

## PERTAMA DIGITAL BERHAD (“PDB” OR “COMPANY”)

**PROPOSED VARIATION TO THE TERMS AND CONDITIONS OF THE SHARE SALE AGREEMENT DATED 2 MAY 2019 (AS SUPPLEMENTED BY A SUPPLEMENTAL SHARE SALE AGREEMENT DATED 18 JUNE 2020 AND VARIOUS SUPPLEMENTAL LETTERS) ENTERED INTO BETWEEN THE COMPANY AND GIFTED INVESTMENTS LIMITED IN RELATION TO THE DISPOSAL BY PDB OF THE ENTIRE EQUITY INTEREST IN ITS SUBSIDIARY, BE TOP GROUP LIMITED, FOR A CONSIDERATION OF RM70.00 MILLION (“DISPOSAL”) BY REMOVING THE CONDITION AS SET OUT IN CLAUSE 6A.1.3 OF THE AGREEMENTS REQUIRING THE COMPANY TO PROCURE THE APPROVAL BY BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) FOR AN APPLICATION TO SEEK WAIVER FROM BURSA SECURITIES FROM CLASSIFYING THE COMPANY AS AN AFFECTED LISTED ISSUER UPON COMPLETION OF THE DISPOSAL PURSUANT TO PARAGRAPH 8.03A OF THE MAIN MARKET LISTING REQUIREMENTS (“PROPOSED VARIATION”)**

---

*(All defined terms used herein shall have the same meanings as the words and expressions defined in the circular to shareholders of PDB dated 30 July 2020 in relation to, among others, the Disposal (“Previous Circular”).)*

This announcement shall supersede earlier announcements in relation to the Proposed Variation dated 2 June 2022 and 8 June 2022.

### 1. INTRODUCTION

Inter-Pacific Securities Sdn Bhd (“**Inter-Pacific Securities**”) and Astramina Advisory Sdn Bhd (“**Astramina Advisory**”), on behalf of the Board of Directors of the Company (“**Board**”), had made the following announcements in relation to the Disposal and Proposed Variation:

- (i) On 12 December 2018, PDB had proposed to undertake the proposed disposal of its Foreign Assets for cash via the Open Tender.
- (ii) On 2 May 2019, PDB had entered into the Disposal SSA with GIL in relation to the Disposal pursuant to the Open Tender.
- (iii) On 18 June 2020, PDB had entered into the first supplemental share sale agreement with GIL to vary and amend certain arrangement, terms and conditions of the Disposal SSA (“**Supplemental Disposal SSA**”).
- (iv) On 2 August 2019, 2 October 2019, 2 January 2020, 2 April 2020, 19 November 2020, 5 March 2021, 17 June 2021, 16 July 2021 and 19 January 2022, PDB and GIL had, via exchange of letters dated 2 August 2019, 2 October 2019, 2 January 2020, 2 April 2020, 19 November 2020, 5 March 2021, 17 June 2021, 16 July 2021 and 19 January 2022 (collectively, “**Supplemental Letters**”), mutually agreed to, among others, extend the cut-off date of the Disposal SSA to 19 July 2022 to facilitate the fulfilment of the conditions precedent of the Disposal SSA.
- (v) The non-interested shareholders of PDB had, at the EGM of the Company held on 21 August 2020 (“**Previous EGM**”) approved the Disposal.
- (vi) On 21 September 2020, the Tranche 1 Completion of the Disposal for 21.50% equity interest in Be Top upon the first cash payment of RM12.00 million by GIL to PDB, together with the sum of RM3.00 million received from GIL in January 2019 as bidding bond under the Open Tender.
- (vii) On 16 July 2021, the Tranche 2 Completion of the Disposal for 26.50% equity interest in Be Top upon the second cash payment of approximately RM18.52 million by GIL to PDB.

- (viii) On 2 June 2022, PDB had entered into a second supplemental share sale agreement with GIL to amend, modify, substitute, vary and alter the terms, conditions and provisions of the Disposal SSA (as supplemented by the Supplemental Disposal SSA and Supplemental Letters) ("**Second Supplemental Disposal SSA**") in relation to the Disposal.

(The Disposal SSA, Supplemental Disposal SSA, Second Supplemental Disposal SSA and Supplemental Letters shall hereinafter collectively be referred to as "**Agreements**".)

- (ix) On 8 June 2022, clarification on the criteria for a cash company pursuant to Paragraph 8.03(1) of the Listing Requirements and inadequate level of operations pursuant to Paragraph 8.03A(2) of the Listing Requirements upon completion of the Disposal.

As at 21 June 2022, being the latest practicable date prior to this announcement ("**LPD**"), the Company has yet to complete the Tranche 3 Completion of the Disposal for the remaining 52.00% Be Top Shares, being the final tranche to complete the Disposal.

As at the LPD, the total cash payment of approximately RM33.52 million under the Agreements had been fully paid by GIL to PDB. The Tranche 3 Completion will be completed upon the transfer of the Assumed Liabilities from PDB to GIL in accordance with the Agreements.

The details of the Proposed Variation are set out in the ensuing sections of this announcement.

## **2. DETAILS OF THE PROPOSED VARIATION**

The Tranche 3 Completion is conditional upon, among others, PDB having obtained the approval by Bursa Securities for the Waiver Application.

Accordingly, Inter-Pacific Securities and Astramina Advisory, on behalf of the Company, had on 23 April 2021, submitted a Waiver Application to Bursa Securities. The Waiver Application has not been approved by Bursa Securities via its letter dated 21 June 2021.

Subsequently, Inter-Pacific Securities and Astramina Advisory, on behalf of the Company, had on 25 June 2021, submitted an appeal on Bursa Securities' decision on the Waiver Application ("**Appeal**"). Bursa Securities had dismissed the Appeal via its letter dated 13 August 2021.

On 2 June 2022, PDB had entered into the Second Supplemental Disposal SSA with GIL to amend, modify, substitute, vary and alter the terms, conditions and provisions of the Agreements. Pursuant to the Second Supplemental Disposal SSA, PDB and GIL have agreed to the followings:

- (a) subject to the approval of the shareholders of PDB, to remove the condition set in Clause 6A.1.3 of the Agreements; and
- (b) to insert a new clause to clarify GIL's obligations to pay the stamp duties on the transfer of the Assumed Liabilities as set out in the Agreements.

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

For illustration purpose, the abovementioned changes are outlined in the table below:

	As per Disposal SSA (as supplemented by the Supplemental Disposal SSA and Supplemental Letters)	Changes set out in the Second Supplemental Disposal SSA
<b>Conditions</b>	=	<p><u>New insertion of Clause 6A.2 into the Agreements</u></p> <p><b><i>“For the avoidance of doubt, the Seller may procure for the approval of its shareholders, on or before the Cut-Off Date, the removal of the condition under Clause 6A.1.3 of the Share Sale Agreement<sup>(1)</sup>. Subject to such approvals by the shareholders of the Seller, the parties shall on the same date mutually agree to such removal.”</i></b></p> <p><b><u>Note:</u></b></p> <p><i>(1) Clause 6A.1.3 of the Agreements is read as follows:</i></p> <p><i>“The Seller having procured the approval by Bursa Securities for the Waiver Application”.</i></p>
<b>Buyer's Stamp Duties</b>	<p><u>Clause 17.2 of the Disposal SSA</u></p> <p><b><i>“The Buyer shall pay the stamp duty on the original and 3 duplicates of this Agreement and the stamp duty and registration fees in respect of the transfer of the Sale Shares, where applicable”</i></b></p>	<p><u>Newly amended Clause 17.2 of the Agreements</u></p> <p><u>17.2.1:</u></p> <p><b><i>“The Buyer shall pay the stamp duty on the original and 3 duplicates of this Agreement and the stamp duty and registration fees in respect of the transfer of the Sale Shares, the transfer of the Assumed Liabilities, where applicable”</i></b></p> <p><u>17.2.2:</u></p> <p><b><i>“The Buyer shall pay the stamp duty within the time stipulated in the notice of stamp duty assessment in respect of the transfer of the Assumed Liabilities.”</i></b></p>

For information, the Company is seeking for PDB's shareholders' approval for the removal of the condition under Clause 6A.1.3 of the Agreements that will release PDB of the obligation to procure an approval from Bursa Securities for the Waiver Application. Accordingly, PDB and GIL will proceed with the Tranche 3 Completion upon satisfaction of the remaining condition precedent, namely, the transfer of Assumed Liabilities from PDB to GIL in accordance with the Agreements.

Save for amendments and variations set above, PDB and GIL agrees that the Agreements shall continue to remain in full force and effect and shall be read and construed and be enforceable as if amendments as summarised in the table above were inserted in the Agreements.

### 3. LISTING STATUS

Subsequent to completion of the Proposed Variation, the Board intends to proceed with the Tranche 3 Completion of the Disposal. The Company will not trigger the criteria for a cash company under Paragraph 8.03(1) and Practice Note 16 (“**PN 16**”) of the Listing Requirements. However, the Company will trigger the criteria for inadequate level of operations pursuant to Paragraph 8.03A(2) of the Listing Requirements immediately upon completion of the Disposal.

#### **Cash Company under Paragraph 8.03(1) and PN 16 of the Listing Requirements**

Pursuant to Paragraph 8.03(1) and PN 16 of the Listing Requirements, Bursa Securities may consider PDB as a cash company upon completion of the Disposal. A company may be considered as a cash company when its assets, on a consolidated basis, consists of 70% or more of cash or short-term investments, or a combination of both (“**Cash Criterion**”). PDB is required to immediately notify Bursa Securities when its assets trigger the Cash Criterion. Bursa Securities will determine whether PDB will be considered a cash company and will notify PDB of its decision.

Pursuant to Paragraph 8.03(4) and PN 16 of the Listing Requirements, in the event that PDB is classified as a cash company, at least 90% of its cash and short-dated securities, including existing cash and the net proceeds from the Disposal (after deducting transaction costs), must be placed in an account opened with a financial institution licensed by Bank Negara Malaysia and operated by a custodian. The amount placed in this account can only be utilised for the proposed acquisition of a business/asset approved by the SC or for distributions to shareholders in the event PDB does not successfully implement a proposal to acquire a business/asset within the stipulated timeframe.

A cash company is required to submit a regularisation plan pursuant to Paragraph 8.03(5) and PN 16 of the Listing Requirements, which encompasses submitting a proposal to acquire a new core business to the SC for its approval, and implement such proposal within the timeframe prescribed by the SC. Bursa Securities may suspend the trading of the listed securities of the Company or de-list the Company if the Company fails to comply with these requirements or if its proposal is rejected by the SC.

Based on the audited consolidated financial statements of PDB for the 18-month FPE 31 December 2021, the cash or short-term investment of the Group, or a combination of both represents approximately 11.33% of the total assets of the Group (which is less than 70% of the total assets of the Group) upon the Tranche 3 Completion of the Disposal.

As the Tranche 3 Completion does not involve cash payment from GIL as the settlement of the remaining consideration would be satisfied via transfer of the Assumed Liabilities to GIL by PDB. Therefore, the Company will not trigger the criteria for a cash company pursuant to Paragraph 8.03(1) and PN 16 of the Listing Requirements immediately upon completion of the Disposal.

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

**Level of operations pursuant to Paragraph 8.03(A)(2) of the Listing Requirements**

Pursuant to Paragraph 8.03(A)(2) of the Listing Requirements, the following are circumstances which indicate that a listed issuer may not have a level of operations that is adequate to warrant continued trading or listing on the Official List:

- (a) the listed issuer has suspended or ceased:
  - (i) all of its business or its major business; or
  - (ii) its entire or major operations,for any reason whatsoever including, amongst others, due to or as a result of:
  - (aa) the cancellation, loss or non-renewal of a licence, concession or such other rights necessary to conduct its business activities;
  - (bb) the disposal of the listed issuer's business or major business; or
  - (cc) a court order or judgment obtained against the listed issuer prohibiting the listed issuer from conducting its major operations on grounds of infringement of copyright of products etc; or
- (b) the listed issuer has an insignificant business or operations.

The Disposal is deemed as disposal of major business by the Company and it will trigger Paragraph 8.03A(2)(a)(bb) of the Listing Requirements as revenue attributable to Be Top Group as discontinued operations represents more than 70% of the aggregate revenue of the continuing and discontinued operations of the Group.

As such, the Company will be classified as an affected listed issuer pursuant to Paragraph 8.03A(2) of the Listing Requirements immediately upon completion of the Disposal.

For the avoidance of doubt, an affected listed issuer under Paragraph 8.03A(2) of the Listing Requirements is not a Practice Note 17 ("PN 17") issuer under the Listing Requirements.

Pursuant to Paragraph 8.03A(3) of the Listing Requirements, upon triggering the affected listed issuer status, the Company must comply with the following, failing which Bursa Securities may suspend the trading of listed securities of the Company or de-list the Company, or both:

- (a) immediately announce to Bursa Securities of its condition and provide such information from time to time for public release in accordance with the disclosure obligations set out in Paragraph 4.0 of PN 17 of the Listing Requirements, with the necessary modifications;
- (b) regularise its condition by complying with the requirements set out in Paragraph 8.04(3) of the Listing Requirements and Paragraph 5.0 of PN 17 of the Listing Requirements, with the necessary modifications; and
- (c) comply with such other requirements or do such other acts or things as may be prescribed or required by Bursa Securities.

Paragraph 8.04(3) of the Listing Requirements stipulates the following:

An affected listed issuer must:

- (a) regularise its condition in the following manner:
  - (i) within 12 months from the date it announces that it is an affected listed issuer:
    - (aa) submit a regularisation plan to the SC if the plan will result in a significant change in the business direction or policy of the affected listed issuer; or
    - (bb) submit a regularisation plan to Bursa Securities if the plan will not result in a significant change in the business direction or policy of the affected listed issuer, and obtain Bursa Securities' approval to implement the plan; and
  - (ii) implement the plan within the timeframe stipulated by the SC or Bursa Securities as the case may be;
- (b) provide such information as may be prescribed by Bursa Securities from time to time for public release; and
- (c) do such other acts or things as may be required by the Bursa Securities.

Where Bursa Securities approves the aforementioned regularisation plan of PDB, such approval may be unconditional or subject to such conditions, as it deems fit. If the regularisation plan is rejected by Bursa Securities, PDB may appeal against the decision of Bursa Securities within 30 days from the date of rejection.

Paragraph 8.04(5) of the Listing Requirements stipulates the following:

If an affected listed issuer fails to comply with any part of its obligations under Paragraph 8.04(3)(a) of the Listing Requirements above within the timeframes permitted by Bursa Securities, Bursa Securities shall:

- (a) suspend the trading of the Company's listed securities on the 6<sup>th</sup> market day after the date of notification of suspension by Bursa Securities; and
- (b) de-list the Company subject to the latter's right to appeal against the de-listing under the Listing Requirements.

For information purpose, Be Top Group has been classified as "assets held for sale" and its operations has also been classified as "discontinued operations" in the Group's audited financial statements since FYE 30 June 2019. The existing core continuing operation of the Group is mobile and digital solutions businesses.

Based on the audited consolidated financial statements of the Company for the 18-month FPE 31 December 2021, revenue attributable to discontinued operations represents approximately 92.66% of the Group's revenue while revenue attributable to continuing operations represents approximately 7.34% of the Group's revenue.

Notwithstanding, the Board intends to maintain the listing status of the Company on the Main Market of Bursa Securities and the Board will endeavour to take the necessary steps to maintain an adequate level of operations through its mobile and digital solutions businesses.

#### 4. RATIONALE OF THE PROPOSED VARIATION

Pursuant to the Agreements, PDB is required to procure approval from Bursa Securities on the Waiver Application prior to the completion of the Disposal.

Since the submission of the Waiver Application and Appeal in April 2021 and June 2021 respectively, there have been various significant development / changes on the mobile and digital solutions businesses of the Group which demonstrate that the mobile and digital solutions businesses of the Group are viable, sustainable and has growth prospects and warrant an adequate level of operations for the Group as summarised below:

	<b>Waiver Application in April 2022 and Appeal in June 2022</b>	<b>As at the LPD</b>
<b>Equity interest held in DVSB</b>	TAS only held 56% equity interest in DVSB, which was recognised as a joint controlled entity based on equity accounting without consolidation of the revenue and profits of DVSB in its accounts.	In August 2021, TAS has acquired an additional 24% equity interest in DVSB. Post-acquisition, TAS' equity interest in DVSB increased from 56% to 80%, which resulted in TAS gaining control over DVSB effective from 3 August 2021. Accordingly, TAS started consolidating the financial results of DVSB in its accounts since 3 August 2021 (" <b>TAS Group</b> ").
<b>Revenue generated from mobile &amp; digital solutions businesses</b>	Approximately RM0.28 million for 12-month FYE 31 December 2020, solely based on TAS.	Approximately RM8.08 million for 18-month FPE 31 December 2021, based on TAS Group with consolidation of DVSB for about 5 months from 3 August 2021.  For information, DVSB recorded total revenue of approximately RM15.72 million for the 18-month FPE 31 December 2021.
<b>Consecutive quarterly profits for continuing operations</b>	The continuing operations of the Group did not register 2 consecutive quarters of net profits as cited in Bursa Securities' dismissal letter for the Appeal.	The continuing operations of the Group registered 3 consecutive quarters of net profits from 1 January 2021 to 30 September 2021.  Net loss incurred in the last quarter ended 31 December 2021 was mainly due to impairment loss on goodwill, corporate exercise expenditure and expenses relating to digital banking license application which are non-recurring in nature.

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

Notwithstanding that the Company will be classified as an affected listed issuer under Paragraph 8.03A(2) of the Listing Requirements immediately upon completion of the Disposal, the Board wishes to undertake the Proposed Variation and complete the Disposal in view of the following:

- (a) GIL, being the buyer under the Agreements, has indicated that it will not agree for any further extension of the cut-off date of the Agreements beyond 19 July 2022, being the current extended cut-off date of the Agreements, as the cut-off date has been extended 7 times since the execution of the Disposal SSA on 2 May 2019 (i.e. more than 38 months). In such event:
  - (i) PDB will remain to hold 52% stake in Be Top, where the management team of the continuing operations of PDB has no expertise and skill in managing the operations of the Foreign Assets in the People's Republic of China ("PRC");
  - (ii) the amounts owing by PDB to the Foreign Assets (i.e. the Assumed Liabilities to be transferred from PDB to GIL upon the Tranche 3 Completion under the Agreements) will not be resolved. Due to the foreign exchange fluctuation and depreciation in Ringgit Malaysia, the Assumed Liabilities has escalated from approximately RM36.48 million as at 30 June 2018 (as per the Agreements) to approximately RM39.19 million as at 31 December 2021 (audited) and approximately RM39.33 million as at 15 June 2022 (unaudited), and the amount will be further escalated in view of the weakening Ringgit Malaysia;
  - (iii) it is very challenging for PDB to procure a new buyer to acquire the remaining 52% stake held in Be Top. Pursuant to the Open Tender undertaken by PDB to dispose the Foreign Assets with tender notice advertised in both Malaysia and the PRC, there was only 1 tender received from GIL at the closing of the Open Tender; and
  - (iv) the Proposed Variation and Tranche 3 Completion enables the Company to complete the Disposal as soon as possible to mitigate higher loss on disposal to be recorded in the financial statements of the Group due to depreciation in Ringgit Malaysia and higher net assets value of Be Top Group.
- (b) Notwithstanding the revenue of the Foreign Assets (being the discontinued operations) was more than 70% of the aggregate revenue of the continuing and discontinued operations of PDB Group based on the 18-month FPE 31 December 2021, the performance of the continuing operations of PDB Group is demonstrating a sign of improvement by recording a revenue of more than 5% of the issued share capital of PDB which does not trigger the "insignificant business or operations" under Paragraph 8.03A(7)(b) of the Listing Requirements.

The nature of the mobile and digital solutions businesses of the Group, which are technology-based, are expected to generate better revenue and profits over a longer period.

Given the bright prospects of the mobile and digital solutions industry during this accelerated digitalisation era, the Board is of the view that the mobile and digital solutions businesses of the Group are viable, sustainable and have high growth potential moving forward, which warrant an adequate level of operations for PDB Group upon completion of the Disposal. In view of this, the Board believes that the Company would be able to regularise its affected listed issuer status under Paragraph 8.03A(2) of the Listing Requirements within the 12-month regularisation period.

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



- (c) The Disposal has been approved by the non-interested shareholders of PDB at the Previous EGM held on 21 August 2020.

The Tranche 3 Completion enables PDB to fully exit from the fabric production business in the PRC and allows the Company to focus and allocate all its resources to strengthen and expand its mobile and digital solutions businesses which is the current core continuing operations of the Group.

The Board believes that the revenue contribution by the Group's continuing operations will improve from the current financial year ending 31 December 2022 onwards with the consolidation of the full year revenue of DVSB, being the operating entity of the Group's mobile and digital solutions businesses, as opposed to the consolidation of DVSB's revenue for just 5 months in the 18-month FPE 31 December 2021.

The Board is also of the view PDB's mobile and digital solutions businesses are viable, sustainable and have growth prospects.

PDB, via DVSB, currently operates the Malaysian government SMS gateway called mySMS 15888. It owns and operates MyPay, a mobile application for secure, easy and fast check-and-pay transactions with government agencies.

DVSB also owns and operates eJamin, a digital bail payment solution used in criminal courts throughout Malaysia. As at the LPD, eJamin lives in 177 court locations all over Malaysia. The digital bail payment solution is showing rapid growth as courts encourage the digital shift amid the ongoing COVID-19 endemic. The Group is also looking into expanding the digital bail system for police remands and the Syariah criminal courts.

With various plans in the pipeline which will be announced at the appropriate time, the outlook of the mobile and digital solutions businesses of the Group is bright. The prospect of DVSB, and hence prospect of the Group's mobile and digital solutions businesses segment is expected to augur well with positive earnings accretive potentials.

The Board after having performed an internal financial assessment, is of the view that PDB shall be able to report profitability for 2 consecutive quarters via growth of its existing products as well as exploring into acquiring and consolidating new profitable businesses, hence, barring any unforeseen circumstances, shall be able to apply for waiver from Bursa Securities for submitting regularisation plan to be uplifted as an affected listed issuer.

In the event that the Proposed Variation is approved by non-interested shareholders of the Company, the Company is no longer required under the Agreements to submit the Waiver Application to Bursa Securities. This will enable the Company to facilitate the Tranche 3 Completion and complete the Disposal. Accordingly, the Assumed Liabilities (subject to adjustment on the completion date) shall be transferred to GIL by the Company. Upon the Tranche 3 Completion, Be Top will cease to be a subsidiary of the Company.

Moving forward, the completion of the Disposal will allow the Company to focus on its mobile and digital solutions businesses.

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

## **5. RISK FACTORS OF THE PROPOSED VARIATION**

### **(i) Classification of the Company as affected listed issuer status pursuant to Paragraph 8.03(A)(2) of the Listing Requirements immediately upon completion of the Disposal**

Subsequent to completion of the Proposed Variation, the Board intends to proceed with the Tranche 3 Completion of the Disposal. The Company will trigger the criteria for inadequate level of operations pursuant to Paragraph 8.03A(2)(a)(bb) of the Listing Requirements immediately upon completion of the Disposal as the Disposal is deemed as disposal of major business of the Company.

As such, the Company will be classified as an affected listed issuer pursuant to Paragraph 8.03A(2) of the Listing Requirements immediately upon completion of the Disposal.

Notwithstanding, the Board intends to maintain the listing status of the Company on the Main Market of Bursa Securities and the Board will endeavour to take the necessary steps to maintain an adequate level of operations through its mobile and digital solutions businesses and regularise its affected listed issuer status under Paragraph 8.03A(2) of the Listing Requirements within the timeframes permitted by Bursa Securities.

### **(ii) Listing status**

In the event that PDB is classified as an affected listed issuer status pursuant to Paragraph 8.03(A)(2) of the Listing Requirements upon completion of the Disposal, PDB will be required to submit a regularisation plan 12 months from the date PDB announces that it is an affected listed issuer and to obtain Bursa Securities' approval to implement the regularisation plan.

PDB intends to submit a waiver application to Bursa Securities to exempt PDB from the requirement to submit a regularisation plan and for PDB to be uplifted as an affected listed issuer status pursuant to Paragraph 8.03(A)(2) of the Listing Requirements. However, there can be no assurance that the waiver application will be approved by Bursa Securities and PDB will be able to regularise its financial conditions and level of operations within the stipulated timeframe.

In the event that PDB is unable to regularise its financial condition and level of operations under Paragraph 8.03(A)(2) of the Listing Requirements, there is a risk that trading of PDB Shares will be suspended and PDB subsequently de-listed from the Main Market of Bursa Securities.

Notwithstanding, the Board believes that the revenue contribution by the Group's continuing operations will improve from the current financial year ending 31 December 2022 onwards with the consolidation of the full year revenue of DVSB, being the operating entity of the Group's mobile and digital solutions businesses, as opposed to the consolidation of DVSB's revenue for just 5 months in the 18-month FPE 31 December 2021.

### **(iii) Loss of potential future revenue and earnings**

Upon implementation of the Proposed Variation, the Group would be able to proceed with the Tranche 3 Completion of the Disposal. Upon completion of the Disposal, Be Top would cease to be the subsidiary of PDB and PDB will no longer derive any revenue and earnings contribution from Be Top Group.

Notwithstanding the foregoing, Be Top Group has been classified as "assets held for sale" and its operations has also been classified as "discontinued operation" in the Group's financial statements since FYE 30 June 2019.

In addition, TAS Group recorded a total revenue of approximately RM8.08 million for the 18-month FPE 31 December 2021, a significant improvement as compared to the preceding financial years attributable to the consolidation of DVSB for about 5 months.

The Board expects the financial performance of TAS Group to further improve as TAS will be consolidating the full year results of DVSB from the current financial year onwards.

The Group will focus and further strengthen the mobile and digital solutions businesses that will generate future earnings for the Group.

## **6. EFFECTS OF THE PROPOSED VARIATION**

The Proposed Variation will not have any effect on the issued share capital and substantial shareholders' shareholdings of PDB, NA, NA per ordinary share in PDB ("**PDB Shares**"), gearing, earnings and EPS of PDB Group.

## **7. APPROVALS REQUIRED**

The Proposed Variation is subject to the approval from the non-interested shareholders of PDB at an EGM to be convened and any other relevant authorities and/or parties (if required).

The Proposed Variation is not conditional upon any other corporate exercises undertaken or to be undertaken by the Company.

## **8. CORPORATE EXERCISES/SCHEME ANNOUNCED BUT PENDING COMPLETION**

Save as disclosed below and the Proposed Variation, there are no other outstanding corporate exercises/scheme which has been announced by the Company but pending completion as at the LPD.

The Disposal which was approved by the shareholders of the Company at the Previous EGM. The Tranche 1 Completion and Tranche 2 Completion were completed on 21 September 2020 and 16 July 2021 respectively. As at the LPD, the Tranche 3 Completion has not been completed.

## **9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

As at the LPD, the details of the nature of interests of the Interested Directors are as follows:

### **(i) Pan Ding**

Pan Ding, who is the Group Managing Director/Executive Director and a major shareholder of PDB, is deemed interested in the Proposed Variation by virtue of him being a director and the sole shareholder of GIL.

As at the LPD, Pan Ding's shareholding in PDB is as follows:

	Direct		Indirect <sup>(i)</sup>	
	No. of PDB Shares ('000)	%	No. of PDB Shares ('000)	%
Pan Ding	-	-	110,125,000	25.41

*Note:*

(i) *Deemed interested by virtue of his shareholding in GIL pursuant to Section 8 of the Act.*

**(ii) Pan Dong**

Pan Dong, who is an Executive Director of PDB, is deemed interested in the Proposed Variation by virtue of him being a person connected to Pan Ding. Pan Ding and Pan Dong are brothers.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings and approving the Board circular resolution pertaining to the Proposed Variation.

As GIL is the buyer under the Agreements, the Interested Directors and GIL will abstain from voting in respect of their direct and indirect shareholdings in PDB, if any, on the resolution pertaining to the Proposed Variation to be tabled at the EGM to be convened. Accordingly, the Interested Directors and GIL will also undertake to ensure that persons connected to them shall abstain from voting in respect of their direct and/or indirect shareholdings in PDB, if any, on the resolution pertaining to the Proposed Variation to be tabled at the EGM to be convened.

Save as disclosed above, none of the other Directors, major shareholders of PDB and/or persons connected with them have any interest, directly or indirectly in the Proposed Variation.

**10. TRANSACTIONS WITH THE INTERESTED DIRECTORS, INTERESTED SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM FOR THE PRECEDING 12 MONTHS**

Save for the Disposal, there have been no other related party transactions entered into between PDB Group with Pan Ding, Pan Dong, GIL and/or persons connected with them for the 12 months preceding the LPD.

**11. AUDIT COMMITTEE'S STATEMENT**

The Audit Committee, after having considered all aspects of the Proposed Variation including but not limited to the terms of the Second Supplemental Disposal SSA, rationale of the Proposed Variation, risk factors of the Proposed Variation, effects of the Proposed Variation, preliminary evaluation by AER on the Proposed Variation and it being cognisant that the Company will be classified as an affected listed issuer under Paragraph 8.03A(2) of the Listing Requirements immediately upon completion of the Disposal, is of the opinion that the Proposed Variation is:

- (i) in the best interest of the Company;
- (ii) fair, reasonable, and on normal commercial terms; and
- (iii) not detrimental to the interest of the minority shareholders of the Company.

## **12. DIRECTORS' STATEMENT**

The Board (save for the Interested Directors), after having considered all aspects of the Proposed Variation including but not limited to the terms of the Second Supplemental Disposal SSA, rationale of the Proposed Variation, risk factors of the Proposed Variation, effects of the Proposed Variation, preliminary evaluation by AER on the Proposed Variation and it being cognisant that the Company will be classified as an affected listed issuer under Paragraph 8.03A(2) of the Listing Requirements immediately upon completion of the Disposal, is of the opinion that the Proposed Variation is:

- (i) in the best interest of the Company;
- (ii) fair, reasonable, and on normal commercial terms; and
- (iii) not detrimental to the interest of the minority shareholders of the Company.

## **13. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Variation is expected to be completed by the 3<sup>rd</sup> quarter of 2022.

## **14. SUBMISSION OF DRAFT CIRCULAR TO SHAREHOLDERS**

Barring any unforeseen circumstances, draft circular to shareholders in relation to the Proposed Variation will be submitted to Bursa Securities within 1 month from the date of this announcement.

## **15. ADVISERS**

Inter-Pacific Securities was appointed as the Principal Adviser for the Proposed Variation by the Company.

Astramina Advisory was appointed as the Financial Adviser for the Proposed Variation by the Company.

In view that the Proposed Variation in relation to the Disposal is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements, the Company had appointed Asia Equity Research Sdn Bhd as the Independent Adviser to:

- (i) comment as to whether:
  - (a) the Proposed Variation is fair and reasonable so far as the shareholders of the Company are concerned; and
  - (b) the Proposed Variation is detrimental to the non-interested shareholders of the Company, and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (ii) advise the non-interested shareholders of the Company whether they should vote for or against the resolution pertaining to the Proposed Variation to be tabled at an EGM of the Company; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in paragraphs (i) and (ii) above.

**16. DOCUMENT AVAILABLE FOR INSPECTION**

The Second Supplemental Disposal SSA is available for inspection at the Registered Office of the Company at 802, 8<sup>th</sup> Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan during normal office hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

**This announcement is dated 24 June 2022.**