

## 12. ACCOUNTANTS' REPORT

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21 September 2023

The Board of Directors  
**Go Hub Capital Berhad**  
08-G-01, 08-01-01, 08-02-01 & 08-05-01  
Corporate Park, Star Central  
Lingkaran Cyber Point Timur, Cyber 12  
63000 Cyberjaya  
Selangor

Baker Tilly Monteiro Heng PLT  
201906000600 (LLP0019411-LCA)  
Chartered Accountants (AF 0117)  
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Dear Sirs/Madam,

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### **Reporting Accountants' opinion on the Combined Financial Statements contained in the Accountants' Report of Go Hub Capital Berhad ("GOHUB" or the "Company")**

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#### **Opinion**

We have audited the accompanying combined financial statements of the Company and its combining entities as defined in Note 2 to the combined financial statements (collectively referred to as the "Group"), which comprise of the combined statements of financial position as at 31 December 2020, 31 December 2021 and 31 December 2022 of the Group, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 7 to 94.

In our opinion, the accompanying combined financial statements contained in the Accountants' Report of the Company give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021 and 31 December 2022, and of its financial performance and its cash flows for the financial years then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

## 12. ACCOUNTANTS' REPORT (cont'd)



**GO HUB CAPITAL BERHAD**  
(Incorporated 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 *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence and Other Ethical Responsibilities**

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

### **Responsibilities of the Directors for the Combined Financial Statements**

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

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

### **Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a Reporting Accountants' 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 combined financial statements.

**12. ACCOUNTANTS' REPORT (cont'd)**

**GO HUB CAPITAL BERHAD**  
(Incorporated in Malaysia)

**Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)**

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 combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountants' report to the related disclosures in the combined financial statements of the Group 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 Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**12. ACCOUNTANTS' REPORT (cont'd)**



**GO HUB CAPITAL BERHAD**  
(Incorporated in Malaysia)

**Other Matter**

This report is made solely to the board of directors of the Company and has been prepared to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon any other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "Baker Tilly Monteiro Heng".

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

A handwritten signature in black ink, appearing to read "Paul Tan Hong".

Paul Tan Hong  
No. 03459/11/2023 J  
Chartered Accountant

Kuala Lumpur

Date: 21 September 2023


**12. ACCOUNTANTS' REPORT (cont'd)**

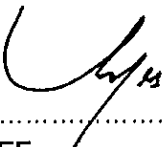
**GO HUB CAPITAL BERHAD**  
Accountants' Report

**STATEMENT BY DIRECTORS**

We, **TAN CHERNG THONG** and **LEE LI YEE**, being two of the directors of GO HUB CAPITAL BERHAD do hereby state that in the opinion of the directors, the accompanying combined financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021 and 31 December 2022 and of its financial performance and its cash flows for the financial years then ended.

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

  
.....  
**TAN CHERNG THONG**  
Director

  
.....  
**LEE LI YEE**  
Director

Kuala Lumpur

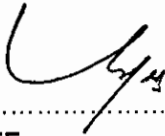
Date: **21 SEP 2023**

**12. ACCOUNTANTS' REPORT (cont'd)**

**GO HUB CAPITAL BERHAD**  
Accountants' Report

**STATUTORY DECLARATION**

I, **LEE LI YEE**, being the director primarily responsible for the financial management of GO HUB CAPITAL BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying combined financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



.....  
**LEE LI YEE**  
(MIA Membership No: 29012)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on  
**21 SEP 2023**

Before me,



.....  
Commissioner for Oaths

CHAMBERS TWENTY - FIVE  
NO 25, JALAN TUNKU, BUKIT TUNKU  
50480 KUALA LUMPUR

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**COMBINED STATEMENTS OF FINANCIAL POSITION**

		← As at 31 December →		
	Note	2020 RM'000	2021 RM'000	2022 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	5,225	5,140	4,869
Right-of-use assets	6	5,608	4,604	5,921
Intangible assets	7	881	1,653	1,291
Deferred tax assets	8	-	432	173
Other investment	9	165	165	-
<b>Total non-current assets</b>		<b>11,879</b>	<b>11,994</b>	<b>12,254</b>
<b>Current assets</b>				
Inventories	10	642	649	203
Trade and other receivables	11	8,966	11,876	10,012
Contract assets	12	2,788	3,796	3,412
Current tax assets		10	-	-
Cash and short-term deposits	13	1,829	2,509	9,105
<b>Total current assets</b>		<b>14,235</b>	<b>18,830</b>	<b>22,732</b>
<b>TOTAL ASSETS</b>		<b>26,114</b>	<b>30,824</b>	<b>34,986</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Group</b>				
Invested equity/share capital	14	2,000	2,000	13,310
Reorganisation reserve	15	-	-	(11,310)
Retained earnings		2,761	5,154	8,711
		4,761	7,154	10,711
Non-controlling interest		(8)	-	-
<b>TOTAL EQUITY</b>		<b>4,753</b>	<b>7,154</b>	<b>10,711</b>

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

	Note	As at 31 December		
		2020 RM'000	2021 RM'000	2022 RM'000
<b>Non-current liabilities</b>				
Loans and borrowings	16	9,547	10,546	11,210
Deferred tax liabilities	8	320	289	176
<b>Total non-current liabilities</b>		<b>9,867</b>	<b>10,835</b>	<b>11,386</b>
<b>Current liabilities</b>				
Loans and borrowings	16	6,169	6,507	5,421
Trade and other payables	17	3,503	4,670	6,090
Contract liabilities	12	1,531	1,531	968
Current tax liabilities		291	127	410
<b>Total current liabilities</b>		<b>11,494</b>	<b>12,835</b>	<b>12,889</b>
<b>TOTAL LIABILITIES</b>		<b>21,361</b>	<b>23,670</b>	<b>24,275</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,114</b>	<b>30,824</b>	<b>34,986</b>

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



**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**COMBINED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	← FYE 31 December →		
		2020 RM'000	2021 RM'000	2022 RM'000
Revenue	18	18,973	20,314	26,549
Cost of sales		(9,826)	(11,767)	(9,315)
<b>Gross profit</b>		<b>9,147</b>	<b>8,547</b>	<b>17,234</b>
Other income	19	588	769	646
Selling expenses		(1,104)	(887)	(1,294)
Administrative expenses		(2,659)	(2,932)	(3,960)
Other operating expenses		(1,962)	(2,282)	(3,527)
<b>Operating profit</b>		<b>4,010</b>	<b>3,215</b>	<b>9,099</b>
Finance income	20	137	86	49
Finance costs	21	(1,185)	(1,326)	(1,145)
<b>Profit before tax</b>	<b>22</b>	<b>2,962</b>	<b>1,975</b>	<b>8,003</b>
Income tax (expense)/credit	24	(703)	426	(1,946)
<b>Profit for the financial year, representing total comprehensive income for the financial year</b>		<b>2,259</b>	<b>2,401</b>	<b>6,057</b>
<b>Profit attributable to:</b>				
Owners of the Group		2,265	2,405	6,057
Non-controlling interest		(6)	(4)	-
		<b>2,259</b>	<b>2,401</b>	<b>6,057</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Group		2,265	2,405	6,057
Non-controlling interest		(6)	(4)	-
		<b>2,259</b>	<b>2,401</b>	<b>6,057</b>
<b>Earnings per share (RM)</b>				
- Basic and diluted	25	1.13	1.20	0.46

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

**12. ACCOUNTANTS' REPORT (cont'd)**
**GO HUB CAPITAL BERHAD**  
 Accountants' Report

**COMBINED STATEMENTS OF CHANGES IN EQUITY**

	←	Attributable to owners of the Group				→	Non- controlling interest RM'000	Total equity RM'000
		Share capital RM'000	Invested equity RM'000	Retained earnings RM'000	Reorganisation reserve RM'000			
Note								
<b>At 1 January 2020</b>		-	1,250	496	-	1,746	(2)	1,744
<b>Total comprehensive income for the financial year</b>								
Profit for the financial year, representing total comprehensive income for the financial year		-	-	2,265	-	2,265	(6)	2,259
<b>Transaction with owners</b>								
Combining entity issuance of ordinary shares	14	-	750	-	-	750	-	750
<b>At 31 December 2020</b>		-	2,000	2,761	-	4,761	(8)	4,753
<b>Total comprehensive income for the financial year</b>								
Profit for the financial year, representing total comprehensive income for the financial year		-	-	2,405	-	2,405	(4)	2,401
<b>Transaction with owners</b>								
Changes in ownership interests in a subsidiary	1(c)	-	-	(12)	-	(12)	12	(*)
<b>At 31 December 2021</b>		-	2,000	5,154	-	7,154	-	7,154

**12. ACCOUNTANTS' REPORT (cont'd)**
**GO HUB CAPITAL BERHAD**

## Accountants' Report

**COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

	Note	← Attributable to owners of the Group →				Total RM'000	Non- controlling interest RM'000	Total equity RM'000
		Share capital RM'000	Invested equity RM'000	Retained earnings RM'000	Reorganisation reserve RM'000			
<b>At 1 January 2022</b>		-	2,000	5,154	-	7,154	-	7,154
<b>Total comprehensive income for the financial year</b>								
Profit for the financial year, representing total comprehensive income for the financial year		-	-	6,057	-	6,057	-	6,057
<b>Transactions with owners</b>								
Share issued upon incorporation	14	*	-	-	-	*	-	*
Share issued for acquisition of subsidiaries	14	13,310	-	-	(13,310)	-	-	-
Reorganisation reserve	15	-	(2,000)	-	2,000	-	-	-
Dividends paid on shares	26	-	-	(2,500)	-	(2,500)	-	(2,500)
Total transactions with owners		13,310	(2,000)	(2,500)	(11,310)	(2,500)	-	(2,500)
<b>At 31 December 2022</b>		<b>13,310</b>	<b>-</b>	<b>8,711</b>	<b>(11,310)</b>	<b>10,711</b>	<b>-</b>	<b>10,711</b>

\* Less than RM1,000

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

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**COMBINED STATEMENTS OF CASH FLOWS**

	Note	← FYE 31 December →		
		2020 RM'000	2021 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax		2,962	1,975	8,003
Adjustments for:				
Depreciation of:				
- Property, plant and equipment		679	891	962
- Right-of-use assets		1,207	1,351	1,543
Property, plant and equipment written off		-	-	16
Loss/(Gain) on disposal of property, plant and equipment		11	-	(3)
Loss on disposal of right-of use assets		58	35	-
Gain on lease modification		-	-	(234)
COVID-19 related rent concession income		(164)	(343)	-
Amortisation of intangibles assets		135	284	362
Impairment loss on trade receivables		-	-	441
Bad debts written off		-	-	546
Finance costs		1,185	1,326	1,145
Finance income		(137)	(86)	(49)
Net unrealised foreign exchange loss/(gain)		3	(19)	(10)
<b>Operating profit before changes in working capital</b>		<b>5,939</b>	<b>5,414</b>	<b>12,722</b>
<b>Changes in working capital:</b>				
Inventories		397	(7)	463
Trade and other receivables		(2,293)	(3,183)	800
Contract assets		(2,788)	(1,008)	384
Trade and other payables		(4,937)	1,083	1,696
Contract liabilities		1,531	-	(563)
<b>Net cash (used in)/generated from operations</b>		<b>(2,151)</b>	<b>2,299</b>	<b>15,502</b>
Income tax paid		(27)	(191)	(1,517)
Interest received		137	86	34
Interest paid		(96)	(88)	(76)
<b>Net cash (used in)/from operating activities</b>		<b>(2,137)</b>	<b>2,106</b>	<b>13,943</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	5	(1,279)	(806)	(547)
Proceeds from disposal of property, plant and equipment		65	-	5
Proceeds from disposal of right-of-use assets		350	360	-
Purchase of intangible assets	7	(920)	(1,056)	-
Acquisition of additional shares in combining entity		-	(*)	-
Proceeds from disposal of other investment		-	-	165
Changes in pledged deposits		2,005	(708)	(101)
Interest received		-	-	15
<b>Net cash from/(used in) investing activities</b>		<b>221</b>	<b>(2,210)</b>	<b>(463)</b>

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

Accountants' Report

**COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)**

	Note	← FYE 31 December →		
		2020 RM'000	2021 RM'000	2022 RM'000
<b>Cash flows from financing activities</b>	(a)			
Proceeds from issuance of ordinary shares		-	-	*
Proceeds from issuance of ordinary shares of combining entity		750	-	-
Drawdown of term loans		3,046	3,291	1,027
Repayment of term loans		(340)	(832)	(1,481)
Payment of lease liabilities		(1,394)	(1,214)	(1,344)
Drawdown of revolving credits		2,756	562	98
Repayment of revolving credits		(1,415)	(430)	(1,185)
Net changes in amount owing (by)/to related parties		(83)	311	67
Net changes in amount owing (by)/to directors		(29)	65	(256)
Interest paid		(1,089)	(1,238)	(1,069)
Dividend paid		-	-	(2,500)
<b>Net cash from/(used in) financing activities</b>		<b>2,202</b>	<b>515</b>	<b>(6,643)</b>
<b>Net increase in cash and cash equivalents</b>		<b>286</b>	<b>411</b>	<b>6,837</b>
Cash and cash equivalents at the beginning of the financial year		156	442	853
<b>Cash and cash equivalents at the end of the financial year</b>	<b>13</b>	<b>442</b>	<b>853</b>	<b>7,690</b>

\* Less than RM1,000

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

	1.1.2020 RM'000	Cash flows RM'000	Non-cash RM'000	31.12.2020 RM'000
Term loans	3,393	2,706	-	6,099
Lease liabilities	1,174	(1,394)	5,569	5,349
Revolving credits	2,146	1,341	-	3,487
Amounts owing to/(by) related parties	(295)	(83)	-	(378)
Amount owing to directors	220	(29)	-	191
	<b>6,638</b>	<b>2,541</b>	<b>5,569</b>	<b>14,748</b>

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)**

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

	<b>1.1.2021</b>	<b>Cash flows</b>	<b>Non-cash</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term loans	6,099	2,459	-	8,558
Lease liabilities	5,349	(1,214)	399	4,534
Revolving credits	3,487	132	-	3,619
Amounts owing to/(by) related parties	(378)	311	-	(67)
Amount owing to directors	191	65	-	256
	<b>14,748</b>	<b>1,753</b>	<b>399</b>	<b>16,900</b>
	<b>1.1.2022</b>	<b>Cash flows</b>	<b>Non-cash</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term loans	8,558	(454)	-	8,104
Lease liabilities	4,534	(1,344)	2,805	5,995
Revolving credits	3,619	(1,087)	-	2,532
Amounts owing to/(by) related parties	(67)	67	-	-
Amount owing to directors	256	(256)	-	-
	<b>16,900</b>	<b>(3,074)</b>	<b>2,805</b>	<b>16,631</b>

- (b) Total cash outflow for leases as a lessee:

During the financial year, the Group had total cash outflows for leases of RM1.82 million (2021: RM1.61 million and 2020: RM2.00 million).

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

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

Go Hub Capital Berhad ("GOHUB" or the "Company") was incorporated on 3 June 2022 as a private limited company and is domiciled in Malaysia. The Company was converted to a public limited company and assumed its present name on 15 September 2023. The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. The principal place of business of the Company is located at 08-G-01, 08-01-01, 08-02-01 & 08-05-01, Corporate Park, Star Central, Lingkaran Cyber Point Timur, Cyber 12, 63000 Cyberjaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The details of the combining entities for the purposes of the listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") are as follows:

<b>Combining entity</b>	<b>Principal place of business/ country of incorporation</b>	<b>Principal activities</b>
NSS IT Solution Sdn. Bhd. ("NSS")	Malaysia	Provision of information technology ("IT") solutions and related services
TCT Apps Solution Sdn. Bhd. ("TCT Apps")	Malaysia	Provide of software publishing for business and other applications and related services
NSS IT Philippines Sdn. Bhd. ("NSSPH")	Malaysia	Provision of IT solutions and related services

There have been no significant changes in nature of these activities during the financial years under review.

The combined financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 September 2023.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****1. GENERAL INFORMATION (CONTINUED)****(a) Acquisition of NSS**

On 8 December 2022, GOHUB had entered into an internal reorganisation agreement with the shareholders of NSS to acquire the entire issued share capital of NSS comprising 1,000,000 ordinary shares for a purchase consideration of RM13,152,836. The acquisition of NSS was fully satisfied through the issuance of 13,152,836 new ordinary shares in GOHUB ("GOHUB Share(s)" or "Share(s)") at RM1.00 each. The acquisition of NSS was completed on 21 December 2022.

**(b) Acquisition of TCT Apps**

On 8 December 2022, GOHUB had entered into an internal reorganisation agreement with the shareholders of TCT Apps to acquire the entire issued share capital of TCT Apps comprising 1,000,000 ordinary shares for a purchase consideration of RM157,008. The acquisition of TCT Apps was fully satisfied through the issuance of 157,008 new Shares at RM1.00 each. The acquisition of TCT Apps was completed on 22 December 2022.

**(c) Increase in equity interests by NSS****(i) Acquisition of additional interest in NSSPH****FYE 31 December 2021**

On 23 November 2021, NSS acquired an additional 20 ordinary shares representing 20% equity interest in NSSPH for a total cash consideration of RM20. NSS's effective ownership in NSSPH increased from 80% to 100% as a result of the additional shares purchased.

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

	<b>2021</b>
	<b>RM'000</b>
Fair value of consideration transferred	*
Increase in share of net liabilities	12
	<hr/>
Charged directly to equity	12
	<hr/>

\* *Less than RM1,000*



**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****1. GENERAL INFORMATION (CONTINUED)****(d) Non-controlling interest in combining entity**

The financial information of the Group's combining entity that has material non-controlling interest is as follows:

Equity interest held by non-controlling interest:

Name of company	Ownership interest		
	2020 (%)	2021 (%)	2022 (%)
NSSPH	20	-	-

Carrying amount of material non-controlling interest:

Name of company	As at 31 December		
	2020 RM'000	2021 RM'000	2022 RM'000
NSSPH	(8)	-	-

Profit or loss allocated to material non-controlling interest:

Name of company	FYE 31 December		
	2020 RM'000	2021 RM'000	2022 RM'000
NSSPH	(6)	(4)	-

**(e) Summarised financial information of material non-controlling interest**

The non-controlling interest of the Group's combining entity is not material individually or in aggregate to the financial position, financial performance and cash flows of the Group. Therefore, the summarised financial information of the Group's combining entity that has non-controlling interest is not presented.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION**

The combined financial statements of GOHUB consist of the financial statements of the following entities under common control which is accounted using merger method of accounting (collectively hereinafter referred to as the "Group") for each of the financial years.

Combining entity	FYE 31 December		
	2020	2021	2022
GOHUB	+	+	√, ^
NSS	√, \$	√, ^	√, ^
NSSPH	√, \$	√, ^	√, ^
TCT Apps	√, \$	√, ^	√, ^

+ No financial statements were available for GOHUB as the Company was incorporated on 3 June 2022.

√ The combined financial statements of the Group include the financial statements of these combining entities prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and the International Financial Reporting Standards ("IFRSs") for the respective financial year/period.

\$ The combined financial statements of the Group for the FYE 31 December 2020 have been prepared based on the audited financial statements which were re-audited by Baker Tilly Monteiro Heng PLT for the purpose of inclusion into the combined financial statements of the Group. The audited financial statements which were lodged with Companies Commission of Malaysia were audited by a firm of chartered accountants other than Baker Tilly Monteiro Heng PLT.

^ The combined financial statements of the Group for the respective financial year/period have been prepared based on the audited financial statements which were audited by Baker Tilly Monteiro Heng PLT.

The audited financial statements of all the combining entities within the Group for the relevant years reported above were not subject to any modifications.

The combined financial statements of the Group for the relevant periods were prepared in a manner as if the entities under common control were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of the entities within the Group, if later.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory ("commonly controlled entities"). Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the commonly controlled entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)**

The financial information presented in the combined financial statements may not correspond to those in the combined financial statements of the Group had the relevant transactions to legally constitute a group been incorporated in the combined financial statements for the respective financial years. Such financial information in the combined financial statements does not purport to predict the financial position, results and the cash flows of the entities under common control for those financial years.

The combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of significant accounting policies.

The accounting policies applied by the Group are consistently applied for all the financial years presented in these combined financial statements.

**2.1 Statement of compliance**

The combined financial statements of the Group have been prepared in accordance with MFRSs and IFRSs.

**2.2 Changes in accounting policies**

The Group has adopted Amendment to MFRS 16 *Leases* which is effective for annual periods beginning on or after 5 June 2020 and/or 6 April 2021.

**Amendment to MFRS 16 *Leases***

The Group has adopted the amendments to MFRS 16 that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Coronavirus Disease ("COVID-19") pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19 related rent concessions that reduce lease payments due on or before 30 June 2021.

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

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective**

- (a) The Group has not adopted the following new MFRS and amendments/ improvements to MFRSs that have been issued, but yet to be effective:

	<b>Effective for financial periods beginning on or after</b>
<u>New MFRS</u>	
MFRS 17 Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of MFRSs	1 January 2023 <sup>#</sup>
MFRS 3 Business Combinations	1 January 2023 <sup>#</sup>
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7 Financial Instruments: Disclosures	1 January 2023 <sup>#</sup> / 1 January 2024
MFRS 9 Financial Instruments	1 January 2023 <sup>#</sup>
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 15 Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 16 Leases	1 January 2024
MFRS 17 Insurance Contracts	1 January 2023
MFRS 101 Presentation of Financial Statements	1 January 2023/ 1 January 2023 <sup>#</sup> / 1 January 2024
MFRS 107 Statement of Cash Flows	1 January 2023 <sup>#</sup> / 1 January 2024
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112 Income Taxes	1 January 2023
MFRS 116 Property, Plant and Equipment	1 January 2023 <sup>#</sup>
MFRS 119 Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128 Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132 Financial Instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136 Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 <sup>#</sup>
MFRS 138 Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 140 Investment Property	1 January 2023 <sup>#</sup>

<sup>#</sup> Consequential amendments as a result of MFRS 17 Insurance Contracts

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below:

***Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures***

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

***Amendments to MFRS 16 Leases***

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising from a sale and leaseback transaction.

***Amendments to MFRS 101 Presentation of Financial Statements***

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below: (continued)

***Amendments to MFRS 101 Presentation of Financial Statements (continued)***

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the combined financial statements.

***Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors***

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

***Amendments to MFRS 112 Income Taxes***

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****2. BASIS OF PREPARATION (CONTINUED)****2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)**

- (b) The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group are summarised below: (continued)

***Amendments to MFRS 112 Income Taxes (continued)***

In another amendments, it gives entities temporary relief from recognising and disclosing accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's international tax reform; and introduces targeted disclosure requirements to help investors better understand an entity's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Applying the temporary relief, entities neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The relief will help to ensure consistency in the financial statements while easing into the implementation of the rules by allowing time for entities to assess how they are affected.

***Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures***

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangements – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

- (c) The initial application of the above applicable new MFRS and amendments/improvements to MFRSs are not expected to have any material impact on the combined financial statements.

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## 12. ACCOUNTANTS' REPORT (cont'd)

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### GO HUB CAPITAL BERHAD Accountants' Report

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#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 2. BASIS OF PREPARATION (CONTINUED)

##### 2.4 Functional and presentation currency

The combined financial statements of the Group are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been round to the nearest thousand, unless otherwise stated.

##### 2.5 Basis of measurement

The combined financial statements of the Group have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the combined financial statements of the Group.

##### 3.1 Basis of combination

The combined financial statements comprise the financial statements of the Company and its combining entities. The financial statements of the combining entities used in the preparation of the combined financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

##### (a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the combined financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the merger method of accounting.



**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.1 Basis of combination (continued)****(a) Subsidiaries and business combination (continued)**

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory. Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of subsidiaries are presented as if the business combination had been affected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between costs of acquisition over the nominal value of share capital of the subsidiaries is taken to reorganisation reserve or merger deficit.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.1 Basis of combination (continued)****(a) Subsidiaries and business combination (continued)**

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the combined statement of financial position. Any gain or loss arising from the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

**(b) Non-controlling interests**

Non-controlling interests represent the equity in combining entities not attributable, directly or indirectly, to owners of the Company and are presented separately in the combined statements of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.1 Basis of combination (continued)****(c) Transactions eliminated on combination**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the combined financial statements.

**3.2 Foreign currency transactions****Translation of foreign currency transactions**

Foreign currency transactions are translated to the functional currency of the Group using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising from settlement or retranslation of monetary items are recognised in profit or loss.

The gain or loss arising from translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

**3.3 Financial instruments**

Financial instruments are recognised in the combined statements of financial position when, and only when, the Group becomes a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)**

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as FVPL. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVPL.

**(a) Subsequent measurement**

The Group categorises the financial instruments as follows:

**(i) Financial assets**

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income ("FVOCI") with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at FVPL

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business models for managing those assets change.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows: (continued)

**(i) Financial assets (continued)**Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment in accordance with Note 3.10(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **FVOCI**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows: (continued)

**(i) Financial assets (continued)**Debt instruments (continued)

- **FVPL**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the combined statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Upon initial recognition, the Group can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(a) Subsequent measurement (continued)**

The Group categorises the financial instruments as follows: (continued)

**(ii) Financial liabilities**

The Group classifies its financial liabilities in the following measurement categories:

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at FVPL are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group has not designated any financial liability as at FVPL.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

**(b) Financial guarantee contracts**

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(c) Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group commits itself to purchase or sell an asset).

Trade date accounting refers to:

- (i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

**(d) Derecognition**

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire; or
- (ii) the Group has transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset; or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.3 Financial instruments (continued)****(d) Derecognition (continued)**

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

**(e) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the combined statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

**3.4 Property, plant and equipment****(a) Recognition and measurement**

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.4 Property, plant and equipment (continued)****(b) Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

**(c) Depreciation**

Property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	<b>Useful lives (years)</b>
Buildings	50
Computer and software	4
Furniture and fittings	5
Office equipment	5
Motor vehicles	10
Renovation	5
Tools and equipment	5

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

**(d) Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

**3.5 Leases****(a) Definition of a lease**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.5 Leases (continued)****(b) Lessee accounting**

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets and lease liabilities as separate lines in the combined statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

Lease liability

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

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.5 Leases (continued)****(b) Lessee accounting (continued)**Lease liability (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administrative expenses" in the combined statements of comprehensive income.

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

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.5 Leases (continued)****(c) Lessor accounting**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.5(b), then it classifies the sub-lease as an operating lease.

If an entity is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

**3.6 Intangible assets****(a) Research and development costs**

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

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**12. ACCOUNTANTS' REPORT (cont'd)**

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**GO HUB CAPITAL BERHAD****Accountants' Report**

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.6 Intangible assets (continued)****(a) Research and development costs (continued)**

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

**(b) Amortisation**

Intangible assets with indefinite useful life are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

**3.7 Inventories**

Inventories are measured at the lower of cost and net realisable value.

Costs of inventories comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.8 Contract assets/(liabilities)**

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

**3.9 Cash and cash equivalents**

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

**3.10 Impairment of assets****(a) Impairment of financial assets and contract assets**

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets, a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group measures loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group applies the simplified approach permitted by MFRS 9 *Financial Instruments* to measure the loss allowance at an amount equal to lifetime expected credit losses.

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**12. ACCOUNTANTS' REPORT (cont'd)**

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**GO HUB CAPITAL BERHAD**  
Accountants' Report

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.10 Impairment of assets (continued)****(a) Impairment of financial assets and contract assets (continued)**

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than the credit term.

The Group considers a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group in full, without taking into account any credit enhancements held by the Group; or
- the contractual payment of the financial asset is more than the credit term unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.



**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.10 Impairment of assets (continued)****(a) Impairment of financial assets and contract assets (continued)**

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the combined statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for recovery of amounts due.

**(b) Impairment of non-financial assets**

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. For intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.10 Impairment of assets (continued)****(b) Impairment of non-financial assets (continued)**

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**3.11 Equity instruments****Ordinary shares**

Ordinary shares are equity instruments. An equity instrument is a contract that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.12 Employee benefits****(a) Short-term employee benefits**

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

**(b) Defined contribution plans**

As required by law, the Group contributes to the Employees Provident Fund, the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

**3.13 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

**3.14 Revenue and other income**

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group measures revenue from sale of good or services at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.14 Revenue and other income (continued)**

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

**Financing components**

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

**(a) Sale of goods**

Revenue from sales of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on the delivery of goods.

**(b) Rendering of services**

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously.

**(c) Interest income**

Interest income is recognised using the effective interest method.

**(d) Rental income**

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

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.15 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred income in the combined statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

**3.16 Borrowing costs**

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

**3.17 Income tax**

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

**(a) Current tax**

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.17 Income tax (continued)****(b) Deferred tax**

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the combined statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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## 12. ACCOUNTANTS' REPORT (cont'd)

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### GO HUB CAPITAL BERHAD

#### Accountants' Report

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### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### 3.17 Income tax (continued)

###### (b) Deferred tax (continued)

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

###### (c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the combined statements of financial position.

##### 3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

##### 3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****3.20 Fair value measurements**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

**3.21 Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the combined statements of financial position.



**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

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

**(a) Impairment of financial assets and contract assets**

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

The assessment of the correlation between historical observed default rates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast of economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's financial assets and contract assets are disclosed in Note 27(b).

**(b) Measurement of income taxes**

Significant judgement is required in determining the Group's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the tax payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax (expense)/credit of the Group is disclosed in Note 24.

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**12. ACCOUNTANTS' REPORT (cont'd)**

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**GO HUB CAPITAL BERHAD**  
Accountants' Report

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

**(c) Impairment of non-financial assets**

The Group assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The Group uses fair value less cost to sell as the recoverable amount. Fair values are arrived at using the comparison method and valuation technique method to suit the assets characteristic of the Group.

The carrying amounts of the non-financial assets are disclosed in Notes 5, 6, 7 and 9.

**12. ACCOUNTANTS' REPORT (cont'd)**

**GO HUB CAPITAL BERHAD**

Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**5. PROPERTY, PLANT AND EQUIPMENT**

	Note	Buidings RM'000	Computer and software RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Tools and equipment RM'000	Total RM'000
<b>Cost</b>									
At 1 January 2020		2,825	777	219	130	92	445	2,108	6,596
Additions		-	143	31	14	4	80	1,007	1,279
Reclassification		-	(17)	-	-	-	-	(757)	(774)
Disposal		-	-	-	-	(78)	-	-	(78)
At 31 December 2020		2,825	903	250	144	18	525	2,358	7,023
<b>Accumulated depreciation</b>									
At 1 January 2020		116	543	67	37	6	115	318	1,202
Depreciation charge for the financial year	22	56	95	41	27	3	103	354	679
Reclassification		-	(3)	-	-	-	-	(78)	(81)
Disposal		-	-	-	-	(2)	-	-	(2)
At 31 December 2020		172	635	108	64	7	218	594	1,798
<b>Carrying amount</b>									
At 1 January 2020		2,709	234	152	93	86	330	1,790	5,394
At 31 December 2020		2,653	268	142	80	11	307	1,764	5,225

**12. ACCOUNTANTS' REPORT (cont'd)**

**GO HUB CAPITAL BERHAD**

Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Note	Buidings RM'000	Computer and software RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Tools and equipment RM'000	Total RM'000
<b>Cost</b>									
At 1 January 2021		2,825	903	250	144	18	525	2,358	7,023
Additions		-	58	3	16	370	53	306	806
At 31 December 2021		2,825	961	253	160	388	578	2,664	7,829
<b>Accumulated depreciation</b>									
At 1 January 2021		172	635	108	64	7	218	594	1,798
Depreciation charge for the financial year	22	56	115	49	30	27	110	504	891
At 31 December 2021		228	750	157	94	34	328	1,098	2,689
<b>Carrying amount</b>									
At 1 January 2021		2,653	268	142	80	11	307	1,764	5,225
At 31 December 2021		2,597	211	96	66	354	250	1,566	5,140

**12. ACCOUNTANTS' REPORT (cont'd)**
**GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**
**5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Note	Buidings RM'000	Computer and software RM'000	Furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Tools and equipment RM'000	Total RM'000
<b>Cost</b>									
At 1 January 2022		2,825	961	253	160	388	578	2,664	7,829
Additions		-	85	37	16	-	65	344	547
Reclassification		-	-	-	-	606	-	(31)	575
Disposals		-	-	-	-	-	-	(3)	(3)
Written off		-	-	-	(2)	-	(33)	(13)	(48)
At 31 December 2022		2,825	1,046	290	174	994	610	2,961	8,900
<b>Accumulated depreciation</b>									
At 1 January 2022		228	750	157	94	34	328	1,098	2,689
Depreciation charge for the financial year	22	56	124	45	28	39	104	566	962
Reclassification		-	-	-	-	427	-	(14)	413
Disposals		-	-	-	-	-	-	(1)	(1)
Written off		-	-	-	(2)	-	(19)	(11)	(32)
At 31 December 2022		284	874	202	120	500	413	1,638	4,031
<b>Carrying amount</b>									
At 1 January 2022		2,597	211	96	66	354	250	1,566	5,140
At 31 December 2022		2,541	172	88	54	494	197	1,323	4,869

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(a) Asset pledged as security**

Buildings has been pledged as security to secure loans and borrowings of the Group as disclosed in Note 16(a).

**(b) Assets held in trust**

Motor vehicle with a carrying amount of RM0.27 million (2021: RM0.31 million and 2020: RMNil) has been registered under the name of a director of the Group and held in trust for the Group.

Motor vehicle with a carrying amount of RM0.09 million (2021: RM0.12 million and 2020: RM0.15 million) has been registered under the name of a corporate shareholder of the Group and held in trust for the Group.

**6. RIGHT-OF-USE ASSETS**

Information about the leases for which the Group is lessee is presented below:

	Note	Buildings RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2020		185	1,842	2,027
Additions		4,965	768	5,733
Disposals		-	(463)	(463)
At 31 December 2020		5,150	2,147	7,297
Additions		334	408	742
Disposals		-	(422)	(422)
At 31 December 2021		5,484	2,133	7,617
Additions		462	-	462
Adjustment due to lease modification		605	-	605
Derecognition <sup>^</sup>		(37)	-	(37)
Reclassification		-	(606)	(606)
At 31 December 2022		6,514	1,527	8,041

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****6. RIGHT-OF-USE ASSETS (CONTINUED)**

Information about the leases for which the Group is lessee is presented below: (continued)

	Note	Buildings RM'000	Motor vehicles RM'000	Total RM'000
<b>Accumulated depreciation</b>				
At 1 January 2020		36	501	537
Depreciation charge for the financial year	22	1,030	177	1,207
Disposals		-	(55)	(55)
At 31 December 2020		1,066	623	1,689
Depreciation charge for the financial year	22	1,137	214	1,351
Disposals		-	(27)	(27)
At 31 December 2021		2,203	810	3,013
Depreciation charge for the financial year	22	1,332	211	1,543
Adjustment due to lease modification		(1,986)	-	(1,986)
Derecognition <sup>^</sup>		(23)	-	(23)
Reclassification		-	(427)	(427)
At 31 December 2022		1,526	594	2,120
<b>Carrying amount</b>				
At 31 December 2020		4,084	1,524	5,608
At 31 December 2021		3,281	1,323	4,604
At 31 December 2022		4,988	933	5,921

<sup>^</sup> *Derecognition of the right-of-use assets during the financial year was a result of termination of certain leases.*

The Group leases buildings for its office and operation. The leases for buildings have lease terms of 2 to 15 (2021 and 2020: 2 to 5) years.

One of the building has initial lease terms of two (2) years and option to renew the lease building for another one (1) year. The Group has included the potential future cash flows for exercising the extension option in the lease liabilities.

The Group also leases certain motor vehicles with lease term of 3 to 9 (2021 and 2020: 3 to 9) years and has the option to purchase the assets at the end of the contract term.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****7. INTANGIBLE ASSETS**

	Note	Development costs RM'000
<b>Cost</b>		
At 1 January 2020		100
Additions		
- developed internally		920
At 31 December 2020		1,020
Additions		
- developed internally		1,056
At 31 December 2021		2,076
Additions		
- developed internally		-
At 31 December 2022		2,076
<b>Accumulated amortisation</b>		
At 1 January 2020		4
Amortisation charge for the financial year	22	135
At 31 December 2020		139
Amortisation charge for the financial year	22	284
At 31 December 2021		423
Amortisation charge for the financial year	22	362
At 31 December 2022		785
<b>Carrying amount</b>		
At 31 December 2020		881
At 31 December 2021		1,653
At 31 December 2022		1,291

**(a) Amortisation**

The amortisation of development costs of the Group amounting to RM0.36 million (2021: RM0.28 million and 2020: RM0.13 million) is included in cost of sales.

**(b) Development costs**

Development costs principally comprise internally generated expenditure on major projects where it is reasonably anticipated that the costs will be recovered through future commercial activities.



**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****8. DEFERRED TAX ASSETS/(LIABILITIES)**

Deferred tax relates to the following:

	As at 1 January 2020 RM'000	Recognised in profit or loss RM'000 (Note 24)	As at 31 December 2020 RM'000
<b>Deferred tax liabilities:</b>			
Property, plant and equipment	(205)	(115)	(320)
	<u>(205)</u>	<u>(115)</u>	<u>(320)</u>
<b>Deferred tax assets:</b>			
Tax losses	62	(62)	-
Unabsorbed capital allowance	226	(226)	-
	<u>288</u>	<u>(288)</u>	<u>-</u>
	<u>83</u>	<u>(403)</u>	<u>(320)</u>
	As at 1 January 2021 RM'000	Recognised in profit or loss RM'000 (Note 24)	As at 31 December 2021 RM'000
<b>Deferred tax liabilities:</b>			
Unrealised foreign exchange gain	-	(5)	(5)
Property, plant and equipment	(320)	36	(284)
	<u>(320)</u>	<u>31</u>	<u>(289)</u>
<b>Deferred tax assets:</b>			
Tax losses	-	284	284
Unabsorbed capital allowance	-	148	148
	<u>-</u>	<u>432</u>	<u>432</u>
	<u>(320)</u>	<u>463</u>	<u>143</u>

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****8. DEFERRED TAX ASSETS/(LIABILITIES)(CONTINUED)**

Deferred tax relates to the following: (continued)

	As at 1 January 2022 RM'000	Recognised in profit or loss RM'000 (Note 24)	As at 31 December 2022 RM'000
<b>Deferred tax liabilities:</b>			
Unrealised foreign exchange gain	(5)	2	(3)
Property, plant and equipment	(284)	111	(173)
	(289)	113	(176)
<b>Deferred tax assets:</b>			
Tax losses	284	(284)	-
Unabsorbed capital allowance	148	(148)	-
Impairment loss on trade receivables	-	106	106
Lease liabilities	-	67	67
	432	(259)	173
	143	(146)	(3)

Unrecognised deferred tax assets

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

	← 2020 RM'000	As at 31 December 2021 RM'000	2022 RM'000 →
Right-of-use assets	-	-	4
Unrealised foreign exchange loss	3	-	-
Unused tax losses	483	-	-
Unabsorbed capital allowance	2	-	-
	488	-	4
Potential deferred tax benefit at 24%	117	-	1

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

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

## Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****8. DEFERRED TAX ASSETS/(LIABILITIES)(CONTINUED)**

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

	← As at 31 December →		
	2020 RM'000	2021 RM'000	2022 RM'000
2029	461	-	-
2030	22	-	-
	483	-	-

**9. OTHER INVESTMENT**

	← As at 31 December →		
	2020 RM'000	2021 RM'000	2022 RM'000
<b>At cost:</b>			
Unquoted shares	165	165	-

Other investment in unquoted ordinary shares for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 represents investment in the below subsidiary at cost.

For the purposes of the proposed listing of the Company on the ACE Market of Bursa Securities, the financial position, financial performance and cash flows of the below company had been carved out from the combined financial statements for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 as the company is not part of the listing group.

Details of Real Apps is as follows:

Name of company	Principal place of business/ country of incorporation	Equity interest			Principal activities
		2020 %	2021 %	2022 %	
Real Apps Sdn. Bhd.* ("Real Apps")	Malaysia	55	55	-	Business of other application, computer consultancy, wholesale of computer hardware, software and peripherals

\* Audited by auditor other than Baker Tilly Monteiro Heng PLT

On 17 January 2022, TCT Apps disposed its entire equity interest in Real Apps comprising 165,000 ordinary shares for a total consideration of RM165,000, and as a result thereof, Real Apps had ceased to be a subsidiary of TCT Apps on even date.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****10. INVENTORIES**

	← As at 31 December →		
	2020	2021	2022
	RM'000	RM'000	RM'000
<b>At lower of cost and net realisable value:</b>			
Computer equipment and accessories	642	649	203

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM1.86 million (2021: RM8.11 million and 2020: RM5.95 million).

**11. TRADE AND OTHER RECEIVABLES**

	← As at 31 December →		
	2020	2021	2022
Note	RM'000	RM'000	RM'000
<b>Trade</b>			
Trade receivables (a)	6,660	9,514	7,083
Less: Impairment losses for trade receivables	-	-	(441)
	6,660	9,514	6,642
<b>Non-trade</b>			
Other receivables	1,236	872	1,428
Deposits	354	1,103	1,527
Prepayments	337	300	415
Amount owing by related parties (b)	379	87	-
	2,306	2,362	3,370
<b>Total trade and other receivables</b>	8,966	11,876	10,012

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****11. TRADE AND OTHER RECEIVABLES (CONTINUED)****(a) Trade receivables**

Trade receivables are non-interest bearing, other than the trade receivables of RM0.04 million (2021: RM1.61 million and RM2.00 million) bearing interest rate from 1% to 4% (2021 and 2020: 1% to 4%). The normal credit terms offered by the Group ranging from 30 days to 90 days (2021 and 2020: 30 days to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of the movement in the impairment of trade receivables are as follow:

		← FYE 31 December →		
	Note	2020 RM'000	2021 RM'000	2022 RM'000
At 1 January		-	-	-
Charge for the financial year				
- Individually assessed	22	-	-	441
At 31 December		-	-	441

**(b) Amount owing by related parties**

Amount owing by related parties are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

The information about the credit exposures are disclosed in Note 27(b)(i).

**12. CONTRACT ASSETS/(LIABILITIES)**

	← As at 31 December →		
	2020 RM'000	2021 RM'000	2022 RM'000
Contract assets relating to rendering of services	2,788	3,796	3,412
Contract liabilities relating to sales of goods	1,531	1,531	946
Contract liabilities relating to rendering of services	-	-	22
	1,531	1,531	968

**12. ACCOUNTANTS' REPORT (cont'd)**

**GO HUB CAPITAL BERHAD**  
Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**12. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)**

**(a) Significant changes in contract balances**

	← FYE 31 December →					
	2020		2021		2022	
	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000	Contract assets Increase/ (decrease) RM'000	Contract liabilities (Increase)/ decrease RM'000
Increase due to revenue recognised, but no right to consideration	2,788	-	1,106	-	652	-
Transfer from contract assets recognised at the beginning of the financial year to receivables	-	-	(98)	-	(1,036)	-
Increase due to invoice billed in advance to customer, but revenue not recognised	-	(1,531)	-	-	-	(22)
Revenue recognised that was included in contract liability at the beginning of the financial year	-	-	-	-	-	585

**12. ACCOUNTANTS' REPORT (cont'd)**

**GO HUB CAPITAL BERHAD**  
Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**12. CONTRACT ASSETS/(LIABILITIES)(CONTINUED)**

**(b) Revenue recognised in relation to contract balances**

	← FYE 31 December →		
	2020	2021	2022
	RM'000	RM'000	RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	-	-	585

**13. CASH AND SHORT-TERM DEPOSITS**

	← As at 31 December →		
	2020	2021	2022
	RM'000	RM'000	RM'000
Cash and bank balances	1,223	1,195	7,690
Short-term deposits	606	1,314	1,415
	<u>1,829</u>	<u>2,509</u>	<u>9,105</u>

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise of the following:

	← As at 31 December →		
	2020	2021	2022
	RM'000	RM'000	RM'000
Short-term deposits	606	1,314	1,415
Less: Pledged deposits	(606)	(1,314)	(1,415)
	-	-	-
Cash and bank balances	1,223	1,195	7,690
Bank overdrafts	(781)	(342)	-
	<u>442</u>	<u>853</u>	<u>7,690</u>

The short-term deposits placed with licensed banks is pledged for credit facilities granted to the Company as disclosed in Note 16.

**12. ACCOUNTANTS' REPORT (cont'd)**

**GO HUB CAPITAL BERHAD**  
Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**14. INVESTED EQUITY/SHARE CAPITAL**

**(a) Invested equity**

	Note	Number of ordinary shares			Amount		
		2020 Unit'000	2021 Unit'000	2022 Unit'000	2020 RM'000	2021 RM'000	2022 RM'000
At the beginning of the financial year		1,250	2,000	2,000	1,250	2,000	2,000
Combining entity issuance of ordinary shares	(a)	750	-	-	750	-	-
Adjustment pursuant to merger accounting		-	-	(2,000)	-	-	(2,000)
At the end of the financial year		2,000	2,000	-	2,000	2,000	-

**(b) Share capital**

	Note	Number of ordinary shares			Amount		
		2020 Unit'000	2021 Unit'000	2022 Unit'000	2020 RM'000	2021 RM'000	2022 RM'000
At the beginning of the financial year /date of incorporation	(b)	-	-	*	-	-	*
Issuance of shares pursuant to acquisition of subsidiaries	(c)	-	-	13,310	-	-	13,310
At the end of the financial year		-	-	13,310	-	-	13,310

\* Less than 1,000



**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****14. INVESTED EQUITY/SHARE CAPITAL (CONTINUED)**

For the purpose of this report, the invested equity as at 31 December 2020 and 31 December 2021 represent the aggregate number of issued shares of all combining entities within the Group eliminated against the investment in subsidiary of NSS, the share capital of NSSPH had been eliminated against the investment in subsidiary of NSS.

**(a) Combining entity issuance of ordinary shares**

On 22 December 2020, TCT Apps issued 750,000 ordinary shares at RM1 per ordinary share to shareholder of TCT Apps for a total consideration of RM750,000.

**(b) Incorporation**

The Company issued 100 Shares at RM1 per Share to the subscriber on the date of incorporation for a total cash consideration of RM100.

**(c) Issuance of shares pursuant to acquisition of subsidiaries**

On 21 December 2022, GOHUB acquired 1,000,000 ordinary shares in NSS, being the entire issued share capital of NSS, which was fully satisfied through the issuance of 13,152,836 new Shares at RM1.00 each for a purchase consideration of RM13,152,836 pursuant to the internal reorganisation agreement dated 8 December 2022.

On 22 December 2022, GOHUB acquired 1,000,000 ordinary shares in TCT Apps, being the entire issued share capital of TCT Apps, which was fully satisfied through the issuance of 157,008 new Shares at RM1.00 each for a purchase consideration of RM157,008 pursuant to the internal reorganisation agreement dated 8 December 2022.

The new ordinary shares issued during the financial year rank equally in all respects with the existing ordinary shares of the Company.

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.

**15. REORGANISATION RESERVE**

The reorganisation reserve arose from the differences between the carrying amount of the investment and the nominal value of the share of the subsidiaries upon consolidation using the merger accounting principles.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****16. LOANS AND BORROWINGS**

	Note	← As at 31 December →		
		2020 RM'000	2021 RM'000	2022 RM'000
<b>Non-current:</b>				
Term loans	(a)	5,399	7,376	6,780
Lease liabilities	(b)	4,148	3,170	4,430
		9,547	10,546	11,210
<b>Current:</b>				
Term loans	(a)	700	1,182	1,324
Lease liabilities	(b)	1,201	1,364	1,565
Revolving credits	(c)	3,487	3,619	2,532
Bank overdrafts	(d)	781	342	-
		6,169	6,507	5,421
<b>Total loans and borrowings</b>				
Term loans	(a)	6,099	8,558	8,104
Lease liabilities	(b)	5,349	4,534	5,995
Revolving credits	(c)	3,487	3,619	2,532
Bank overdrafts	(d)	781	342	-
		15,716	17,053	16,631

**(a) Term loans**

Term loan 1 of the Group of RM0.33 million (2021: RM0.37 million and 2020: RM0.43 million) bears interest at Base Financing Rate ("BFR") add 3.0% per annum and is repayable by monthly instalments of RM10,648 over 5 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Guarantee by third parties; and
- (ii) Joint and several guarantee by certain directors of the Group.

Term loan 2 of the Group of RM0.39 million (2021: RM0.48 million and 2020: RMNil) bears interest at Base Lending Rate ("BLR") add 1.75% per annum and is repayable by monthly instalments of RM9,984 over 5 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Guarantee by third parties; and
- (ii) Joint and several guarantee by certain directors of the Group.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****16. LOANS AND BORROWINGS (CONTINUED)****(a) Term loans (continued)**

Term loan 3 of the Group of RM0.26 million (2021: RM0.36 million and 2020: RM0.45 million) bears interest at BLR add 3.5% per annum and is repayable of RM10,842 over 60 equal monthly instalments commencing from the day of first drawdown and is secured and supported as follows:

- (i) Guarantee by a third party; and
- (ii) Joint and several guarantee by certain directors of the Group.

Term loan 4 of the Group of RM1.04 million (2021: RM1.10 million and 2020: RM1.20 million) bears interest at BFR minus 2.2% per annum and is repayable by monthly instalments of RM8,325 over 20 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Joint and several guarantee by certain directors of the Group; and
- (ii) Fixed charges over the building of the Group as disclosed in Note 5.

Term loan 5 of the Group of RM1.19 million (2021: RM1.24 million and 2020: RM1.25 million) bears interest at BFR minus 2.30% per annum and is repayable by monthly instalments of RM7,417 over 25 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Joint and several guarantee by certain directors of the Group; and
- (ii) Fixed charges over the building of the Group as disclosed in Note 5.

Term loan 6 of the Group of RM0.34 million (2021: RM0.44 million and 2020: RM0.51 million) bears interest at BFR add 2.5% per annum and is repayable by monthly instalments of RM9,256 over 66 equal monthly instalments commencing from the day of first drawdown and is secured and supported as follows:

- (i) Guarantee by a third party; and
- (ii) Joint and several guarantee by certain directors of the Group.

Term loan 7 of the Group of RM2.73 million (2021: RM2.43 million and 2020: RMNil) bears interest at fixed rate of 4.0% per annum and is repayable by monthly instalments of RM30,374 over 10 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Guarantee by a third party; and
- (ii) Joint and several guarantee by certain directors of the Group.

Term loan 8 of the Group of RM0.14 million (2021: RM0.24 million and 2020: RM0.29 million) bears interest at fixed rate of 7.0% per annum and is repayable of RM10,770 over 36 equal monthly instalments commencing from the day of first drawdown and is secured and supported as follows:

- (i) Joint and several guarantee by certain directors of the Group.

Term loan 9 of the Group of RM0.38 million (2021: RM0.46 million and 2020: RM0.51 million) bears interest at fixed rate of 3.5% per annum and is repayable of RM9,437 over 60 equal monthly instalments commencing from the day of first drawdown and is secured and supported as follows:

- (i) Guarantee by a third party; and
- (ii) Joint and several guarantee by certain directors of the Group.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****16. LOANS AND BORROWINGS (CONTINUED)****(a) Term loans (continued)**

Term loan 10 of the Group of RM1.30 million (2021: RM1.44 million and 2020: RM1.46 million) bears interest at BLR add 5.8% per annum and is repayable of RM24,890 over 84 equal monthly instalments commencing from the day of first drawdown and is secured and supported as follows:

- (i) Guarantee by a third party; and
- (ii) Joint and several guarantee by certain directors of the Group.

**(b) Lease liabilities**

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

	← As at 31 December →		
	2020	2021	2022
	RM'000	RM'000	RM'000
Minimum lease payments:			
- Not later than one year	1,558	1,665	1,928
- Later than one year and not later than five years	4,536	3,362	4,714
- Later than five years	81	-	262
	6,175	5,027	6,904
Less: Future finance charges	(826)	(493)	(909)
Present value of minimum lease payments	5,349	4,534	5,995
Present value of minimum lease payment:			
- Not later than one year	1,201	1,364	1,565
- Later than one year and not later than five years	4,070	3,170	4,430
- Later than five years	78	-	-
	5,349	4,534	5,995
Less: Amount due within twelve months	(1,201)	(1,364)	(1,565)
Amount due after twelve months	4,148	3,170	4,430

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****16. LOANS AND BORROWINGS (CONTINUED)****(c) Revolving credits**

Revolving credit 1 of the Group of RM1.68 million (2021: RM2.87 million and 2020: RM3.14 million) bears interest rate of 1.5% per month and is secured and supported as follows:

(i) Jointly and severally guarantee by certain directors of the Group.

Revolving credit 2 of the Group of RM0.85 million (2021: RM0.75 million and 2020: RM0.35 million) bears interest rate of 1.1% per month and is secured and supported as follows:

(i) Jointly and severally guarantee by certain directors of the Group.

**(d) Bank overdrafts**

The bank overdrafts of the Group bears interest rate of

- (i) 1.50% add BFR per annum; or  
(ii) 2.00% add BFR per annum.

The bank overdrafts are secured and supported as follow:

- (i) Guaranteed by a third party; and  
(ii) Jointly and severally guarantee by certain directors of the Group.

**17. TRADE AND OTHER PAYABLES**

	Note	← As at 31 December →		
		2020 RM'000	2021 RM'000	2022 RM'000
<b>Trade</b>				
Trade payables	(a)			
- Third parties		516	1,363	1,514
- Related parties		640	-	-
		1,156	1,363	1,514
<b>Non-trade</b>				
Other payables		935	1,489	2,717
Accruals		242	428	706
Deposits		978	1,114	1,153
Amount owing to a related party	(b)	1	20	-
Amount owing to directors	(b)	191	256	-
		2,347	3,307	4,576
Total trade and other payables		3,503	4,670	6,090

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****17. TRADE AND OTHER PAYABLES (CONTINUED)****(a) Trade payables**

Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2021 and 2020: 30 to 90 days).

**(b) Amount owing to a related party and directors**

Amount owing to a related party and directors are non-trade in nature, unsecured, non-interest bearing, repayable upon demand and are expected to be settled in cash.

For explanation on the Group's liquidity risk management processes, refer to Note 27(b)(ii).

**18. REVENUE**

	← FYE 31 December →		
	2020	2021	2022
	RM'000	RM'000	RM'000
Provision of IT solutions and related services	18,973	20,314	26,549
	18,973	20,314	26,549
<b>Timing of revenue recognition:</b>			
At a point in time	10,211	229	710
Over time	8,762	20,085	25,839
	18,973	20,314	26,549

**19. OTHER INCOME**

	← FYE 31 December →		
	2020	2021	2022
	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	-	-	3
Gain on lease modification	-	-	234
COVID-19 related rent concession income	164	343	-
Net realised foreign exchange gain	-	-	12
Net unrealised foreign exchange gain	-	19	10
Rental income	-	3	26
Wages subsidy	418	397	23
Miscellaneous	6	7	338
	588	769	646

**12. ACCOUNTANTS' REPORT (cont'd)**

**GO HUB CAPITAL BERHAD**  
Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**20. FINANCE INCOME**

	← FYE 31 December →		
	2020	2021	2022
	RM'000	RM'000	RM'000
Interest income from:			
- short-term deposits	-	-	15
- trade receivables	137	86	34
	<u>137</u>	<u>86</u>	<u>49</u>

**21. FINANCE COSTS**

	← FYE 31 December →		
	2020	2021	2022
	RM'000	RM'000	RM'000
Interest expense on:			
- Term loans	337	368	510
- Lease liabilities	422	374	465
- Bank overdrafts	49	34	12
- Bank guarantee fee	47	54	64
- Revolving credits	330	496	94
	<u>1,185</u>	<u>1,326</u>	<u>1,145</u>

**22. PROFIT BEFORE TAX**

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

		← FYE 31 December →		
	Note	2020	2021	2022
		RM'000	RM'000	RM'000
Auditors' remuneration:				
- current year		23	51	101
- prior year		-	(1)	-
Incorporation fee		-	-	2
Depreciation of:				
- property, plant and equipment	5	679	891	962
- right-of-use assets	6	1,207	1,351	1,543
Loss on disposal of property, plant and equipment		11	-	-
Property, plant and equipment written off		-	-	16
Loss on disposal of right-of-use assets		58	35	-
		<u>58</u>	<u>35</u>	<u>-</u>

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****22. PROFIT BEFORE TAX (CONTINUED)**

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

	Note	← FYE 31 December →		
		2020 RM'000	2021 RM'000	2022 RM'000
Amortisation of intangible assets	7	135	284	362
Impairment loss on trade receivables	11	-	-	441
Bad debts written off		-	-	546
Rental expense on:				
- Premises		130	14	9
Net realised foreign exchange loss		-	27	-
Net unrealised foreign exchange loss		3	-	-
Employee benefits expense	23	4,134	4,537	7,110

**23. EMPLOYEE BENEFITS EXPENSE**

	← FYE 31 December →		
	2020 RM'000	2021 RM'000	2022 RM'000
Salaries, allowances and bonuses	3,649	3,958	6,220
Defined contribution plans	364	455	714
Other staff related benefits	121	124	176
	4,134	4,537	7,110
Included in employee benefits expenses are:			
- Directors' remuneration	458	523	479
- Directors' defined contribution plans	14	39	53
- Directors' other emoluments	1	2	2
	473	564	534



**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****24. INCOME TAX (EXPENSE)/CREDIT**

The major components of income tax expense/(credit) for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 are as follows:

	←	FYE 31 December	→
	2020	2021	2022
	RM'000	RM'000	RM'000
<b>Combined statement of comprehensive income</b>			
<b>Current income tax:</b>			
- Current income tax charge	299	37	1,809
- Adjustment in respect of prior year	1	-	(9)
	300	37	1,800
<b>Deferred tax (Note 8):</b>			
- Origination of temporary differences	397	(462)	206
- Adjustment in respect of prior year	6	(1)	(60)
	403	(463)	146
<b>Income tax expense/(credit) recognised in profit or loss</b>	703	(426)	1,946

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial years.

The income tax rate applicable to small and medium scale enterprise ("SME") incorporated in Malaysia with paid-up capital of RM2.50 million and below and annual sales less than RM50.00 million (2021 and 2020: RM50.00 million) is subject to the statutory income tax rate of 17% (2021 and 2020: 17%) on chargeable income up to RM0.60 million (2021 and 2020: RM0.60 million). For chargeable income excess of RM0.60 million (2021 and 2020: RM0.60 million), statutory income tax rate of 24% (2021 and 2020: 24%) is still applicable.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****24. INCOME TAX (EXPENSE)/CREDIT (CONTINUED)**

The reconciliations from the tax amount at the statutory income tax rate to the Group's tax expense/(credit) are as follows:

	← FYE 31 December →		
	2020 RM'000	2021 RM'000	2022 RM'000
Profit before tax	2,962	1,975	8,003
Tax at Malaysian statutory income tax rate of 24%	711	474	1,921
SME tax savings	(35)	-	-
Adjustments:			
- Income not subject to tax	(97)	(92)	(142)
- Non-deductible expenses	617	605	235
- Deferred tax not recognised on tax losses and temporary differences	6	-	1
- Utilisation of previously unrecognised tax losses, capital allowances and temporary differences	(25)	(117)	-
- Adjustment in respect of current income tax of prior year	1	-	(9)
- Adjustment in respect of deferred tax of prior year	6	(1)	(60)
- Tax exempted	(481)	(1,295)	-
Income tax expense/(credit)	703	(426)	1,946

The subsidiary of the Company, NSS has been awarded with the Multimedia Super Corridor ("MSC") status by the Malaysian Government. The financial incentive awarded to NSS under the MSC status is "Pioneer Status" under Section 4A of the Promotion of Investment Act, 1986. NSS has been granted the Pioneer Status by the Ministry of Investment, Trade and Industry for services under the Promotion Investment Act, 1986 in which the statutory income is exempted from tax from 3 April 2017 to 30 June 2021.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****25. EARNINGS PER SHARE****Basic earnings per ordinary share and diluted earnings per ordinary share**

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

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

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

	←	FYE 31 December	→
	2020	2021	2022
	RM'000	RM'000	RM'000
Profit attributable to owners of the Group	2,265	2,405	6,057
Weighted average number of ordinary shares for basic and diluted earnings per share <sup>^</sup>	2,000	2,000	13,310
Basic and diluted earnings per share (RM)	1.13	1.20	0.46

<sup>^</sup> For the purpose of this report, the weighted average number of ordinary shares for FYE 31 December 2020 and 2021 is the invested equity of the Group.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****26. DIVIDENDS**

	FYE 31 December 2022 RM'000
<b>Recognised during the financial year:</b>	
Dividends on ordinary shares:	
- Single-tier dividend of RM2 per ordinary share in respect of the financial year ended 31 December 2022, paid on 15 December 2022	2,000
- Single-tier dividend of RM0.50 per ordinary share in respect of the financial year ended 31 December 2022, paid on 29 December 2022	500
	<u>2,500</u>

**27. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

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

(i) Amortised cost

	Carrying amount RM'000	Amortised cost RM'000
<b>At 31 December 2020</b>		
<b>Financial assets</b>		
Other investment	165	165
Trade and other receivables, less prepayments	8,629	8,629
Cash and short-term deposits	1,829	1,829
	<u>10,623</u>	<u>10,623</u>
<b>Financial liabilities</b>		
Loans and borrowings	(15,716)	(15,716)
Trade and other payables	(3,503)	(3,503)
	<u>(19,219)</u>	<u>(19,219)</u>

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(a) Categories of financial instruments (continued)**

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

(i) Amortised cost (continued)

	<b>Carrying amount RM'000</b>	<b>Amortised cost RM'000</b>
<b>At 31 December 2021</b>		
<b>Financial assets</b>		
Other investment	165	165
Trade and other receivables, less prepayments	11,576	11,576
Cash and short-term deposits	2,509	2,509
	<u>14,250</u>	<u>14,250</u>
<b>Financial liabilities</b>		
Loans and borrowings	(17,053)	(17,053)
Trade and other payables	(4,670)	(4,670)
	<u>(21,723)</u>	<u>(21,723)</u>
<b>At 31 December 2022</b>		
<b>Financial assets</b>		
Trade and other receivables, less prepayments	9,597	9,597
Cash and short-term deposits	9,105	9,105
	<u>18,702</u>	<u>18,702</u>
<b>Financial liabilities</b>		
Loans and borrowings	(16,631)	(16,631)
Trade and other payables	(6,090)	(6,090)
	<u>(22,721)</u>	<u>(22,721)</u>

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management**

The Group's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's overall financial risk management objective is to optimise value for its shareholders. The Group does not trade in financial instruments.

The Board of Directors reviews and agrees to the policies and procedures for the management of these risks, which are executed by the Group's senior management.

**(i) Credit risk**

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

**Trade receivables and contract assets**

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

The carrying amounts of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

At the end of the reporting periods, the Group has a significant concentration of credit risk in the form of two (2) (2021: two (2) and 2020: four (4)) trade receivables, representing approximately 71% (2021: 62% and 2020: 84%) of the Group's total trade receivables.

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

**12. ACCOUNTANTS' REPORT (cont'd)**

**GO HUB CAPITAL BERHAD**  
Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**27. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Financial risk management (continued)**

**(i) Credit risk (continued)**

**Trade receivables and contract assets (continued)**

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

	Contract assets RM'000	Current RM'000	Trade receivables					Total RM'000
			1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	91 to 120 days past due RM'000	> 120 days past due RM'000	
<b>At 31 December 2020</b>								
Gross carrying amount at default	2,788	1,451	1,926	250	296	181	2,556	6,660
Impairment losses	-	-	-	-	-	-	-	-
Net balance	2,788	1,451	1,926	250	296	181	2,556	6,660
<b>At 31 December 2021</b>								
Gross carrying amount at default	3,796	1,157	657	398	208	214	6,880	9,514
Impairment losses	-	-	-	-	-	-	-	-
Net balance	3,796	1,157	657	398	208	214	6,880	9,514

**12. ACCOUNTANTS' REPORT (cont'd)**

**GO HUB CAPITAL BERHAD**  
Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**27. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Financial risk management (continued)**

**(i) Credit risk (continued)**

**Trade receivables and contract assets (continued)**

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows: (continued)

	Contract assets RM'000	Current RM'000	Trade receivables					Total RM'000
			1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	91 to 120 days past due RM'000	> 120 days past due RM'000	
<b>At 31 December 2022</b>								
Gross carrying amount at default	3,412	553	249	303	263	250	5,465	7,083
Impairment losses	-	-	-	-	-	-	(441)	(441)
Net balance	3,412	553	249	303	263	250	5,024	6,642



**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Other receivables and other financial assets**

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

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

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

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

Intercompany loans between related entities are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the debtor does not have sufficient highly liquid resources when the loan is demanded, the Group will consider the expected manner of recovery and recovery period of the intercompany loan.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(i) Credit risk (continued)****Other receivables and other financial assets (continued)**

As at the end of the reporting date, the Group considers the other receivables and other financial assets as low credit risk and any loss allowance would be negligible. Refer to Note 3.10(a) for the Group's other accounting policies for impairment of financial assets.

**(ii) Liquidity risk**

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

**Maturity analysis**

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

	Carrying amount RM'000	Contractual cash flows			Total RM'000
		On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	
<b>At 31 December 2020</b>					
Trade and other payables	3,503	3,503	-	-	3,503
Term loans	6,099	1,089	4,000	2,634	7,723
Lease liabilities	5,349	1,558	4,536	81	6,175
Revolving credits	3,487	3,487	-	-	3,487
Bank overdrafts	781	781	-	-	781
	<b>19,219</b>	<b>10,418</b>	<b>8,536</b>	<b>2,715</b>	<b>21,669</b>

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(ii) Liquidity risk (continued)**Maturity analysis (continued)

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

	Carrying amount RM'000	Contractual cash flows			Total RM'000
		On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	
<b>At 31 December 2021</b>					
Trade and other payables	4,670	4,670	-	-	4,670
Term loans	8,558	1,563	5,503	3,392	10,458
Lease liabilities	4,534	1,665	3,362	-	5,027
Revolving credits	3,619	3,619	-	-	3,619
Bank overdrafts	342	342	-	-	342
	<u>21,723</u>	<u>11,859</u>	<u>8,865</u>	<u>3,392</u>	<u>24,116</u>
<b>At 31 December 2022</b>					
Trade and other payables	6,090	6,090	-	-	6,090
Term loans	8,104	1,552	4,795	3,539	9,886
Lease liabilities	5,995	1,928	4,714	262	6,904
Revolving credits	2,532	2,532	-	-	2,532
	<u>22,721</u>	<u>12,102</u>	<u>9,509</u>	<u>3,801</u>	<u>25,412</u>

**(iii) Foreign currency risk**

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD") and Singapore Dollar ("SGD").

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iii) Foreign currency risk (continued)**

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	← As at 31 December →		
	2020	2021	2022
	RM'000	RM'000	RM'000
Financial assets and liabilities not held in functional currencies:			
<b><u>Trade receivables</u></b>			
USD	124	479	327
<b><u>Cash and short-term deposits</u></b>			
USD	26	27	6
<b><u>Trade payables</u></b>			
SGD	-	-	26

**Sensitivity analysis for foreign currency risk**

The Group's principal foreign currency exposure relates mainly to USD and SGD.

No sensitivity analysis for foreign currency risk is prepared at the end of the reporting period as the Group does not have significant exposure to foreign currency risk.

**(iv) Interest rate risk**

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

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(b) Financial risk management (continued)****(iv) Interest rate risk (continued)**Sensitivity analysis for interest rate risk

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

	Carrying amount RM'000	Change in basis points	Effect on profit and equity for the financial year RM'000
<b>At 31 December 2020</b>			
Term loans	6,099	+50	(23)
		-50	23
Revolving credits	3,487	+50	(13)
		-50	13
Bank overdrafts	781	+50	(3)
		-50	3
<b>At 31 December 2021</b>			
Term loans	8,558	+50	(33)
		-50	33
Revolving credits	3,619	+50	(14)
		-50	14
Bank overdrafts	342	+50	(1)
		-50	1
<b>At 31 December 2022</b>			
Term loans	8,104	+50	(31)
		-50	31
Revolving credits	2,532	+50	(10)
		-50	10

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****27. FINANCIAL INSTRUMENTS (CONTINUED)****(c) Fair value measurement**

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

There have been no transfers between Level 1, Level 2 and Level 3 during the financial years (2021 and 2020: no transfer in either direction).

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Carrying amount RM'000	Fair value of financial instruments not carried at fair value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>At 31 December 2020</b>					
<b>Financial liability</b>					
<b>Non-current</b>					
Term loans	5,399	-	-	4,994	4,994
<b>At 31 December 2021</b>					
<b>Financial liability</b>					
<b>Non-current</b>					
Term loans	7,376	-	-	6,693	6,693
<b>At 31 December 2022</b>					
<b>Financial liability</b>					
<b>Non-current</b>					
Term loans	6,780	-	-	6,105	6,105

**28. RELATED PARTIES****(a) Identity of related parties**

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

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****28. RELATED PARTIES (CONTINUED)****(a) Identity of related parties (continued)**

Related parties of the Group include:

- (i) Entity in which a director has interests;
- (ii) Entity in which person connected to a director has interests;
- (iii) A person connected to a director; and
- (iv) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly and indirectly.

**(b) Significant related party transactions**

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

	← FYE 31 December →		
	2020 RM'000	2021 RM'000	2022 RM'000
<b>Revenue from</b>			
- Entity in which a director has interests	-	200	-
<b>Service rendered from</b>			
- Entities in which a director has interests	341	12	-
- Entity in which person connected to a director has interests	36	-	-
<b>Management fee to</b>			
- Entities in which a director has interests	859	-	-
<b>Rental charged by</b>			
- Entities in which a director has interests	11	2	60
<b>Purchase of property, plant and equipment</b>			
- A person connected to a director	4	-	-
<b>Disposal of property, plant and equipment</b>			
- A person connected to a director	65	-	-
<b>Disposal of right-of-use assets</b>			
- A director	350	-	-

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****28. RELATED PARTIES (CONTINUED)****(c) Compensation of key management personnel**

	← FYE 31 December →		
	2020 RM'000	2021 RM'000	2022 RM'000
Salaries, allowances and bonuses	1,063	1,291	1,469
Defined contribution plans	82	131	167
Other staff related benefits	5	6	7
	1,150	1,428	1,643

Significant outstanding balances with related parties at the end of the reporting periods are disclosed in Notes 11 and 17.

**29. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value. The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies and processes during financial years ended 31 December 2020, 31 December 2021 and 31 December 2022.

The Group monitors its capital using gearing ratio. The gearing ratio is calculated as total debts divided by total equity. The gearing ratio as at 31 December 2020, 31 December 2021 and 31 December 2022 are as follows:

		← As at 31 December →		
	Note	2020 RM'000	2021 RM'000	2022 RM'000
Loans and borrowings/total debts	16	15,716	17,053	16,631
Total equity		4,753	7,154	10,711
Gearing ratio (times)		3.31	2.38	1.55

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

The Group is not subject to any externally imposed capital requirements.



**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEARS****(a) COVID-19 pandemic**

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. Many countries including the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of the COVID-19 pandemic. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates (as the Group primarily serves the bus and rail segments in Peninsular Malaysia).

The Group has performed assessments on the overall impact of the situation on the Group's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the combined financial statements for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022.

**(b) Acquisition of NSS**

On 8 December 2022, GOHUB had entered into an internal reorganisation agreement with the shareholders of NSS to acquire the entire issued share capital of NSS comprising 1,000,000 ordinary shares for a purchase consideration of RM13,152,836. The acquisition of NSS was fully satisfied through the issuance of 13,152,836 new Shares at RM1.00 each. The acquisition of NSS was completed on 21 December 2022.

**(c) Acquisition of TCT Apps**

On 8 December 2022, GOHUB had entered into an internal reorganisation agreement with the shareholders of TCT Apps to acquire the entire issued share capital of TCT Apps comprising 1,000,000 ordinary shares for a purchase consideration of RM157,008. The acquisition of TCT Apps was fully satisfied through the issuance of 157,008 new Shares at RM1.00 each. The acquisition of TCT Apps was completed on 22 December 2022.

## 12. ACCOUNTANTS' REPORT (cont'd)

### GO HUB CAPITAL BERHAD Accountants' Report

#### NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

#### 31. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF FINANCIAL YEARS

##### (a) Subscription of Shares

On 16 March 2023, Tan Cherng Thong subscribed for 56 new Shares at an issue price of RM6.00 each, representing approximately 0.0004% of the enlarged issued share capital of GOHUB at that point of time of 13,310,000 Shares. The issue price of RM6.00 per GOHUB Share was determined based on, amongst others, the intention to increase the issued share capital of GOHUB to RM13,310,280 comprising 13,310,000 GOHUB Shares for the purposes of the Listing.

##### (b) Share Split

The Company had, on 9 August 2023, undertaken a subdivision of all the existing GOHUB Shares in issue comprising 13,310,000 GOHUB Shares into 292,820,000 GOHUB Shares (i.e. subdivision of every one (1) existing Share into twenty-two (22) subdivided Shares).

#### 32. SEGMENT INFORMATION

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

The two reportable operating segments are as follows:

Segments	Product and services
Transportation IT solutions	Provision of IT solutions and related services, focusing on transportation IT solutions (including customised software development systems and integration of hardware and software systems)
Other IT solutions	Developed and customised solution systems for various other end-user applications

Inter-segment pricing is determined on negotiated basis.

##### Segment profit

Segment performance is used to measure performance as the Executive Director is of the view that such segregation of financial information is the most relevant in evaluating the results of certain segment relative to other entities.

##### Segment assets and liabilities

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the Executive Director. Hence, no disclosure is made on segments assets.

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****32. SEGMENT INFORMATION (CONTINUED)**

	Transportation IT solutions RM'000	Other IT solutions RM'000	Total RM'000
<b>31 December 2020</b>			
<b>Revenue:</b>			
Revenue from external customers	18,898	75	18,973
<b>Segment profit</b>	<b>9,138</b>	<b>9</b>	<b>9,147</b>
Other income			588
Unallocated expenses			(5,725)
Finance income			137
Finance costs			(1,185)
Income tax expense			(703)
<b>Profit for the financial year</b>			<b>2,259</b>
<b>Results:</b>			
<i>Included in the measure of segments profit are:</i>			
Depreciation of property, plant and equipment			679
Depreciation of right-of-use assets			1,207
Amortisation of intangible assets			135
Employee benefits expense			4,134

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**  
Accountants' Report**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****32. SEGMENT INFORMATION (CONTINUED)**

	Transportation IT solutions RM'000	Other IT solutions RM'000	Total RM'000
<b>31 December 2021</b>			
<b>Revenue:</b>			
Revenue from external customers	19,418	896	20,314
<b>Segment profit</b>	<b>7,667</b>	<b>880</b>	<b>8,547</b>
Other income			769
Unallocated expenses			(6,101)
Finance income			86
Finance costs			(1,326)
Income tax credit			426
<b>Profit for the financial year</b>			<b>2,401</b>
<b>Results:</b>			
<i>Included in the measure of segments profit are:</i>			
Depreciation of property, plant and equipment			891
Depreciation of right-of-use assets			1,351
Amortisation of intangible assets			284
Employee benefits expense			4,537

**12. ACCOUNTANTS' REPORT (cont'd)****GO HUB CAPITAL BERHAD**

Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)****32. SEGMENT INFORMATION (CONTINUED)**

	Transportation IT solutions RM'000	Other IT solutions RM'000	Total RM'000
<b>31 December 2022</b>			
<b>Revenue:</b>			
Revenue from external customers	25,648	901	26,549
<b>Segment profit</b>	<b>16,670</b>	<b>564</b>	<b>17,234</b>
Other income			646
Unallocated expenses			(8,781)
Finance income			49
Finance costs			(1,145)
Income tax expense			(1,946)
<b>Profit for the financial year</b>			<b>6,057</b>
<b>Results:</b>			
<i>Included in the measure of segments profit are:</i>			
Depreciation of property, plant and equipment			962
Depreciation of right-of-use assets			1,543
Amortisation of intangible assets			362
Employee benefits expense			7,110

**12. ACCOUNTANTS' REPORT (cont'd)**

**GO HUB CAPITAL BERHAD**  
Accountants' Report

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**32. SEGMENT INFORMATION (CONTINUED)**

Geographical information

Revenue based on the geographical location of customers are as follows:

	← FYE 31 December →		
	2020 RM'000	2021 RM'000	2022 RM'000
Malaysia	18,953	19,979	26,519
Overseas	20	335	30
	18,973	20,314	26,549

Information about major customers

Revenue from external customers which contributed 10% or more to the total revenue recognised is as follows:

	FYE 31 December 2020 RM'000
Customer A	11,920
	FYE 31 December 2021 RM'000
Customer B	11,464
	FYE 31 December 2022 RM'000
Customer A	15,477