to vote by poll pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements.*
8. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 9 June 2025. Only a depositor whose name appears on the Record of Depositors as at 9 June 2025 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.*

NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

Explanatory Notes on Ordinary and Special Business

1. Item 1 of the Agenda - Audited Financial Statements

Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 ("the Act") does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Ordinary Resolutions 1 and 2 - Payment of Directors' Fees and Benefits to Non-Executive Directors

Pursuant to Section 230(1) of the Act, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

Shareholders' approval is hereby sought for the payment of Non-Executive Directors' Fees of up to an aggregate amount of RM350,000.00 and Directors' benefits of up to an aggregate amount of RM50,000.00 for the period from 17 June 2025 until the next Annual General Meeting of the Company.

Directors' Fees

The payment of Directors' fees for the Non-Executive Directors is based on the following fee structure:

Designation	Fees per annum per Director (RM)
Board Chairman	60,000
Non-Executive Director	42,000

Directors' benefits

The proposed Directors' benefits payable comprises only meeting allowances payable to Non-executive Directors. In determining the estimated amount, the Board has considered various factors, including the current board size, the number of scheduled Board and Board Committees meetings for the period from 17 June 2025 until the next Annual General Meeting, the number of Non-Executive Directors involved in the meeting and the possibility of an additional Board or Board Committee meeting, if required, during the same period.

In the event that the proposed amount of Directors' fees and/or benefits is insufficient due to an enlarged Board size or an increased number of meetings, approval will be sought at the next Annual General Meeting for the shortfall.

Any Non-Executive Directors who are shareholders of the Company will abstain from voting on Ordinary Resolutions 1 and 2 concerning the Directors' fees and benefits of the Non-Executive Directors at the 2nd AGM.

3. Ordinary Resolutions 3, 4, and 5 – Re-election of Directors

Ms. Koo Woon Kan and Mr. Cheong Woon Yaw will retire at the 4th AGM in accordance with Clause 97.1 of the Constitution of the Company, whilst Ms. Mah Ying Ying will retire pursuant to Clause 106 of the Constitution. The profiles of the retiring Directors are set out in Annual Report 2024.

The Nomination Committee ("NC") has conducted an evaluation of the performance and contributions of each retiring Director seeking re-election, including assessment on their fitness and propriety as well as their independence status.

Based on the results of the Board Effectiveness Evaluation conducted for the financial year ended 31 December 2024, the NC and the Board collectively agreed that the retiring Directors meet the criteria of character, integrity, competence, the appropriate mix of skills, experience and expertise, as well as the time commitment necessary to discharge their duties effectively, in accordance with Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

None of the retiring Directors have any conflict of interest, whether actual, potential or perceived, nor any family relationships with any other Directors or major shareholders of the Company. Each of the retiring Directors has abstained from all deliberations and decisions in relation to their own re-election.

The Board has approved the NC's recommendation for the re-election of the following Directors based on the justifications set out below:

NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

Ordinary Resolution 3 – Re-election of Ms. Koo Woon Kan as Independent Non-Executive Director

Ms. Koo Woon Kan meets the independence criteria as prescribed under the Listing Requirements. Throughout her tenure, she has consistently demonstrated commitment to her responsibilities, exercised due care, and diligently discharged her duties as an Independent Non-Executive Director.

Ordinary Resolution 4 – Re-election of Mr. Cheong Woon Yaw as Independent Non-Executive Director

Mr. Cheong Woon Yaw meets the independence criteria as prescribed under the Listing Requirements. Throughout his tenure, he has consistently demonstrated commitment to his responsibilities, exercised due care, and diligently discharged his duties as an Independent Non-Executive Director.

Ordinary Resolution 5 – Re-election of Ms. Mah Ying Ying as Independent Non-Executive Director

Ms. Mah Ying Ying was appointed to the Board on 13 September 2024 and is subject to re-election in accordance with Clause 106 of the Constitution, which requires that a Director appointed during the year retire at the next AGM and be eligible for re-election.

Ms. Mah meets the independence criteria as prescribed under the Listing Requirements. Throughout her tenure, she has consistently demonstrated commitment to her responsibilities, exercised due care, and diligently discharged her duties as an Independent Non-Executive Director.

Accordingly, shareholders' approval is sought for the re-election of the above Directors at the 4th AGM.

4. Ordinary Resolution 7 – Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Proposed Ordinary Resolution 7, if passed, is to give the Directors of the Company flexibility to issue and allot shares up to an amount not exceeding ten per centum (10%) of the Company's total number of issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a separate general meeting so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisition(s).

The general mandate sought for the issue of shares is a renewal of the mandate that was approved by the shareholders at the last Annual General Meeting held on 14 June 2024 which will lapse at the conclusion of this Annual General Meeting to be held on 16 June 2025.

This authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 54 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act 2016 and Clause 54 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Companies Act 2016, which will result in a dilution to their shareholding percentage in the Company.

As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 14 June 2024.

5. Ordinary Resolution 8 – Proposed Share Buy-Back Authority

The Proposed Share Buy-Back Authority, if approved, will allow the Company to purchase its own shares up to 10% of its total number of issued shares of the Company by utilising the funds allocated, which shall not exceed the retained profits of the Company.

For further information, please refer to the Share Buy-Back Statement dated 30 April 2025.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member disclose the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF 4th ANNUAL GENERAL MEETING

[Pursuant To Paragraph 8.27(2) Of The Main Market Listing Requirements Of Bursa Malaysia Securities Berhad]

1. Details of individuals who are standing for election (excluding Directors who are standing for re-election) as Directors

There are no individuals who are standing for election as Directors at this AGM.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 is set out under Explanatory Note 4 of this Notice.

PAPPAJACK BERHAD
[Registration No. 202001042414 (1398735-V)]
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of Shares Held	

*I/We _____
(FULL NAME IN BLOCK LETTERS)

*NRIC/Passport/Registration No. _____
of _____
(FULL ADDRESS)

being a member/members of **PAPPAJACK BERHAD ("the Company")** hereby appoint:

Full Name (in Block Letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	(%)
Email Address	Contact No.		
Address			

and / or* (*delete as appropriate)

Full Name (in Block Letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	(%)
Email Address	Contact No.		
Address			

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Fourth Annual General Meeting of the Company to be held at Four Points by Sheraton Puchong, The Heron (Function Room), Level 2, Puchong Financial Corporate Centre (PFCC), Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor Darul Ehsan on Monday, 16 June 2025 at 2.30 p.m., or at any adjournment thereof in the manner as indicated below.

NO.	RESOLUTIONS		FOR	AGAINST
1.	To approve the payment of Directors' fees to the Non-Executive Directors up to an amount of RM350,000.00 for the period from 17 June 2025 until the next Annual General Meeting of the Company to be held in 2026.	Ordinary Resolution 1		
2.	To approve the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM50,000.00 for the period from 17 June 2025 until the next Annual General Meeting of the Company to be held in 2026.	Ordinary Resolution 2		
3.	Re-election of Ms. Koo Won Kan as Director.	Ordinary Resolution 3		
4.	Re-election of Mr. Cheong Woon Yaw as Director.	Ordinary Resolution 4		
5.	Re-election of Ms. Mah Ying Ying as Director.	Ordinary Resolution 5		
6.	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6		
7.	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 7		
8.	Proposed Authority for the Company to purchase its own shares.	Ordinary Resolution 8		

(Please indicate your vote by marking (X) in the space provided above on how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote or abstain from voting as he/she thinks fit.)

Date : _____

Contact No.: _____

Signature of Member/ Common Seal



Fold this flap for sealing

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote on his/her behalf.
2. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.
3. A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds and is exempted from compliance with the provisions of Section 25A(1) of the Securities Industry (Central Depositories) Act 1991.
5. The instrument appointing a proxy shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing. If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an attorney duly authorised.
6. The duly completed Form of Proxy must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof.
7. The resolutions set out in the Notice of 4th AGM will be put to vote by poll pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements.
8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 9 June 2025. Only a depositor whose name appears on the Record of Depositors as at 9 June 2025 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.

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Affix
Stamp

The Share Registrar of Pappajack Berhad
c/o: Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 April 2025.



PAPPAJACK BERHAD

Registration No. 202001042414 (1398735-V)
(Incorporated in Malaysia under the Companies Act 2016)

No.11B, Jalan TK1/11A, Taman Kinrara
Seksyen 1,47180 Puchong, Selangor.

Tel : 03 -8080 4884

Email : enquiry@pappajack.com.my
whistleblowing@pappajack.com.my

www.pappajack.com.my