

THIS CIRCULAR/STATEMENT (“CIRCULAR”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has not perused the content of Part B of the Circular in relation to the Proposed Share Buy-Back (as defined herein) as such contents fall under the category of Exempt Circulars pursuant to Guidance Note 22 of the ACE Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

You should rely on your own evaluation to assess the merits and risks of the Proposed Acquisition (as defined herein).

This Circular has been reviewed by Malacca Securities Sdn. Bhd., being the Principal Adviser to Econframe Berhad for the Proposals (as defined herein).



ECONFRAME BERHAD

Registration No. 201901042935 (1352265-T)
Incorporated in Malaysia

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED ACQUISITION OF 7,081,321 ORDINARY SHARES IN IVORY PEARL SDN. BHD. (“IPSB”), REPRESENTING THE ENTIRE EQUITY INTEREST OF IPSB, FOR A TOTAL PURCHASE CONSIDERATION OF RM56,000,000, TO BE SATISFIED VIA CASH CONSIDERATION OF RM46,672,545 AND THE REMAINING RM9,327,455 TO BE SETTLED VIA THE ISSUANCE AND ALLOTMENT OF 16,500,000 NEW ORDINARY SHARES IN ECONFRAME BERHAD (“CONSIDERATION SHARES”) AT AN ISSUE PRICE OF RM0.5653 PER CONSIDERATION SHARE (“PROPOSED ACQUISITION”)

PART B

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (“PROPOSED SHARE BUY-BACK”)

(COLLECTIVELY, PROPOSED ACQUISITION AND PROPOSED SHARE BUY-BACK REFERRED TO AS THE “PROPOSALS”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



MALACCA SECURITIES SDN. BHD.

Registration No: 197301002760 (16121-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting (“**EGM**”) of Econframe Berhad will be held at Putra Room, Sultan Abdul Aziz Shah Golf & Country Club, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Wednesday, 30 April 2025 at 10:30 a.m. or at any adjournment thereof. The Notice of EGM together with the Form of Proxy are enclosed herewith in this Circular.

A shareholder who is entitled but unable attend, participate and vote remotely at the EGM is entitled to appoint a proxy or proxies to attend, participate and vote on his/her behalf. The Form of Proxy should be completed and lodged at the Company’s registered office at c/o Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or via electronic means at info@sshsb.com.my not less than 48 hours before the time set for holding the EGM, as indicated below. The lodging of the Form of Proxy will not preclude the shareholders from attending and voting in person at the EGM should he/she subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Monday, 28 April 2025, at 10:30 a.m.

Date and time for the EGM : Wednesday, 30 April 2025, at 10:30 a.m. or at any adjournment thereof

This circular is dated 2 April 2025

DEFINITIONS

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

Act	:	Companies Act, 2016 of Malaysia, as amended from time to time including any re-enactment thereof
AGM	:	Annual general meeting
Announcement	:	The announcement dated 23 January 2025 in relation to the Proposed Acquisition
Balance Deposit	:	Balance deposit of RM4.6 million paid by Econframe to Econframe's solicitors as stakeholder which is equivalent to 10% of the Purchase Consideration i.e. RM5.6 million and nett off the Earnest Deposit paid, on the execution of the SSA
Board	:	The Board of Directors of Econframe
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
Business Day	:	A day on which commercial banks are open for business in Selangor, Kuala Lumpur and Perak (excluding Saturdays, Sundays and public holidays) (whether gazetted or not)
Cash Consideration	:	RM46,672,545 in cash to be paid to the Vendors, as part of the Purchase Consideration for the Proposed Acquisition
Certified Accounts	:	The audited financial statements of IPSB for the relevant FPEs which shall be prepared in accordance with the requirements of all applicable laws and the Malaysian Financial Reporting Standards as may be verified, approved and certified by the external auditors of Econframe
Circular	:	This circular/statement dated 2 April 2025 in relation to the Proposals
Consideration Shares	:	16,500,000 new Econframe Shares to be issued and allotted to the Vendors at the Issue Price (equivalent to RM9,327,455 in value), as part of the Purchase Consideration for the Proposed Acquisition
Deposit	:	Collectively, the Earnest Deposit and Balance Deposit
Director	:	A natural person who holds a directorship in a company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007, and includes any person who is or was within the preceding 6 months of the date on which the terms of the SSA was agreed upon, a director or chief executive of Econframe, its subsidiaries or holding company
Earnest Deposit	:	Earnest deposit of RM1.0 million paid by Econframe to YCT, being the authorised representative of the Vendors, prior to the execution of the SSA
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
Econframe Company	or the	Econframe Berhad

DEFINITIONS (CONT'D)

Econframe Group or the Group	:	Collectively, Econframe and its subsidiaries
Econframe Share(s) or Share(s)	:	Ordinary share(s) in Econframe
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
Euro	:	European dollar
EV	:	Enterprise value
EV/EBITDA	:	EV to EBITDA
FPE	:	Financial period ended / ending, as the case may be
FYE	:	Financial year ended / ending, as the case may be
Guaranteed Amount	:	Audited PAT of not less than RM5.0 million for Year 1 to be achieved by IPSB, being agreed, undertaken and guaranteed by the Vendors
Guaranteed Period	:	Collectively, Year 1 and Year 2, being the periods for IPSB to achieve the Guaranteed Target
Guaranteed Target	:	Minimum cumulative audited PAT of not less than RM10.0 million to be achieved by IPSB for the Guaranteed Period, being agreed, undertaken and guaranteed by the Vendors
IPSB	:	Ivory Pearl Sdn. Bhd.
IPSB Shares or Sale Shares	:	7,081,321 ordinary shares in IPSB, representing the entire equity interest of IPSB, to be acquired by Econframe from the Vendors pursuant to the SSA, for the Purchase Consideration
Issue Price	:	RM0.5653, being the issue price per Consideration Share
JSCHSB	:	JS Choo Holdings Sdn. Bhd.
LAT	:	Loss after tax
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LKC	:	Lee Kok Choy
LPD	:	14 March 2025, being the latest practicable date prior to the printing of this Circular
LTD	:	22 January 2025, being the last trading day prior to the Announcement
Malacca Securities or Principal Adviser	:	Malacca Securities Sdn. Bhd.
Management Service Agreement	:	The management service agreement dated 23 January 2025 entered into between IPSB and each of YCT and LKC in relation to their appointment as directors following the completion of the Proposed Acquisition
MIDA	:	Malaysian Investment Development Authority

DEFINITIONS (CONT'D)

NA	:	Net assets
P/E	:	Price-to-earnings
PAT	:	Profit after tax
PBT	:	Profit before tax
Profit Guarantee	:	Collectively, the Guaranteed Amount and Guaranteed Target
Proposals	:	Collectively, the Proposed Acquisition and Proposed Share Buy-Back
Proposed Acquisition	:	Proposed acquisition of 7,081,321 Sale Shares, representing the entire equity interest of IPSB from the Vendors, for the Purchase Consideration, subject to the terms of the SSA
Proposed Share Buy-Back	:	Proposed authority for the Company to purchase its own Shares of up to 10% of its total number of issued Shares at any point in time
Purchase Consideration	:	Total consideration of RM56,000,000 in relation to the Proposed Acquisition, to be settled via the Cash Consideration of RM46,672,545 and the remaining RM9,327,455 to be settled via the issuance and allotment of 16,500,000 Consideration Shares at the Issue Price of RM0.5653 per Consideration Share
Purchaser	:	Econframe, being the purchaser in relation to the Sale Shares
RM	:	Ringgit Malaysia
Security Sum	:	RM10,000,000 payable to the Vendors, which shall be withheld by Econframe as the security for the performance of the Guaranteed Target
Smith Zander	:	Smith Zander International Sdn. Bhd., being the independent market researcher for the Proposed Acquisition
SSA	:	The conditional share sale agreement dated 23 January 2025 entered into between Econframe and the Vendors in relation to the Proposed Acquisition, as amended via exchange of letter dated 14 March 2025 and supplemented by the supplemental share sale agreement dated 26 March 2025
UK	:	United Kingdom
Unconditional Date	:	The day the SSA becomes unconditional upon which the last conditions precedent of the SSA as stated in Section 4 of Appendix I of this Circular has been fulfilled or waived by Econframe and the Vendors
USD	:	United States Dollar
Vendors	:	Collectively, YCT, Chan Yoke Peng, Razik Fareed Jaffardeen, Choo Yoke Liong @ Choo Siao Liong, Lam Phit Yen, Choo Jee Sam, JSCHSB, Chin Kum Yoke, Raja Gopal A/L Muniappan and LKC, being the vendors in relation to the Sale Shares
VWAP	:	Volume weighted average price

DEFINITIONS (CONT'D)

Warrants	:	129,929,548 outstanding warrants 2022/2027 of the Company as at LPD, expiring on 19 December 2027
Year 1	:	The 12-month FPE 31 August 2025, being the period commencing from 1 September 2024 to 31 August 2025
Year 2	:	The 12-month FPE 31 August 2026, being the period commencing from 1 September 2025 to 31 August 2026
YCT	:	Yeong Chew Tet

Any reference to “we”, “us”, “our” and “ourselves” are to the Company, and where the context otherwise requires, our subsidiaries. All references to “you” are to the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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

[The rest of this page has been intentionally left blank]

TABLE OF CONTENTS

	PAGE
<u>PART A</u>	
LETTER FROM THE BOARD TO THE SHAREHOLDERS OF ECONFRAME IN RELATION TO THE PROPOSED ACQUISITION	
EXECUTIVE SUMMARY	vii
1. INTRODUCTION	1
2. PROPOSED ACQUISITION	2
3. RATIONALE FOR THE PROPOSED ACQUISITION	25
4. INDUSTRY OVERVIEW AND PROSPECTS	26
5. RISK FACTORS	36
6. EFFECTS OF THE PROPOSED ACQUISITION	39
7. HISTORICAL SHARE PRICES	45
8. APPROVALS REQUIRED AND CONDITIONALITY	45
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED	46
10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	46
11. HIGHEST PERCENTAGE RATIO FOR THE PROPOSED ACQUISITION	47
12. DIRECTORS' STATEMENT AND RECOMMENDATION	47
13. ESTIMATED TIMEFRAME FOR COMPLETION	47
14. EGM	47
15. FURTHER INFORMATION	48
<u>PART B</u>	
STATEMENT TO THE SHAREHOLDERS OF ECONFRAME IN RELATION TO THE PROPOSED SHARE BUY-BACK	
1. INTRODUCTION	49
2. DETAILS OF THE PROPOSED SHARE BUY-BACK	50
3. RATIONALE	52
4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK	53
5. EFFECTS OF THE PROPOSED SHARE BUY-BACK	53
6. IMPLICATIONS TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2016	58
7. HISTORICAL SHARE PRICES	58
8. APPROVALS REQUIRED AND CONDITIONALITY	58
9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED	58
10. DIRECTORS' STATEMENT AND RECOMMENDATION	59
11. EGM	59
12. FURTHER INFORMATION	59

TABLE OF CONTENTS (CONT'D)

APPENDICES

APPENDIX I	SALIENT TERMS OF THE SSA	60
APPENDIX II	SALIENT TERMS OF THE MANAGEMENT SERVICE AGREEMENT	72
APPENDIX III	INFORMATION ON IPSB	74
APPENDIX IV	AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER 2023	83
APPENDIX V	FURTHER INFORMATION	123
NOTICE OF EGM		ENCLOSED
FORM OF PROXY		ENCLOSED

EXECUTIVE SUMMARY

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

PROPOSED ACQUISITION

Key information	Description
Proposed Acquisition Section 2 of Part A of the Circular	<p>The Proposed Acquisition entails the acquisition by Econframe from the Vendors of 7,081,321 Sale Shares, representing the entire equity interest of IPSB, for the Purchase Consideration of RM56.0 million, to be satisfied via the Cash Consideration of RM46.7 million and the remaining RM9.3 million to be settled via 16,500,000 Consideration Shares at the Issue Price of RM0.5653 each.</p> <p>Upon completion of the Proposed Acquisition, IPSB will become a wholly-owned subsidiary of Econframe.</p>
Basis and justification in arriving at the Purchase Consideration Section 2.4 of Part A of the Circular	<p>The Purchase Consideration of RM56.0 million was arrived at on a "willing-buyer willing-seller" basis, after taking into consideration, amongst others, the following:-</p> <ul style="list-style-type: none">(i) the audited NA of IPSB of RM30.8 million as at 31 December 2023 and unaudited NA of IPSB of RM40.4 million as at 30 September 2024;(ii) the Profit Guarantee as detailed in Section 2.3 of Part A of this Circular;(iii) the rationale and potential benefits to be accrued by Econframe Group through the Proposed Acquisition; and(iv) the future prospects of the enlarged Econframe Group as detailed in Section 4.6 of Part A of this Circular.
Basis and justification in arriving at the Issue Price Section 2.5 of Part A of the Circular	<p>The Issue Price of RM0.5653 per Consideration Share was arrived at on a "willing-buyer willing-seller" basis, based on reference to the 5-day VWAP of Econframe Shares of RM0.5653 up to and including LTD.</p>
Rationale for the Proposed Acquisition Section 3 of Part A of the Circular	<p>The Proposed Acquisition is in line with Econframe Group's objective of expanding its total door system solution business.</p> <p>Upon completion of the Proposed Acquisition, Econframe Group's production capacity will increase by approximately 162,000 units of door per annum. The increase in Econframe Group's manufacturing capacity, coupled with the opportunity to cross-sell Econframe Group's other products and services (such as door frames, window frames and ironmongery products) to IPSB's overseas customers as well as consolidation of resources, is expected to contribute positively to the financial performance of Econframe Group moving forward.</p> <p>The Proposed Acquisition represents an opportunity for the Group to further improve its financial performance by consolidating the financial results of IPSB after taking into consideration, amongst others, the Profit Guarantee provided.</p>

PROPOSED ACQUISITION

Key information	Description
Risk factors Section 5 of Part A of the Circular	The Proposed Acquisition will result in Econframe Group being subject to certain transaction risks, including amongst others, completion risk that the Proposed Acquisition cannot be completed in time, acquisition risk that the anticipated benefits of the Proposed Acquisition will not be realised, risk that the Profit Guarantee will not be achieved, dependency on key customers of IPSB, dependency on key management personnel of IPSB, business integration risk, foreign exchange risk, impairment risk on goodwill and political, economic and regulatory risks.
Effects of the Proposed Acquisition Section 6 of Part A of the Circular	<p>The effects of the Proposed Acquisition are as follows:-</p> <p>(i) Issued share capital</p> <p>The issued share capital of Econframe will increase by RM9.3 million as a result of the issuance of 16,500,000 Consideration Shares at the Issue Price of RM0.5653 each upon completion of the Proposed Acquisition.</p> <p>(ii) NA, NA per Share and gearing</p> <p>The Proposed Acquisition is expected to increase the Group's NA by RM8.7 million as a result of the issuance of 16,500,000 Consideration Shares at the Issue Price of RM0.5653 each and after deducting the estimated expenses in relation to the Proposals.</p> <p>The Proposed Acquisition will result in an increase in the gearing of the Group in view that part of the Cash Consideration will be financed by new borrowings.</p> <p>(iii) Earnings and EPS</p> <p>Based on the audited PAT attributable to owners of the Company for the FYE 31 August 2024 of RM11.0 million, the Proposed Acquisition will record a proforma PAT of RM13.6 million after taking into consideration the audited PAT of IPSB for the FYE 31 December 2023, interest cost to be incurred on the new borrowings to be obtained to partly fund the Cash Consideration and estimated expenses in relation to the Proposals.</p> <p>(iv) Substantial shareholders' shareholdings</p> <p>The Proposed Acquisition is expected to result in a dilution to the substantial shareholders' shareholdings as a result of issuance of the Consideration Shares to the Vendors.</p>
Approvals required and conditionality Section 8 of Part A of the Circular	<p>The Proposed Acquisition is subject to the following approvals being obtained:</p> <p>(i) the approval of Bursa Securities for the listing and quotation of 16,500,000 Consideration Shares to be issued pursuant to the Proposed Acquisition, on the ACE Market of Bursa Securities;</p> <p>(ii) the approval of the shareholders of the Company for the Proposed Acquisition at the Company's forthcoming EGM;</p> <p>(iii) the approval from MIDA for the change in shareholders of IPSB pursuant to the Proposed Acquisition; and</p>

EXECUTIVE SUMMARY (CONT'D)

PROPOSED ACQUISITION

Key information	Description
	(iv) the approval of any other relevant authorities and/or parties, if any. The Proposed Acquisition is not conditional upon any other corporate exercises/schemes or proposals undertaken or to be undertaken by Econframe.
Interests of Directors, major shareholders, chief executive and/or persons connected Section 9 of Part A of the Circular	None of the Directors, chief executive, major shareholders of the Company and/or any persons connected with them have any direct or indirect interest in relation to the Proposed Acquisition.
Directors' statement and recommendation Section 12 of Part A of the Circular	The Board, after having considered all aspects of the Proposed Acquisition, including but not limited to the terms and conditions of the SSA, rationale, financial effects, basis and justification in arriving at the Purchase Consideration and risk factors of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company. Accordingly, the Board recommends that the shareholders of Econframe vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the Company's forthcoming EGM.

PROPOSED SHARE BUY-BACK

Key information	Description
Details of the Proposed Share Buy-Back Section 2 of Part B of the Circular	The Board proposes to seek its shareholders' approval for the authority for the Company to purchase its own Shares of up to 10% of the total number of issued Shares at any point in time, subject to the compliance with the Act, the Listing Requirements and any prevailing laws, rules, regulations, guidelines and other requirement by the relevant authorities.
Rationale for the Proposed Share Buy-Back Section 3 of Part B of the Circular	The Proposed Share Buy-Back will enable the Company to utilise its surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the open market at market prices which the Board views as favourable to help stabilise the price of Shares traded on Bursa Securities and thereby support its fundamental value.
Approvals required and conditionality Section 8 of Part B of the Circular	The Proposed Share Buy-Back is subject to the approval of the shareholders of the Company at the forthcoming EGM. The Proposed Share Buy-Back is not conditional upon any other corporate exercises/schemes or proposals undertaken or to be undertaken by the Company.

PROPOSED SHARE BUY-BACK

Key information	Description
Interests of Directors, major shareholders and/or persons connected Section 9 of Part B of the Circular	Save for the proportionate increase in the percentage shareholdings and/or voting rights of the shareholdings as a consequence of the Proposed Share Buy-Back, none of the Directors, major shareholders of the Company and/or any persons connected with them have any direct or indirect interest in relation to the Proposed Share Buy-Back.
Directors' statement and recommendation Section 10 of Part B of the Circular	<p>The Board, after having considered all aspects of the Proposed Share Buy-Back, including but not limited to the rationale and effects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company.</p> <p>Accordingly, the Board recommends that the shareholders of Econframe vote in favour of the resolution pertaining to the Proposed Share Buy-Back to be tabled at the Company's forthcoming EGM.</p>

[The rest of this page has been intentionally left blank]



ECONFRAME BERHAD

Registration No. 201901042935 (1352265-T)
Incorporated in Malaysia

Registered Office:

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

2 April 2025

Board of Directors:

Robert Koong Yin Leong (*Independent Non-Executive Chairman*)
Lim Chin Horng (*Managing Director*)
Lim Saw Nee (*Non-Independent Non-Executive Director*)
Lim Foo Seng (*Non-Independent Non-Executive Director*)
Tan Hock Soon (*Senior Independent Non-Executive Director*)
Ilham Fadilah Binti Sunhaji (*Independent Non-Executive Director*)
Chan Soon Tat (*Independent Non-Executive Director*)

To: The shareholders of Econframe

Dear Sir/Madam,

PROPOSED ACQUISITION

1. INTRODUCTION

On 23 January 2025, Malacca Securities had on behalf of the Board, announced that Econframe (as the Purchaser) had on even date entered into a conditional share sale agreement with the Vendors for the proposed acquisition of 7,081,321 Sale Shares, representing the entire equity interest of IPSB, for the Purchase Consideration of RM56,000,000, to be satisfied via the Cash Consideration of RM46,672,545 and the remaining RM9,327,455 to be settled via the issuance and allotment of 16,500,000 Consideration Shares at the Issue Price of RM0.5653 per Consideration Share ("**Initial SSA**"), subject to the terms of the Initial SSA.

On 11 March 2025, Malacca Securities had on behalf of the Board, announced that Bursa Securities had vide its letter dated 11 March 2025, resolved to approve the listing and quotation of 16,500,000 Consideration Shares to be issued pursuant to the Proposed Acquisition on the ACE Market of Bursa Securities, subject to the conditions as set out in Section 8 of Part A of this Circular.

On 26 March 2025, Malacca Securities had on behalf of the Board, announced that Econframe (as the Purchaser) and the Vendors had on even date entered into a supplemental share sale agreement to include the following condition precedent to be fulfilled by the Vendors, to the Initial SSA:

Initial SSA	New
-	<p><u>By the Vendors:-</u></p> <p>(v) written confirmation from IPSB's solicitors on the settlement or otherwise disposal of the outstanding legal summon (Suit No.: AA-63-2-01/2025) initiated against the Company in the Sessions Court of Ipoh for unauthorised storage of diesel fuel without a permit under the Control of Supplies Act, 1961 and/or Control of Supplies Regulations, 1974.</p>

Kindly refer to Section 9 of **Appendix III** of this Circular for further details of the legal summon.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE THE COMPANY'S SHAREHOLDERS WITH THE RELEVANT INFORMATION ON THE PROPOSED ACQUISITION AND TO SEEK SHAREHOLDERS' APPROVAL FOR THE RESOLUTION ON THE PROPOSED ACQUISITION TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

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

2. PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition by Econframe from the Vendors of 7,081,321 Sale Shares, representing the entire equity interest of IPSB, for the Purchase Consideration of RM56.0 million, which shall be satisfied as follows:-

<u>Vendors</u>	<u>Sale Shares</u>		<u>(A)</u> <u>Cash</u> <u>Consideration</u>	<u>(B)</u> <u>Consideration Shares</u>		<u>(A + B)</u> <u>Purchase</u> <u>Consideration^(a)</u>
	Number	%	RM	Number	RM ^(b)	RM
YCT	2,233,739	31.5	14,722,422	5,204,800	2,942,274	17,664,696
Chan Yoke Peng	1,117,773	15.8	7,367,169	2,604,500	1,472,324	8,839,493
Razik Fareed Jaffardeen	770,208	10.9	5,076,416	1,794,600	1,014,488	6,090,904
Choo Yoke Liong @ Choo Siao Liong	718,692	10.1	4,736,857	1,674,600	946,652	5,683,509
Lam Phit Yen	700,009	9.9	4,613,701	1,631,100	922,061	5,535,762
Choo Jee Sam	591,716	8.4	3,899,987	1,378,700	779,380	4,679,367

Vendors	Sale Shares		(A)	(B)		(A + B)
	Number	%	Cash Consideration RM	Consideration Shares Number	Shares RM^(b)	Purchase Consideration^(a) RM
JSCHSB	497,328	7.0	3,277,864	1,158,800	655,070	3,932,934
Chin Kum Yoke	181,916	2.6	1,198,984	423,900	239,631	1,438,615
Raja Gopal A/L Muniappan	176,048	2.5	1,160,323	410,200	231,887	1,392,210
LKC	93,892	1.3	618,822	218,800	123,688	742,510
	7,081,321	100.0	46,672,545	16,500,000	9,327,455	56,000,000

[The rest of this page has been intentionally left blank]

Notes:-

- (a) The Purchase Consideration shall be satisfied via the Cash Consideration and issuance of the Consideration Shares to the Vendors in accordance with the following payment milestones:-

No.	Vendors	Deposit		Balance Purchase Consideration ^(cc)		Security Sum to be received at the end of Year 1 ^(dad)	Security Sum to be received at the end of Year 2 ^(dad)
		Earnest Deposit ^(aaa)	Balance Deposit ^(bb)	Cash	Number		
		RM	RM	RM		RM	RM
1.	YCT	1,000,000	766,400	9,801,622	5,204,800	2,942,274	1,577,200
2.	Chan Yoke Peng	-	883,900	4,904,869	2,604,500	1,472,324	789,200
3.	Razik Fareed Jaffardeen	-	609,100	3,379,716	1,794,600	1,014,488	543,800
4.	Choo Yoke Liong @ Choo Siao Liong	-	568,400	3,153,457	1,674,600	946,652	507,500
5.	Lam Phit Yen	-	553,600	3,071,501	1,631,100	922,061	494,300
6.	Choo Jee Sam	-	467,900	2,596,487	1,378,700	779,380	417,800
7.	JSCHSB	-	393,300	2,182,164	1,158,800	655,070	351,200
8.	Chin Kum Yoke	-	143,900	798,284	423,900	239,631	128,400
9.	Raja Gopal A/L Muniappan	-	139,200	772,523	410,200	231,887	124,300
10.	LKC	-	74,300	411,922	218,800	123,688	66,300
		1,000,000	4,600,000	31,072,545	16,500,000	9,327,455	5,000,000

Notes:-

- (aa) Earnest Deposit paid by Econframe to YCT, being the authorised representative of the Vendors, prior to the execution of the SSA, i.e. on 11 November 2024.
- (bb) Balance Deposit paid by Econframe to Econframe's solicitors as stakeholder on the execution of the SSA.

Econframe's solicitors shall be authorised to release the Balance Deposit to the Vendors on the Unconditional Date.

- (cc) The balance Purchase Consideration shall be paid/issued and allotted by Econframe to the Vendors upon completion of the Proposed Acquisition.
- (dd) The Security Sum which will be withheld by Econframe and will only be released to the Vendors in accordance to the Profit Guarantee mechanism as detailed in Section 2.3 of Part A of this Circular.
- (b) The Board had fixed the Issue Price at RM0.5653 per Consideration Share, being the 5-day VWAP of Econframe Shares up to and including LTD.

The value of the Consideration Shares has been rounded up to the nearest whole number.

The Sale Shares to be acquired shall be free from all interest or equity of any person, mortgages, charges, pledges, liens, and encumbrances and with full legal and beneficial title and all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof) with effect from the date of completion of the Proposed Acquisition.

The salient terms of the SSA are set out in **Appendix I** of this Circular.

Subject to the relevant approvals being obtained and the fulfilment of the conditions of the SSA, IPSB will become a wholly-owned subsidiary of Econframe upon completion of the Proposed Acquisition.

2.1 Information on IPSB

IPSB was incorporated in Malaysia on 5 March 1993 as a private limited company under the Companies Act, 1965 and is deemed registered under the Act with its registered office at No. 81 (2nd Floor), Jalan Market, 30000 Ipoh, Perak.

IPSB commenced its business since May 1995 and is principally involved in manufacturing and sale of wooden doors. Its principal place of business is located at Lot 5, Persiaran Perindustrian Kanthan 5, Estate Perindustrian Kanthan, 31200 Chemor, Perak.

As at LPD, IPSB has an issued share capital of RM7,081,321 comprising 7,081,321 ordinary shares.

The directors and shareholders of IPSB and their respective shareholdings in IPSB as at LPD are as follows:-

Name	Designation	Nationality / Country of incorporation	Shareholdings as at LPD			
			Direct		Indirect	
			No. of IPSB Shares	%	No. of IPSB Shares	%
YCT	Director / Shareholder	Malaysian	2,233,739	31.5	-	-
Razik Fareed Jaffardeen	Director / Shareholder	Malaysian	770,208	10.9	-	-

Name	Designation	Nationality / Country of incorporation	Shareholdings as at LPD			
			Direct		Indirect	
			No. of IPSB Shares	%	No. of IPSB Shares	%
Choo Jee Sam	Director / Shareholder	Malaysian	591,716	8.4	^(a) 497,328	7.0
LKC	Director / Shareholder	Malaysian	93,892	1.3	^(b) 1,117,773	15.8
Lam Phit Yen	Alternate Director / Shareholder	Malaysian	700,009	9.9	^(c) 718,692	10.1
Chan Yoke Peng	Shareholder	Malaysian	1,117,773	15.8	^(d) 93,892	1.3
Choo Yoke Liong @ Choo Siao Liong	Shareholder	Malaysian	718,692	10.1	^(e) 700,009	9.9
JSCHSB	Shareholder	Malaysia	497,328	7.0	-	-
Chin Kum Yoke	Shareholder	Malaysian	181,916	2.6	-	-
Raja Gopal A/L Muniappan	Shareholder	Malaysian	176,048	2.5	-	-
Choo Jay-Son	-	Malaysian	-	-	^(a) 497,328	7.0
			7,081,321	100.0		

Notes:-

- (a) Deemed interest by virtue of his interest in JSCHSB.
- (b) Deemed interest by virtue of his spouse, Chan Yoke Peng's shareholdings in IPSB.
- (c) Deemed interest by virtue of her spouse, Choo Yoke Liong @ Choo Siao Liong's shareholding in IPSB
- (d) Deemed interest by virtue of her spouse, LKC's shareholding in IPSB.
- (e) Deemed interest by virtue of his spouse, Lam Phit Yen's shareholdings in IPSB.

Kindly refer to **Appendix III** of this Circular for further details in relation to IPSB.

2.2 Information on the Vendors

(i) YCT

YCT, a Malaysian, aged 68, is a director and shareholder of IPSB.

As at LPD, he holds 31.5% direct equity interest in IPSB.

Kindly refer to Section 1 of **Appendix III** of this Circular for YCT's profile.

(ii) Razik Fareed Jaffardeen

Razik Fareed Jaffardeen, a Malaysian, aged 57, is a director and shareholder of IPSB.

As at LPD, he holds 10.9% direct equity interest in IPSB.

(iii) Choo Jee Sam

Choo Jee Sam, a Malaysian, aged 81, is a director and shareholder of IPSB.

As at LPD, he holds 8.4% direct equity interest and 7.0% indirect equity interest (through his interest in JSCHSB) in IPSB.

(iv) LKC

LKC, a Malaysian, aged 68, is a director and shareholder of IPSB.

As at LPD, he holds 1.3% direct equity interest and 15.8% indirect equity interest (through his spouse, Chan Yoke Peng's interest) in IPSB.

Kindly refer to Section 1 of **Appendix III** of this Circular for LKC's profile.

(v) Lam Phit Yen

Lam Phit Yen, a Malaysian, aged 63, is an alternate director to Choo Jee Sam and shareholder of IPSB.

As at LPD, she holds 9.9% direct equity interest and 10.1% indirect equity interest (through her spouse, Choo Yoke Liong @ Choo Siao Liong's interest) in IPSB.

(vi) Chan Yoke Peng

Chan Yoke Peng, a Malaysian, aged 60, is a shareholder of IPSB.

As at LPD, she holds 15.8% direct equity interest and 1.3% indirect equity interest (through her spouse, LKC's interest) in IPSB.

(vii) Choo Yoke Liong @ Choo Siao Liong

Choo Yoke Liong @ Choo Siao Liong, a Malaysian, aged 68, is a shareholder of IPSB.

As at LPD, he holds 10.1% direct equity interest and 9.9% indirect equity interest (through his spouse, Lam Phit Yen's interest) in IPSB.

(viii) JSCHSB

JSCHSB was incorporated in Malaysia on 20 February 1981 as a private limited company under the Companies Act, 1965 and is deemed registered under the Act with its registered address at No. 4, Jalan Permai Jaya 3, Taman Permai Jaya, 68000 Ampang, Selangor Darul Ehsan. JSCHSB was incorporated under the name of Port Support Services Sdn. Bhd. and had on 8 January 2002, adopted its present name.

As at LPD, JSCHSB is principally involved in the business of property and investment holdings. Its principal place of business is located at Unit 110, 1st Floor, Block A, Damansara Intan, No. 1, Jalan SS 20/27, Petaling Jaya, Selangor Darul Ehsan.

As at LPD, the directors of JSCHSB are Choo Jee Sam, Ng Suit Yong and Choo Jay-Son.

As at LPD, the shareholders of JSCHSB and their respective shareholdings in JSCHSB as at LPD are as follows:-

	Direct		Indirect	
	No. of shares	%	No. of shares	%
Choo Jee Sam	110,000	52.3	^(a) 100,000	47.7
Choo Jay-Son	50,000	23.8	-	-
Ng Suit Yong	30,000	14.3	^(b) 180,000	85.7
Choo An Gie	10,000	4.8	-	-
Choo Gin Nie	10,000	4.8	-	-
	210,000	100.0		

Notes:-

- (a) Deemed interest by virtue of the interests of his spouse, Ng Suit Yong and children (i.e. Choo Jay-Son, Choo An Gie and Choo Gin Nie), in JSCHSB.
- (b) Deemed interest by virtue of the interests of her spouse, Choo Jee Sam and children (i.e. Choo Jay-Son, Choo An Gie and Choo Gin Nie), in JSCHSB.

As at LPD, JSCHSB holds 7.0% direct equity interest in IPSB.

(ix) Chin Kum Yoke

Chin Kum Yoke, a Malaysian, aged 64, is a shareholder of IPSB.

As at LPD, she holds 2.6% direct equity interest in IPSB.

(x) Raja Gopal A/L Muniappan

Raja Gopal A/L Muniappan, a Malaysian, aged 63, is a shareholder of IPSB.

As at LPD, he holds 2.5% direct equity interest in IPSB.

2.3 Profit Guarantee

Econframe intends to change the financial year end of IPSB from 31 December to 31 August at the date of the completion of the Proposed Acquisition, to be in line with the financial year end of Econframe. Nevertheless, the Profit Guarantee period shall commence from 1 September 2024 to 31 August 2026.

In consideration of Econframe acquiring the Sale Shares from the Vendors, and subject always to the completion of the sale and purchase of the Sale Shares by Econframe and the Vendors, the Vendors irrevocably and unconditionally guarantees and undertakes to Econframe that IPSB shall achieve a PAT of not less than RM5.0 million for the 12-month FPE 31 August 2025 and a minimum cumulative PAT of not less than RM10.0 million for the Guaranteed Period, upon the terms and subject to the conditions set out below.

For the purpose of computation of the PAT and determination of the performance of the Profit Guarantee, the PAT shall be based on the following:-

- (a) for Year 1, it shall be based on the 4-month pro-rated audited PAT for the FYE 31 December 2024 (based on IPSB's audited financial statements for the FYE 31 December 2024) and the 8-month audited PAT for the FPE 31 August 2025 (based on the Certified Account from 1 January 2025 to 31 August 2025), and for Year 2, it shall be based on the Certified Account for the 12-month FPE 31 August 2026 (from 1 September 2025 to 31 August 2026).

The Certified Accounts for the respective financial periods shall be in the absence of manifest error be conclusive, final and binding on Econframe and the Vendors;

- (b) excluding profits or losses of a capital nature arising inter alia from the disposal of fixed assets, investments, plant and equipment or any other assets or which are not in the ordinary course of business made on realisation of shares, intellectual property, goodwill or real property, and profits and losses attributable to businesses, if any, acquired after the execution of the SSA; and
- (c) any New Business (as defined herein) shall be excluded from computation of the PAT and determination of the performance of the Profit Guarantee. **"New Business"** shall mean any business activities proposed to be undertaken by IPSB that would constitute a diversification of IPSB's current business and would require the prior approval of Econframe's shareholders and clearance from Bursa Securities under the Listing Requirements.

As the security for the performance of the Profit Guarantee, Econframe and the Vendors agree that part of the Purchase Consideration, amounting to a sum of RM10.0 million from the Cash Consideration payable to the Vendors, shall be withheld by Econframe as security for the Profit Guarantee and shall be dealt with and released to the Vendors in accordance with the Profit Guarantee mechanism below, within 1 month from the dates of which the respective Certified Accounts are made available. Econframe shall provide a bank guarantee in favour of the Vendors for the Security Sum with a validity period up to 28 February 2027 to guarantee the payment of the Security Sum by Econframe.

The salient features of the Profit Guarantee mechanism are as follows:-

(A) At the end of Year 1:-

- (i) In the event the PAT for Year 1 achieved by IPSB is equivalent or exceeds the Guaranteed Amount, Econframe shall pay RM5.0 million from the Security Sum to the Vendors within 1 month from the date the Certified Account for Year 1 is made available.
- (ii) In the event the PAT for Year 1 achieved by IPSB is less than the Guaranteed Amount, Econframe shall pay such amount of the Security Sum to the Vendors within 1 month from the date of the Certified Account for Year 1 is made available, calculated based on the following formula:

Year 1 Formula for Security Sum	
("A" / "B") x "C"	
whereby,	
A =	PAT achieved for Year 1
B =	RM5.0 million, being the Guaranteed Amount for Year 1
C =	RM5.0 million, being the maximum amount of Security Sum for Year 1

- (iii) In the event IPSB records a LAT, no payment of Security Sum shall be made to the Vendors in respect of Year 1.
- (iv) In respect of Year 1, Econframe and the Vendors further agree as follows:-
 - (aa) if IPSB registers a PAT and the PAT is more than the Guaranteed Amount, then the excess between the Guaranteed Amount and the PAT shall be carried forward to Year 2 for the purpose of calculating the Guaranteed Target to be achieved by IPSB for the Guaranteed Period; and

(bb) if IPSB registers a PAT, but the PAT is less than the Guaranteed Amount; or a LAT, then the shortfall between the Guaranteed Amount and the PAT or LAT ("**Shortfall**"), as the case may be, shall be calculated in the following manner:-

- where IPSB registers a PAT but the amount is less than the Guaranteed Amount, the Shortfall shall be the sum equivalent to the Guaranteed Amount minus the PAT of IPSB; or
- where IPSB registers a LAT, the Shortfall shall be the sum equivalent to the Guaranteed Amount plus the LAT of IPSB;

whereby such Shortfall shall be carried forward to Year 2 for the purpose of calculating the Guaranteed Target to be achieved by IPSB for the Guaranteed Period.

For clarification, the Guaranteed Target of RM10.0 million for the Guaranteed Period will not be adjusted in the event there is Shortfall in Year 1. In determining the achievement of the Guaranteed Target for the Guaranteed Period, the Shortfall will be cumulated with the PAT/LAT achieved in Year 2 (please refer to Scenarios 7 and 9 below).

(B) At the end of Year 2:-

- (i) In the event IPSB achieves a cumulative PAT ("**Cumulative PAT**") under the Guaranteed Period which is equivalent to or exceeds the Guaranteed Target, Econframe shall pay all the Security Sum (less such amount paid to the Vendors in Year 1) ("**Balance Security Sum**") to the Vendors within 1 month from the date the Certified Account for Year 2 is made available.
- (ii) In the event IPSB achieves a Cumulative PAT which is less than the Guaranteed Target, the Vendors and Econframe agree such sum equivalent to the deficiency between the Cumulative PAT and the Guaranteed Target ("**Deficiency**") shall be dealt with in the following manner:-
 - (aa) firstly, Econframe shall cover the Deficiency by forfeiting an amount from the Balance Security Sum equivalent to the Deficiency to offset the Deficiency ("**Cash Offset**"); and
 - (bb) any remaining sum within the Balance Security Sum after the Cash Offset shall thereafter be paid to the Vendors.
- (iii) The maximum amount of the Security Sum to be paid to the Vendors in Year 2 shall not be more than the Balance Security Sum held by Econframe.

For the avoidance of doubt:-

- (a) The Guaranteed Amount and/or Guaranteed Target is in respect of the PAT for 100% equity interest in IPSB.
- (b) The Security Sum to be paid by Econframe to the Vendors for Year 1 shall be limited to a maximum sum of RM5.0 million notwithstanding the PAT achieved by IPSB for Year 1 is more than the Guaranteed Amount.
- (c) The Security Sum to be paid by Econframe to the Vendors for the Guaranteed Period shall be limited to a maximum amount of RM10.0 million notwithstanding the PAT achieved by IPSB for Year 1 and Year 2 in cumulative is more than the Guaranteed Target.

- (d) If the Deficiency shall be more than the Balance Security Sum in Year 2, i.e. IPSB have registered a cumulative LAT for the Guaranteed Period, it is agreed between Econframe and the Vendors that the Vendors shall not be required to pay or compensate Econframe any additional monies for the loss incurred.
- (e) The Certified Accounts shall be deemed to have made available upon its filing with the Companies Commission of Malaysia.

The following scenarios illustrates the possible outcomes of the Profit Guarantee mechanism:-

Scenarios	Effects																																											
<p>Scenario 1:</p> <p>Assuming IPSB achieves RM10.0 million in Year 1 and does not record PAT/LAT in Year 2:-</p> <p><u>Year 1:</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td></td> <td style="text-align: right;"><u>RM'000</u></td> </tr> <tr> <td>PAT</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right;">10,000</td> </tr> </table> <p><u>Guaranteed Period:</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td></td> <td style="text-align: right;"><u>RM'000</u></td> </tr> <tr> <td>Profit Guarantee</td> <td style="text-align: center;">[PG]</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td colspan="3"><u>Less: Cumulative PAT</u></td> </tr> <tr> <td>Year 1</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Year 2</td> <td style="text-align: center;">[P2]</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Cumulative PAT</td> <td style="text-align: center;">[A = P1 + P2]</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Shortfall</td> <td style="text-align: center;">[PG - A]</td> <td style="text-align: right;">-</td> </tr> </table>			<u>RM'000</u>	PAT	[P1]	10,000			<u>RM'000</u>	Profit Guarantee	[PG]	10,000	<u>Less: Cumulative PAT</u>			Year 1	[P1]	10,000	Year 2	[P2]	-	Cumulative PAT	[A = P1 + P2]	10,000	Shortfall	[PG - A]	-	<p>As the Guaranteed Amount for Year 1 is met during Year 1, Econframe shall pay RM5.0 million from the Security Sum to the Vendors within 1 month from the date the Certified Account for Year 1 is made available.</p> <p>Subsequently, the Guaranteed Target is met during the Guaranteed Period, hence, Econframe shall pay the Balance Security Sum (less such amount paid to the Vendors in Year 1 i.e. RM10.0 million – RM5.0 million) to the Vendors within 1 month from the date the Certified Account for Year 2 is made available.</p> <p>Total Security Sum to be released to the Vendors:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;"><u>RM'000</u></td> </tr> <tr> <td>Year 1</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Year 2</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>10,000</u></td> </tr> </table> <p>Final Purchase Consideration for the Proposed Acquisition:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;"><u>RM'000</u></td> </tr> <tr> <td>Purchase Consideration</td> <td style="text-align: right;">56,000</td> </tr> <tr> <td>Deficiency (forfeiture from the Balance Security Sum)</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>56,000</u></td> </tr> </table>		<u>RM'000</u>	Year 1	5,000	Year 2	5,000		<u>10,000</u>		<u>RM'000</u>	Purchase Consideration	56,000	Deficiency (forfeiture from the Balance Security Sum)	-		<u>56,000</u>
		<u>RM'000</u>																																										
PAT	[P1]	10,000																																										
		<u>RM'000</u>																																										
Profit Guarantee	[PG]	10,000																																										
<u>Less: Cumulative PAT</u>																																												
Year 1	[P1]	10,000																																										
Year 2	[P2]	-																																										
Cumulative PAT	[A = P1 + P2]	10,000																																										
Shortfall	[PG - A]	-																																										
	<u>RM'000</u>																																											
Year 1	5,000																																											
Year 2	5,000																																											
	<u>10,000</u>																																											
	<u>RM'000</u>																																											
Purchase Consideration	56,000																																											
Deficiency (forfeiture from the Balance Security Sum)	-																																											
	<u>56,000</u>																																											

Scenarios	Effects																																											
<p>Scenario 2:</p> <p>Assuming IPSB does not achieve the Guaranteed Amount for Year 1, but meets the Guaranteed Target during the Guaranteed Period:-</p> <p><u>Year 1:</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%;"></th> <th style="width: 30%; text-align: right; border-bottom: 1px solid black;">RM'000</th> </tr> </thead> <tbody> <tr> <td>PAT</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right;">4,000</td> </tr> </tbody> </table> <p><u>Guaranteed Period:</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%;"></th> <th style="width: 30%; text-align: right; border-bottom: 1px solid black;">RM'000</th> </tr> </thead> <tbody> <tr> <td>Profit Guarantee</td> <td style="text-align: center;">[PG]</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td colspan="3"><u>Less: Cumulative PAT</u></td> </tr> <tr> <td>Year 1</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right; border: 1px solid black;">4,000</td> </tr> <tr> <td>Year 2</td> <td style="text-align: center;">[P2]</td> <td style="text-align: right; border: 1px solid black;">6,000</td> </tr> <tr> <td>Cumulative PAT</td> <td style="text-align: center;">[A = P1 + P2]</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Shortfall</td> <td style="text-align: center;">[PG - A]</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;">-</td> </tr> </tbody> </table>			RM'000	PAT	[P1]	4,000			RM'000	Profit Guarantee	[PG]	10,000	<u>Less: Cumulative PAT</u>			Year 1	[P1]	4,000	Year 2	[P2]	6,000	Cumulative PAT	[A = P1 + P2]	10,000	Shortfall	[PG - A]	-	<p>As the Guaranteed Amount for Year 1 is not met during Year 1, Econframe shall pay such amount of the Security Sum to the Vendors within 1 month from the date the Certified Account for Year 1 is made available, calculated based on the following formula:-</p> $ \begin{aligned} & ("A" / "B") \times "C" \\ & = (\text{RM4,000,000} / \text{RM5,000,000}) \times \text{RM5,000,000} \\ & = \text{RM4,000,000} \end{aligned} $ <p>whereby,</p> <p>A = PAT achieved for Year 1 B = RM5.0 million, being the Guaranteed Amount for Year 1 C = RM5.0 million, being the maximum amount of Security Sum for Year 1</p> <p>Subsequently, the Guaranteed Target is met during the Guaranteed Period, hence, Econframe shall pay the Balance Security Sum (less such amount paid to the Vendors in Year 1 i.e. RM10.0 million – RM4.0 million) to the Vendors within 1 month from the date the Certified Account for Year 2 is made available.</p> <p>Total Security Sum to be released to the Vendors:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: right; border-bottom: 1px solid black;">RM'000</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td style="text-align: right;">4,000</td> </tr> <tr> <td>Year 2</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">10,000</td> </tr> </tbody> </table> <p>Final Purchase Consideration for the Proposed Acquisition:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: right; border-bottom: 1px solid black;">RM'000</th> </tr> </thead> <tbody> <tr> <td>Purchase Consideration</td> <td style="text-align: right;">56,000</td> </tr> <tr> <td>Deficiency (forfeiture from the Balance Security Sum)</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">56,000</td> </tr> </tbody> </table>		RM'000	Year 1	4,000	Year 2	6,000		10,000		RM'000	Purchase Consideration	56,000	Deficiency (forfeiture from the Balance Security Sum)	-		56,000
		RM'000																																										
PAT	[P1]	4,000																																										
		RM'000																																										
Profit Guarantee	[PG]	10,000																																										
<u>Less: Cumulative PAT</u>																																												
Year 1	[P1]	4,000																																										
Year 2	[P2]	6,000																																										
Cumulative PAT	[A = P1 + P2]	10,000																																										
Shortfall	[PG - A]	-																																										
	RM'000																																											
Year 1	4,000																																											
Year 2	6,000																																											
	10,000																																											
	RM'000																																											
Purchase Consideration	56,000																																											
Deficiency (forfeiture from the Balance Security Sum)	-																																											
	56,000																																											

Scenarios			Effects
Scenario 3:			
Assuming IPSB achieves the Guaranteed Amount for Year 1 but does not meet the Guaranteed Target during the Guaranteed Period:-			
<u>Year 1:</u>			
		<u>RM'000</u>	
PAT	[P1]	5,000	As the Guaranteed Amount for Year 1 is met during Year 1, Econframe shall pay RM5.0 million from the Security Sum to the Vendors within 1 month from the date the Certified Account for Year 1 is made available.
<u>Guaranteed Period:</u>			
		<u>RM'000</u>	
Profit Guarantee	[PG]	10,000	Subsequently, IPSB achieves a Cumulative PAT which is less than the Guaranteed Target, Econframe shall cover the Deficiency of RM2.0 million by forfeiting an amount from the Balance Security Sum equivalent to the Deficiency to offset the Deficiency and pay the surplus in the Balance Security Sum to the Vendors:-
<u>Less: Cumulative PAT</u>			
Year 1	[P1]	5,000	
Year 2	[P2]	3,000	
Cumulative PAT	[A = P1 + P2]	8,000	<u>RM'000</u>
Shortfall	[PG - A]	<u>2,000</u>	Balance Security Sum * 5,000
			Deficiency (2,000)
			Surplus to be released to the Vendors <u>3,000</u>
			<i>* Balance Security Sum</i>
			= Security Sum - amount paid to the Vendors in Year 1
			= RM10,000,000 – RM5,000,000
			= RM5,000,000
			Total Security Sum to be released to the Vendors:
			<u>RM'000</u>
			Year 1 5,000
			Year 2 3,000
			<u>8,000</u>
			Final Purchase Consideration for the Proposed Acquisition:
			<u>RM'000</u>
			Purchase Consideration 56,000
			Deficiency (forfeiture from the Balance Security Sum) (2,000)
			<u>54,000</u>

Scenarios	Effects																																		
<p>Scenario 4:</p> <p>Assuming IPSB achieves the Guaranteed Amount for Year 1 and meets Guaranteed Target during the Guaranteed Period:-</p> <p><u>Year 1:</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;"><u>RM'000</u></td> </tr> <tr> <td>PAT</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right;">7,000</td> </tr> </table> <p><u>Guaranteed Period:</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%;"></td> <td style="width: 20%; text-align: right;"><u>RM'000</u></td> </tr> <tr> <td>Profit Guarantee</td> <td style="text-align: center;">[PG]</td> <td style="text-align: right;">10,000</td> </tr> </table> <p><u>Less: Cumulative PAT</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Year 1</td> <td style="width: 20%; text-align: center;">[P1]</td> <td style="width: 20%; text-align: right;">7,000</td> </tr> <tr> <td>Year 2</td> <td style="text-align: center;">[P2]</td> <td style="text-align: right;">3,000</td> </tr> </table> <p>Cumulative PAT [A = P1 + P2] 10,000</p> <p>Shortfall [PG - A] -</p>			<u>RM'000</u>	PAT	[P1]	7,000			<u>RM'000</u>	Profit Guarantee	[PG]	10,000	Year 1	[P1]	7,000	Year 2	[P2]	3,000	<p>As the Guaranteed Amount for Year 1 is met during Year 1, Econframe shall pay RM5.0 million from the Security Sum to the Vendors within 1 month from the date the Certified Account for Year 1 is made available.</p> <p>Subsequently, the Guaranteed Target is met during the Guaranteed Period, hence, Econframe shall pay the Balance Security Sum (less such amount paid to the Vendors in Year 1 i.e. RM10.0 million – RM5.0 million) to the Vendors within 1 month from the date the Certified Account for Year 2 is made available.</p> <p>Total Security Sum to be released to the Vendors:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="width: 20%; text-align: right;"><u>RM'000</u></td> </tr> <tr> <td>Year 1</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Year 2</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>10,000</u></td> </tr> </table> <p>Final Purchase Consideration for the Proposed Acquisition:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="width: 20%; text-align: right;"><u>RM'000</u></td> </tr> <tr> <td>Purchase Consideration</td> <td style="text-align: right;">56,000</td> </tr> <tr> <td>Deficiency (forfeiture from the Balance Security Sum)</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>56,000</u></td> </tr> </table>		<u>RM'000</u>	Year 1	5,000	Year 2	5,000		<u>10,000</u>		<u>RM'000</u>	Purchase Consideration	56,000	Deficiency (forfeiture from the Balance Security Sum)	-		<u>56,000</u>
		<u>RM'000</u>																																	
PAT	[P1]	7,000																																	
		<u>RM'000</u>																																	
Profit Guarantee	[PG]	10,000																																	
Year 1	[P1]	7,000																																	
Year 2	[P2]	3,000																																	
	<u>RM'000</u>																																		
Year 1	5,000																																		
Year 2	5,000																																		
	<u>10,000</u>																																		
	<u>RM'000</u>																																		
Purchase Consideration	56,000																																		
Deficiency (forfeiture from the Balance Security Sum)	-																																		
	<u>56,000</u>																																		

Scenarios	Effects																																			
<p>Scenario 5:</p> <p>Assuming IPSB does not achieve the Guaranteed Amount for Year 1 and does not meet the Guaranteed Target during the Guaranteed Period:-</p> <p><u>Year 1:</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%;"></th> <th style="width: 30%; text-align: right; border-bottom: 1px solid black;">RM'000</th> </tr> </thead> <tbody> <tr> <td>PAT</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right;">4,000</td> </tr> </tbody> </table> <p><u>Guaranteed Period:</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%;"></th> <th style="width: 30%; text-align: right; border-bottom: 1px solid black;">RM'000</th> </tr> </thead> <tbody> <tr> <td>Profit Guarantee</td> <td style="text-align: center;">[PG]</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td colspan="3"><u>Less: Cumulative PAT</u></td> </tr> <tr> <td>Year 1</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right; border: 1px solid black;">4,000</td> </tr> <tr> <td>Year 2</td> <td style="text-align: center;">[P2]</td> <td style="text-align: right; border: 1px solid black;">4,000</td> </tr> <tr> <td>Cumulative PAT</td> <td style="text-align: center;">[A = P1 + P2]</td> <td style="text-align: right;">8,000</td> </tr> <tr> <td>Shortfall</td> <td style="text-align: center;">[PG - A]</td> <td style="text-align: right; border-bottom: 3px double black;">2,000</td> </tr> </tbody> </table>			RM'000	PAT	[P1]	4,000			RM'000	Profit Guarantee	[PG]	10,000	<u>Less: Cumulative PAT</u>			Year 1	[P1]	4,000	Year 2	[P2]	4,000	Cumulative PAT	[A = P1 + P2]	8,000	Shortfall	[PG - A]	2,000	<p>As the Guaranteed Amount for Year 1 is not met during Year 1, Econframe shall pay such amount of the Security Sum to the Vendors within 1 month from the date of the Certified Account for Year 1 is made available, calculated based on the following formula:-</p> $ \begin{aligned} & ("A" / "B") \times "C" \\ & = (\text{RM}4,000,000 / \text{RM}5,000,000) \times \\ & \quad \text{RM}5,000,000 \\ & = \text{RM}4,000,000 \end{aligned} $ <p>whereby,</p> <p>A = PAT achieved for Year 1 B = RM5.0 million, being the Guaranteed Amount for Year 1 C = RM5.0 million, being the maximum amount of Security Sum for Year 1</p> <p>Subsequently, IPSB achieves a Cumulative PAT which is less than the Guaranteed Target, Econframe shall cover the Deficiency of RM2.0 million by forfeiting an amount from the Balance Security Sum equivalent to the Deficiency to offset the Deficiency and pay the surplus in the Balance Security Sum to the Vendors:-</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: right; border-bottom: 1px solid black;">RM'000</th> </tr> </thead> <tbody> <tr> <td>Balance Security Sum*</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>Deficiency</td> <td style="text-align: right; border-bottom: 1px solid black;">(2,000)</td> </tr> <tr> <td>Surplus to be released to the Vendors</td> <td style="text-align: right; border-bottom: 3px double black;">4,000</td> </tr> </tbody> </table> <p>* Balance Security Sum = Security Sum - amount paid to the Vendors in Year 1 = RM10,000,000 – RM4,000,000 = RM6,000,000</p>		RM'000	Balance Security Sum*	6,000	Deficiency	(2,000)	Surplus to be released to the Vendors	4,000
		RM'000																																		
PAT	[P1]	4,000																																		
		RM'000																																		
Profit Guarantee	[PG]	10,000																																		
<u>Less: Cumulative PAT</u>																																				
Year 1	[P1]	4,000																																		
Year 2	[P2]	4,000																																		
Cumulative PAT	[A = P1 + P2]	8,000																																		
Shortfall	[PG - A]	2,000																																		
	RM'000																																			
Balance Security Sum*	6,000																																			
Deficiency	(2,000)																																			
Surplus to be released to the Vendors	4,000																																			

Scenarios	Effects																																
	<p>Total Security Sum to be released to the Vendors:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">RM'000</td> </tr> <tr> <td style="border-top: 1px solid black;">Year 1</td> <td style="text-align: right; border-top: 1px solid black;">4,000</td> </tr> <tr> <td>Year 2</td> <td style="text-align: right;">4,000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">8,000</td> </tr> </table> <p>Final Purchase Consideration for the Proposed Acquisition:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">RM'000</td> </tr> <tr> <td style="border-top: 1px solid black;">Purchase Consideration</td> <td style="text-align: right; border-top: 1px solid black;">56,000</td> </tr> <tr> <td>Deficiency (forfeiture from the Balance Security Sum)</td> <td style="text-align: right;">(2,000)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">54,000</td> </tr> </table>		RM'000	Year 1	4,000	Year 2	4,000		8,000		RM'000	Purchase Consideration	56,000	Deficiency (forfeiture from the Balance Security Sum)	(2,000)		54,000																
	RM'000																																
Year 1	4,000																																
Year 2	4,000																																
	8,000																																
	RM'000																																
Purchase Consideration	56,000																																
Deficiency (forfeiture from the Balance Security Sum)	(2,000)																																
	54,000																																
<p>Scenario 6:</p> <p>Assuming IPSB achieves the Guaranteed Amount for Year 1 but records a LAT in Year 2, and does not meet the Guaranteed Target during the Guaranteed Period:-</p> <p><u>Year 1:</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td></td> <td style="text-align: right;"><u>RM'000</u></td> </tr> <tr> <td>PAT</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right;">5,000</td> </tr> </table> <p><u>Guaranteed Period:</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td></td> <td style="text-align: right;"><u>RM'000</u></td> </tr> <tr> <td>Profit Guarantee</td> <td style="text-align: center;">[PG]</td> <td style="text-align: right;">10,000</td> </tr> </table> <p><u>Less: Cumulative PAT</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td>Year 1</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right; border: 1px solid black;">5,000</td> </tr> <tr> <td>Year 2</td> <td style="text-align: center;">[P2]</td> <td style="text-align: right; border: 1px solid black;">(2,000)</td> </tr> <tr> <td>Cumulative PAT</td> <td style="text-align: center;">[A = P1 + P2]</td> <td style="text-align: right;">3,000</td> </tr> <tr> <td>Shortfall</td> <td style="text-align: center;">[PG - A]</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">7,000</td> </tr> </table>			<u>RM'000</u>	PAT	[P1]	5,000			<u>RM'000</u>	Profit Guarantee	[PG]	10,000	Year 1	[P1]	5,000	Year 2	[P2]	(2,000)	Cumulative PAT	[A = P1 + P2]	3,000	Shortfall	[PG - A]	7,000	<p>As the Guaranteed Amount for Year 1 is met during Year 1, Econframe shall pay RM5.0 million from the Security Sum to the Vendors within 1 month from the date the Certified Account for Year 1 is made available.</p> <p>Subsequently, IPSB achieves a Cumulative PAT which is less than the Guaranteed Target, Econframe shall cover the Deficiency of RM7.0 million by forfeiting an amount from the Balance Security Sum equivalent to the Deficiency to offset the Deficiency.</p> <p>In view the Deficiency is more than the Balance Security Sum i.e. RM5.0 million, there shall be no Balance Security Sum to be released to the Vendors.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">RM'000</td> </tr> <tr> <td style="border-top: 1px solid black;">Balance Security Sum*</td> <td style="text-align: right; border-top: 1px solid black;">5,000</td> </tr> <tr> <td>Deficiency**</td> <td style="text-align: right;">(7,000)</td> </tr> <tr> <td>Surplus to be released to the Vendors</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">-</td> </tr> </table> <p>* Balance Security Sum = Security Sum - amount paid to the Vendors in Year 1 = RM10,000,000 – RM5,000,000 = RM5,000,000</p>		RM'000	Balance Security Sum*	5,000	Deficiency**	(7,000)	Surplus to be released to the Vendors	-
		<u>RM'000</u>																															
PAT	[P1]	5,000																															
		<u>RM'000</u>																															
Profit Guarantee	[PG]	10,000																															
Year 1	[P1]	5,000																															
Year 2	[P2]	(2,000)																															
Cumulative PAT	[A = P1 + P2]	3,000																															
Shortfall	[PG - A]	7,000																															
	RM'000																																
Balance Security Sum*	5,000																																
Deficiency**	(7,000)																																
Surplus to be released to the Vendors	-																																

Scenarios	Effects																																			
	<p>** If the Deficiency shall be more than the Balance Security Sum in Year 2, it is agreed between Econframe and the Vendors that the Vendors shall not be required to pay or compensate Econframe any additional monies for the loss incurred.</p> <p>Total Security Sum to be released to the Vendors:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">RM'000</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Year 2</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">5,000</td> </tr> </tbody> </table> <p>Final Purchase Consideration for the Proposed Acquisition:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">RM'000</th> </tr> </thead> <tbody> <tr> <td>Purchase Consideration</td> <td style="text-align: right;">56,000</td> </tr> <tr> <td>Deficiency (forfeiture from the Balance Security Sum)</td> <td style="text-align: right;">(5,000)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">51,000</td> </tr> </tbody> </table>		RM'000	Year 1	5,000	Year 2	-		5,000		RM'000	Purchase Consideration	56,000	Deficiency (forfeiture from the Balance Security Sum)	(5,000)		51,000																			
	RM'000																																			
Year 1	5,000																																			
Year 2	-																																			
	5,000																																			
	RM'000																																			
Purchase Consideration	56,000																																			
Deficiency (forfeiture from the Balance Security Sum)	(5,000)																																			
	51,000																																			
<p>Scenario 7:</p> <p>Assuming IPSB records a LAT in Year 1 but meets the Guaranteed Target during the Guaranteed Period:-</p> <p><u>Year 1:</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 30%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">RM'000</th> </tr> </thead> <tbody> <tr> <td>LAT</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right;">(1,000)</td> </tr> </tbody> </table> <p><u>Guaranteed Period:</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 30%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">RM'000</th> </tr> </thead> <tbody> <tr> <td>Profit Guarantee</td> <td style="text-align: center;">[PG]</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td colspan="3"><u>Less: Cumulative PAT</u></td> </tr> <tr> <td>Year 1</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right; border: 1px solid black;">(1,000)</td> </tr> <tr> <td>Year 2</td> <td style="text-align: center;">[P2]</td> <td style="text-align: right; border: 1px solid black;">11,000</td> </tr> <tr> <td>Cumulative PAT</td> <td style="text-align: center;">[A = P1 + P2]</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Shortfall</td> <td style="text-align: center;">[PG - A]</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">-</td> </tr> </tbody> </table>			RM'000	LAT	[P1]	(1,000)			RM'000	Profit Guarantee	[PG]	10,000	<u>Less: Cumulative PAT</u>			Year 1	[P1]	(1,000)	Year 2	[P2]	11,000	Cumulative PAT	[A = P1 + P2]	10,000	Shortfall	[PG - A]	-	<p>As IPSB records a LAT in Year 1, no payment of Security Sum shall be made to the Vendors in respect of Year 1.</p> <p>Subsequently, the Guaranteed Target is met during the Guaranteed Period, hence, Econframe shall pay the Balance Security Sum i.e. RM10.0 million to the Vendors within 1 month from the date the Certified Account for Year 2 is made available.</p> <p>Total Security Sum to be released to the Vendors:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right; border-bottom: 1px solid black;">RM'000</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Year 2</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">10,000</td> </tr> </tbody> </table>		RM'000	Year 1	-	Year 2	10,000		10,000
		RM'000																																		
LAT	[P1]	(1,000)																																		
		RM'000																																		
Profit Guarantee	[PG]	10,000																																		
<u>Less: Cumulative PAT</u>																																				
Year 1	[P1]	(1,000)																																		
Year 2	[P2]	11,000																																		
Cumulative PAT	[A = P1 + P2]	10,000																																		
Shortfall	[PG - A]	-																																		
	RM'000																																			
Year 1	-																																			
Year 2	10,000																																			
	10,000																																			

Scenarios	Effects																																											
	<p>Final Purchase Consideration for the Proposed Acquisition:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">RM'000</td> </tr> <tr> <td>Purchase Consideration</td> <td style="text-align: right;">56,000</td> </tr> <tr> <td>Deficiency (forfeiture from the Balance Security Sum)</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">56,000</td> </tr> </table>		RM'000	Purchase Consideration	56,000	Deficiency (forfeiture from the Balance Security Sum)	-		56,000																																			
	RM'000																																											
Purchase Consideration	56,000																																											
Deficiency (forfeiture from the Balance Security Sum)	-																																											
	56,000																																											
<p>Scenario 8:</p> <p>Assuming IPSB records a LAT in Year 1 but achieve a PAT for Year 2. However, the Guaranteed Target is not met during the Guaranteed Period:-</p> <p><u>Year 1:</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 30%;"></td> <td style="text-align: right; border-bottom: 1px solid black;">RM'000</td> </tr> <tr> <td>LAT</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right;">(1,000)</td> </tr> </table> <p><u>Guaranteed Period:</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 30%;"></td> <td style="text-align: right; border-bottom: 1px solid black;">RM'000</td> </tr> <tr> <td>Profit Guarantee</td> <td style="text-align: center;">[PG]</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td colspan="3"><u>Less: Cumulative PAT</u></td> </tr> <tr> <td>Year 1</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right; border: 1px solid black;">(1,000)</td> </tr> <tr> <td>Year 2</td> <td style="text-align: center;">[P2]</td> <td style="text-align: right; border: 1px solid black;">7,000</td> </tr> <tr> <td>Cumulative PAT</td> <td style="text-align: center;">[A = P1 + P2]</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>Shortfall</td> <td style="text-align: center;">[PG - A]</td> <td style="text-align: right; border-bottom: 1px solid black;">4,000</td> </tr> </table>			RM'000	LAT	[P1]	(1,000)			RM'000	Profit Guarantee	[PG]	10,000	<u>Less: Cumulative PAT</u>			Year 1	[P1]	(1,000)	Year 2	[P2]	7,000	Cumulative PAT	[A = P1 + P2]	6,000	Shortfall	[PG - A]	4,000	<p>As IPSB records a LAT in Year 1, no payment of Security Sum shall be made to the Vendors in respect of Year 1.</p> <p>Subsequently, IPSB achieves a Cumulative PAT which is less than the Guaranteed Target, Econframe shall cover the Deficiency of RM4.0 million by forfeiting an amount from the Balance Security Sum equivalent to the Deficiency to offset the Deficiency and pay the surplus in the Balance Security Sum to the Vendors:-</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">RM'000</td> </tr> <tr> <td>Balance Security Sum*</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Deficiency</td> <td style="text-align: right;">(4,000)</td> </tr> <tr> <td>Surplus to be released to the Vendors</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">6,000</td> </tr> </table> <p><i>* Balance Security Sum = Security Sum - amount paid to the Vendors in Year 1 = RM10,000,000 – Nil = RM10,000,000</i></p> <p>Total Security Sum to be released to the Vendors:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">RM'000</td> </tr> <tr> <td>Year 1</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Year 2</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">6,000</td> </tr> </table>		RM'000	Balance Security Sum*	10,000	Deficiency	(4,000)	Surplus to be released to the Vendors	6,000		RM'000	Year 1	-	Year 2	6,000		6,000
		RM'000																																										
LAT	[P1]	(1,000)																																										
		RM'000																																										
Profit Guarantee	[PG]	10,000																																										
<u>Less: Cumulative PAT</u>																																												
Year 1	[P1]	(1,000)																																										
Year 2	[P2]	7,000																																										
Cumulative PAT	[A = P1 + P2]	6,000																																										
Shortfall	[PG - A]	4,000																																										
	RM'000																																											
Balance Security Sum*	10,000																																											
Deficiency	(4,000)																																											
Surplus to be released to the Vendors	6,000																																											
	RM'000																																											
Year 1	-																																											
Year 2	6,000																																											
	6,000																																											

Scenarios	Effects																																											
	<p>Final Purchase Consideration for the Proposed Acquisition:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">RM'000</td> </tr> <tr> <td>Purchase Consideration</td> <td style="text-align: right;">56,000</td> </tr> <tr> <td>Deficiency (forfeiture from the Balance Security Sum)</td> <td style="text-align: right;">(4,000)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">52,000</td> </tr> </table>		RM'000	Purchase Consideration	56,000	Deficiency (forfeiture from the Balance Security Sum)	(4,000)		52,000																																			
	RM'000																																											
Purchase Consideration	56,000																																											
Deficiency (forfeiture from the Balance Security Sum)	(4,000)																																											
	52,000																																											
<p>Scenario 9:</p> <p>Assuming IPSB records a LAT in Year 1 and Year 2, and as such the Guaranteed Target is not met during the Guaranteed Period:-</p> <p><u>Year 1:</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 20%;"></td> <td style="text-align: right; border-bottom: 1px solid black;">RM'000</td> </tr> <tr> <td>LAT</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right;">(1,000)</td> </tr> </table> <p><u>Guaranteed Period:</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 20%;"></td> <td style="text-align: right; border-bottom: 1px solid black;">RM'000</td> </tr> <tr> <td>Profit Guarantee</td> <td style="text-align: center;">[PG]</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td colspan="3"><u>Less: Cumulative LAT</u></td> </tr> <tr> <td>Year 1</td> <td style="text-align: center;">[P1]</td> <td style="text-align: right; border: 1px solid black;">(1,000)</td> </tr> <tr> <td>Year 2</td> <td style="text-align: center;">[P2]</td> <td style="text-align: right; border: 1px solid black;">(1,000)</td> </tr> <tr> <td>Cumulative LAT</td> <td style="text-align: center;">[A = P1 + P2]</td> <td style="text-align: right;">(2,000)</td> </tr> <tr> <td>Shortfall</td> <td style="text-align: center;">[PG - A]</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">12,000</td> </tr> </table>			RM'000	LAT	[P1]	(1,000)			RM'000	Profit Guarantee	[PG]	10,000	<u>Less: Cumulative LAT</u>			Year 1	[P1]	(1,000)	Year 2	[P2]	(1,000)	Cumulative LAT	[A = P1 + P2]	(2,000)	Shortfall	[PG - A]	12,000	<p>As IPSB records a LAT in Year 1, no payment of Security Sum shall be made to the Vendors in respect of Year 1.</p> <p>Subsequently, IPSB records LAT in Year 2 and registered a cumulative LAT for the Guaranteed Period. Therefore, no Security Sum shall be released to the Vendors. In addition, it is agreed between Econframe and the Vendors that the Vendors shall not be required to pay or compensate Econframe any additional monies for the loss incurred.</p> <p>Total Security Sum to be released to the Vendors:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">RM'000</td> </tr> <tr> <td>Year 1</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Year 2</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">-</td> </tr> </table> <p>Final Purchase Consideration for the Proposed Acquisition:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right; border-top: 1px solid black;">RM'000</td> </tr> <tr> <td>Purchase Consideration</td> <td style="text-align: right;">56,000</td> </tr> <tr> <td>Deficiency (forfeiture from the Balance Security Sum)</td> <td style="text-align: right;">(10,000)</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">46,000</td> </tr> </table>		RM'000	Year 1	-	Year 2	-		-		RM'000	Purchase Consideration	56,000	Deficiency (forfeiture from the Balance Security Sum)	(10,000)		46,000
		RM'000																																										
LAT	[P1]	(1,000)																																										
		RM'000																																										
Profit Guarantee	[PG]	10,000																																										
<u>Less: Cumulative LAT</u>																																												
Year 1	[P1]	(1,000)																																										
Year 2	[P2]	(1,000)																																										
Cumulative LAT	[A = P1 + P2]	(2,000)																																										
Shortfall	[PG - A]	12,000																																										
	RM'000																																											
Year 1	-																																											
Year 2	-																																											
	-																																											
	RM'000																																											
Purchase Consideration	56,000																																											
Deficiency (forfeiture from the Balance Security Sum)	(10,000)																																											
	46,000																																											

To assist in the smooth transition of IPSB's operations and delivery of the Profit Guarantee, IPSB had on 23 January 2025 entered into the Management Service Agreement with YCT (being the existing director of IPSB who is responsible for overseeing the operations and strategic direction of IPSB) and LKC (being the existing director of IPSB who is responsible for finance and administration of IPSB). The salient terms of the Management Service Agreement are set out in **Appendix II** of this Circular.

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

- (i) the historical financial performance of IPSB as set out in **Appendix III** of this Circular;
- (ii) the continuation of the existing management's involvement in the day-to-day operations of IPSB;
- (iii) the rationale and potential benefits to be accrued by Econframe Group through the Proposed Acquisition as set out in Section 3 of Part A of this Circular; and
- (iv) the prospects of the enlarged Econframe Group upon completion of the Proposed Acquisition as set out in Section 4.6 of Part A of this Circular, upon taking into consideration of, amongst others, the overview and outlook of the Malaysian economy as well as the outlook of the door frame and door industry in Malaysia, the UK and Australia as set out in Sections 4.3, 4.4 and 4.5 of Part A of this Circular, respectively.

Additionally, the Profit Guarantee is backed by collateral in the form of the Security Sum, which forms part of the Purchase Consideration. The Security Sum shall be withheld by Econframe and will only be released to the Vendors upon fulfilment of the Profit Guarantee.

2.4 Basis and justification in arriving at the Purchase Consideration

The Purchase Consideration of RM56.0 million was arrived at on a "willing-buyer willing-seller" basis, after taking into consideration, amongst others, the following:-

- (i) the audited NA of IPSB of RM30.8 million as at 31 December 2023 and unaudited NA of IPSB of RM40.4 million as at 30 September 2024;
- (ii) the Profit Guarantee as detailed in Section 2.3 of Part A of this Circular;
- (iii) the rationale and potential benefits to be accrued by Econframe Group through the Proposed Acquisition; and
- (iv) the future prospects of the enlarged Econframe Group as detailed in Section 4.6 of Part A of this Circular.

Further, in determining the Purchase Consideration, the Board has taken into consideration the P/E and EV/EBITDA multiples of the selected comparable companies ("**Comparable Companies**") listed on Bursa Securities.

Based on the Purchase Consideration of RM56.0 million, the Purchase Consideration represents:-

- (i) a P/E multiple of approximately 11.9 times (RM56.0 million / RM4.7 million) based on the audited PAT of IPSB for the FYE 31 December 2023;
- (ii) an implied P/E multiple of approximately 11.2 times (RM56.0 million / RM5.0 million) based on the Guaranteed Amount for Year 1;
- (iii) an EV/EBITDA multiple of approximately 6.6 times (RM46.5 million / RM7.0 million) based on IPSB's EBITDA for the FYE 31 December 2023; and
- (iv) an implied EV/EBITDA multiple of approximately 6.1 times (RM46.5 million / RM7.6 million) based on IPSB's implied EBITDA for Year 1 (estimated based on the Guaranteed Amount for Year 1).

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

- (i) public listed companies in Malaysia; and
- (ii) principally involved in the manufacturing and/or sale of doors in Malaysia.

[The rest of this page has been intentionally left blank]

The P/E and EV/EBITDA multiples of the selected Comparable Companies are set out below:

Comparable Companies	Principal activities	Closing price as at LTD		^(a) Market capitalisation	^(b) EPS / (Loss per share)	^(c) P/E multiple	^(d) EV	^(e) EBITDA	^(f) EV/ EBITDA multiple
		RM	RM						
Econframe	Econframe is principally involved in the provision of total door system solution including manufacturing and sales of doors, metal door and window frames, fire resistant door sets and all types of hardware including ironmongery	0.57		209.8	3.0	19.0	189.1	21.2	8.9
Woodlandor Holdings Berhad	Woodlandor Holdings Berhad is principally involved in the manufacturing and trading of fire resistant and normal plywood flush doors, window frames, rubberwood furniture, pre-fabricated timber roof trusses, and steel hinges. Woodlandor Holdings Berhad also markets and trades building materials and distributes cement	0.61		24.4	(3.5)	*-	25.9	(0.9)	*-

IPSB (based on audited financial statements for FYE 31 December 2023)

IPSB (based on Guaranteed Amount for Year 1)

(Source: Bloomberg, latest annual report and quarterly results available for the Comparable Companies up to LTD)

IPSB (based on audited financial statements for FYE 31 December 2023)	4.7	(9)11.9	46.5	7.0	6.6
IPSB (based on Guaranteed Amount for Year 1)	5.0	(10)11.2	46.5	7.6	(10)6.1

Notes:-

- * Not applicable in view that Woodlandor Holdings Berhad is loss-making.
- (a) Computed based on the closing price of the Comparable Companies as at LTD (extracted from Bloomberg) multiply by respective number of outstanding ordinary shares as at LTD.
- (b) Computed based on the trailing 12-months profit / loss after tax of the respective companies over the number of shares of the respective companies.
- (c) Computed based on the closing share price of the respective companies as at LTD divided by the trailing 12-months EPS of the respective companies as at LTD.
- (d) Computed based on the formula of (market capitalisation – cash and cash equivalents + debts + non-controlling interest) of the respective companies.
- (e) Computed based on the formula of (profit before tax – finance income + finance costs + depreciation + amortisation) of the respective companies.
- (f) Computed based on the EV of the respective companies as at LTD over the trailing 12-months EBITDA of the respective companies.
- (g) Based on the audited financial statements of IPSB for the FYE 31 December 2023.
- (h) Assuming the achievement of the Guaranteed Amount for Year 1 of RM5.0 million, tax rate at 24.0% and the depreciation and net interest income based on the annualised 9-month FPE 30 September 2024 of IPSB.

Based on the above table:-

- (i) the P/E and implied P/E multiples of 11.9 times and 11.2 times, respectively, are below the P/E multiple of the Comparable Company of 19.0 times; and
- (ii) the EV/EBITDA and implied EV/EBITDA multiples of 6.6 times and 6.1 times, respectively, are below the EV/EBITDA multiple of the Comparable Company of 8.9 times.

Premised on the above assessment, it could be taken as an indication that the Purchase Consideration is deemed reasonable to Econframe.

2.5 Basis and justification in arriving at the Issue Price

The Issue Price of RM0.5653 per Consideration Share was arrived at on a “willing-buyer willing-seller” basis, based on reference to the 5-day VWAP of Econframe Shares of RM0.5653 up to LTD.

For information, the historical VWAP of Econframe Shares up to LTD and LPD are as follows:-

Up to LTD	VWAP	Premium / (Discount) of the Issue Price to the VWAP	
	RM	RM	%
- 5-day	0.5653	-	-
- 1-month	0.5715	(0.0062)	(1.1)
- 3-month	0.5731	(0.0078)	(1.4)
- 6-month	0.6319	(0.0666)	(10.5)
- 12-month	0.6791	(0.1138)	(16.8)

Up to LPD	Premium / (Discount) of the Issue Price to the VWAP		
	VWAP RM	RM	%
- 5-day	0.5151	0.0502	9.7
- 1-month	0.5473	0.0180	3.3
- 3-month	0.5645	0.0008	0.1
- 6-month	0.5984	(0.0331)	(5.5)
- 12-month	0.6592	(0.0939)	(14.2)

The Board is of the opinion that the Issue Price is reasonable as it is the prevailing market price of Econframe Shares where the terms of the Proposed Acquisition were agreed upon between Econframe and the Vendors.

2.6 Ranking of the Consideration Shares

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

2.7 Listing and quotation of the Consideration Shares

Bursa Securities had vide its letter dated 11 March 2025, approved the listing and quotation of 16,500,000 Consideration Shares to be issued pursuant to the Proposed Acquisition on the ACE Market of Bursa Securities as set out in Section 8 of Part A of this Circular, subject to the conditions set out therein.

2.8 Source of funding

The Cash Consideration of RM46.7 million will be funded via a combination of internally generated funds and bank borrowings, the exact quantum to be determined by the Board at a later date. The indicative quantum of the funding as at LPD are as follows:-

	RM	%
Internally generated funds	18,322,545	39.3
Bank borrowings	28,350,000	60.7
	46,672,545	100.0

For information, Econframe had paid the Deposit of total RM5.6 million via its internally generated funds.

2.9 Additional financial commitment

Upon completion of the Proposed Acquisition, there will be no additional financial commitments to be incurred by Econframe Group to put the business of IPSB on-stream, in view that it is already in operation and is generating income and cash flow.

2.10 Liabilities to be assumed by Econframe

Save for the obligations and liabilities of Econframe arising from or in connection with the SSA, i.e. payment of the Purchase Consideration as detailed in Section 2 of Part A of this Circular, bank guarantee in favour of the Vendors for the Security Sum (as disclosed in Section 2.3 of Part A of this Circular) and the bank guarantees provided by IPSB to Tenaga Nasional Berhad as disclosed below, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by Econframe pursuant to the Proposed Acquisition.

For avoidance of doubt, the liabilities stated in IPSB's statements of financial position will be consolidated into the financial statements of Econframe Group following the completion of the Proposed Acquisition. Existing liabilities of IPSB will be settled by IPSB in its ordinary course of business.

For information, the contingent liabilities of IPSB as at LPD are as follows:-

	<u>RM'000</u>
Bank guarantees provided by IPSB to Tenaga Nasional Berhad	275

3. RATIONALE FOR THE PROPOSED ACQUISITION

Econframe Group is principally involved in the provision of total door system solutions which includes the manufacturing of doors, door frames and window frames and trading of doors and ironmongery, trading and provision of installation services for solar energy products and systems.

The Proposed Acquisition is in line with Econframe Group's objective of expanding its total door system solution business. On 8 September 2023, the Group had completed the acquisition of 65.0% equity interest in Lee & Yong Aluminium Sdn. Bhd. ("**LYASB**"), a company principally involved in the business of fabrication and installation of aluminium glazing and glass products and facade works, and entire equity interest in Trans United Sdn. Bhd. ("**TUSB**"), the registered owner of a parcel of leasehold industrial land on which the business of LYASB operates. The acquisition of LYASB and TUSB had enabled Econframe Group to expand its total door system solutions business and provide a more comprehensive range of product offerings. The acquisition of LYASB enable Econframe Group to expand its existing business operations into the business of aluminium glazing, glass products and facade systems and allows Econframe Group to cross-sell its products to the customers of LYASB.

IPSB is principally involved in manufacturing and sale of doors, particularly internal doors, external doors and fire-rated wooden doors (UK specifications), which is in a similar business to Econframe Group and its primary markets are UK and Australia. In the contrary, as at LPD, Econframe's customers are all derived in Malaysia, with no presence in the overseas markets. The Proposed Acquisition will thus enable Econframe Group to expand its footprint in the UK and Australia markets by leveraging on IPSB's customer base.

As at LPD, Econframe Group's existing door manufacturing facilities have a production capacity of approximately 93,600 units of door per annum. Upon completion of the Proposed Acquisition, Econframe Group's production capacity will increase by approximately 162,000 units from 93,600 to 255,600 doors per annum. The increase in Econframe Group's manufacturing capacity, coupled with the opportunity to cross-sell Econframe Group's other products and services (such as door frames, window frames and ironmongery products) to IPSB's overseas customers as well as consolidation of resources, is expected to contribute positively to the financial performance of Econframe Group moving forward.

The Proposed Acquisition represents an opportunity for the Group to further improve its financial performance by consolidating the financial results of IPSB after taking into consideration, amongst others, the Profit Guarantee provided. For the FYE 31 December 2023, IPSB recorded revenue and PAT of RM40.6 million and RM4.7 million respectively.

The Board is of the view that the issuance of 16,500,000 Consideration Shares to partially settle the Purchase Consideration will enable Econframe Group to conserve its cash resources and minimise the cash outlay for serving the interest cost of borrowings and thereby provide greater flexibility to utilise its cash resources moving forward. In addition, the shareholders of IPSB, particularly YCT and LKC who had entered into the Management Service Agreement with IPSB, will become shareholders of Econframe upon completion of the Proposed Acquisition, thus aligning their interests with Econframe Group. Post-completion of the Proposed Acquisition, YCT and LKC will remain as directors of IPSB (which will be a wholly-owned subsidiary of Econframe upon completion of the Proposed Acquisition). The alignment of YCT and LKC's interest with Econframe Group will affirm their commitment to continue steering IPSB to deliver earnings growth, which would then contribute positively to the financial performance of Econframe Group, thereby enhancing shareholders' value.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

Overview

The Malaysian economy expanded by 5% in the fourth quarter of 2024 (3Q 2024: 5.4%), driven mainly by domestic demand. The strong investment activity was underpinned by the continued realisation of new and existing projects. Household spending was sustained amid positive labour market conditions and continued policy support. In the external sector, exports of goods and services continued to expand while capital and intermediate imports growth moderated. On the supply side, growth was mainly accounted for by expansion in the services sector, with increased support from both consumer-related and business-related subsectors. The manufacturing sector was supported by the electrical and electronics (“E&E”) and primary-related clusters. The construction sector continued to record double-digit growth with robust activities in the residential, non-residential and special trade subsectors. However, growth was weighed down by contraction in the commodities sector following lower oil palm output as well as the continued decline in oil production. On a quarter-on-quarter, seasonally-adjusted basis, growth declined by 1.1% (3Q 2024: +1.9%).

For the year as a whole, the Malaysian economy grew by 5.1% in 2024 (2023: 3.6%), due to continued expansion in domestic demand and a rebound in exports. On the domestic front, growth was mainly driven by stronger household spending reflecting favourable labour market conditions, policy measures to support households and healthy household balance sheets. In addition, strong investment approvals and further progress of multi-year projects by the private and public sectors, which includes catalytic initiatives under national master plans (i.e. New Industrial Master Plan, National Energy Transition Roadmap, and National Semiconductor Strategy) provided further impetus to investment growth. On the external front, exports recovered amid steady global growth, continued tech upcycle as well as higher tourist arrivals and spending. This provided support to the current account, leading to a continued surplus of 1.7% of gross domestic product (“GDP”) in 2024 (1.5% in 2023).

During the quarter, headline inflation edged lower to 1.8% (3Q 2024: 1.9%). Lower inflation was observed for mobile communication services and RON97 petrol which was partially offset by higher inflation in other food-related items, particularly fresh vegetables and fish and seafood. Core inflation was lower at 1.7% (3Q 2024: 1.9%), driven largely by the moderation in inflation for mobile communication services which declined by 10.0% (3Q 2024: 0.0%). Inflation pervasiveness remained moderate. The share of consumer price index (“CPI”) items recording monthly price increases remained below the long-term average of 39.8% (3Q 2024: 38.9%; 4Q 2011-2019: 41.7%). For 2024 as a whole, both headline and core inflation declined to 1.8% (2023: 2.5% and 3.0% respectively).

In 2024, the RM recorded an overall appreciation of 2.7% against the USD. The RM was also one of the few currencies in Asia to appreciate against the USD in 2024 besides the Hong Kong dollar, and the Thai baht, whilst other regional currencies experienced a depreciation.

Additionally, the RM similarly appreciated against other major currencies throughout the year, including the Singapore dollar, Korean won, and Japanese yen, with an overall appreciation recorded against Malaysia's major trade partners (Nominal Effective Exchange Rate ("**NEER**") for 2024: 7.5%). This was despite the RM's depreciation against the USD (-8.1%) and major trading partners (NEER: -3.4%) in the fourth quarter of 2024, which was in line with the broader movement of regional currencies. This movement was primarily driven by a stronger USD amid revised financial market expectations for smaller United States ("**US**") policy rate reductions in 2025, and higher investors' risk aversion arising from policy uncertainties under the new US administration.

In 2025, on a year-to-date basis (as of 12 February 2025), the RM appreciated by 0.1% against the USD and depreciated by 0.03% on a NEER basis against Malaysia's major trading partners. External factors are expected to continue influencing the RM exchange rate. Despite that, Malaysia's positive macroeconomic prospects and the ongoing implementation of structural reforms will provide medium-term support for the RM. Bank Negara Malaysia remains committed to ensuring the orderly functioning of the domestic foreign exchange market.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2024, Bank Negara Malaysia)

Outlook

On the domestic front, investment activities will be driven by the favourable progress of multi-year projects in both the private and public sectors and further lifted by the realisation of approved investments. Household spending will benefit from the continued support from employment and wage growth as well as Government policy measures. This includes the upward revision of the minimum wage and civil servant salaries. On the external front, the ongoing global tech upcycle, continued growth in non-electrical and electronic goods and higher tourist spending are expected to lift exports. The growth outlook remains subject to downside risks. Such risks include an economic slowdown in major trading partners amid the heightening risk of trade and investment restrictions and lower-than-expected commodity production. Nevertheless, potential upside to growth includes greater spillovers from the tech upcycle, more robust tourism activities and faster implementation of investment projects.

Going forward, inflation is expected to remain manageable in 2025 amid easing global cost conditions and the absence of excessive domestic demand pressures. While the recently-announced domestic policy reforms would contribute to some upward pressure on prices, the overall impact on inflation is expected to be contained. Nevertheless, upside risks could arise from larger cascading effects from policies to broader CPI prices.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2024, Bank Negara Malaysia)

The growth in 2025 is projected between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for E&E goods, leveraging the country's strategic position within the semiconductor supply chain. Additionally, robust domestic demand, fuelled by strong private sector expenditure, will support the expansion, through continued implementation of key national master plans and ongoing initiatives. A pertinent initiative which is Government-linked Enterprises Activation and Reform Programme, will synergise efforts across government-linked entities to catalyse growth in high growth sectors, encompassing energy transition, advanced manufacturing, food security, healthcare, Islamic finance and biopharmaceuticals. The potential investment from this initiative is expected to amount to RM120 billion over the span of five years. On the production side, most sectors are expected to expand, highlighting the resilience and agility of Malaysia's economy.

(Source: Economic Outlook 2025, Budget 2025, Ministry of Finance Malaysia)

4.2 Overview and outlook of the manufacturing industry in Malaysia

Overview

The manufacturing sector expanded by 3.3% during the first half of 2024 on the back of higher growth of domestic-oriented industries and a stronger performance of export-oriented industries. The domestic-oriented industries saw a steady growth of 5.9%, fuelled by rising demand, mainly in non-metallic mineral products, basic metal and fabricated products subsector, backed by robust performance in construction activities. Meanwhile, export-oriented industries recorded a growth of 2.1%, supported by an upturn in demand of the electrical and electronics segment, attributed to positive market momentum in the global semiconductor industry.

Outlook

The sector is projected to grow by 4.9% in the second half of 2024, owing to strengthening domestic demand and improving performance of the external sector. Within the domestic oriented industries, growth is expected to remain resilient propelled by consumer-related activities, particularly in food and beverages as well as transportation segments resulting from flourishing tourism activities. In addition, output for construction-related materials such as metals and cement is anticipated to rise, following acceleration of ongoing infrastructure projects and upcoming development activities. Meanwhile, within the export-oriented industries, the electrical and electronics segment is expected to further improve in line with the uptrend in global electronics demand, supported by evolving innovation as well as improvement in the consumer electronics market. In addition, increasing demand for artificial intelligence chips, data centres, next-generation computing and high-performance computing application will further boost Malaysia's semiconductor industry. Overall, the manufacturing sector is forecast to register a strong growth of 4.1% in 2024.

Based on the forecast by the Department of Statistics and Ministry of Finance, Malaysia, the manufacturing sector is projected to grow by 4.5% in 2025.

(Source: Economic Outlook 2025, Budget 2025, Ministry of Finance Malaysia)

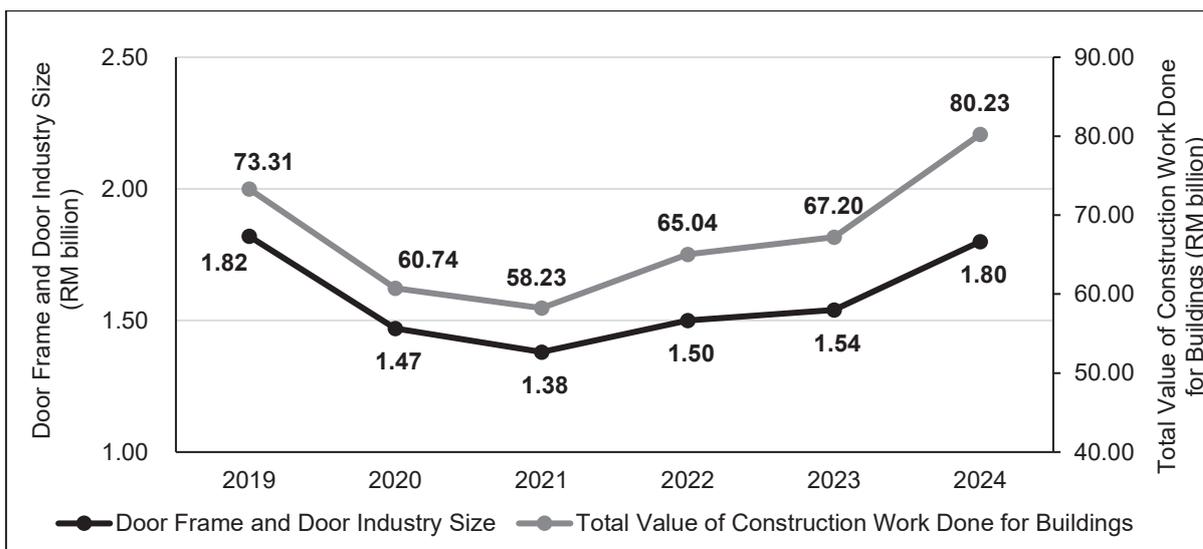
4.3 Overview and outlook of the door frame and door industry in Malaysia

Overview

The door frame and door industry size in Malaysia comprises door frames, doors, ironmongery and fire-resistant door sets.

From 2019 to 2021, the door frame and door industry size declined from RM1.8 billion to RM1.4 billion at a compound annual growth rate ("CAGR") of -12.9% due to the decline in building construction activities as a result of the Coronavirus disease ("COVID-19") outbreak in early 2020. To contain the spread of COVID-19, the Government of Malaysia had imposed nationwide lockdown and movement restriction measures which resulted in the temporary halt of construction activities, including the construction of buildings, except those listed under critical services (i.e. maintenance and repair works) which in turn affected the demand for door frames, doors, ironmongery and fire-resistant door sets. From 2019 to 2021, the total value of construction work done for buildings in Malaysia declined from RM73.3 billion to RM58.2 billion at a CAGR -10.9%.

Door Frame and Door Industry Size and Total Value of Construction Work Done for Buildings (Malaysia), 2019 – 2024



Source: Department of Statistics Malaysia (“DOSM”) and Smith Zander

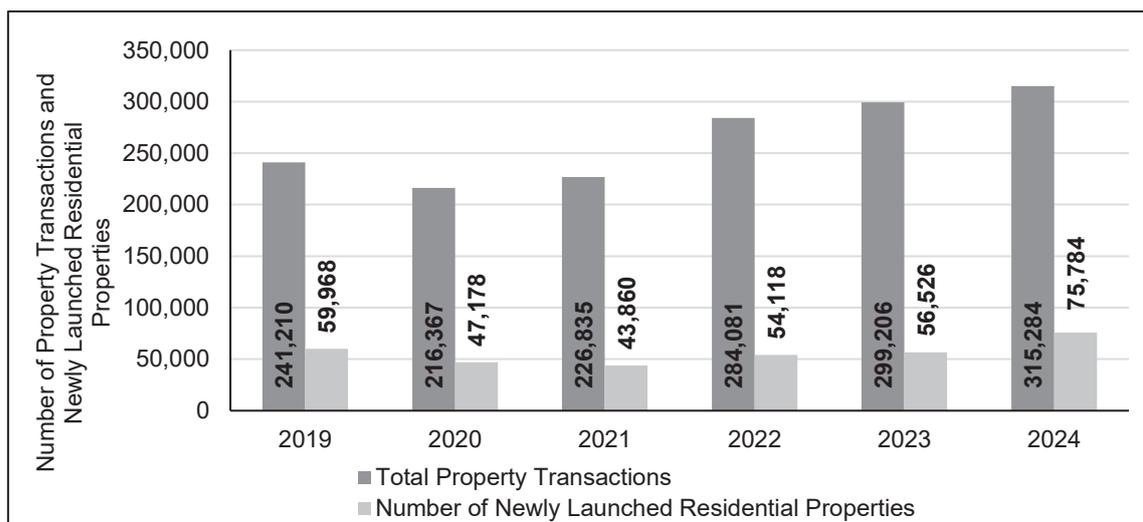
With the rollout of COVID-19 vaccination in 2021 and the gradual subsidence of the pandemic, the Government of Malaysia lifted the nationwide lockdown and gradually eased movement restriction measures. Following which, construction activities including the construction of buildings gradually resumed. As a result, from 2021 to 2023, the total value of construction work done for buildings grew from RM58.2 billion to RM67.2 billion at a CAGR of 7.4%, demonstrating a recovery and growth in the construction sector. Over the same period, the door frame and door industry size grew in tandem from RM1.4 billion in 2021 to RM1.5 billion in 2023 at a CAGR of 5.6%.

As door frames and doors are essential components of buildings, the demand for door frames and doors are directly driven by the demand for properties.

Post pandemic, total property transaction volume in Malaysia, which comprises residential, commercial and industrial properties, increased from 216,367 transactions in 2020 to 284,081 transactions in 2022 at a CAGR of 14.6%, and continued to exceed pre-COVID-19 levels with 299,206 transactions in 2023. In 2024, the number of property transactions expanded year-on-year (“YOY”) by 5.4% to 315,284 transactions.

Strong demand in the primary property market drove more launches of property development projects, as evidenced by the rising number of newly launched properties in Malaysia. The number of newly launched properties in Malaysia increased from 47,178 units in 2020 to 54,118 units in 2022 at a CAGR of 7.1% and continued to recover towards pre-COVID-19 levels, with 56,526 units in 2023. In 2024, the number of newly launched residential properties grew YOY by 34.1% to 75,784 units.

Number of Property Transactions and Newly Launched Properties (Malaysia), 2019 – 2024



Sources: NAPIC and Smith Zander

Notes:-

- The total number of property transactions comprise property transactions for residential, commercial and industrial properties.
- Number of newly launched commercial and industrial properties is not publicly available.

Outlook

In 2024, the door frame and door industry size in Malaysia expanded by 16.9% to RM1.8 billion, concurrent with the growth in the total value of construction work done for buildings in 2024 by 19.4% to RM80.2 billion. For 2025, Smith Zander forecasts the door frame and door industry size in Malaysia to grow by 3.3% to RM1.9 billion, in line with the expected moderation in the growth of the overall construction sector after a robust expansion in 2024.

To stimulate the growth of the property market, financially support the purchase of homes for individuals and families, as well as for the refurbishment of properties and buildings, which are expected to support the demand for door frames and door in Malaysia, the Government of Malaysia have rolled out several initiatives as follows:

- Under Budget 2023, the Government of Malaysia had introduced stamp duty exemption for first-time homeowners where full stamp duty exemptions will be granted for homes valued at RM500,000 and below until the end of 2025;
- Under Budget 2025, the Government of Malaysia has earmarked nearly RM900.0 million for the development of 48 People's Housing Programme and 14 *Rumah Mesra Rakyat* projects; as well as RM10.0 million for non-governmental organisations and the Department of Orang Asli Development to collaborate on constructing houses under the Extraordinary People Impacting Communities (EPIC) Homes programme;
- Also under Budget 2025, the Government of Malaysia has allocated RM200.00 million for the maintenance of low-cost and medium-cost public strata housing; and over RM1.8 billion for the building, maintenance, and refurbishment of civil servants' quarters; and

- The Government of Malaysia is in the final stages of drafting Malaysia’s first Urban Redevelopment Act which is set to be tabled in Parliament by Q1 2025. The Urban Redevelopment Act aims to redevelop and refurbish existing buildings as many buildings in the country are ageing. 534 potential urban redevelopment sites in Peninsular Malaysia have been identified which will provide opportunities to improve the economic value of buildings in those areas.

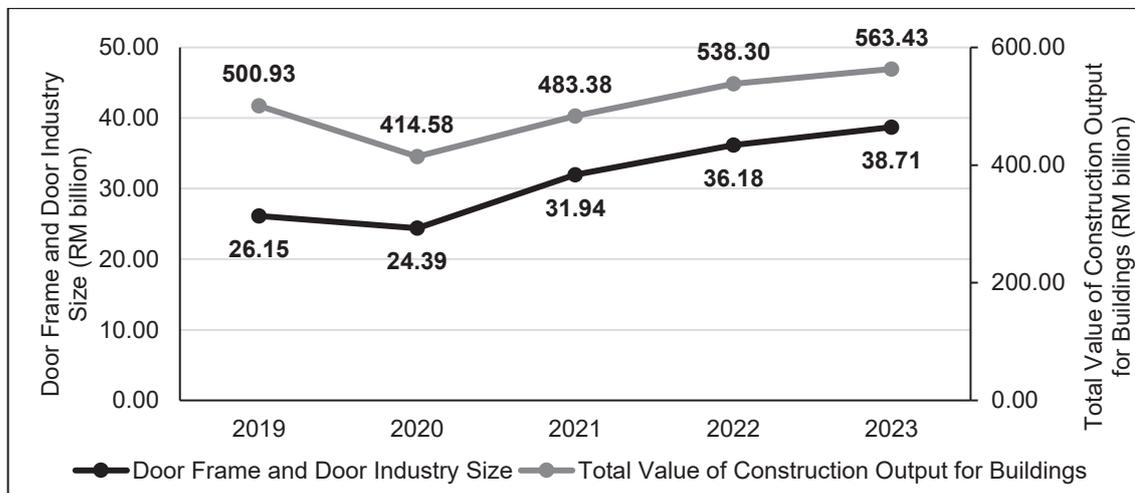
(Source: Independent market research report dated 26 March 2025 by Smith Zander)

4.4 Overview and outlook of the door frame and door industry in the UK

Overview

The door frame and door industry size in the UK is represented by the manufacturing sales value of doors, door frames, door thresholds, windows, window frames and gates in the UK. The manufacturing sales value specifically for doors and door frames in the UK is not publicly available.

Door Frame and Door Industry Size and Total Value of Construction Output for Buildings (the UK), 2019 – 2023



Sources: Northern Ireland Statistics and Research Agency, Office for National Statistics (“ONS”) and Smith Zander

Notes:-

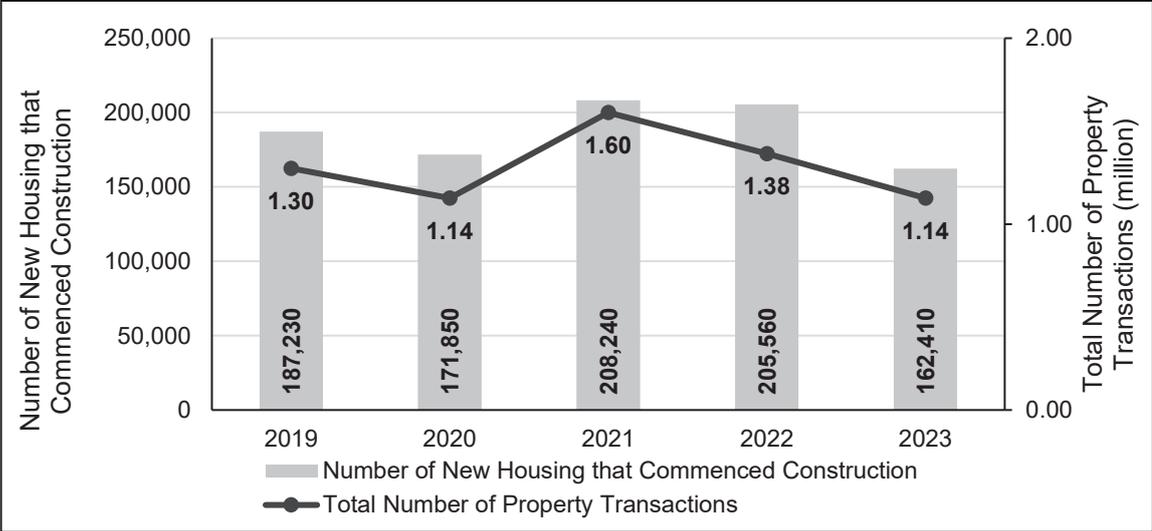
- The latest available data for the total value of construction output for buildings is up to 2023.
- The total value of construction output for buildings may include value of construction output for non-building works for Northern Ireland.

Due to the COVID-19 pandemic, the door frame and door industry size in the UK declined year-on-year (“YOY”) by 6.7% from RM26.2 billion in 2019 to RM24.4 billion in 2020, in tandem with the decline in total value of construction output for buildings which decreased YOY by 17.2% from RM500.9 billion in 2019 to RM414.6 billion in 2020. As the COVID-19 pandemic subsided, the door frame and door industry size as well as the total value of construction output for buildings exhibited concurrent recovery. From 2020 to 2023, the door frame and door industry size grew at a CAGR of 16.7% from RM24.4 billion to RM38.7 billion, driven by the recovery in building construction, whereby the total value of construction output for buildings rose at a CAGR of 10.8% from RM414.6 billion in 2020 to RM563.4 billion in 2023.

As door frames and doors are essential components of buildings, the demand for door frames and doors are directly driven by the demand for properties.

Due to the COVID-19 pandemic, the UK experienced a decrease in the number of property transactions at a YOY rate of 12.3% from 1.3 million transactions in 2019 to 1.1 million transactions in 2020. While the number of property transactions temporarily recovered by 40.4% in 2021 to 1.6 million, the number of property transactions in the UK decreased at a CAGR of -15.6% from 1.6 million transactions in 2021 to 1.1 million transactions in 2023. In 2024, the number of property transactions recovered by 7.9% to 1.2 million transactions.

Number of Property Transactions and Number of New Housing that Commenced Construction (the UK), 2019 – 2023



Source: His Majesty’s Revenue & Customs (HMRC), ONS and Smith Zander

Notes:-

- The total number of property transactions comprise residential and non-residential property transactions.
- Data for number of new housing that commenced construction shown is by financial year, whereby the financial year begins from April to March. For instance, data for 2019 refers to data for financial year April 2019 to March 2020. Complete data for the United Kingdom by calendar year is not publicly available.
- Data for number of new non-residential property that commenced construction is not publicly available.

The number of new housing that commenced construction follows a similar trend as the number of property transactions in the UK. During the COVID-19 pandemic, the number of new housing that commenced construction in the UK declined from 187,230 units in 2019 to 171,850 units in 2020 at a YOY rate of -8.2%. While the number of new housing that commenced construction increased by 21.2% to 208,240 units in 2021, it declined to 162,410 units in 2023 at a CAGR of -11.7%. Based on latest available data by ONS, the number of new housing that commenced construction in the first half of financial year 2024 (i.e. April 2024 to September 2024) was 70,420 units.

The decline in demand for property in the UK could be attributed to subdued economic performance, rising interest rates and inflation, which affected consumers’ purchasing power and led them to become more prudent in overall spending and making investments on high-value assets such as properties. Moving forward, the demand for property in the United Kingdom is expected to be sustained by government housing initiatives below which, in turn, is expected to support the demand for door frames and doors in the UK.

Outlook

Smith Zander estimates a softening in the growth trajectory of the door frame and door industry size in the UK by -4.7% to RM36.9 billion in 2024 due to expected lower growth in building construction output as a result of high interest rates, and recover slightly by 1.3% to RM37.4 billion in 2025. Notwithstanding the expected lower demand, the necessity of door frames and doors in buildings for safety and privacy purposes will continue to support the demand for door frames and doors. Moving forward, the demand for door frames and doors is expected to be sustained by the demand for properties as well as refurbishment of properties.

To stimulate the growth of the property market, financially support the purchase of homes for individuals and families, as well as for the refurbishment of properties and buildings, which are expected to support the demand for door frames and door in the UK, the Government of the UK has introduced the following initiatives under the Autumn Budget 2024:

- Addition of GBP500.0 million to the Affordable Homes Programme in 2025 and 2026, increasing the annual programme budget to GBP3.1 billion (RM18.2 billion);
- Allocation of GBP56.0 million for the construction of over 2,000 homes at Liverpool Central Docks;
- Allocation of GBP1.4 billion for the school rebuilding programme, which includes plans for 100 projects to begin delivery across England next year; and
- Allocation of GBP300.0 million to maintain, improve and ensure suitability of college estates.

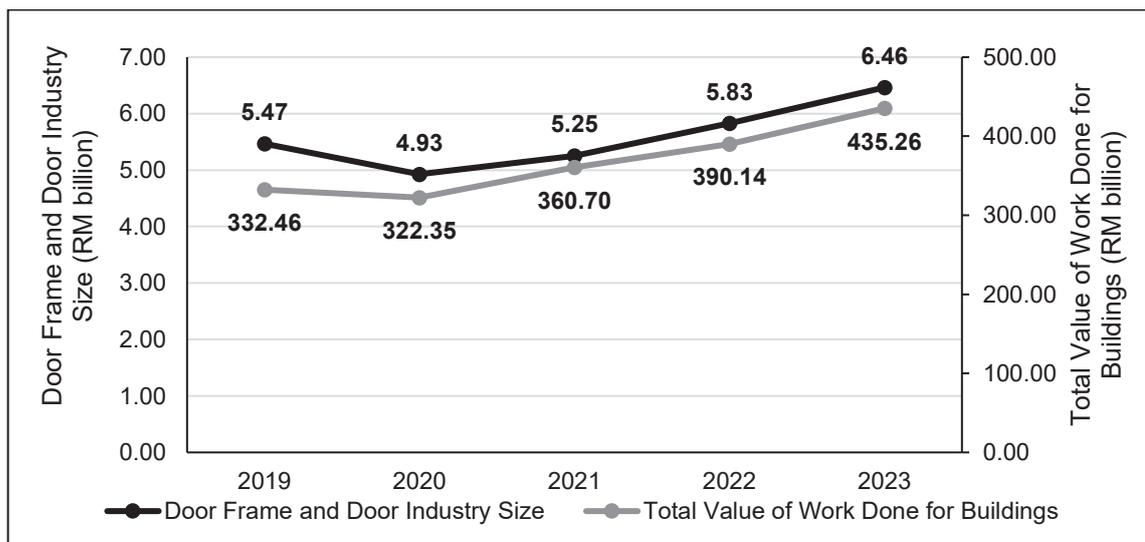
(Source: Independent market research report dated 26 March 2025 by Smith Zander)

4.5 Overview and outlook of the door frame and door industry in Australia

Overview

The door frame and door industry size for Australia is represented by the manufacturing revenue for metal doors and windows. The manufacturing revenue specifically for the doors and door frames is not publicly available.

Door Frame and Door Industry Size and Total Value of Work Done for Buildings (Australia), 2019 – 2023



Source: Australia Bureau of Statistics ("ABS") and Smith Zander

Note:-

- The latest available data for the total value of work done for buildings is up to the third quarter (“Q3”) of 2024, which was recorded at RM342.53 billion

The trends for the door frame and door industry size as well as the total value of work done for buildings in Australia were similar to that for the UK.

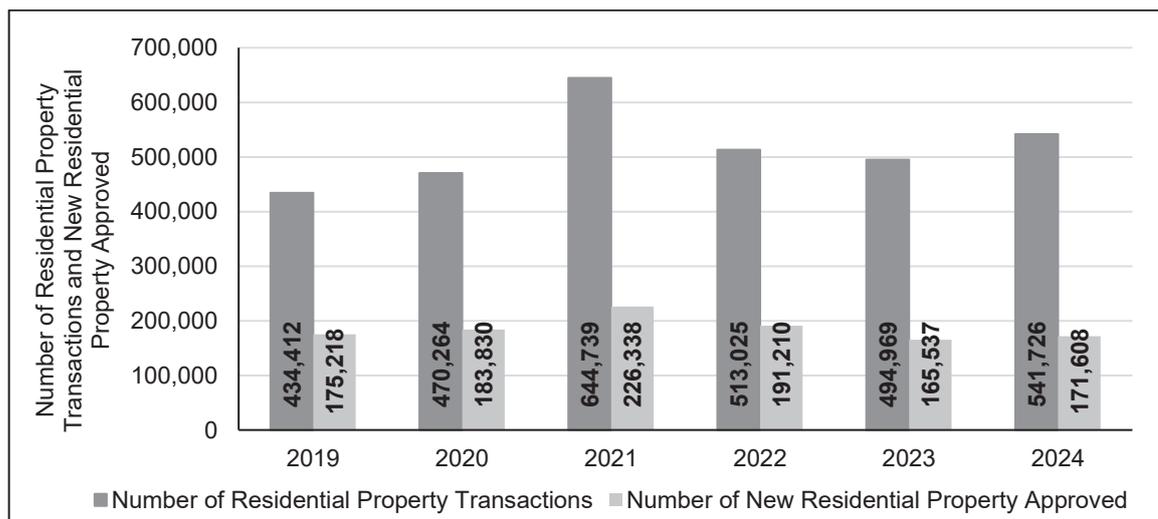
Due to the COVID-19 outbreak, building construction activities were impacted which affected the demand for door frames and doors. From 2019 to 2020, the door frame and door industry size in Australia declined YOY% by 9.9% from RM5.5 billion to RM4.9 billion, in tandem with the decrease in total value of work done for buildings by 3.0% from RM332.5 billion to RM322.4 billion. As the effects of the COVID-19 pandemic subsided, the total value of work done for buildings saw an increase at a CAGR of 10.5% from RM322.4 billion in 2020 to RM435.3 billion in 2023. The door frame and door industry size improved concurrently at a CAGR of 9.5% from RM4.9 billion in 2020 to RM6.5 billion in 2023.

As door frames and doors are essential components of buildings, the demand for door frames and doors are directly driven by the demand for properties.

From 2019 to 2021, the number of residential property transactions increased at a CAGR of 21.8% from 434,412 to 644,739 despite the COVID-19 pandemic. This could be attributed to the Government of Australia’s introduction of low interest rates and stimulus programmes targeted at home building which drove the demand for residential properties. However, the demand for residential properties saw a decline after 2021, which could be due to rising interest rates and construction costs, which was reflected by the drop in number of residential property transactions at a CAGR of -12.4% from 644,739 in 2021 to 494,969 in 2023. In 2024, the number of residential property transactions recovered YOY by 9.5% to 541,726 transactions.

The number of new residential property approved demonstrated a similar trend as the number of residential property transactions, whereby the number of new residential property approved increased at a CAGR of 13.7% from 175,218 units in 2019 to 226,338 units in 2021. From 2021 to 2023, the number of new residential property approved declined at a CAGR of -14.5% from 226,338 units to 165,537 units. In 2024, the number of residential property approved recovered YOY by 3.7% to 171,608 units.

Number of Residential Property Transactions and Number of New Residential Property Approved (Australia), 2019 – 2024



Source: ABS

Notes:-

- Number of property transactions for non-residential property (e.g. commercial and industrial properties) is not publicly available.
- Data for number of new non-residential property approved is not publicly available.

Outlook

Smith Zander estimates a lower growth for the door frame and door industry size in Australia at a YOY rate of 0.8% to RM6.5 billion in 2024, due to elevated interest rates and construction costs which affected new residential property approvals, and a growth by 1.2% to RM6.6 billion in 2025. Nonetheless, the door frame and door industry in Australia is expected to be cushioned by its large pipeline of non-residential building construction projects as well as government housing initiatives.

Moving forward, to drive the demand for residential property, the Government of Australia will continue to invest in housing initiatives. These initiatives are expected to support both the demand and supply for new homes, which would continue to drive demand for door frames and doors.

Under the Budget 2024-25, the Government of Australia has introduced the following initiatives:

- Through the National Housing Accord, the Government of Australia plans to build 1.2 million new homes by 30 June 2029 through the allocation of AUD3.0 billion in incentive payments to be shared amongst all states and territories;
- The Government of Australia is determined to increase the supply of social and affordable housing by around 55,000 homes through the National Housing Accord, the Housing Australia Future Fund, the Social Housing Accelerator Payment and other Housing Australia programmes;
- Through the AUD10.0 billion Housing Australia Future Fund, AUD200.0 million has been earmarked for the repair, maintenance and improvement of housing in remote indigenous communities; and
- Through the Social Housing Accelerator Payment, AUD2.0 billion has been set aside to construct and refurbish around 4,000 social homes.

(Source: Independent market research report dated 26 March 2025 by Smith Zander)

4.6 Prospects of the enlarged Econframe Group

The Proposed Acquisition will enable Econframe Group to expand beyond the local Malaysia market and gain immediate access to international markets i.e. UK and Australia, where Econframe Group currently has no presence. Through the established track record, business and relationship of IPSB in the UK and Australia, Econframe Group will be able to cross-sell its suite of complementary product offerings such as door frames, window frames and ironmongery products and gain foothold in the overseas markets, which will augur well with the opportunities in the door frame and door industry in the UK and Australia as detailed in Sections 4.4 and 4.5 of Part A of this Circular, respectively.

In addition, the Proposed Acquisition is expected to provide immediate expansion to Econframe Group's manufacturing capabilities. As at LPD, Econframe Group's existing door manufacturing facilities have a production capacity of approximately 93,600 units of door per annum. Upon completion of the Proposed Acquisition, Econframe Group's production capacity will increase by approximately 162,000 units of door from 93,600 to 255,600 doors per annum. The increase in Econframe Group's manufacturing capacity, coupled with the opportunity to cross-sell their products and services to an enlarged customer base as well as consolidation of resources, is expected to contribute positively to the financial performance of Econframe Group moving forward.

Post-completion of the Proposed Acquisition, Econframe Group intends to consolidate IPSB and Econframe Group's existing resources to derive cost savings (where possible) and to obtain cross selling opportunities via the offering of Econframe Group's existing products to IPSB's customers and vice versa. Econframe Group believes such benefits will commence upon completion of the Proposed Acquisition but the full effects of such benefits may only be realised in 2 years. Econframe Group does not expect to incur additional financial resources to realise the above plans as the plans will be carried out as part of the ordinary course of business of Econframe Group.

Premised on the above, the Proposed Acquisition is expected to contribute positively to the financial performance of Econframe Group moving forward.

5. RISK FACTORS

The Proposed Acquisition is not expected to materially change the risk profile of the business of Econframe Group as IPSB is in similar business as Econframe Group, which is in the manufacturing and sale of doors.

Econframe Group will continue to be exposed to similar business, operational and financial risks relating to the door and door frame segments, such as competition, introduction of new products as well as the door manufacturing industry in general upon completion of the Proposed Acquisition.

The Proposed Acquisition will result in Econframe Group being subject to certain transaction risks, including amongst others, the following risks:

5.1 Completion risk

The completion of the Proposed Acquisition is subject to, amongst others, the fulfilment of the conditions precedent of the SSA as set out in Section 4 of **Appendix I** of this Circular and any supplemental thereto (if any). The Proposed Acquisition may not be completed if any of the conditions precedent are not fulfilled or waived within the stipulated timeframe.

There can be no assurance that the conditions precedent can be fulfilled and the Proposed Acquisition can be completed within the time period permitted under the SSA. To mitigate such risks, the Company will take all reasonable steps to ensure that the conditions precedent that are within the Company's control will be met within the stipulated timeframe to ensure the successful completion of the Proposed Acquisition. Should there be any delay beyond the agreed time period, the Board shall negotiate with the relevant parties to the SSA to mutually extend the relevant period prior to its expiry.

5.2 Acquisition risk

The Proposed Acquisition, upon completion, is expected to contribute positively to the future earnings of Econframe Group. However, there can be no assurance that the anticipated benefits of the Proposed Acquisition will be realised or that Econframe Group will be able to generate sufficient returns therefrom to offset the associated costs incurred for the Proposed Acquisition.

To mitigate such risk, Econframe Group had procured the Profit Guarantee and Security Sum as set out in Section 2.3 of Part A of this Circular. In addition, the existing directors of IPSB, namely YCT and LKC had entered into the Management Service Agreement with IPSB and thus will remain as the directors of IPSB upon completion of the Proposed Acquisition. The Board will exercise due care in considering the potential risks and benefits associated with the Proposed Acquisition, including conducting due diligence review on IPSB.

Upon completion of the Proposed Acquisition, Econframe Group will also monitor the operations and performance of the IPSB's business.

5.3 Achievability of the Profit Guarantee

The Profit Guarantee is based on various bases and assumptions which the Board deems reasonable, but nevertheless is subject to certain uncertainties and contingencies such as failure to maintain business relationship with the 2 key customers and/or secure new purchase orders from the 2 key customers. While the Board has taken reasonable steps to assess the achievability of the said Profit Guarantee by assessing the historical financial performance of IPSB, however, there can be no assurance that the Profit Guarantee will be achieved.

To mitigate such risk, Econframe had negotiated the Security Sum of RM10.0 million to be withheld by Econframe, which will only be released to the Vendors upon the Profit Guarantee being achieved. In the event the Profit Guarantee is not achieved, the Security Sum will not be released to the Vendors and be forfeited and returned to Econframe as set out in Section 2.3 of Part A of this Circular.

5.4 Dependency on key customers of IPSB

IPSB's revenue is highly dependent on 2 key customers which contributed approximately 99% of the revenue of IPSB for the past 3 FYEs 31 December 2021, 2022 and 2023 and 9-month FPE 30 September 2024. There can be no assurance that IPSB will be able to retain these key customers, the loss of which will have a material adverse impact on IPSB's financial performance.

IPSB has established long-standing relationship with its 2 key customers, details of which are as follows:-

<u>Customers</u>	<u>Description</u>	<u>Type of products sold</u>	<u>Length of relationship as at LPD</u> years
Customer A	A subsidiary of a UK-based leading kitchen supplier listed on the London Stock Exchange with headquarters in London, UK. The company is principally involved in the manufacturing and distribution of kitchens, joinery and hardware products across UK	Internal, external and fire-rated (UK specifications) wooden doors	12
Customer B	A Malaysian-based company involved in the trading of timber and wood-based products. For information, Customer B exports IPSB's wooden doors to the end customer in Australia, an Australian-based timber door manufacturer and supplier *	Internal and external wooden doors	11

Note:-

- * Based on company searches, Customer B and the end customer in Australia have partial common shareholders.

Econframe Group and IPSB will strive to sustain the relationship with these key customers upon completion of the Proposed Acquisition. Notwithstanding that IPSB has been primarily utilising its production capacity for these customers, the enlarged Econframe Group is confident to increase IPSB's production capacity based on existing infrastructures. As such, the enlarged Econframe Group will identify mitigating steps to reduce its dependency on these key customers, which may include diversify IPSB's customer base by expanding IPSB's market reach and cross-selling its products to Econframe's existing customers.

5.5 Dependency on key management personnel of IPSB

The prospects of IPSB (which form part of the enlarged Econframe Group) will be largely attributable to the capability, expertise, experience, business network and continued efforts of the key management personnel of IPSB, namely YCT and LKC to continue to lead and oversee the operations and strategic matters relating to IPSB. Taking into consideration the importance of YCT and LKC and to assist in the delivery of the Profit Guarantee as well as to assist in the smooth transition of IPSB's operation and minimising disruption to the day-to-day business of the enlarged Econframe Group, IPSB had entered into the Management Service Agreement with YCT and LKC.

As such, Econframe will strive to adopt appropriate measures to retain the said key management personnel and attract qualified personnel who have relevant experience, including provide attractive remuneration, requisite training, career advancement opportunities and other employment benefits. Econframe may also reduce its reliance on any key management personnel by regularly reviewing its staff strength and policies, as well as succession planning to address such risk progressively.

However, there is no assurance that the loss of any such key management personnel without suitable and timely replacement will not adversely affect the performance of IPSB moving forward.

5.6 Integration risk

The Proposed Acquisition is exposed to the business integration risks such as workforce redundancy and overlapping job functions as well as the risk of not being able to fully realise the expected benefits such as cross selling opportunities and cost savings.

At the appropriate time after the completion of the Proposed Acquisition, Econframe may undertake the necessary efforts to mitigate the various risks by implementing a proper integration exercise and management structure to ensure a seamless integration.

However, there can be no assurance that any integration efforts will not have a material adverse effect on the business performance and prospects of the enlarged Econframe Group upon completion of the Proposed Acquisition. The Board will continue to exercise due care and take appropriate measures such as, amongst others, identifying and evaluating the risks in planning and integrating the business operations of IPSB with Econframe Group's existing business operations

5.7 Foreign exchange risk

As at LPD, IPSB's products are primarily exported to overseas markets i.e. UK and Australia, whereby the revenue generated from UK are denominated in USD whilst the revenue generated from Australia are denominated in RM.

For the past 3 FYEs 31 December 2021, 2022 and 2023 and 9-month FPE 30 September 2024, the purchase of raw materials from IPSB's overseas suppliers which are transacted in USD and Euro, represented 33.7%, 38.7%, 43.0% and 53.8% of IPSB's cost of sales respectively.

As the sales and purchases of IPSB are denominated in foreign currencies, any fluctuation of the said foreign currencies against the RM may impact the profits or the financial position of Econframe Group. For the FYE 31 December 2023, IPSB recorded a realised gain on foreign exchange of RM0.8 million.

There can be no assurance that fluctuations in foreign exchange rates will not have a material and adverse effect on Econframe Group's financial performance caused by fluctuations in the exchange rate of the foreign currencies. IPSB will coordinate the foreign currency sales and purchases to be in the same currency to the best extent possible, in order to minimise such foreign exchange exposure as a form of natural hedging. In the past, IPSB had also entered into forward exchange contracts to hedge its exposure to foreign exchange risks as at when required.

Econframe Group will continue to assess IPSB's foreign exchange exposure and will take appropriate measures to minimise foreign exchange rate exposures, which may include, implementing a hedging policy.

5.8 Impairment risk

Econframe Group is expected to recognise goodwill arising from the Proposed Acquisition, the amount of which will depend on the fair value of the assets and liabilities as at the completion of the Proposed Acquisition. Any fair value adjustments allocated to the identifiable assets and liabilities of IPSB subsequent to the initial recognition of the goodwill will require a need for Econframe to undertake impairment on the goodwill recognised. Depending on the quantum of such impairment, there might potentially be a material and adverse effect on the enlarged Econframe Group's financial position and earnings.

Econframe Group seeks to mitigate such risk by closely monitoring the financial performance of IPSB and implement appropriate strategies towards the achievement of financial target of IPSB.

5.9 Political, economic and regulatory factors

Any adverse developments in the political, economic and regulatory conditions in Malaysia, the UK and Australia could materially and adversely affect the enlarged Econframe Group's business, financial performance, and prospects. Political and economic uncertainties include but are not limited to, a switch in political leadership and/or changes in the government's policies, interest rates, monetary and fiscal policy and licensing regulations and economic downturn. These factors are generally beyond the management's control.

Econframe Group seeks to manage such risks by monitoring the operating environment and reviewing business strategies in response to such adverse developments. There can be no assurance that adverse changes to the political, regulatory and economics conditions would not have a material impact on Econframe Group's operations and financial performance.

6. EFFECTS OF THE PROPOSED ACQUISITION

For illustrative purposes, the effects of the Proposed Acquisition on the issued share capital, earnings and EPS, NA, NA per Share and gearing as well as substantial shareholders' shareholdings of Econframe have been illustrated based on the following scenarios:-

- Minimum Scenario** : Assuming none of the 129,929,548 outstanding Warrants as at LPD are exercised into new Econframe Shares prior to the completion of the Proposed Acquisition.
- Maximum Scenario** : Assuming all of the 129,929,548 outstanding Warrants as at LPD are exercised into new Econframe Shares prior to the completion of the Proposed Acquisition.

6.1 Issued share capital

The proforma effects of the Proposed Acquisition on the issued share capital of Econframe are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM'000	No. of Shares	RM'000
Share capital as at LPD	368,030,220	66,580	368,030,220	66,580
Issuance of new Shares pursuant to the full exercise of the Warrants	-	-	129,929,548	^(a) 54,570
	<u>368,030,220</u>	<u>66,580</u>	<u>497,959,768</u>	<u>121,150</u>
Consideration Shares to be issued pursuant to the Proposed Acquisition	16,500,000	^(b) 9,327	16,500,000	^(b) 9,327
Enlarged share capital after the Proposed Acquisition	<u>384,530,220</u>	<u>75,907</u>	<u>514,459,768</u>	<u>130,477</u>

Notes:-

- (a) Assuming full exercise of 129,929,548 outstanding Warrants at the exercise price of RM0.42 per Warrant.
- (b) Computed based on 16,500,000 Consideration Shares to be issued at the Issue Price of RM0.5653 per Consideration Share.

For information, the Company does not hold any treasury shares as at LPD.

6.2 NA, NA per Share and gearing

For information, the financial statements of IPSB had been prepared in accordance with Malaysian Private Entities Reporting Standard while the financial statements of Econframe Group had been prepared in accordance with Malaysian Financial Reporting Standards. The proforma effect of the Proposed Acquisition on the NA below had not taken into consideration the impact of the differential in the adopted accounting standards.

Econframe Group is of the view that the difference between the accounting standards adopted by IPSB and Econframe Group will not have a material impact to the Group's financial position in view that the Group would require to carry out assessment to measure all the assets and liabilities at fair value and any difference will then be recognised as goodwill or bargain purchase. Econframe Group is allowed for a measurement period of not exceeding one year from the completion of the Proposed Acquisition to identify and measure identifiable assets acquired, liabilities assumed, purchase consideration and the resulting goodwill or bargain purchase.

For illustrative purposes, the proforma effect of the Proposed Acquisition on the NA, NA per share and gearing of Econframe Group based on its latest audited consolidated financial statements for the FYE 31 August 2024 and IPSB's latest audited financial statements for the FYE 31 December 2023 is as follows:-

Minimum Scenario

	Audited as at 31 August 2024	Subsequent events^(a)	After the Proposed Acquisition
	RM'000	RM'000	RM'000
Share capital	65,126	66,580	^(b) 75,907
Revaluation reserve	9,123	9,123	9,123
Reorganisation reserve	(25,825)	(25,825)	(25,825)
Retained earnings	65,858	65,858	^(c) 65,208
Equity attributable to the owners of the Company / NA	114,282	115,736	124,413
Non-controlling interest	4,743	4,743	4,743
Total equity	119,025	120,479	129,156
Number of Econframe Shares in issue ('000)	364,568	368,030	^(b) 384,530
NA per Share (RM)	0.31	0.31	0.32
Borrowings	9,150	9,150	^(d) 38,246
Gearing (times)	0.08	0.08	0.30

Maximum Scenario

	Audited as at 31 August 2024	Subsequent events^(a)	(I) Assuming full exercise of the Warrants	(II) After (I) and the Proposed Acquisition
	RM'000	RM'000	RM'000	RM'000
Share capital	65,126	66,580	^(e) 121,150	^(b) 130,477
Revaluation reserve	9,123	9,123	9,123	9,123
Reorganisation reserve	(25,825)	(25,825)	(25,825)	(25,825)
Retained earnings	65,858	65,858	65,858	^(c) 65,208
Equity attributable to the owners of the Company / NA	114,282	115,736	170,306	178,983
Non-controlling interest	4,743	4,743	4,743	4,743
Total equity	119,025	120,479	175,049	183,726
Number of Econframe Shares in issue ('000)	364,568	368,030	^(e) 497,960	^(b) 514,460
NA per Share (RM)	0.31	0.31	0.34	0.35
Borrowings	9,150	9,150	9,150	^(d) 38,246
Gearing (times)	0.08	0.08	0.05	0.21

Notes:-

- (a) After taking into consideration the issuance of 3,461,800 new Econframe Shares arising from the exercise of the Warrants at the exercise price of RM0.42 per Warrant from 1 September 2024 up to LPD.

- (b) Issuance of 16,500,000 Consideration Shares at the Issue Price of RM0.5653 per Consideration Share upon completion of the Proposed Acquisition.
- (c) After deducting the estimated expenses of RM650,000 in relation to the Proposals.
- (d) After incorporating the following:-
 - (i) the borrowings (including hire purchase) of IPSB of RM0.7 million based on the audited financial statements of IPSB for the FYE 31 December 2023; and
 - (ii) estimated bank borrowings of RM28.4 million to be obtained to partly fund the Cash Consideration for the Proposed Acquisition.
- (e) Assuming full exercise of 129,929,548 outstanding Warrants at the exercise price of RM0.42 per Warrant.

6.3 Earnings and EPS

The actual impact of the Proposed Acquisition on the consolidated earnings and EPS of Econframe moving forward will depend on, amongst others, the market conditions and the successful integration of the operations of IPSB into the Group. Nevertheless, the Proposed Acquisition are expected to be earnings accretive and contribute positively to the future earnings of Econframe Group upon completion.

The proforma effects of the Proposed Acquisition on Econframe Group's earnings and EPS based on the audited consolidated financial statements for the FYE 31 August 2024 (assuming that the Proposed Acquisition had been completed at the beginning of the financial year) are as follows:-

	Audited as at 31 August 2024	After the Proposed Acquisition	
		Minimum Scenario	Maximum Scenario
	RM'000	RM'000	RM'000
PAT attributable to the owners of the Company	10,962	10,962	10,962
Add: Audited PAT of IPSB for the FYE 31 December 2023	-	4,700	4,700
Less: Interest cost to be incurred on the new bank borrowings to be drawdown to partly fund the Cash Consideration	-	^(a) (1,366)	^(a) (1,366)
Less: Estimated expenses in relation to the Proposals	-	(650)	(650)
Proforma earnings	10,962	13,646	13,646
Number of Shares ('000)	364,568	^(b) 384,530	^(c) 514,460
EPS (sen)	3.01	3.55	2.65

Notes:-

- (a) Assuming annual interest cost of approximately RM1.4 million (based on an assumed interest rate of 5.1% per annum) for the new borrowings to be drawdown to partly fund the Cash Consideration for the Proposed Acquisition.

- (b) After taking into consideration the following:-
- (i) the issuance of 3,461,800 new Econframe Shares arising from the exercise of the Warrants at the exercise price of RM0.42 per Warrant from 1 September 2024 up to LPD; and
 - (ii) the issuance of 16,500,000 Consideration Shares at the Issue Price of RM0.5653 per Consideration Share upon completion of the Proposed Acquisition.
- (c) After taking into consideration the following:-
- (i) assuming full exercise of 129,929,548 outstanding Warrants at the exercise price of RM0.42 per Warrant;
 - (ii) the issuance of 3,461,800 new Econframe Shares arising from the exercise of the Warrants at the exercise price of RM0.42 per Warrant from 1 September 2024 up to LPD; and
 - (iii) the issuance of 16,500,000 Consideration Shares at the Issue Price of RM0.5653 per Consideration Share upon completion of the Proposed Acquisition.

6.4 Substantial shareholders' shareholdings

For illustrative purposes, the proforma effects of the Proposed Acquisition on shareholdings of the substantial shareholders of Econframe and the Vendors based on the Record of Depositors maintained by Bursa Depository as at LPD are as follows:-

Minimum Scenario

	As at LPD				After the Proposed Acquisition			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(a)%	No. of Shares	(a)%	No. of Shares	(b)%	No. of Shares	(b)%
Lim Chin Horng	51,389,647	14.0	-	-	51,389,647	13.4	-	-
Dato' Hooi Jia Hao	44,288,800	12.0	(c)5,167,100	1.4	44,288,800	11.5	(c)5,167,100	1.3
Perintis Amanah Berhad (formerly known as Infinity Trustee Berhad)	27,000,000	7.3	-	-	27,000,000	7.0	-	-
Vendors ^(d)	-	-	-	-	16,500,000	4.3	-	-

Maximum Scenario

	As at LPD				(I) Assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(a)%	No. of Shares	(a)%	No. of Shares	(e)%	No. of Shares	(e)%
Lim Chin Horng	51,389,647	14.0	-	-	64,782,470	13.0	-	-
Dato' Hooi Jia Hao	44,288,800	12.0	(c)5,167,100	1.4	60,640,100	12.2	(c)6,236,000	1.3
Perintis Amanah Berhad (formerly known as Infinity Trustee Berhad)	27,000,000	7.3	-	-	40,500,000	8.1	-	-
Vendors ^(d)	-	-	-	-	-	-	-	-

	(II) After (I) and the Proposed Acquisition			
	Direct		Indirect	
	No. of Shares	^(f) %	No. of Shares	^(f) %
Lim Chin Horng	64,782,470	12.6	-	-
Dato' Hooi Jia Hao	60,640,100	11.8	^(c) 6,236,000	1.2
Perintis Amanah Berhad (formerly known as Infinity Trustee Berhad)	40,500,000	7.9	-	-
Vendors ^(d)	16,500,000	3.2	-	-

Notes:-

- (a) Based on 368,030,220 issued Shares as at LPD.
- (b) Based on 384,530,220 issued Shares after the issuance and allotment of 16,500,000 Consideration Shares upon completion of the Proposed Acquisition.
- (c) Deemed interested by virtue of his interest in Sea Capital Holdings Sdn. Bhd. and SK Grand Group Sdn. Bhd.
- (d) Collectively, the aggregated shareholdings of the Vendors.
- (e) Based on 497,959,768 issued Shares assuming the full exercise of the 129,929,548 outstanding Warrants.
- (f) Based on 514,459,768 issued Shares assuming the full exercise of the 129,929,548 outstanding Warrants and after the issuance and allotment of 16,500,000 Consideration Shares upon completion of the Proposed Acquisition.

6.5 Public shareholding spread

The public shareholding spread of Econframe based on the Record of Depositors maintained by Bursa Depository as at LPD is approximately 65.0% held by 1,631 public shareholders.

The changes in the public shareholdings spread of Econframe based on the Record of Depositors maintained by Bursa Depository as at LPD, pursuant to the Proposed Acquisition are as follows:

Minimum Scenario

	As at LPD	After the Proposed Acquisition
Number of public shareholders	1,631	1,638
Public shareholding spread	65.0%	64.4%

Maximum Scenario

	As at LPD	(I) Assuming full exercise of the Warrants	(II) After (I) and Proposed Acquisition
Number of public shareholders	1,631	2,053	2,060
Public shareholding spread	65.0%	64.2%	63.8%

6.6 Convertible securities

As at LPD, save for the 129,929,548 outstanding Warrants, the Company does not have any existing convertible securities. For the avoidance of doubt, the Proposed Acquisition will not result in any adjustments to the exercise price of the Warrants.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Econframe Shares as traded on Bursa Securities for the past 12 months from March 2024 to February 2025 are as follows:

	<u>High</u>	<u>Low</u>
	RM	RM
<u>2024</u>		
March	0.835	0.750
April	0.820	0.750
May	0.770	0.660
June	0.720	0.655
July	0.720	0.615
August	0.695	0.550
September	0.680	0.655
October	0.670	0.570
November	0.600	0.535
December	0.595	0.560
<u>2025</u>		
January	0.580	0.540
February	0.575	0.550

The last transacted market price of Econframe Shares on LTD 0.570

The last transacted market price of Econframe Shares as at LPD 0.535

(Source: Bloomberg)

8. APPROVALS REQUIRED AND CONDITIONALITY

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

- (i) the approval of Bursa Securities for the listing and quotation of 16,500,000 Consideration Shares to be issued pursuant to the Proposed Acquisition, on the ACE Market of Bursa Securities

The approval of Bursa Securities for the above had been obtained vide its letter dated 11 March 2025, subject to the following conditions:-

<u>No.</u>	<u>Conditions</u>	<u>Status of compliance</u>
1.	Econframe and Malacca Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition;	To be complied.
2.	Econframe and Malacca Securities to inform Bursa Securities upon the completion of the Proposed Acquisition;	To be complied.

No.	Conditions	Status of compliance
3.	Econframe to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition is completed;	To be complied.
4.	Compliance by Econframe with the public shareholding spread upon completion of the Proposed Acquisition. In this connection, Malacca Securities is to furnish a schedule containing the information set out in Appendix 8E, Chapter 8 of the Listing Requirements to Bursa Securities, prior to the allotment and issuance of the Consideration Shares; and	To be complied.
5.	Econframe to furnish Bursa Securities with a certified true copy of the resolution passed by the shareholders in a general meeting approving the Proposed Acquisition.	To be complied.

- (ii) the approval of the shareholders of the Company for the Proposed Acquisition at the Company's forthcoming EGM.

For information, in accordance with Section 85 of the Act and Clause 16.6 of the Constitution of the Company, the shareholders of the Company have pre-emptive rights to be offered the new Econframe Shares to be issued pursuant to the Proposed Acquisition. In the event the resolution for the Proposed Acquisition is approved by shareholders of the Company at the Company's forthcoming EGM, the shareholders of the Company will be waiving their pre-emptive rights under Section 85 of the Act and Clause 16.6 of the Constitution of the Company, and thus the shareholders' percentage shareholdings in the Company will be correspondingly diluted upon completion of the Proposed Acquisition.

- (iii) the approval from MIDA for the change in shareholders of IPSB pursuant to the Proposed Acquisition.

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

The Proposed Acquisition is not conditional upon any other corporate exercises/schemes or proposals undertaken or to be undertaken by Econframe.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED

None of the Directors, chief executive, major shareholders of the Company and/or any persons connected with them have any direct or indirect interest in relation to the Proposed Acquisition.

10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

As at LPD, save for the Proposed Acquisition and Proposed Share Buy-Back, the Company does not have any outstanding corporate exercises that have been announced but pending completion.

11. HIGHEST PERCENTAGE RATIO FOR THE PROPOSED ACQUISITION

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements is approximately 49.0%, computed based on the Purchase Consideration of RM56.0 million over the audited NA of Econframe as at 31 August 2024 of RM114.3 million.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed Acquisition, including but not limited to the terms and conditions of the SSA, rationale, financial effects, basis and justification in arriving at the Purchase Consideration and risk factors of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

Accordingly, the Board recommends that the shareholders of Econframe vote in favour of the resolution pertaining to the Proposed Acquisition to be tabled at the Company's forthcoming EGM.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities and shareholders being obtained and conditions precedent of the SSA being met, the Proposed Acquisition is expected to be completed in the 2nd quarter of the calendar year 2025.

The tentative timeline for the Proposed Acquisition is as follows:

<u>Tentative timeline</u>	<u>Key milestones</u>
30 April 2025	<ul style="list-style-type: none">• EGM
End May 2025	<ul style="list-style-type: none">• Fulfilment of all conditions precedent of the SSA
Mid June 2025	<ul style="list-style-type: none">• Completion of the Proposed Acquisition• Listing and quotation of the Consideration Shares

14. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Putra Room, Sultan Abdul Aziz Shah Golf & Country Club, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Wednesday, 30 April 2025 at 10:30 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolution to give effect to the Proposed Acquisition.

If the shareholders are unable to attend and vote in person at the EGM, please complete and return the enclosed Form of Proxy in accordance with the instructions contained, to be deposited at the Company's registered office at c/o Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or via electronic means at info@sshshb.com.my not less than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude the shareholders from attending and voting in person at the EGM should he/she subsequently wish to do so.

15. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board
ECONFRAME BERHAD

LIM CHIN HORNG
Managing Director

PART B

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE
PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS
OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED
SHARES OF THE COMPANY**



ECONFRAME BERHAD

Registration No. 201901042935 (1352265-T)
Incorporated in Malaysia

Registered Office:

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

2 April 2025

Board of Directors:

Robert Koong Yin Leong (*Independent Non-Executive Chairman*)
Lim Chin Horng (*Managing Director*)
Lim Saw Nee (*Non-Independent Non-Executive Director*)
Lim Foo Seng (*Non-Independent Non-Executive Director*)
Tan Hock Soon (*Senior Independent Non-Executive Director*)
Ilham Fadilah Binti Sunhaji (*Independent Non-Executive Director*)
Chan Soon Tat (*Independent Non-Executive Director*)

To: The shareholders of Econframe

Dear Sir/Madam,

PROPOSED SHARE BUY-BACK

1. INTRODUCTION

On 23 January 2025, Malacca Securities had on behalf of the Board, announced that the Company proposes to seek the shareholders' approval for the authority for the Company to purchase its own Shares of up to 10% of the total number of issued Shares at any time during the period the authority is granted, at the Company's forthcoming EGM.

THE PURPOSE OF THIS STATEMENT IS TO PROVIDE THE COMPANY'S SHAREHOLDERS WITH THE RELEVANT INFORMATION ON THE PROPOSED SHARE BUY-BACK AND TO SEEK SHAREHOLDERS' APPROVAL FOR THE RESOLUTION ON THE PROPOSED SHARE BUY-BACK TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board proposes to seek its shareholders' approval for the authority for the Company to purchase its own Shares of up to 10% of the total number of issued Shares at any point in time, subject to the compliance with the Act, the Listing Requirements and any prevailing laws, rules, regulations, guidelines and other requirement by the relevant authorities.

The approval from the shareholders for the Proposed Share Buy-Back, shall be effective immediately upon passing of the ordinary resolution for the Proposed Share Buy-Back at the Company's forthcoming EGM and will continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time the authority shall lapse unless by an ordinary resolution passed at the general meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

The approval from the shareholders for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own Shares but rather it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the above time period.

2.1 Quantum

The maximum number of Shares which may be purchased or held as treasury shares by the Company shall not exceed 10% of the total number of issued Shares at any point in time.

As at LPD, the total issued share capital of the Company is RM66,580,361 comprising 368,030,220 Shares. For illustrative purposes, the maximum number of Shares that may be purchased or held as treasury shares by the Company is 36,803,022 Shares, representing 10% of the total issued Shares as at LPD.

The actual number of Shares to be purchased by the Company and the timing of such purchase will depend on, amongst others, the prevailing market conditions and sentiments as well as the retained profits and financial resources of the Company at the time of the purchase(s). The Proposed Share Buy-Back shall only be effected on the open market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities. The purchase of Shares under the Proposed Share Buy-Back will be carried out through Bursa Securities via stockbroker(s) to be appointed by the Board at a later date.

2.2 Funding

The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of the retained earnings of the Company at the time of purchase.

The Company recorded retained earnings of RM0.13 million and RM7.83 million based on the latest audited consolidated financial statements for the FYE 31 August 2024 and unaudited consolidated financial statements for the 3-month FPE 30 November 2024 respectively.

The Proposed Share Buy-Back will be funded through internally generated funds and/or bank borrowings, the breakdown of which will be determined later depending on the actual number of Shares to be purchased, the purchase price(s) and other relevant cost factors as well as availability of funds at the time of purchase(s). In the event the purchase of Shares is to be partly financed by bank borrowings, the Board will ensure that it has capability of repaying the borrowings and the repayment of borrowings will not have any material effect on the Company's cash flows.

2.3 Treatment of purchased Shares

In accordance with Section 127(4) of the Act, the Board may deal with the purchased Shares in the following manner:-

- (i) to cancel the purchased Shares;
- (ii) to retain the purchased Shares as treasury shares;
- (iii) to retain part of the purchased Shares as treasury shares and cancel the remainder of the purchased Shares; or
- (iv) in any other manner as may be prescribed by the Act, the Listing Requirements and any other relevant authorities for the time being in force.

Accordingly, based on Section 127(7) of the Act, where such purchased Shares are held as treasury shares, the Board may, at its discretion:

- (i) distribute the purchased Shares as dividends to shareholders, such dividends to be known as "share dividends";
- (ii) resell the Purchased Shares or any of the purchased Shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the purchased Shares, or any of the purchased Shares for the purposes of or under an employees' share scheme;
- (iv) transfer the purchased Shares, or any of the purchased Shares as purchase consideration;
- (v) cancel the purchased Shares or any of the purchased Shares;
- (vi) sell, transfer or otherwise use the purchased Shares for such other purposes as the minister charged with the responsibility for companies may by order prescribe; and/or
- (vii) in any other manner permitted by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

Under Section 127(8) of the Act, if the purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distribution in cash or otherwise is suspended. In accordance with Section 127(9) of the Act, the treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, quorum for a meeting and result of a vote on resolution(s) at meetings.

The decision on whether to retain the purchased Shares as treasury shares, or to cancel the purchased Shares or a combination of both, will be made by the Board at the appropriate time. The Company will make an immediate announcement to Bursa Securities of any purchase or resale of Shares and whether the purchased Shares will be cancelled or retained as treasury shares or a combination of both.

2.4 Pricing

Pursuant to the Listing Requirements, the Company may only purchase its own Shares at a price which is not more than 15% above the 5-day VWAP of Econframe Shares immediately preceding the date of any purchase(s).

In the case of a resale or transfer of the treasury shares on Bursa Securities, the Company may only resell any treasury shares at:

- (i) a price which is not less than the 5-day VWAP of Econframe Shares immediately prior to the date of the resale or transfer; or
- (ii) a discounted price of not more than 5% to the 5-day VWAP of Econframe Shares immediately prior to the date of the resale or transfer, provided that:
 - (a) the resale or transfer takes place not earlier than 30 days from the date of the purchase; and
 - (b) the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

2.5 Purchase, resale, transfer or cancellation of Shares made in the preceding 12 months

Given that this is the first time the Company is seeking authority from the shareholders for the Proposed Share Buy-Back, the Company does not currently hold any treasury shares and has not purchased, resold, transferred or cancelled any Shares during the last 12 months preceding the LPD.

2.6 Public shareholding spread

The Proposed Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including in compliance with the 25% public shareholding spread as required under Rule 8.02(1) of the Listing Requirements.

As at LPD, the public shareholding spread of the Company based on 368,030,220 Shares was 65.0%. The public shareholding spread of the Company is expected to reduce to 61.1% assuming the Company implements the Proposed Share Buy-Back in full i.e. up to 10% of the existing number of issued Shares of the Company with the Shares purchased from public shareholders and none of the 129,929,548 outstanding Warrants as at LPD are exercised.

In this regard, the Board will ensure that the Proposed Share Buy-Back will be implemented in a manner that will not result in a breach of Rule 12.14 of the Listing Requirements, which states that a listed company must not purchase its own shares on Bursa Securities if that purchase(s) will result in the listed company being in breach of the 25% public shareholding spread requirements as set out in Rule 8.02(1) of the Listing Requirements.

3. RATIONALE

The Proposed Share Buy-Back will enable the Company to utilise its surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the open market at market prices which the Board views as favourable to help stabilise the supply and demand of Shares traded on the Bursa Securities and thereby support its fundamental value.

Assuming all things being equal, any purchase of Shares, regardless whether the purchased Shares were retained as treasury shares or cancelled, would result in a lower number of Shares being used for the purpose of computing the EPS. The reduced issued share capital subsequent to the Proposed Share Buy-Back may improve the Company's EPS, which in turn could be expected to benefit the shareholders.

The purchased Shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:

- (i) allows the Company to take preventive measures against speculation, particularly when the Shares are undervalued and this would, in turn, stabilise the market price of the Shares and hence, enhance investors' confidence;
- (ii) allows the Company the flexibility to achieve the desired capital structure, in terms of debt and equity composition and size of equity;
- (iii) provides the Company with opportunities for potential gains if the purchased Shares which are retained as treasury shares, are resold at a higher price than they were bought for; and
- (iv) serves to reward the shareholders of the Company and/or eligible employees if the purchased Shares which are retained as treasury shares, are distributed as share dividends to the shareholders and/or issued under an employees' share scheme.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:

- (i) reduces the financial resources of the Company, which may result in the Company foregoing feasible investment opportunities that may emerge in the future;
- (ii) loss of interest income that may be derived from other alternative uses of such funds such as deposit of funds in interest bearing instruments; and
- (iii) reduces the financial resources available for distribution of dividends to shareholders in the immediate future as the funds to be allocated for the Proposed Share Buy-Back must be made out of retained earnings of the Company.

Notwithstanding the above, the Board is of the view that the Proposed Share Buy-Back is not expected to have any material disadvantages to the Company and its shareholders, as it will be implemented only after due consideration of the financial resources of the Company and the resultant impact to the Company and its shareholders. The Board, in exercising any decision to purchase any of the shares, will be mindful of the Company's and its shareholders' interest.

5. EFFECTS OF THE PROPOSED SHARE BUY-BACK

For illustrative purposes, the effects of the Proposed Share Buy-Back on the issued share capital, earnings and EPS, NA, NA per Share and gearing as well as substantial shareholders' shareholdings of the Company have been illustrated based on the following scenarios:-

Minimum Scenario : Assuming that the Proposed Share Buy-Back is undertaken in full and none of the 129,929,548 outstanding Warrants as at LPD are exercised.

Maximum Scenario : Assuming that:-

- (i) the Proposed Share Buy-Back is undertaken in full;
- (ii) the issuance of 16,500,000 Consideration Shares pursuant to the completion of the Proposed Acquisition; and
- (iii) all of the 129,929,548 outstanding Warrants as at LPD are exercised into new Econframe Shares.

5.1 Issued share capital

The effects of the Proposed Share Buy-Back on the issued share capital of the Company will depend on the intention of the Board with regards to the treatment of the purchased Shares:

- (i) if the purchased Shares are cancelled, it will result in a reduction on the total number of Shares;
- (ii) if the purchased Shares are resold or distributed to shareholders, it will not have any effect on the total number of Shares; and
- (iii) if the purchased Shares are retained as treasury shares, it will not have any effect on the total number of Shares. Nevertheless, the rights as to voting, dividends and participation in other distributions and otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of Shares for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

For illustrative purposes, the effects of the Proposed Share Buy-Back on the issued share capital of the Company, assuming 10% of the Company's existing number of Shares are purchased and cancelled, are as follows:

	Minimum Scenario	Maximum Scenario
	No. of Shares	No. of Shares
Share capital as at LPD	368,030,220	368,030,220
Issuance of new Shares pursuant to the exercise of the Warrants	-	129,929,548
Enlarged share capital assuming full exercise of Warrants	368,030,220	497,959,768
Consideration Shares to be issued pursuant to the Proposed Acquisition	-	16,500,000
Enlarged share capital after the Proposed Acquisition	368,030,220	514,459,768
Less:		
Maximum number of Shares which may be purchased and cancelled pursuant to the Proposed Share Buy-Back	(36,803,022)	(51,445,976)
Resultant number of issued Shares	331,227,198	463,013,792

5.2 NA, NA per Share and gearing

The effects of the Proposed Share Buy-Back on the NA of Econframe Group will depend on, amongst others, the actual number of Shares purchased, purchase price of the Shares, the effective funding cost, if any, and the subsequent treatment of the Shares purchased.

The NA of Econframe Group will decrease if the purchase price of the purchased Shares exceeds the NA per Share at the time of purchase and vice versa.

The NA of Econframe Group will decrease if the purchased Shares are cancelled.

The NA of Econframe Group will decrease by the cost of the treasury shares due to the requirement for treasury shares to be carried at cost and be offset against equity if the purchased Shares are retained as treasury shares.

Should the purchased Shares be held as treasury shares and subsequently resold, the NA per Share of Econframe Group will increase if the Company realises a gain from the resale and vice versa.

Should the treasury shares be distributed as share dividends or issued under an employees' share scheme, the NA per Share of Econframe Group will decrease by the cost of the treasury shares.

5.3 Working capital

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital and cash flow of Econframe Group, the quantum of which will depend on, amongst others, the actual number of Shares purchased, purchase price of the Shares, the effective funding cost, if any.

For purchased Shares retained as treasury shares, upon resale of such purchased Shares, the working capital and cash flow of Econframe Group will increase assuming that a gain has been realised, the quantum of which will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

5.4 Earnings and EPS

The effects of the Proposed Share Buy-Back on the earnings and EPS of Econframe Group will depend on, amongst others, the number of purchased Shares, purchase price of the purchased Shares and the effective funding cost, if any. Nevertheless, all things being equal, assuming the purchased Shares are retained as treasury shares or cancelled, the Proposed Share Buy-Back is expected to increase the EPS of Econframe Group as treasury shares or cancelled shares shall not be taken into account in calculating the number of Shares for the computation of EPS.

If the purchased Shares are treated as treasury shares and subsequently resold, the extent of the effect to the earnings of Econframe Group will depend on, amongst others, the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising.

5.5 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

For illustrative purposes, the effects of the Proposed Share Buy-Back on shareholdings of the Directors and substantial shareholders of the Company based on the Record of Depositors maintained by Bursa Depository as at LPD are as follows:-

Minimum Scenario

	As at LPD				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(a)%	No. of Shares	(a)%	No. of Shares	(b)%	No. of Shares	(b)%
Robert Koong Yin Leong	50,000	*	-	-	50,000	*	-	-
Lim Chin Horng**	51,389,647	14.0	-	-	51,389,647	15.5	-	-
Lim Saw Nee	826,388	0.2	-	-	826,388	0.2	-	-
Lim Foo Seng	-	-	-	-	-	-	-	-
Tan Hock Soon	50,000	*	-	-	50,000	*	-	-
Ilham Fadilah Binti Sunhaji	50,000	*	-	-	50,000	*	-	-
Chan Soon Tat	-	-	-	-	-	-	-	-
Dato' Hooi Jia Hao**	44,288,800	12.0	(c)5,167,100	1.4	44,288,800	13.4	(c)5,167,100	1.6
Perintis Amanah Berhad (formerly known as Infinity Trustee Berhad)**	27,000,000	7.3	-	-	27,000,000	8.2	-	-

Maximum Scenario

	As at LPD				(I) Assuming full exercise of Warrants			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(a)%	No. of Shares	(a)%	No. of Shares	(d)%	No. of Shares	(d)%
Robert Koong Yin Leong	50,000	*	-	-	75,000	*	-	-
Lim Chin Horng**	51,389,647	14.0	-	-	64,782,470	13.0	-	-
Lim Saw Nee	826,388	0.2	-	-	5,836,082	1.2	-	-
Lim Foo Seng	-	-	-	-	-	-	-	-
Tan Hock Soon	50,000	*	-	-	75,000	*	-	-
Ilham Fadilah Binti Sunhaji	50,000	*	-	-	75,000	*	-	-
Chan Soon Tat	-	-	-	-	-	-	-	-
Dato' Hooi Jia Hao**	44,288,800	12.0	(c)5,167,100	1.4	60,640,100	12.2	(c)6,236,000	1.3
Perintis Amanah Berhad (formerly known as Infinity Trustee Berhad)**	27,000,000	7.3	-	-	40,500,000	8.1	-	-

	(II)				(III)			
	After (I) and the Proposed Acquisition				After (II) and the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(e)%	No. of Shares	(e)%	No. of Shares	(f)%	No. of Shares	(f)%
Robert Koong Yin Leong	75,000	*	-	-	75,000	*	-	-
Lim Chin Horng**	64,782,470	12.6	-	-	64,782,470	14.0	-	-
Lim Saw Nee	5,836,082	1.1	-	-	5,836,082	1.3	-	-
Lim Foo Seng	-	-	-	-	-	-	-	-
Tan Hock Soon	75,000	*	-	-	75,000	*	-	-
Ilham Fadilah Binti Sunhaji	75,000	*	-	-	75,000	*	-	-
Chan Soon Tat	-	-	-	-	-	-	-	-
Dato' Hooi Jia Hao**	60,640,100	11.8	(c)6,236,000	1.2	60,640,100	13.1	(c)6,236,000	1.3
Perintis Amanah Berhad (formerly known as Infinity Trustee Berhad)**	40,500,000	7.9	-	-	40,500,000	8.7	-	-

Notes:-

* less than 0.1%

** Substantial shareholders

(a) Based on 368,030,220 issued Shares as at LPD.

(b) Based on 331,227,198 issued Shares, assuming the Proposed Share Buy-Back is undertaken in full and a maximum of 36,803,022 Shares are purchased from the open market, representing 10% of the total number of issued Shares of the Company of 368,030,220 Shares.

(c) Deemed interested by virtue of his interest in Sea Capital Holdings Sdn. Bhd. and SK Grand Group Sdn. Bhd.

(d) Based on 497,959,768 issued Shares assuming the full exercise of the 129,929,548 outstanding Warrants.

(e) Based on 514,459,768 issued Shares assuming the full exercise of the 129,929,548 outstanding Warrants and after issuance and allotment of 16,500,000 Consideration Shares upon completion of the Proposed Acquisition.

(f) Based on 463,013,792 issued Shares assuming the full exercise of the 129,929,548 outstanding Warrants, issuance and allotment of 16,500,000 Consideration Shares completion of the Proposed Acquisition and assuming the Proposed Share Buy-Back is undertaken in full and a maximum of 51,445,976 Shares are purchased from the open market, representing 10% of the total number of issued Shares of the Company of 514,459,768 Shares.

6. IMPLICATIONS TO THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2016

The Company does not intend to undertake the Proposed Share Buy-Back in a manner that will trigger any obligation to undertake a mandatory general offer pursuant to the Malaysian Code on Take-Overs and Mergers, 2016 (“Code”) and the Rules on Take-overs, Mergers and Compulsory Acquisitions (“Rules”).

In the event the Proposed Share Buy-Back results in any parties triggering a mandatory offer obligation under the Code and the Rules, which is an action outside their direct participation, the relevant parties shall make the necessary application to the Securities Commission Malaysia for a waiver to undertake a mandatory offer pursuant to the Rules.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Econframe Shares as traded on Bursa Securities for the past 12 months from March 2024 to February 2025 are as follows:

	<u>High</u>	<u>Low</u>
	RM	RM
<u>2024</u>		
March	0.835	0.750
April	0.820	0.750
May	0.770	0.660
June	0.720	0.655
July	0.720	0.615
August	0.695	0.550
September	0.680	0.655
October	0.670	0.570
November	0.600	0.535
December	0.595	0.560
<u>2025</u>		
January	0.580	0.540
February	0.575	0.550

The last transacted market price of Econframe Shares as at LPD 0.535

(Source: Bloomberg)

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Share Buy-Back is subject to the approval of the shareholders of the Company at the forthcoming EGM.

The Proposed Share Buy-Back is not conditional upon any other corporate exercises/schemes or proposals undertaken or to be undertaken by the Company.

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

Save for the proportionate increase in the percentage shareholdings and/or voting rights of the shareholdings as a consequence of the Proposed Share Buy-Back, none of the Directors, major shareholders of the Company and/or any persons connected with them have any direct or indirect interest in relation to the Proposed Share Buy-Back.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed Share Buy-Back, including but not limited to the rationale and effects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company.

Accordingly, the Board recommends that the shareholders of Econframe vote in favour of the resolution pertaining to the Proposed Share Buy-Back to be tabled at the Company's forthcoming EGM.

11. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Putra Room, Sultan Abdul Aziz Shah Golf & Country Club, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Wednesday, 30 April 2025 at 10:30 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolution to give effect to the Proposed Share Buy-Back.

If the shareholders are unable to attend and vote in person at the EGM, please complete and return the enclosed Form of Proxy in accordance with the instructions contained, to be deposited at the Company's registered office at c/o Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or via electronic means at info@sshshb.com.my not less than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude the shareholders from attending and voting in person at the EGM should he/she subsequently wish to do so.

12. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices of this Circular for further information.

Yours faithfully,
For and on behalf of the Board
ECONFRAME BERHAD

LIM CHIN HORNG
Managing Director

APPENDIX I – SALIENT TERMS OF THE SSA

The salient terms of the SSA are as follows:-

1. SALE AND PURCHASE OF THE SALE SHARES

The Vendors agree to sell and Econframe agree to purchase the Sale Shares for the Purchase Consideration upon the terms and subject to the conditions of the SSA.

2. PURCHASE CONSIDERATION**2.1 Mode of payment and satisfaction**

(a) Econframe and the Vendors agree that the entire Purchase Consideration to be paid for the Sale Shares will be satisfied wholly by Econframe as follows:-

No.	Description	Payment Milestone	Total Sum (RM)	
			Cash	Consideration Shares
1.	Earnest Deposit of RM1,000,000 only	Paid by Econframe to YCT (the authorised representative of the Vendors), the receipt of the same is duly acknowledged prior to the execution of the SSA i.e. on 11 November 2024.	RM1,000,000 in cash	Nil
2.	Balance Deposit of RM4,600,000 only	To be deposited by Econframe to Econframe's solicitors as stakeholder on the execution of the SSA pending the fulfilment or waiver of the conditions precedent as set out in Section 4 of this Appendix I; and Econframe's solicitors shall be authorised to release the Balance Deposit to the Vendors on the Unconditional Date.	RM4,600,000 in cash	Nil

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

No.	Description	Payment Milestone	Total Sum (RM)	
			Cash	Consideration Shares
3.	Balance Purchase Consideration of RM50,400,000 only (“ Balance Purchase Consideration ”)	To be paid by Econframe directly to the Vendors on the completion date of the Proposed Acquisition i.e. within 30 days upon the last conditions precedent of the SSA as stated in Section 4 of this Appendix I has been fulfilled or waived by Econframe and the Vendors.	RM31,072,545 in cash (“ Completion Sum ”)	RM9,327,455 through the issuance and allotment of the Consideration Shares
		To be withheld by Econframe pursuant to the Profit Guarantee.	RM10,000,000 in cash, being the Security Sum	Nil
TOTAL			RM46,672,545	RM9,327,455

- (b) The Earnest Deposit and Balance Deposit shall collectively be referred to as the “Deposit”; and shall form part of the payment towards the Purchase Consideration.
- (c) The value of the Consideration Shares has been rounded up to the nearest whole number.
- (d) For the avoidance doubt, the Vendors have agreed that the Earnest Deposit shall be paid to YCT only and Econframe shall have no liability whatsoever in respect of the Earnest Deposit being paid solely to YCT. In consideration of the foregoing, the Vendors agree to fully indemnify and hold harmless Econframe from and against any claims, liabilities, damages, or losses arising from or in connection with the payment of Earnest Deposit solely to YCT.

2.2 Profit Guarantee security

To secure compliance by the Vendors of its obligations under Section 3 of this Appendix I in respect of the Profit Guarantee, Econframe and the Vendors agree that a sum of RM10,000,000 forming part of the Purchase Consideration shall be withheld by Econframe as security for the Profit Guarantee and shall be dealt with and released to the Vendors in the manner stipulated under Section 3 of this Appendix I. Econframe shall provide a bank guarantee in favour of the Vendors for the sum of RM10,000,000 with a validity period up to 28 February 2027 (“**Bank Guarantee**”) to guarantee the payment of the Security Sum by Econframe as set out in Section 3 of this Appendix I.

3. PROFIT GUARANTEE

- 3.1 In consideration of Econframe acquiring the Sale Shares from the Vendors, and subject always to the completion of the sale and purchase of the Sale Shares by Econframe and the Vendors, the Vendors hereby irrevocably and unconditionally guarantees and undertakes to Econframe that IPSB shall achieve a PAT of not less than RM5,000,000 for Year 1 AND a minimum cumulative PAT of not less than RM10,000,000 for the Guaranteed Period, upon the terms and subject to the conditions below. For the avoidance of doubt, IPSB shall adopt the same financial year end (i.e., 31 August) and appoint the same auditors as Econframe post completion of the Proposed Acquisition.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

3.2 For the purpose of computation of the PAT and determination of the performance of the Profit Guarantee, the PAT shall be based on the following:-

- (a) for Year 1, it shall be based on the 4-month pro-rated audited PAT for the FYE 31 December 2024 and the 8-month audited PAT for the FPE 31 August 2025 and for Year 2, it shall be based on IPSB's audited financial statements for the relevant 12-month FPE prepared in accordance with the requirements of all applicable laws and the Malaysian Financial Reporting Standards as may be verified, approved and certified by the external auditors which shall in the absence of manifest error be conclusive, final and binding on Econframe and the Vendors; and
- (b) excluding profits or losses of a capital nature arising inter alia from the disposal of fixed assets, investments, plant and equipment or any other assets or which are not in the ordinary course of business made on realisation of shares, intellectual property, goodwill or real property, and profits and losses attributable to businesses, if any, acquired after the execution of the SSA.

3.3 In addition to Section 3.2 of this Appendix I, Econframe and the Vendors hereby agree that any New Business shall be excluded from computation of the PAT and determination of the performance of the Profit Guarantee. For the purposes of this Section, New Business shall mean any business activities proposed to be undertaken by IPSB that would constitute a diversification of IPSB's current business; and would require the prior approval of the Econframe's shareholders and clearance from Bursa Securities under the Listing Requirements.

For avoidance of doubt, all costs and expenses attributable to the New Business will be recorded in independent accounting segment, which includes revenues generated from new business, associated costs and expenses including but not limited to new employees comprising senior management staff and all levels of staff recruited. The cost and expense will be recorded by nature of where it belongs to. The final amount is determined according to the audited segment report of that year.

3.4 Econframe and the Vendors hereby agree that the Security Sum, or any part thereof, shall be released to the Vendors in the following manner:-

- (a) At the end of **Year 1**,
 - (i) In the event the PAT for Year 1 achieved by IPSB is equivalent or exceeds the Guaranteed Amount, Econframe shall pay RM5,000,000 from the Security Sum to the Vendors within 1 month from the date the Certified Account for Year 1 is made available.
 - (ii) In the event the PAT for Year 1 achieved by IPSB is less than the Guaranteed Amount, Econframe shall pay such amount of the Security Sum to the Vendors within 1 month from the date the Certified Account for Year 1 is made available, calculated based on the following formula:

Year 1 Formula for Security Sum
("A" / "B") x "C"

whereby,

A = PAT achieved for Year 1

B = RM5,000,000, being the Guaranteed Amount for Year 1

C = RM5,000,000 being the maximum amount of Security Sum for Year 1

- (iii) In the event IPSB records a LAT, no payment of Security Sum shall be made to the Vendors in respect of Year 1.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (iv) In respect of Year 1, Econframe and the Vendors further agree as follows:-
- (aa) if IPSB registers a PAT and the PAT is more than the Guaranteed Amount, then the excess between the Guaranteed Amount and the PAT shall be carried forward to Year 2 for the purpose of calculating the Guaranteed Target to be achieved by IPSB for the Guaranteed Period; and
 - (bb) if IPSB registers a PAT, but the PAT is less than the Guaranteed Amount; or a LAT, then the Shortfall between the Guaranteed Amount and the PAT or LAT, as the case maybe, shall be calculated in the following manner:-
 - where IPSB registers a PAT but the amount is less than the Guaranteed Amount, the Shortfall shall be the sum equivalent to the Guaranteed Amount minus the PAT of IPSB; or
 - where IPSB registers a LAT, the Shortfall shall be the sum equivalent to the Guaranteed Amount plus the LAT of IPSB;

whereby such Shortfall shall be carried forward to Year 2 for the purpose of calculating the Guaranteed Target to be achieved by IPSB for the Guaranteed Period.

- (b) At the end of **Year 2**,
- (i) In the event IPSB achieves a Cumulative PAT under the Guaranteed Period which is equivalent to or exceeds the Guaranteed Target, Econframe shall pay the Balance Security Sum to the Vendors within 1 month from the date the Certified Account for Year 2 is made available.
 - (ii) In the event IPSB achieves a Cumulative PAT which is less than the Guaranteed Target, the Vendors and Econframe agree such sum equivalent to the Deficiency between the Cumulative PAT and the Guaranteed Target shall be dealt with in the following manner:-
 - (aa) firstly, Econframe shall cover the Deficiency by forfeiting an amount from the Balance Security Sum equivalent to the Deficiency to offset the Deficiency; and
 - (bb) any remaining sum within the Balance Security Sum after the Cash Offset shall thereafter be paid to the Vendors.
 - (iii) The maximum amount of the Security Sum to be paid to the Vendors in Year 2 shall not be more than the Balance Security Sum held by Econframe.

3.5 For the avoidance of doubt:-

- (a) The Guaranteed Amount and/or Guaranteed Target is in respect of the PAT for 100% equity interest in IPSB.
- (b) The Security Sum to be paid by Econframe to the Vendors for Year 1 shall be limited to a maximum sum of RM5,000,000 notwithstanding the PAT achieved by IPSB for Year 1 is more than the Guaranteed Amount.
- (c) The Security Sum to be paid by Econframe to the Vendors for the Guaranteed Period shall be limited to a maximum amount of RM10,000,000 notwithstanding the PAT achieved by IPSB for Year 1 and Year 2 in cumulative is more than the Guaranteed Target.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (d) If the Deficiency shall be more than the Balance Security Sum in Year 2, i.e. IPSB have registered a cumulative LAT for the Guaranteed Period, it is agreed between Econframe and the Vendors that the Vendors shall not be required to pay or compensate Econframe any additional monies for the loss incurred.
- (e) The Certified Accounts shall be deemed to have made available upon its filing with the Companies Commission of Malaysia.

4. CONDITIONS PRECEDENT

4.1 The SSA shall be conditional upon the following being obtained and/or fulfilled within the date falling 4 months after the date of the SSA with an automatic extension of another 2 months or such other date as Econframe and the Vendors may mutually agree in writing for the conditions precedent set out in this Section 4 of Appendix I ("**Conditions Precedent**") to be fulfilled or obtained or mutually agreed to be waived by Econframe and the Vendors ("**Cut-Off Period**") by Econframe and Vendors:-

- (a) By Econframe
 - (i) the receipt of approval from the Board and shareholders of Econframe for the Proposed Acquisition and the issuance of the Consideration Shares in favour of the Vendors;
 - (ii) the receipt of approval from Bursa Securities for the listing and quotation of the Consideration Shares on the ACE Market of Bursa Securities;
- (b) By the Vendors
 - (i) the receipt of approval from the Board of IPSB for the Proposed Acquisition;
 - (ii) the receipt of written approval from MIDA for change in the shareholders of IPSB by virtue of the sale of the Sale Shares to Econframe under the SSA;
 - (iii) the receipt of written approval from Public Bank Berhad and Malayan Banking Berhad, all being lenders who have provided existing banking and/or credit facilities to IPSB ("**IPSB's Financial Institutions**") for the following matters, where the terms of such banking and/or credit facilities expressly require the prior approval of the said banks or financial institutions, as the case may be, for the implementation of any of the following matters:-
 - (aa) discharge of the existing personal guarantees given by YCT, LKC and/or any of the Vendors to IPSB's Financial Institutions and to substitute with a security(ies) to be provided by Econframe to IPSB's Financial Institutions on the completion of the Proposed Acquisition;
 - (bb) change in the directors/management of IPSB, to cater for the appointment of the nominee(s) of Econframe on the board of directors of IPSB; and
 - (cc) change in the shareholders and shareholdings of the shareholders of IPSB, as a result of the sale of the Sale Shares to Econframe under the SSA,

for the avoidance of doubt, no written approval from the IPSB's Financial Institutions is required in the event the existing banking and/or credit facilities of IPSB are cancelled or settled in full, provided documentary evidence of such settlement is provided to Econframe's solicitors;

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (iv) opening of a bank account with CIMB Islamic Bank Berhad by each of the Vendors; and
- (v) written confirmation from IPSPB's solicitors on the settlement or otherwise disposal of the outstanding legal summon (Suit No.: AA-63-2-01/2025) initiated against the Company in the Sessions Court of Ipoh for unauthorised storage of diesel fuel without a permit under the Control of Supplies Act, 1961 and/or Control of Supplies Regulations, 1974.

Econframe and the Vendors may mutually agree to waive in writing any Conditions Precedent (or condition attached thereto) at any time, save for the Conditions Precedent which is required under the laws and regulations. Any Conditions Precedent (and any conditions imposed thereto by Econframe or the Vendors, as the case may be ("**Party**") issuing such approval/consent/confirmation ("**the Approving Party(ies)**") capable of being waived and agreed to be mutually waived by Econframe and the Vendors in writing will be deemed as a satisfaction or fulfilment of that Conditions Precedent.

Notwithstanding the details of the Conditions Precedent set out in Sections 4.1 (a) and (b) of this Appendix I, if the relevant Approving Party(ies) validly notifies in writing that such approval is not required, then such Conditions Precedent shall be deemed waived.

The SSA shall become unconditional on the day upon which the last of the Conditions Precedent set out in Sections 4.1 (a) and (b) of this Appendix I has been fulfilled or waived by Econframe and the Vendors in writing to the extent permissible under the laws of Malaysia and Econframe's solicitors shall and are hereby authorised to release the Balance Deposit to the Vendors on the Unconditional Date.

4.2 Approval(s) granted subject to conditions

- (a) If a term or condition is imposed by any Approving Party(ies) in respect of any of the approvals referred to in Sections 4.1 (a) and (b) of this Appendix I and such terms or conditions materially and adversely affect a Party to the SSA ("**Affected Party**") and the Affected Party is not satisfied with the terms and/or conditions imposed, the Affected Party must, within a period of 14 business days from the date the Affected Party receives notice of such terms or conditions (or such other period as Econframe and the Vendors may mutually agree in writing), notify the other Party in writing of the Affected Party's election to:-
 - (i) accept the terms or conditions imposed, in which case the relevant approval will be deemed to have been obtained;
 - (ii) reject such unacceptable terms and/or conditions imposed, in which case the relevant approval will be deemed not to have been obtained whereupon the provisions of Section 4.3 of this Appendix I shall apply; or
 - (iii) appeal to the relevant Approving Party against the unacceptable terms or conditions imposed, whereby the Affected Party shall submit the appeal or if the Affected Party is not the Party submitting the application for the relevant approval(s), the Party having the right to appeal must submit the appeal to the relevant Approving Party within 14 business days from, as applicable, the date the Affected Party receives notice of the terms or conditions, or the date of the Affected Party's written notification to the other Party having the right to appeal.
- (b) If the Affected Party does not:-
 - (i) notify the other Party of its rejection of the terms and/or conditions imposed or of its intention to appeal against the terms or conditions within the period under Section 4.2(a) of this Appendix I; or

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (ii) appeal against the terms and/or conditions within the period under Section 4.2(a)(iii) of this Appendix;

the Affected Party is deemed to have accepted the said terms and/or conditions and the relevant approval will be deemed to have been obtained.

4.3 Right to terminate

If:-

- (a) on the expiry of the Cut-Off Period any of the Conditions Precedent have not been fulfilled; or
- (b) at any time prior to the expiry of the Cut-Off Period, any of the Conditions Precedent shall have been granted subject to terms and conditions which are not acceptable to Econframe and/or the Vendors, being terms and conditions which affect any of the rights or interests of the Affected Party and further appeals to the relevant authorities or persons to vary such terms and conditions have not been successful and/or the Affected Party is not willing to accept such terms and conditions then imposed by the relevant authorities or persons,

then Econframe and/or the Vendors shall be entitled to terminate the SSA by giving a written notice of termination ("**Termination Notice**") to that effect to the other Party and upon termination thereof, Econframe and the Vendors shall not have any further rights under the SSA except in respect of:-

- (i) the refund of the Earnest Deposit to Econframe within 7 business days from the date of the Termination Notice, failure of which Econframe shall be entitled to recover the Deposit together with the legal and/or equitable damages, losses or costs whatsoever incidental thereof;
- (ii) Econframe's solicitors shall be authorized to release the Balance Deposit to Econframe;
- (iii) any obligation under the SSA which is expressed to apply after the termination of the SSA; and
- (iv) any rights or obligations which have accrued in respect of any breach of any of the provisions of the SSA to either Party prior to such termination.

5. **COMPLETION**

5.1 Date and place of completion

The completion of the sale and purchase of the Sale Shares take place at a location mutually agreed upon by Econframe and the Vendors on the day not later than 30 days after the Unconditional Date or such other date as may be agreed upon between Econframe and the Vendors upon which completion shall take place ("**Completion Date**").

5.2 Completion of sale and purchase of the Sale Shares

- (a) The Vendors agree that they shall:-
 - (i) at least 10 business days prior to the Completion Date, notify Econframe of the details of the respective securities accounts and central depository system ("**CDS**") accounts (collectively, "**Shares Accounts**") of the Vendors and authorises Econframe to credit the Consideration Shares allotted into the Shares Accounts of the Vendors;

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

- (ii) on the Completion Date to provide Econframe's solicitors with a copy of the following completion documents ("**Completion Documents**"), who shall hold the same as stakeholders pending the satisfaction of the Purchase Consideration in accordance with Section 2.1 of this Appendix I:-
 - (aa) the valid and registrable form of transfer of securities (as provided in the Act) in favour of Econframe, in respect of the Sale Shares, together with the duly sealed original share certificates in relation thereto (or an express indemnity in a form satisfactory to Econframe in the case of any certificate found to be missing);
 - (bb) the letter of resignation from the directors, namely Choo Jee Sam and Razik Fareed Jaffardeen with acknowledgements signed by them to the effect that they individually and/or collectively have no claims whatsoever against IPSB, including for compensation for loss of office or otherwise (for the avoidance of doubt, Lam Phit Yen, who is an alternate to Choo Jee Sam shall also cease to be a member of the board of directors of IPSB);
 - (cc) the certified true copy of an extract of the resolution passed by the board of directors of IPSB approving the appointment of the nominee directors of Econframe to the board of directors of IPSB;
 - (dd) the certified extracts of the resolutions passed by the board of directors of IPSB approving the sale and transfer of the Sale Shares from the Vendors to Econframe, issuance of new share certificates in respect of the Sale Shares in favour of Econframe AND approving the entry into the register of members of IPSB, the name of Econframe as the holder of the relevant Sale Shares based on the terms herein;
 - (ee) the certified true copy extract of the board of directors of IPSB to include such person(s) as nominated by Econframe as IPSB's authorised bank(s) signatories; and
 - (ff) the confirmation in writing from IPSB secretary that the statutory books and records, complete and up-to-date, and all other records and documents of IPSB, including but not limited including but not limited to the certificate of incorporation, any certificates of incorporation on change of name or re-registrations', share certificate books, minute books and the common seals of IPSB are in the possession of IPSB secretary.

- (b) Subject to the fulfilment of Section 5.2(a) of this Appendix I, Econframe shall do the following on the Completion Date:-
 - (i) provide a copy of the Bank Guarantee to the Vendors;
 - (ii) issue and allot the Consideration Shares directly to the Shares Accounts of the Vendors in accordance with Section 5.2(b) of this Appendix I; and
 - (iii) settle the Completion Sum to the Vendors in accordance with Section 5.2(b) of this Appendix I.

For the avoidance of doubt, Econframe shall cause the Consideration Shares to be listed and quoted on the ACE Market of Bursa Securities within 3 business days from the Completion Date or such other extended period as the parties may mutually agree in writing. Econframe's solicitors shall release the Completion Documents to Econframe upon fulfilment of Section 5.2(b) of this Appendix I.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

Notwithstanding anything in the SSA, the payment of the Balance Purchase Consideration (less Security Sum) by Econframe to the Vendors in accordance with the below shall be deemed full and final:

No.	Vendors	Deposit		Balance Purchase Consideration		Security sum to be received at the end of Year 1	Security sum to be received at the end of Year 2
		Earnest deposit RM	Balance deposit RM	Cash RM	Consideration Shares Number		
1.	YCT	1,000,000	766,400	9,801,622	5,204,800	2,942,274	1,577,200
2.	Chan Yoke Peng	-	883,900	4,904,869	2,604,500	1,472,324	789,200
3.	Razik Fareed Jaffardeen	-	609,100	3,379,716	1,794,600	1,014,488	543,800
4.	Choo Yoke Liong @ Choo Siao Liong	-	568,400	3,153,457	1,674,600	946,652	507,500
5.	Lam Phit Yen	-	553,600	3,071,501	1,631,100	922,061	494,300
6.	Choo Jee Sam	-	467,900	2,596,487	1,378,700	779,380	417,800
7.	JSCHSB	-	393,300	2,182,164	1,158,800	655,070	351,200
8.	Chin Kum Yoke	-	143,900	798,284	423,900	239,631	128,400
9.	Raja Gopal A/L Muniappan	-	139,200	772,523	410,200	231,887	124,300
10.	LKC	-	74,300	411,922	218,800	123,688	66,300
		1,000,000	4,600,000	31,072,545	16,500,000	9,327,455	5,000,000

5.3 Failure to complete

- (a) In the event that the defaulting party (“**Defaulting Party**”), without any material default by the non-defaulting party (“**Non-Defaulting Party**”), fail and/or neglect to complete this transaction after the Unconditional Date, the Non-Defaulting Party shall be entitled to forthwith:-
- (i) terminate the SSA by notice in writing to the Defaulting Party;
 - (ii) where the Defaulting Party is the Vendors, the Vendors shall refund the Deposit and pay an additional payment of RM2,800,000 to Econframe as agreed liquidated damages within 10 business days from the date of written termination notice to the Vendors issued pursuant to Section 5 of this Appendix I, failing which a late payment interest of 5% per annum calculated on a daily basis from the date the said sum including interest becomes due until the receipt of full refund amount with the interest accrued therein;
 - (iii) where the Defaulting Party is Econframe, the Vendors shall be entitled to forfeit a sum of RM2,800,000 (RM1,000,000 from the Earnest Deposit and RM1,800,000 from the Balance Deposit) within 10 business days from the date of written termination to Econframe issued pursuant to Section 5 of this Appendix I, failing which a late payment interest of 5% per annum calculated on a daily basis from the date the said sum including interest becomes due until the receipt of RM1,800,000 with the interest accrued therein (for the purpose of this Section, Econframe’s solicitors shall release RM1,800,000 to the Vendors and the remaining thereof shall be refunded to Econframe); and
 - (iv) Econframe shall redeliver or cause to be redelivered to the Vendors the Completion Documents and/or all other relevant documents that may have been forwarded by the Vendors to Econframe or Econframe’s Solicitors prior to the termination of the SSA with the Vendors’ interest in respect of the Sale Shares remained intact.
- (b) Notwithstanding, the Non-Defaulting Party shall be entitled to exercise its rights to enforce the specific performance of the sale and purchase of the Sale Shares and other reliefs flowing therefrom.

For the avoidance of doubt, without prejudice to the provision in Section 5.4 (a) of this Appendix I, the Non-Defaulting Party shall not be prejudiced from its rights to recover damages, losses or costs whatsoever that it may have suffered from the Non-Defaulting Party in connection with or arising from the event or circumstance or combination of events or circumstances giving rise to such right of termination.

5.4 Obligation post completion

- (a) Pursuant to the requirements under the Malaysian Timber Industry Board (Incorporation) (Registration) Regulations 2023, and as a condition stipulated therein, the Vendors hereby undertake that they shall, as a result of the transaction contemplated under the SSA, assist IPSB to notify the Malaysian Timber Industry Board of the changes to the board of directors, management, or shareholders of IPSB within 14 days from the Completion Date.
- (b) Econframe and the Vendors hereby agree that the Vendors shall use all reasonable efforts to take or cause to be taken all actions for the procurement of the certificate of accommodation (where applicable) from the Department of Labour Peninsular Malaysia within 1 year from the Completion Date for the 14 properties which are currently utilised by IPSB for its employees’ accommodations.

6. TERMINATION

6.1 Event of default

On the occurrence of any of the following defaulting events ("**Event of Default**") hereunder before the Completion Date, the Non-Defaulting Party shall give a notice in writing to the Defaulting Party:-

- (a) **Breach**: breach of any material or fundamental terms or conditions of the SSA or a failure to perform or observe any material or fundamental undertaking, obligation or agreement expressed or implied in the SSA including the breach of any material warranties;
- (b) **Receiver**: a receiver, receiver and manager, trustee or similar official is appointed over any of the assets or undertaking of the Defaulting Party;
- (c) **Arrangements**: the Defaulting Party enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;
- (d) **Winding-Up/Bankruptcy**: an application, petition or order is made for the bankruptcy, winding-up or dissolution of the Defaulting Party, or a resolution is passed or any steps taken to pass a resolution for the winding-up or dissolution of the Defaulting Party, otherwise than for the purpose of an amalgamation or reconstruction which has prior written consent of the Non-Defaulting Party; or
- (e) **Cessation of Business**: the Defaulting Party (if it is a corporation) ceases or threatens to cease carrying on a substantial portion of their business other than in compliance with their obligations under the SSA.

6.2 Termination

If the Defaulting Party fails to remedy the relevant default or breach within the said 14 business days or such extended period as may be allowed by the Non-Defaulting Party after being given notice by the Non-Defaulting Party, to rectify such breach, the Non-Defaulting Party may elect to terminate the SSA, wherein Sections 6.3 or 6.4 of this Appendix I shall apply.

6.3 Vendors' default

- (a) In the event of a default the Vendors which is not remedied within the said period as set out in Section 6.2 above, or in the event the Vendors fail or neglect to complete the SSA without any material default by Econframe, Econframe may elect to terminate the SSA and in such instance:-
 - (i) Econframe shall issue a written termination notice to the Vendors;
 - (ii) the Vendors shall within 7 business days from the date of the written termination notice from Econframe, refund the Earnest Deposit, and Econframe's solicitors to release the Balance Deposit to Econframe and the Vendors shall pay an additional payment of RM2,800,000 to Econframe as agreed liquidated damages; and
 - (iii) thereafter in simultaneous exchange for the redelivery by Econframe, of the Completion Documents and/or all other relevant documents that may have been forwarded by the Vendors to Econframe or Econframe's solicitors prior to the termination of the SSA with the Vendors' interest in respect of the Sale Shares intact.

Thereafter, all obligations and liabilities of Econframe and the Vendors hereunder shall cease and determine and no Party shall have any claim against the other save for any antecedent breaches of the SSA.

APPENDIX I – SALIENT TERMS OF THE SSA (CONT'D)

6.4 Econframe's default

(a) In the event of a default by Econframe which is not remedied within the said period as set out in Section 6.2 of this Appendix I, or in the event Econframe fails or neglects to complete the SSA without any material default by the Vendors, the Vendors may elect to terminate the SSA and in such instance:-

(i) the Vendors shall issue a written termination notice to Econframe;

(ii) the Vendors shall be entitled to forfeit the RM1,000,000 from the Earnest Deposit and Econframe's solicitors shall further release to the Vendors a sum of RM1,800,000 from the Balance Deposit within 10 business days from the date of written termination notice to Econframe issued pursuant to Section 6.4(a)(i) of this Appendix I, failing which a late payment interest of 5% per annum calculated on a daily basis from the date the said sum including interest becomes due until the receipt of RM1,800,000 with the interest accrued therein;

For the avoidance of doubt, the remainder of the Balance Deposit, i.e. RM2,800,000 shall be refunded to Econframe; and

(iii) thereafter in simultaneous exchange for the redelivery by Econframe, of the Completion Documents and/or all other relevant documents that may have been forwarded by the Vendors to Econframe or Econframe's solicitors prior to the termination of the SSA with the Vendors' interest in respect of the Sale Shares intact.

Thereafter, all obligations and liabilities of Econframe and the Vendors hereunder shall cease and determine and no Party shall have any claim against the other save for any antecedent breaches of the SSA.

[The rest of this page has been intentionally left blank]

APPENDIX II – SALIENT TERMS OF THE MANAGEMENT SERVICE AGREEMENT

The salient terms of the Management Service Agreement are as follows:-

(i) Effective Date

The Management Service Agreement shall only be effective upon the completion of the Proposed Acquisition.

(ii) Term of Appointment

IPSB agrees to employ YCT and LKC (collectively referred to as the “**IPSB Directors**”) and the IPSB Directors agree to serve as director of IPSB, upon the terms and subject to the conditions hereinafter contained, commencing from the Completion Date (“**Appointment Date**”) until the issuance of the Certified Account for Year 2 (“**Term**”) unless earlier terminated.

(iii) Responsibilities of the IPSB Directors

The IPSB Directors shall fulfil the following responsibilities in accordance with the following provisions during the Term:-

- (a) to assist the directors nominated by Econframe in the day-to-day management, operation, supervision, development of the businesses of IPSB;
- (b) endeavour the time and effort to carry out the duties as assigned, instructed and/or vested by the management of the company to the satisfaction of IPSB;
- (c) report to the board of directors of IPSB (“**IPSB Board**”) on matters relating to the management, operation, supervision and development of IPSB from time-to-time;
- (d) to assist IPSB along with the IPSB Board in achieving an audited PAT of not less than RM5.0 million for Year 1 AND a minimum cumulative PAT of not less than RM10.0 million for the Guaranteed Period;
- (e) to assist in the smooth transition of IPSB’s operation post completion of the Proposed Acquisition; and
- (f) in addition to the normal duties, the IPSB Directors may be required to undertake alternative, additional or ancillary duties from time to time as IPSB may reasonably direct.

(iv) Termination

The Management Service Agreement may be terminated by IPSB without any compensation to the IPSB Directors upon:-

- (i) the IPSB Directors committing any material breach of any of the material provisions herein contained; or
- (ii) the IPSB Directors being found guilty of any serious misconduct or wilful neglect in continually to discharge substantially of his duties; or
- (iii) save as disclosed to IPSB, the IPSB Directors being convicted of any criminal offence in Malaysia or elsewhere other than an offence which in the reasonable opinion of the board of directors of IPSB does not affect his position as the IPSB Directors of IPSB; or
- (iv) the IPSB Directors becoming of unsound mind; or
- (v) circumstances beyond the control of IPSB which renders IPSB unable to usefully utilise the services of the IPSB Directors; or

APPENDIX II – SALIENT TERMS OF THE MANAGEMENT SERVICE AGREEMENT (CONT'D)

- (vi) the IPSB Directors being prohibited from being a director by reason of any Court Order made under the law of Malaysia; or
- (vii) the death of the IPSB Directors or become permanently incapacitated to discharge their duties and obligations or unable to perform his duties and obligations continuously for a period of 3 months.

In relation to the default or breach of the provisions of Management Service Agreement, IPSB shall issue a written notice to the IPSB Directors to remedy the breach and upon the IPSB Directors' failure to remedy the default or breach within 30 days or such extended period as may be allowed by IPSB from the date of the issuance of the notice, IPSB may elect to terminate the Management Service Agreement immediately.

[The rest of this page has been intentionally left blank]

APPENDIX III – INFORMATION ON IPSB

1. HISTORY AND BUSINESS

IPSB was incorporated on 5 March 1993 in Malaysia under the Companies Act, 1965 and is deemed registered under the Act as a private limited company with its registered office at No. 81 (2nd Floor), Jalan Market, 30000 Ipoh, Perak.

IPSB had commenced its business since May 1995 and has close to 30 years of experience as a manufacturer of wooden doors. As at LPD, the wooden door products manufactured by IPSB can be categorised into internal, external and fire-rated (UK specifications) doors.

IPSB conducts its business including manufacturing process at Lot 5, Persiaran Perindustrian Kanthan 5, Estate Perindustrian Kanthan, 31200 Chemor, Perak (“**Chemor Factory**”). The Chemor Factory is owned by IPSB and is formed by 4 adjoining detached industrial leasehold lands (expiring on 7 June 2060) with a combined total land area of 419,168 square feet and built-up area of 204,000 square feet, which comprised of 6 blocks of single-storey detached factories and a single-storey administrative office together with supporting ancillary structures.

The annual production capacity and output of the Chemor Factory for the past 4 FYEs 31 December 2021, 2022, 2023 and 2024 are as follows:-

FYE 31 December	Production staff at end of the year	Manhour per annum^(a)	(A) Maximum production per annum^(b)	(B) Actual production per annum	(C = B/A) Utilisation rate
	number	hours	units	units	%
2021	201	572,850	163,671	151,227	92.4
2022	213	607,050	173,442	149,853	86.4
2023	189	538,650	153,900	107,729	70.0
2024	199	567,150	162,042	125,593	77.5

Notes:-

- (a) Computed based on average 9.5 working hours per day per production staff and average 300 working days per annum.
- (b) Computed based on manhour per annum divided by 3.5 hours, being the average time required to produce a door.

There was a slight decrease in the actual annual production from FYE 31 December 2021 (“**FYE 2021**”) to FYE 31 December 2022 (“**FYE 2022**”) due to lower sales orders in FYE 2022 compared to FYE 2021. However, the utilisation rate of the Chemor Factory had decreased from 92.4% in FYE 2021 to 86.4% in FYE 2022 which was mainly due to increase in production staff, resulting in an increase in the maximum production per annum (the denominator). For information, despite the lower sales orders in FYE 2022 compared to FYE 2021, IPSB’s revenue had increased by 17.9% from FYE 2021 to FYE 2022, which was mainly due to the elimination of the intermediary on the distribution channel to its UK customer.

The utilisation rate of the Chemor Factory had decreased from 86.4% in FYE 2022 to 70.0% in FYE 31 December 2023 (“**FYE 2023**”) which was mainly due to lower production in FYE 2023. The lower production in FYE 2023 was caused by softened demand for IPSB’s wooden door products in the UK and Australia as a result of high inflationary environment and slower construction activity in these markets.

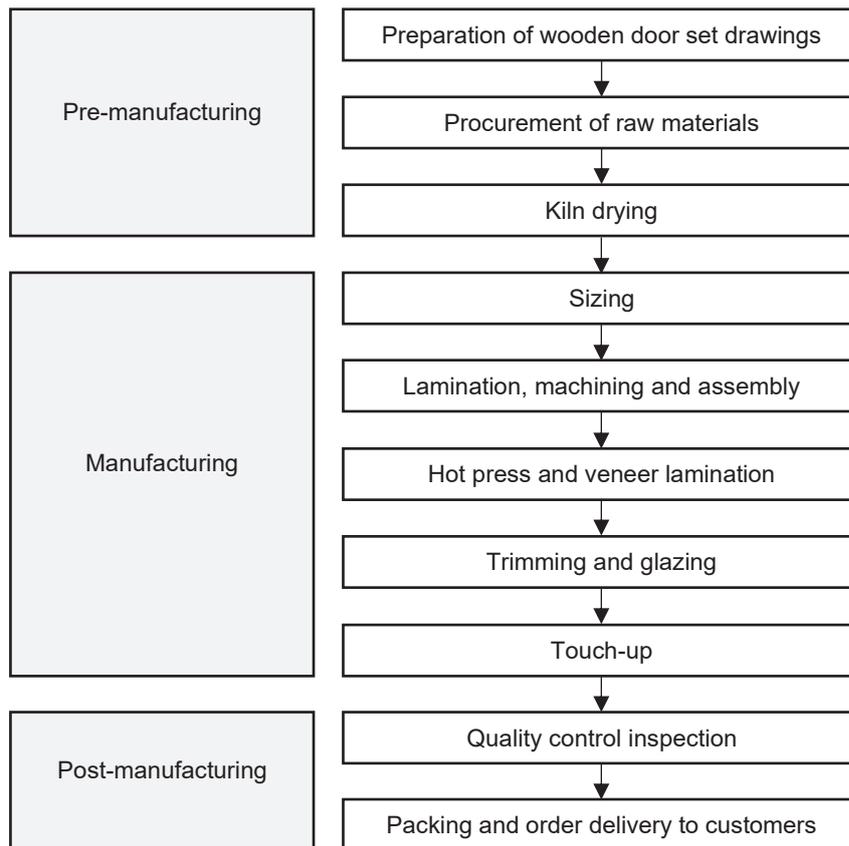
APPENDIX III – INFORMATION ON IPSB (CONT'D)

The utilisation rate of the Chemor Factory had increased from 70.0% in FYE 2023 to 77.5% in FYE 31 December 2024 (“**FYE 2024**”) as a result of increase in production in FYE 2024 which was driven by increase in sales as a result of sales discounts given to the UK customer during FYE 2024 in order to secure more sales.

As at LPD, the business operations of IPSB are managed by an experienced management team and technical personnel headed by YCT. He is currently the Managing Director of IPSB. Prior to his involvement in IPSB, he was involved in several companies involved in manufacturing of wooden doors, wood joinery products and wooden outdoor furniture, where he had accumulated various technical know-how and expertise in manufacturing of wooden products. With over 40 years of experience in the wooden door manufacturing industry, he oversees the operations and strategic direction of IPSB and leads a team of highly experienced woodworking staffs.

YCT is supported by LKC, who is responsible for the finance and administration matters of IPSB. LKC is currently the director of IPSB. Prior to his involvement in IPSB, he started his career as an auditor with one of the big four accounting firms in Malaysia and subsequently joined the commercial sector as an accountant and financial controller for several companies in the manufacturing, quarrying and mining industries. He then joined IPSB in June 1995. With over 40 years of experience covering financial, accounting and taxation related matters, he is currently assisting IPSB for its finance and administration matters.

The manufacturing process of the wooden doors are as follows:-



APPENDIX III – INFORMATION ON IPSB (CONT'D)

As at LPD, IPSB's products are primarily exported to overseas markets i.e. UK and Australia, which contributed approximately 99% of the revenue of IPSB for the past 3 FYEs 31 December 2021, 2022 and 2023 and 9-month FPE 30 September 2024. The breakdown of sales by country for the past 3 FYEs 31 December 2021, 2022 and 2023 and 9-month FPE 30 September 2024 are as follows:-

	FYE 31 December 2021		FYE 31 December 2022		FYE 31 December 2023		9-month FPE 30 September 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
UK	38,717	93.6	39,319	80.8	34,188	84.2	30,598	87.7
Australia	2,505	6.1	9,297	19.1	6,366	15.7	4,231	12.1
Malaysia ^(a)	117	0.3	35	0.1	31	0.1	56	0.2
	41,339	100.0	48,651	100.0	40,585	100.0	34,885	100.0

Note:-

(a) Includes the sale of timber offcuts to local customers.

The raw materials used for the manufacturing of IPSB's wooden doors products are mainly timber, wood veneer, medium-density fiberboard, particle board, glass, glue and sealants, which are sourced locally and overseas. The breakdown of the source of the raw materials for the past 3 FYEs 31 December 2021, 2022 and 2023 and 9-month FPE 30 September 2024 are as follows:-

	Currency	FYE 31 December 2021		FYE 31 December 2022		FYE 31 December 2023		9-month FPE 30 September 2024	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local	RM	18,290	66.3	16,819	61.3	13,994	57.0	8,041	46.2
Overseas									
China	USD	3,758	13.6	3,859	14.1	4,995	20.4	3,666	21.1
UK	Euro	2,746	10.0	4,361	15.9	4,325	17.6	4,199	24.1
United States of America	USD	2,103	7.6	1,571	5.7	677	2.8	1,211	7.0
Thailand	USD	682	2.5	813	3.0	540	2.2	270	1.6
		27,579	100.0	27,423	100.0	24,531	100.0	17,387	100.0

For information, while the raw materials used by IPSB are widely available and are mainly sourced from local suppliers, certain raw materials such as white oak veneer and fire door blank are sourced from overseas suppliers, which there are no suitable replacement and/or local supply in Malaysia. IPSB also sources other raw materials from overseas suppliers as a measure to strengthen its supply chain and reduce dependency on its local suppliers.

APPENDIX III – INFORMATION ON IPSB (CONT'D)

As at LPD, IPSB has a total of 220 employees (comprising of 122 foreign and 98 local employees) in the following divisions:-

Division	Number of employees
Production and Operations	186
Quality Control	22
Administrative and Human Resources	12
Total	220

For information, IPSB does not engage in any research and development activities. As such, there were no research and development expenditures incurred by IPSB for the past 3 FYEs 31 December 2021, 2022 and 2023 and 9-month FPE 30 September 2024.

2. SHARE CAPITAL

As at LPD, IPSB has an issued share capital of RM7,081,321 comprising 7,081,321 ordinary shares.

3. DIRECTORS

The directors of IPSB and their respective shareholdings in IPSB as at LPD are as follows:-

Name	Designation	Nationality	Shareholdings as at LPD			
			Direct		Indirect	
			No. of IPSB Shares	%	No. of IPSB Shares	%
YCT	Director	Malaysian	2,233,739	31.5	-	-
Razik Fareed Jaffardeen	Director	Malaysian	770,208	10.9	-	-
Choo Jee Sam	Director	Malaysian	591,716	8.4	^(a) 497,328	7.0
LKC	Director	Malaysian	93,892	1.3	^(b) 1,117,773	15.8
Lam Phit Yen	Alternate Director	Malaysian	700,009	9.9	^(c) 718,692	10.1

Notes:-

- (a) Deemed interest by virtue of his/her interest in JSCHSB.
- (b) Deemed interest by virtue of his spouse, Chan Yoke Peng's shareholdings in IPSB.
- (c) Deemed interest by virtue of her spouse, Choo Yoke Liang @ Choo Siao Liang's shareholding in IPSB.

APPENDIX III – INFORMATION ON IPSB (CONT'D)

4. SHAREHOLDERS

The shareholders of IPSB and their respective shareholdings in IPSB as at LPD are as follows:-

Name	Nationality / Country of incorporation	Shareholdings as at LPD			
		Direct		Indirect	
		No. of IPSB Shares	%	No. of IPSB Shares	%
YCT	Malaysian	2,233,739	31.5	-	-
Razik Fareed Jaffardeen	Malaysian	770,208	10.9	-	-
Choo Jee Sam	Malaysian	591,716	8.4	^(a) 497,328	7.0
LKC	Malaysian	93,892	1.3	^(b) 1,117,773	15.8
Lam Phit Yen	Malaysian	700,009	9.9	^(c) 718,692	10.1
Chan Yoke Peng	Malaysian	1,117,773	15.8	^(d) 93,892	1.3
Choo Yoke Liong @ Choo Siao Liong	Malaysian	718,692	10.1	^(e) 700,009	9.9
JSCHSB	Malaysia	497,328	7.0	-	-
Chin Kum Yoke	Malaysian	181,916	2.6	-	-
Raja Gopal A/L Muniappan	Malaysian	176,048	2.5	-	-
Choo Jay-Son	Malaysian	-	-	^(a) 497,328	7.0
		7,081,321	100.0		

Notes:-

- (a) Deemed interest by virtue of his/her interest in JSCHSB.
- (b) Deemed interest by virtue of his spouse, Chan Yoke Peng's shareholdings in IPSB.
- (c) Deemed interest by virtue of her spouse, Choo Yoke Liong @ Choo Siao Liong's shareholding in IPSB.
- (d) Deemed interest by virtue of her spouse, LKC's shareholding in IPSB.
- (e) Deemed interest by virtue of his spouse, Lam Phit Yen's shareholdings in IPSB.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at LPD, IPSB does not have any subsidiary nor associated company.

APPENDIX III – INFORMATION ON IPSB (CONT'D)

6. ASSETS OWNED BY IPSB

Based on the audited financial statements of IPSB for the FYE 31 December 2023 and the latest unaudited financial statements for the 9-month FPE 30 September 2024, the total assets of IPSB comprise the following:-

Type of assets	Audited net book value as at 31 December 2023	Unaudited net book value as at 30 September 2024
	RM'000	RM'000
Property, plant and equipment	17,160	(a)30,378
Cash and bank balances	10,511	11,939
Inventories	9,053	9,456
Trade and other receivables	2,132	3,172
Hire purchase interest suspense	-	14
Total assets	38,856	54,959

Note:-

- (a) Increase in net book value of IPSB's property, plant and equipment arising from the valuation exercise carried out on the Chemor Factory and purchase of new machineries during the 9-month FPE 30 September 2024.

7. FINANCIAL INFORMATION

The summary of the historical financial performance and financial position of IPSB based on the audited financial statements of IPSB for the past 3 FYEs 31 December 2021, 2022 and 2023 and the latest unaudited financial statements for the 9-month FPE 30 September 2024 are as follows:-

	Audited ^(a)			Unaudited	
	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	9-month FPE 30 September 2023	9-month FPE 30 September 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	41,339	48,651	40,585	31,446	34,885
Gross profit	3,355	8,409	7,783	6,859	6,636
PBT	1,469	6,533	6,081	4,831	4,424
PAT	1,118	5,061	4,700	(b)4,831	(b)4,424
Share capital	7,081	7,081	7,081	7,081	7,081
NA / Total equity	31,709	33,229	30,848	33,740	(c)40,387
Total borrowings (includes hire purchase)	189	348	746	348	946
Current assets	35,669	25,435	21,696	23,052	24,581
Current liabilities	19,036	6,657	5,304	5,847	11,867
Number of ordinary shares ('000)	7,081	7,081	7,081	7,081	7,081
NA per share (RM)	4.48	4.69	4.36	4.76	5.70
EPS (RM)	0.16	0.71	0.66	0.68	0.62
Current ratio (times)	1.87	3.82	4.09	3.94	2.07
Gearing ratio (times)	0.01	0.01	0.02	0.01	0.02

Note:-

- (a) The financial statements had been prepared in accordance with Malaysian Private Entities Reporting Standard.
- (b) Tax expenses will only be computed and accrued at the end of the financial year.
- (c) Increase in NA of IPSB is mainly due to the revaluation exercise carried out on factory and leasehold land of IPSB and purchase of new machineries during the 9-month FPE 30 September 2024.

Commentaries:-**FYE 31 December 2021 (“FYE 2021”) compared to FYE 31 December 2020 (“FYE 2020”)**

IPSB's revenue increased by RM0.4 million or 1.0% from RM40.9 million in FYE 2020 to RM41.3 million in FYE 2021 which was mainly due to the gradual easing of coronavirus disease (“**COVID-19**”) movement restrictions by the Government of Malaysia which had allowed IPSB's manufacturing operations to resume.

There was no significant change in IPSB's PAT in FYE 2021 (FYE 2020: RM1.0 million).

FYE 31 December 2022 (“FYE 2022”) compared to FYE 2021

IPSB's revenue increased by RM7.4 million or 17.9% from RM41.3 million in FYE 2021 to RM48.7 million in FYE 2022 which was primarily driven by the surge in demand for its wooden door products supported by the reopening of international borders and economic recovery in the UK and Australia post COVID-19.

IPSB's PAT increased by RM4.0 million or 363.6% from RM1.1 million in FYE 2021 to RM5.1 million in FYE 2022 which was mainly due to increase in revenue as aforementioned and the change in distribution channel to UK customer, which enabled IPSB to distribute its products directly to its end customer without an intermediary, which had resulted in higher profit margins.

FYE 31 December 2023 (“FYE 2023”) compared to FYE 2022

IPSB's revenue decreased by RM8.1 million or 16.6% from RM48.7 million in FYE 2022 to RM40.6 million in FYE 2023 which was mainly due to softening demand for its products in the UK and Australia, driven by high inflationary environment and slower construction activity in these markets.

IPSB's PAT decreased by RM0.4 million or 7.8% from RM5.1 million in FYE 2022 to RM4.7 million in FYE 2023 which was mainly due to the decrease in revenue as aforementioned.

9-month FPE 30 September 2024 (“FPE 2024”) compared to 9-month FPE 30 September 2023 (“FPE 2023”)

IPSB's revenue increased by RM3.5 million or 11.1% from RM31.4 million in FPE 2023 to RM34.9 million in FPE 2024 which was mainly due to higher sales of IPSB's wooden door products to the UK. The higher sales was driven by sales discounts given to the UK customer during FPE 2024 in order to secure more sales orders.

Despite the increase in revenue, IPSB's PAT decreased by RM0.4 million or 8.3% from RM4.8 million in FPE 2023 to RM4.4 million in FPE 2024 due to lower gross profit margin as a result of sales discount given to the UK customer as aforementioned and increase in the cost of raw materials.

Accounting policies and accounting qualification

For the past 3 FYEs 31 December 2021, 31 December 2022 and 31 December 2023 under review:-

- (i) there were no exceptional or extraordinary items;
- (ii) there were no accounting policies adopted by IPSB which are peculiar to IPSB due to the nature of its business or the industry in which it is involved in; and
- (iii) IPSB's external auditors had not issued any audit qualification on its financial statements.

8. MATERIAL CONTRACTS

As at LPD, save as disclosed below, IPSB has not entered into any material contracts (not being contract entered into in the ordinary course of business) within the past 2 years up to LPD.

Solar energy contract

On 21 March 2024, IPSB had accepted a letter of offer from Plus Xnergy Services Sdn. Bhd. ("**Plus Xnergy**") for the supply and installation of a 941.9 kilowatt peak photovoltaic system ("**Solar PV System**") at the Chemor Factory for a total contract value of RM1.9 million ("**Solar Project**").

As at LPD, the installation of the Solar Project has been completed and IPSB had on 19 February 2025 obtained the approval from Suruhanjaya Tenaga Malaysia for the connection of the Solar PV System to IPSB's factory electricity grid system. For information, the Solar PV System has commissioned since 20 March 2025.

As at LPD, IPSB had paid RM1.7 million out of the RM1.9 million to Plus Xnergy, the remaining sum shall be paid to Plus Xnergy upon completion of internal testing of the Solar PV System.

9. MATERIAL LITIGATION

As at LPD, save as disclosed below, IPSB is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material and adverse effect on the business or financial position of IPSB and the directors of IPSB are not aware of any proceedings, pending or threatened against IPSB, or of any facts likely to give rise to any proceedings which may have material impact on the business or financial position of IPSB:

Suit No.: AA-63-2-01/2025 (in conjunction with Suit No.: AA-63-3-01/2025), both at the Sessions Court of Ipoh

On 24 February 2025, IPSB and YCT were served with a legal summon dated 22 January 2025 by the Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup ("**KPDN**") and ordered by the Sessions Court of Ipoh to answer the charge on 12 March 2025 ("**First Hearing**") for IPSB's unauthorised storage of diesel fuel, a scheduled controlled item under the Control of Supplies Regulations 1974 ("**Regulations**"), without the Controller of Supplies' permission at its business premises located at the Chemor Factory, on 10 August 2023, thereby violating Regulation 18(1) and committing an offence under Regulation 21(1) of the Regulations.

APPENDIX III – INFORMATION ON IPSB (CONT'D)

Pursuant to Section 22 of the Control of Supplies Act 1961 (“**CSA**”), any body corporate that commits an offence under the CSA shall, upon conviction, be liable to a fine not exceeding RM2 million, and for a second or subsequent offence, to a fine not exceeding RM5 million. In addition, any individual, including a director or officer of a body corporate, who commits an offence under the CSA shall, upon conviction, be liable to a fine not exceeding RM1 million or imprisonment for a term not exceeding 3 years, or both, and for a second or subsequent offence, to a fine not exceeding RM3 million or imprisonment for a term not exceeding 5 years, or both.

The action taken against IPSB was by way of summon consisting of 2 charges, which was filed and served on both IPSB, and YCT being a director of IPSB by the KPDN. Both the charges are similar in nature i.e. the same offence under Regulation 18(1) and 21(1) of the Regulations, which is punishable under Section 22(1) of the CSA.

During the First Hearing, IPSB and YCT pleaded not guilty to the offences pending further evidence from the prosecution.

However, in light of the facts of the case and the precedent cases of the same nature, the solicitors of IPSB shall submit a written proposal to the KPDN Prosecution Division for YCT to plead guilty to the charge. Following that, the charge against IPSB will be withdrawn and the court will acquit and discharge IPSB once YCT settles the penalty. The solicitors of IPSB opines that the estimated sum payable by YCT, including all costs incurred, would not exceed RM20,000.

For information, IPSB had on 14 September 2023 obtained a permit from the Controller of Supplies which shall be valid until 13 September 2026, to store the diesel fuel at its business premises at the Chemor Factory.

For avoidance of doubt, the Purchase Consideration will not be varied due to the litigation (including the settlement thereto). Nevertheless, IPSB’s PAT will need to take into consideration the fine/settlement sum (only in the event IPSB is required to pay any fine/settlement sum), in computing the Profit Guarantee.

10. MATERIAL COMMITMENTS

Save as disclosed below, as at LPD, there are no material commitments incurred or known to be incurred by IPSB which upon becoming due or enforceable, may have a material impact on the financial position or business of IPSB:-

	<u>RM'000</u>
Solar Project (balance of payment due)	163

11. CONTINGENT LIABILITIES

As at LPD, save as disclosed below and the potential fine/settlement arising from the litigation case as disclosed in Section 9 above in which the quantum has yet to be finalised at this juncture, there are no contingent liabilities incurred or known to be incurred by IPSB which may have a material impact on the profits and/or NA of IPSB upon becoming enforceable.

	<u>RM'000</u>
Bank guarantees provided by IPSB to Tenaga Nasional Berhad	275

IVORY PEARL SDN. BHD.
199301004259 (258996-V)
(Incorporated in Malaysia)

**Directors' Report and Audited Financial
Statements**
31 December 2023

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

Contents	Pages
Directors' report	1 - 5
Statement by directors	6
Statutory declaration	6
Independent auditors' report	7 - 10
Statement of comprehensive income	11
Statement of financial position	12 - 13
Statement of changes in equity	14
Statement of cash flows	15 - 16
Notes to the financial statements	17 - 38

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER 2023 (CONT'D)

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2023.

Principal activities

The principal activities of the Company are the manufacture and sale of timber doors and frames.

Results

	RM
Net profit for the year	<u>4,699,569</u>

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

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

Dividend

The amount of dividend paid by the Company since 31 December 2022 was as follows:

	RM
In respect of the financial year ended 31 December 2022:	
Second single tier interim dividend of RM0.50 per share on 7,081,321 ordinary shares, declared on 17 February 2023 and paid on 3 March 2023	3,540,661
In respect of the financial year ended 31 December 2023:	
Single tier interim dividend of RM0.50 per share on 7,081,321 ordinary shares, declared on 28 July 2023 and paid on 10 August 2023	<u>3,540,661</u> <u>7,081,322</u>

A second interim single tier dividend of RM0.30 per share on 7,081,321 ordinary shares, amounting to RM2,124,396 for the financial year ended 31 December 2023 has been declared on 4 April 2024 and paid on 16 April 2024. Such dividend has been declared after the current financial year end and is to be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year.

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

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Yeong Chew Tet
Razik Fareed Jaffardeen
Lee Kok Choy
Choo Jee Sam
Lam Phit Yen (alternate to Choo Jee Sam)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial interest except as disclosed in Note 20 and 21 to the financial statements.

Directors' remuneration

Directors' remuneration of the Company for the financial year ended 31 December 2023 was as follows:

	RM
Salaries and other emoluments	942,750
EPF contributions	162,740
Estimated money value of benefits-in-kind	32,939
	<u>1,138,429</u>

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

Directors' interests

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

Name of directors	Number of ordinary shares			31 December 2023
	1 January 2023	Acquired	Sold	
The Company				
Direct interest				
Yeong Chew Tet	2,233,739	-	-	2,233,739
Razik Fareed Jaffardeen	770,208	-	-	770,208
Lee Kok Choy	93,892	-	-	93,892
Choo Jee Sam	591,716	-	-	591,716
Lam Phit Yen	700,009	-	-	700,009
Deemed interest				
Choo Jee Sam	497,328	-	-	497,328

Indemnity and insurance costs

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

Other statutory information

- (a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Company misleading.

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

Other statutory information (contd.)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; 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 Company for the financial year in which this report is made.

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

Auditors and auditors' remuneration

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration of the Company for the financial year ended 31 December 2023 was RM30,000.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2023.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 June 2024.



Razik Fareed Jaffardeen



Lee Kok Choy

Ipoh, Perak Darul Ridzuan, Malaysia

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

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

We, Razik Fareed Jaffardeen and Lee Kok Choy, being two of the directors of Ivory Pearl Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 38 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 June 2024.



Razik Fareed Jaffardeen



Lee Kok Choy

Ipoh, Perak Darul Ridzuan, Malaysia

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

I, Lee Kok Choy (NRIC No.: 571013-08-5517), being the director primarily responsible for the financial management of Ivory Pearl Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 38 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Lee Kok Choy at Ipoh
in the State of Perak Darul Ridzuan
on 28 June 2024.



Lee Kok Choy
(MIA 5058)

Before me,



No. 222-A, Jln Sultan Iskandar,
30000 Ipoh,
Perak Darul Ridzuan.



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
21 & 23, Jalan Hussein
30250 Ipoh
Perak, Malaysia

Tel: +605 210 2168
Fax: +605 254 1572
ey.com

199301004259 (258996-V)

**Independent auditors' report to the members of
Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ivory Pearl Sdn. Bhd., which comprise the statement of financial position as at 31 December 2023, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 38.

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

Basis for opinion

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

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International 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.



199301004259 (258996-V)

Independent auditors' report to the members of
Ivory Pearl Sdn. Bhd. (contd.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of 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 Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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



199301004259 (258996-V)

**Independent auditors' report to the members of
Ivory Pearl Sdn. Bhd. (contd.)
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



199301004259 (258996-V)

**Independent auditors' report to the members of
Ivory Pearl Sdn. Bhd. (contd.)
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial statements (contd.)

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

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

Other matters

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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Chuan Yee Yang
No. 03489/03/2026 J
Chartered Accountant

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 28 June 2024

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

**Statement of comprehensive income
For the financial year ended 31 December 2023**

	Note	2023 RM	2022 RM
Revenue	4	40,584,504	48,651,396
Cost of sales		<u>(32,801,865)</u>	<u>(40,242,575)</u>
Gross profit		7,782,639	8,408,821
Other item of income			
Other operating income	5	1,268,896	758,433
Other items of expense			
Selling and distribution expenses		(360,123)	(471,231)
Administrative and general expenses		(2,595,847)	(2,162,557)
Finance cost		<u>(14,996)</u>	<u>(466)</u>
Profit before taxation	6	6,080,569	6,533,000
Income tax expense	7	<u>(1,381,000)</u>	<u>(1,471,985)</u>
Profit for the year, representing total comprehensive income for the year		<u>4,699,569</u>	<u>5,061,015</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2023

	Note	2023 RM	2022 RM
Assets			
Non-current assets			
Property, plant and equipment	8	17,160,154	17,121,394
Investment	9	-	-
		<u>17,160,154</u>	<u>17,121,394</u>
Current assets			
Inventories	10	9,053,152	6,647,715
Trade and other receivables	11	2,132,185	3,085,075
Cash and bank balances	12	10,510,613	15,702,017
		<u>21,695,950</u>	<u>25,434,807</u>
Total assets		<u>38,856,104</u>	<u>42,556,201</u>
Equity and liabilities			
Current liabilities			
Short term borrowings	13	313,340	197,975
Hire purchase payables	15	159,132	39,804
Trade and other payables	14	4,394,749	5,369,279
Tax payable		436,703	1,049,538
		<u>5,303,924</u>	<u>6,656,596</u>
Net current assets		<u>16,392,026</u>	<u>18,778,211</u>
Non-current liabilities			
Hire purchase payables	15	273,244	110,196
Deferred tax liabilities	16	2,431,291	2,560,011
		<u>2,704,535</u>	<u>2,670,207</u>
Total liabilities		<u>8,008,459</u>	<u>9,326,803</u>
Net assets		<u>30,847,645</u>	<u>33,229,398</u>

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 December 2023 (contd.)

	Note	2023 RM	2022 RM
Equity attributable to shareholders of the Company			
Share capital	17	7,081,321	7,081,321
Retained profits	18	<u>23,766,324</u>	<u>26,148,077</u>
Total equity		<u>30,847,645</u>	<u>33,229,398</u>
 Total equity and liabilities		 <u>38,856,104</u>	 <u>42,556,201</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

**Statement of changes in equity
For the financial year ended 31 December 2023**

	Note	Share capital RM	Distributable Retained profits RM	Total RM
As at 1 January 2022		7,081,321	24,627,723	31,709,044
Total comprehensive income for the year		-	5,061,015	5,061,015
Dividend, representing total transaction with owners	19	-	(3,540,661)	(3,540,661)
As at 31 December 2022		7,081,321	26,148,077	33,229,398
Total comprehensive income for the year		-	4,699,569	4,699,569
Dividends, representing total transaction with owners	19	-	(7,081,322)	(7,081,322)
As at 31 December 2023		7,081,321	23,766,324	30,847,645

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2023

	2023 RM	2022 RM
Operating activities		
Profit before taxation	6,080,569	6,533,000
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	1,287,150	1,299,954
Fair value loss on derivatives	-	43,450
Gain on disposal of property, plant and equipment	(84,000)	-
Interest expense	14,996	466
Interest income	(341,370)	(231,450)
Unrealised gain on foreign exchange	(16,423)	(9,282)
Total adjustments	860,353	1,103,138
Operating cash flows before changes in working capital	6,940,922	7,636,138
<u>Changes in working capital:</u>		
Inventories	(2,405,437)	2,579,678
Receivables	948,112	1,567,203
Payables	(726,609)	(13,594,517)
Total changes in working capital	(2,183,934)	(9,447,636)
Cash flows from/(used in) operations	4,756,988	(1,811,498)
Tax paid	(2,122,555)	(207,053)
Interest received	354,650	252,065
Net cash flows from/(used in) operating activities	2,989,083	(1,766,486)
Investing activities		
Purchase of property, plant and equipment	(1,195,910)	(294,876)
Proceeds from disposal of property, plant and equipment	84,000	-
Withdrawal/(Placement) of fixed deposits with tenure more than 3 months with licensed banks	600,000	(600,000)
Net cash flows used from investing activities	(511,910)	(894,876)
Financing activities		
Dividends paid	(7,081,322)	(3,540,661)
Interest paid	(14,996)	(466)
Repayment of hire purchase	(87,624)	-
Net cash flows used from financing activities	(7,183,942)	(3,541,127)
Net decrease in cash and cash equivalents	(4,706,769)	(6,202,489)
Cash and cash equivalents at 1 January	10,904,042	17,106,531
Cash and cash equivalents at 31 December	6,197,273	10,904,042

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 December 2023 (contd.)

	2023	2022
	RM	RM
(a) Cash and cash equivalents as at 31 December comprise:		
Cash on hand and at banks	1,951,285	5,243,651
Deposits with licensed banks	<u>8,559,328</u>	<u>10,458,366</u>
	10,510,613	15,702,017
Less: Deposits maturing in more than 3 months	-	(600,000)
Deposits pledged	(4,000,000)	(4,000,000)
Bank overdrafts	<u>(313,340)</u>	<u>(197,975)</u>
	<u>6,197,273</u>	<u>10,904,042</u>

(b) Property, plant and equipment purchased were acquired
by way of:

	2023	2022
	RM	RM
Cash payments	1,195,910	294,876
Hire purchase payables	250,000	150,000
Net change in payables	<u>(120,000)</u>	<u>120,000</u>
	<u>1,325,910</u>	<u>564,876</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the financial statements - 31 December 2023

1. Corporate information

The principal activities of the Company are the manufacture and sale of timber doors and frames. There has been no change in the nature of these activities during the year.

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at 81 (2nd Floor), Jalan Market, 30000 Ipoh, Perak Darul Ridzuan. The principal place of business of the Company is located at Lot 5 Persiaran Perindustrian Kanthan 5, Estet Perindustrian Kanthan, 31200 Chemor, Perak Darul Ridzuan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 June 2024.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis, unless otherwise indicated in this summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM").

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (contd.)

2.2 Property, plant and equipment and depreciation

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services or for administrative purposes are recognised as property, plant and equipment when the Company obtains control of the asset. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Long term leasehold land is amortised over the term of the lease period of 60 years.

Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Factory buildings	2%
Kiln dry plant	10%
Plant and machinery	10%
Furniture and equipment	10%
Computer software	40% - 60%
Motor vehicles	20%
Electrical installation	10%

Capital work-in-progress is not depreciated.

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (contd.)

2.3 Inventories

Inventories are measured at the lower of cost and net realisable value (which is the estimated selling price less costs to complete and sell). Cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition. For manufactured goods, cost includes conversion costs of labour and variable and fixed production overheads. Net realisable value is determined on an item-by-item basis or on group of similar items basis.

2.4 Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents include cash on hand and at bank, demand deposits and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value but do not include bank balances which have been pledged as securities for bank facilities granted to the Company as collateral.

2.5 Foreign currencies

Transactions in foreign currencies are initially converted to Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each reporting date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to profit or loss.

2.6 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its assets, other than inventories and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (contd.)

2.6 Impairment of non-financial assets (contd.)

Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

2.7 Revenue and other income recognition

Revenue and other income are recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue and other income can be measured reliably.

(i) Sale of goods

Sale of goods is recognised net of discounts upon the transfer of risks and rewards of ownership.

(ii) Interest income

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

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (contd.)

2.8 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, the Company makes contributions to the statutory pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

2.9 Income tax

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability or asset is measured at the amount the Company expects to pay or recover using tax rates that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss. The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss. A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (contd.)

2.9 Income tax (contd.)

Deferred taxes are measured using tax rates that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

2.10 Borrowing cost

Borrowing cost of the Company includes interest on bank overdrafts, calculated using the effective interest rate method. Borrowing cost is recognised as an expense when incurred.

2.11 Sales and Service Tax ("SST")

When SST is incurred, SST is recognised as part of the expenses or cost of acquisition of the asset applicable as SST is not recoverable from the tax authority.

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (contd.)

2.12 Financial instruments

(i) Initial recognition and measurement

The Company recognises a financial asset or a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(ii) Derecognition of financial instruments

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (contd.)

2.12 Financial instruments (contd.)

(iii) Subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company classifies financial assets into two categories, namely: (a) financial assets at fair value through profit or loss, and (b) financial assets at amortised cost.

After initial recognition, investments in preference shares and ordinary shares are measured at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest rate method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 2.12(vii).

(iv) Subsequent measurement of financial liabilities

After initial recognition, all financial liabilities are measured at amortised cost using the effective interest rate method.

(v) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

(vi) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (contd.)

2.12 Financial instruments (contd.)

(vii) Impairment and uncollectability of financial assets

At the end of each reporting period, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (a) significant difficulty of the issuer or obligor; (b) a breach of contract, such as a default or delinquency in interest or principal payments; (c) granting exceptional concession to a customer; (d) it is probable that a customer will enter bankruptcy or other financial reorganisation; (e) the disappearance of an active market for that financial asset because of financial difficulties; or (f) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due periods. A collective allowance is estimated for a class group based on the Company's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate of the amount that the Company expects to receive for the asset if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

2. Summary of significant accounting policies (contd.)

2.13 Fair value measurement

For assets, liabilities and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Company establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

The fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability, and for which the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset or liability.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation technique using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

The Company does not have any financial assets and liabilities carried at fair value as at 31 December 2023 and 31 December 2022.

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Company's accounting policies on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Revenue

Revenue represents invoiced value of goods sold after allowance for discounts and sales returns.

5. Other operating income

	2023 RM	2022 RM
Gain on disposal of property, plant and equipment	84,000	-
Interest income	341,370	231,450
Realised gain on foreign exchange	782,103	516,583
Unrealised gain on foreign exchange	16,423	9,282
Wage subsidy	45,000	-
Waste disposal income	-	1,118
	<u>1,268,896</u>	<u>758,433</u>

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

6. Profit before taxation

	2023	2022
	RM	RM
(a) This is arrived at after charging:		
Auditors' remuneration	30,000	30,000
Depreciation of property, plant and equipment (Note 8)	1,287,150	1,299,954
Directors' emoluments	1,105,490	1,105,493
Fair value loss on derivatives	-	43,450
Interest expense - bank overdrafts	109	466
Interest expense - hire purchase	14,887	-
Rental of building	<u>146,820</u>	<u>133,466</u>
(b) Staff information		
Staff emoluments:		
- Salaries and wages	5,176,401	5,300,271
- Employees Provident Fund contributions	252,455	221,510
- Employment Insurance System contributions	3,638	3,354
- Social Security Organisation contributions	66,542	72,653
- Other staff costs	265,424	340,574
	<u>5,764,460</u>	<u>5,938,362</u>
Directors' emoluments:		
- Salaries and other emoluments	942,750	942,750
- Employees Provident Fund contributions	162,740	162,743
	<u>1,105,490</u>	<u>1,105,493</u>
- Benefits-in-kind	<u>32,939</u>	<u>19,633</u>

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

7. Income tax expense

	2023	2022
	RM	RM
Current tax:		
Current year provision	1,633,479	1,744,386
Over provision in prior year	<u>(123,759)</u>	<u>(51,889)</u>
	<u>1,509,720</u>	<u>1,692,497</u>
Deferred tax (Note 16):		
Relating to origination and reversal of temporary differences	(139,550)	(161,254)
Under/(Over) provision in prior year	<u>10,830</u>	<u>(59,258)</u>
	<u>(128,720)</u>	<u>(220,512)</u>
	<u>1,381,000</u>	<u>1,471,985</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022 : 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the corporate tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2023	2022
	RM	RM
Profit before taxation	<u>6,080,569</u>	<u>6,533,000</u>
Taxation at Malaysian statutory tax rate of 24% (2022 : 24%)	1,459,337	1,567,920
Expenses not deductible for tax purposes	45,392	15,212
Income not subject to tax	(10,800)	-
Over provision of current tax in prior year	(123,759)	(51,889)
Under/(Over) provision of deferred tax in prior year	<u>10,830</u>	<u>(59,258)</u>
Tax expense for the year	<u>1,381,000</u>	<u>1,471,985</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER 2023 (CONT'D)

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

8. Property, plant and equipment

	Long term leasehold land RM	Factory buildings RM	Kiln dry plant RM	Plant and machinery RM	Furniture and equipment RM	Computer software RM	Motor vehicles RM	Electrical installation RM	Capital work-in- progress RM	Total RM
Cost										
At 1 January 2023	4,280,000	11,923,239	3,013,309	20,100,637	501,415	20,698	2,100,260	1,566,845	-	43,506,403
Additions	-	8,010	8,800	361,914	3,808	-	381,750	-	561,628	1,325,910
Disposal	-	-	-	-	-	-	(777,507)	-	-	(777,507)
At 31 December 2023	4,280,000	11,931,249	3,022,109	20,462,551	505,223	20,698	1,704,503	1,566,845	561,628	44,054,806
Accumulated depreciation										
At 1 January 2023	819,575	2,029,472	2,810,295	17,322,442	353,952	20,698	1,614,138	1,414,437	-	26,385,009
Depreciation charge for the year (Note 6)	91,063	238,586	30,936	749,754	22,035	-	117,960	36,816	-	1,287,150
Disposal	-	-	-	-	-	-	(777,507)	-	-	(777,507)
At 31 December 2023	910,638	2,268,058	2,841,231	18,072,196	375,987	20,698	954,591	1,451,253	-	26,894,652
Net book value										
At 31 December 2023	3,369,362	9,663,191	180,878	2,390,355	129,236	-	749,912	115,592	561,628	17,160,154
At 31 December 2022	3,460,425	9,893,767	203,014	2,778,195	147,463	-	486,122	152,408	-	17,121,394
Depreciation charge for 2022 (Note 6)										
	91,064	238,381	31,863	869,524	24,067	-	8,239	36,816	-	1,299,954

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

8. Property, plant and equipment (contd.)

- (a) Included in the property, plant and equipment of the Company are the following cost of fully depreciated assets which are still in use:

	2023	2022
	RM	RM
Kiln dry plant	2,729,677	2,704,677
Plant and machinery	13,505,376	12,810,576
Furniture and equipment	289,462	287,264
Computer software	20,698	20,698
Motor vehicles	828,392	1,605,899
Electrical installation	1,203,090	1,198,690
	<u>18,576,695</u>	<u>18,627,804</u>

- (b) One of the Company's long term leasehold land and factory buildings have been charged to financial institutions to secure banking facilities granted to the Company as disclosed in Note 13.

- (c) Net carrying amount of property, plant and equipment held under hire purchase is as follows:

	2023	2022
	RM	RM
Motor vehicles	<u>749,912</u>	<u>248,783</u>

9. Investment

	2023	2022
	RM	RM
Unquoted shares at cost	180,000	180,000
Less: Impairment loss	<u>(180,000)</u>	<u>(180,000)</u>
	<u>-</u>	<u>-</u>

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

10. Inventories

	2023	2022
	RM	RM
At cost:		
Raw materials	5,486,698	4,482,750
Work-in-progress	2,714,351	1,244,296
Consumable stores	852,103	920,669
	<u>9,053,152</u>	<u>6,647,715</u>
 Cost of inventories recognised in profit or loss	 <u>24,531,004</u>	 <u>27,422,742</u>

11. Trade and other receivables

	2023	2022
	RM	RM
Current		
Trade receivables		
Third parties	1,513,098	2,605,136
Less: Allowance for impairment - third parties	-	(309,399)
	<u>1,513,098</u>	<u>2,295,737</u>
 Other receivables		
Other receivables	243,355	271,022
Deposits	30,820	31,380
Goods and Services Tax receivable	-	448
Prepayments	344,912	486,488
	<u>619,087</u>	<u>789,338</u>
 Total trade and other receivables	 2,132,185	 3,085,075
Add: Cash and bank balances (Note 12)	10,510,613	15,702,017
Less: Goods and Services Tax receivable	-	(448)
Prepayments	(344,912)	(486,488)
Total financial assets carried at amortised cost	<u>12,297,886</u>	<u>18,300,156</u>

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

11. Trade and other receivables (contd.)

Movement in allowance accounts:

	2023 RM	2022 RM
At 1 January and 31 December	309,399	309,399
Written off	<u>(309,399)</u>	<u>-</u>
At 31 December	<u>-</u>	<u>309,399</u>

Third parties

Third party receivables are non-interest bearing and are generally on 30 to 90-day (2022 : 30 to 90-day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

12. Cash and bank balances

	2023 RM	2022 RM
Cash on hand and at banks	1,951,285	5,243,651
Deposits with licensed banks	<u>8,559,328</u>	<u>10,458,366</u>
	<u>10,510,613</u>	<u>15,702,017</u>

The interest rates and maturity of deposits for the financial year range from 2.40% to 3.90% (2022 : 1.75% to 4.08%) per annum and 4 days to 3 months (2022 : 5 days to 12 months) respectively.

Included in the deposits with licensed banks of the Company are deposits amounting to RM4,000,000 (2022 : RM4,000,000) pledged as security for bank facilities granted to the Company as disclosed in Note 13.

13. Short term borrowings

	2023 RM	2022 RM
Secured:		
Bank overdrafts	<u>313,340</u>	<u>197,975</u>

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

13. Short term borrowings (contd.)

The interest rates as at the reporting date for borrowings were as follows:

	2023 %	2022 %
Bank overdrafts	<u>5.97</u>	<u>5.97</u>

The bank overdrafts, trade bills and forward currency contracts are secured by the following:

- Pledged fixed deposits amounting to RM4,000,000 (2022 : RM4,000,000) of the Company as disclosed in Note 12;
- Guarantees by certain directors of the Company; and
- Pledged land title number PN 149335 Lot 198891 Mukim Hulu Kinta, Daerah Kinta, Negeri Perak Darul Ridzuan, as disclosed in Note 8.

The trade bills and forward currency contracts are not utilised as at year end.

14. Trade and other payables

	2023 RM	2022 RM
Trade payables		
Third parties	<u>3,163,639</u>	<u>3,752,068</u>
Other payables		
Accruals	892,289	1,027,079
Other payables	<u>338,821</u>	<u>590,132</u>
	<u>1,231,110</u>	<u>1,617,211</u>
Total trade and other payables	4,394,749	5,369,279
Add: Short term borrowings (Note 13)	313,340	197,975
Add: Hire purchase payables (Note 15)	<u>432,376</u>	<u>150,000</u>
Total financial liabilities carried at amortised cost	<u>5,140,465</u>	<u>5,717,254</u>

Trade payables

The normal credit terms granted to the Company range from 30 to 60 days (2022 : 30 to 60 days).

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

15. Hire purchase payables

	2023 RM	2022 RM
Minimum payments:		
Not later than 1 year	187,896	55,104
Later than 1 year and not later than 2 years	191,494	110,196
More than 2 years	81,750	-
	<u>461,140</u>	<u>165,300</u>
Less: Future finance charges	(28,764)	(15,300)
Present value of hire purchase payables	<u>432,376</u>	<u>150,000</u>
 Present value of hire purchase payables		
Not later than one year	169,673	46,696
Later than 1 year and not later than 2 years	182,692	103,304
More than 2 years	80,011	-
	<u>432,376</u>	<u>150,000</u>
 Analysed as:		
Due within 12 months	159,132	39,804
Due after 12 months	273,244	110,196
	<u>432,376</u>	<u>150,000</u>

The hire purchase payables bear interest at the rates range from 2.34% to 3.40% (2022: 2.04%) per annum.

16. Deferred tax (asset)/liabilities

	2023 RM	2022 RM
At 1 January	2,560,011	2,780,523
Recognised in profit or loss (Note 7)	(128,720)	(220,512)
At 31 December	<u>2,431,291</u>	<u>2,560,011</u>
 Presented after appropriate offsetting as follows:		
Deferred tax liabilities	<u>2,431,291</u>	<u>2,560,011</u>

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

16. Deferred tax (asset)/liabilities (contd.)

The components and movements of deferred tax liabilities and deferred tax asset during the financial year prior to offsetting are as follows:

Deferred tax liabilities:

	Fair value gain on derivatives RM	Property, plant and equipment RM	Total RM
At 1 January 2023	-	2,632,039	2,632,039
Recognised in profit or loss	-	(130,434)	(130,434)
At 31 December 2023	-	2,501,605	2,501,605
At 1 January 2022	10,428	2,773,283	2,783,711
Recognised in profit or loss	(10,428)	(141,244)	(151,672)
At 31 December 2022	-	2,632,039	2,632,039

Deferred tax asset:

	Provision and other deductible temporary differences RM
At 1 January 2023	(72,028)
Recognised in profit or loss	1,714
At 31 December 2023	(70,314)
At 1 January 2022	(3,188)
Recognised in profit or loss	(68,840)
At 31 December 2022	(72,028)

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

17. Share capital

	Number of ordinary shares		Amount	
	2023	2022	2023 RM	2022 RM
Issued and fully paid:	<u>7,081,321</u>	<u>7,081,321</u>	<u>7,081,321</u>	<u>7,081,321</u>

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

18. Retained profits

The Company is able to distribute dividends out of its entire retained profits as at 31 December 2023 and 31 December 2022 under the single tier system.

19. Dividends

	2023 RM	2022 RM
Second single tier interim dividend of RM0.50 (2022 : RM0.50)	3,540,661	3,540,661
First single tier interim dividend of RM0.50 (2022 : RM Nil)	<u>3,540,661</u>	<u>-</u>
	<u>7,081,322</u>	<u>3,540,661</u>
Net dividend per share (sen)	<u>50</u>	<u>50</u>

A second interim single tier dividend of RM0.30 per share on 7,081,321 ordinary shares, amounting to RM2,124,396 for the financial year ended 31 December 2023 has been declared on 4 April 2024 and paid on 16 April 2024. Such dividend has been declared after the current financial year end and is to be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year.

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

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF IPSB FOR THE FYE 31 DECEMBER
2023 (CONT'D)**

199301004259 (258996-V)

Ivory Pearl Sdn. Bhd.
(Incorporated in Malaysia)

20. Related party disclosure

Holding company	Transactions	2023 RM	2022 RM
Home and Leisure International Limited ("HLIL")	Sales of finished goods	-	26,174,661

The above related party transactions in the previous financial year were recognised up to 14 September 2022 following the cessation of HLIL as the immediate and ultimate holding company of the Company.

21. Key management personnel compensation

The compensation paid to the directors, being the key management personnel of the Company for the year ended 31 December 2023 and the comparative prior year are as follows:

	2023 RM	2022 RM
Total compensation (Note 6(b))	1,105,490	1,105,493

22. Comparatives

The following comparative amounts for the financial year ended 31 December 2022 have been reclassified to conform with the current year's presentation:

	Previously stated RM	Reclassifications RM	As restated RM
Statement of comprehensive income			
Revenue	49,167,979	(516,583)	48,651,396
Other operating income	241,850	516,583	758,433

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular/Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there is no false or misleading statement or other facts the omission of which would make any information in this Circular/Statement false or misleading.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS**(i) Malacca Securities**

Malacca Securities, being the Principal Adviser for the Proposals, has given and not subsequently withdrawn its written consent for the inclusion in this Circular/Statement of its name and all references thereto in the form and context in which they appear in this Circular/Statement.

Malacca Securities has given its written confirmation that there is no conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser for the Proposals.

(ii) Smith Zander

Smith Zander, being the Independent Market Researcher for the Proposed Acquisition, has given and not subsequently withdrawn its written consent for the inclusion in this Circular of its name and all references thereto in the form and context which they appear in this Circular.

Smith Zander has given its written confirmation that there is no conflict of interest which exists or is likely to exist in its capacity to its role as the Independent Market Researcher for the Proposed Acquisition.

3. MATERIAL LITIGATION

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

4. MATERIAL COMMITMENT AND CONTINGENT LIABILITIES**4.1. Material commitment**

As at LPD, save for the Proposed Acquisition, there are no material commitments incurred or known to be incurred by Econframe Group which upon becoming due or enforceable, may have a material impact on the financial position or business of Econframe Group.

4.2. Contingent liabilities

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

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Econframe at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular/Statement up to and including the date of the Company's forthcoming EGM:

- (i) the Constitution of the Company;
- (ii) the Memorandum and Articles of Association of IPSB;
- (iii) the SSA;
- (iv) the Management Service Agreement;
- (v) the audited consolidated financial statements of Econframe for the FYE 31 August 2023 and FYE 31 August 2024 and unaudited consolidated financial statements of Econframe for 3-month FPE 30 November 2024;
- (vi) the audited financial statements of IPSB for the FYEs 31 December 2021, 31 December 2022 and 31 December 2023 and the latest unaudited financial statements for the 9-month FPE 30 September 2024;
- (vii) the industry market research report dated 26 March 2025 by Smith Zander;
- (viii) the material contract referred to in Section 8 of Appendix III;
- (ix) the relevant cause paper in respect of the material litigation referred to in Section 9 of Appendix III; and
- (x) the letters of consent and declaration of conflict of interest referred to in Section 2 of this Appendix V.

[The rest of this page has been intentionally left blank]



ECONFRAME BERHAD

Registration No. 201901042935 (1352265-T)
Incorporated in Malaysia

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of Econframe Berhad (“**Econframe**” or the “**Company**”) will be held at Putra Room, Sultan Abdul Aziz Shah Golf & Country Club, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Wednesday, 30 April 2025 at 10:30 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION OF 7,081,321 ORDINARY SHARES IN IVORY PEARL SDN BHD (“IPSB”), REPRESENTING THE ENTIRE EQUITY INTEREST OF IPSB, FOR A TOTAL PURCHASE CONSIDERATION OF RM56,000,000, TO BE SATISFIED VIA CASH CONSIDERATION OF RM46,672,545 AND THE REMAINING RM9,327,455 TO BE SETTLED VIA THE ISSUANCE AND ALLOTMENT OF 16,500,000 NEW ORDINARY SHARES IN ECONFRAME (“CONSIDERATION SHARES”) AT AN ISSUE PRICE OF RM0.5653 PER CONSIDERATION SHARE (“PROPOSED ACQUISITION”)

“**THAT**, subject to the approvals of all relevant authorities and/or parties being obtained (where applicable) and the fulfilment of the conditions precedent as set out in the conditional share sale agreement dated 23 January 2025 and supplemental share sale agreement dated 26 March 2025 entered into between Econframe, Yeong Chew Tet, Chan Yoke Peng, Razik Fareed Jaffardeen, Choo Yoke Liong @ Choo Siao Liong, Lam Phit Yen, Choo Jee Sam, JS Choo Holdings Sdn. Bhd., Chin Kum Yoke, Raja Gopal A/L Muniappan and Lee Kok Choy (collectively, referred to as the “**Vendors**”) (“**SSA**”), approval be and is hereby given to Econframe to acquire 7,081,321 ordinary shares in IPSB, representing the entire equity interest of IPSB, for the purchase consideration of RM56,000,000, to be satisfied via cash consideration of RM46,672,545 and the remaining RM9,327,455 to be settled via the issuance and allotment of 16,500,000 Consideration Shares at an issue price of RM0.5653 per Consideration Share, in accordance with the terms and conditions of the SSA and any supplemental thereto (if any);

THAT, the Board of Directors of Econframe (“**Board**”) be and is hereby authorised to issue and allot the Consideration Shares at an issue price of RM0.5653 per Consideration Share to the Vendors as detailed in Section 2 of Part A of the circular to shareholders dated 2 April 2025, in accordance with the terms and conditions of the SSA and any supplemental thereto (if any);

THAT, the Consideration Shares shall, upon issuance and allotment, rank equally in all respects with the existing ordinary shares in Econframe (“**Econframe Shares**” or “**Shares**”), save and except that the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Consideration Shares;

THAT, pursuant to Section 85 of the Companies Act, 2016 (“**Act**”), read together with Clause 16.6 of the Company’s constitution (“**Constitution**”), the statutory pre-emptive rights of the shareholders of the Company to be offered new Econframe Shares ranking equally to the existing issued Econframe Shares arising from any issuance of the Consideration Shares to the Vendors pursuant to the Proposed Acquisition be and is hereby noted and waived;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem fit, necessary, expedient and/or appropriate to implement and give full effect to complete the Proposed Acquisition including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit, necessary, expedient and/or appropriate in order to carry out, finalise and give full effect to the Proposed Acquisition.”

ORDINARY RESOLUTION 2

PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (“PROPOSED SHARE BUY-BACK”)

“**THAT**, subject to the Act, the Constitution, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) and the approvals of all relevant authorities and/or parties being obtained (where applicable), the Company be and is hereby authorised to purchase such number of the issued Shares as may be determined by the Board from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit, necessary and expedient in the best interest of the Company, provided that:

- (a) the maximum aggregate number of Shares which may be purchased by the Company or held as treasury shares shall not exceed 10% of the total number of issued Shares of the Company at any point in time;
- (b) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the aggregate of the retained earnings of the Company at the time of purchase;
- (c) the authority shall be effective immediately upon passing of this ordinary resolution and will continue to be in force until:
 - (i) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company at which time the authority shall lapse unless by an ordinary resolution passed at the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
 - (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

THAT, upon completion of the purchase by the Company of its own Shares, the Board be and is hereby authorised to deal with the purchased Shares in their absolute discretion in the following manner:

- (a) to cancel the purchased Shares;
- (b) to retain the purchased Shares as treasury shares;
- (c) to retain part of the purchased Shares as treasury shares and cancel the remainder of the purchased Shares; or
- (d) in any other manner as may be prescribed by the Act, the Listing Requirements and any other relevant authorities for the time being in force.

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem fit, necessary, expedient and/or appropriate to implement and give full effect to complete the Proposed Share Buy-Back including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit, necessary, expedient and/or appropriate in order to carry out, finalise and give full effect to the Proposed Share Buy-Back.”

By Order of the Board
ECONFRAME BERHAD

YEOW SZE MIN (SSM PC No. 201908003120) (MAICSA 7065735)
Company Secretary

Selangor Darul Ehsan
2 April 2025

Notes:

- 1. For the purpose of determining a member who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 18.7(b) of the Constitution of the Company and Section 34(1) of Securities Industry (Central Depositories) Act, 1991 (“**SICDA**”) to issue a General Meeting Record of Depositors as at 22 April 2025. Only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the EGM or appoint proxies to attend and/or speak and/or vote on his/her behalf.*
- 2. A member entitled to attend and vote at the EGM is entitled to appoint a proxy/proxies to attend, speak and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak and vote at the meeting.*
- 3. A member may, subject to Notes (4) and (5) below, appoint more than 1 proxy to attend and vote at the EGM, to the extent permitted by the Act, SICDA, Listing Requirements and the Rules of Bursa Malaysia Depository Sdn. Bhd. Where a member appoints 2 proxies to attend and vote at the EGM, such appointment shall be invalid unless the member specifies the proportions of his/her shareholdings to be represented by each proxy.*
- 4. Where a member of the Company is an authorised nominee as defined under SICDA, it may appoint at least 1 but not more than 2 proxies in respect of each securities account it holds to which shares in the Company standing to the credit of the said account.*
- 5. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in 1 securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- 6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, in the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer’s Common Seal or under the hand of an officer or attorney duly authorised.*
- 7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Company’s registered office at c/o Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or via electronic means at info@sshsb.com.my not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*



Registration No. 201901042935 (1352265-T)

Total number of ordinary shares held	
CDS Account No.	
Email address	
Contact number	

FORM OF PROXY

I/We.....
(full name as per NRIC/Passport/Certificate of Incorporation in capital letters)

Passport/NRIC/Registration No.....

of
(full address)

being a member of ECONFRAME BERHAD, hereby appoint
(full name as per NRIC/Passport in capital letters)

NRIC/Passport No.....

of
(full address)

and/or failing *him/her,

(full name as per NRIC/Passport in capital letters)

NRIC/Passport No.....

of
(full address)

or failing him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting (“EGM”) of ECONFRAME BERHAD to be held at Putra Room, Sultan Abdul Aziz Shah Golf & Country Club, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Wednesday, 30 April 2025 at 10:30 a.m. or at any adjournment thereof.

My/our proxy(ies) *is/are to vote as indicated below:

Ordinary Resolutions		For	Against
1.	Proposed Acquisition		
2.	Proposed Share Buy-Back		

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

Dated this day of
 2025

For appointment of 2 proxies, percentage of shareholdings to be represented by the proxies:

.....
 Signature/Common Seal of shareholder
 Contact No:.....

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

* Delete if not applicable



Notes:-

1. For the purpose of determining a member who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 18.7(b) of the Constitution of the Company and Section 34(1) of Securities Industry (Central Depositories) Act, 1991 (“**SICDA**”) to issue a General Meeting Record of Depositors as at 22 April 2025. Only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the EGM or appoint proxies to attend and/or speak and/or vote on his/her behalf.
2. A member entitled to attend and vote at the EGM is entitled to appoint a proxy/proxies to attend, speak and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak and vote at the meeting.
3. A member may, subject to Notes (4) and (5) below, appoint more than 1 proxy to attend and vote at the EGM, to the extent permitted by the Companies Act, 2016, SICDA, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and the Rules of Bursa Malaysia Depository Sdn Bhd. Where a member appoints 2 proxies to attend and vote at the EGM, such appointment shall be invalid unless the member specifies the proportions of his/her shareholdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under SICDA, it may appoint at least 1 but not more than 2 proxies in respect of each securities account it holds to which shares in the Company standing to the credit of the said account.
5. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in 1 securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, in the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer’s Common Seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Company’s registered office at c/o Securities Services (Holdings) Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or via electronic means at info@sshsb.com.my not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar of
ECONFRAME BERHAD
(REGISTRATION NO. 201901042935 (1352265-T))

SECURITIES SERVICES (HOLDINGS) SDN BHD
LEVEL 7, MENARA MILENIUM
JALAN DAMANLELA
PUSAT BANDAR DAMANSARA
DAMANSARA HEIGHTS
50490 KUALA LUMPUR, WILAYAH PERSEKUTUAN

1st fold here

