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

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INSAS BERHAD

(Registration No. 196101000026 (4081-M))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED DISPOSAL OF THE ENTIRE ORDINARY SHARES AND REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN M & A SECURITIES SDN BHD TO SYF RESOURCES BERHAD ("SYF") FOR A CONSIDERATION OF RM222,000,000 TO BE SATISFIED THROUGH THE ISSUANCE OF 1,009,090,909 NEW ORDINARY SHARES IN SYF AT AN ISSUE PRICE OF RM0.22 EACH

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



M & A SECURITIES SDN BHD

(Registration No. 197301001503 (15017-H))

(A Wholly-Owned Subsidiary of Insas Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser



FHMH CORPORATE ADVISORY SDN BHD

(Registration No. 200701016946 (774955-D))

The resolution in respect of the above proposal will be tabled at an Extraordinary General Meeting ("**EGM**") of the Company which will be conducted on a fully virtual basis through live streaming and online remote voting via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC : D1A282781) on **Thursday, 23 February 2023 at 11.00 a.m.** or any adjournment thereof.

The Notice of EGM together with the Proxy Form, Administrative Guide for EGM and this Circular are available on the Company's website at <http://www.insas.net/ar-gm.html>. You are advised to follow the procedures set out in the Administrative Guide to register, participate and vote remotely via the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") at <https://tiih.online>.

If you wish to appoint a proxy to participate and vote remotely on your behalf at the EGM, you may deposit your Proxy Form at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof as indicated below. Alternatively, the Proxy Form may also be lodged electronically via TIIH Online website at <https://tiih.online> before the proxy appointment cut-off time stated below. The lodging of the Proxy Form will not preclude you from participating in the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 21 February 2023 at 11.00 a.m.

Date and time of EGM : Thursday, 23 February 2023 at 11.00 a.m. or any adjournment thereof.

This Circular is dated 8 February 2023

DEFINITIONS

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

Act	: Companies Act 2016, as may be amended from time to time and any re-enactment thereof
Agreed Net Asset Value	: The NA value of M&A Securities as at the completion date of the SSPA amounting to not less than RM180.0 million
Board	: Board of Directors of Insas
Business Day	: A day (other than a Saturday, Sunday or public holiday) on which commercial banks in Kuala Lumpur, Malaysia are generally open for the transaction of normal banking business
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CBRE WTW	: CBRE WTW Valuation & Advisory Sdn Bhd (formerly known as C H Williams Talhar & Wong Sdn Bhd) (Registration No.: 197401001098 (18149-U))
CCM	: Companies Commission of Malaysia
Circular	: This circular to our shareholders dated 8 February 2023
CMSA	: Capital Markets and Services Act 2007, as may be amended from time to time and any re-enactment thereof
Completion Net Asset Value	: The NA value of M&A Securities as at the last day of the calendar month immediately preceding the completion date of the SSPA
Conditions	: The conditions precedent to the SSPA as set out in Section 1 of Appendix V
Consideration Share(s)	: 1,009,090,909 new SYF Share(s) to be issued to Insas as settlement of the Disposal Consideration
Court	: High Court of Malaya
COVID-19	: Coronavirus disease 2019, an infectious disease which is a global pandemic
Darul Majumas	: Darul Majumas Sdn Bhd (Registration No. 201101027214 (955349-T)), an indirect 75% owned subsidiary of SYF
Director(s)	: Shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which terms of the transaction were agreed upon, a Director of Insas (or any other company which is its subsidiary or holding company) or chief executive officer of Insas, its subsidiaries or holding company
Disposal Consideration	: Consideration of RM222.0 million for the Proposed M&A Disposal

DEFINITIONS (Cont'd)

Disqualifying Transaction	: Any acquisition of SYF Shares or instruments convertible into and options in respect of SYF Shares (other than subscriptions for new SYF Shares or new instruments convertible into or options in respect of new SYF Shares which have been disclosed in SYF's circular to its shareholders dated 28 December 2022 for inter-alia, the Proposed Exemption) by Insas and its persons acting in concert in the 6 months prior to the announcement of the Proposed M&A Acquisition on 6 October 2021 but subsequent to the negotiations, discussions or the reaching of understandings or agreements with the Board of Directors of SYF in relation to the Proposed M&A Acquisition until completion of the issuance of the Consideration Shares
EGM	: Extraordinary general meeting
Eligible Persons	: Eligible Directors and employees of the enlarged SYF Group after the SYF Proposals including M&A Group and persons who have contributed to the success of M&A Group
EPS	: Earnings per share
Equity Guidelines	: Equity Guidelines issued by the SC, as may be amended from time to time
FHCA or Independent Adviser	: FHHM Corporate Advisory Sdn Bhd (Registration No. 200701016946 (774955-D))
FYE	: Financial year ended
Giat Armada	: Giat Armada Sdn Bhd (Registration No. 201101022289 (950428-W)), an indirect wholly-owned subsidiary of SYF
IAL	: Independent advice letter from FHCA dated 8 February 2023 to the non-interested shareholders of Insas in relation to the Proposed M&A Disposal
IPO	: Initial public offering
Insas or Company or Seller	: Insas Berhad (Registration No. 196101000026 (4081-M))
Insas Group or Group	: Insas and its subsidiaries
Insas Plaza	: Insas Plaza Sdn Bhd (Registration No. 198601000974 (150118-V)), a wholly-owned subsidiary of Insas
Insas Share(s) or Share(s)	: Ordinary share(s) in Insas
Juta	: Juta Development Sdn Bhd (Registration No. 200801022290 (823609-H))
LAT	: Loss after tax
LBT	: Loss before tax
LPD	: 15 January 2023, being the latest practicable date prior to printing this Circular
LPS	: Loss per share

DEFINITIONS (Cont'd)

LTD	: 5 October 2021, being the latest trading date prior to the date of the SSPA and announcement of the Proposed M&A Disposal
Malacca Securities	: Malacca Securities Sdn Bhd (Registration No. 197301002760 (16121-H))
M&A Securities or Target	: M & A Securities Sdn Bhd (Registration No. 197301001503 (15017-H)), currently a wholly-owned subsidiary of Insas
M&A Group	: M&A Securities and its subsidiaries
M&A Nom (A)	: M & A Nominee (Asing) Sdn Bhd (Registration No. 199401034787 (320470-H)), a wholly-owned subsidiary of M&A Securities
M&A Nom (T)	: M & A Nominee (Tempatan) Sdn Bhd (Registration No. 199401034788 (320471-T)), a wholly-owned subsidiary of M&A Securities
M&A Securities Share(s)	: Ordinary share(s) in M&A Securities
Major Shareholder(s)	: A person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, has an interest or interests in one or more voting shares of Insas (or any other company which is its subsidiary or holding company) and the number or aggregate number of those shares, is: (a) 10% or more of the total number of voting shares in Insas; or (b) 5% or more of the total number of voting shares in Insas where such person is the largest shareholder of Insas For the purpose of this definition, "interest in shares" has the meaning given in Section 8 of the Act
Mandatory Offer	: Insas' obligations under subparagraph 4.01(a) of the Rules to extend an offer to acquire all the remaining SYF Shares not already owned by Insas and its PACs after the Proposed M&A Disposal at a cash consideration of RM0.22 per SYF Share, which is equivalent to the issue price of the Consideration Shares
Mieco	: Mieco Chipboard Berhad (Registration No. 197201001235 (12849-K))
MITI	: Ministry of International Trade and Industry
MMLR	: Main Market Listing Requirements of Bursa Securities, as amended from time to time
Montego	: Montego Assets Limited (Registration No. 101353), a wholly-owned subsidiary of Insas
NA	: Net assets
Nikmat Sekitar	: Nikmat Sekitar Sdn Bhd (Registration No. 201501020882 (1146218-X)), an indirect wholly-owned subsidiary of SYF
Nuri Meriah	: Nuri Meriah Sdn Bhd (Registration No. 201501018938 (1144273-T)), an indirect wholly-owned subsidiary of SYF
Party(ies)	: Insas and/or SYF, collectively or individually, where the context so requires

DEFINITIONS (Cont'd)

PAC(s)	: Person(s) acting in concert with Insas namely Insas Plaza and Montego, in accordance with subsections 216(2) and 216(3) of the CMSA
PAT	: Profit after tax
PBT	: Profit before tax
PB Multiple	: Price to book multiple
PE Multiple	: Price to earnings multiple
Proposed Exemption	: Proposed exemption under subparagraph 4.08(1)(a) of the Rules for Insas and its PACs from the obligation to undertake the Mandatory Offer upon completion of the Proposed M&A Disposal
Proposed Land Disposal	: Collectively, the Proposed Lot 1461 Disposal and Proposed Lot 1464 Disposal
Proposed Lot 1461 Disposal	: Proposed disposal by Nikmat Sekitar of a land held under GM 403, Lot 1461, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor to Juta for a cash consideration of RM10.6 million
Proposed Lot 1464 Disposal	: Proposed disposal by Nuri Meriah of a land held under GM 1128, Lot 1464, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor to Juta for a cash consideration of RM10.6 million
Proposed M&A Disposal or Proposed M&A Acquisition	: Proposed disposal of the Sale Shares to SYF in the context of Insas as Seller; or proposed acquisition of the Sale Shares by SYF in the context of SYF as Buyer, as the case may be, for a consideration of RM222.0 million to be fully satisfied by SYF via the issuance of 1,009,090,909 Consideration Shares at an issue price of RM0.22 each to Insas
Proposed Name Change	: Proposed change of name of "SYF Resources Berhad" to "M & A Equity Holdings Berhad"
Proposed Restricted Issue	: Proposed restricted issue of up to 157,796,392 Restricted Issue Shares representing not more than 10.0% of the enlarged share capital of SYF after the Proposed M&A Acquisition at an issue price of RM0.22 each to the Eligible Persons
Proposed Rights Issue	: Proposed renounceable rights issue of 284,436,506 Rights Shares on the basis of 1 Rights Share at an issue price of RM0.22 each for every 2 existing SYF Shares held on an entitlement date to be determined
Proposed Seng Yip Disposal	: Proposed disposal by SYF of 20,000,000 ordinary shares in Seng Yip representing 100.0% equity interest in Seng Yip to Mieco for a cash consideration of RM50.0 million
Proposed Special Dividend and/or Capital Repayment	: Proposed cash distribution of RM102.40 million or RM0.18 per SYF Share to the shareholders of SYF on an entitlement date to be determined
Proposed SYF Disposals	: Collectively, the Proposed Seng Yip Disposal and Proposed Land Disposal
RCPS	: Redeemable convertible preference shares in M&A Securities

DEFINITIONS (Cont'd)

Record of Depositors	: A record of securities holders established and maintained by Bursa Depository under the rules of depository, as amended from time to time
Restricted Issue Share(s)	: Up to 157,796,392 new SYF Share(s) to be issued pursuant to the Proposed Restricted Issue
RM and sen	: Ringgit Malaysia and sen, respectively
Rights Share(s)	: 284,436,506 new SYF Share(s) to be issued pursuant to the Proposed Rights Issue
Rules	: Rules on Take-Overs, Mergers and Compulsory Acquisitions
Seng Yip	: Seng Yip Furniture Sdn Bhd (Registration No. 199301004255 (258992-X)), currently a wholly-owned subsidiary of SYF
Sale Shares or Target Shares	: 100,000,000 M&A Securities Shares and 60,000,000 RCPS representing 100.0% equity interest and 100.0% of the RCPS in M&A Securities
SC	: Securities Commission Malaysia
SSPA	: Share sale and purchase agreement dated 6 October 2021 entered into between Insas and SYF for the Proposed M&A Disposal, including any supplemental agreement(s) and/or letter(s) executed or to be executed by Insas and SYF in relation thereto
SYFC	: SYF Construction Sdn Bhd (Registration No. 200201012915 (580578-X)), an indirect wholly-owned subsidiary of SYF
SYFD	: SYF Development Sdn Bhd (Registration No. 198901009608 (186909-D)), an indirect wholly-owned subsidiary of SYF
SYFV	: SYF Venture Sdn Bhd (Registration No. 200401031898 (670406-M)), a wholly-owned subsidiary of SYF
SYF or Buyer	: SYF Resources Berhad (Registration No. 199501035170 (364372-H))
SYF Group	: SYF and its subsidiaries
SYF Proposals	: Collectively, the Proposed SYF Disposals, Proposed Special Dividend and/or Capital Repayment, Proposed M&A Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Name Change
SYF Share(s)	: Ordinary share(s) in SYF
Tomisho	: Tomisho Sdn Bhd (Registration No. 198501011814 (144265-W)), a wholly-owned subsidiary of SYF
USA	: United States of America
Venturescape	: Venturescape Sdn Bhd (Registration No. 202101030801 (1431101-W)), a wholly-owned subsidiary of M&A Securities
VWAMP	: Volume weighted average market price

DEFINITIONS (Cont'd)

All references to “we”, “us”, “our” and “ourselves” in this Circular are our Company and our subsidiaries save where the context otherwise requires, and to “you” or “your” are to the shareholders of our Company.

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

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED M&A DISPOSAL. YOU ARE ADVISED TO READ THE CIRCULAR (INCLUDING THE IAL AS SET OUT IN PART B OF THIS CIRCULAR) AND THE APPENDICES FOR FURTHER DETAILS AND NOT TO SOLELY RELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSED M&A DISPOSAL BEFORE VOTING AT THE FORTHCOMING EGM OF OUR COMPANY.

Our Board (save for Dato' Wong Gian Kui and Dato' Mohamad Azmi Bin Ali who have abstained from deliberation, further details are as set out in Section 10), is recommending you to vote **IN FAVOUR** of the resolution relating to the Proposed M&A Disposal to be tabled at the forthcoming EGM.

Key information	Summary	Reference to Circular
Details of the Proposed M&A Disposal	The Proposed M&A Disposal involves the disposal by Insas of 100,000,000 M&A Securities Shares representing 100.0% equity interest and 60,000,000 RCPS representing 100.0% of the RCPS to SYF for a total consideration of RM222.0 million, subject to the terms and conditions of the SSPA. The Disposal Consideration will be fully satisfied by SYF through the issuance of 1,009,090,909 Consideration Shares to Insas at an issue price of RM0.22 each. Upon the completion of the Proposed M&A Disposal, the shareholdings of Insas and its PACs in SYF will collectively increase from 8.79% to 67.1% of which the direct shareholdings of Insas will increase from zero to 63.9%. Insas does not intend to undertake the Mandatory Offer and together with its PACs will submit an application to seek an exemption from the SC pursuant to subparagraph 4.08(1)(a) of the Rules from the obligation to undertake the Mandatory Offer. The said application will be submitted to the SC after the approval of the shareholders of SYF is obtained for the Proposed Exemption. Insas intends to retain the Consideration Shares and the Consideration Shares will be subject to a moratorium of 6 months from the date they are listed on the Main Market of Bursa Securities, during which time Insas will not be allowed to sell, transfer or assign the entire Consideration Shares.	Section 2 of Part A
Rationale	The Proposed M&A Disposal is essentially a backdoor listing of M&A Securities via SYF, which will enable Insas to unlock value by monetising and securitising its investment in M&A Securities, by creating a separate listing platform for M&A Group on the Main Market of Bursa Securities.	Section 4 of Part A
Risk factors	(a) Non-completion of Proposed M&A Disposal The completion of the Proposed M&A Disposal is subject to fulfillment of the Conditions. If any of the Conditions are not satisfied by the parties, or waived by the parties, the SSPA may be terminated. The completion of the Proposed M&A Disposal is also subject to the completion of all the other proposals under the SYF Proposals which are inter-conditional upon each other.	Section 5 of Part A

EXECUTIVE SUMMARY (Cont'd)

Key information	Summary	Reference to Circular
Risk factors (Cont'd)	(b) Business risk of SYF Group After the SYF Proposals, SYF Group will continue to be involved in its existing property development business. Insas who will be the new holding company of SYF through its holding of the Consideration Shares will be subject to business risks inherent in the property development industry.	Section 5 of Part A
Approvals and conditions	The Proposed SYF Disposals, Proposed Special Dividend and/or Capital Repayment, Proposed M&A Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Name Change are inter-conditional upon each other. As such, the Proposed M&A Disposal will be subject to the following being obtained: (a) approval of SC for the following: (i) Proposed M&A Acquisition pursuant to Section 214(1) of the CMSA as the Proposed M&A Acquisition is a transaction which will result in a significant change in business direction or policy of SYF under paragraph 2.01 of the Equity Guidelines; and (ii) Bumiputera equity requirement for public listed companies in relation to the resultant shareholding structure of SYF pursuant to the SYF Proposals, which was obtained on 14 December 2022; (b) approval of SC for the exemption to Insas and its PACs under subparagraph 4.08(1)(a) of the Rules from the obligation of having to undertake the Mandatory Offer, which application will only be submitted to SC after the approval of the shareholders of SYF for the Proposed Exemption is obtained; (c) approval of SC for the change in the shareholder of M&A Securities under Chapter 4 of the SC's Licensing Handbook, which was obtained on 3 February 2023; (d) approval of Bursa Securities for the listing of and quotation for the Consideration Shares, Rights Shares and Restricted Issue Shares on the Main Market of Bursa Securities which was obtained on 27 December 2022; (e) approval of the shareholders of Insas for the Proposed M&A Disposal at the forthcoming EGM; (f) approval of the shareholders of SYF for the SYF Proposals, which was obtained on 19 January 2023; (g) approval of the shareholders of Mieco for the proposed acquisition of Seng Yip, which was obtained on 14 December 2021;	Section 7 and 8 of Part A

EXECUTIVE SUMMARY (Cont'd)

Key information	Summary	Reference to Circular
Approvals and conditions (Cont'd)	(h) approval of MITI for the sale of shares of Seng Yip, which was obtained on 20 April 2022; (i) confirmation of the Court for the capital repayment pursuant to the Proposed Special Dividend and/or Capital Repayment under Section 116 of the Act, which was obtained on 30 January 2023; (j) approval of CCM for the name "M & A Equity Holdings Berhad" pursuant to the Proposed Name Change; and (k) all relevant approvals, consents or waivers from any other third party, if required.	Section 7 and 8 of Part A
Interests of Directors, Major Shareholders, Chief Executive and/or persons connected to them	Dato' Wong Gian Kui is the Chief Executive Officer/Executive Director of Insas. He is also a Non-Independent Non-Executive Director of SYF representing the interest of Insas. In addition, he is also a Non-Independent Non-Executive Director of M&A Securities which entitles him to participate in the Proposed Restricted Issue. Dato' Wong Gian Kui is thus, deemed interested in the Proposed M&A Disposal. He has abstained and will continue to abstain from all deliberations and voting in relation to the Proposed M&A Disposal at the Board meetings of Insas. In addition, he will also abstain and ensure that persons connected to him (if any) will abstain from voting on the Proposed M&A Disposal at the forthcoming EGM of Insas. Dato' Mohamad Azmi Bin Ali is an Independent Non-Executive Director of both Insas and SYF. Although he is a common director of Insas and SYF, he is not deemed interested in the Proposed M&A Disposal under paragraph 10.08(11)(c) of the MMLR as: (a) He does not hold shares in Insas and SYF; and (b) He does not have any interest such as commission or other kinds of benefit received from Insas or SYF in relation to the Proposed M&A Disposal. However, he has voluntarily abstained and will continue to abstain from all deliberations and voting in relation to the Proposed M&A Disposal at the Board meetings of Insas. If applicable, he will also abstain and ensure that persons connected to him (if any) will abstain from voting on the Proposed M&A Disposal at the EGM of Insas. Save for the Directors as disclosed above, none of the other Directors and/or Major Shareholders of Insas and/or persons connected to them have any interest, either direct or indirect, in the Proposed M&A Disposal.	Section 10 of Part A
IAL in relation to the Proposed M&A Disposal	FHCA has been appointed by our Board to act as Independent Adviser to advise the non-interested shareholders on the Proposed M&A Disposal. Please refer to Part B of this Circular for the IAL issued by the Independent Adviser in relation to the Proposed M&A Disposal.	Part B

PART A

**LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED M&A
DISPOSAL**



INSAS BERHAD

(Registration No. 196101000026 (4081-M))
(Incorporated in Malaysia)

Registered Office:

No. 47-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

8 February 2023

Board of Directors:

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah,
DK(II), SIMP (*Independent Non-Executive Chairperson*)
Dato' Wong Gian Kui (*Chief Executive Officer/Executive Director*)
Dato' Dr. Tan Seng Chuan (*Executive Director*)
Soon Li Yen (*Non-Independent Non-Executive Director*)
Dato' Mohamad Azmi Bin Ali (*Independent Non-Executive Director*)

Dear Shareholders,

PROPOSED M&A DISPOSAL

1. INTRODUCTION

On 6 October 2021, M&A Securities on behalf of our Board announced that Insas had on even date entered into the SSPA with SYF for the proposed disposal of 100,000,000 M&A Securities Shares representing 100.0% equity interest and 60,000,000 RCPS representing 100.0% of the RCPS to SYF for a total consideration of RM222.0 million to be satisfied via the issuance of 1,585,714,286 new SYF Shares at an issue price of RM0.14 each. In conjunction with the said disposal, Insas and its PACs also propose to obtain the Proposed Exemption.

Simultaneously with the execution of the SSPA, SYF has on 6 October 2021 also executed various disposal agreements and announced its intention to undertake the following proposals in addition to the abovementioned proposed acquisition by SYF of M&A Securities:

- (a) Proposed disposal by SYF of the entire equity interest in Seng Yip to Mieco for a cash disposal consideration of RM50.0 million;
- (b) Proposed disposal by Nikmat Sekitar to Juta of a land held under GM 403, Lot 1461, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor for a cash disposal consideration of RM10.6 million;
- (c) Proposed disposal by Nuri Meriah to Juta of a land held under GM 1128, Lot 1464, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor for a cash disposal consideration of RM10.6 million;
- (d) Proposed special dividend of RM0.07 per SYF Share and proposed capital repayment of RM0.11 per SYF Share respectively on an entitlement date to be determined;

- (e) Proposed renounceable rights issue of 284,436,506 Rights Shares to the shareholders of SYF on the basis of 1 Rights Share at an issue price of RM0.14 each for every 2 existing SYF Shares held on an entitlement date to be determined;
- (f) Proposed restricted issue of 215,458,730 new SYF Shares to the Eligible Persons at an issue price of RM0.14 each, representing not more than 10.0% of the enlarged share capital of SYF after the proposed acquisition of M&A Securities;
- (g) Proposed exemption under subparagraph 4.08(1)(a) of the Rules for Insas and its PACs from the obligation to undertake a Mandatory Offer to acquire the remaining SYF Shares not already owned by them upon completion of the proposed acquisition of M&A Securities; and
- (h) Proposed change of name of "SYF Resources Berhad" to "M & A Capital Berhad".

The Proposed M&A Acquisition will result in a significant change in the business direction of SYF. Arising therefrom, Insas will emerge as SYF's new controlling shareholder; and SYF will be principally involved in the business of financial services via M&A Group.

On 2 December 2021, Insas entered into a supplemental SSPA with SYF to vary the terms in the SSPA where inter-alia, the term relating to the proposed special dividend and proposed capital repayment as announced on 6 October 2021 was deleted and replaced with the Proposed Special Dividend and/or Capital Repayment which means the special dividend and/or capital repayment to be carried out by SYF to distribute a total sum not exceeding RM102,397,142 to the entitled shareholders of SYF from the sale proceeds arising from the Proposed Seng Yip Disposal, the Proposed Land Disposal and/or internal generated funds of SYF in such quantum, manner and time, at such number of tranches and at the entitlement dates and terms as shall be decided by the Buyer's Board from time to time.

On 1 June 2022, Insas and SYF agreed to adopt the name "M & A Equity Holdings Berhad" as the earlier name "M & A Capital Berhad" was not approved by CCM.

On 1 July 2022, Insas and SYF agreed to extend the conditional period of the SSPA to 4 January 2023.

On 13 October 2022, SYF proposed to vary the conditionality of the SYF Proposals such that all components of the SYF Proposals are now inter-conditional upon one another, which variation was agreed by Insas.

On 14 November 2022, Insas entered into a second supplemental SSPA with SYF to reflect the following changes in the terms of the SSPA:

- (a) the issue price of the Consideration Shares, Rights Shares and Restricted Issue Shares shall be revised from RM0.14 to RM0.22 each; and
- (b) arising from the revised issue price of the Consideration Shares, the number of SYF Shares to be issued for the Proposed M&A Acquisition and Proposed Restricted Issue will be revised to 1,009,090,909 Consideration Shares and up to 157,796,392 Restricted Issue Shares respectively.

On 3 January 2023, Insas and SYF further agreed to extend the conditional period of the SSPA to 14 June 2023.

On 6 October 2021, FHCA was appointed by Insas as Independent Adviser for the Proposed M&A Disposal due to the potential conflict of interest as M&A Securities who is Principal Adviser to Insas for the Proposed M&A Disposal is also the subject asset of the Proposed M&A Disposal. Subsequently, on 14 November 2022, FHCA's scope as Independent Adviser for the Proposed M&A Disposal was extended as the Proposed M&A Disposal is deemed as a related party transaction in accordance with paragraph 10.08 of the MMLR by virtue of the interest of a Director as set out in Section 10.

The Independent Advice Letter from FHCA is set out in Part B of this Circular.

The SC has vide its letter dated 14 December 2022 approved the SYF Proposals (save for the Proposed Exemption), subject to the conditions as set out in Section 7. Bursa Securities has vide its letter dated 27 December 2022 also approved the listing of and quotation for the Consideration Shares, Rights Shares and Restricted Issue Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 7.

The Court has on 30 January 2023 granted its order confirming the reduction of share capital of SYF under Section 116 of the Act pursuant to the Proposed Special Dividend and/or Capital Repayment.

The SC has vide its letter dated 3 February 2023 also approved the change in shareholder of M&A Securities under Chapter 4 of the SC's Licensing Handbook.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED M&A DISPOSAL AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED M&A DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR (INCLUDING THE IAL AS SET OUT IN PART B OF THIS CIRCULAR) AND THE APPENDICES BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED M&A DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED M&A DISPOSAL

Insas proposes to dispose 100,000,000 M&A Securities Shares and 60,000,000 RCPS representing 100.0% equity interest and 100.0% of the RCPS in M&A Securities to SYF for a total consideration of RM222.0 million.

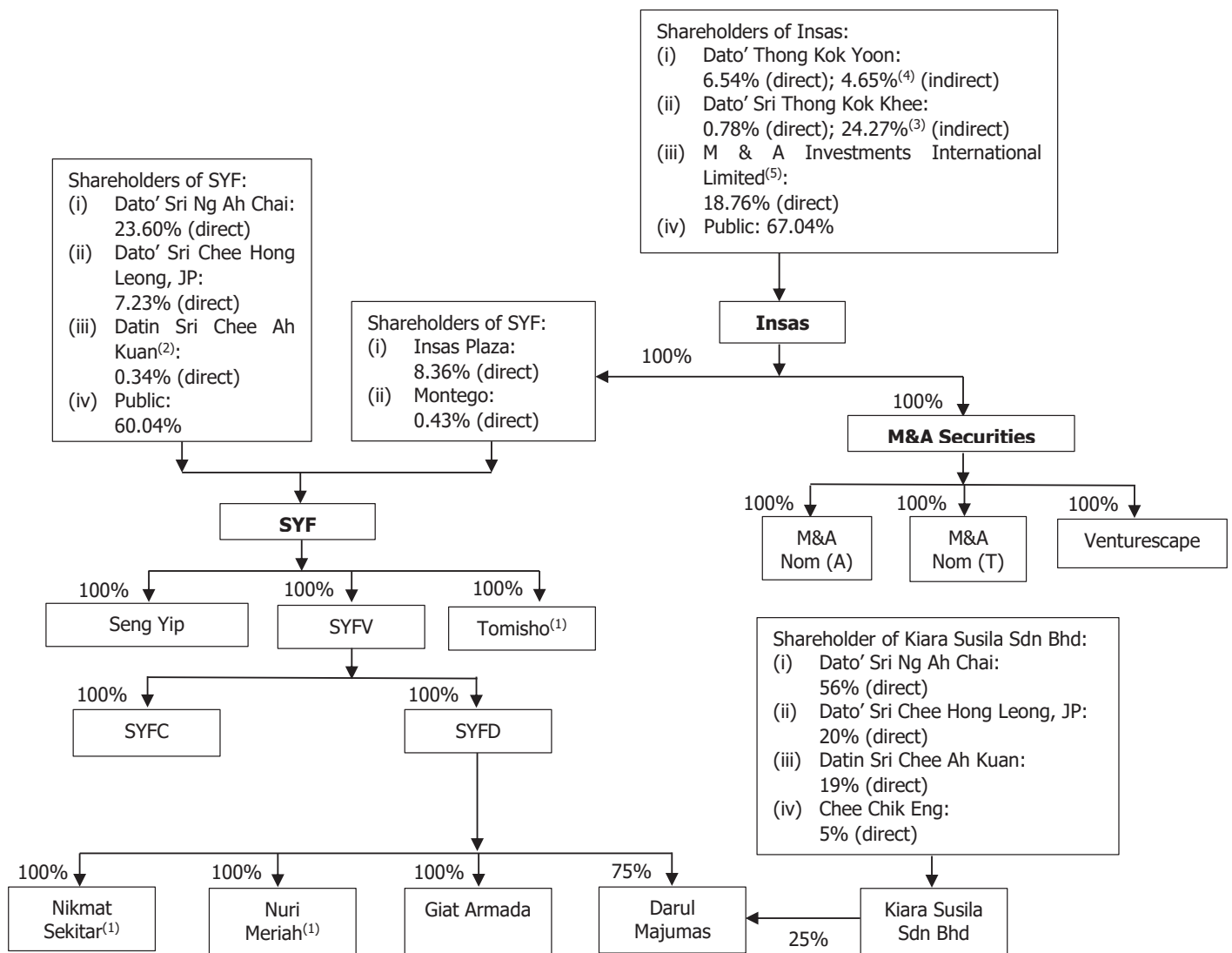
The Disposal Consideration will be fully satisfied by SYF via the issuance of 1,009,090,909 Consideration Shares to Insas at an issue price of RM0.22 each.

Subject to the terms and conditions of the SSPA, Insas shall sell and SYF shall purchase the Sale Shares free from any encumbrances and together with all rights and benefits that attach (or may in future attach) to them from the date of completion of the Proposed M&A Disposal.

Based on 568,873,012 existing SYF Shares (excluding treasury shares) in issue as at LPD, SYF's issued shares will increase to 1,577,963,921 SYF Shares arising from the issuance of the Consideration Shares.

As at LPD, Insas through its wholly-owned subsidiaries, Insas Plaza and Montego holds 50,015,200 SYF Shares representing 8.8% equity interest in SYF. Together with 1,009,090,909 Consideration Shares, Insas Group's shareholdings in SYF will increase to 1,059,106,109 SYF Shares representing 67.1% of SYF's enlarged issued shares immediately after the issuance of the Consideration Shares; and 53.7% of the enlarged issued shares after the SYF Proposals (which includes the Proposed Rights Issue and Proposed Restricted Issue).

As at LPD, the shareholding structure of SYF and M&A Securities before the SYF Proposals (which include the Proposed M&A Disposal) are as follows:



Notes:

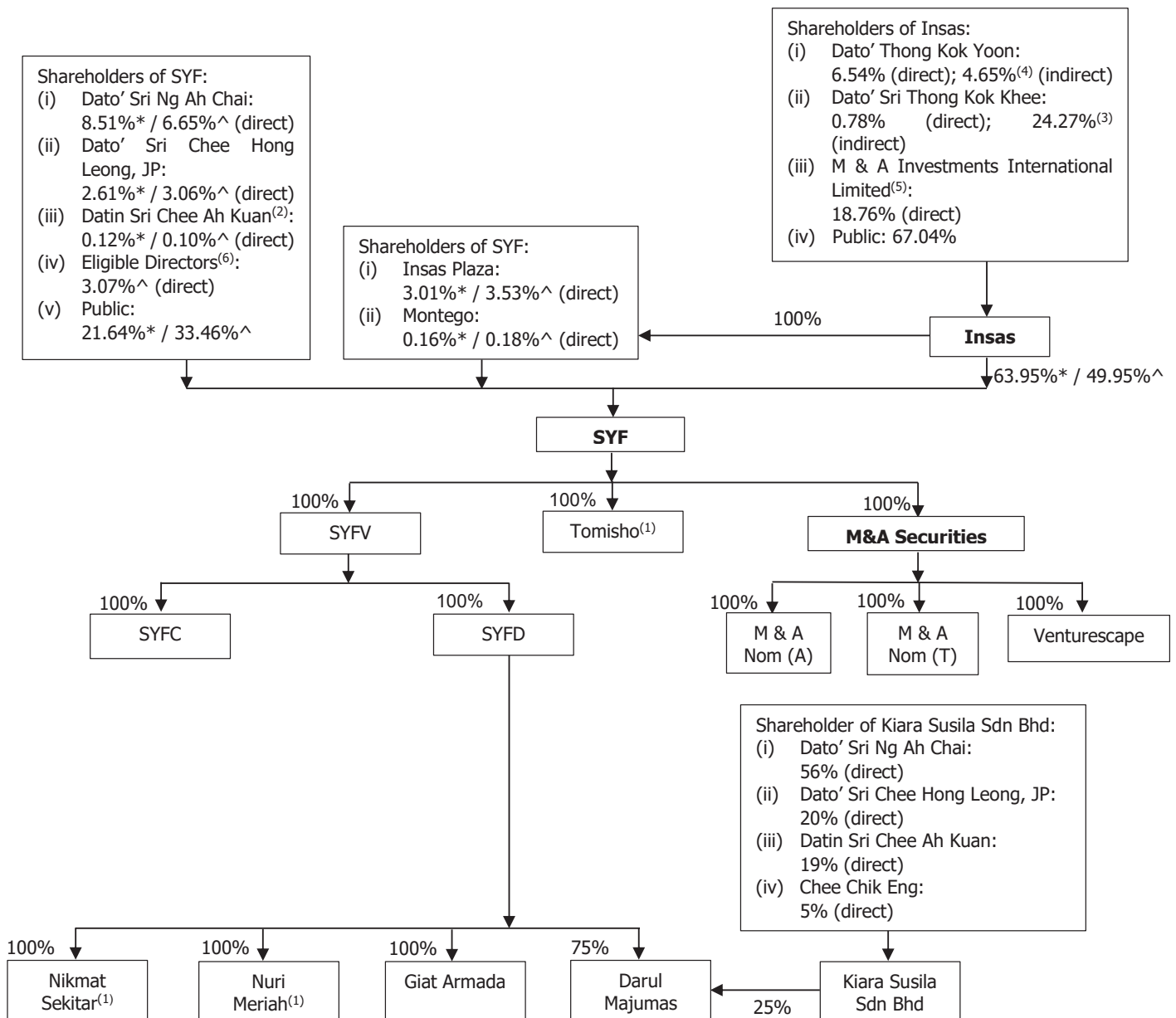
- (1) Dormant.
- (2) Dato' Sri Ng Ah Chai's spouse pursuant to Section 59(11)(c) of the Act.
- (3) Deemed as the ultimate beneficial owner of Insas by virtue of him being the largest shareholder of Insas via his direct (0.78%) and deemed interest (24.27%) by virtue of his family members' interest and his substantial interest in M & A Investments International Limited, Immobillaire Holdings Sdn Bhd, Baktihan Sdn Bhd, Winfields Development Sdn Bhd and Montprimo Sdn Bhd pursuant to Section 8 of the Act as follows:

Name	Shareholdings in Insas (%)
Direct interest:	
Dato' Sri Thong Kok Khee	0.78
Indirect interest:	
Family members' interest	
Datin Sri Yeoh Kwee See	0.08
Thong Mei Chuen	0.02
Thong Weng Sheng	0.02
Substantial interest:	
M & A Investments International Limited	18.76
Immobillaire Holdings Sdn Bhd	2.04
Baktihan Sdn Bhd	3.28
Winfields Development Sdn Bhd	0.03
Montprimo Sdn Bhd	0.04
	24.27

- (4) Deemed interest (4.65%) by virtue of the interest of his family members and his substantial interest in Perak Traders Holdings Sdn Bhd and Baktihan Sdn Bhd.
- (5) Dato' Sri Thong Kok Khee is the single largest shareholder of M & A Investments International Limited with 18.3% shareholdings while the remaining shareholders each hold less than 10.0% shareholdings in M & A Investments International Limited. Dato' Sri Thong Kok Khee does not have any interest in the other shareholders in M & A Investments International Limited. In addition, Dato' Wong Gian Kui is a director of M & A Investments International Limited holding 660,000 shares which represents 0.60% shareholdings in M & A Investments International Limited.

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As at LPD, the shareholding structure of SYF and M&A Securities after the SYF Proposals (which include the Proposed M&A Disposal) are as follows:



Notes:

- * Shareholdings in SYF after the Proposed SYF Disposals and Proposed M&A Disposal.
 ^ Shareholdings in SYF after the SYF Proposals.
 (1) Dormant.
 (2) Dato' Sri Ng Ah Chai's spouse pursuant to Section 59(11)(c) of the Act.
 (3) Deemed as the ultimate beneficial owner of Insas by virtue of him being the largest shareholder of Insas via his direct (0.78%) and deemed interest (24.27%) by virtue of his family members' interest and his substantial interest in M & A Investments International Limited, Immobillaire Holdings Sdn Bhd, Baktihan Sdn Bhd, Winfields Development Sdn Bhd and Montprimo Sdn Bhd pursuant to Section 8 of the Act as follows:

Name	Shareholdings in Insas (%)
Direct interest:	
Dato' Sri Thong Kok Khee	0.78
Indirect interest:	
Family members' interest	
Datin Sri Yeoh Kwee See	0.08
Thong Mei Chuen	0.02
Thong Weng Sheng	0.02
Substantial interest	
M & A Investments International Limited	18.76
Immobillaire Holdings Sdn Bhd	2.04
Baktihan Sdn Bhd	3.28
Winfields Development Sdn Bhd	0.03
Montprimo Sdn Bhd	0.04
	24.27

- (4) Deemed interest (4.65%) by virtue of the interest of his family members and his substantial interest in Perak Traders Holdings Sdn Bhd and Baktihan Sdn Bhd.
 (5) Dato' Sri Thong Kok Khee is the single largest shareholder of M & A Investments International Limited with 18.3% shareholdings while the remaining shareholders each hold less than 10.0% shareholdings in M & A Investments International Limited. Dato' Sri Thong Kok Khee does not have any interest in the other shareholders in M & A Investments International Limited. In addition, Dato' Wong Gian Kui is a director of M & A Investments International Limited holding 660,000 shares which represents 0.60% shareholdings in M & A Investments International Limited.
 (6) Comprising the Restricted Issue Shares to be allocated to Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP (0.10%), Dato' Ng Jet Heong (0.10%), Dato' Wong Gian Kui (0.10%), Dato' Thong Kok Yoon (0.30%) and Datuk Tan Choon Peow, Bill (2.47%).

Upon completion of the Proposed M&A Disposal, Insas and its PACs will collectively hold 67.12% equity interest in SYF. M&A Securities will be a wholly-owned subsidiary of SYF and together with its subsidiaries, will become part of the enlarged SYF Group.

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2.1 Basis of arriving at the Disposal Consideration

The Disposal Consideration was agreed by the Parties on a “willing-buyer-willing-seller” basis, after taking into consideration, amongst others:

- (a) the historical financial performance of M&A Group as follows:

	Audited			
	FYE 30 June			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	26,314	36,978	68,906	48,541
PAT	6,552	9,172	18,764	17,916
NA	169,063	170,288	182,707	193,374

The Disposal Consideration represents a PE Multiple of 11.8 times and PB Multiple of 1.2 times based on the PAT and NA of M&A Securities for FYE 30 June 2021, being the latest financial year prior to the execution of the SSPA. The Board further notes that the Disposal Consideration represents a PE Multiple of 12.4 times and PB Multiple of 1.1 times based on the PAT and NA of M&A Securities for the latest FYE 30 June 2022.

In addition, the Parties agree that they are entering into the SSPA based on the Completion Net Asset Value and Agreed Net Asset Value. Based on the Agreed Net Asset Value, the Disposal Consideration represents a PB Multiple of 1.2 times.

- (b) the rationale for the Proposed M&A Disposal as set out in Section 4.

In arriving at the Disposal Consideration, our Board has taken into consideration the following:

- (i) the transaction multiple ascribed to M&A Securities for the Proposed M&A Disposal against the market valuation for the following comparable companies listed on the Main Market of Bursa Securities which are mainly involved in the stockbroking and corporate advisory business (“**Comparable Companies**”) to give an indication of the market expectations with regard to the valuation of peer companies in similar industry:

Comparable Companies	Principal activities	PE Multiple (times)		PB Multiple (times)	
		(1) As at LTD	(1) As at LPD	(1) As at LTD	(1) As at LPD
Apex Equity Holdings Berhad	Investment holding and trading in marketable securities. Through its subsidiaries, it is involved in stock, share and futures broker and dealer in securities, investment advisor, property holding, money lending, property development and provision of nominee services	10.7	9.2	0.6	0.6

Comparable Companies	Principal activities	PE Multiple (times)		PB Multiple (times)	
		(1) As at LTD	(1) As at LPD	(1) As at LTD	(1) As at LPD
Kenanga Investment Bank Berhad	Investment banking business, provision of stockbroking and related financial services. Through its subsidiaries, it is also involved in management of unit trust funds, provision of fund management services, provision of nominee services, management of investment funds, licensed money lender, Islamic factoring and leasing, dealing in securities, advising in corporate finance, securities financing and providing custodial services for securities	9.1	5.5	0.9	0.6
Average		9.9	7.4	0.7	0.6
Transaction multiple ascribed to M&A Securities		11.8	12.4	1.2	1.1

Note:

- (1) Calculated based on the average market capitalisation of the Comparable Companies for the 5 market days up to and including LTD/ LPD over the PAT/ NA of the Comparable Companies based on their latest audited financial statements as at LTD/ LPD.

From the table above:

- (aa) the PE Multiple ascribed to M&A Securities for the Proposed M&A Disposal of 11.8 times is higher than the average PE Multiple of the Comparable Companies of 9.9 times as at LTD and 7.4 times as at LPD; and
- (bb) the PB Multiple ascribed to M&A Securities for the Proposed M&A Disposal of 1.2 times is higher than the average PB Multiple of the Comparable Companies of 0.7 times as at LTD and 0.6 times as at LPD.
- (ii) the transaction multiple ascribed to M&A Securities for the Proposed M&A Disposal against the transaction multiple of comparable precedent transactions involving the acquisitions of similar companies in the last 5 years ("**Comparable Precedent Transactions**"):

Acquiror	Target asset	Transaction year	PE Multiple (times)	PB Multiple (times)
CIMB Group Sdn Bhd	100% of Jupiter Securities Sdn Bhd	2017	Not reported	2.5
China Galaxy International Financial Holdings Limited	50% of CIMB Securities International Pte Ltd	2017	Not reported	1.3

Acquiror	Target asset	Transaction year	PE Multiple (times)	PB Multiple (times)
Apex Securities Berhad (formerly known as JF Apex Securities Berhad) (" Apex Securities ") ⁽¹⁾	The stockbroking, corporate advisory and other related business together with the requisite business assets and business liabilities of Mercury Securities Sdn Bhd	2019	14.9	2.8
		Average	⁽²⁾ N/A	2.2
	Transaction multiple ascribed to M&A Securities		11.8	1.2

Notes:

- (1) The transaction did not materialise as the parties did not seek for further extension of the conditions fulfilment period for the Business Merger Agreement which were mutually extended 10 times for a period of more than 2 years since execution. As a result, the agreement lapsed and the proposals were discontinued. However, the proposal was presented and approved by the shareholders of Apex Equity Holdings Berhad (the holding company of Apex Securities) in an EGM held on 18 November 2019.
- (2) Not calculated as only one of the Comparable Precedent Transaction reported the transaction PE Multiple.

From the table above:

- (i) the PE Multiple ascribed to M&A Securities for the Proposed M&A Disposal of 11.8 times is lower than the PE Multiple of 14.9 times for Apex Securities' proposed acquisition of the related business of Mercury Securities Sdn Bhd; and
- (ii) the PB Multiple ascribed to M&A Securities for the Proposed M&A Disposal of 1.2 times is lower than the average PB Multiple of the Comparable Precedent Transactions of 2.2 times.

However, our Board notes that there is no change in control of M&A Securities as a result of the Proposed M&A Disposal as Insas will still remain the controlling shareholder and ultimate holding company of M&A Securities via its shareholdings in SYF. As such, the Disposal Consideration has not reflected the element of 'control premium' as compared to the Comparable Precedent Transactions, whereby the vendors of the subject assets are exiting from the business.

Premised on the above assessment, our Board (save for Dato' Wong Gian Kui and Dato' Mohamad Azmi Bin Ali who have abstained from deliberation, further details are as set out in Section 10) is of the view that the Disposal Consideration is reasonable and justified.

2.2 Mode of settlement of the Disposal Consideration

The Disposal Consideration will be fully satisfied by SYF through the issuance of 1,009,090,909 Consideration Shares to Insas at an issue price of RM0.22 each.

2.3 Basis of determining the issue price of the Consideration Shares

The issue price of the Consideration Shares of RM0.22 each was arrived at on a “willing buyer willing seller” basis after taking into consideration:

- (a) the historical market price of SYF Shares. In this regard, the issue price of RM0.22 represents the following discount/premium over the historical VWAMP of SYF Shares, adjusted for the effect of the Proposed Special Dividend and/or Capital Repayment:

Up to and including LTD	⁽¹⁾Adjusted VWAMP/ market price	(Discount)/Premium of issue price over Adjusted VWAMP/ market price	
	RM	RM	%
Last transacted market price	0.2450	(0.0250)	(10.2)
5-day	0.2542	(0.0342)	(13.5)
1-month	0.2491	(0.0291)	(11.7)
3-month	0.2407	(0.0207)	(8.6)
6-month	0.2357	(0.0157)	(6.7)
12-month	0.1887	0.0313	16.6

Note:

- (1) After adjusting for the cash distribution of RM0.18 per SYF Share pursuant to the Proposed Special Dividend and/or Capital Repayment.
- (b) the audited NA per SYF Share as at 31 July 2021 adjusted for the effects of the Proposed SYF Disposals and Proposed Special Dividend and/or Capital Repayment:

	RM'000
Audited consolidated NA of SYF Group as at 31 July 2021 (being the latest financial year prior to the execution of the SSPA)	213,540
Less: Net loss arising from Proposed SYF Disposals ⁽¹⁾	(23,976)
Less: Proposed Special Dividend and/or Capital Repayment ⁽²⁾	(102,397)
Adjusted NA	87,167
No. of SYF Shares (excluding treasury shares) ('000)	568,873
Adjusted NA per SYF Share (RM)	0.15

Notes:

- (1) SYF is expected to record a net loss from disposal of RM24.0 million from the Proposed SYF Disposals comprising a loss from disposal of RM24.3 million for the Proposed Seng Yip Disposal and gain from disposal of RM0.3 million from the Proposed Land Disposal.
- (2) Being the total amount to be distributed to the shareholders of SYF pursuant to the Proposed Special Dividend and/or Capital Repayment of RM0.18 per SYF Share multiplied by 568,873,012 existing SYF Shares (excluding treasury shares).

The issue price of RM0.22 for the Consideration Share represents a premium of RM0.07 or 46.7% to the adjusted NA per SYF Share of RM0.15. The issue price of RM0.22 for the Consideration Share also represents a PB Multiple of 1.5 times.

FHCA is of the view that the issue price of RM0.22 for the Consideration Share is reasonable as it is based on market-based principles and takes into consideration the prevailing market prices of SYF Shares as at LTD. The discount accorded on the issue price of the Consideration Shares of 10.2% based on the adjusted last transacted market price as at LTD is in line with generally acceptable discount for transactions of such nature in the capital market.

Based on the adjusted NA per SYF Share, Insas will be essentially paying a premium of RM0.07 or 46.67% per SYF Share based on the issue price of RM0.22 per Consideration Share. This “control premium” ascribed to the Consideration Shares represents an implied PB Multiple of 1.5 times.

In consideration of the implied PB Multiple of 1.5 times and the implied “control premium”, FHCA have assessed the Consideration Shares against recent transactions involving the acquisition of strategic stakes in companies listed on Bursa Securities. Details are summarised as follows:

Date of announcement	Acquiror	Acquiree	% of interest acquired	⁽¹⁾PB Multiple, times
14 August 2020	Asiabo Capital Sdn Bhd	Saudee Group Berhad	21.51	2.02
30 October 2020	Ekovest Berhad	PLS Plantations Berhad	24.54	1.69
21 December 2020	NSK Trading Sdn Bhd	Versatile Creative Berhad	62.21	2.74
29 December 2020	Chin Hin Group Berhad	Chin Hin Group Property Berhad	51.50	1.25
8 February 2021	XOX Berhad	Cheetah Holdings Berhad	29.43	1.22
8 March 2021	Chin Hin Group Berhad	Signature International Berhad	31.19	1.74
22 June 2021	MAA Group Berhad	Turiya Berhad	57.78	0.34
18 March 2022	Chin Hin Group Berhad	Ajiya Berhad	24.68	1.16
18 May 2022	Signature International Berhad	Fiamma Holdings Berhad	23.70	1.39
3 June 2022	Fraser & Neave Holdings Berhad	Cocoaland Holdings Berhad	72.34	2.77
12 July 2022	XOX (Hong Kong) Limited (subsidiary of XOX Berhad)	Symphony Life Berhad	100.00	0.02
		Mean		1.49
		Median		1.39
		Min		0.02
		Max		2.77
		Transaction multiple ascribed to the Consideration Shares		1.5

Note:

- ⁽¹⁾ No assessment was undertaken on the PE Multiple of the Consideration Shares considering that (i) SYF will no longer be generating revenues or earnings from its existing furniture segment after the Proposed Seng Yip Disposal and (ii) the sole on-going development of SYF Group known as “Alstonia Residence” is nearing completion and delivery of vacant possession to end purchasers is expected by end March 2023.

FHCA is of the opinion that the issue price of the Consideration Shares and the implied ‘control premium’ is justified given the following:

- (a) The Proposed M&A Disposal is essentially a reverse take-over exercise in which Insas will emerge as the controlling shareholder of SYF following the completion of the Proposed M&A Disposal; and
- (b) Insas will be able to monetise and securitise its investment in M&A Securities.

Further details of FHCA's evaluation is set out in the IAL under Part B of this Circular.

Having considered the evaluation by FHCA on the issue price of the Consideration Share, our Board (save for Dato' Wong Gian Kui and Dato' Mohamad Azmi Bin Ali who have abstained from deliberation, further details are as set out in Section 10) is of the view that the issue price of the Consideration Share is reasonable.

2.4 Ranking of the Consideration Shares

The Consideration Shares will upon allotment and issue, rank equally in all respects with the existing SYF Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of the Consideration Shares.

2.5 Listing of and quotation for the Consideration Shares

Bursa Securities has vide its letter dated 27 December 2022 approved the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities.

2.6 Insas' intention with the Consideration Shares

Insas intends to retain the Consideration Shares and the Consideration Shares will be subject to a moratorium of 6 months from the date they are listed on the Main Market of Bursa Securities, during which time Insas will not be allowed to sell, transfer or assign the entire Consideration Shares.

2.7 Original cost of investment

The original cost of investment by Insas in M&A Securities and the dates of investment are as follows:

Dates of investment	Cost of investment RM'000
<u>M&A Securities Shares</u>	
22 June 1994	90,000
5 September 1995	82,900
1 November 1995	6,000
8 July 1999	21,100
8 July 1999	60,000
11 August 2006	⁽¹⁾ (60,000)
7 August 2008	⁽¹⁾ (80,000)
7 August 2009	30,000
	<u>150,000</u>
<u>RCPS⁽²⁾</u>	
17 March 2015	<u>60,000</u>

Notes:

- (1) Being a capital reduction exercise.
- (2) Comprising 60,000,000 RCPS in issue at RM1.00 each totaling RM60,000,000. The salient terms of the RCPS are as follows:
 - (i) The RCPS is allowed to convert into ordinary shares at any time at the option of the RCPS holder(s) at a ratio of 1 RCPS to 1 ordinary share.

- (ii) The RCPS carries the right to receive cumulative gross preferential dividend rate per annum of 6 sen on the issue price per RCPS, payable semi-annually in arrears on 30 June and 31 December each year.
- (iii) The RCPS is perpetual in nature from the date of issuance.
- (iv) The RCPS is redeemable at 100% of the issue price of the RCPS at any time during the tenure of the RCPS at the option of M&A Securities as issuer. M&A Securities may redeem the RCPS on pro-rated basis at their nominal value commencing from the date of issue of the RCPS up to the date of redemption.
- (v) In events of default, the RCPS holder(s) may at their discretion, require M&A Securities to redeem the RCPS at the issue price together with accrued but unpaid dividend in the event of M&A Securities become insolvent or is unable to pay its debts as they fall due or ceasing or threatening to carry on its business or a substantial part of its business, or breaching the terms of the RCPS. The RCPS holder(s) shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of M&A Securities.
- (vi) The RCPS holder(s) are not entitled to any voting rights or participation in any rights, allotments and/or other distributions in M&A Securities, except in the following circumstances:
 - (a) where the dividend or part of the dividend on the RCPS has been declared but remains unpaid for more than six (6) months;
 - (b) on a proposal to reduce M&A Securities' share capital;
 - (c) on a proposal for the disposal of M&A Securities' assets, business and undertakings in excess of 25% of NA of M&A Securities based on the last audited financial statements;
 - (d) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the RCPS;
 - (e) upon any resolution of winding-up of M&A Securities; and
 - (f) other circumstances as may be provided under law applicable to preference shares and/or preference shareholders from time to time.

The Proposed M&A Disposal does not result in a loss of control of M&A Group and will therefore not translate into a pro forma gain or loss upon disposal. Any changes in Insas' ownership interest in M&A Group are accounted for as equity transactions in the statements of changes in equity. This will result in an increase in non-controlling interest of RM102.5 million and increase in Insas' retained earnings of RM13.9 million.

2.8 Assumption of liabilities or guarantees by Insas

Save as provided in the SSPA, there are no liabilities including contingent liabilities and/or guarantees, to be assumed by Insas pursuant to the Proposed M&A Disposal.

2.9 Information on M&A Securities

The history of M&A Securities can be traced back to the founding of Perak Traders & Co. Perak Traders & Co. was founded as a stockbroking partnership in Malaysia on 15 June 1963. Perak Traders & Co. Sendirian was later incorporated in Malaysia on 2 July 1973 as a private unlimited company and the stockbroking business of Perak Traders & Co. was acquired by Perak Traders & Co. Sendirian on 1 July 1974. Perak Traders & Co Sendirian subsequently converted to a private limited company on 15 May 1986 and was known as Perak Traders & Co Sdn Bhd. It later adopted its present name on 20 December 1993.

M&A Securities is currently a wholly-owned subsidiary of Insas.

M&A Securities is a stockbroker and corporate finance adviser in Malaysia with extensive experience in securities dealing, corporate finance and advisory services for the Main Market, ACE Market and LEAP Market of Bursa Securities. M&A Securities is principally involved in stock broking and dealing in securities and provision of corporate finance and advisory services. M&A Securities, through its subsidiaries, are also engaged as nominee agent and provision of registration services and property investment.

The principal office of M&A Securities is located in Kuala Lumpur and it currently has 5 branches located in Kuala Lumpur, Ipoh, Penang and Johor Bahru.

Further details of M&A Group are set out in Appendix I.

2.10 Information on SYF

SYF was incorporated as a private limited company under the name of Exclusive Symbol Sdn Bhd on 20 October 1995 in Malaysia under the Companies Act, 1965. On 2 February 1996, it changed its name to Tomisho Holding Sdn Bhd and subsequently to Tomisho Holdings Sdn Bhd on 27 November 1996. On 16 December 1997, SYF converted into a public limited company under the name of Tomisho Holdings Berhad and on 13 February 2004, it assumed its present name.

SYF was listed on the former Second Board of Kuala Lumpur Stock Exchange (now known as Bursa Securities) on 8 March 2000 and subsequently transferred its listing status to the Main Board of Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) on 3 August 2009, following the merger of the former Main Board and Second Board of Bursa Securities.

SYF is principally an investment holding company. As at LPD, SYF Group is principally involved in rubberwood furniture manufacturing and materials processing as well as property development.

Following the Proposed SYF Disposals, SYF Group will no longer be involved in the business of rubberwood furniture manufacturing and materials processing. SYF Group via its indirect wholly-owned subsidiary, Giat Armada will still own 2 parcels of freehold land in Semenyih held under Geran 312794, Lot 25299, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor and Geran 312793, Lot 25285, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor, measuring 20,020 square metres and 35,990 square metres respectively. These lands are earmarked for commercial development, however as at LPD, SYF Group does not have any development plan for these landbanks.

Further details of SYF are set out in Appendix II.

2.11 Salient terms of the SSPA

The salient terms of the SSPA are set out in Appendix V.

2.12 Details of the Proposed Exemption

Upon issuance of the Consideration Shares, Insas Group's shareholdings in SYF will increase from 8.8% to 67.1% of the enlarged issued shares, of which the direct shareholdings of Insas in SYF will increase from zero to 63.9%. As such, Insas and its PACs will be obliged to undertake the Mandatory Offer. Insas will also trigger the Mandatory Offer obligation individually. Insas does not intend to undertake the Mandatory Offer and together with its PACs will seek for an exemption from the SC under subparagraph 4.08(1)(a) of the Rules from the obligation to undertake the Mandatory Offer.

Pursuant to subparagraph 4.08(2) of the Rules, SC may consider granting the Proposed Exemption if:

- (a) approval has been obtained from the non-interested shareholders of SYF at the EGM to be convened on 19 January 2023 for inter-alia, the Proposed Exemption; and
- (b) upon the condition that there has been no Disqualifying Transaction.

As at LPD, there is no Disqualifying Transaction engaged by Insas and its PACs.

The non-interested shareholders of SYF have granted their approval during the EGM convened on 19 January 2023 and an application for the Proposed Exemption will be made to SC by mid-February 2023. If Insas does not succeed in obtaining the relevant approval for the Proposed Exemption, the Proposed M&A Disposal will not be carried through, unless Insas undertakes the Mandatory Offer if it wishes to proceed with the Proposed M&A Disposal.

3. DETAILS OF THE SYF PROPOSALS

Details of the SYF Proposals (other than the Proposed M&A Acquisition) are extracted from SYF's circular to shareholders dated 28 December 2022; and summarised herein for your information as the Proposed M&A Disposal is a component of the SYF Proposals. Each component proposal under the SYF Proposals is inter-conditional upon each other.

3.1 Proposed Seng Yip Disposal

SYF proposes to dispose 20,000,000 ordinary shares representing 100% equity interest in Seng Yip to Mieco for a cash consideration of RM50.0 million.

The consideration for the Proposed Seng Yip Disposal was agreed by the parties on a "willing-buyer-willing-seller" basis, after taking into consideration, amongst others:

- (a) the historical financial performance of Seng Yip, summarised as follows:

	Audited			
	FYE 31 July			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	131,926	108,016	119,489	109,372
(LAT)/ PAT	(25,625)	(6,423)	(195)	41

- (b) a discounted cash flow valuation ("**DCF Valuation**") prepared by the management of Seng Yip on 20 September 2021 (prior to the execution of the share sale agreement with Mieco on 6 October 2021) and 7 June 2022 of which the estimated equity valuation is RM45.8 million and RM45.1 million respectively. The disposal consideration of RM50.0 million represents a premium of RM4.2 million or 9.2% above the DCF Valuation as of 20 September 2021 and a premium of RM4.9 million or 10.8% above the DCF Valuation as of 7 June 2022;

- (c) the revalued net asset value (“**RNAV**”) of Seng Yip as at 31 July 2021 (prior to the execution of the share sale agreement with Mieco on 6 October 2021) of RM75.3 million after taking into consideration the market values of the properties held by Seng Yip as appraised by KGV International Property Consultants (M) Sdn Bhd (net of deferred tax) and impairment loss on right-of-use asset. The disposal consideration of RM50.0 million represents a discount of RM25.3 million or 33.6% to the RNAV of Seng Yip of RM75.3 million; and
- (d) the strategic objectives of SYF to exit from the rubberwood furniture manufacturing and materials processing industry and to enter the financial services industry pursuant to the Proposed M&A Acquisition.

Following the Proposed Seng Yip Disposal, SYF will cease its rubberwood furniture segment. The Proposed Seng Yip Disposal will enable SYF to monetise its investment in the subject assets and to return the proceeds thereon to its shareholders pursuant to the Proposed Special Dividend and/or Capital Repayment. The Proposed Seng Yip Disposal also forms part of the overall plan to turn SYF into a full-fledged financial services group in conjunction with the Proposed M&A Acquisition.

3.2 Proposed Land Disposal

Nuri Meriah and Nikmat Sekitar, both indirect wholly-owned subsidiaries of SYF, each proposes to dispose a parcel of freehold land to Juta for a total cash consideration of RM21.2 million, details as follows:

	Proposed Lot 1461 Disposal	Proposed Lot 1464 Disposal
Vendor	Nikmat Sekitar	Nuri Meriah
Purchaser	Juta	Juta
Title particulars	GM 403, Lot 1461, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor	GM 1128, Lot 1464, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor
Land size (square metres)	17,957.8969	17,831.0000
Tenure	Term in Perpetuity (Freehold)	Term in Perpetuity (Freehold)
Description	Vacant	Vacant
Category of land use	Bangunan	Bangunan
Express condition	Bangunan Kediaman	Bangunan Kediaman
Disposal consideration (RM'000)	10,600	10,600
Encumbrances	Charged to CIMB Islamic Bank Berhad as security for a loan granted by the bank to Nikmat Sekitar	Charged to Public Bank Berhad as security for a loan granted by the bank to Nuri Meriah
Net book value as at 31 July 2022 (RM' 000)	10,368	10,510
Market value (RM' 000)	10,600	10,600
Valuation date	23 February 2022, which was later updated to 25 November 2022	23 February 2022, which was later updated to 25 November 2022
Valuation method	Comparison approach and income approach (residual method) as a check	Comparison approach and income approach (residual method) as a check
Independent valuer	CBRE WTW	CBRE WTW

The consideration for the Proposed Land Disposal was agreed by the parties on a “willing-buyer-willing-seller” basis and is based on the market value of the land as appraised by CBRE | WTW.

The Proposed Land Disposal will enable SYF to monetise its investment in the subject assets and to return the proceeds thereon to its shareholders pursuant to the Proposed Special Dividend and/or Capital Repayment.

3.3 Proposed Special Dividend and/or Capital Repayment

SYF proposes to distribute a special dividend or capital repayment or a combination of both by way of a cash distribution of RM0.18 per SYF Share comprising:

- (a) RM0.07 per SYF Share to be distributed on an entitlement date to be determined after completion of the Proposed Seng Yip Disposal; and
- (b) the remaining RM0.11 per SYF Share to be distributed on an entitlement date to be determined after completion of the Proposed Land Disposal.

For avoidance of doubt, the Consideration Shares will not be entitled to the Proposed Special Dividend and/or Capital Repayment. The final amount for the distribution via special dividend is not fixed and shall be dependent on the retained earnings of SYF at that point in time. In the event there is no sufficient retained earnings in SYF, SYF will undertake the distribution by way of a capital repayment. The capital repayment will be undertaken under Section 116 of the Act. For capital repayment to be undertaken pursuant to Section 116 of the Act, SYF shall obtain the shareholders' approval by way of special resolution. Then SYF must seek confirmation from the Court. The Court may then make an order confirming the capital repayment of the share capital if the Court is satisfied that the consent of every creditor who is entitled to object to the capital repayment has been obtained or his debt and/or claim has been discharged, determined or secured. The approval of the shareholders of SYF was obtained on 19 January 2023 and the order of the Court was obtained on 30 January 2023. As such, SYF expects to implement the capital repayment at end February 2023.

Based on a total cash distribution of RM0.18 per SYF Share multiplied by 568,873,012 existing SYF Shares (excluding treasury shares), the Proposed Special Dividend and/or Capital Repayment will entail a total cash distribution of approximately RM102.4 million.

The Proposed Special Dividend and/or Capital Repayment will be financed from the proceeds of the Proposed Seng Yip Disposal of RM50.0 million, Proposed Land Disposal of RM21.2 million and the remaining from existing cash in SYF and amount owing by Seng Yip.

As at LPD, the cash in SYF stood at RM5.12 million and there is an amount owing by Seng Yip to SYF of RM28.21 million, which will be repaid by Seng Yip for the purpose of the Proposed Special Dividend and/or Capital Repayment. As such, the cash position of SYF including the repayment by Seng Yip will be sufficient to pay the remaining distribution amount of RM31.2 million.

The Proposed Special Dividend and/or Capital Repayment is intended to reward the shareholders of SYF for their continuous support towards SYF Group by returning excess cash of SYF Group upon the completion of the Proposed SYF Disposals.

As at LPD, Dato' Sri Ng Ah Chai holds 134,276,200 SYF Shares and his entitlement under the Proposed Special Dividend and/or Capital Repayment is approximately RM24.17 million. On 14 November 2022, Dato' Sri Ng Ah Chai has given an irrevocable undertaking to SYF that he shall:

- (a) forgo his entitlement to the Proposed Special Dividend and/or Capital Repayment amounting to RM6.0 million. In this regard, Dato' Sri Ng Ah Chai had made a commercial decision with respect to the SYF Proposals as a whole to forgo his entitlement, and will return the proceeds arising from the Proposed Special Dividend and/or Capital Repayment of RM6.0 million to SYF (RM4.56 million net of tax); or

- (b) remit an amount of RM6.0 million to SYF (RM4.56 million net of tax) out of the proceeds from the disposal of his shares (in the event he disposes of all or any part of his SYF Shares prior to the entitlement date for the Proposed Special Dividend and/or Capital Repayment whereby he will not be entitled to the Proposed Special Dividend and/or Capital Repayment).

3.4 Proposed Rights Issue

SYF proposes to undertake a renounceable rights issue of 284,436,506 Rights Shares at an issue price of RM0.22 each, on the basis of 1 Rights Share for every 2 existing SYF Shares held on an entitlement date to be determined. The Consideration Shares and Restricted Issue Shares will not be entitled to the Proposed Rights Issue.

Both Insas Plaza and Montego have provided their respective irrevocable undertaking to SYF to subscribe for their entitlements under the Proposed Rights Issue amounting to 23,765,000 and 1,242,600 Rights Shares respectively; further details as follows:

Undertaking shareholder	As at LPD		Undertaking		
	No. of SYF Shares	%	No. of Rights Shares	%	Undertaking amount RM'000
Insas Plaza	47,530,000	8.4	23,765,000	8.4	5,228
Montego	2,485,200	0.4	1,242,600	0.4	273
	50,015,200	8.8	25,007,600	8.8	5,501

The subscription of the Rights Shares by Insas Plaza and Montego pursuant to the above undertakings will not give rise to a Mandatory Offer obligation pursuant to the Rules. Notwithstanding, upon completion of the Proposed M&A Acquisition, the shareholdings of Insas and its PACs will collectively increase from 8.8% to 67.1% of which the direct shareholdings of Insas in SYF will increase from zero to 63.9%. In this regard, Insas, together with its PACs will be seeking an exemption from its obligation to undertake the Mandatory Offer. Please refer to Section 3.6 for further details of the Proposed Exemption.

The Proposed Rights Issue will be undertaken on a full subscription basis and will raise gross proceeds of RM62.6 million. SYF will procure underwriting arrangement(s) for the open portion of the remaining 259,428,906 Rights Shares representing 91.2% of the total Rights Shares for which there are no undertaking received to secure the entire amount to be raised under the Proposed Rights Issue of RM57.1 million.

The Proposed Rights Issue will enable the existing shareholders of SYF to further participate in the company's new financial services business. The Proposed Rights Issue provides an avenue to the existing shareholders of SYF to increase their shareholdings in SYF after the dilution from the issuance of Consideration Shares and enable SYF to raise the requisite funds for the working capital of M&A Securities, repayment of amount due by M&A Securities to its related companies and to defray the estimated expenses of the SYF Proposals. The Proposed Rights Issue will also strengthen the capital base as well as to improve the financial position of SYF.

3.5 Proposed Restricted Issue

SYF proposes to undertake a restricted issue of up to 157,796,392 Restricted Issue Shares to the Eligible Persons representing up to 10.0% of the enlarged share capital of SYF after the Proposed M&A Acquisition at an issue price of RM0.22 per Restricted Issue Share.

The Proposed Restricted Issue will raise gross proceeds of up to RM34.7 million.

The Restricted Issue Shares will be allocated to the following categories of the Eligible Persons:

	No. of Restricted Issue Shares	%
Eligible Directors ⁽¹⁾	Up to 62,000,000	Up to 39.3
Eligible employees	Up to 33,000,000	Up to 20.9
Persons who have contributed to the success of M&A Group ⁽²⁾		
• Commissioned dealer representatives	Up to 33,000,000	Up to 20.9
• Others	Up to 29,796,392	Up to 18.9
	Up to 157,796,392	100.0

Notes:

- (1) Comprising the following eligible Directors of M&A Securities:

Name/ Designation⁽ⁱⁱⁱ⁾	No. of Restricted Issue Shares	% of total Restricted Issue Shares
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP/ Independent Non-Executive Chairperson	Up to 2,000,000	Up to 1.3
Dato' Ng Jet Heong/ Independent Non-Executive Director	Up to 2,000,000	Up to 1.3
Dato' Wong Gian Kui ⁽ⁱ⁾ / Non-Independent Non-Executive Director	Up to 2,000,000	Up to 1.3
Dato' Thong Kok Yoon/ Executive Director, Dealing	Up to 6,000,000	Up to 3.8
Datuk Tan Choon Peow ⁽ⁱⁱ⁾ / Executive Director, Corporate Finance	Up to 50,000,000	Up to 31.6
	Up to 62,000,000	Up to 39.3

(i) He is also an existing Non-Independent Non-Executive Director of SYF.

(ii) He is also the proposed Managing Director of SYF after the SYF Proposals.

(iii) Goh Hock Jin, Executive Director, Operations of M&A Securities has declined to participate in the Proposed Restricted Issue for personal reasons.

- (2) Persons who have contributed to the success of M&A Group comprise the following:

- (a) Commissioned dealer representatives are dealer representatives (also known as remisiers) of M&A Securities engaged on a non-salaried basis. As at 25 November 2022, being the latest practicable date prior to the issuance of SYF's circular, M&A Securities has 111 commissioned dealer representatives; and
- (b) Others, which are business associates and clients of M&A Group.

The number of Restricted Issue Shares to be allocated to this category of persons will be based on the nature and length of their relationship with M&A Group as well as their level of contribution and support to M&A Group.

Entitlements which are not accepted by any of the Eligible Persons will be made available for excess application by the other Eligible Persons, at the discretion of the Board of Directors of SYF.

The Proposed Restricted Issue provides an opportunity for the Eligible Persons to participate in the equity of M&A Securities via SYF. The Proposed Restricted Issue will be extended to the eligible Directors and employees of M&A Group to align their interest with the corporate goals and objectives of SYF. The Proposed Restricted Issue will also be extended to persons who have contributed to the success of M&A Group comprising commissioned dealer representatives and business associates and clients of M&A Group, to reward them for their past contributions as well as anticipated contribution to M&A Group. The Proposed Restricted Issue will also enable SYF to raise additional funds without having to incur interest costs as compared to bank borrowings and allows the company to raise funds expeditiously from the capital markets as opposed to other forms of fund raising.

Utilisation of proceeds

SYF intends to utilise the proceeds arising from the Proposed Seng Yip Disposal of RM50.0 million and Proposed Land Disposal of RM21.2 million to be distributed as a special dividend or capital repayment or a combination of both to the Shareholders of SYF upon completion of the Proposed SYF Disposals.

Based on the issue price of the Rights Shares and Restricted Issue Shares of RM0.22, SYF also intends to utilise the proceeds from the Proposed Rights Issue and Proposed Restricted Issue as follows:

Proceeds to be raised			RM'000
Proposed Rights Issue			62,576
Proposed Restricted Issue			34,715
			97,291

Proposed utilisation	RM'000	%	Expected timeframe upon completion of the Proposed Rights Issue and Proposed Restricted Issue
Working capital ⁽¹⁾	40,547	41.68	Within 24 months
Repayment of amount due to related companies of M&A Securities ⁽²⁾			
(i) Amount due to Insas	2,477		
(ii) Amount due to Insas Technology Berhad, a wholly-owned subsidiary of Insas	50,267	52,744	54.21
Estimated expenses ⁽³⁾	4,000	4.11	Immediate
Total	97,291	100.00	

Notes:

- (1) Being the working capital requirements of M&A Securities, which include the day-to-day administrative and operational expenses to conduct its financial services business (e.g. expansion of offices and staff recruitment as the business is more human capital centric), the breakdown of which cannot be reasonably determined at this juncture as it will depend on the actual expenses of M&A Securities at the relevant point in time.
- (2) The amount due to Insas is non-trade in nature, unsecured, interest free and is repayable on demand. Such advances were utilised for the general working capital of M&A Securities. The amount due to Insas Technology Berhad is unsecured and subject to interest at 6.0% per annum. Such advances were utilised by M&A Securities for the purpose of financing its share margin activities as well as bridging the trade settlement by M&A Securities to Bursa Securities for and on behalf of its clients.

For information, the proposed repayment of RM52.74 million from the proceeds of the Proposed Rights Issue and Proposed Restricted Issue are amounts owing by M&A Securities to the related companies as at 30 June 2021. As at LPD, the total amount owing by M&A Group to related companies is RM63.52 million comprising an amount owing to holding company of RM4.85 million, amount owing to Insas Technology Berhad of RM50.28 million and amount owing to other related companies of RM8.39 million. Any balance owing to holding company, Insas Technology Berhad and other related companies after the above proposed repayment of RM52.74 million will be fully repaid from the internally generated funds of M&A Group upon the completion of the SYF Proposals.

- (3) The estimated expenses of RM4.0 million shall be utilised for the payment of professional fees, payment for the submission to authorities and other miscellaneous expenses in relation to the SYF Proposals. Any surplus amount arising shall be clawed back to the working capital for the enlarged SYF Group. The breakdown of the estimated expenses are as follows:

	RM'000
Professional fees ⁽¹⁾	2,056
Fees payable to authorities	286
Stamp duty ⁽²⁾	666
Underwriting and placement fees	785
Miscellaneous expenses and contingencies	207
Total	4,000

Notes:

- (1) Included advisory fees for the principal adviser, solicitors, independent adviser, independent business valuer, auditor and reporting accountants, independent market researcher, independent valuers, internal control reviewer, secretaries and share registrar.
- (2) Being stamp duty payable for the transfer of the M&A Securities Shares and RCPS from Insas to SYF pursuant to the Proposed M&A Acquisition.

Pending full utilisation of the proceeds as aforementioned, SYF will place these proceeds (including accrued interest, if any) or the balance thereof in interest-bearing deposit accounts with licensed financial institution(s) or in short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used for the working capital requirements of the enlarged SYF Group.

3.6 Proposed Exemption

Upon issuance of the Consideration Shares, Insas Group's shareholdings in SYF will increase from 8.8% to 67.1% of the enlarged issued shares, of which the direct shareholdings of Insas in SYF will increase from zero to 63.9%. As a result, Insas and its PACs are obliged to undertake a Mandatory Offer pursuant to subparagraph 4.01(a) of the Rules to acquire the remaining SYF Shares not already owned by them. Insas will also trigger the Mandatory Offer obligation individually pursuant to subparagraph 4.01(a) of the Rules.

Insas does not intend to undertake the Mandatory Offer and together with its PACs will seek for an exemption from the SC under subparagraph 4.08(1)(a) of the Rules from the obligation to undertake the Mandatory Offer after obtaining approval of the shareholders of SYF for the Proposed Exemption.

3.7 Proposed Name Change

SYF proposes to change its name from "SYF Resources Berhad" to "M & A Equity Holdings Berhad". The Proposed Name Change, if approved by the shareholders of SYF, will be effective from the date of issuance of the Notice of Registration of New Name by the CCM.

The Proposed Name Change is to have a new corporate identity for the new SYF Group to better reflect its new core business and its future undertakings in the financial services industry. The Proposed Name Change will allow the new SYF Group to develop its own identity separate from Insas, which will be the new controlling shareholder of the new SYF Group after the SYF Proposals, and to enable investors to better differentiate between the two listed entities.

4. RATIONALE FOR THE PROPOSED M&A DISPOSAL

The Proposed M&A Disposal is essentially a backdoor listing of M&A Securities via SYF, which will enable Insas to unlock value by monetising and securitising its investment in M&A Securities, by creating a separate listing platform for M&A Group on the Main Market of Bursa Securities.

In addition, the listing status of M&A Group on the Main Market of Bursa Securities will enable it to:

- (a) raise its future funding requirement through the capital market independently from Insas Group;
- (b) expand its customer base,
- (c) retain and attract new employees from the financial services industry; and
- (d) allow investors to separately appraise the business strategies, risks and returns of M&A Group independently from Insas Group.

It should be noted that, based on M&A Group's historical financial performance as set out in Section 2.1, it would appear that Insas could consider undertaking a spin-off exercise for the M&A Group to seek direct listing on the Main Market via the profit test route as provided under the Equity Guidelines of the SC for the M&A Group. However, notwithstanding this avenue for listing, Insas, being a substantial shareholder of both SYF and M&A Group has considered the intention of SYF to cease its rubberwood furniture segment due to its challenging prospects. SYF's remaining businesses are in property development, for which it has no remaining development plans for its landbank. As such, by undertaking the Proposed Seng Yip Disposal, Proposed Lot 1461 Disposal and Proposed Lot 1464 Disposal, SYF will need to consider the acquisition of, or venture into, another business, which makes the Proposed M&A Disposal a fitting solution that benefits all parties, compared to a direct listing of the M&A Group.

Upon completion of the SYF Proposals, the dividends and contribution to be received from M&A Securities in future, including those from the RCPS, shall be accorded to SYF as the emerging shareholder of M&A Securities. As Insas will be the new holding company of SYF, it will be subject to the inherent risks associated with the business and industry in which SYF Group operates in. Please refer to Section 5.2 for further details.

After the SYF Proposals, SYF Group will continue to be principally involved in the financial services business undertaken by M&A Securities. The future plans and business strategies that M&A Securities proposes to undertake are focused on expanding and strengthening its corporate finance services business as well as growing its stock brokerage and margin financing businesses by leveraging on its competitive strengths and experience in the industry. The enlarged SYF Group will also explore opportunities to undertake other non-organic initiatives such as venturing into asset management as well as setting up a Labuan investment bank to become a diversified Malaysian financial services group with the ultimate objective to increase its long-term business sustainability and enhance shareholders' value. As at LPD, M&A Securities is still assessing the feasibility of these opportunities as such non-organic initiatives are subject to multiple factors, including regulatory approvals, capital requirements as well as evolving market trends and demands.

5. RISK FACTORS

5.1 Non-completion of Proposed M&A Disposal

The completion of the Proposed M&A Disposal is subject to fulfillment of the Conditions. If any of the Conditions are not satisfied by the Parties, or not waived by the Parties, the SSPA may be terminated.

Insas will take all reasonable steps to ensure that the Conditions are met to facilitate the Proposed M&A Disposal. Nonetheless, there can be no assurance that the SSPA will not be terminated through the non-fulfillment of the Conditions.

As the SYF Proposals are all inter-conditional upon each other, the Proposed M&A Disposal will not be implemented in the event any of the Proposed Seng Yip Disposal, Proposed Lot 1461 Disposal, Proposed Lot 1464 Disposal, Proposed Special Dividend and/or Capital Repayment, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Name Change is not implemented.

5.2 Business risk of SYF Group

As Insas will be receiving Consideration Shares from the Proposed M&A Disposal resulting it to be the new holding company of SYF, it will be subject to the inherent risks associated with the business and industry in which SYF Group operates in. After the SYF Proposals, SYF Group will continue to be involved in its existing property development business.

As such, Insas through its holding of the Consideration Shares will be subject to business risks inherent in the property development industry, which include but not limited to, general economic downturn, entry of new players, socio-political instability, changes in demand and oversupply of properties, increase in labour and materials costs, labour and materials disruptions/ shortages, changes in credit conditions, and changes in regulatory framework.

Our Board does not consider such business risks to be material to Insas Group as the on-going development of SYF Group known as "Alstonia Residence" has achieved almost 100% sales (save for one unit) and 95.0% stage of completion as at LPD. Delivery of vacant possession to end purchasers is expected by end March 2023, pending utilities installation and the relevant endorsements by the utility companies. Even though SYF Group will still own 2 parcels of freehold land in Semenyih measuring 20,020 square metres and 35,990 square metres respectively after the Proposed Land Disposal, SYF Group does not presently have any development plan for these landbanks. SYF intends to dispose of these lands within 1 year upon completion of the Proposed M&A Acquisition and focus in the financial services sector after completion of the SYF Proposals.

6. EFFECTS OF THE PROPOSED M&A DISPOSAL

6.1 Issued share capital

The Proposed M&A Disposal will not have any effect on the issued share capital of Insas as it does not involve the issuance of shares in Insas.

6.2 NA and gearing

Based on the latest audited financial statements of Insas Group for FYE 30 June 2022, the pro forma effects of the Proposed M&A Disposal on the NA and gearing of Insas Group, assuming the Proposed M&A Disposal has been completed on 30 June 2022 are as follows:

	Audited As at 30 June 2022	⁽³⁾After Proposed M&A Disposal
	RM'000	RM'000
Share capital	873,700	873,700
Treasury shares	(14,499)	(14,499)
Reserves	40,032	40,032
Retained earnings	1,294,856	^{(1) (2)} 1,307,262
	2,194,089	2,206,495
Non-controlling interest	(839)	⁽¹⁾ 101,682
	2,193,250	2,308,177
No. of Insas shares (excluding treasury shares) ('000)	663,021	663,021
NA per Insas share (RM)	3.31	3.33
Total borrowings (RM'000)	409,809	⁽⁴⁾ 432,615
Gearing (times)	0.19	0.20

Notes:

- (1) The Proposed M&A Disposal does not result in a loss of control of M&A Group. Any changes in Insas' ownership interest in M&A Group are accounted for as equity transactions in the statements of changes in equity. This will result in an increase in non-controlling interest of RM102.5 million and increase in Insas' retained earnings of RM13.9 million.
- (2) The estimated expenses of RM1.5 million shall be utilised for the payment of professional fees and other miscellaneous expenses in relation to the Proposed M&A Disposal. The breakdown of the estimated expenses are as follows:

	RM'000
Professional fees ^(a)	1,000
Printing, advertising fees and contingencies ^(b)	500
Total	1,500

Notes:

- (a) Included advisory fees for amongst others, the Principal Adviser, Independent Adviser and solicitors.
- (b) Other incidental or related expenses in connection with the Proposed M&A Disposal.
- (3) Based on the pro forma effects of the Proposed SYF Disposals and Proposed Special Dividend and/or Capital Repayment derived from the latest audited financial statements of SYF Group for FYE 31 July 2022 assuming that the said proposals have been completed on 31 July 2022.

- (4) After adding the pro forma total borrowings of SYF Group as at 31 July 2022 after the Proposed SYF Disposals and Proposed Special Dividend and/or Capital Repayment (excluding Seng Yip and after redemption of the 2 parcels of land pursuant to the Proposed Land Disposal) amounting to RM22.8 million. Notwithstanding the consolidation of SYF Group's debt obligations, there is no recourse to Insas for such debt obligations.

6.3 Earnings and EPS

Strictly for illustration purposes only, assuming that the Proposed M&A Disposal had been effected at the beginning of FYE 30 June 2022, the pro forma effects on our Group's earnings and EPS are as follows:

	Audited FYE 30 June 2022 RM'000	After Proposed M&A Disposal RM'000
PAT of our Group ⁽¹⁾	216,622	216,622
Accounting for effects of the Proposed M&A Disposal:		
• LAT of SYF Group ⁽²⁾	-	(3,416)
• Estimated expenses for the Proposed M&A Disposal	-	(1,500)
	216,622	211,706
PAT attributable to:		
• Owners of our Company	215,145	204,977
• Non-controlling interests	1,477	6,729
	216,622	211,706
No. of Insas shares (excluding treasury shares) ('000)	663,021	663,021
EPS (sen)	32.45	30.92

Notes:

- (1) Based on our latest audited consolidated financial statements for FYE 30 June 2022.
- (2) Being the LAT of SYF Group accounted for FYE 31 July 2022, excluding Seng Yip assuming that the Proposed Seng Yip Disposal has also been effected at the beginning of FYE 31 July 2022.

Based on the latest audited consolidated financial statements for FYE 30 June 2022, M&A Group had contributed PAT of RM17.9 million to our Group. Nevertheless, the Proposed M&A Disposal is not expected to have a material effect on the earnings and EPS of Insas Group as the Proposed M&A Disposal does not result in a loss of control or deconsolidation of M&A Group. The Proposed M&A Disposal however results in an increase in PAT attributable to the non-controlling interest of RM5.3 million.

6.4 Substantial shareholders' shareholdings

The Proposed M&A Disposal will not have any effect on the shareholdings of the substantial shareholders of Insas as it does not involve the issuance of shares by Insas.

7. APPROVALS REQUIRED

The Proposed SYF Disposals, Proposed Special Dividend and/or Capital Repayment, Proposed M&A Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Name Change are inter-conditional upon each other.

Due to such inter-conditionality, the Proposed M&A Disposal will be subject to the following being obtained:

- (a) approval of SC which was obtained on 14 December 2022, for the following:
 - (i) Proposed M&A Acquisition pursuant to Section 214(1) of the CMSA as the Proposed M&A Acquisition is a transaction which will result in a significant change in business direction or policy of SYF under paragraph 2.01 of the Equity Guidelines whereby:
 - (aa) The highest percentage ratio applicable to the Proposed M&A Acquisition is more than 100%;
 - (bb) The Proposed M&A Acquisition will result in a change in the controlling shareholder of SYF; and
 - (cc) The Proposed M&A Acquisition will result in a change in the Board of SYF.

Due to the inter-conditionality of the SYF Proposals, all other components of the SYF Proposals were also subject to the approval by SC as they are undertaken together with the Proposed M&A Acquisition;

 - (ii) Bumiputera equity requirement for public listed companies in relation to the resultant shareholding structure of SYF pursuant to the SYF Proposals, which was obtained on 14 December 2022;
- (b) approval of SC for the exemption to Insas and PACs under subparagraph 4.08(1)(a) of the Rules from the obligation of having to undertake the Mandatory Offer, which application will only be submitted to SC after the approval of the shareholders of SYF for the Proposed Exemption is obtained;
- (c) approval of SC for the change in the shareholder of M&A Securities under Chapter 4 of the SC's Licensing Handbook, which was obtained on 3 February 2023;
- (d) approval of Bursa Securities for the listing of and quotation for the Consideration Shares, Rights Shares and Restricted Issue Shares on the Main Market of Bursa Securities, which was obtained on 27 December 2022;
- (e) approval of the shareholders of Insas for the Proposed M&A Disposal at our forthcoming EGM;
- (f) approval of the shareholders of SYF for the SYF Proposals, which was obtained on 19 January 2023;
- (g) approval of the shareholders of Mieco for the proposed acquisition of Seng Yip, which was obtained on 14 December 2021;
- (h) approval of MITI for the sale of shares of Seng Yip, which was obtained on 20 April 2022;
- (i) confirmation of the Court for the capital repayment pursuant to the Proposed Special Dividend and/or Capital Repayment under Section 116 of the Act, which was obtained on 30 January 2023;
- (j) approval of CCM for the name "M & A Equity Holdings Berhad" pursuant to the Proposed Name Change; and

- (k) all relevant approvals, consents or waivers from any other third party, if required.

The approval of the SC pursuant to Section 214(1) of the CMSA as stated in (a)(i) and (ii) above is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(1)	Malacca Securities and SYF to fully comply with the requirements of the Equity Guidelines and MMLR pertaining to the implementation of the SYF Proposals;	To be complied
(2)	SYF to allocate 12.5% of its enlarged number of issued shares to Bumiputera investors to be approved or recognized by the MITI within 1 year after registering after-tax-profit or 3 years after the implementation of the SYF Proposals, whichever is earlier (" Trigger Date "); and	To be complied
(3)	SYF to submit to the SC on its proposal to comply with the equity condition stated in item(ii) above within 6 months from the Trigger Date.	To be complied

The application to the SC for the Proposed Exemption will be made by mid-February 2023.

The approval of Bursa Securities as stated in (d) above is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(1)	SYF and Malacca Securities must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the SYF Proposals;	To be complied
(2)	SYF is required to furnish Bursa Securities with certified true copy of the resolutions passed by the shareholders at the EGM approving the SYF Proposals;	To be complied
(3)	SYF and Malacca Securities are required to inform Bursa Securities upon completion of the SYF Proposals;	To be complied
(4)	SYF is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the SYF Proposals are completed;	To be complied
(5)	SYF must comply with the public security holding spread requirements pursuant to paragraph 8.02 of the MMLR upon listing of and quotation for the new SYF Shares to be issued pursuant to the Proposed M&A Acquisition, Proposed Rights Issue and Proposed Restricted Issue;	To be complied
(6)	SYF and its adviser to furnish Bursa Securities with a written confirmation that SYF complies with the public security holdings spread requirements pursuant to subparagraph 8.02(1) of the MMLR and a certificate of distribution of shares in the format contained in Part B(1)(d) of Annexure PN21-A of the MMLR;	To be complied

No.	Details of conditions imposed	Status of compliance
(7)	SYF to furnish Bursa Securities with the confirmation letters duly signed by Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP and Datuk Tan Choon Peow, Bill (proposed Directors of SYF) in the format prescribed in Annexures PN21-C of the MMLR;	To be complied
(8)	SYF to furnish Bursa Securities with the confirmation letter duly signed by Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP (proposed Director of SYF) in the format prescribed in Annexures PN21-D of the MMLR;	To be complied
(9)	SYF to furnish Bursa Securities with a letter of compliance pursuant to paragraph 2.12 in respect of the Constitution of SYF and a checklist showing compliance with the relevant provisions of Chapter 7 of the MMLR;	To be complied
(10)	SYF to furnish Bursa Securities with a confirmation that the requirements stipulated under paragraphs 15.02, 15.09 and 15.10 of the MMLR have been duly complied together with the relevant document supporting the same;	To be complied
(11)	Malacca Securities is required to furnish Bursa Securities with the final list of subscribers pursuant to the Proposed Restricted Issue setting out the names, home or business addresses, identity card / passport / company registration numbers, occupations / principal activities and securities account numbers of all the subscribers and the ultimate beneficial owners of the securities subscribed (in the case where the subscribers are nominee corporations or funds), and the amount and price of securities placed to each subscriber;	To be complied
(12)	SYF to furnish Bursa Securities with a copy of the order of the Court for the capital repayment pursuant to the Proposed Special Dividend and/or Capital Repayment, if relevant; and	To be complied
(13)	Malacca Securities to furnish Bursa Securities with a letter confirming that all approvals of the relevant authorities have been obtained.	To be complied

8. CONDITIONS

- (a) The Proposed Seng Yip Disposal, Proposed Lot 1461 Disposal, Proposed Lot 1464 Disposal, Proposed Special Dividend and/or Capital Repayment, Proposed M&A Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Name Change are inter-conditional.

As such, the Proposed M&A Disposal will not be carried through if any of the above proposals is not capable of being completed. It is envisaged that the SYF Proposals, once unconditional, will be proceeded with by first completing the Proposed Seng Yip Disposal, Proposed Lot 1461 Disposal and the Proposed Lot 1464 Disposal. Subsequently, SYF will commence implementation of the Proposed Special Dividend and/or Capital Repayment and Proposed Rights Issue by announcing their entitlement dates and thereafter, the Proposed M&A Disposal and Proposed Restricted Issue will be implemented concurrently. In this respect, the listing of and quotation for the Consideration Shares, Rights Shares and Restricted Issue Shares will also occur simultaneously. The timeframe for implementation of the SYF Proposals are set out in Section 13.

For information, details of the SYF Proposals are set out in Section 3.

- (b) The Proposed M&A Disposal is not conditional upon any other corporate exercise undertaken or to be undertaken by our Company.

9. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed M&A Disposal pursuant to paragraph 10.02(g) of the MMLR is approximately 34.1%, based on the Disposal Consideration over the market capitalisation of Insas as at LTD of RM651.4 million, which is calculated based on the 5-day VWAMP of Insas Shares up and including LTD.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

Dato' Wong Gian Kui is our Chief Executive Officer/Executive Director and Non-Independent Non-Executive Director of SYF representing our interest. In addition, he is also a Non-Independent Non-Executive Director of M&A Securities, which entitles him to participate in the Proposed Restricted Issue. Dato' Wong Gian Kui is therefore deemed interested in the Proposed M&A Disposal. He has abstained and will continue to abstain from all deliberations and voting in relation to the Proposed M&A Disposal at the Board meetings of Insas.

Dato' Wong Gian Kui presently has direct and indirect shareholdings of 0.07% and 0.02% in Insas. He will abstain and also ensure that persons connected to him will abstain from voting in respect of his/her direct and/or indirect shareholdings in Insas on the resolution pertaining to the Proposed M&A Disposal to be tabled at the forthcoming EGM.

Dato' Mohamad Azmi Bin Ali is an Independent Non-Executive Director of both Insas and SYF. Although he is a common director of Insas and SYF, he is not deemed interested in the Proposed M&A Disposal under paragraph 10.08(11)(c) of the MMLR as:

- (i) He does not hold shares in Insas and SYF; and
- (ii) He does not have any interest such as commission or other kinds of benefit received from Insas or SYF in relation to the Proposed M&A Disposal.

However, he has voluntarily abstained and will continue to abstain from all deliberations and voting in relation to the Proposed M&A Disposal at the Board meetings of Insas. If applicable, he will also abstain and ensure that persons connected to him (if any) will abstain from voting on the Proposed M&A Disposal at the EGM of Insas.

Save as disclosed above, none of the other Directors and/or Major Shareholders of Insas and/or persons connected to them have any interest, either direct or indirect, in the Proposed M&A Disposal.

11. AUDIT COMMITTEE'S STATEMENT

Our Audit Committee, after having considered all aspects of the Proposed M&A Disposal, including but not limited to the rationale and effects of the Proposed M&A Disposal and SYF Proposals, terms of the SSPA as well as the views of the Independent Adviser, is of the opinion that the Proposed M&A Disposal is:

- (a) in our best interest;
- (b) fair, reasonable and on normal commercial terms; and
- (c) not detrimental to the interest of our minority shareholders.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (save for Dato' Wong Gian Kui and Dato' Mohamad Azmi Bin Ali who have abstained from deliberation, further details are as set out in Section 10), after having considered all aspects of the Proposed M&A Disposal, is of the opinion that the said disposal is fair, reasonable and on normal commercial terms. The Proposed M&A Disposal is in the best interest of our Company and is not detrimental to the interests of our shareholders.

Our Board (save for Dato' Wong Gian Kui and Dato' Mohamad Azmi Bin Ali who have abstained from deliberation, further details are as set out in Section 10) has considered, *inter-alia*, the basis of arriving at the Disposal Consideration, issue price of the Consideration Shares, terms of the SSPA, rationale, risk factors and financial effects of the Proposed M&A Disposal and SYF Proposals, in arriving at its view.

Accordingly, our Board (save for Dato' Wong Gian Kui and Dato' Mohamad Azmi Bin Ali who have abstained from deliberation, further details are as set out in Section 10) recommends that you vote in favour of the resolution relating to the Proposed M&A Disposal to be tabled at the forthcoming EGM.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances and subject to the fulfilment and/or waiver of all the Conditions, the Proposed M&A Disposal is expected to be completed in the first quarter of 2023. The details of the tentative timeline are set out below:

Key milestones	Tentative timeline
SYF's EGM for the SYF Proposals	19 January 2023
Insas' EGM for the Proposed M&A Disposal	23 February 2023
Receipt of approval from the SC in relation to the Proposed Exemption	End February 2023
Unconditional date of the SSPA and SYF Proposals	End February 2023
Completion of the Proposed SYF Disposals	End February 2023
Announcement of the entitlement date for the Proposed Special Dividend and/or Capital Repayment and Proposed Rights Issue	End February 2023
Completion of the Proposed M&A Disposal	Mid March 2023
Entitlement date of the Proposed Special Dividend and/or Capital Repayment and Proposed Rights Issue	Mid March 2023
Issuance of abridged prospectus for the Proposed Rights Issue	Mid March 2023
Listing of and quotation for Consideration Shares, Rights Shares and Restricted Issue Shares	End March 2023
Completion of the SYF Proposals	End March 2023

For avoidance of doubt, the Consideration Shares are expected to be issued and allotted by mid-March 2023 after the unconditional date of the SSPA, which denotes the completion of the Proposed M&A Disposal, and is separate from the listing of and quotation for the Consideration Shares, Rights Shares and Restricted Issue Shares. The completion of each proposal is carried out only when all conditions to carry out all SYF Proposals are met, which would indicate that there is little probability that the SYF Proposals are not capable of being completed. The sequence of completion of the Proposed SYF Disposals and Proposed M&A Disposal being prior to the completion of the other components of the SYF Proposals are a matter of their intended sequence of completion only.

14. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed M&A Disposal, as at LPD, there is no other corporate exercise or proposal which has been announced by our Company but is pending implementation/completion.

15. TRANSACTIONS WITH INTERESTED PARTIES

Other than payment of remuneration to Dato' Wong Gian Kui who is our Chief Executive Officer/Executive Director, there were no transaction entered into by our Group with Dato' Wong Gian Kui for the 12 months preceding LPD.

16. EGM

The EGM, the notice of which is enclosed with this Circular, will be conducted on a fully virtual basis through live streaming and online remote voting via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC : D1A282781) on **Thursday, 23 February 2023 at 11.00 a.m.** or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolution so as to give effect to the Proposed M&A Disposal.

The Notice of EGM together with the Proxy Form, Administrative Guide for EGM and this Circular are available on the Company's website at <http://www.insas.net/ar-gm.html>. You are advised to follow the procedures set out in the Administrative Guide to register, participate and vote remotely via the Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") at <https://tiih.online>.

If you are unable to participate and vote at the EGM, you may appoint a proxy to do so in your stead by following the instructions set out in the Administrative Guide.

The Proxy Form must be deposited (by hand/post) at either of the following offices of Tricor:

Tricor's Office

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

OR

Tricor's Customer Service Centre

Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

OR alternatively lodge electronically (instead of depositing hardcopy) via TIIH Online website at <https://tiih.online>, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

17. FURTHER INFORMATION

Please refer to Appendix VI for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
INSAS BERHAD

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP
Independent Non-Executive Chairperson

PART B

**IAL FROM FHCA TO THE NON-INTERESTED SHAREHOLDERS OF INSAS IN
RELATION TO THE PROPOSED M&A DISPOSAL**

EXECUTIVE SUMMARY

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

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

1. INTRODUCTION

On 6 October 2021, M&A Securities on behalf of the Board announced that Insas had on even date entered into the SSPA with SYF for the proposed disposal of 100,000,000 M&A Securities Shares representing 100.0% equity interest and 60,000,000 RCPS representing 100.0% of the RCPS to SYF for a total consideration of RM222.0 million to be satisfied via the issuance of 1,585,714,286 new SYF Shares at an issue price of RM0.14 each. In conjunction with the said disposal, Insas and PAC(s) also proposed to obtain the Proposed Exemption.

On 2 December 2021, Insas entered into a supplemental SSPA with SYF to vary the terms in the SSPA where inter-alia, the terms relating to the proposed special dividend and proposed capital repayment as announced on 6 October 2021 was deleted and replaced with the Proposed Special Dividend and/or Capital Repayment which means the special dividend and/or capital repayment to be carried out by SYF to distribute a total sum not exceeding RM102,397,142 to the entitled shareholders of SYF from the sale proceeds arising from the Proposed Seng Yip Disposal, the Proposed Land Disposal and/or internal generated funds of SYF in such quantum, manner and time, at such number of tranches and at the entitlement dates and terms as shall be decided by the Buyer's Board from time to time.

On 1 June 2022, Insas and SYF agreed to adopt the name “M&A Equity Holdings Berhad” as the earlier name “M&A Capital Berhad” was not approved by CCM.

On 1 July 2022, Insas and SYF agreed to extend the conditional period of the SSPA to 4 January 2023.

On 13 October 2022, SYF proposed to vary the conditionality of the SYF Proposals such that all components of the SYF Proposals are now inter-conditional upon one another, which variation was agreed by Insas.

On 14 November 2022, Insas entered into a second supplemental SSPA with SYF to reflect the following changes in the terms of the SSPA:

- a) the issue price of the Consideration Shares, Rights Shares and Restricted Issue Shares shall be revised from RM0.14 to RM0.22 each; and
- b) arising from the revised issue price of the Consideration Shares, the number of SYF Shares to be issued from the Proposed M&A Acquisition and Proposed Restricted Issue will be revised to 1,009,090,909 Consideration Shares and up to 157,796,392 Restricted Issue Shares respectively.

On 3 January 2023, Insas and SYF further agreed to extend the conditional period of the SSPA to 14 June 2023.

On 6 October 2021, FHCA was appointed by Insas as Independent Adviser for the Proposed M&A Disposal due to the potential conflict of interest as M&A Securities who is Principal Adviser to Insas for the Proposed M&A Disposal is also the subject asset of the Proposed M&A Disposal. Subsequently, on 14 November 2022, FHCA's scope as Independent Adviser for the Proposed M&A Disposal was extended as the Proposed M&A

Disposal is deemed as a related party transaction in accordance with paragraph 10.08 of the MMLR by virtue of the interest of a Director as set out in Section 10, Part A of the Circular.

The SC has vide its letter dated 14 December 2022 approved the SYF Proposals (save for the Proposed Exemption), subject to the conditions as set out in Section 7, Part A of the Circular. Bursa Securities has vide its letter dated 27 December 2022 also approved the listing of and quotation for the Consideration Shares, Rights Shares and Restricted Issue Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 7, Part A of the Circular.

The purpose of this IAL is to provide the non-interested shareholders of the Company with an independent evaluation on the fairness and reasonableness of the Proposed M&A Disposal together with our recommendation thereon, subject to the scope and limitations of our role and evaluation specified in this IAL, in relation to the Proposed M&A Disposal.

2. RATIONALE FOR THE PROPOSED M&A DISPOSAL

The rationale for the Proposed M&A Disposal is as set out in Section 4, Part A of the Circular.

The Proposed M&A Disposal is essentially a backdoor listing of M&A Securities via SYF. This will enable Insas to unlock value by monetising and securitising its investment in M&A Securities, by creating a separate listing platform for M&A Group on the Main Market of Bursa Securities.

One of the primary benefits of the listing of M&A Securities is that listed companies have a better profile. M&A Group will be able to benefit from the visibility as compared to other non-listed companies involved in the financial services industry. In addition to that, the publicity will enable M&A Group to attract new clients for both its stockbroking services and corporate finance and advisory services. Public listed entities are also expected to have better corporate governance, transparency and generally increased accountability which will in turn increase investor confidence towards a company.

The listing of M&A Group will also enable it to tap into the capital market for future fundraising exercise or to use its listed securities as currency for future mergers and acquisitions exercise. By unpairing the capital needs to M&A Group from Insas will provide Insas with additional working capital and financial flexibility to source future investment opportunity.

Upon listing, M&A Group's business, industry and its strategies will also be appraised separately from that of Insas. The successful implementation and operation of M&A Group via M&A Equity Holdings Berhad will improve the marketability, liquidity and pledgeability of the Consideration Shares in the future. Despite increasing the exposure of Insas to additional risks associated with the stock market, the benefits of the Proposed M&A Disposal will potentially benefit Insas positively in the future.

We note that M&A Group's historical financial performance as set out in Section 2.1 of the Circular illustrates that Insas could consider a spin-off exercise for M&A Group to seek direct listing on the Main Market via the profit test route. However, we also note that as Insas is a substantial shareholder in both M&A Group and SYF, having considered the intention of SYF to exit the rubberwood furniture segment due to its challenging prospects, and the lack of future development plans for SYF's landbank, following the Proposed Seng Yip Disposal, Proposed Lot 1461 Disposal and Proposed Lot 1464 Disposal, SYF will have to venture into another business. As such, the Proposed M&A Disposal is a solution which benefits all parties. Upon completion, the SYF Group will continue to be principally involved in the financial services business undertaken by M&A Equity Holdings Berhad and Insas will be the new holding company of SYF and still benefit from the performance of M&A Group.

Premised on the above, we are of the opinion that the rationale for the Proposed M&A Disposal is reasonable and not detrimental to the interests of the non-interested shareholders of the Company. Further information on the evaluation of the rationale of the Proposed M&A Disposal is set out in Section 5 of this IAL.

3. EVALUATION OF THE PROPOSED M&A DISPOSAL

3.1 JUSTIFICATION FOR THE DISPOSAL CONSIDERATION

The basis and justification on arriving at the Disposal Consideration is set out in Section 2.1, Part A of the Circular.

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

- i) The rationale for the Proposed M&A Disposal as set out in Section 4, Part A of the Circular; and
- ii) The historical performance of M&A Group;
- iii) The Agreed Net Asset Value of M&A Securities of no less than RM180.0 million

In establishing our opinion on the fairness and reasonableness of the Disposal Consideration, FHCA had considered various methodologies, which are commonly used for valuation of companies, taking into consideration M&A Group's future earnings generating capabilities, projected future cash flows, its sustainability as well as various business consideration and risk factors affecting its businesses.

In evaluating and arriving at the valuation of M&A Securities, we are of the opinion that the market-based approach of Relative Valuation Analysis ("**RVA**") methodology is the most suitable methodology as it seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth based on a set of valuation metrics derived from commonly used financial indicators and applied on the subject company's historical financial records.

For the purposes of the RVA, reference was made to companies that are listed on Bursa Securities with a market capital of below RM1.0 billion with over 51% of revenue contribution derived from stock broking. Two (2) listed companies fulfilled the criteria, which include Apex Equity Holdings Berhad ("**Apex**") and Kenanga Investment Bank Berhad ("**Kenanga**").

The following multiples were applied to arrive at the valuation statistics:

Valuation Multiple	General Description
PE Multiple	The Price to Earnings (" PE ") multiple is an earnings-based valuation method and represents the ratio of a company's market capitalisation to its historical net profit (attributable to shareholders after interest, taxation, depreciation, and amortisation expenses). This multiple gauges how a company is valued relative to its peers' earnings.
PB Multiple	The Price to Book Value (" PB ") multiple compares a company's market capitalisation to its book value. This multiple provides an indication of the expected market value of the company as a multiple to its book value.

We have also considered the Enterprise Value/Earnings Before Interest, Tax, Depreciation and Amortisation ("**EV/EBITDA**") but have concluded that this valuation multiple is not suitable for financial institutions as EV/EBITDA fails to consider interests which financial institutions heavily relies on.

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

Comparable Companies	Market Capitalisation ^[1] (RM' million)	PE Multiple (times)		PB Multiple (times)	
		LTD	LPD	LTD	LPD
Apex	200.6	10.7	9.2	0.6	0.6
Kenanga	640.4	9.1	5.5	0.9	0.6
Average of the Comparable Companies		9.9	7.4	0.7	0.6
Implied transaction multiple of M&A Securities		11.8^[2]	12.4^[3]	1.2^[2]	1.1^[3]

Source: S&P Capital IQ

Notes:

[1] Market capitalisation as at the market closing on 5 October 2021.

[2] Computed based on the audited financial statement of M&A Securities as at 30 June 2021

[3] Computed based on the audited financial statement of M&A Securities as at 30 June 2022

Based on the above analysis, we note that the implied PE Multiple and PB Multiple as at both the LTD and the LPD are higher than the average and the range of the Comparable Companies.

The results in the above table indicates that Insas will be disposing M&A Securities at a premium compared to the average and range of multiples of the Comparable Companies.

In conclusion, after considering the above, we are of the opinion that the Disposal Consideration is fair, reasonable and not detrimental to the non-interested shareholders of the Company.

Further information on the evaluation of the Disposal Consideration is set out in Section 6.1 of this IAL.

3.2 JUSTIFICATION FOR THE ISSUE PRICE OF THE CONSIDERATION SHARES

Section 2.3, Part A of the Circular sets out the basis of determining the issue price of the Consideration Shares of RM0.22 each.

In assessing the fairness and reasonableness of the issue price of the Consideration Shares of RM0.22 each to be issued pursuant to the Proposed M&A Disposal, we have compared the issue price against:

- (i) The adjusted last transacted price of SYF Shares on LTD of RM0.2450; and
- (ii) The adjusted 5-day, one (1)-month, three (3)-month, six (6)-month, and twelve (12)-month VWAMP of SYF Shares up to and including the LTD.

Based on the above, we note the following:

- (i) the issue price of the Consideration Shares of RM0.22 represents a discount of 10.2%, 13.5%, 11.7%, 8.6% and 6.7% over the adjusted last transacted price as at the LTD, adjusted VWAMP for the five (5)-day, one (1)-month, three (3)-month, and six (6)-month and a premium of 16.6% over the adjusted VWAMP for the twelve (12)-month up to LTD; and
- (ii) The issue price of the Consideration Shares represents a discount of 21.4% to the adjusted highest closing price during the Review Period of RM0.28.

FHCA is of the view that the issue price of RM0.22 for the Consideration Share is reasonable as it is based on market-based principles and takes into consideration the prevailing market prices of SYF Shares as at LTD. The discount accorded on the issue price of the Consideration Shares of 10.2% based on the adjusted last transacted market price as at LTD is in line with generally acceptable discount for transactions of such nature in the capital market.

Aside from the above analysis based on market principles, we have also assessed the NA per SYF Share. The issue price of RM0.22 represents a premium of RM0.07 of 46.67% to the audited NA per SYF Share as

at 31 July 2021 following the adjustments for the Proposed M&A Disposal and Proposed Special Dividend and/or Capital Repayment. Insas will be essentially paying a premium of RM0.07 or 46.67% per SYF Share based on the issue price of RM0.22 per Consideration Share. This “control premium” ascribed to the Consideration Shares represents an implied PB Multiple of 1.5 times.

In consideration of the implied PB Multiple of 1.5 times and the implied “control premium”, we have assessed the Consideration Shares against recent transactions involving the acquisition of strategic stakes in companies listed on Bursa Securities. We note that the implied PB of SYF of 1.5 times based on the issue price of RM0.22 per Consideration Share is higher than the median and average but within the range of the comparable transactions where a strategic stake in a public listed company was acquired.

Further information on the evaluation of the of the issue price of the Consideration Shares is set out in Section 6.2 of this IAL.

3.3 SALIENT TERMS OF THE SSPA

We have reviewed the salient terms of the SSPA and based on our review, we are of the view that the overall terms and conditions of the SSPA is fair and reasonable and not detrimental to the non-interested shareholders of the Company.

Further information on the evaluation of the salient terms of the SSPA are set out in Section 6.3 of this IAL.

4. INDUSTRY OVERVIEW AND PROSPECTS

We are of the view that the prospects of the Group following the completion of the Proposed M&A Disposal appears to be favourable and barring unforeseen circumstances, is poised to improve its financial performance in the future.

Further information on the evaluation of the industry outlook and prospects are set out in Section 7 of this IAL.

5. RISK FACTORS

We take note of the risk factors as disclosed in Section 5, Part A of the Circular.

As the Proposed M&A Disposal is technically a reverse take-over exercise, Insas is already exposed to the risks associated with the stockbroking and investment banking industry.

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

Further information on the evaluation of risk factors is set out in Section 8 of this IAL.

6. EFFECTS OF THE PROPOSED M&A DISPOSAL

- a. The Proposed M&A Disposal will not have any effect on the issued share capital of Insas as it does not involve the issuance of shares by Insas.
- b. The gearing of Insas will increase marginally from 0.19 times to 0.20 times following the Proposed M&A Disposal due to the pro forma consolidation of SYF Group's debt obligations. Despite that, we note that there is no recourse to Insas for such debt obligations. Any changes in Insas's ownership interest in M&A Group will be accounted for as equity transactions.

- c. Based on the latest audited consolidated financial statements for FYE 30 June 2022, M&A Group had contributed a PAT of RM17.9 million to Insas. Nevertheless, the Proposed M&A Disposal is not expected to have a material effect on the earnings and EPS of Insas Group as the Proposed M&A disposal does not result in a loss of control or deconsolidation of M&A Group. The Proposed M&A Disposal however results in an increase in PAT attributable to the non-controlling interest of RM5.3 million.
- d. The Proposed M&A Disposal will not have any effect on the shareholdings of the substantial shareholders of Insas as it does not involve the issuance of shares by Insas

Further information on the evaluation of the effects of the Proposed M&A Disposal are set out in Section 9 of this IAL.

7. CONCLUSION AND RECOMMENDATION

Premised on our overall assessment of the Proposed M&A Disposal, we are of the opinion that the Proposed M&A Disposal is fair and reasonable and not detrimental to the interests of the non-interested shareholders of the Company.

In addition to the assessment on the fairness and reasonable of the Proposed M&A Disposal, FHCA had also reviewed the potential conflict of interest arising from M&A Securities acting as Principal Advisor to Insas for the Proposed M&A Disposal in view that M&A Securities is also the subject of the Proposed M&A Disposal. We have reviewed the preparation of the Circular by M&A Securities in relation to the Proposed M&A Disposal and are of the opinion that the Circular complies with the MMLR and Chapter 4 of the SC's Licensing Handbook.

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

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

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

8 February 2023

To: The Non-Interested Shareholders of Insas Berhad

Dear Sir/Madam,

**INSAS BERHAD (“INSAS” OR THE “COMPANY”)
PROPOSED M&A DISPOSAL**

1 INTRODUCTION

This IAL is prepared for inclusion in the circular to shareholders of the Company dated 8 February 2023 in relation to the Proposed M&A Disposal (“**Circular**”) and should be read in conjunction with the same. All definitions used in this IAL shall have the same meaning as the words and expressions provided in the definitions section of the Circular, except where the context otherwise requires or where otherwise defined herein.

On 6 October 2021, M&A Securities on behalf of the Board announced that Insas had on even date entered into the SSPA with SYF for the proposed disposal of 100,000,000 M&A Securities Shares representing 100.0% equity interest and 60,000,000 RCPS representing 100.0% of the RCPS to SYF for a total consideration of RM222.0 million to be satisfied via the issuance of 1,585,714,286 new SYF Shares at an issue price of RM0.14 each. In conjunction with the said disposal, Insas and PAC(s) also proposed to obtain the Proposed Exemption.

On 2 December 2021, Insas entered into a supplemental SSPA with SYF to vary the terms in the SSPA where inter-alia, the terms relating to the proposed special dividend and proposed capital repayment as announced on 6 October 2021 was deleted and replaced with the Proposed Special Dividend and/or Capital Repayment which means the special dividend and/or capital repayment to be carried out by SYF to distribute a total sum not exceeding RM102,397,142 to the entitled shareholders of SYF from the sale proceeds arising from the Proposed Seng Yip Disposal, the Proposed Land Disposal and/or internal generated funds of SYF in such quantum, manner and time, at such number of tranches and at the entitlement dates and terms as shall be decided by the Buyer's Board from time to time.

On 1 June 2022, Insas and SYF agreed to adopt the name “M&A Equity Holdings Berhad” as the earlier name “M&A Capital Berhad” was not approved by CCM.

On 1 July 2022, Insas and SYF agreed to extend the conditional period of the SSPA to 4 January 2023.

On 13 October 2022, SYF proposed to vary the conditionality of the SYF Proposals such that all components of the SYF Proposals are now inter-conditional upon one another, which variation was agreed by Insas.

On 14 November 2022, Insas had entered into a second supplemental SSPA with SYF to reflect the following changes in the terms of the SSPA:

- a) the issue price of the Consideration Shares, Rights Shares and Restricted Issue Shares shall be revised from RM0.14 to RM0.22 each; and
- b) arising from the revised issue price of the Consideration Shares, the number of SYF Shares to be issued from the Proposed M&A Acquisition and Proposed Restricted Issue will be revised to 1,009,090,909 Consideration Shares and up to 157,796,392 Restricted Issue Shares respectively.

On 3 January 2023, Insas and SYF further agreed to extend the conditional period of the SSPA to 14 June 2023.

On 6 October 2021, FHCA was appointed by Insas as Independent Adviser for the Proposed M&A Disposal due to the potential conflict of interest as M&A Securities who is Principal Adviser to Insas for the Proposed M&A Disposal is also the subject asset of the Proposed M&A Disposal. Subsequently, on 14 November 2022, FHCA's scope as Independent Adviser for the Proposed M&A Disposal was extended as the Proposed M&A Disposal is deemed as a related party transaction in accordance with paragraph 10.08 of the MMLR by virtue of the interest of a Director as set out in Section 10, Part A of the Circular.

The SC has vide its letter dated 14 December 2022 approved the SYF Proposals (save for the Proposed Exemption), subject to the conditions as set out in Section 7, Part A of the Circular. Bursa Securities has vide its letter dated 27 December 2022 also approved the listing of and quotation for the Consideration Shares, Rights Shares and Restricted Issue Shares on the Main Market of Bursa Securities, subject to the conditions as set out in Section 7, Part A of the Circular.

The purpose of this IAL is to provide the non-interested shareholders of the Company with an independent evaluation of the Proposed M&A Disposal, to form an opinion as to whether the Proposed M&A Disposal is fair and reasonable in so far as the non-interested shareholders of the Company are concerned and whether the Proposed M&A Disposal is to the detriment of the non-interested shareholders as well as to provide a recommendation thereon on the voting of the resolution pertaining to the Proposed M&A Disposal to be tabled at the forthcoming EGM, subject to the limitation of our role and evaluation as explained herein.

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

NON-INTERESTED SHAREHOLDERS OF INSAS ARE ADVISED TO READ THIS IAL AND PART A OF THE CIRCULAR TOGETHER WITH THE APPENDICES THEREON, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED M&A DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2 LIMITATIONS TO THE EVALUATION OF THE PROPOSED M&A DISPOSAL

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

We have evaluated the Proposed M&A Disposal and in forming our opinion, we have considered factors, which we believe, would be of relevance and general importance to the non-interested shareholders of the Company. Our evaluation is rendered solely for the benefit of the non-interested shareholders of the Company as a whole.

In rendering our advice, we have taken note of the pertinent issues that we have considered important in enabling us to assess the implications of the Proposed M&A Disposal and therefore of general concern to the non-interested shareholders of the Company. As such:

- (i) The scope of FHCA's responsibility regarding the evaluation and recommendation contained herein is confined to the assessment of the fairness and reasonableness of the Proposed M&A Disposal and other implications of the Proposed M&A Disposal only. Comments or points of consideration which may be commercially oriented such as the rationale and potential benefits of the Proposed M&A Disposal are included in our overall evaluation as we deem it necessary for disclosure purposes to enable the non-interested shareholders of the Company to consider and form their views thereon;
- (ii) FHCA's views and advice as contained in this IAL only caters to the non-interested shareholders of the Company at large and not to any non-interested shareholders individually. Hence, in carrying out our evaluation, we have not given consideration to the specific investment objectives, risk profiles, financial and tax situations and particular needs of any individual non-interested shareholder or any specific group of non-interested shareholders; and
- (iii) We recommend that any individual non-interested shareholder or group of non-interested shareholders of the Company who is in doubt as to the action to be taken or require advice in relation to the Proposed M&A Disposal in the context of their individual objectives, risk profiles, financial and tax situations or particular needs, to consult their respective stockbrokers, bankers, solicitors, accountants or other professional advisers immediately.

We shall not be liable for any damage or loss sustained or suffered by any individual shareholder or any group of shareholders in reliance on the opinion stated herein for any purpose whatsoever which is particular to such individual shareholder or group of shareholders.

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

- (i) Insas' announcements dated 6 October 2021, 2 December 2021, 1 July 2022, 13 October 2022, 14 November 2022, 16 December 2022 and 3 January 2023 in relation to the Proposed M&A Disposal;
- (ii) the SSPA and its related revisions;
- (iii) audited financial statements of the Target and its subsidiaries for the FYE 30 June 2021 and FYE 30 June 2022;
- (iv) information contained in Part A of the Circular and the appendices attached thereto;
- (v) SYF's circular dated 28 December 2022;
- (vi) other relevant information furnished to us by the management of the Company and the Target; and
- (vii) other publicly available information which we deemed relevant and reasonable.

We have made all reasonable enquiries to and have relied on the Board and management of the Company to exercise due care to ensure that all information and documents as mentioned above and all relevant facts, information and representations necessary for our evaluation of the Proposed M&A Disposal have been disclosed to us and that such information is accurate, valid, reasonable, complete and there is no omission of material facts. We have also performed our reasonableness check and where possible, corroborating such information with independent sources. The Board has, individually and collectively, accepted full responsibility that all material facts, financial and other information essential to our evaluation have been disclosed to us, that they have seen this IAL, and for the accuracy of the information in respect of the Proposed M&A Disposal (save for those in relation to our evaluation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein incomplete, false and/or misleading.

Based on the above and after undertaking reasonableness check and corroborating such information with independent sources, where possible, we are satisfied with the information and documents provided by the Company and the Target and are not aware of any fact or matter not disclosed which renders any such information untrue, inaccurate, incomplete, omitted or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this IAL. We have also assumed that the Proposed M&A Disposal will be implemented based on the terms of the SSPA and its revisions without material waiver or modification.

Our evaluation and recommendation expressed herein are based on prevailing economic, market and other conditions, and the information and/or documents made available to us, as at LPD. Such conditions may change over a short period of time. Accordingly, our evaluation and recommendation expressed herein do not take into account of the information, events and conditions arising after the date hereof. After the dispatch of this IAL, should FHCA become aware of any significant change affecting the information contained in this IAL or have reasonable grounds to believe that any statement in this IAL is misleading or deceptive or have reasonable grounds to believe that there is material omission in this IAL, we will immediately notify the shareholders. If circumstances require, a supplementary IAL will be sent accordingly to the shareholders.

FHCA confirms that it is not aware of any circumstances which exist or are likely to give rise to a possible conflict of interest situation for FHCA to carry out the role as the IA in connection to the Proposed M&A Disposal.

FHCA is licensed under the Capital Market and Services Act 2007 to carry out the regulated activity of advising on corporate finance. FHCA has undertaken the role as an independent adviser for corporate exercises in the past two (2) years prior to LPD, which include amongst others, the following:

- (i) The investment in Duramitt Sdn Bhd, comprising the acquisition by Divfex Berhad (formerly known as Diversified Gateway Solutions Berhad) (“**DFX**”) via its 60% subsidiary, namely Paragon Spectrum Sdn Bhd from Teow Yen Kim and Lim Yen Chie of 1,289,500 ordinary shares in Duramitt Sdn Bhd for a cash consideration of RM10.0 million via our letter to shareholders dated 5 April 2021;
- (ii) the acquisition by Tiara Gateway Pte Ltd, a wholly-owned subsidiary of Primary Gateway Sdn Bhd, which in turn is a wholly-owned subsidiary of Landmarks Berhad (“**Landmarks**”) of the rights and interest under Hak Guna Bangunan No. 00105/Sebong Lagoi in relation to a parcel of land, identified as Lot AR1 Wisma, located at Treasure Bay Bintan, Bintan Island, Republic of Indonesia, having a total estimated area of 12,578 square meters and the buildings constructed thereon for a total consideration of SGD9.78 million to be satisfied through the issuance of new ordinary shares in Landmarks and cash consideration, through the acquisition of the entire equity interest in PT Buana Wisata via our letter dated 15 April 2021;
- (iii) the disposal by DFX of 70% equity interest in QBI Packaging Sdn Bhd and 70% equity interest in Makan Channel Sdn Bhd to Insas Technology Berhad for a total cash consideration of RM3.50 million via our letter to shareholders dated 9 March 2022;
- (iv) the disposal by Tiara Gateway Pte Ltd, a wholly-owned subsidiary of Primary Gateway Sdn Bhd, which in turn is a wholly-owned subsidiary of Landmarks, of the remaining 49% equity interest in Mendol Investments Pte Ltd, 100% equity interest in Hinako Investments Pte Ltd, 60% equity interest in Prime Holdings Pte Ltd, 60% equity interest in Enggano Investments Pte Ltd and 60% equity interest in Mesawak Investments Pte Ltd for a total aggregate consideration of SGD63.40 million to be satisfied via issuance of new ordinary shares of the acquirer via our letter to shareholders dated 24 March 2022;
- (v) the disposal by MHT Manufacturing Sdn Bhd and Plascable Polymer Sdn Bhd, the wholly-owned subsidiaries of Artroniq Berhad of two (2) parcels of freehold land located in Mukim Tebrau, district of Johor Bahru together with all the buildings and structure thereon to Plastrade Materials Technology Sdn Bhd for a total disposal consideration of RM5.50 million via our letter to shareholders dated 20 September 2022; and
- (vi) the proposed acquisition by WTK Holdings Berhad of the entire equity interest in B.H.B. Sdn Bhd, a plantation company for a total cash consideration of RM237.50 million and the proposed acquisition of a palm oil mill together with the relevant plant and machinery from Harvard Master Sdn Bhd for a total cash consideration of RM12.50 million via our letter to shareholders dated 18 January 2023.

Premised on the foregoing, FHCA is capable and competent in carrying out its role and responsibilities as the IA to advise the non-interested shareholders of the Company on the Proposed M&A Disposal.

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

The interests of directors, major shareholders and/or persons connected with them are set out in Section 10, Part A of the Circular.

Dato' Wong Gian Kui has abstained and will continue to abstain from all deliberations and voting for the Proposed M&A Disposal at the relevant Board meetings and shall also abstain from voting in respect of his shareholdings in the Company, if any, on the resolution pertaining to the Proposed M&A Disposal to be tabled at the EGM to be convened.

Dato' Wong Gian Kui will abstain and ensure that persons connected to him will also abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed M&A Disposal to be tabled at the forthcoming EGM of the Company.

Dato' Mohamad Azmi Bin Ali is an Independent Non-Executive Director in both Insas and SYF and is not deemed interested in the Proposed M&A Disposal as he does not hold any shares in SYF nor Insas. Dato' Mohamad Azmi Bin Ali neither receives any interest such as commissions nor other kinds of benefits from SYF or Insas in relation to the Proposed M&A Disposal. Dato' Mohamad Azmi Bin Ali has voluntarily abstained and will continue to abstain from all deliberations and voting in relation to the Proposed M&A Disposal at the Board meetings of Insas subsequent to his appointment.

FHCA is of the view that Dato' Mohamad Azmi Bin Ali's decision to voluntarily abstain from voting demonstrates good corporate governance as he sits both the board of both the vendor and acquiror in this transaction, despite his independence. Dato' Mohamad Azmi Bin Ali's decision is reasonable and not detrimental to the non-interested shareholders of Insas.

4 EVALUATION OF THE PROPOSED M&A DISPOSAL

The full details of the Proposed M&A Disposal are as set out in Section 2, Part A of this Circular and should be read and fully understood in its entirety by the non-interested shareholders.

In evaluating the Proposed M&A Disposal, we have considered the following:

- (i) Rationale for the Proposed M&A Disposal;
- (ii) evaluation of the Proposed M&A Disposal;
 - (a) Justification for the Disposal Consideration;
 - (b) justification for the issue price of the Consideration Shares;
 - (c) salient terms of the SSPA;
- (iii) industry outlook and prospects;
- (iv) risk factors; and
- (v) effects of the Proposed M&A Disposal.

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

5 RATIONALE FOR THE PROPOSED M&A DISPOSAL

The rationale for the Proposed M&A Disposal is as set out in Section 4, Part A of the Circular.

The Proposed M&A Disposal is essentially a backdoor listing of M&A Securities via SYF. This will enable Insas to unlock value by monetising and securitising its investment in M&A Securities, by creating a separate listing platform for M&A Group on the Main Market of Bursa Securities.

One of the primary benefits of the listing of M&A Securities is that listed companies have a better profile. M&A Group will be able to benefit from the visibility as compared to other non-listed companies involved in the financial services industry. In addition to that, the publicity will enable M&A Group to attract new clients for both its stockbroking services and corporate finance and advisory services. Public listed entities are also expected to have better corporate governance, transparency and generally increased accountability which will in turn increase investor confidence towards a company.

The listing of M&A Group will also enable it to tap into the capital market for future fundraising exercise or to use its listed securities as currency for future mergers and acquisitions exercise. By unpairing the capital needs to M&A Group from Insas will provide Insas with additional working capital and financial flexibility to source future investment opportunity.

Upon listing, M&A Group's business, industry and its strategies will also be appraised separately from that of Insas. The successful implementation and operation of M&A Group via M&A Equity Holdings Berhad will improve the marketability, liquidity and pledgeability of the Consideration Shares in the future. Despite increasing the exposure of Insas to additional risks associated with the stock market and SYF, the benefits of the Proposed M&A Disposal will potentially benefit Insas positively in the future.

We note that M&A Group's historical financial performance as set out in Section 2.1 of the Circular illustrates that Insas could consider a spin-off exercise for M&A Group to seek direct listing on the Main Market via the profit test route. However, we also note that as Insas is a substantial shareholder in both M&A Group and SYF. Having considered the intention of SYF to exit the rubberwood furniture segment due to its challenging prospects, and the lack of future development plans for SYF's landbank, following the Proposed Seng Yip Disposal, Proposed Lot 1461 Disposal and Proposed Lot 1464 Disposal, SYF will have to venture into another business. As such, the Proposed M&A Disposal is a solution which benefits all parties. Upon completion, the SYF Group will continue to be principally involved in the financial services business undertaken by M&A Equity Holdings Berhad and Insas will be the new holding company of SYF and still benefit from the performance of M&A Group.

Premised on the above, we are of the opinion that the rationale for the Proposed M&A Disposal is reasonable and not detrimental to the interests of the non-interested shareholders of the Company.

Nevertheless, the non-interested shareholders of the Company should note that the potential benefits arising from the Proposed M&A Disposal are subject to certain risk factors as disclosed in Section 5, Part A of the Circular. Our evaluation and assessment of the risk factors are also being discussed in Section 6 and Section 8 of this IAL.

6 EVALUATION OF THE PROPOSED M&A DISPOSAL

6.1 Justification for the Disposal Consideration

The basis and justification on arriving at the Disposal Consideration is set out in Section 2.1, Part A of the Circular.

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

- i) The rationale for the Proposed M&A Disposal as set out in Section 4, Part A of the Circular; and
- ii) The historical performance of M&A Group;
- iii) The Agreed Net Asset Value of M&A Securities of no less than RM180.0 million

In establishing our opinion on the fairness and reasonableness of the Disposal Consideration, FHCA had considered various methodologies, which are commonly used for valuation of companies, taking into consideration M&A Group's future earnings generating capabilities, projected future cash flows, its sustainability as well as various business consideration and risk factors affecting its businesses.

In evaluating and arriving at the valuation of M&A Securities, we are of the opinion that the market-based approach of Relative Valuation Analysis ("**RVA**") methodology is the most suitable methodology as it seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth based on a set of valuation metrics derived from commonly used financial indicators and applied on the subject company's historical financial records.

Further, FHCA has also considered other valuation methodologies and found that the following methodologies are not suitable in arriving at the fair value of the equity interest of M&A Securities:

Valuation Methodologies	Discussion
Discounted Free Cash Flow to Equity (" FCFE ")	Discounted FCFE method is an investment appraisal technique which considers both the time value of money and the projected net cash flow discounted at a specified discount rate to derive at the valuation of the subject matter. Typically, the future cash flow would rely on a variety of external factors, such as, amongst others, market demand, economic environment, unforeseen obstacles and competitions and would be even more difficult to estimate amid this current market conditions considering M&A Securities does not derive its business based on long-term contracts. Further, as M&A Securities derives 58.6% of its revenue from its stock brokerage business based on the audited financial statements for FYE 30 June 2022, we note that the market conditions and trading volume of Bursa Securities has been highly volatile with unpredictable trade volumes. As such, the potential income of M&A Securities may not be accurately forecasted.
Comparable Transactions Analysis (" CTA ")	The CTA compares the acquisition multiples of recently transacted deals of companies with similar businesses (stockbroking). CTA primarily looks at the P/E, EV/EBITDA and P/B multiples of recently transacted deals and how much the acquirer paid for the comparable company. However, we note that based on our search of recent transactions in Malaysia within the past three (3) years, there were no completed transactions. For illustration purposes, we had expanded our search to include transactions in South East Asia and have found the following completed transactions within the last three (3) years:

Date of Announcement	Acquiror	Target	Country	Target Primary Industry	Offer per Share	% of interest acquired	Purchase Consideration (RM'million)	PB (times)
20-May-22	T&T Group JSC	Saigon - Hanoi Securities Joint Stock Company	Vietnam	Security brokerage	-	5.6	41.31	0.61
9-Dec-21	Vorapak Tanyawong and Chuangchai Nawongs	Finansia Syrus Securities Public Company Limited	Thailand	Security brokerage	0.51	29.3	87.07	0.90
15-Feb-21	Garibaldi Thohir	PT Trimegah Sekuritas Indonesia Tbk	Indonesia	Security brokerage	0.06	34.6	136.4	1.65
Mean								1.05
Median								0.90
Min								0.61
Max								1.65

We noted from the table above that the P/B multiple of the Proposed M&A Disposal falls within the range of such comparable transactions of 0.61 times to 1.65 times. However, due to the difference in market conditions, and the lack of information, we had not considered CTA as a suitable valuation methodology for the evaluation of the Disposal Consideration.

Valuation Methodologies	Discussion
Revalued Net Asset Valuation ("RNAV")	RNAV methodology is suitable for companies which are heavy with assets that are not carried at cost. As the assets within M&A Securities are mainly cash based, and are already recorded at its carrying value, such assets require no revaluation. As such, RNAV is not a suitable valuation methodology for M&A Securities.

RVA

RVA seeks to compare a company's implied trading multiple to that of comparable companies to determine the firm's financial worth. Under the RVA, reference was made to the valuation statistics of Comparable Companies to get an indication of the current market expectation with regards to the implied value of the equity interest in M&A Securities and compared the implied trading multiples to determine the firm's financial worth.

For the purposes of the RVA, reference was made to companies that are listed on Bursa Securities with a market capital of below RM1.0 billion with over 51% of revenue contribution derived from stockbroking. Two (2) listed companies fulfilled the criteria, which include Apex Equity Holdings Berhad ("**Apex**") and Kenanga Investment Bank Berhad ("**Kenanga**").

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

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

Details of the comparable companies selected are as below:

Comparable Companies	Principal activities	Financial year end	% of revenue contributed from the relevant segments
Apex	Apex is an investment holding company engaging in the trading of marketable securities primarily in Malaysia. It operates as a broker and dealer for stocks, shares and futures. The company is also involved in money lending, nominee and shared custodian services.	31 December	58%
Kenanga	Kenanga together with its subsidiaries provides financial products and services to corporations, institutions, and individuals primarily in Malaysia. It operates through equity broking, listed derivatives, corporate investment banking, structured lending and trade financing, investment management, Islamic banking and treasury segment.	31 December	100%

The following multiples were applied to arrive at the valuation statistics:

Valuation Multiple	General Description
PE Multiple	The Price to Earnings ("PE") multiple is an earnings-based valuation method and represents the ratio of a company's market capitalisation to its historical net profit (attributable to shareholders after interest, taxation, depreciation, and amortisation expenses). This multiple gauges how a company is valued relative to its peers' earnings.
PB Multiple	The Price to Book Value ("PB") multiple compares a company's market capitalisation to its book value. This multiple provides an indication of the expected market value of the company as a multiple to its book value.

We have also considered the Enterprise Value/Earnings Before Interest Tax Depreciation and Amortisation ("EV/EBITDA") but have concluded that this valuation multiple is not suitable for financial institutions as EV/EBITDA fails to consider interests which financial institutions heavily relies on.

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

Comparable Companies	Market Capitalisation ^[1] (RM' million)	PE Multiple (times)		PB Multiple (times)	
		LTD	LPD	LTD	LPD
Apex	200.6	10.7	9.2	0.6	0.6
Kenanga	640.4	9.1	5.5	0.9	0.6
Average of the Comparable Companies		9.9	7.4	0.7	0.6
Implied transaction multiple of M&A Securities		11.8^[2]	12.4^[3]	1.2^[2]	1.1^[3]

(Source: S&P Capital IQ)

Notes:

[1] Market capitalisation as at the market closing on 5 October 2021.

[2] Computed based on the audited financial statement of M&A Securities as at 30 June 2021.

[3] Computed based on the audited financial statement of M&A Securities as at 30 June 2022.

Based on the above analysis, we note that the implied PE Multiple and PB Multiple as at both the LTD and the LPD are higher than the average and the range of the Comparable Companies.

The results in the above table indicates that Insas will be disposing M&A Securities at a premium compared to the average and range of multiples of the Comparable Companies.

In conclusion, after considering the above, we are of the opinion that the Disposal Consideration is fair, reasonable and not detrimental to the non-interested shareholders of the Company.

6.2 Justification for the issue price of the Consideration Shares

Section 2.3, Part A of the Circular sets out the basis of determining the issue price of the Consideration Shares of RM0.22 each.

In assessing the fairness and reasonableness of the issue price of the Consideration Shares of RM0.22 each to be issued pursuant to the Proposed M&A Disposal, we have compared the issue price against:

- (i) The adjusted last transacted price of SYF Shares on LTD of RM0.2450; and

- (ii) The adjusted 5-day, one (1)-month, three (3)-month, six (6)-month, and twelve (12)-month VWAMP of SYF Shares up to and including the LTD.

The table below sets out the (discount)/premium of the issue price against the adjusted market price of SYF Shares:

Basis of comparison	Adjusted VWAMP/ Closing Price ^[1]	(Discount)/ Premium to the Adjusted VWAMP/closing price	
	RM	RM	%
Last transacted price as at LTD	0.2450	(0.0250)	(10.2)
VWAMP for the five (5)-day up to and including LTD	0.2542	(0.0342)	(13.5)
VWAMP for the one (1)-month up to and including LTD	0.2491	(0.0291)	(11.7)
VWAMP for the three (3)-month up to and including LTD	0.2407	(0.0207)	(8.6)
VWAMP for the six (6)-month up to and including LTD	0.2357	(0.0157)	(6.7)
VWAMP for the twelve (12)-month up to and including LTD	0.1887	0.0313	16.6

(Source: Bloomberg)

Note:

[1] After adjusting for cash distribution of RM0.18 per SYF Share pursuant to the Proposed Special Dividend and/or Capital Repayment.

Set out in the chart below are the daily closing market prices of SYF Shares on Bursa Securities for twelve (12) months prior to the signing of the SSPA up to LTD ("**Review Period**"). We consider that the Review Period which covers twelve (12) months prior to the signing of the SSPAs represents a reasonable period to provide a general overview of the historical trend of SYF Shares price when assessing the issue price of the Consideration Shares.



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The highest and lowest closing market prices and the closing market price at the end of each of the calendar months during the Review Period are as follows:

Months	Highest share price (RM)	Lowest share price (RM)
2020		
October	0.230	0.170
November	0.340	0.220
December	0.390	0.320
2021		
January	0.390	0.330
February	0.370	0.330
March	0.460	0.330
April	0.440	0.397
May	0.440	0.340
June	0.405	0.350
July	0.425	0.370
August	0.410	0.380
September	0.440	0.385
October	0.445	0.320
Closing market price for the Review Period	0.460 (18 March 2021)	0.170 (6 October 2020)
Adjusted closing market price for the Review Period ^[1]	0.280	N/A ^[2]
Adjusted last transacted market price as at LTD ^[1]	0.245	

(Source: Bloomberg)

Notes:

- [1] After adjusting for cash distribution of RM0.18 per SYF Share pursuant to the Proposed Special Dividend and/or Capital Repayment.
- [2] Not applicable as the lowest closing market price on 6 October 2020 was lower than the cash distribution of RM0.18 per SYF Share pursuant to the Proposed Special Dividend and/or Capital Repayment.

During the Review Period, the SYF Shares traded between RM0.170 to RM0.460. We have perused the announcements made by SYF during the Review Period and do not note any significant announcements which may have material effect on the market price of SYF Shares save for those disclosed below:

- (i) On 16 March 2021, the Board of Directors of SYF had announced the completion of the disposal of freehold land by its indirect wholly-owned subsidiary, Giat Armada Sdn Bhd;
- (ii) The first single-tier interim dividend of 1.25 sen per SYF Share in respect of the FYE 31 July 2021 which was announced on 24 March 2021; and
- (iii) On 30 August 2021, the Board of Directors of SYF had announced the completion of the disposal of freehold land together with a single storey detached factory erected thereon by its wholly-owned subsidiary, Seng Yip.

Based on the above, we note the following:

- (i) the issue price of the Consideration Shares of RM0.22 represents a discount of 10.2%, 13.5%, 11.7%, 8.6% and 6.7% over the adjusted last transacted price as at the LTD, adjusted VWAMP for the five (5)-day, one (1)-month, three (3)-month, and six (6)-month and a premium of 16.6% over the adjusted VWAMP for the twelve (12)-month up to LTD; and
- (ii) The issue price of the Consideration Shares represents a discount of 21.4% to the adjusted highest closing price during the Review Period of RM0.28.

FHCA is of the view that the issue price of RM0.22 for the Consideration Share is reasonable as it is based on market-based principles and takes into consideration the prevailing market prices of SYF Shares as at LTD. The discount accorded on the issue price of the Consideration Shares of 10.2% based on the adjusted

last transacted market price as at LTD is in line with generally acceptable discount for transactions of such nature in the capital market.

Aside from the above analysis based on market principles, we have also assessed the NA per SYF Share. The issue price of RM0.22 represents a premium of RM0.07 of 46.67% to the audited NA per SYF Share as at 31 July 2021 following the adjustments for the Proposed SYF Disposals and Proposed Special Dividend and/or Capital Repayment as illustrated in the table below:

	RM'000
Audited NA of SYF Group as at 31 July 2021 (being the latest financial year prior to the execution of the SSPA)	213,540
Less:	
Net loss arising from Proposed SYF Disposals ^[1]	(23,976)
Proposed Special Dividend and/or Capital Repayment ^[2]	(102,397)
Adjusted NA	87,167
No. of SYF Shares (excluding treasury shares)	568,873,012
Adjusted NA per SYF Share (RM)	0.15
Issue price per Consideration Share	0.22
Premium of issue price per Consideration Share to the Adjusted NA per SYF Share	0.07
% of premium over the Adjusted NA per SYF Share	46.67%

Notes:

- [1] SYF is expected to record a net loss from disposal of approximately RM24.0 million from the Proposed SYF Disposals comprising a loss from disposal of RM24.3 million from the Proposed Seng Yip Disposal and gain from disposal of RM0.3 million from the Proposed Land Disposal.
- [2] Being the total amount to be distributed to the shareholders of SYF pursuant to the Proposed Special Dividend and/or Capital Repayment of RM0.18 per SYF Share multiplied by 568,873,012 existing SYF Shares (excluding treasury shares).

Based on the Adjusted NA per SYF Share, Insas will be essentially paying a premium of RM0.07 or 46.67% per SYF Share based on the issue price of RM0.22 per Consideration Share. This “control premium” ascribed to the Consideration Shares represents an implied PB Multiple of 1.5 times.

In consideration of the implied PB Multiple of 1.5 times and the implied “control premium”, we have assessed the Consideration Shares against recent transactions involving the acquisition of strategic stakes in companies listed on Bursa Securities. Details are as follows:

Date of Announcement	Acquiror	Acquiree	% interest acquired	Purchase Consideration	PB multiple
14 August 2020	Asiabo Capital Sdn Bhd	Saudee Group Berhad	21.51	12.6	2.02
30 October 2020	Ekovest Berhad	PLS Plantations Berhad	24.54	85.8	1.69
21 December 2020	NSK Trading Sdn Bhd	Versatile Creative Berhad	62.21	110.9	2.74
29 December 2020	Chin Hin Group Berhad	Chin Hin Group Property Berhad	51.5	88.9	1.25
8 February 2021	XOX Berhad	Cheetah Holdings Berhad	29.43	44.6	1.22
8 March 2021	Chin Hin Group Berhad	Signature International Berhad	31.19	93.6	1.74
22 June 2021	MAA Group Berhad	Turiya Berhad	57.78	23.8	0.34

18 March 2022	Chin Hin Group Berhad	Ajiya Berhad	24.68	104.4	1.16
18 May 2022	Signature International Berhd	Fiamma Holdings Berhad	23.7	180.0	1.39
3 June 2022	Fraser & Neave Holdings Berhad	Cocoaland Holdings Berhad	72.34	488.8	2.77
12 July 2022	XOX (Hong Kong) Limited (Subsidiary of XOX Berhad)	Symphony Life Berhad	100	19.3	0.02
		Mean			1.49
		Median			1.39
		Min			0.02
		Max			2.77
6 October 2021	SYF	M&A Securities	100	222.0	1.5^[1]

(Source: S&P Capital IQ)

Note:

[1] Implied PB multiple of SYF based on the issue price of RM0.22 per Consideration Share.

We had not conducted an assessment based on the PE Multiple of the Consideration Shares as:

- (i) SYF will no longer be generating revenues or earnings from its existing furniture segment after the Proposed Seng Yip Disposal and
- (ii) the sole on-going development of SYF Group known as “Alstonia Residence” is nearing completion and delivery of vacant possession to end-purchasers is expected to complete by the end of March 2023.

Based on the above, we note that the implied PB of SYF of 1.5 times based on the issue price of RM0.22 per Consideration Share is higher than the median and average but within the range of the comparable transactions where a strategic stake in a public listed company was acquired.

We are of the opinion that the issue price of the Consideration Shares and the implied “control premium” is justified given the following:

- i) The Proposed M&A Disposal is essentially a reverse take-over exercise in which Insas will emerge as the controlling shareholder of SYF following the completion of the Proposed M&A Disposal; and
- ii) Insas will be able to monetize and securitize its investment in M&A Securities.

6.3 Salient terms of the SSPA

The salient terms of the SSPA are the same as disclosed in Appendix V of the circular to shareholders in relation to the Proposed M&A Disposal dated 8 February 2023. The following sets out only a summary of the material terms of the SSPA that was considered by us and non-interested shareholders of the Company are advised to read Appendix V of the Circular in the entirety. Our comments on the salient terms of the SSPA are as follows:

Salient Terms of the SSPA	FHCA's comments
1. CONDITIONS 1.1 Completion is conditional upon the satisfaction or waiver of all of the following conditions: (a) SC Approval: that the SC gives its approval in writing to: (i) the change in shareholding of the Target in accordance with the terms of the Target's licence; (ii) the issue and allotment of the Consideration Shares; (iii) the issue and allotment of the Restricted Issue Shares; (iv) the issue and allotment of the Rights Shares;	The Conditions are reasonable as they require both Insas and SYF to procure the relevant requisite approvals, due diligence and consents prior to the completion.

Salient Terms of the SSPA	FHCA's comments
(v) the significant change in the business direction of the Buyer to the business of the Target; and (vi) the Proposed Exemption to the Seller and any other person acting in concert with the Seller to make a mandatory general offer for the shares of the Buyer either unconditionally or on terms acceptable to the Buyer and Seller, as the case may be. (b) Bursa Securities Approval: that Bursa Securities gives its written clearance for the respective circulars to the Buyer's shareholders and Seller's shareholder and approval in writing to the listing of and quotation for the Consideration Shares, Rights Shares and the Restricted Issue Shares; (c) Buyer's Shareholders' Approval: that the members of the Buyer in general meeting give their approval for the SYF Proposals. (d) Seller's Shareholders' Approval: that the members of the Seller in general meeting give their approval for the Proposed M&A Disposal. (e) Buyer's Due Diligence: that the Buyer being satisfied with the result of the due diligence review of the Target on or before the expiry of 1 month commencing from the date of the SSPA or such extended period as may be mutually agreed by the Buyer and the Seller ("Due Diligence Period"); (f) Seller's Due Diligence: that the Seller being satisfied with the result of the due diligence review of the Buyer on or before the expiry of the Due Diligence Period; (g) Seller's third party consents: that the Seller receiving the relevant consents or approvals of its financiers or those of the Target in relation to the sale of the Target Shares to the Buyer under the SSPA. (h) Buyer's third party consents: that the Buyer receiving the consents or approvals required of any of its financiers in relation to the Proposed SYF Disposals, and the Proposed Special Dividend and/or Capital Repayment under the SSPA. (i) Other approvals: that the Buyer or the Seller receiving all other authorisation as may be necessary for the execution and implementation of the SSPA. (collectively referred to as "Conditions") 1.2 Upon all the Conditions being fulfilled or waived the SSPA shall become unconditional and shall be completed in the manner therein agreed. The date of the fulfilment of the last of the Conditions shall be the "Unconditional Date".	

Salient Terms of the SSPA	FHCA's comments
1.3 Cut-off Date (a) If : (1) the results of the financial and legal due diligence are not satisfactory to the Buyer; or (2) any Condition is not fulfilled (other than due to any breach on the part of either Party) or waived on or before the date falling 9 months from the date of the SSPA, or such other date as the Parties may agree, any Party may issue a Notice of Termination (as defined in 4.1(b)(2) below). (b) The Parties agree to extend the date under 1.3(a) above by an additional 3 months if, on the date falling 9 months from the date of the SSPA, there is no known impediment to the fulfilment of the pending Conditions. (c) 2 weeks prior to the expiry of the Extended Cut-off Period, the Parties may agree in writing to extend the time period to such other later date as may be mutually agreed by the Parties.	We are of the view that the Cut-off period of nine (9) months and the allowance for an extension of three (3) months for both parties to achieve all the Conditions are reasonable and not detrimental to the non-interested shareholders as it provides a reasonable amount of time for the both parties to fulfil the Conditions.
2. COMPLETION 2.1 Completion must take place at the office of the Seller on a business day nominated by the Seller falling no later than 30 days from the Unconditional Date or any other date as the Buyer and Seller agree in writing 2.2 Completion Statement (a) The Seller must procure the Target to prepare a statement of financial position and income statement as at the Completion Accounts Date promptly after the Completion Date. (b) The Completion Statement must set out the Completion Net Asset Value (as defined in 3.2 below). (c) The Seller must provide the Completion Statement to the Buyer's accountant within 10 business days from the Completion Date and allow the Buyer's accountant full access to the books and records of the Target to verify the figures in the Completion Statement. (d) The Buyer must procure the Buyer's accountant to complete its review of the Completion Statement within 10 business days from the receipt of the Completion Statement from the Seller, where a report shall be issued by the Buyer's accountant on the final Completion Net Asset Value (e) The Seller and Buyer must agree on the final Completion Net Asset Value in the Accountant Report within 5 business days from the receipt of the Accountant Report.	The terms of completion are fair and reasonable and is meant to ensure clarity of the Completion Statement and the Completion Net Asset Value is to the satisfaction of both parties.

Salient Terms of the SSPA	FHCA's comments
(f) The final Completion Net Asset Value in the Accountant Report as agreed between the Seller and the Buyer will be final and binding on the parties.	
3. PURCHASE CONSIDERATION AND SATISFACTION 3.1 Satisfaction of Purchase Consideration On the Completion Date, the Buyer must satisfy the total consideration of RM222,000,000 for the Target Shares by the issuance and allotment to the Seller of the Consideration Shares (at an issue price of RM0.22 per Consideration Share) at an aggregate value equivalent to the Purchase Consideration. 3.2 Dividends and/or distributions and cash top-up The Parties agree that they are entering into the SSPA on the basis that the NA value of the Target as at the last day of the calendar month immediately preceding the Completion Date shall not be less than RM180,000,000 In the event that: (a) the Completion Net Asset Value exceeds the Agreed Net Asset Value, the Target shall subject always to all applicable laws distribute the Surplus assets by way of cash dividends to the Seller without making any adjustment to the Purchase Consideration and such distribution shall be made by the Target within 7 days from the date of the Completion Net Asset Value is agreed by the Parties notwithstanding that Completion has occurred and the Target Shares are registered under the Buyer; and (b) the Completion Net Asset Value is less than the Agreed Net Asset Value, the Buyer shall issue a written notice to the Seller on the shortfall and the Seller shall within 7 days from the date of the Shortfall Notice top up the Shortfall in cash to the Target.	This term is fair and reasonable and spells out the terms in which the issuance and allotment of Consideration Shares will be issued at the Completion Date. This term warranties that in the event the Completion Net Asset Value is more or less than RM180.0 million where the Surplus will be distributed by way or cash dividends to the Seller and where there is a Shortfall, the Seller shall within seven (7) days from the date of notice, top-up the Shortfall to the Target. The Completion Net Asset Value was derived based on the net asset value of M&A Securities of 182.7 million as at 30 June 2021, being the latest financial year prior to the execution of the SSPA. This term is fair and reasonable and not detrimental to the non-interested shareholders.
4. TERMINATION 4.1 <u>Right of Buyer to terminate</u> (a) If at any time up to Completion– (1) the Seller breaches a term of the SSPA (other than any Seller's warranties) in a material respect; or (2) any Seller's warranties is or becomes false, misleading or incorrect in a material respect when made or regarded as made under the SSPA (except to the extent disclosed in the disclosure letter),	This term is fair and reasonable as it is within the normal commercial terms of termination. Whereby, the liquidated damages are not a penalty and comprises a reasonable compensation to both parties. Both parties are also given equal rights to termination. Given the fulfilment of the termination terms, both parties will be legally free from further

Salient Terms of the SSPA	FHCA's comments
then the Buyer may give notice in writing to the Seller specifying the default or breach and requiring the Seller to remedy the default or breach within 30 days of the receipt of such notice. (b) If the Seller fails to remedy the relevant default or breach within the period of 30 days, the Buyer may within 14 days after the period of 30 days, give written notice to the Seller electing either to: (1) complete the SSPA at the Purchase Consideration and waive, discharge and release all its rights and entitlements under the relevant default or breach; or (2) terminate its obligation to buy the Target Shares by giving a notice of termination stating that the first Party wishes to terminate the SSPA and specifying the clause, facts and grounds of such notice ("Notice of Termination"). (c) If the Buyer fails to give written notice within the period of 14 days to specify its election in accordance with 4.1(b) above, the Buyer is deemed to have elected to complete the SSPA at the Purchase Consideration and to waive, discharge and release all its rights and entitlements under the relevant default or breach. (d) For the avoidance of doubt, the Parties confirm and agree that the aggregate liability of the Seller to the Buyer shall be limited to the aggregate of the Buyer's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA incurred up until the date of the Notice of Termination. (e) The Buyer and the Seller agree, confirm and acknowledge that the agreed liquidated damages set out in 4.1(d) above: (1) is not a penalty; and (2) comprises reasonable compensation to the Buyer. (f) The Buyer undertakes and covenants to the Seller that, if the Buyer elects to complete the SSPA pursuant to 4.1(b)(1) above, the Buyer shall have no rights or entitlements whatsoever in respect thereof and the Buyer undertakes and covenants to the Seller that the Buyer will not make any claims whatsoever against the Seller or withhold or purport to set off any payments due to the Seller under the SSPA. (g) Notwithstanding anything to the contrary, the Parties confirm and agree that the aggregate liability of the Seller to the Buyer for all claims made by the Buyer under the SSPA will not exceed aggregate of the Buyer's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA. 4.2 <u>Right of Seller to Terminate</u> (a) If the Buyer breaches a term of the SSPA in a material respect, then the Seller may notify the Buyer to remedy the breach within 30 days after receipt of the written notice.	obligations, rights or claims against each other.

Salient Terms of the SSPA	FHCA's comments
(b) If the Buyer fails to remedy the breach within the period specified in 4.2(a) above, then the Seller may within 14 days after the period specified in 4.2(a) above, give a written notice to the Buyer electing either to – (1) waive, discharge and release all its rights and entitlements under the relevant breach and complete the SSPA at the Purchase Consideration; or (2) terminate its obligation to sell the Target Shares by giving a Notice of Termination. (c) If the Seller fails to give written notice within the period 14 days to specify its election in accordance with 4.2(b) above, the Seller is deemed to have elected to complete the SSPA at the Purchase Consideration and waive, discharge and release all its rights and entitlements under the relevant breach. (d) If the Seller issue a Notice of Termination under 4.2(b) in respect of a breach under 4.2(a) above then the Buyer must pay the aggregate of the Seller's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA incurred up until the date of the Notice of Termination as agreed liquidated damages within 30 days of the date on which the Notice of Termination was issued and thereafter, the SSPA shall cease to have any effect and shall become null and void and neither of the Parties shall have any further claims against the other. (e) For the avoidance of doubt, the Parties confirm and agree that the aggregate liability of the Buyer to the Seller shall be limited to the aggregate of the Seller's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA incurred up until the date of the Notice of Termination, for all claims made by the Seller under the SSPA. (f) The Buyer and the Seller agree and acknowledge that the agreed liquidated damages in 4.2(e) above: (1) is not a penalty; and (2) comprises reasonable compensation to the Seller. (g) The Seller undertakes and covenants to the Buyer that, if the Seller elects to complete the SSPA pursuant to 4.2(b)(1) above, the Seller shall have no rights or entitlements whatsoever in respect thereof and the Seller undertakes and covenants to the Buyer that the Seller will not make any claims whatsoever against the Buyer or withhold or purport to set off any payments due to the Buyer under the SSPA. (h) Notwithstanding anything to the contrary, the Parties confirm and agree that the aggregate liability of the Buyer for all claims made by the Seller under the SSPA will not exceed aggregate of the Seller's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA.	

Salient Terms of the SSPA	FHCA's comments
4.3 <u>Effect of termination</u> Upon termination of the SSPA, subject to 4.1(d), 4.1(e), 4.1(g), 4.2(e), 4.2(f), and 4.2(h) above, none of the Parties shall have any further rights, claims or entitlements against the other Parties.	

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

7 OUTLOOK AND PROSPECTS

Malaysia economic outlook

Malaysia's economy expanded by 6.9% in the first half of 2022 underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of COVID-19 with the surging tourist arrivals. Furthermore, the growth momentum was attributed to the Government's consistent policy support, particularly with the implementation of initiatives under the Budget 2022 since the start of the year, as well as the spillover effects from the Budget 2021 measures coupled with various assistance and stimulus packages.

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the year. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the Leading Index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country transitions into endemicity. For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% – 7%. The domestic economy remains resilient and is forecast to expand between 4% – 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

The level of monetary accommodation was reduced following strong domestic growth prospects in an environment of moderate inflationary pressures. Consequently, the Overnight Policy Rate (OPR) was increased three times, in May, July and September 2022 respectively, to a total of 75 basis points (bps) to 2.5% from its historical low of 1.75% held since 7 July 2020. The hike in the OPR was conducted in line with strong domestic economic performance. However, given that pre-pandemic OPR levels were much higher at 3% to 3.25%, the stance of monetary policy in 2022 remains accommodative and supportive of sustainable economic growth in environment of price stability.

Furthermore, the Monetary Policy Committee of Bank Negara Malaysia (BNM) had emphasised that the pace of interest rate normalisation would be implemented in a measured and gradual manner to ensure that the market could adjust accordingly. Moving forward, the domestic financial system remains resilient supported by strong governance and prudent risk management practices despite the strengthening of the USD against major currencies and challenging global growth prospects. Moreover, Malaysia's Capital Market Masterplan 2021 – 2025 and Financial Sector Blueprint 2022 – 2026, which outline the visions and strategies for the development of the nation's financial sector will further enhance the overall financial market performance in line with the evolving economic and financial landscape.

(Source: Economic Outlook 2023 – Ministry of Finance, 7 October 2022)

Overview and outlook of the capital market

During the first seven months of 2022, the gross funds raised in the capital market grew by 1.4% to RM165.2 billion. The moderate increase was contributed mainly by the public sector's gross fundraising activities, which recorded an expansion of 5.7% to RM102.9 billion. In contrast, gross funds raised by the private sector declined by 5% to RM62.3 billion within the same period.

For the public sector, the issuances of Malaysian Government Securities (MGS) and Malaysian Government Investment Issues (MGII) increased by 9.3% and 2.1%, respectively, during the first seven months of 2022. The gross funds raised from MGS recorded RM53 billion, while MGII stood at RM49.9 billion. The funds were mainly utilised for development expenditures and commitments for the COVID-19 Fund as stipulated by the Temporary Measures for Government Financing. (Coronavirus Disease 2019 (COVID-19)) Act 2020 (Act 830). Meanwhile, non-resident holdings of both outstanding MGS and MGII stood at 35.5% and 8.9%, respectively, as at end-July 2022.

For the private sector, gross funds raised were primarily via new issuances of corporate bonds and sukuk composed mainly from medium-term notes at RM59.4 billion, followed by Islamic bonds (RM453.1 million) and straight bonds (RM222.3 million). Most of the funds were raised by companies within the finance, insurance, real estate and business services (52.9%), followed by electricity, gas and water (15.9%), as well as manufacturing (8.5%) sectors. The funds were mainly used to finance infrastructure projects, new business activities and working capital. Meanwhile, gross funds raised via the domestic equity market recorded RM2.3 billion, exclusively contributed via Initial Public Offerings (IPOs) which expanded by 27.6%. The highest proportion of the overall IPOs proceeds came from the industrial products and services, as well as consumer products and services sectors in the Main Market. The IPOs of newly listed companies continue to receive substantial support from domestic investors.

During the first seven months of 2022, the MGS and corporate bond yields generally trended upwards across all tenures. The higher yield environment was due to upward adjustment of the OPR by a cumulative of 50 bps, supported by encouraging domestic gross domestic product growth and a favourable labour market condition. Moreover, the domestic yield movements were influenced by the global debt market response to external monetary developments, particularly concerning aggressive monetary policy tightening undertaken by central banks of advanced economies to curb persistently high inflationary pressures.

Overall, government and corporate bond yields generally increased across all tenures from end-December 2021 to end-July 2022. The Government Securities yield rose steadily with the 1-year, 3-year, 5-year, and 10-year MGS yields increasing within the range of 32 basis points (bps) to 114 bps. Meanwhile, the corporate bond yields on the 5-year AAA-rated, AA-rated and A-rated securities increased within the range of 74 bps to 78 bps during the same period. The yield trend in the corporate debt market reflects higher capital cost and a greater required rate of return amid rising interest rates.

(Source: Economic Outlook 2023 – Ministry of Finance, 7 October 2022)

Overview and outlook of the stock brokerage services

In 2019, retail participation grew to 24.5% of total market value traded. During the year, Bursa Securities launched Bursa Anywhere, a new mobile application for retail investors to access a wide range of central depository services on-demand. As at the end of 2019, the application registered on the Bursa Anywhere mobile application was 40,380 users. Further, Bursa Securities provided new products and services, advocacy programmes and collaborations with its brokers and other partners to grow retail participation in our marketplace. Bursa Malaysia also deployed direct-marketing initiatives through on-the-ground and digital initiatives to educate existing and potential retail investors on the merits of equity investments, and leveraged on its digital and social media presence to create awareness. Bursa Malaysia continued to leverage on technology in 2019 to widen its appeal to the digitally-minded generation. In line with that, Bursa Securities launched BursaMKTPLC 2.0, an upgrade from its original platform with new features including the Mirror, Learn & Trade ("MLT") virtual learning programme. MLT is a platform that helps develop better investing habits amongst retailers by allowing them to mirror or copy the trading patterns of professional traders. By

the end of 2019, the BursaMKTPLC 2.0 had registered 693,386 users representing an increase of 1,173.0% from 2018.

In 2020, there was a rise in of retail participation in the securities market as retail investors turned to the stock market to invest in wealth creation and asset preservation. The increased trading activity of retail investors supported Malaysian counters amidst heavy selling by foreign investors, which was seen in most ASEAN markets. In 2020, total net buy by retail investors amounted to RM14.3 billion while total retail average daily value traded reached RM1.6 billion (2019: RM473.5 million), recording a 235.6% year-on-year increase.

Retail investors continued investing in 2021, and accounted for 38.0% of total ADV in both 2020 and 2021, representing a significant increase from retail ADV prior to the COVID-19 pandemic. Almost two-thirds of new Central Depository System (“**CDS**”) accounts opened in 2021 were by millennials, indicating a growing interest among the younger generation of investors.

The growing retail participation signifies the vibrancy of Malaysia’s securities market and is anticipated to support more fundraising activities in the capital markets by entrepreneurs and companies, thereby creating corresponding demand for financial services such as corporate finance advisory services as well as stockbroking services.

(Source: Independent Market Research Report on the Financial Services for the Equities Market in Malaysia prepared by Providence Strategic Partners Sdn Bhd, as extracted from the circular dated 28 December 2022 issued by SYF in relation to the SYF Proposals)

8 RISK FACTORS

We take note of the risk factors as disclosed in Section 5, Part A of the Circular.

As the Proposed M&A Disposal is technically a reverse take-over exercise, Insas is already exposed to the risks associated with the stockbroking and investment banking industry. The following are the key risk factors and our comments relating to the Proposed M&A Disposal:

8.1 Completion risk

We are of the view that the completion risk of the Proposed M&A Disposal is an expected risk of any proposals of such nature. We noted that in the event any of the conditions precedent of the SSPA are not able to be fulfilled, some of which are beyond the control of Insas, Insas will not be able to complete the Proposed M&A Disposal, thus resulting in non-materialisation of the potential benefits expected from the Proposed M&A Disposal. We also note that as the SYF Proposals are inter-conditional, non-completion of any one of the SYF Proposals will also affect the Proposed M&A Disposal.

8.2 Business risk of SYF Group

Through the Consideration Shares, Insas will be subject to some risks associated with the property development industry. However, we do note that the property development project currently undertaken by SYF Group is nearing completion and vacant possession to end purchaser is expected in January 2023. In addition to that, the remaining two (2) parcels of freehold land in SYF Group are expected to be disposed within one (1) year upon completion of the Proposed M&A Disposal.

Aside from that, Insas will also be exposed to risks associated with the stock market through the holding of the Consideration Shares. Upon completion, M&A Group, held through M&A Equity Holdings Berhad will be a listed entity which is subjected to additional external and internal factors that contribute to the volatility, trading volume and prices of companies listed on the Bursa Securities and these add risk to future volatility of the market price of the Consideration Shares held by Insas.

However, the benefit arising from the Consideration Shares, its marketability, liquidity and pledgeability were discussed in Section 5 of this IAL, which are subject to, amongst others, the successful implementation and

operation of M&A Securities, of which theoretically will improve the marketability, liquidity and pledgeability of the Consideration Shares in the future.

It should also be noted that social and economic conditions in Southeast Asia have been affected by the COVID-19 outbreak in 2020 (which continued unabated into 2022) and the implementation of various lockdowns and the closure of international borders over the past two (2) years. Despite the high vaccination rate and the recent re-opening of economic activities, the near-term outlook remains uncertain and any surge in infection rate and/or discovery of new COVID-19 variant of concerns may result in governments around this region re-implementing orders/policies, which may restrict business activities.

As such, there could potentially be disruption to various industries, and progress and recovery may be slower during this period amidst market uncertainty.

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

In evaluating the Proposed M&A Disposal, non-interested shareholders of the Company should carefully consider the said risk factors and their respective mitigating factors prior to voting on the resolution pertaining to the Proposed M&A Disposal at the forthcoming EGM of the Company. Non-interest shareholders of the Company should also note that the risk factors mentioned therein are not meant to be exhaustive.

9 EFFECTS OF THE PROPOSED M&A DISPOSAL

The effects of the Proposed M&A Disposal as disclosed in Section 6, Part A of the Circular are as follows:

i. Issued share capital

The Proposed M&A Disposal will not have any effect on the issued share capital of Insas as it does not involve the issuance of shares by Insas.

ii. NA and gearing

The gearing of Insas will increase marginally from 0.19 times to 0.20 times following the Proposed M&A Disposal due to the pro forma consolidation of SYF Group's debt obligations. Despite that, we note that there is no recourse to Insas for such debt obligations. Any changes in Insas's ownership interest in M&A Group will be accounted for as equity transactions.

	Audited As at 30 June 2022 RM'000	^[3] After Proposed M&A Disposal RM'000
Share capital	873,700	873,700
Treasury shares	(14,499)	(14,499)
Reserves	40,032	40,032
Retained earnings	1,294,856	^[1] ^[2] 1,307,262
	2,194,089	2,206,495
Non-controlling interest	(839)	^[1] 101,682
	2,193,250	2,308,177
No. of Insas shares (excluding treasury shares) ('000)	663,021	663,021
NA per Insas share (RM)	3.31	3.33
Total borrowings (RM'000)	409,809	^[4] 432,615
Gearing (times)	0.19	0.20

Notes:

- [1] The Proposed M&A Disposal does not result in a loss of control of M&A Group. Any changes in Insas's ownership interest in M&A Group are accounted for as equity transactions in the statements of changes in equity. This will result in an increase in non-controlling interest of RM102.5 million and increase in Insas' retained earnings of RM13.9 million.
- [2] The estimated expenses of RM1.5 million shall be utilised for the payment of professional fees and other miscellaneous expenses in relation to the Proposal M&A Disposal. The breakdown of the estimated expenses are as follows: -

	RM'000
Professional fees ^(a)	1,000
Printing, advertising fees and contingencies ^(b)	500
Total	1,500

Notes:

- a) Included advisory fees for amongst others, the Principal Adviser, Independent Adviser and solicitors.
- b) Other incidental or related expenses in connection with the Proposed M&A Disposal.
- [3] Based on the pro forma effects of the Proposed SYF Disposals and Proposed Special Dividend and/or Capital Repayment derived from the latest audited financial statements of SYF Group for FYE 31 July 2022 assuming that the said proposals have been completed on 31 July 2022.
- [4] After adding the pro forma total borrowings of SYF Group as at 31 July 2022 after the Proposed SYF Disposals and Proposed Special Dividend and/or Capital Repayment (excluding Seng Yip and after redemption of the 2 parcels of land pursuant to the Proposed Land Disposal) amounting to RM22.8 million. Notwithstanding the consolidation of SYF Group's debt obligations, there is no recourse to Insas for such debt obligations.

iii. Earnings and EPS

Based on the latest audited consolidated financial statements for FYE 30 June 2022, M&A Group had contributed a PAT of RM17.9 million to Insas. Nevertheless, the Proposed M&A Disposal is not expected to have a material effect on the earnings and EPS of Insas Group as the Proposed M&A disposal does not results in a loss of control or deconsolidation of M&A Group. The Proposed M&A Disposal however results in an increase in PAT attributable to the non-controlling interest of RM5.3 million.

iv. Substantial shareholders' shareholdings

The Proposed M&A Disposal will not have any effect on the shareholdings of the substantial shareholders of Insas as it does not involve the issuance of shares by Insas.

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

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10 CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed M&A Disposal and have set out our evaluation in Sections 4 to 9 of this IAL.

We summarise the potential advantages and disadvantages of the Proposed M&A Disposal as follows:

Potential Advantages	Potential Disadvantages
i. Insas will be able to monetize its investment in M&A Group. ii. Insas will have gained financial flexibility to source for future investment opportunities. iii. The listing of M&A Group via M&A Equity Holdings Berhad will lead to benefits which will flow back to Insas in the future.	i. Dilution effect to the shareholdings of Insas in the M&A Group. ii. The shares of M&A Group, held through M&A Equity Holdings Berhad will be directly affected by market forces and any other risks of being a listed entity.

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

In addition to the assessment on the fairness and reasonable of the Proposed M&A Disposal, FHCA had also reviewed the potential conflict of interest arising from M&A Securities acting as Principal Advisor to Insas for the Proposed M&A Disposal in view that M&A Securities is also the subject of the Proposed M&A Disposal. We have reviewed the preparation of the Circular by M&A Securities in relation to the Proposed M&A Disposal and are of the opinion that the Circular complies with the MMLR and Chapter 4 of the SC's Licensing Handbook.

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

Before arriving at the decision to vote on the resolution pertaining to the Proposed M&A Disposal, it is pertinent that the non-interested shareholders of the Company consider the issues and implication raised in this IAL as well as other considerations set out in Part A of the Circular carefully and the recommendation of the Board (save for the Interested Directors) as set out in Section 12, Part A of the Circular.

Yours faithfully

FHMH CORPORATE ADVISORY SDN BHD


DING SI-LYNN
 Director
 Investment Representative
 eCMSRL/B8965/2019


ANDREW HENG
 Director
 Investment Representative
 eCMSRL/B9095/2019

1. HISTORY

The history of M&A Securities can be traced back to the founding of Perak Traders & Co. Perak Traders & Co. was founded as a stockbroking partnership in Malaysia on 15 June 1963. Perak Traders & Co. Sendirian was later incorporated in Malaysia on 2 July 1973 as a private unlimited company and the stockbroking business of Perak Traders & Co. was acquired by Perak Traders & Co. Sendirian on 1 July 1974.

Perak Traders & Co Sendirian was officially recognised as a member company of the Kuala Lumpur Stock Exchange ("**KLSE**") when KLSE was incorporated on 27 December 1976, and Perak Traders & Co Sendirian held a dealer's license issued by the Registrar of Companies under the Securities Industry Act 1983.

Perak Traders & Co Sendirian subsequently converted to a private limited company on 15 May 1986 and was known as Perak Traders & Co Sdn Bhd. It later adopted its present name on 20 December 1993.

In 1994, Insas acquired the entire share capital of M&A Securities.

In 2002, M&A Securities was accorded a 1+1 broker status upon completion of the merger of the stockbroking business of M&A Securities and FIMA Securities Sdn Bhd ("**FIMA Securities**"). This merger allowed M&A Securities to expand its stockbroking business by converting FIMA Securities' stockbroking business into a branch office with premises in Mid Valley City, Kuala Lumpur.

In 2004, M&A Securities was admitted as a participating organisation of Bursa Securities, subsequent to the demutualisation of KLSE.

In 2009, M&A Securities diversified and ventured into corporate finance services and was approved by Bursa Securities and licensed by the SC to carry out a new regulated activity, namely advising on corporate finance. In the same year, M&A Securities was also admitted by the SC to the Approved List of Principal Advisers Submitting Specific Corporate Proposals and admitted by Bursa Securities to the List of Sponsors for ACE Market. In 2017, M&A Securities became a registered Approved Adviser and Continuing Adviser for the LEAP Market. Later, in 2021, M&A Securities was admitted by the SC to the Register of Recognised Principal Advisers. With the various recognitions, admissions by the SC and Bursa Securities, M&A Securities is permitted to carry out the activities of stock broking and dealing in securities and provision of corporate finance and advisory services. In addition, M&A Securities, through its subsidiaries, are also engaged as nominee agent and provision of registration services and property investment. The scope of works permitted to be undertaken by M&A Securities include stockbrokerage services (i.e. securities dealing services such as buying and selling of securities listed on the Main, ACE and LEAP Markets of Bursa Securities as well as other foreign exchanges on behalf of its clients or investors and provision of share margin financing facilities to clients to complement its stockbroking business) as well as corporate finance services (i.e. corporate advisory services such as initial public offering, acquisitions and disposals, take-overs, capital fund raising exercise, transfer of listing, general corporate finance advisory as well as placement and underwriting services).

M&A Securities is not listed on any stock exchange.

2. BUSINESS OVERVIEW

M&A Securities is principally involved in stock broking and dealing in securities and provision of corporate finance and advisory services. M&A Securities, through its subsidiaries, are also engaged as nominee agent and provision of registration services and property investment.

APPENDIX I – INFORMATION ON M&A GROUP (Cont'd)

M&A Securities' principal office is located in Kuala Lumpur and it currently has 5 branches located in Kuala Lumpur, Ipoh, Penang and Johor Bahru.

As at LPD, M&A Securities has 152 licensed representatives that possess Capital Markets Services Representative License, of which 14 licensed representatives support its corporate finance business and 138 licensed representatives support its stockbroking business.

As a service provider in the capital market, the principal assets of M&A Securities are its trade receivables, deposits with licensed banks and cash and bank balances, which collectively accounted for 78.6% of its total assets as at 30 June 2022.

The revenue of M&A Group by business segments are set out below:

	Audited							
	FYE 30 June							
	2019		2020		2021		2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Stock brokerage services	17,955	68.2	24,832	67.2	52,931	76.8	28,418	58.6
Corporate finance advisory services	8,359	31.8	12,146	32.8	15,975	23.2	20,111	41.4
Property investment	-	-	-	-	-	-	12	<0.1
	26,314	100.0	36,978	100.0	68,906	100.0	48,541	100.0

3. SHARE CAPITAL

As at LPD, M&A Securities' share capital is RM100,000,000 comprising 100,000,000 ordinary shares. As at LPD, M&A Securities also has 60,000,000 RCPS in issue at RM1.00 each totaling RM60,000,000.

4. BOARD OF DIRECTORS

As at LPD, the Board of Directors of M&A Securities are as follows:

Name/ Nationality	Designation
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP/ Malaysian	Independent Non-Executive Chairperson
Dato' Thong Kok Yoon/ Malaysian	Executive Director, Dealing
Datuk Tan Choon Peow/ Malaysian	Executive Director, Corporate Finance
Goh Hock Jin/ Malaysian	Executive Director, Operations
Dato' Wong Gian Kui/ Malaysian	Non-Independent Non-Executive Director
Dato' Ng Jet Heong/ Malaysian	Independent Non-Executive Director
Dato' Yong Lei Choo/ Malaysian	Independent Non-Executive Director

5. SUBSTANTIAL SHAREHOLDERS

M&A Securities is a wholly-owned subsidiary of Insas.

APPENDIX I – INFORMATION ON M&A GROUP (Cont'd)

6. SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of the subsidiaries of M&A Securities as at LPD are as follows:

Name of subsidiary	Date & place of incorporation	Principal activity	Issued share capital RM	% ownership
M&A Nom (A)	20 October 1994, Malaysia	Nominee agent and registration services	2	100.0
M&A Nom (T)	20 October 1994, Malaysia	Nominee agent and registration services	2	100.0
Venturescape	23 September 2021, Malaysia	Property investment	1 (ordinary share)	100.0
			13,800,000 (redeemable convertible preference shares)	100.0

As at LPD, M&A Securities does not have any associated company.

7. MATERIAL CONTRACTS

Save as disclosed below, as at LPD, M&A Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular:

- (i) On 27 January 2022, Venturescape and Delta Crest (M) Sdn Bhd (a subsidiary of Insas) entered into a sale and purchase agreement for the acquisition by Venturescape of a 10-storey corporate office building with a 4-storey car park known as "M & A Building" in Ipoh for a cash consideration of RM13.8 million. The acquisition of M & A Building was completed on 26 April 2022.

8. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, save as disclosed below, M&A Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Directors of M&A Group has no knowledge of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of M&A Group:

- (a) On 29 April 1997, M&A Securities ("**Respondent**") entered into an agreement with Yongbena Sdn Bhd ("**Claimant**") to construct a 10-storey corporate office building with a 4-storey car park known as "M & A Building" in Ipoh for the contract price of RM10,612,181.41 ("**Agreement**").

On 14 September 2001, the Claimant brought a claim of RM4,035,897.39 against M&A Securities for balance outstanding due under certain invoices and additional variation works not certified in the interim certificates together with interest and costs. However, the Claimant has since amended its claim, and the total sum claimed now is RM4,009,647.39.

APPENDIX I – INFORMATION ON M&A GROUP (Cont'd)

On 26 October 2001, M&A Securities brought a counter-claim of RM1,176,485.28 against the Claimant for general damages for breach of the Agreement, liquidated ascertained damages and rental expenses due to the Claimant's breach of the Agreement.

The matter was referred to arbitration in 2000 and the first day of arbitration was on 17 June 2003. The hearings have taken place from 18 June 2003 to 17 March 2020. As at LPD, the arbitration is still ongoing, and a next hearing date has not yet been set.

M&A Securities' solicitors is of the opinion that M&A Securities has a fair chance in successfully proving its defense and its counterclaim is also contingent on this. However, M&A Securities' maximum exposure is the total sum claimed i.e. RM4,009,647.39 (without interest).

9. MATERIAL COMMITMENTS

As at LPD, there are no material commitments incurred or known to be incurred by M&A Group that is likely to have an impact on M&A Group's profits or NA upon becoming enforceable.

10. CONTINGENT LIABILITIES

As at LPD, there are no contingent liabilities incurred or known to be incurred by M&A Group that is likely to have an impact on M&A Group's profits or NA upon becoming enforceable.

11. FINANCIAL INFORMATION

In accordance with paragraph 4 of Malaysian Financial Reporting Standards 10, Consolidated Financial Statements, M&A Securities does not prepare a consolidated financial statement as it is wholly-owned by Insas and as such is exempted from doing so. As such, the financial information presented below relates to the consolidated financial information of M&A Group, which has been prepared by the management of Insas for purposes of inclusion in this Circular only, and is based on the audited financial statements of M&A Securities and its subsidiaries. For information, the latest audited financial statements of M&A Securities and each of its subsidiaries for FYE 2022 are set out in Appendix III(A) to III(D).

	FYE 30 June			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
Revenue	26,314	36,978	68,906	48,541
Other items of income	15,791	18,646	33,291	28,900
Items of expense	(33,353)	(42,855)	(77,420)	(54,632)
PBT	8,752	12,769	24,777	22,809
PAT	6,552	9,172	18,764	17,916
Shareholders' funds/ NA	169,063	170,288	182,707	193,374
Total borrowings ⁽¹⁾	21,774	20,969	77,209	60,780
No. of shares ('000)	100,000	100,000	100,000	100,000
Net EPS (sen)	6.55	9.17	18.76	17.92
NA per share (RM)	1.69	1.70	1.83	1.93

APPENDIX I – INFORMATION ON M&A GROUP (Cont'd)

	FYE 30 June			
	2019	2020	2021	2022
	RM'000	RM'000	RM'000	RM'000
PBT margin (%)	33.3	34.5	36.0	47.0
Net margin (%)	24.9	24.8	27.2	36.9
Current ratio (times)	3.35	1.99	1.90	2.11
Gearing (times)	0.13	0.12	0.42	0.31

Note:

- (1) Including amount due to a related company (Insas Technology Berhad) of RM50.3 million which was used to finance the working capital of M&A Securities.

11.1 Commentary on past performance of M&A Group**FYE 30 June 2020 compared to FYE 30 June 2019**

Revenue increased by 40.7% to RM37.0 million in FYE 30 June 2020 (FYE 30 June 2019: RM26.3 million) mainly due to:

- (a) Gross brokerage fee income which increased by RM6.2 million arising from increase in average daily trading value of 49.7% to RM27.7 million in FYE 30 June 2020 (FYE 30 June 2019: RM18.5 million) and increase in trading volume of 113.0% to 32.8 billion units of securities in FYE 30 June 2020 (FYE 30 June 2019: 15.4 billion); and
- (b) Corporate finance advisory fee income which increased by RM3.8 million. During FYE 30 June 2020, M&A Securities completed 37 corporate finance engagements inclusive of 10 fund raising and 6 IPOs (FYE 30 June 2019: 35 corporate finance engagements inclusive of 12 fund raising and 6 IPOs).

As a result of higher revenue, PAT increased to RM9.2 million in FYE 30 June 2020 (FYE 30 June 2019: RM6.6 million), with no major fluctuation in PBT margin of 34.5% in FYE 30 June 2020 (FYE 30 June 2019: 33.3%).

FYE 30 June 2021 compared to FYE 30 June 2020

Revenue increased by 86.2% to RM68.9 million in FYE 30 June 2021 (FYE 30 June 2020: RM37.0 million) mainly due to:

- (a) Gross brokerage fee income which increased by RM25.7 million. This was mainly driven by strong performance of the banking, rubber glove, palm oil, semi-conductors and technology sectors, positive investment sentiment resulting in general increase in trading volume and activities on Bursa Securities during FYE 30 June 2021. M&A Securities' average daily trading value increased by 175.1% to RM76.2 million in FYE 30 June 2021 (FYE 30 June 2020: RM27.7 million) and trading volume increased by 50.3% to 49.3 billion units of securities in FYE 30 June 2021 (FYE 30 June 2020: 32.8 billion);
- (b) Margin interest income which increased by RM1.5 million due to increase in margin loan portfolio to RM107.5 million in FYE 30 June 2021 (FYE 30 June 2020: RM72.7 million) arising from higher trading activities by clients funded by margin loans; and

APPENDIX I – INFORMATION ON M&A GROUP (Cont'd)

- (c) Corporate finance advisory fee income which increased by RM3.8 million. During FYE 30 June 2021, M&A Securities completed 82 corporate finance engagements inclusive of 32 fund raising and 8 IPOs (FYE 30 June 2020: 37 corporate finance engagements inclusive of 10 fund raising and 6 IPOs). Although the number of corporate finance engagements have doubled, the increment in corporate finance advisory fee income did not commensurate as M&A Securities secured more engagements which were smaller in size; and where the nature of such engagements involved less advisory/deal structuring and were skewed towards fund raising such as private placements and special issues.

M&A Securities successfully raised RM1.1 billion for its clients from the equity capital market in FYE 30 June 2021 (FYE 30 June 2020: RM408.8 million). In tandem with the higher fund raising completed in FYE 30 June 2021, M&A Securities recorded higher placement and underwriting fee. Placement and underwriting fee which are captured under "Other items of income" was RM19.7 million in FYE 30 June 2021 (FYE 30 June 2020: RM9.6 million). This contributed to the overall increase in other items of income from RM18.6 million in FYE 30 June 2020 to RM33.3 million in FYE 30 June 2021.

PBT increased to RM24.8 million for FYE 30 June 2021 (FYE 30 June 2020: RM12.8 million) mainly due to higher revenue as well as higher other items of income specifically placement and underwriting fee. PBT margin increased to 36.0% for FYE 30 June 2021 (FYE 30 June 2020: 34.5%) as M&A Securities was able to generate higher revenue as well as placement and underwriting fee for FYE 30 June 2021 on the back of its existing resources without a corresponding increase in cost.

FYE 30 June 2022 compared to FYE 30 June 2021

Revenue decreased by 29.6% to RM48.5 million in FYE 30 June 2022 (FYE 30 June 2021 RM68.9 million) mainly due to gross brokerage fee income which decreased by RM24.4 million. This was due to lower trading activities as average daily trading value decreased by 57.0% to RM32.8 million in FYE 30 June 2022 (FYE 30 June 2021: RM76.2 million) and trading volume decreased by 25.6% to 36.7 billion units of securities in FYE 30 June 2022 (FYE 30 June 2021: 49.3 billion); mainly driven by a decline in the performance of rubber glove, technology and construction sectors and softer investment sentiment since second half of year 2021 and up to second quarter of year 2022 over concerns and uncertainties over the global macroeconomics in terms of interest rate hikes, inflation, the Russia-Ukraine conflict and political uncertainties in Malaysia. As a result, M&A Securities saw some retail investors shifting to other less volatile investment products such as Employees Proficient Fund and Amanah Saham Nasional Bhd.

The lower revenue was offset by higher corporate finance advisory fee income which increased by RM4.1 million. During FYE 30 June 2022, M&A Securities completed 64 corporate finance engagements inclusive of 25 fund raising and 7 IPOs (FYE 30 June 2021: 82 corporate finance engagements inclusive of 32 fund raising and 8 IPOs). Although the number of corporate finance engagements reduced, the transaction value of those corporate finance engagements was higher than FYE 30 June 2021. Total funds raised from corporate finance engagements in FYE 30 June 2022 amounted to RM2.1 billion compared to RM1.2 billion in FYE 30 June 2021. M&A Securities generally price their corporate finance advisory fee based on the transaction value.

In tandem with higher fund raising completed in FYE 30 June 2022, M&A Securities recorded higher placement and underwriting fee. Placement and underwriting fee was RM21.9 million in FYE 30 June 2022 (FYE 30 June 2021: RM19.7 million). Despite higher placement and underwriting fee, other items of income decreased from RM33.3 million in FYE 30 June 2021 to RM28.9 million in FYE 30 June 2022 resulted from decrease in reversal of impairment loss of trade receivables to RM0.3 million in FYE 30 June 2022 (FYE 30 June 2021: RM3.9 million), zero gain on changes in fair value of financial assets at fair value through profit or loss (FYE 30 June 2021: RM1.58 million) and lower administrative and handling charges of RM3.5 million in FYE 30 June 2022 (FYE 30 June 2021: RM4.4 million), mainly due to lesser custodian and nominee services provided to clients.

APPENDIX I – INFORMATION ON M&A GROUP (Cont'd)

Despite the lower revenue and other items of income, M&A Securities was able to sustain its PBT at RM22.8 million for FYE 30 June 2022 (FYE 30 June 2021: RM24.8 million). PBT margin increased to 47.0% for FYE 30 June 2022 (FYE 30 June 2021: 36.0%) as M&A Securities was able to generate higher placement and underwriting fee for FYE 30 June 2022 on the back of its existing resources without a corresponding increase in cost.

11.2 Accounting policies and audit qualification

For the financial years under review:

- (a) there were no exceptional or extraordinary items reported in the audited financial statements of M&A Group;
- (b) there are no accounting policies adopted by M&A Group which are peculiar to due to the nature of its business or the industry in which it is involved in; and
- (c) the external auditors of M&A Group have not issued any audit qualification on its financial statements.

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APPENDIX II – INFORMATION ON SYF

1. HISTORY

SYF was incorporated as a private limited company under the name of Exclusive Symbol Sdn Bhd on 20 October 1995 in Malaysia under the Companies Act, 1965. On 2 February 1996, it changed its name to Tomisho Holding Sdn Bhd and subsequently to Tomisho Holdings Sdn Bhd on 27 November 1996. On 16 December 1997, SYF converted into a public limited company under the name of Tomisho Holdings Berhad and on 13 February 2004, it assumed its present name.

SYF was listed on the former Second Board of Kuala Lumpur Stock Exchange (now known as Bursa Securities) on 8 March 2000 and subsequently transferred its listing status to the Main Board of Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) on 3 August 2009, following the merger of the former Main Board and Second Board of Bursa Securities.

2. BUSINESS OVERVIEW

SYF is principally an investment holding company. As at LPD, SYF Group is principally involved in rubberwood furniture manufacturing and materials processing as well as property development and construction.

SYF's principal place of business is at Kawasan Perindustrian Sungai Lalang, Lot 974, Mukim Semenyih, Jalan Sungai Lalang, 43500 Semenyih, Selangor. The principal market where SYF Group operates its rubberwood furniture and property development businesses is Selangor.

For FYE 31 July 2022, the rubberwood furniture manufacturing and materials processing and property development segments accounted for 58.8% and 41.2% of SYF Group's revenue respectively.

Rubberwood furniture manufacturing and materials processing

The rubberwood furniture manufacturing and materials processing segment of SYF Group are undertaken by Seng Yip. SYF Group is a one-stop manufacturer with end-to-end capabilities whereby its processes encompass sawmilling, chemical treatment of sawn timber, kiln drying, materials processing and manufacturing of component parts to finishing and assembly of completed furniture. SYF Group's manufacturing facilities covers 36 acres of industrial land and are fully integrated. Another wholly-owned subsidiary of SYF, which was also involved in the furniture manufacturing namely Tomisho Sdn Bhd has ceased operations in November 2021. Revenue from the rubberwood furniture manufacturing and materials processing segment of SYF Group are predominantly been domestic based, details as follows:

		FYE 31 July							
		2019		2020		2021		2022	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
Domestic		92,475	70.1	76,599	70.9	101,345	84.8	89,896	82.1
Foreign		39,451	29.9	31,417	29.1	18,144	15.2	19,476	17.9
		131,926	100.0	108,016	100.0	119,489	100.0	109,372	100.0

APPENDIX II – INFORMATION ON SYF (Cont'd)

The annual production capacity and output of the rubberwood furniture manufacturing and materials processing segment of SYF Group are as follows:

	FYE 31 July			
	2019	2020	2021	2022
	cubic metre	cubic metre	cubic metre	cubic metre
Maximum capacity ⁽¹⁾	97,000	97,000	97,000	97,000
Actual production output ⁽²⁾	68,158	55,730	59,797	55,773

Notes:

- (1) Computed based on all machines operating 8 hours per day multiplied by the total number of working days in a year.
- (2) Computed based on actual production output during the financial year.

Following the Proposed Seng Yip Disposal, SYF will cease its rubberwood furniture manufacturing and materials processing segment entirely.

Property development and construction

SYF Group is also involved in the development of industrial factories, residential houses, condominiums and commercial properties in the southern area of Klang Valley, specifically in Semenyih and Bandar Sungai Long, Mukim of Kajang, Selangor. As at LPD, SYF Group via its indirect 75%-owned subsidiary, Darul Majumas Sdn Bhd is involved in the on-going development of 3 blocks of high-rise condominiums comprising 486 residential units in Bandar Sungai Long, Selangor known as "Alstonia Residence" with total gross development value of RM339.0 million. As at LPD, almost 100% (save for one unit) of the development units have been sold and the project has achieved 95.0% stage of completion. The building was completed in June 2022 while the infrastructure and external works is expected to be completed by mid-January 2023. The target delivery of vacant possession to end purchasers is end March 2023. Revenue from the property development and construction segment of SYF Group are all domestic based.

Remaining assets after the Proposed SYF Disposals

Following the Proposed Land Disposal, SYF Group via its indirect wholly-owned subsidiary, Giat Armada Sdn Bhd still owns 2 parcels of freehold land in Semenyih held under Geran 312794, Lot 25299, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor and Geran 312793, Lot 25285, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor, measuring 20,020 square metres and 35,990 square metres respectively. These lands are earmarked for commercial development; however as at LPD, SYF Group does not have any development plan for these landbanks; and as such is not able to determine their gross development value. As at 31 July 2022, the audited total net book value of these lands is RM31.2 million. SYF intends to dispose of these lands within 1 year upon completion of the Proposed M&A Acquisition and focus in the financial services sector after completion of the SYF Proposals.

3. SHARE CAPITAL

As at LPD, the issued share capital of SYF is RM143,527,253, comprising 574,109,012 ordinary shares (including 5,236,000 treasury shares).

APPENDIX II – INFORMATION ON SYF (Cont'd)

4. BOARD OF DIRECTORS

As at LPD, the Board of Directors of SYF and their shareholdings in SYF are as follows:

Name/ Nationality	Designation	Direct		Indirect	
		No. of SYF Shares	%	No. of SYF Shares	%
Datuk Mohamed Arsad Bin Sehan ⁽¹⁾ / Malaysian	Independent Non- Executive Chairman	-	-	-	-
Dato' Sri Ng Ah Chai ⁽¹⁾ / Malaysian	Managing Director	134,276,200	23.60	⁽²⁾ 1,920,000	0.34
Dato' Sri Chee Hong Leong, JP/ Malaysian	Executive Director	41,156,600	7.23	-	-
Ng Wei Ping ⁽¹⁾ / Malaysian	Executive Director	-	-	-	-
Dato' Wong Gian Kui/ Malaysian	Non-Independent Non-Executive Director	-	-	-	-
Dato' Mohamad Azmi Bin Ali/ Malaysian	Independent Non- Executive Director	-	-	-	-
Dato' Abdul Rashid Bin Mat Amin/ Malaysian	Independent Non- Executive Director	-	-	-	-

Notes:

⁽¹⁾ He will resign from his position upon the completion of the SYF Proposals.

⁽²⁾ Deemed interest by virtue of the interests of his spouse.

Upon the completion of the SYF Proposals, the following persons will be appointed to the Board of Directors of SYF:

Name/ Nationality	Proposed designation	Direct		Indirect	
		No. of SYF Shares	⁽²⁾ %	No. of SYF Shares	%
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP/ Malaysian	Independent Non- Executive Chairperson	⁽¹⁾ 2,000,000	0.1	-	-
Datuk Tan Choon Peow/ Malaysian	Managing Director	⁽¹⁾ 50,000,000	2.5	-	-
Dato' Yong Lei Choo/ Malaysian	Independent Non- Executive Deputy Chairperson	-	-	-	-

APPENDIX II – INFORMATION ON SYF (Cont'd)

Notes:

- (1) Assuming that he/she will subscribe for the Restricted Issue Shares to be allocated to him/her as Eligible Person. As at LPD, they do not hold any SYF Shares.
- (2) Based on the enlarged share capital of SYF on completion of the SYF Proposals.

The profiles of the proposed Directors are set out below:

Datuk Tan Choon Peow, a Malaysian, aged 51, will be appointed as Managing Director of SYF pursuant to the Proposed M&A Acquisition. He is currently the Executive Director, Corporate Finance of M&A Securities, having been appointed to its Board of Directors on 18 March 2013.

Datuk Tan Choon Peow graduated with a Bachelor of Commerce from Murdoch University, Australia in 1993 and is a member of the Malaysian Institute of Accountants and Certified Practising Accountant of Australia, both since 1996. In 2001, he was registered as Chartered Accountant with the Malaysian Institute of Accountants.

He started his career in 1993 as an Audit Assistant with KPMG Peat Marwick where he was involved in various audit assignments. In 1997, he left the firm as Audit Senior to join Bright Rims Manufacturing Sdn Bhd as Group Financial Controller where he was responsible for managing its accounts and finance functions up to 2000. Between 2001 to 2004, he was attached to Leverage Management Sdn Bhd as Director where he was involved in the provision of corporate finance advisory.

He left Leverage Management Sdn Bhd in 2004 to join Avenue Securities Sdn Bhd as Associate Director, Corporate Finance. In 2007, he left ECM Libra Avenue Securities Sdn Bhd (merged entity of Avenue Securities Sdn Bhd and ECM Libra Securities Sdn Bhd) to join MIMB Investment Bank Berhad (now known as Hong Leong Investment Bank Berhad) as Director (non-board member) & Team Head, Investment Banking.

In 2009, he left the bank to join M&A Securities as Director, Corporate Finance (non-board member), where he leads the strategic direction of the department and has been instrumental to its business growth. He is also tasked with identifying new corporate finance deals and opportunities. He was subsequently appointed as Executive Director to the Board of Directors of M&A Securities in 2013.

Datuk Tan Choon Peow has more than 20 years of experience in accounting and corporate finance covering various capital market transactions such as initial public offerings, mergers and acquisitions, fund raising, takeovers and share placements.

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP, a Malaysian, aged 65, will be appointed as Independent Non-Executive Chairperson of SYF pursuant to the Proposed M&A Acquisition. She is currently Independent Chairperson of M&A Securities, having been appointed to its Board of Directors on 21 October 2013.

She graduated with a Diploma in Business Administration from Dorset Institute, United Kingdom in 1980 and has been a Director of TAS Industries Sdn Bhd (an investment holding and property development company in Kuala Lumpur) since 1990.

APPENDIX II – INFORMATION ON SYF (Cont'd)

She is also the Independent Non-Executive Chairperson of Insas (since 12 November 1986) and Divfex Berhad (formerly known as Diversified Gateway Solutions Berhad) (since 8 October 2018), both of which are listed on the Bursa Securities. With regards to her board position in Insas, she will be re-designated as a Non-Independent Non-Executive Director on or before 1 June 2023. She was also Independent Non-Executive Chairperson of Inari Amertron Berhad which is listed on the Bursa Securities since 21 September 2010 before her re-designation to Non-Independent Non-Executive Chairperson on 23 November 2022. She also sits on the board of directors of various private companies.

Dato' Yong Lei Choo, a Malaysian, aged 61, will be appointed as Independent Non-Executive Deputy Chairperson of SYF pursuant to the SYF Proposals.

Dato' Yong Lei Choo graduated with a Bachelor of Arts (Hons) in Population Studies from the University of Malaya, Malaysia in 1985 and also graduated with a Master of Science in Human Resources Development from Western Carolina University, North Carolina, USA in 1997.

She started her career in 1985 as a management trainee at a general insurance company in Kuala Lumpur. She left to join the Royal Malaysian Police Force as Cadet Assistant Superintendent of Police, in December 1986 and after training, she was posted to Taiping, Perak in the same month to undertake investigation, prosecution and administration works. In December 1987, she was transferred to Special Branch, Bukit Aman Headquarters and was attached to the Research & Analysis Division with the rank of Assistant Superintendent of Police.

In 1994, she worked at the External Intelligence Division with the rank of Deputy Superintendent of Police (DSP) and received a federal scholarship from the Public Service Department to pursue a Master of Science from Western Carolina University, North Carolina, USA in August 1995. In February 1997, she was attached to the Special Branch Headquarters as Administrative Management Officer and in February 1998, she became the Head of Special Branch of Petaling Jaya Police District.

In October 2000, she was reposted to the Research & Analysis Division, Special Branch Headquarters with the rank of Superintendent of Police (SUPT), and later, the Security Intelligence Division doing anti human trafficking. Thereafter, she was posted to The External Intelligence Division, taking on the role of PRC Affairs/Liaison in October 2001.

In October 2004, she was made the Assistant Director (Secretariat/Analysis) with the rank of Assistant Commissioner Police (ACP) and in September 2007, she was transferred to the Selangor Police Headquarters as the Deputy Head of Special Branch (Operational). In July 2009, she was made the Assistant Director of Secretariat/Analysis Division with the rank of Senior Assistant Commissioner (SAC) and in October 2011, she was made the Principal Assistant Director (Economic Intelligence Division).

In November 2015, she was transferred to Penang Police Contingent as the Special Branch Chief and in December 2016, she was transferred to Management Department at Police Headquarters Bukit Aman as the Principal Assistant Director (Personnel Records).

In November 2017, she promoted to Commandant of Royal Malaysian Police College Kuala Lumpur at Cheras with the rank of 2-star Deputy Commissioner Police (DCP). She reported to Kuala Lumpur Contingent as the Deputy Chief Police Officer of Kuala Lumpur from November 2019 up to her retirement in October 2021.

APPENDIX II – INFORMATION ON SYF (Cont'd)

On 14 and 17 January 2022, Dato' Yong was appointed as Independent Non-Executive Director of LBS Bina Group Berhad and Red Ideas Holdings Berhad, which are listed on the Main Market and LEAP Market of Bursa Securities respectively; and on 19 September 2022, she was re-designated as Independent Non-Executive Chairman of Red Ideas Holdings Berhad. On 21 April 2022 and 26 September 2022, she was also appointed as Independent Non-Executive Director of Vestland Berhad and Fiamma Holdings Berhad respectively, which are both listed on the Main Market of Bursa Securities.

5. SUBSTANTIAL SHAREHOLDERS

As at LPD, the substantial shareholders of SYF are as follows:

Name/ Nationality or Place of incorporation	Direct		Indirect	
	No. of SYF Shares	%	No. of SYF Shares	%
Dato' Sri Ng Ah Chai/ Malaysian	134,276,200	23.60	⁽¹⁾ 1,920,000	0.34
Dato' Sri Chee Hong Leong, JP/ Malaysian	41,156,600	7.23	-	-
Insas Plaza/ Malaysia	47,530,000	8.36	-	-
Insas/ Malaysia	-	-	⁽²⁾ 50,015,200	8.79
Dato' Sri Thong Kok Khee/ Malaysian	-	-	⁽³⁾ 50,015,200	8.79

Notes:

- (1) Deemed interest by virtue of the interests of his spouse.
- (2) Deemed interest by virtue of the interest held by Insas Plaza and Montego, both wholly-owned subsidiaries of Insas.
- (3) Deemed interest by virtue of his substantial interest in Insas.

6. SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of the subsidiaries of SYF as at LPD are as follows:

Name of subsidiary	Date and place of incorporation	Principal activity	Issued share capital RM'000	% ownership
Seng Yip	5 March 1993; Malaysia	Manufacture and trading of moulded timber, furniture products and timber treatment processing	20,000	100.0
Tomisho Sdn Bhd	2 September 1985; Malaysia	Dormant	22,500	100.0
SYF Venture Sdn Bhd	23 October 2004; Malaysia	Investment holding	100	100.0
<i>Held through SYF Venture Sdn Bhd</i>				
SYF Development Sdn Bhd	19 September 1989; Malaysia	Property development and trading of construction materials	2,100	100.0

APPENDIX II – INFORMATION ON SYF (Cont'd)

Name of subsidiary	Date and place of incorporation	Principal activity	Issued share capital RM'000	% ownership
SYF Construction Sdn Bhd	17 May 2002; Malaysia	Building contractor	1,000	100.0
<i>Held through SYF Development Sdn Bhd</i>				
Nikmat Sekitar	28 May 2015; Malaysia	Dormant	2,000	100.0
Nuri Meriah	15 May 2015; Malaysia	Dormant	2,000	100.0
Giat Armada Sdn Bhd	28 June 2011; Malaysia	Property developer	1,000	100.0
Darul Majumas Sdn Bhd	2 August 2011; Malaysia	Property developer	45,500	75.0

As at LPD, SYF does not have any associated company.

7. MATERIAL CONTRACTS

Save as disclosed below, as at LPD, SYF Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular:

- (a) Share sale agreement dated 6 October 2021 between SYF and Mieco for the Proposed Seng Yip Disposal, which is pending completion as at LPD;
- (b) Sale and purchase agreement dated 6 October 2021 between Nuri Meriah and Juta for the Proposed Lot 1464 Disposal, which is pending completion as at LPD;
- (c) Sale and purchase agreement dated 6 October 2021 between Nikmat Sekitar and Juta for the Proposed Lot 1461 Disposal, which is pending completion as at LPD; and
- (d) SSPA dated 6 October 2021 between SYF and Insas for the Proposed M&A Acquisition, which is pending completion as at LPD.

8. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at LPD, SYF Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Directors of SYF Group has no knowledge of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of SYF Group.

9. MATERIAL COMMITMENTS

As at LPD, material commitments incurred or known to be incurred by SYF Group that is likely to have an impact on SYF Group's profits or NA upon becoming enforceable.

APPENDIX II – INFORMATION ON SYF (Cont'd)

10. CONTINGENT LIABILITIES

As at LPD, save as disclosed below, there are no contingent liabilities incurred or known to be incurred by SYF Group that is likely to have an impact on SYF Group's profits or NA upon becoming enforceable:

Contingent liabilities	RM'000
Bank guarantees issued in favour of utility boards (Tenaga Nasional Berhad) to guarantee the payment of electricity bills and suppliers (steel and cement suppliers for our property projects) for credit and to guarantee the payment	4,658
Corporate guarantees given to licenced banks for banking facilities granted to subsidiaries ⁽¹⁾ and corporate guarantee given to suppliers of goods granted to subsidiary	39,850
	44,508

Note:

- ⁽¹⁾ The subsidiaries with the bank borrowings for which the corporate guarantees were given to licensed banks are Seng Yip, SYF Development Sdn Bhd, Nikmat Sekitar and Nuri Meriah. Pursuant to the Proposed SYF Disposals, Seng Yip, Nikmat Sekitar and Nuri Meriah have obtained the approval of the respective banks to discharge the corporate guarantees totalling at RM15.8 million.

11. FINANCIAL INFORMATION

	Audited			
	FYE 31 July			
	2019	2020	⁽¹⁾Restated 2021	⁽¹⁾2022
	RM'000	RM'000	RM'000	RM'000
Revenue	241,808	132,890	194,651	76,494
Cost of sales	(275,488)	(143,567)	(168,123)	(72,001)
Gross (loss)/ profit	(33,680)	(10,677)	26,528	4,493
(LBT)/ PBT	(52,013)	(20,453)	9,133	(2,153)
(LAT)/ PAT	(44,076)	(19,831)	6,848	(27,402)
(LAT)/ PAT attributable to:				
• Continuing operations	(44,076)	(19,831)	6,671	(3,416)
• Discontinuing operations	-	-	177	(23,986)
(LAT)/ PAT attributable to:				
• Owners of the company	(44,076)	(20,065)	3,935	(28,117)
• Non-controlling interest	-	234	2,913	715
NA attributable to owners of the company	240,736	215,499	213,540	185,423
Total borrowings	65,417	106,151	44,230	25,964

APPENDIX II – INFORMATION ON SYF (Cont'd)

	Audited FYE 31 July			
	2019	2020	⁽¹⁾ Restated 2021	⁽¹⁾ 2022
Paid-up share capital	154,810	⁽²⁾ 142,310	⁽³⁾ 143,527	143,527
No. of shares ('000) ⁽⁴⁾	595,481	564,003	568,873	568,873
Net (LPS)/ EPS (sen)	(7.28)	(3.44)	0.70	(4.94)
NA per share (RM)	0.40	0.38	0.38	0.33
Gross margin, %	(13.9)	(8.0)	13.6	5.9
Net margin, %	(18.3)	(15.0)	2.0	(36.8)
Current ratio (times)	1.5	2.2	2.5	4.6
Gearing (times)	0.3	0.5	0.2	0.1

Notes:

- (1) On 6 October 2021, SYF entered into a SSA with Mieco for the disposal of its entire equity interest in Seng Yip, comprising its entire rubberwood furniture segment for a total disposal consideration of RM50.00 million. The disposal of Seng Yip was pending completion as at 31 July 2022, and thus the assets and liabilities of Seng Yip under rubberwood furniture segment have been presented separately in the statements of financial position as a disposal group classified as held for sale and the financial results of Seng Yip for current and previous financial year are presented separately in the statements of profit or loss and other comprehensive income as discontinued operation. Certain comparative figures were restated to conform with current financial year's presentation.
- (2) During FYE 31 July 2020, SYF cancelled 50,000,000 units treasury shares amounting to RM12.5 million.
- (3) During FYE 31 July 2021, SYF issued 4,870,000 new SYF Shares at an exercise price of RM0.25 each for total cash consideration of RM1,217,000 from the exercise of employees' share options.
- (4) Excluding treasury shares.

11.1 Commentary on past performance of SYF Group

FYE 2020 compared to FYE 2019

Revenue decreased by 45.0% from RM241.81 million in FYE 2019 to RM132.9 million in FYE 2020. The decrease in revenue was attributed to a 29.7% drop in revenue from the rubberwood furniture segment from RM166.3 million to RM116.9 million as a result of downsizing of downstream activities and disruption of business activities due to the COVID-19 pandemic and imposition of the movement control order ("MCO") by the government. In addition, revenue from the property development and construction segment also dropped by 78.8% from RM75.5 million to RM16.0 million due to lower revenue contributed from trading of construction materials and from a new development (Alstonia Residence) as compared to revenue generated from Lavender Residence and Iris Residence which were completed during FYE 2019.

LBT was lower in FYE 2020 at RM20.5 million compared to RM52.0 in FYE 2019. The lower loss for FYE 2020 was mainly due to certain expenses incurred in FYE 2019 which did not recur in FYE 2020 such as inventories written down and written off amounting to a total of RM21.0 million, provision for liquidated ascertained damages for delay in delivery of vacant possession of RM2.5 million, and free first year maintenance fee and sinking funds totalling RM1.6 million for 2 completed property development projects.

FYE 2021 compared to FYE 2020

Revenue from continuing operations increased by 146.5% from RM132.9 million in FYE 2020 to RM194.7 million in FYE 2021. The increase in revenue was largely attributed to higher revenue from the development of Alstonia Residence as well as disposal of a vacant development land in Semenyih which was completed in March 2021. As at 31 July 2021, Alstonia Residence achieved sales of 87% and was approximately 81% completed.

SYF Group recorded PBT of RM9.1 million for FYE 2021 compared to LBT of RM20.5 in FYE 2020. This was mainly due to higher revenue generated from the sales of Alstonia Residence whereas included in FYE 2020 were also some non-recurring expenses, such as impairment losses on completed properties, deposits written off and professional fees incurred on a corporate exercise.

FYE 2022 compared to FYE 2021

Revenue from continuing operations decreased by 60.7% from RM194.7 million in FYE 2021 to RM76.5 million in FYE 2022. This was mainly due to the final stages of development of the Alstonia Residence project as well as imposition of the MCO during National Recovery Plan period which has resulted in lower sales and slower construction progress.

LBT (from continuing operations) was RM2.1 million for FYE 31 July 2022 compared to PBT of RM9.1 million for FYE 31 July 2021, was mainly due to lower revenue recognised in the property development segment as the on-going development project was at its final stages.

SYF Group recorded LAT of RM27.4 million for FYE 2022 compared to PAT of RM6.8 in FYE 2021. Included in LAT for FYE 2022 was an impairment loss on assets included in the disposal group classified as held for sales (i.e. Seng Yip pursuant to the Proposed Seng Yip Disposal) amounting to RM26.8 million.

11.2 Accounting policies and audit qualification

For the financial years/periods under review:

- (a) there were no exceptional or extraordinary items reported in the audited financial statements of SYF Group;
- (b) there are no accounting policies adopted by SYF Group which are peculiar to due to the nature of its business or the industry in which it is involved in; and
- (c) the external auditors of SYF Group have not issued any audit qualification on its financial statements.

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Registration No: 197301001503 (15017-H)

M & A SECURITIES SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2022

Registration No: 197301001503 (15017-H)

M & A SECURITIES SDN. BHD.
(Incorporated in Malaysia)

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Registration No: 197301001503 (15017-H)

M & A SECURITIES SDN. BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

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DK (II), SIMP
Dato' Thong Kok Yoon
Dato' Wong Gian Kui
Dato' Ng Jet Heong
Datuk Tan Choon Peow
Goh Hock Jin

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Lingkar Syed Putra
59200 Kuala Lumpur

Registration No: 197301001503 (15017-H)

M & A SECURITIES SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of provision of corporate finance services, dealing in securities and acting as stock and share broker. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULT

	RM
Profit for the financial year	<u>17,941,923</u>

DIVIDENDS

Since the end of the previous financial year, the Company paid the following dividends: -

	RM
<u>In respect of the financial year ended 30 June 2022</u>	
Preferential cash dividend of 3.0247 sen per redeemable convertible preference share, paid on 30 December 2021	1,814,795
Preferential cash dividend of 2.9753 sen per redeemable convertible preference share, paid on 30 June 2022	1,785,205
First interim single tier cash dividend of 3.6500 sen per ordinary share, paid on 30 June 2022	<u>3,650,000</u>
	<u>7,250,000</u>

The Directors do not recommend any final dividend for the financial year ended 30 June 2022.

Registration No: 197301001503 (15017-H)

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no issuance of new ordinary shares or debentures during the financial year.

INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Company in adequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

Registration No: 197301001503 (15017-H)

SUBSIDIARIES

Detail of subsidiaries are set out in Note 6 to the financial statements.

OTHER STATUTORY INFORMATION

The Directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In their opinion:-

- (a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the Notes to the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

There was no indemnity given to or insurance effected for the Directors and Officers of the Company.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are as follows:-

Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK (II), SIMP
Dato' Thong Kok Yoon
Dato' Wong Gian Kui
Dato' Ng Jet Heong
Datuk Tan Choon Peow
Goh Hock Jin

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 197301001503 (15017-H)

DIRECTORS' INTEREST

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the other Director in office at the end of the financial year held any interest in shares of the Company or its related corporations during the financial year except as stated below:-

	<u>Number of ordinary shares</u>			
	At			At
<u>Interest in holding company</u>	<u>1.7.2021</u>	<u>Bought</u>	<u>Sold</u>	<u>30.6.2022</u>
<u>Dato' Thong Kok Yoon</u>				
- direct interest	43,358,813	-	-	43,358,813
- deemed interest [#]	30,844,835	-	-	30,844,835

	<u>Number of redeemable preference shares</u>			
	At			At
<u>Interest in holding company</u>	<u>1.7.2021</u>	<u>Bought</u>	<u>Sold</u>	<u>30.6.2022</u>
<u>Dato' Thong Kok Yoon</u>				
- direct interest	8,671,762	-	-	8,671,762
- deemed interest [#]	7,678,885	15,300	-	7,694,185

		<u>Number of warrants</u>		
	At			At
<u>Interest in holding company</u>	<u>1.7.2021</u>	<u>Bought</u>	<u>Sold</u>	<u>30.6.2022</u>
<u>Dato' Thong Kok Yoon</u>				
- direct interest	21,679,405	-	-	21,679,405
- deemed interest #	19,172,212	-	-	19,172,212

Deemed interest by virtue of his family members' direct interest and his indirect interest in Insas Berhad.

By virtue of the Company being a wholly-owned subsidiary of Insas Berhad, the interest of Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP and Dato' Wong Gian Kui in the shares of the holding company and its related corporations pursuant to Section 8 of the Companies Act 2016 to be shown in the Directors' Report, is deemed to be complied with as such interest are shown in the Directors' Report of the holding company.

Except as disclosed, none of the Directors of the end of the financial year held any direct interest in shares or debentures of the Company or of its related corporations during the financial year.

Registration No: 197301001503 (15017-H)

DIRECTORS' REMUNERATIONS AND BENEFITS

Detailed of the Directors' remunerations are set out in Note 26 to the financial statements. Included in the Directors' remunerations are benefits-in-kind (based on estimated monetary value) of RM23,950.

During and at the end of financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of previous financial year, no Director has received or become entitled to receive any benefit (other than benefits as disclosed in the Notes to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 32 to the financial statements.

HOLDING COMPANY

The holding company is Insas Berhad, a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

Registration No: 197301001503 (15017-H)

AUDITORS

Details of auditors' remuneration are set out in Note 28 to the financial statements. There was no indemnity given to or insurance effected for the auditors of the Company, Grant Thornton Malaysia PLT.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 20 September 2022.


.....)
GOH HOCK JIN)
)

DIRECTORS


.....
DATUK TAN CHOON PEOW

Kuala Lumpur

Registration No: 197301001503 (15017-H)

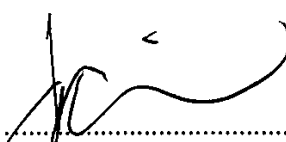
M & A SECURITIES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 14 to 83 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2022 and of its financial performance and cash flows for the financial year then ended.

Signed on the behalf of the Board in accordance with a resolution of the Board of Directors dated 20 September 2022.


.....
GOH HOCK JIN
Kuala Lumpur

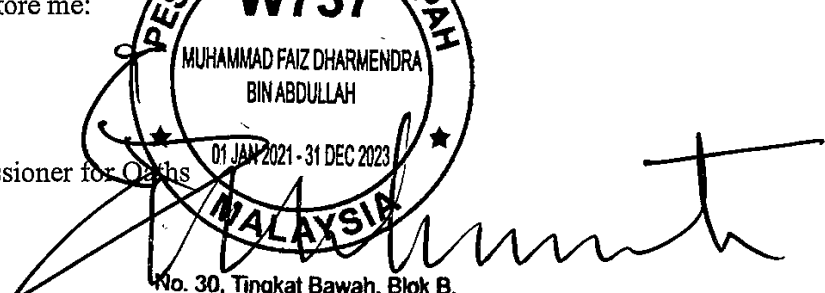

.....
DATUK TAN CHOON PEOW

STATUTORY DECLARATION

I, Goh Hock Jin, being the Director primarily responsible for the financial management of M & A Securities Sdn. Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 14 to 83 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.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in the)
Federal Territory this day of)
20 September 2022


.....
GOH HOCK JIN
MIA NO. CA 9914

Before me:

Commissioner for Oaths

No. 30, Tingkat Bawah, Blok B,
Flat PKNS, Jalan Raja Muda Musa
50300 Kg. Baru, Kuala Lumpur.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF**

M & A SECURITIES SDN. BHD.

(Incorporated in Malaysia)

Registration No: 197301001503 (15017-H)

Grant Thornton Malaysia PLT

Level 11, Sheraton Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur

Malaysia

T +603 2692 4022

F +603 2691 5229

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of M & A Securities Sdn. Bhd., which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 83.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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



Registration No: 197301001503 (15017-H)

Report on the Audit of the Financial Statements (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



Registration No: 197301001503 (15017-H)

Report on the Audit of the Financial Statements (cont'd)

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

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

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

We communicated 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 identified during our audit.



Registration No: 197301001503 (15017-H)

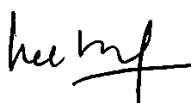
Report on the Audit of the Financial Statements (cont'd)

Other Matters

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


GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur
20 September 2022


FOO LEE MENG
(NO: 03069/07/2023(J))
CHARTERED ACCOUNTANT

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 197301001503 (15017-H)

M & A SECURITIES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,826,817	2,894,047
Investment in subsidiaries	6	13,800,005	23,010,003
Intangible assets	7	26,170,523	26,086,581
Deferred tax assets	8	<u>2,666,000</u>	<u>2,904,000</u>
Total non-current assets		<u>45,463,345</u>	<u>54,894,631</u>
Current assets			
Trade receivables	9	158,290,050	176,214,570
Amount due from a related company	11	9,614,000	-
Amount due from subsidiaries	12	481,443	624,040
Other receivables	10	7,629,471	7,531,310
Financial assets at fair value through profit or loss	13	4,951,316	4,821,446
Deposits with licensed banks	14	9,766,368	24,199,477
Cash and bank balances	15	<u>82,281,001</u>	<u>72,172,149</u>
Total current assets		<u>273,013,649</u>	<u>285,562,992</u>
TOTAL ASSETS		<u><u>318,476,994</u></u>	<u><u>340,457,623</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owner of the Company			
Share capital	16	100,000,000	100,000,000
Redeemable convertible preference shares	17	60,000,000	60,000,000
Reserve	18	(9,999)	-
Retained earnings		<u>33,677,661</u>	<u>22,985,738</u>
Total equity		<u>193,667,662</u>	<u>182,985,738</u>

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 197301001503 (15017-H)

M & A SECURITIES SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 (CONT'D)

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
EQUITY AND LIABILITIES (CONT'D)			
LIABILITIES			
Non-current liability			
Lease liabilities	19	39,649	434,708
Total non-current liability		<u>39,649</u>	<u>434,708</u>
Current liabilities			
Trade payables	20	44,740,500	55,506,816
Amount due to holding company	21	2,477,449	2,477,449
Amount due to related companies	11	50,267,486	50,267,375
Amount due to a subsidiary	12	43,934	-
Other payables	22	16,397,630	19,066,034
Borrowings	23	10,077,907	25,545,400
Lease liabilities	19	395,059	962,385
Tax payable		<u>369,718</u>	<u>3,211,718</u>
Total current liabilities		<u>124,769,683</u>	<u>157,037,177</u>
TOTAL LIABILITIES		<u>124,809,332</u>	<u>157,471,885</u>
TOTAL EQUITY AND LIABILITIES		<u>318,476,994</u>	<u>340,457,623</u>

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

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 197301001503 (15017-H)

M & A SECURITIES SDN. BHD.

(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
Revenue	24	48,528,611	68,906,186
Other items of income			
Dividend income		61,683	19,885
Finance income	25	1,737,443	1,086,893
Reversal of impairment loss of trade receivables		330,129	3,925,555
Other income		26,801,446	26,711,036
Gain on changes in fair value of financial assets at fair value through profit or loss		-	1,580,345
Items of expense			
Amortisation of intangible assets	7	(28,577)	(15,450)
Depreciation	5	(1,405,563)	(1,308,830)
Impairment loss of trade receivables		(114,291)	(45,787)
Loss on changes in fair value of financial assets at fair value through profit or loss		(551,260)	-
Remisiers' and dealers' commission		(8,632,711)	(21,688,041)
Staff costs	26	(26,676,664)	(30,669,269)
Other operating expenses		(13,472,149)	(20,729,214)
Finance costs	27	(3,756,883)	(2,947,862)
Profit before tax	28	22,821,214	24,825,447
Tax expense	29	(4,879,291)	(6,012,719)
Profit for the financial year		17,941,923	18,812,728
<u>Other comprehensive loss may not be reclassified to profit or loss subsequently</u>			
Loss on changes in fair value of financial assets at fair value through other comprehensive income		(9,999)	(345,000)
Total comprehensive income for the financial year		<u>17,931,924</u>	<u>18,467,728</u>

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

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 197301001503 (15017-H)

M & A SECURITIES SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Non-distributable			Distributable	
			Redeemable convertible preference shares		Retained earnings	Total
Note	Share capital			Reserve		
	RM		RM	RM	RM	RM
At 1 July 2020	100,000,000		60,000,000	-	10,518,010	170,518,010
Profit for the financial year	-	-	-	-	18,812,728	18,812,728
Unrealised loss on changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	(345,000)	-	(345,000)
Total comprehensive (loss)/income	-	-	-	(345,000)	18,812,728	18,467,728
Transactions with owner:-						
<u>In respect of the financial year ended 30 June 2021:-</u>						
Transfer to retained earnings	-	-	-	345,000	(345,000)	-
Dividends	30	-	-	-	(6,000,000)	(6,000,000)
		-	-	345,000	(6,345,000)	(6,000,000)
At 30 June 2021	100,000,000		60,000,000	-	22,985,738	182,985,738
Profit for the financial year	-	-	-	-	17,941,923	17,941,923
Unrealised loss on changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	(9,999)	-	(9,999)
Total comprehensive (loss)/income	-	-	-	(9,999)	17,941,923	17,931,924
Transaction with owner:-						
<u>In respect of the financial year ended 30 June 2022:-</u>						
Dividends	30	-	-	-	(7,250,000)	(7,250,000)
At 30 June 2022	100,000,000		60,000,000	(9,999)	33,677,661	193,667,662

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

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 197301001503 (15017-H)

M & A SECURITIES SDN. BHD.

(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
OPERATING ACTIVITIES			
Profit before tax		22,821,214	24,825,447
Adjustments for:-			
Amortisation of intangible assets	7	28,577	15,450
Bad debts recovered		(21,490)	-
Bad debts written off		-	3,344,644
Depreciation	5	1,405,563	1,308,830
Dividend income		(61,683)	(19,885)
Loss/(Gain) on changes in fair value of financial assets at fair value through profit or loss		551,260	(1,580,345)
Interest expenses	27	3,756,883	2,947,862
Interest income	25	(1,737,443)	(1,086,893)
Impairment loss of trade receivables		114,291	45,787
Property, plant and equipment written off	5	8	14,962
Reversal of impairment loss of trade receivables		(330,129)	(3,925,555)
Operating profit before working capital changes		26,527,051	25,890,304
Changes in working capital:-			
Receivables		18,422,891	5,996,938
Payables		(13,452,441)	(37,213,704)
Revolving credit		(15,000,000)	15,000,000
Advance from a related company		-	40,197,260
Net cash generated from operations		16,497,501	49,870,798
Dividend received		61,683	19,885
Interest paid		(3,739,162)	(2,880,051)
Interest received		1,378,239	594,453
Tax paid		(7,483,291)	(6,868,719)
Net cash from operating activities		6,714,970	40,736,366

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 197301001503 (15017-H)

M & A SECURITIES SDN. BHD.

(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
INVESTING ACTIVITIES			
Proceeds from disposal of quoted securities		772,165	2,412,755
Repayment from a related company		13,529,709	-
Purchase of intangible assets		(112,519)	-
Purchase of property, plant and equipment	A	(1,338,341)	(440,130)
Purchase of quoted securities		(1,453,295)	(1,888,168)
Purchase of a subsidiary		(1)	-
Subscription of redeemable convertible preference shares in a subsidiary		(13,800,000)	-
(Advance to)/Repayment from subsidiaries		(1,112)	774,913
Net cash (used in)/from investing activities		(2,403,394)	859,370
FINANCING ACTIVITIES			
Advance from a related company		111	-
Advance from a subsidiary		43,934	-
Dividend paid	30	(7,250,000)	(6,000,000)
Interest paid		-	(52,603)
Placement of deposits pledged with licensed banks		(1,891)	(1,888)
Repayment of lease liabilities		(962,385)	(767,169)
Net cash used in financing activities		(8,170,231)	(6,821,660)
CASH AND CASH EQUIVALENTS			
Net changes		(3,858,655)	34,774,076
Brought forward		95,201,749	60,427,673
Carried forward	B	91,343,094	95,201,749

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 197301001503 (15017-H)

M & A SECURITIES SDN. BHD.

(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONT'D)**

NOTES TO STATEMENT OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	<u>2022</u>	<u>2021</u>
	RM	RM
Total purchase of property, plant and equipment	1,338,341	2,139,342
Less: Purchase through lease liabilities	<u>-</u>	<u>(1,699,212)</u>
Cash payments made	<u>1,338,341</u>	<u>440,130</u>

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:-

	<u>2022</u>	<u>2021</u>
	RM	RM
Deposits with licensed banks (Note 14)	9,766,368	24,199,477
Cash and bank balances (Note 15)	82,281,001	72,172,149
Bank overdrafts (Note 23)	<u>(77,907)</u>	<u>(545,400)</u>
	91,969,462	95,826,226
Less: Deposits pledged with licensed banks (Note 14)	<u>(626,368)</u>	<u>(624,477)</u>
	<u>91,343,094</u>	<u>95,201,749</u>

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

Registration No: 197301001503 (15017-H)

M & A SECURITIES SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2022

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company consist of provision of corporate finance services, dealing in securities and acting as stock and share broker. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Company is located at No. 45-1, 45-2, 45-3, 45-9, 45-11, 47-1, 47-2, 47-3, 47-11 and 43-6, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The holding company is Insas Berhad, a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 September 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and Issues Committee Interpretations ("IC Interpretation") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act 2016 in Malaysia.

(b) Basis of measurement

The financial statements of the Company have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Registration No: 197301001503 (15017-H)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

(b) Basis of measurement (cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market 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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

Registration No: 197301001503 (15017-H)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

(d) The use of estimates and judgements

The preparation of financial statements in conformity with MFRSs and IC Interpretations require the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. It also requires the management and Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgements are based on the managements and Directors' best knowledge of current events and actions, actual results may defer from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below:-

(i) Useful lives of depreciable assets

The management reviews annually the estimated useful lives of depreciable assets based on factors such as business plans and strategies, expected level of usage and future technological developments. Actual results, however, may vary due to changes in estimates brought about by changes in the factors mentioned.

The management does not expect any material difference that would arise on the estimation of useful lives of depreciable assets and the current evaluation of the useful lives of depreciable assets represents a fair estimation of the useful lives of the Company's depreciable assets.

Registration No: 197301001503 (15017-H)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

(d) The use of estimates and judgements (cont'd)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below (cont'd):-

(ii) Impairment of assets

(a) Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of the impairment loss. For the purpose of impairment testing of non-financial assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

A non-financial asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell 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.

(b) Financial assets

Financial assets at amortised cost

Credit losses are the differences between all contractual cash flows of the Company that is due and the cash flows that it actually expects to receive. An expected credit loss is the probability-weighted estimate of credit losses which requires the Company's judgement. The expected credit losses are discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company evaluates the Expected Credit Loss ("ECL") on a case-by-case basis.

Registration No: 197301001503 (15017-H)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

(d) The use of estimates and judgements (cont'd)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below (cont'd):-

(ii) Impairment of assets (cont'd)

(b) Financial assets (cont'd)

Financial assets at amortised cost (cont'd)

The Company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available such as changes in financial capability of the debtor and default or significant delay in payments.

(iii) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised business losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised business losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Registration No: 197301001503 (15017-H)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

(d) The use of estimates and judgements (cont'd)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below (cont'd):-

(v) Classification of financial instruments

(a) Financial assets at amortised cost

The Company classifies financial assets at amortised cost are those held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income

The Company's financial assets at fair value through other comprehensive income are equity securities which are not held for trading but more for strategic investments. The classification as financial assets at fair value through other comprehensive income is an irrevocable election made on initial recognition.

(c) Financial assets at fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

(vi) Fair value of financial instruments

The management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, the management makes maximum use of market inputs, and uses estimates and assumptions that, as far as possible, consist of observable data that market participants would use in pricing the instrument. Where applicable data is not observable, the management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in a negotiated transaction at the reporting date.

Registration No: 197301001503 (15017-H)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

(d) The use of estimates and judgements (cont'd)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below (cont'd):-

(vii) Leases

The measurement of the right-of-use assets and lease liabilities for leases where the Company is a lessee requires the use of significant judgements and assumptions, such as lease term and incremental borrowing rate.

In determining the lease term, the Company considers all facts and circumstances including its past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the incremental borrowing rate of the respective leases, the Company first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Company are disclosed as follows:-

(a) Property, plant and equipment

(i) Recognition, measurement and derecognition

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(f)(ii) to the financial statements.

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

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Property, plant and equipment (cont'd)

(i) Recognition, measurement and derecognition (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statement of profit or loss.

(ii) Depreciation

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

Furniture and fittings	10%
Motor vehicles and office equipment	20%
Office renovation	10%
Properties	50% - 75%

The depreciation amount is determined after deducting the residual value.

The residual value, depreciation method and useful lives are reviewed at the end of each financial year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Leased assets that fulfils the conditions to be recognised as right-of-use assets (including properties and motor vehicles under lease arrangements) are presented as right-of-use assets in property, plant and equipment. The recognition and initial and subsequent measurements policies to leased assets is stated in Note 3(o) to the financial statements on right-of-use assets.

(b) Financial assets

(i) Classification

The classification of financial assets is determined by both:

- the Company's business model for managing the financial assets;
- and
- the contractual cash flow characteristics of the financial assets.

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3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(b) Financial assets (cont'd)

(i) Classification (cont'd)

The Company classifies its financial assets in the following categories:-

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding. The financial assets are not designated as fair value through profit or loss. The financial assets are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current. The Company's financial assets at amortised cost comprise trade receivables, most of other receivables, amount due from subsidiaries, amount due from a related company, deposits with licensed banks and cash and bank balances.

(b) Fair value through other comprehensive income

This category comprises investment in equity that is not held for trading. The classification as financial assets at fair value through comprehensive income is an irrevocable election made on initial recognition. The Company's equity investment is unquoted share held for long term.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On the initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Registration No: 197301001503 (15017-H)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial assets (cont'd)

(ii) Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

(iii) Subsequent measurement - gains and losses

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in the statement of profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

This category comprises investment in equity that is not held for trading. The Company irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in the statement of profit or loss unless the dividend is clearly represent a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains or losses accumulated in other comprehensive income are not reclassified to profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial assets (cont'd)

(iii) Subsequent measurement - gains and losses (cont'd)

(b) Fair value through other comprehensive income (cont'd)

In the previous financial year, the Company recognised unrealised loss on fair value changes on other investment amounting to RM345,000 to the fair value through other comprehensive income reserve. The amount charged to the reserve was subsequently transferred and charged out to retained earnings.

(c) Fair value through profit or loss

Financial assets categories as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the statement of profit or loss.

All financial assets, except for those measured at fair value through profit or loss and through other comprehensive income, are subject to impairment assessment.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in market place concerned. All regular way purchases or sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Subsidiaries

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

Investment in subsidiaries is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(f)(ii) to the financial statements.

Upon the disposal of investment in subsidiaries, the difference between net disposal proceeds and their carrying amounts is recognised in the statement of profit or loss.

In previous financial year, the equity loan represents amount due from subsidiaries for which settlement is not likely to occur in the foreseeable future and is intended to provide the subsidiaries with a long-term source of additional capital. It is, in substance, an addition to the investment in the subsidiaries by the Company and accordingly, is accounted for in accordance with MFRS 127 Separate Financial Statements as part of the investments in subsidiaries and measured at cost.

(e) Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight-line basis over their estimated economic useful lives and assessed for impairment whenever there is an indication the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least once at each reporting date.

Intangible assets with infinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. The useful life of an intangible asset with an infinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible assets (cont'd)

(i) Stock broking dealer's license

The stock broking dealer's license was acquired by the Company to operate as a "1+1 Broker" and the acquisition cost is recognised as an intangible asset in the statement of financial position.

The useful life of the stock broking dealer's license is reassessed to be infinite and therefore is not amortised. The useful life of the intangible asset is reviewed annually to determine whether the infinite useful life assessment continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.

The intangible asset is stated at cost less accumulated impairment losses. The intangible asset is tested for impairment annually, or more frequently if the event and circumstances indicate that the carrying value may be impaired. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(f)(ii) to the financial statements.

(ii) Computer software

Certain computer software is recognised as intangible assets when the software is not an integral part of the related hardware. All computer software is initially recorded at cost. The cost of an item of computer software is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Computer software, considered to have finite useful life, is stated at cost less any accumulated impairment losses and is amortised using the straight-line basis over its estimated useful life of 5 years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least once at each reporting date.

(f) Impairment of assets

(i) Impairment of financial assets

The Company assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of assets (cont'd)

(i) Impairment of financial assets (cont'd)

The Company's trade receivables, most of other receivables, amount due from subsidiaries, amount due from a related company, deposits with licensed banks and cash and bank balances are subject to the impairment requirements of MFRS 9 Financial Instruments.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost of effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the asset. While 12 months ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

The Company measures loss allowances at an amount equal to lifetime ECL, except for debt securities that are determined to have low credit risk at the reporting date, and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12 months ECL. Loss allowances for trade receivables, is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in statement of profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of assets (cont'd)

(i) Impairment of financial assets (cont'd)

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events have a detrimental impact on the estimated cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources 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 Company's procedures for recovery amounts due.

In accordance with Rule 12.04 of the Rules of Bursa Malaysia Securities Berhad ("Rules"), clients' accounts are classified as non-performing (doubtful and bad) under the following circumstances:-

Type of accounts	Criteria for classification as non-performing	
	Doubtful	Bad
Contra losses	When an account remains outstanding for 16 to 30 calendar days from the date of contra transaction.	When an account remains outstanding for more than 30 calendar days from the date of contra transaction.
Overdue purchase contracts	When an account remains outstanding from T+5 market days to 30 calendar days.	When an account remains outstanding for more than 30 calendar days.
	When a Discretionary Financing ("DF") Account remains outstanding from T+9 market days to 30 calendar days.	When a DF account remains outstanding for more than 30 calendar days.
Margin accounts	-	When the value of the collateral provided to secure the margin accounts have fall below 130% of the outstanding balance.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of assets (cont'd)

(i) Impairment of financial assets (cont'd)

Specific allowances are made for trade receivables which are considered bad and doubtful or have been classified as non-performing, net of interest in suspense and taking into consideration any collateral held and the deposits of all amounts due to the Company in accordance with the Rules.

(ii) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the non-financial asset is less than its carrying amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 non-financial asset.

An impairment loss is recognised in the statement of profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for a non-financial asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the non-financial asset recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously.

All reversals of impairment losses are recognised as income in the statement of profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful lives.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, bank overdrafts and deposits placed with licensed banks that are free from encumbrances and short-term highly liquid investments which have an insignificant risk of changes in value.

The Company has excluded dealer's representatives' deposits and clients' monies held in trust by the Company and deposits pledged to licensed banks from its cash and cash equivalents.

(h) Financial liabilities

(i) Classification

The Company carries only other financial liabilities on its statement of financial position:-

(a) Amortised cost

The Company's other financial liabilities not categorised as fair value through profit or loss include trade payables, amount due to holding company/related companies, most of other payables and borrowings.

Borrowings are classified as current liabilities unless the Company has unconditional rights to defer settlement of the liability for at least 12 months after the reporting date.

(ii) Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs.

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Registration No: 197301001503 (15017-H)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial liabilities (cont'd)

(iii) Subsequent measurement - gains and losses

(a) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised costs using effective interest method.

Interest expense and foreign exchange gains or losses are recognised in the statement of profit and loss. Any gains or losses on derecognition are also recognised in the statement of profit and loss.

(iv) Derecognition

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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss.

(i) Equity instruments

(i) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Interim dividends on ordinary shares are recognised in equity in the period in which they are declared.

Final dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

(ii) RCPS

The RCPS is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Provision for liabilities

Provision for liabilities are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

(k) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(l) Income tax and deferred tax

Income tax in the statement of profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Current tax is recognised in the statement of profit or loss except to the extent that the tax relates to items recognised outside the statement of profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, 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 financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that 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 goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income tax and deferred tax (cont'd)

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 that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the statement of profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authorities.

(m) Revenue recognition

The Company recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:-

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligation in the contract. For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Company satisfies a performance obligation.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue recognition (cont'd)

The Company satisfies a performance obligation and recognises revenue over time if the Company's performance:-

- (i) Do not create an asset with an alternative use to the Company and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Company performs.

For the performance obligation where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describe the performance obligations in contracts with customers:-

(i) Revenue from broking activities

Revenue from broking activities are recognised upon execution of contract. Brokerage income is accounted for before dealer's representatives' commissions and incentives.

(ii) Interest income

Interest income is recognised on accruals basis unless recoverability is in doubt, in which case the recognition of interest is suspended. Subsequent to suspension, interest is recognised on receipt basis.

(iii) Revenue from services and fee income

Revenue from services is recognised when services are rendered and invoice issued. Revenue is recognised net of sales and services tax, where applicable.

Fee from advisory and corporate finance activities are recognised on completion of each stage of engagement.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue recognition (cont'd)

The following describe the performance obligations in contracts with customers (cont'd):-

(iv) Sale of securities

Revenue from sale of securities are recognised based on the contracted date and value.

(v) Dividend income

Dividend income is recognised when the right to receive payment has been established and no significant uncertainty existed with regard to its receipt.

(vi) Other revenues

All other revenues are recognised when the right to receive payment is established and to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(n) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary item carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of initial transaction.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in the statement of profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the statement of profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Leases

As a lessee

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

Contracts may contain both lease and non-lease components. The Company has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components and will instead account for the lease and non-lease components as a single lease component.

Leases are recognised as right-of-use ("ROU") asset with a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

(i) Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

(ii) ROU assets

ROU assets are presented within the property, plant and equipment as disclosed in Note 5 to the financial statements.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Leases (cont'd)

As a lessee (cont'd)

(ii) ROU assets (cont'd)

(a) Initial recognition and measurement

The ROU assets are initially measured at cost, which comprise the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and the estimated costs of dismantling and restoration costs, less any lease incentives received.

(b) Subsequent measurement

ROU assets are subsequently measured at cost, less accumulated depreciation and accumulated impairment loss (if any) and adjusted for any remeasurement of the lease liability. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(f)(ii) to the financial statements.

The ROU assets are generally depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis. The estimated useful lives of the ROU assets are determined on the same basis as those property, plant and equipment as disclosed in Note 3(a)(ii) to the financial statements. If the Company is reasonably certain to exercise a purchase option, the ROU assets are depreciated over the underlying assets useful life.

(iii) Lease liabilities

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within finance costs in the statement of profit or loss.

(a) Recognition and initial measurement

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 interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate as the discount rate.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Leases (cont'd)

As a lessee (cont'd)

(iii) Lease liabilities (cont'd)

(a) Recognition and initial measurement (cont'd)

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

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase and extension option that the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company excludes variable lease payments that depend on future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in the statement of profit or loss in the period in which the performance or use occurs.

(b) Subsequent measurement

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

(iv) Short-term leases and leases of low value assets

The Company applies recognition exemption to its short-term leases and low value assets. Short-term leases are leases with a lease term of twelve months or less and do not contain a purchase option. Payments associated with short-term leases and low value assets are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.

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3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(p) Borrowing costs

All borrowing costs are expensed to the statement of profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as part of the cost of a qualifying asset if the cost is directly attributable to the acquisition, construction or production of the qualifying asset.

(q) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contribution is recognised as an expense in the statement of profit or loss as incurred. As required by law, the Company makes contributions to the Employees Provident Fund ("EPF").

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

A person or a close member of that person's family is related to the reporting entity if that person:-

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity.

An entity is related to the reporting entity if any of the following conditions applies:-

- the entity and the reporting entity are members of the same group;
- one entity is an associate or joint venture of the reporting entity;
- both the entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is controlled or jointly-controlled by a person identified in the preceding paragraph above;
- the entity that provides key management personnel services to the reporting entity; or
- a person who has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity.

(s) Sales and Service Tax ("SST")

Expenses and assets are recognised net of the amount of SST, except:

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Sales and Services Tax ("SST") (cont'd)

The amount of SST payable to the taxation authority is included as part of payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the SST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the tax authorities are classified as operating cash flows.

4. MFRSs

4.1 Adoption of Amendments/Improvements to MFRSs

The Company has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Company adopted amendments/improvements to MFRSs which are mandatory for the financial year beginning on or after 1 July 2021.

Initial application of the amendments/improvements to the standards did not have impact to the financial statements.

4.2 Standards Issued but Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

Effective for financial period beginning on or after 1 January 2022:-

Amendments to MFRS 3	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Annual improvements to MFRS standards 2018-2020	

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4. MFRSs (CONT'D)

4.2 Standards Issued but Not Yet Effective (cont'd)

Effective for financial period beginning on or after effective 1 January 2023:-

MFRS 17*	Insurance Contracts
Amendments to MFRS 4*	Insurance Contracts - Extension of Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred indefinitely:-

Amendments to MFRS 10* and MFRS 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the Company

The initial application of the above applicable standards, amendments and interpretations are not expected to have material financial impact to the financial statements of the Company.

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 197301001503 (15017-H)

5. PROPERTY, PLANT AND EQUIPMENT

	← Furniture and fittings RM	Owned assets Office equipment RM	Office renovation RM	→ ROU assets Motor vehicles RM	Properties RM	Total RM
Cost						
At 1.7.2020	1,009,342	3,583,775	5,836,916	378,163	878,675	11,686,871
Additions	77,965	362,165	-	-	1,699,212	2,139,342
Written off	(480)	(572,862)	(159,979)	-	-	(733,321)
Expiration of lease contract	-	-	-	-	(878,675)	(878,675)
At 30.6.2021	1,086,827	3,373,078	5,676,937	378,163	1,699,212	12,214,217
Additions	259,915	251,863	826,563	-	-	1,338,341
Written off	-	(33,805)	(14,252)	-	-	(48,057)
At 30.6.2022	1,346,742	3,591,136	6,489,248	378,163	1,699,212	13,504,501
Accumulated depreciation						
At 1.7.2020	715,345	3,161,401	4,952,875	119,747	659,006	9,608,374
Charge for the financial year	45,720	175,374	296,603	75,637	715,496	1,308,830
Written off	(440)	(571,512)	(146,407)	-	-	(718,359)
Expiration of lease contract	-	-	-	-	(878,675)	(878,675)
At 30.6.2021	760,625	2,765,263	5,103,071	195,384	495,827	9,320,170
Charge for the financial year	53,509	211,493	182,256	75,633	882,672	1,405,563
Written off	-	(33,803)	(14,246)	-	-	(48,049)
At 30.6.2022	814,134	2,942,953	5,271,081	271,017	1,378,499	10,677,684
Net carrying amount						
At 30.6.2022	532,608	648,183	1,218,167	107,146	320,713	2,826,817
At 30.6.2021	326,202	607,815	573,866	182,779	1,203,385	2,894,047

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5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The net carrying amount of property, plant and equipment acquired under lease liabilities is RM107,146 (2021: RM182,779).
- (b) The Company has certain leases of equipment, premises and motor vehicles with either lease terms of 12 months or less or with low value. The Company applies the “short-term lease” and “lease of low-value assets” recognition exemption for these leases.
- (c) Extension and termination options are included in certain lease properties. These options are negotiated by management to provide flexibility in managing the assets and align with the Company’s business model.

6. INVESTMENT IN SUBSIDIARIES

	<u>2022</u> RM	<u>2021</u> RM
Unquoted shares, at cost (Note (a))	5	10,003
Redeemable convertible preference shares	13,800,000	-
Equity loan (Note (b))	<u>-</u>	<u>23,000,000</u>
	<u>13,800,005</u>	<u>23,010,003</u>

- (a) Details of the subsidiaries, all incorporated and domiciled in Malaysia, are as follows:-

<u>Name of company</u>	Effective ownership (%)		<u>Principal activities</u>
	<u>2022</u>	<u>2021</u>	
M & A Nominee (Asing) Sdn. Bhd.	100	100	Nominee agent and registration services.
M & A Nominee (Tempatan) Sdn. Bhd.	100	100	Nominee agent and registration services.
Delta Crest (M) Sdn. Bhd.	-	99.99	Property investment.
Venturescape Sdn. Bhd.	100	-	Property investment.

In accordance with paragraph 4 of MFRS 10, Consolidated and Separate Financial Statements, consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary of a Malaysian incorporated company and is exempted from doing so.

The registered office of the holding company, Insas Berhad that publishes consolidated financial statements is located at No. 47-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 197301001503 (15017-H)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) (cont'd):-

Acquisition of a subsidiary

During the financial year, the Company acquired 1 ordinary share in Venturescape Sdn. Bhd. for total consideration of RM1, representing 100% equity interest in Venturescape Sdn. Bhd.. In addition, the Company subscribed 13,800,000 redeemable convertible preference shares for total consideration of RM13,800,000.

Dilution of investment in a subsidiary

On 5 October 2021, Delta Crest (M) Sdn. Bhd. allotted 990,000 new ordinary shares to a new shareholder, representing 99% of enlarged share capital in Delta Crest (M) Sdn. Bhd.. Arising thereon, the Company loses control of Delta Crest (M) Sdn. Bhd. and it becomes a related company of the Company.

(b) It represents the equity loan provided to Delta Crest (M) Sdn. Bhd. in the previous financial years. Such equity loan was reclassified to amount due from a related company as disclosed in Note 11 to the financial statements as the Company's investment in Delta Crest (M) Sdn. Bhd. was diluted as disclosed in Note 6(a) to the financial statements.

7. INTANGIBLE ASSETS

	Stock broking dealer's <u>license</u> RM	Computer <u>software</u> RM	<u>Total</u> RM
Cost			
At 1.7.2020/30.6.2021	45,500,000	751,676	46,251,676
Additions	-	112,519	112,519
At 30.6.2022	45,500,000	864,195	46,364,195
Accumulated amortisation			
At 1.7.2020	7,053,340	696,305	7,749,645
Charge for the financial year	-	15,450	15,450
At 30.6.2021	7,053,340	711,755	7,765,095
Charge for the financial year	-	28,577	28,577
At 30.6.2022	7,053,340	740,332	7,793,672

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7. INTANGIBLE ASSETS (CONT'D)

	Stock broking dealer's <u>license</u> RM	Computer <u>software</u> RM	<u>Total</u> RM
Accumulated impairment losses			
At 1.7.2020/30.6.2021/30.6.2022	12,400,000	-	12,400,000
Net carrying amount			
At 30.6.2022	26,046,660	123,863	26,170,523
At 30.6.2021	26,046,660	39,921	26,086,581

Impairment testing of intangible asset – stock broking dealer's license

The stock broking dealer's license had been allocated to the Company's stock broking business as a CGU, a reportable segment impairment testing. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections covering a five-year period and a terminal value beyond the five-year period with an assumed growth rate of 5% (2021: 5%) in perpetuity approved by the management. The discount rate applied to the cash flow projections was 5% (2021: 5%) based on the weighted average cost of capital of the Company. The recoverable amount of the CGU is compared to the total carrying amount of the dealer's license. The management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

Key assumptions used in value in use calculation of CGU

The key assumptions on which the management has based its cash flow projections to undertake impairment testing of the stock broking dealer's license are as set out below:-

(a) Budgeted gross brokerage rate and gross margin rate

This is determined based on the CGU's past performance and the management's expectation of the performance of the local stock market index and market development.

(b) Operational costs

Other operational costs are expected to increase in line with expected inflation or expansion of all the branches' stock broking business.

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

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8. DEFERRED TAX ASSETS

	<u>2022</u> RM	<u>2021</u> RM
At beginning of financial year	2,904,000	478,000
Recognised in profit or loss (Note 29)	<u>(238,000)</u>	<u>2,426,000</u>
At end of financial year	<u>2,666,000</u>	<u>2,904,000</u>

The above deferred tax assets are made up of tax effects on temporary differences arising from:-

	<u>2022</u> RM	<u>2021</u> RM
Other timing differences	<u>2,666,000</u>	<u>2,904,000</u>

9. TRADE RECEIVABLES

	<u>2022</u> RM	<u>2021</u> RM
Due from clients:		
- Margin debtors	110,291,962	107,454,120
- Outstanding purchase contracts	13,380,083	25,269,847
- Contra losses and others	<u>17,489,498</u>	<u>18,589,463</u>
	141,161,543	151,313,430
Less: Interest-in-suspense	<u>(15,091,441)</u>	<u>(14,399,967)</u>
	126,070,102	136,913,463
Less: Allowance for impairment	<u>(9,684,297)</u>	<u>(9,900,135)</u>
	116,385,805	127,013,328
Due from brokers	38,969,200	46,755,712
Due from foreign brokers	2,926,489	2,436,610
Due from corporate finance clients	<u>8,556</u>	<u>8,920</u>
	<u>158,290,050</u>	<u>176,214,570</u>

(a) Included in due from clients are non-performing accounts as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Classified as doubtful	18,212	86,646
Classified as bad	<u>15,265,781</u>	<u>15,535,716</u>

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9. TRADE RECEIVABLES (CONT'D)

(b) The movement of interest-in-suspense are as follows:-

	<u>2022</u> RM	<u>2021</u> RM
At beginning of financial year	14,399,967	17,445,196
Write back	(104,126)	(3,849,642)
Additional	795,600	910,874
Reversal	-	(106,461)
	<u>15,091,441</u>	<u>14,399,967</u>
At end of financial year	<u>15,091,441</u>	<u>14,399,967</u>

The range of interest rates of interest-bearing trade receivables of the Company are disclosed in Note 33(b)(ii) to the financial statements.

Trade receivables represent amounts receivable from margin clients, non-margin clients (brokers and foreign brokers), outstanding contracts, contra losses and others entered into on behalf of clients where settlements via the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System trading rules have yet to be made as at the reporting date. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

The ageing analysis of the Company's receivables is as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Neither past due nor impaired	158,011,596	175,813,223
1 to 30 days past due but not impaired	17,516	87,644
More than 30 days past due but not impaired	260,938	313,703
	<u>278,454</u>	<u>401,347</u>
Impaired	9,684,297	9,900,135
	<u>167,974,347</u>	<u>186,114,705</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with insignificant losses noted. Trade receivables amounting to RM158,011,596 (2021: RM175,813,223) are creditworthy debtors with good payment records with the Company.

Trade receivables that are past due but not impaired amounting to RM278,454 (2021: RM401,347) are creditworthy customers and the management is of the view it is recoverable and it relates to a number of independent customers from whom there is no recent history of default.

Trade receivables that are impaired amounting to RM9,684,297 (2021: RM9,900,135) relate to receivables that are in significant financial difficulties and have defaulted on repayments. These receivables are not secured by any collateral.

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9. TRADE RECEIVABLES (CONT'D)

The fair value of the collateral pledged by the trade receivables at the reporting date is as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Fair value of the collateral	<u>352,343,076</u>	<u>289,742,884</u>

Information on credit risk of trade receivables is disclosed in Note 33(b)(i) to the financial statements.

The movement of the allowance account used to record the impairment is as follows:-

	<u>2022</u> RM	<u>2021</u> RM
At beginning of financial year	9,900,135	13,779,903
Charge for the year	114,291	45,787
Reversal of impairment loss	<u>(330,129)</u>	<u>(3,925,555)</u>
At end of financial year	<u>9,684,297</u>	<u>9,900,135</u>

10. OTHER RECEIVABLES

	<u>2022</u> RM	<u>2021</u> RM
Non-trade receivables - Interest bearing ranging from 1.19% to 1.34% (2021: 1.20% to 8.00%) per annum	6,198,787	6,164,196
Non-trade receivables - Non-interest bearing	453,047	736,037
Deposits paid	775,408	463,783
Prepayments	<u>202,229</u>	<u>167,294</u>
	<u>7,629,471</u>	<u>7,531,310</u>

Included in deposit paid are rental deposit paid to a related company amounting to RM76,313 (2021: RM76,313).

Included in non-trade receivables of the Company are interest receivable on deposits with licensed banks of RM359,204 (2021: RM486,138). The interest rates of the deposits with licensed banks are disclosed in Note 14 to the financial statements.

Included in non-trade receivables of RM6,198,787 (2021: RM6,139,827) is the collateral paid to Bursa Malaysia Securities Clearing Sdn. Bhd..

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11. AMOUNT DUE FROM/(TO) RELATED COMPANIES

Related companies refer to members of Insas Berhad's group of companies.

The amount due from a related company represents the equity loan provided to Delta Crest (M) Sdn. Bhd. in the previous financial years as disclosed in Note 6(b) to the financial statements and the Company has received partial settlement during the financial year.

The amount due to related companies represents advance received which is unsecured and repayable on demand is as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Interest bearing at 6.00% per annum	50,267,375	50,267,375
Non-interest bearing	<u>111</u>	<u>-</u>
	<u>50,267,486</u>	<u>50,267,375</u>

The interest bearing balances represent the advances utilised by the Company for the purpose of financing its share margin activities as well as bridging the trade settlement for and on behalf of its clients.

12. AMOUNT DUE FROM/(TO) SUBSIDIARIES

The amount due from subsidiaries which is non-trade in nature, unsecured and repayable on demand is as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Interest bearing at 8.00% per annum	-	143,709
Non-interest bearing	<u>481,443</u>	<u>480,331</u>
	<u>481,443</u>	<u>624,040</u>

The amount due to a subsidiary is non-trade in nature, unsecured, interest free and repayable on demand.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2022</u> RM	<u>2021</u> RM
Quoted securities, at market value - in Malaysia	<u>4,951,316</u>	<u>4,821,446</u>

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13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

The Company's financial assets at fair value through profit or loss amounting to RM577,500 (2021: RM660,000) are pledged to licensed banks for banking facilities granted to the Company.

14. DEPOSITS WITH LICENSED BANKS

Deposits placed with licensed banks amounting RM626,368 (2021: RM624,477) of the Company are pledged to licensed banks as security for bank facilities granted to the Company.

Dealer's representatives' deposits and clients' trust monies received of RM233,832,974 (2021: RM336,616,289) are excluded from deposits with licensed banks of the Company in accordance with Financial Reporting Standards Implementation Committee Consensus 18: Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad.

The effective interest rate for deposits with licensed banks of the Company ranging from 1.50% to 2.00% (2021: 1.50% to 2.61%) per annum.

15. CASH AND BANK BALANCES

Dealer's representatives' deposits and clients' trust monies received of RM76,733,274 (2021: RM97,392,862) are excluded from cash and bank balances of the Company in accordance with Financial Reporting Standards Implementation Committee Consensus 18: Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad.

16. SHARE CAPITAL

	<u>2022</u> RM	<u>2021</u> RM
Issued and fully paid with no par value:-		
100,000,000 units ordinary shares	<u>100,000,000</u>	<u>100,000,000</u>

The holder of the ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

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17. RCPS

	<u>2022</u> RM	<u>2021</u> RM
Issued and fully paid with no par value:-		
60,000,000 RCPS	<u>60,000,000</u>	<u>60,000,000</u>

The salient terms of the RCPS are as follows:-

- (i) The RCPS is allowed to convert into ordinary shares at any time at the option of the RCPS holder(s).
- (ii) The RCPS carries the right to receive cumulative gross preferential dividend rate per annum of 6 sen on the issue price per RCPS, payable semi-annually in arrears on 30 June and 31 December each year.
- (iii) The RCPS is perpetual in nature from the date of issuance.
- (iv) The RCPS is redeemable at 100% of the issue price of the RCPS at any time during the tenure of the RCPS at the option of the Company as issuer. The Company may redeem the RCPS on pro-rated basis at their nominal value commencing from the date of issue of the RCPS up to the date of redemption.
- (v) In events of default, the RCPS holder(s) may at their discretion, require the Company to redeem the RCPS at the issue price together with accrued but unpaid dividend in the event of the Company become insolvent or is unable to pay its debts as they fall due or ceasing or threatening to carry on its business or a substantial part of its business, or breaching the terms of the RCPS. The RCPS holder(s) shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited financial statements and attending general meetings of the Company.
- (vi) The RCPS holder(s) are not entitled to any voting rights or participation in any rights, allotments and/or other distributions in the Company, except in the following circumstances:-
 - (a) where the dividend or part of the dividend on the RCPS has been declared but remains unpaid for more than six (6) months;
 - (b) on a proposal to reduce the Company's share capital;
 - (c) on a proposal for the disposal of the Company's assets, business and undertakings in excess of 25% of net assets of the Company based on the last audited financial statements;
 - (d) upon any resolution which varies or is deemed to vary the rights and privileges attaching to the RCPS;
 - (e) upon any resolution of winding-up of the Company; and
 - (f) other circumstances as may be provided under law applicable to preference shares and/or preference shareholders from time to time.

18. RESERVE

Reserve represents the changes of fair value of financial assets measured at fair value through other comprehensive income.

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19. LEASE LIABILITIES

	<u>2022</u> RM	<u>2021</u> RM
<u>Current</u>		
Leases for motor vehicle	68,004	68,004
Leases for properties	<u>327,055</u>	<u>894,381</u>
	<u>395,059</u>	<u>962,385</u>
<u>Non-current</u>		
Leases for motor vehicle	39,649	107,653
Leases for properties	<u>-</u>	<u>327,055</u>
	<u>39,649</u>	<u>434,708</u>
Total lease liabilities	<u>434,708</u>	<u>1,397,093</u>

The maturity analysis of lease liabilities of the Company is disclosed in Note 33(b)(iii) to the financial statements.

The lease liability for motor vehicle is secured by the motor vehicle acquired under the finance lease arrangement.

The effective interest rates per annum for lease liabilities are as follows:-

	<u>2022</u> %	<u>2021</u> %
Leases for motor vehicle	3.78	3.78
Leases for properties	<u>1.75</u>	<u>1.75</u>

Cash outflows for leases as a lessee are as follows:-

	<u>2022</u> RM	<u>2021</u> RM
<u>Included in net cash from operating activities:-</u>		
Payment relating to short-term leases	2,117,405	2,132,156
Payment relating to interest on lease liabilities	<u>28,108</u>	<u>43,571</u>
<u>Included in net cash used in financing activities:-</u>		
Payment of lease liabilities	<u>962,385</u>	<u>767,169</u>
	<u>3,107,898</u>	<u>2,942,896</u>

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

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20. TRADE PAYABLES

	<u>2022</u> RM	<u>2021</u> RM
Due to clients:		
- Outstanding sales contracts	13,101,058	10,754,898
- Contra gains and other	<u>133,855</u>	<u>227,810</u>
	13,234,913	10,982,708
Due to brokers	<u>31,505,587</u>	<u>44,524,108</u>
	<u>44,740,500</u>	<u>55,506,816</u>

Clients' trust monies amounting to RM297,800,497 (2021: RM420,994,639) are excluded from trade payables in accordance with Financial Reporting Standards Implementation Committee Consensus 18: Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad.

The Company's normal trade credit term is 2 (2021: 2) market days in accordance with the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System trading rules.

All trade payables are non-interest bearing except for clients' trust monies that bore interest ranging from 1.15% to 1.40% (2021: 1.15% to 1.40%) per annum.

21. AMOUNT DUE TO HOLDING COMPANY

The holding company is Insas Berhad, a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The amount due to holding company is non-trade in nature, unsecured, interest free and is repayable on demand.

22. OTHER PAYABLES

	<u>2022</u> RM	<u>2021</u> RM
Other payables	1,941,777	2,485,169
Accruals	13,981,496	15,943,156
SST payable	<u>474,357</u>	<u>637,709</u>
	<u>16,397,630</u>	<u>19,066,034</u>

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22. OTHER PAYABLES (CONT'D)

Dealer's representatives' security deposits amounting to RM12,765,751 (2021: RM13,014,512) are excluded from other payables in accordance with Financial Reporting Standards Implementation Committee Consensus 18: Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad.

23. BORROWINGS

	<u>2022</u> RM	<u>2021</u> RM
Secured:-		
Bank overdrafts	77,907	545,400
Revolving credit facilities	<u>10,000,000</u>	<u>25,000,000</u>
	<u>10,077,907</u>	<u>25,545,400</u>

The bank overdrafts are secured against the followings:-

- (i) legal charged over the property of a related company;
- (ii) deposits with licensed banks of the Company;
- (iii) corporate guarantee by the holding company; and
- (iv) certain quoted securities of the Company and the Company's margin client.

The effective interest rate of the bank overdrafts ranging from 6.89% to 7.47% (2021: 6.89% to 7.72%) per annum.

The revolving credit is secured against the followings:-

- (i) a charge on quoted shares held by a related company; and
- (ii) corporate guarantee by the holding company.

The effective interest rate of the revolving credit ranging from 4.19% to 4.62% (2021: 4.19% to 4.60%) per annum.

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24. REVENUE

Revenue recognised during the financial year are as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Gross brokerage fee income	18,730,872	43,153,662
Contra interest	115,875	113,143
Corporate advisory fee income	20,110,639	15,974,746
Margin interest	8,229,062	7,847,438
Late payment interest	<u>1,342,163</u>	<u>1,817,197</u>
	<u>48,528,611</u>	<u>68,906,186</u>
<u>Timing of revenue recognition:</u>		
- at a point in time	28,417,972	52,931,440
- over time	<u>20,110,639</u>	<u>15,974,746</u>
	<u>48,528,611</u>	<u>68,906,186</u>

25. FINANCE INCOME

Finance income comprise of the following interest income:-

	<u>2022</u> RM	<u>2021</u> RM
Interest income:		
- a related company	3,497	-
- a subsidiary	-	6,302
- deposits with licensed banks	1,610,069	979,499
- others	<u>123,877</u>	<u>101,092</u>
	<u>1,737,443</u>	<u>1,086,893</u>

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26. STAFF COSTS

Staff costs comprise of the following staff and Directors' remuneration:-

	<u>2022</u> RM	<u>2021</u> RM
Staff remuneration:-		
Salaries, bonus and allowances	19,243,298	25,245,500
Defined contribution plan	2,407,085	1,834,813
Social security cost	93,710	78,437
Other staff related expenses	<u>75,051</u>	<u>32,126</u>
	<u>21,819,144</u>	<u>27,190,876</u>
Directors' remuneration:-		
Salaries and other emoluments	4,381,934	3,141,382
Defined contribution plan	473,333	335,023
Social security cost	<u>2,253</u>	<u>1,988</u>
	<u>4,857,520</u>	<u>3,478,393</u>
	<u>26,676,664</u>	<u>30,669,269</u>

The estimated monetary value of other benefits not included in the above received by the Directors of the Company is RM23,950 (2021: RM13,325).

27. FINANCE COSTS

Finance costs comprise of the following interest expenses:-

	<u>2022</u> RM	<u>2021</u> RM
Interest expenses:		
- bank overdrafts	32,503	104,170
- lease liabilities	28,108	43,571
- holding company	-	52,603
- a related company	3,000,000	1,898,630
- revolving credit facility	<u>696,272</u>	<u>848,888</u>
	<u>3,756,883</u>	<u>2,947,862</u>

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

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28. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	<u>2022</u> RM	<u>2021</u> RM
Auditors' statutory remuneration:		
- current financial year	71,000	71,000
- under provision in previous financial year	-	2,000
Bad debts written off	-	3,344,644
Bad debt recovered	(21,490)	-
Expenses relating to short-term leases	2,117,405	2,132,156
Reversal of impairment loss of trade receivables	(330,129)	(3,925,555)
Property, plant and equipment written off	8	14,962
Impairment loss of trade receivables	114,291	45,787
Foreign exchange loss/(gain):		
- realised	<u>566,034</u>	<u>(250,608)</u>

29. TAX EXPENSE

	<u>2022</u> RM	<u>2021</u> RM
<u>Income tax:-</u>		
Provision for current financial year	5,553,000	8,556,000
Over provision in previous financial year	<u>(911,709)</u>	<u>(117,281)</u>
	<u>4,641,291</u>	<u>8,438,719</u>
<u>Deferred tax:-</u>		
Transfer to deferred taxation	227,000	(2,446,000)
Over recognised in previous financial year	<u>11,000</u>	<u>20,000</u>
	<u>238,000</u>	<u>(2,426,000)</u>
	<u>4,879,291</u>	<u>6,012,719</u>

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

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29. TAX EXPENSE (CONT'D)

The reconciliation of income tax expense on profit before tax with the applicable statutory income tax rate is as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Profit before tax	<u>22,821,214</u>	<u>24,825,447</u>
Income tax at Malaysian statutory tax rate of 24% (2021: 24%)	5,477,091	5,958,107
Tax effects in respect of:-		
Income not subject to tax	(99,192)	(935,917)
Non-allowable expenses	402,101	1,087,810
Over provision for tax expense in previous financial year	(911,709)	(117,281)
Over recognised of deferred taxation in previous financial year	<u>11,000</u>	<u>20,000</u>
Total tax expense for the financial year	<u>4,879,291</u>	<u>6,012,719</u>

30. DIVIDENDS

	<u>2022</u> RM	<u>2021</u> RM
<u>In respect of the financial year ended 30 June 2022:-</u>		
Preferential cash dividend of 3.0247 sen per redeemable convertible preference share, paid on 30 December 2021	1,814,795	-
Preferential cash dividend of 2.9753 sen per redeemable convertible preference share, paid 30 June 2022	1,785,205	-
First interim single tier cash dividend of 3.6500 sen per ordinary share, paid 30 June 2022	<u>3,650,000</u>	<u>-</u>
	<u>7,250,000</u>	<u>-</u>

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30. DIVIDENDS (CONT'D)

	2022 RM	2021 RM
<u>In respect of the financial year ended 30 June 2021:-</u>		
Preferential cash dividend of 3.0247 sen per redeemable convertible preference share, paid on 29 December 2020	-	1,814,795
Preferential cash dividend of 2.9753 sen per redeemable convertible preference share, paid 29 June 2021	-	1,785,205
First interim single tier cash dividend of 2.4000 sen per ordinary share, paid 29 June 2021	-	2,400,000
	<u>-</u>	<u>6,000,000</u>

The Directors do not recommend any final dividend for the financial year ended 30 June 2022 and 30 June 2021.

31. RELATED PARTY DISCLOSURES

- (a) The Company has the following transactions with the following related parties at negotiated terms agreed between the parties during the financial year:-

	<u>2022</u> RM	<u>2021</u> RM
Holding company		
- Corporate advisory fees income	180,000	350,000
- Dividend paid	7,250,000	6,000,000
- Interest expense	-	52,603
- Secretarial fees paid	10,398	9,280
- Underwriting commission income	-	300,000
Subsidiaries		
- Handling income	80,400	80,400
- Interest income	-	6,302
- Management fee received	-	120,000
- Rental expenses	104,891	629,996
Related companies		
- Loan from	-	40,000,000
- Interest income	3,497	-
- Management fee received	100,000	-
- Facility fees expense	250,000	249,600
- Handling fees expense	-	150,000
- Interest expense	3,000,000	1,898,630
- Rental expenses	<u>1,468,771</u>	<u>766,572</u>

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31. RELATED PARTY DISCLOSURES (CONT'D)

- (a) The Company has the following transactions with the following related parties at negotiated terms agreed between the parties during the financial year (cont'd):-

	<u>2022</u> RM	<u>2021</u> RM
Related parties		
- Corporate advisory fees income	300,000	380,000
- Placement fees income	<u>7,077,529</u>	<u>955,903</u>

The Directors of the Company are of the opinion that the above transactions were entered into in the normal course of business and have been established at negotiated terms agreed between the parties.

- (b) Outstanding balances arising from related party transactions

The outstanding balances arising from related party transactions as at the reporting date were disclosed in Notes 11, 12 and 21 to the financial statements.

- (c) Remuneration of key management personnel

The remuneration of key management personnel comprises of Director's remuneration as disclosed in Note 26 to the financial statements. The Company has no other key members of key management personnel apart from the Board of Directors.

32. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The uncertainties brought about by the Covid-19 pandemic have influenced various aspects of business management within many corporations. Following the preceding financial year ended 30 June 2021, movement restrictions have been lifted and the country's border has reopened with effect from 1 April 2022. Through Covid-19 is in the endemic phase, the Company continues to place considerable importance to areas most impacted by the Covid-19 pandemic in particular solvency and cash management, investment decisions and workplace safety. Based on the analysis of the Company's financial performance, there was no material financial impact on the financial statements of the Company during the financial year arising from the Covid-19 pandemic.

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

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33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

- (i) Amortised cost (“AC”); or
- (ii) Fair value through profit or loss (“FVTPL”)

	Carrying amount RM	AC RM	FVTPL RM
2022			
Financial assets			
Trade receivables	158,290,050	158,290,050	-
Amount due from a related company	9,614,000	9,614,000	-
Amount due from subsidiaries	481,443	481,443	-
Other receivables	7,427,242	7,427,242	-
Financial assets at fair value through profit or loss	4,951,316	-	4,951,316
Deposits with licensed banks	9,766,368	9,766,368	-
Cash and bank balances	82,281,001	82,281,001	-
	<u>272,811,420</u>	<u>267,860,104</u>	<u>4,951,316</u>
Financial liabilities			
Trade payables	44,740,500	44,740,500	-
Amount due to holding company	2,477,449	2,477,449	-
Amount due to related companies	50,267,486	50,267,486	-
Amount due to a subsidiary	43,934	43,934	-
Other payables	15,923,273	15,923,273	-
Borrowings	10,077,907	10,077,907	-
	<u>123,530,549</u>	<u>123,530,549</u>	<u>-</u>

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33. FINANCIAL INSTRUMENTS (CONT'D)

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

The table below provides an analysis of financial instruments categorized as follows (cont'd):-

	Carrying <u>amount</u> RM	<u>AC</u> RM	<u>FVTPL</u> RM
2021			
Financial assets			
Trade receivables	176,214,570	176,214,570	-
Amount due from subsidiaries	624,040	624,040	-
Other receivables	7,364,016	7,364,016	-
Financial assets at fair value through profit or loss	4,821,446	-	4,821,446
Deposits with licensed banks	24,199,477	24,199,477	-
Cash and bank balances	72,172,149	72,172,149	-
	<u>285,395,698</u>	<u>280,574,252</u>	<u>4,821,446</u>
Financial liabilities			
Trade payables	55,506,816	55,506,816	-
Amount due to holding company	2,477,449	2,477,449	-
Amount due to a related company	50,267,375	50,267,375	-
Other payables	18,428,325	18,428,325	-
Borrowings	25,545,400	25,545,400	-
	<u>152,225,365</u>	<u>152,225,365</u>	<u>-</u>

(b) Financial risk management and policies

The Company is exposed to financial risks arising from the use of financial instruments. The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Company operates within guidelines approved by the Board and the Company's policy is not to engage in speculative transactions.

Registration No: 197301001503 (15017-H)

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows:-

(i) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company does not have significant concentration of credit risk with any single counterparty.

The Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. There is no major concentration of credit risk as trade receivables are adequately secured with collateral.

The Company maximum exposure to credit risk is represented by the carrying amount of trade receivables, most of other receivables, amount due from a related company and amount due from subsidiaries in the statement of financial position.

The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks and financial institutions with high credit rating. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

Recognition and measurement of impairment loss - Trade receivables

The Company's normal trade credit terms for trade receivables is 2 (2021: 2) market days according to the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System Trading Rules. As at the reporting date, the management is of the opinion that all necessary impairment that is required has been provided for and the trade receivables that have not been impaired are creditworthy debtors whereby impairment is not needed.

Each client had a maximum credit limit. The Company seeks to maintain strict control over its own outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The amounts due from corporate finance advisory clients are non-interest bearing and are generally on 30 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

Recognition and measurement of impairment loss - Trade receivables (cont'd)

In view of the above-mentioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Information in respect of the provision for impairment losses and ageing analysis for trade receivables are disclosed in Note 9 to the financial statements.

At each reporting date, the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the trade receivables that are written off could still be subject to enforcement activities. There are no significant changes as compared to preceding financial year.

Other receivables which are neither past due nor impaired refers to balances that are deemed recoverable.

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33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

Recognition and measurement of impairment loss - Debt Instruments at amortised cost other than trade receivables

Debt instruments at amortised cost other than trade receivables using general approach.

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company uses three categories to reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Company's expected credit loss model is as follows:-

Category	Definition of categories	Basis of recognising expected credit loss
Performing	Debtors have low risk of default and a strong capacity to meet contractual cash flow.	12 months expected credit loss
Underperforming	Debtors for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.	Lifetime expected credit loss
Non-performing	A debtor is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows have occurred.	Lifetime expected credit loss

Registration No: 197301001503 (15017-H)

33. **FINANCIAL INSTRUMENTS (CONT'D)**

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

Recognition and measurement of impairment loss - Debt Instruments at amortised cost other than trade receivables (cont'd)

Based on the above, loss allowance is derived as follows:-

- (i) the likelihood that the debtor would not be able to repay during the contractual period;
- (ii) the percentage of contractual cash flows that will not be collected if default happens; and
- (iii) the outstanding amount that is exposed to default risk.

Intercompany advances

The Company provides advances to its subsidiaries and a related company and control the credit risk via monitoring procedures.

As at the reporting date, there was no indication of default on payment for advances granted to the subsidiaries and related company.

As at the reporting date, there was no indication of default on repayment for the debt instruments at amortised cost.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest risk.

The Company is not significantly exposed to interest rate risk except for the floating rate borrowings. The interest rates applicable on the Company's lease liabilities, amount due to a related company, trade and other receivables, amount due from a subsidiary and deposits with licensed banks are mainly fixed rate in nature and are not exposed to interest rate risk.

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33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(ii) Interest rate risk (cont'd)

The interest rate policies of the Company's financial assets and financial liabilities are set out as follows:-

	<u>Floating rates instruments</u> RM	<u>Fixed rates instruments</u> RM	<u>Total</u> RM	<u>Effective interest rate during the financial year</u> % per annum
2022				
<u>Financial assets</u>				
Trade receivables	-	103,005,722	103,005,722	9.00% - 10.50%
Other receivables	-	6,198,787	6,198,787	1.19% - 1.34%
Deposits with licensed banks	-	9,766,368	9,766,368	1.50% - 2.00%
<u>Financial liabilities</u>				
Amount due to a related company	-	(50,267,375)	(50,267,375)	6.00%
Lease liabilities	-	(434,708)	(434,708)	1.75% - 3.78%
Borrowings	<u>(10,077,907)</u>	<u>-</u>	<u>(10,077,907)</u>	<u>4.19% - 7.47%</u>
2021				
<u>Financial assets</u>				
Trade receivables	-	101,743,481	101,743,481	9.00% - 10.50%
Amount due from a subsidiary	-	143,709	143,709	8.00%
Other receivables	-	6,164,196	6,164,196	1.20% - 8.00%
Deposits with licensed banks	-	24,199,477	24,199,477	1.50% - 2.61%
<u>Financial liabilities</u>				
Amount due to a related company	-	(50,267,375)	(50,267,375)	6.00%
Lease liabilities	-	(1,397,093)	(1,397,093)	1.75% - 3.78%
Borrowings	<u>(25,545,400)</u>	<u>-</u>	<u>(25,545,400)</u>	<u>4.19% - 7.72%</u>

Sensitivity analysis for interest rate risk

The Company's exposure to interest rate risk for a 1% (2021: 1%) increase/(decrease) in interest rate on the financial assets and liabilities with floating rate interest rate at the reporting date would result in a corresponding effect to the profit/equity for the financial year as follows:-

	<u>Effect on profit/equity of the financial year</u>	
	RM	RM
2022 (+/- 1%)	(100,779)	100,779
2021 (+/- 1%)	<u>(255,454)</u>	<u>255,454</u>

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33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(ii) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk (cont'd)

The assumed movement in interest rate 1% for the interest rate sensitivity analysis is based on the prudent estimate of the current market environment.

(iii) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as and when they fall due as a result of shortage of funds. The Company's liquidity risk exposure mainly arises from trade payables, amount due to holding company, amount due to a subsidiary, amount due to related companies, most of other payables, borrowings and lease liabilities.

The Company manages its funding needs and allocates funds in such manner that its businesses maintain optimum levels of liquidity which are sufficient for its operations.

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on the contractual undiscounted repayment obligations.

	Less than 1 <u>year</u> RM	<u>2 to 5 years</u> RM	<u>Total</u> RM
2022			
<u>Financial liabilities</u>			
Trade payables	44,740,500	-	44,740,500
Amount due to holding company	2,477,449	-	2,477,449
Amount due to related companies	50,267,486	-	50,267,486
Amount due to a subsidiary	43,934	-	43,934
Other payables	15,923,273	-	15,923,273
Borrowings	10,077,907	-	10,077,907
Lease liabilities	407,514	43,576	451,090
	<u>123,938,063</u>	<u>43,576</u>	<u>123,981,639</u>

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33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iii) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on the contractual undiscounted repayment obligations (cont'd).

	Less than 1 <u>year</u> RM	<u>2 to 5 years</u> RM	<u>Total</u> RM
2021			
<u>Financial liabilities</u>			
Trade payables	55,506,816	-	55,506,816
Amount due to holding company	2,477,449	-	2,477,449
Amount due to a related company	50,267,375	-	50,267,375
Other payables	18,428,325	-	18,428,325
Borrowings	25,545,400	-	25,545,400
Lease liabilities	990,492	451,090	1,441,582
	<u>153,215,857</u>	<u>451,090</u>	<u>153,666,947</u>

(iv) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rate.

The Company is exposed to foreign currency exchange risk on its sales, purchase with foreign brokers and cash and cash equivalents that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are principally United States Dollar ("USD"), Singapore Dollar ("SGD") and Hong Kong Dollar ("HKD").

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33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iv) Foreign currency exchange risk (cont'd)

The net unhedged financial assets and liabilities of the Company that are not denominated in its functional currency are as follows:-

	<u>USD</u> RM	<u>SGD</u> RM	<u>HKD</u> RM	<u>Total</u> RM
2022				
Trade receivables	470,137	989,878	1,466,474	2,926,489
Total	<u>470,137</u>	<u>989,878</u>	<u>1,466,474</u>	<u>2,926,489</u>
2021				
Trade receivables	326,349	1,167,786	942,475	2,436,610
Cash and bank balances	-	1,487,079	-	1,487,079
Total	<u>326,349</u>	<u>2,654,865</u>	<u>942,475</u>	<u>3,923,689</u>

A 5% (2021: 5%) strengthening/weakening of RM against the following major foreign currencies at the reporting date would increase/(decrease) the Company's profit for the financial year and equity by the amounts shown below with Company's equity and all other variable held constant:-

		<u>Equity and profit/equity for the financial year</u>	
		<u>2022</u>	<u>2021</u>
		RM	RM
-Strengthened 5%	USD/RM	23,507	16,317
-Weakened 5%		(23,507)	(16,317)
-Strengthened 5%	SGD/RM	49,494	132,743
-Weakened 5%		(49,494)	(132,743)
-Strengthened 5%	HKD/RM	73,324	47,124
-Weakened 5%		<u>(73,324)</u>	<u>(47,124)</u>

The assumed movement in foreign currency exchange rate of 5% for the foreign currency rate sensitivity analysis is based on the prudent estimate of the current market environment.

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33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(v) Market risk

Market risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of the changes in market price of quoted securities held as financial assets at fair value through profit or loss as stated in Note 13 to the financial statements.

If the prices of quoted securities increase by 5% with other variables held constant at the reporting date, the effect of the increase on profit for the financial year and equity will be RM247,566 (2021: RM241,072).

If the prices of quoted securities decrease by 5% with other variables held constant at the reporting date, then the impact on profit for the financial year and equity will be opposite.

The assumed movement in market price of quoted shares of 5% for the market price sensitivity analysis is based on the prudent estimate of the current market environment.

(c) Fair value of financial instruments

Fair value is the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced and liquidation sale.

(i) Financial instruments not carried at fair value but fair value is disclosed

The Company does not have any financial instruments not carried at fair value but fair value is disclosed.

(ii) Financial instruments carried at fair value

Financial assets of the Company that are carried at fair value are as follows:

- Financial assets at fair value through other comprehensive income; and
- Financial assets at fair value through profit or loss

Other than the above, the carrying amounts of the remaining financial instruments in the statement of financial position are reasonable approximation of their fair values due to their relatively short-term nature and the insignificant impact of discounting.

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33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments (cont'd)

The following methods and assumptions summarised are used to determine the fair values of each class of financial instruments:-

(i) Quoted securities

The fair value of quoted securities is determined by reference to their published market closing price or the quoted closing bid price at the reporting date.

(ii) Unquoted investments and other investments

The fair values of the unquoted investments are determined based on the adjusted net asset value approach.

The fair values of other investments are determined based on the fair values obtained from club membership's website whereby the quotes obtained reflected transactions in similar instruments.

(iii) Financial assets and liabilities with short-term maturity

The carrying amounts of these financial assets and liabilities at the reporting date are reasonable approximation of their fair value due to their short-term nature and therefore have insignificant impact on discounting.

(iv) Other fixed interest rates financial assets and liabilities

The fair values of these financial assets and liabilities are estimated by discounted future cash flow at market incremental lending rate for similar investment and borrowing arrangements at the reporting date.

(d) Fair value hierarchy of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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33. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy of financial instruments (cont'd)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable (cont'd).

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
2022				
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
- quoted securities	<u>4,951,316</u>	<u>-</u>	<u>-</u>	<u>4,951,316</u>
2021				
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
- quoted securities	<u>4,821,446</u>	<u>-</u>	<u>-</u>	<u>4,821,446</u>

Policy on transfer between levels

The fair value of the financial instruments to be transferred between levels are determined as of the date of the event or change in circumstances that caused the transfer.

There is no transfers between Level 1, Level 2 and Level 3 during the reporting period.

(e) Measurement of fair value of financial instruments

Type of financial instrument carried at fair value : Other investments

Valuation techniques : Market comparison technique. The fair value are obtained from club membership's website whereby the quotes obtained reflected transaction in similar instruments.

Significant unobservable inputs : Not applicable.

Inter-relationship between significant unobservable inputs and fair value measurement : Not applicable.

APPENDIX III(A) – AUDITED FINANCIAL STATEMENTS OF M&A SECURITIES FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 197301001503 (15017-H)

33. FINANCIAL INSTRUMENTS (CONT'D)

(e) Measurement of fair value of financial instruments (cont'd)

Type of financial instrument carried at fair value : Unquoted investments

Valuation techniques : The fair values are based on the adjusted net asset value approach.

Significant unobservable inputs : Not applicable.

Inter-relationship between significant unobservable inputs and fair value measurement : Not applicable.

(f) Reconciliation of liabilities from financing activities

	1 July 2021 RM	Addition of new lease RM	Cash flows RM	30 June 2022 RM
Amount due to holding company	2,477,449	-	-	2,477,449
Amount due to a subsidiary	-	-	43,934	43,934
Amount due to a related company	-	-	111	111
Lease liabilities	1,397,093	-	(962,385)	434,708
	<u>3,874,542</u>	<u>-</u>	<u>(918,340)</u>	<u>2,956,202</u>
	1 July 2020 RM	Addition of new lease RM	Cash flows RM	30 June 2021 RM
Amount due to holding company	2,477,449	-	-	2,477,449
Lease liabilities	465,050	1,699,212	(767,169)	1,397,093
	<u>2,942,499</u>	<u>1,699,212</u>	<u>(767,169)</u>	<u>3,874,542</u>

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34. CAPITAL COMMITMENT

	<u>2022</u> RM	<u>2021</u> RM
<u>Authorised and contracted for:</u>		
Property, plant and equipment	<u>281,754</u>	<u>-</u>

35. CAPITAL MANAGEMENT

The primary objective of capital management is to ensure that an entity maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure to safeguard its ability to continue as a going concern in order to maintain investors, creditors and market confidence and to sustain future business development.

The Company's stock broking business is supervised by the Securities Commission and Bursa Malaysia Securities Berhad and is required to maintain a number of minimum capital adequacy requirements, which the Company has complied with.

The Company monitors capital using a gearing ratio, which is derived by dividing the amount of borrowings over equity. The Company's policy is to keep the gearing ratio within manageable ratio.

The Company's gearing ratio are summarised as below:-

	<u>2022</u> RM	<u>2021</u> RM
Interest bearing amount due to a related company	50,267,375	50,267,375
Total interest bearing borrowings	<u>10,512,615</u>	<u>26,942,493</u>
	<u>60,779,990</u>	<u>77,209,868</u>
Total equity attributable to owner of the Company	<u>193,667,662</u>	<u>182,985,738</u>
Gearing ratio	<u>0.31</u>	<u>0.42</u>

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M & A NOMINEE (ASING) SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2022

APPENDIX III(B) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (A) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034787 (320470-H)

M & A NOMINEE (ASING) SDN. BHD.
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M & A NOMINEE (ASING) SDN. BHD.
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CORPORATE INFORMATION

DIRECTORS

Dato' Thong Kok Yoon
Boon Yat Mee
Goh Hock Jin
Yu Hong Tin
Sundararajah A/L Ramasamy

**COMPANY
SECRETARIES**

Maslina Bt Omar
Chow Yuet Kuen

AUDITORS

Grant Thornton Malaysia PLT
(Member Firm of Grant Thornton International Ltd.)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

REGISTERED OFFICE

No. 45-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

**PRINCIPAL PLACE OF
BUSINESS**

M & A Building
52A, Jalan Sultan Idris Shah
30000 Ipoh
Perak Darul Ridzuan

Registration No: 199401034787 (320470-H)

M & A NOMINEE (ASING) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to act as a nominee agent and to provide registration services.

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

FINANCIAL RESULT

	RM
Loss for the financial year	<u>30,868</u>

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

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

SHARES CAPITAL AND DEBENTURES

There were no issuance of new ordinary shares or debentures during the financial year.

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INFORMATION OF THE FINANIAL STATEMENTS

Before the financial statements of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial period which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION

The Directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

APPENDIX III(B) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (A) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034787 (320470-H)

OTHER STATUTORY INFORMATION (CONT'D)

In their opinion:-

- (a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

There was no indemnity given to or insurance effected for the Directors and Officers of the Company.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are as follows:-

Dato' Thong Kok Yoon
Boon Yat Mee
Goh Hock Jin
Yu Hong Tin
Sundararajah A/L Ramasamy

DIRECTORS' INTEREST

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the other Director in office at the end of the financial year held any interest in shares of the Company or its related corporations during the financial year except as stated below:-

Interest in ultimate holding company	Number of ordinary shares			
	At 1.7.2021	Bought	Sold	At 30.6.2022
Dato' Thong Kok Yoon				
- direct interest	43,358,813	-	-	43,358,813
- deemed interest #	30,844,835	-	-	30,844,835

Interest in ultimate holding company	Number of redeemable preference shares			
	At 1.7.2021	Bought	Redeemed	At 30.6.2022
Dato' Thong Kok Yoon				
- direct interest	8,671,762	-	-	8,671,762
- deemed interest #	7,678,885	15,300	-	7,694,185

APPENDIX III(B) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (A) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034787 (320470-H)

DIRECTORS' INTEREST (CONT'D)

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the other Director in office at the end of the financial year held any interest in shares of the Company or its related corporations during the financial year except as stated below (cont'd):-

Interest in ultimate holding company	At <u>1.7.2021</u>	<u>Number of warrants</u>		At <u>30.6.2022</u>
		<u>Bought</u>	<u>Sold/ Expired</u>	
<u>Dato' Thong Kok Yoon</u>				
- direct interest	21,679,405	-	-	21,679,405
- deemed interest #	19,172,212	-	-	19,172,212

Deemed interest by virtue of his family members' direct interest and his indirect interest in Insas Berhad.

DIRECTORS' REMUNERATIONS AND BENEFITS

During and at the end of financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of previous financial year, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

HOLDING COMPANIES

The immediate holding company is M & A Securities Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

The ultimate holding company is Insas Berhad, a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

APPENDIX III(B) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (A) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034787 (320470-H)

AUDITORS

The remuneration receivable by the auditors of the Company, Grant Thornton Malaysia PLT, for the financial year ended 30 June 2022 is RM2,600. There was no indemnity given to or insurance effected for the auditors of the Company, Grant Thornton Malaysia PLT.

The Auditors, Grant Thornton Malaysia PLT, has expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 20 September 2022.

GOH HOCK JIN

SUNDARARAJAH A/L RAMASAMY

Kuala Lumpur

DIRECTORS

Registration No: 199401034787 (320470-H)

M & A NOMINEE (ASING) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 13 to 34 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2022 and of its financial performance and its cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 20 September 2022.

.....
GOH HOCK JIN

.....
SUNDARARAJAH A/L RAMASAMY

Kuala Lumpur

STATUTORY DECLARATION

I, Goh Hock Jin, being the Director primarily responsible for the financial management of M & A Nominee (Asing) Sdn. Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 13 to 34 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.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in the)
Federal Territory this day of)
20 September 2022)

.....
GOH HOCK JIN
MIA NO. CA 9914

Before me:

Commissioner for Oaths



No. 30, Tingkat Bawah, Blok B,
Flat PKNS, Jalan Raja Muda Musa,
50300 Kg. Baru, Kuala Lumpur.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF**

M & A NOMINEE (ASING) SDN. BHD.
(Incorporated in Malaysia)
Registration No: 199401034787 (320470-H)

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022
F +603 2691 5229

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of M & A Nominee (Asing) Sdn. Bhd., which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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



Registration No: 199401034787 (320470-H)

Report on the Audit of the Financial Statements (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



Registration No: 199401034787 (320470-H)

Report on the Audit of the Financial Statements (cont'd)

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

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

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

We communicated 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 identified during our audit.



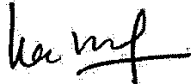
Registration No: 199401034787 (320470-H)

Other Matters

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


GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur
20 September 2022


FOO LEE MENG
(NO: 03069/07/2023(J))
CHARTERED ACCOUNTANT

APPENDIX III(B) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (A) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034787 (320470-H)

M & A NOMINEE (ASING) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Current asset			
Bank balances		53,253	140,559
TOTAL CURRENT ASSETS/TOTAL ASSETS		<u>53,253</u>	<u>140,559</u>
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owner of the Company			
Share capital	6	2	2
Accumulated losses		(359,630)	(328,762)
TOTAL EQUITY		<u>(359,628)</u>	<u>(328,760)</u>
LIABILITIES			
Current liabilities			
Trade payables	7	300	47,328
Amount due to immediate holding company	8	408,481	417,891
Accruals		4,100	4,100
TOTAL CURRENT LIABILITIES/TOTAL LIABILITIES		<u>412,881</u>	<u>469,319</u>
TOTAL EQUITY AND LIABILITIES		<u>53,253</u>	<u>140,559</u>

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

APPENDIX III(B) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (A) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034787 (320470-H)

M & A NOMINEE (ASING) SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
Revenue	9	10,235	6,970
Other operating expenses		<u>(41,103)</u>	<u>(40,855)</u>
Loss before tax	10	(30,868)	(33,885)
Tax expense	11	<u>-</u>	<u>-</u>
Loss for the financial year/Total comprehensive loss for the financial year		<u>(30,868)</u>	<u>(33,885)</u>

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

APPENDIX III(B) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (A) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034787 (320470-H)

M & A NOMINEE (ASING) SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Share capital RM	Accumulated losses RM	Total RM
Balance at 1 July 2020	2	(294,877)	(294,875)
Total comprehensive loss for the financial year	-	(33,885)	(33,885)
Balance at 30 June 2021	2	(328,762)	(328,760)
Total comprehensive loss for the financial year	-	(30,868)	(30,868)
Balance at 30 June 2022	2	(359,630)	(359,628)

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

APPENDIX III(B) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (A) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034787 (320470-H)

M & A NOMINEE (ASING) SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<u>2022</u> RM	<u>2021</u> RM
OPERATING ACTIVITIES		
Loss before tax/Operating loss before working capital changes	(30,868)	(33,885)
Changes in working capital:-		
Receivable	-	610,165
Payables	(47,028)	47,328
Net cash (used in)/from operations/operating activities	<u>(77,896)</u>	<u>623,608</u>
FINANCING ACTIVITY		
Repayment to immediate holding company	<u>(9,410)</u>	<u>(583,396)</u>
Net cash used in financing activity	<u>(9,410)</u>	<u>(583,396)</u>
CASH AND CASH EQUIVALENTS		
Net changes	(87,306)	40,212
Brought forward	<u>140,559</u>	<u>100,347</u>
Carried forward	<u>53,253</u>	<u>140,559</u>

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

Registration No: 199401034787 (320470-H)

M & A NOMINEE (ASING) SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2022

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are to act as a nominee agent and to provide registration services. There have been no significant changes in the nature of these activities during the financial year.

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Company is located at M & A Building, 52A, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan.

The immediate holding company is M & A Securities Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

The ultimate holding company is Insas Berhad, a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 September 2022.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and Issues Committee Interpretations ("IC Interpretation") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act 2016 in Malaysia.

(b) Basis of measurement

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Registration No: 199401034787 (320470-H)

2. BASIS OF PREPARATION (CONT'D)

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

(d) The use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below:-

(i) Impairment of financial assets

Financial assets at amortised cost

Credit losses are the differences between all contractual cash flows of the Company that is due and the cash flows that it actually expects to receive. An expected credit loss is the probability-weighted estimate of credit losses which requires the Company's judgement. The expected credit losses are discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company evaluates the Expected Credit Loss ("ECL") on a case-by-case basis.

The Company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available such as changes in financial capability of the debtor and default or significant delay in payments.

Registration No: 199401034787 (320470-H)

2. BASIS OF PREPARATION (CONT'D)

(d) The use of estimates and judgements (cont'd)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below (cont'd):-

(ii) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised business losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised business losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. GOING CONCERN

The financial statements of the Company have been prepared on a going concern basis despite having a deficit in shareholder's equity, net current liabilities and negative operating cashflow as the Company has been assured of continual financial support from its immediate holding company.

The immediate holding company has agreed to provide financial support to the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial assets

(i) Classification

The classification of financial assets is determined by both:

- the Company's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.

Registration No: 199401034787 (320470-H)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial assets (cont'd)

(i) Classification (cont'd)

The Company classifies their financial assets in the following categories:-

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding. The financial assets are not designated as fair value through profit or loss. The financial assets are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current. The Company's financial assets at amortised cost comprise other receivable and bank balances.

(ii) Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

(iii) Subsequent measurement - gains and losses

Classifications of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Registration No: 199401034787 (320470-H)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial assets (cont'd)

(iii) Subsequent measurement – gains and losses (cont'd)

Amortised cost (cont'd)

Interest income is recognised by applying the effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised costs.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in market place concerned. All regular way purchases or sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

(b) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of Company or the counterparty.

Registration No: 199401034787 (320470-H)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Impairment of financial assets

The Company assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company's other receivable and bank balances are subject to the impairment requirements of MFRS 9 Financial Instruments.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost of effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the asset. While 12 months ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

The Company measures loss allowances at an amount equal to lifetime ECL, except for debt securities that are determined to have low credit risk at the reporting date, and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12 months ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in statement of profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

Registration No: 199401034787 (320470-H)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Impairment of financial assets (cont'd)

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events have a detrimental impact on the estimated cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources 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 Company's procedures for recovery amounts due.

(d) Cash and cash equivalents

Cash and cash equivalents comprise of bank balances that are free from encumbrances and short-term highly liquid investments which have an insignificant risk of changes in value.

(e) Financial liabilities

(i) Classification

The Company carries only other financial liabilities on its statement of financial position.

Amortised cost

The Company's other financial liabilities not categorised as fair value through profit or loss include trade payables, accruals and amount due to immediate holding company.

(ii) Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs.

Registration No: 199401034787 (320470-H)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial liabilities (cont'd)

(iii) Subsequent measurement - gains and losses

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised costs using effective interest method.

Interest expense and foreign exchange gains or losses are recognised in the statement of profit and loss. Any gains or losses on derecognition are also recognised in the profit and loss.

(iv) Derecognition

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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Interim dividends on ordinary shares are recognised in equity in the period in which they are declared.

Final dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

(g) Provision for liabilities

Provision for liabilities are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

Registration No: 199401034787 (320470-H)

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(h) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(i) Income tax and deferred tax

Income tax in the statement of profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Current tax is recognised in the statement of profit or loss except to the extent that the tax relates to items recognised outside the statement of profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, 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 financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can 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 that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the statement of profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authorities.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Revenue recognition

The Company recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:-

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligation in the contract. For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time if the Company's performance:-

- (i) Do not create an asset with an alternative use to the Company and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Company perform.

For the performance obligation where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Revenue recognition (cont'd)

Revenue is measured at the fair value of consideration received or receivable. The following describe the performance obligations in contracts with customers:-

(i) Revenue from services income

Revenue from services is recognised when services are rendered and invoice issued. Revenue is recognised net of sales and services tax, where applicable.

(ii) Interest income

Interest income is recognised on accruals basis unless recoverability is in doubt, in which case the recognition of interest is suspended. Subsequent to suspension, interest is recognised on receipt basis.

(k) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

A person or a close member of that person's family is related to the reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity.

An entity is related to the reporting entity if any of the following conditions applies:

- the entity and the reporting entity are members of the same group;
- one entity is an associate or joint venture of the reporting entity;
- both the entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is controlled or jointly-controlled by a person identified in the preceding paragraph above;
- the entity that provides key management personnel services to the reporting entity; or
- a person who has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity.

Registration No: 199401034787 (320470-H)

5. MFRSs

The accounting policies adopted by the Company are consistent with those of the previous financial year and in conformity with the applicable MFRSs issued by the Malaysian Accounting Standards Board ("MASB"):-

(a) Adoption of revised Standards that are effective

At the beginning of the current financial year, the Company adopted amendments to Standards issued by the MASB which are relevant to the Company for the financial year beginning on or after 1 July 2021.

The amendments to Standards did not have any material financial impact on the financial statements of the Company.

(b) New and revised Standards that have been issued but are not yet effective

At the date of authorisation of these financial statements, the following new Standard, amendments to Standards and annual improvements to Standards have been issued by the MASB but are not yet effective, and have not been early adopted by the Company:-

Effective for financial period beginning on or after 1 January 2022:-

Amendments to MFRS 3	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Annual improvements to MFRS standards 2018-2020	

Effective for financial period beginning on or after effective 1 January 2023:-

MFRS 17*	Insurance Contracts
Amendments to MFRS 4*	Insurance Contracts - Extension of Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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5. MFRSs (CONT'D)

(b) New and revised Standards that have been issued but are not yet effective (cont'd)

Effective date deferred indefinitely:-

Amendments to MFRS 10* and Consolidated Financial Statements and
MFRS 128* Investments in Associates and Joint Ventures;
Sale or Contribution of Assets between an
Investor and its Associate or Joint Venture

* Not applicable to the Company

The initial application of the above applicable standards, amendments and interpretations are not expected to have material financial impact to the financial statements of the Company.

6. SHARE CAPITAL

	<u>2022</u> RM	<u>2021</u> RM
Issued and fully paid with no par value:-		
2 units ordinary shares	<u>2</u>	<u>2</u>

The holder of the ordinary shares is entitled to receive dividends as and when declared by the Company. An ordinary share carries one vote per share without restrictions and rank equally with regard to the Company's residual assets.

7. TRADE PAYABLES

The Company's normal trade credit term is 2 (2021: 2) market days in accordance with the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System trading rules.

8. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The immediate holding company is M & A Securities Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

The amount due to immediate holding company is non-trade in nature, unsecured, interest free and is repayable on demand.

9. REVENUE

Revenue recognised during financial year are as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Nominee fees and share handling charges	<u>10,235</u>	<u>6,970</u>
<u>Timing of revenue recognition:-</u>		
At a point in time	<u>10,235</u>	<u>6,970</u>

APPENDIX III(B) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (A) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034787 (320470-H)

10. LOSS BEFORE TAX

Loss before tax has been determined after charging, amongst other item, the following:-

	<u>2022</u> RM	<u>2021</u> RM
Auditors' remuneration	<u>2,600</u>	<u>2,600</u>

11. TAX EXPENSE

There is no provision for tax expenses made for the current financial year as the Company has no chargeable income.

The reconciliation of income tax expense on loss before tax with the applicable statutory income tax rate is as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Loss before tax	<u>(30,868)</u>	<u>(33,885)</u>
Income tax at the Malaysian statutory tax rate of 24% (2021: 24%)	(7,408)	(8,132)
Tax effects in respect of:-		
Non-allowable expenses	133	594
Movement of deferred tax asset not recognised	<u>7,275</u>	<u>7,538</u>
Total tax expense for the financial year	<u>-</u>	<u>-</u>

As at reporting date, the Company has deferred tax assets (stated at gross) not recognised in the financial statements as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Unutilised tax losses		
- expiry by year of assessment 2025	-	203,081
- expiry by year of assessment 2026	-	32,051
- expiry by year of assessment 2027	-	27,276
- expiry by year of assessment 2028	203,081	33,330
- expiry by year of assessment 2029	32,051	-
- expiry by year of assessment 2030	27,276	-
- expiry by year of assessment 2031	33,330	-
- expiry by year of assessment 2032	<u>30,313</u>	<u>-</u>
	<u>326,051</u>	<u>295,738</u>

APPENDIX III(B) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (A) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034787 (320470-H)

11. TAX EXPENSE (CONT'D)

The above unutilised tax losses are available for offset against future taxable profits. Deferred tax assets in respect of this item has not been recognised as it was not certain that future taxable profit will be available against which the Company can utilise the benefits.

Effective from year of assessment 2019 as announced in the Federal Budget 2019, the unutilised business losses of the Company as at 30 June 2019 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised business losses will be disregarded. The existing time limit to carry forward unutilised business losses is extended to 10 consecutive years as announced in Federal Budget 2022.

12. RELATED PARTY DISCLOSURES

The Company has the following transactions with the following related parties during the financial year:-

	<u>2022</u> RM	<u>2021</u> RM
<u>Ultimate holding company</u>		
Secretarial fees paid	<u>3,140</u>	<u>3,040</u>
<u>Immediate holding company</u>		
Handling charges paid	32,400	32,400
Payments made on behalf from	<u>286</u>	<u>206</u>

The Directors of the Company are of the opinion that the above transactions were entered into in the normal course of business and have been established at negotiated terms agreed between the parties.

13. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis on the categorised of financial instruments:-

	<u>Carrying amount</u> RM	<u>Amortised cost</u> RM
2022		
<u>Financial asset</u>		
Bank balances	<u>53,253</u>	<u>53,253</u>
<u>Financial liabilities</u>		
Trade payables	300	300
Amount due to immediate holding company	408,481	408,481
Accruals	<u>4,100</u>	<u>4,100</u>
	<u>412,881</u>	<u>412,881</u>

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13. FINANCIAL INSTRUMENTS (CONT'D)

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

The table below provides an analysis on the categorised of financial instruments (cont'd):-

	Carrying amount RM	Amortised cost RM
2021		
<u>Financial asset</u>		
Bank balances	140,559	140,559
<u>Financial liabilities</u>		
Trade payables	47,328	47,328
Amount due to immediate holding company	417,891	417,891
Accruals	4,100	4,100
	469,319	469,319

(b) Financial risk management and policies

The Company is exposed to financial risks arising from the use of financial instruments. The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its credit and liquidity rate risk. The Company operates within guidelines approved by the Board and the Company's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows:-

(i) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company do not have significant concentration of credit risk with any single counterparty.

The Company maximum exposure to credit risk is represented by the carrying amount of interest receivable in the statement of profit or loss.

The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks and financial institutions with high credit rating. Consequently, the Company of the view that the loss allowance is not material and hence, it is not provided for.

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13. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(ii) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as and when they fall due as a result of shortage of funds. The Company manages its liquidity risk by ensuring the availability of funding through advances granted by its immediate holding company.

The table below summarised the maturity profile of the Company's financial liabilities based on contractual undiscounted repayment obligations:-

	Less than 1 financial year RM	Total RM
2022		
<u>Financial liabilities</u>		
Trade payables	300	300
Amount due to immediate holding company	408,481	408,481
Accruals	4,100	4,100
	<u>412,881</u>	<u>412,881</u>
	Less than 1 financial year RM	Total RM
2021		
<u>Financial liabilities</u>		
Trade payables	47,328	47,328
Amount due to immediate holding company	417,891	417,891
Accruals	4,100	4,100
	<u>469,319</u>	<u>469,319</u>

(c) Fair value of financial instruments

The carrying amounts of all financial assets and liabilities of the Company at the reporting date approximate their fair values.

Registration No: 199401034787 (320470-H)

13. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy

No fair value hierarchy has been disclosed as the Company does not have financial instruments measured at fair value.

(e) Reconciliation of liabilities arising from financing activity

	1 July <u>2021</u> RM	<u>Cash flows</u> RM	30 June <u>2022</u> RM
Amount due to immediate holding company	417,891	(9,410)	408,481
	1 July <u>2020</u> RM	<u>Cash flows</u> RM	30 June <u>2021</u> RM
Amount due to immediate holding company	1,001,287	(583,396)	417,891

14. CAPITAL MANAGEMENT

The primary capital management objective of the Company is to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholders. There is no change in the objectives and policies for the financial years ended 30 June 2022 and 30 June 2021.

The Company manages its capital by regularly monitoring its current and expected liquidity requirements.

Registration No: 199401034788 (320471-T)

M & A NOMINEE (TEMPATAN) SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2022

Registration No: 199401034788 (320471-T)

M & A NOMINEE (TEMPATAN) SDN. BHD.
(Incorporated in Malaysia)

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Registration No: 199401034788 (320471-T)

M & A NOMINEE (TEMPATAN) SDN. BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS

Dato' Thong Kok Yoon
Boon Yat Mee
Goh Hock Jin
Yu Hong Tin
Sundararajah A/L Ramasamy

**COMPANY
SECRETARIES**

Maslina Bt Omar
Chow Yuet Kuen

AUDITORS

Grant Thornton Malaysia PLT
(Member Firm of Grant Thornton International Ltd.)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

REGISTERED OFFICE

No. 45-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

**PRINCIPAL PLACE OF
BUSINESS**

M & A Building
52A, Jalan Sultan Idris Shah
30000 Ipoh
Perak Darul Ridzuan

Registration No: 199401034788 (320471-T)

M & A NOMINEE (TEMPATAN) SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to act as a nominee agent and to provide registration services.

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

FINANCIAL RESULT

	RM
Loss for the financial year	<u>18,677</u>

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

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

SHARES CAPITAL AND DEBENTURES

There were no issuance of new ordinary shares or debentures during the financial year.

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INFORMATION OF THE FINANIAL STATEMENTS

Before the financial statements of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial period which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION

The Directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

Registration No: 199401034788 (320471-T)

OTHER STATUTORY INFORMATION (CONT'D)

In their opinion:-

- (a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

There was no indemnity given to or insurance effected for the Directors and Officers of the Company.

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are as follows:-

Dato' Thong Kok Yoon
Boon Yat Mee
Goh Hock Jin
Yu Hong Tin
Sundararajah A/L Ramasamy

DIRECTORS' INTEREST

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the other Director in office at the end of the financial year held any interest in shares of the Company or its related corporations during the financial year except as stated below:-

Interest in ultimate holding company	<u>Number of ordinary shares</u>		
	At <u>1.7.2021</u>	<u>Bought</u>	At <u>30.6.2022</u>
<u>Dato' Thong Kok Yoon</u>			
- direct interest	43,358,813	-	43,358,813
- deemed interest #	30,844,835	-	30,844,835

Interest in ultimate holding company	<u>Number of redeemable preference shares</u>		
	At <u>1.7.2021</u>	<u>Bought</u>	At <u>30.6.2022</u>
<u>Dato' Thong Kok Yoon</u>			
- direct interest	8,671,762	-	8,671,762
- deemed interest #	7,678,885	15,300	7,694,185

Registration No: 199401034788 (320471-T)

DIRECTORS' INTEREST (CONT'D)

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the other Director in office at the end of the financial year held any interest in shares of the Company or its related corporations during the financial year except as stated below (cont'd):-

Interest in ultimate holding company	At <u>1.7.2021</u>	<u>Number of warrants</u>		At <u>30.6.2022</u>
		<u>Bought</u>	<u>Sold/ Expired</u>	
<u>Dato' Thong Kok Yoon</u>				
- direct interest	21,679,405	-	-	21,679,405
- deemed interest #	19,172,212	-	-	19,172,212

Deemed interest by virtue of his family members' direct interest and his indirect interest in Insas Berhad.

DIRECTORS' REMUNERATIONS AND BENEFITS

During and at the end of financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of previous financial year, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

HOLDING COMPANIES

The immediate holding company is M & A Securities Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

The ultimate holding company is Insas Berhad, a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

APPENDIX III(C) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (T) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034788 (320471-T)

AUDITORS

The remuneration receivable by the auditors of the Company, Grant Thornton Malaysia PLT, for the financial year ended 30 June 2022 is RM3,500. There was no indemnity given to or insurance effected for the auditors of the Company, Grant Thornton Malaysia PLT.

The Auditors, Grant Thornton Malaysia PLT, has expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors 20 September 2022.

GOH HOCK JIN

DIRECTORS

SUNDARARAJAH A/L RAMASAMY

Kuala Lumpur

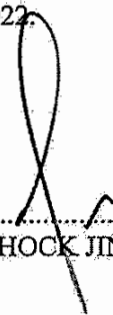
Registration No: 199401034788 (320471-T)

M & A NOMINEE (TEMPATAN) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 13 to 36 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2022 and of its financial performance and its cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 20 September 2022.


.....
GOH HOCK JIN

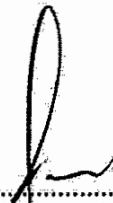

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SUNDARARAJAH A/L RAMASAMY

Kuala Lumpur

STATUTORY DECLARATION

I, Goh Hock Jin, being the Director primarily responsible for the financial management of M & A Nominee (Tempatan) Sdn. Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 13 to 36 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.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in the)
Federal Territory this day of)
20 September 2022)


.....
GOH HOCK JIN
MIA NO. CA 9914

Before me:

Commissioner for Oaths



No. 30, Tingkat Bawah, Blok B,
Flat PKNS, Jalan Raja Muda Musa,
50300 Kg. Baru, Kuala Lumpur.



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF**

M & A NOMINEE (TEMPATAN) SDN. BHD.
(Incorporated in Malaysia)
Registration No: 199401034788 (320471-T)

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

T +603 2692 4022
F +603 2691 5229

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of M & A Nominee (Tempatan) Sdn. Bhd., which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 36.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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



Registration No: 199401034788 (320471-T)

Report on the Audit of the Financial Statements (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



Registration No: 199401034788 (320471-T)

Report on the Audit of the Financial Statements (cont'd)

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

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

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

We communicated 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 identified during our audit.



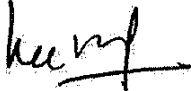
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Other Matters

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


GRANT THORNTON MALAYSIA RLTT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur
20 September 2022


FOO LEE MENG
(NO: 03069/07/2023(J))
CHARTERED ACCOUNTANT

APPENDIX III(C) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (T) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034788 (320471-T)

M & A NOMINEE (TEMPATAN) SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
ASSETS			
Current assets			
Other receivables		812	508
Tax recoverable		15,564	11,605
Deposits with licensed banks	5	8,326,369	10,600,508
Bank balances		520,778	415,999
TOTAL CURRENT ASSETS/TOTAL ASSETS		<u>8,863,523</u>	<u>11,028,620</u>
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owner of the Company			
Share capital	6	2	2
Retained earnings		41,841	60,518
TOTAL EQUITY		<u>41,843</u>	<u>60,520</u>
LIABILITIES			
Current liabilities			
Trade payables	7	490,232	255,531
Amount due to immediate holding company	8	72,962	62,440
Amount due to ultimate holding company	8	555,011	4,138,952
Amount due to related companies	9	7,698,475	6,506,177
Accruals		5,000	5,000
TOTAL CURRENT LIABILITIES/ TOTAL LIABILITIES		<u>8,821,680</u>	<u>10,968,100</u>
TOTAL EQUITY AND LIABILITIES		<u>8,863,523</u>	<u>11,028,620</u>

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

APPENDIX III(C) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (T) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034788 (320471-T)

M & A NOMINEE (TEMPATAN) SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
Revenue	10	39,000	40,379
Other operating expenses		<u>(57,677)</u>	<u>(57,545)</u>
Loss before tax	11	(18,677)	(17,166)
Tax expense	12	<u>-</u>	<u>-</u>
Loss for the financial year/Total comprehensive loss for the financial year		<u>(18,677)</u>	<u>(17,166)</u>

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

APPENDIX III(C) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (T) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034788 (320471-T)

M & A NOMINEE (TEMPATAN) SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<u>Share capital</u> RM	<u>Retained earnings</u> RM	<u>Total</u> RM
Balance at 1 July 2020	2	77,684	77,686
Total comprehensive loss for the financial year	<u>-</u>	<u>(17,166)</u>	<u>(17,166)</u>
Balance at 30 June 2021	2	60,518	60,520
Total comprehensive loss for the financial year	<u>-</u>	<u>(18,677)</u>	<u>(18,677)</u>
Balance at 30 June 2022	<u>2</u>	<u>41,841</u>	<u>41,843</u>

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

APPENDIX III(C) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (T) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034788 (320471-T)

M & A NOMINEE (TEMPATAN) SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	<u>Note</u>	<u>2022</u> RM	<u>2021</u> RM
OPERATING ACTIVITIES			
Loss before tax/Operating loss before working capital changes		(18,677)	(17,166)
Changes in working capital:-			
Receivables		(304)	(194)
Payables		234,701	255,531
Cash generated from operations		215,720	238,171
Tax paid		(3,959)	(5,941)
Net cash from operating activities		211,761	232,230
FINANCING ACTIVITIES			
Advance from/(Repayment to) immediate holding company		10,522	(121,615)
(Repayment to)/Advance from ultimate holding company		(3,583,941)	3,510,345
Advance from related companies		1,192,298	860,245
Net cash (used in)/from financing activities		(2,381,121)	4,248,975
CASH AND CASH EQUIVALENTS			
Net changes		(2,169,360)	4,481,205
Brought forward		11,016,507	6,535,302
Carried forward	A	8,847,147	11,016,507

NOTE TO STATEMENT OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following amounts:-

	<u>2022</u> RM	<u>2021</u> RM
Deposits with licensed banks	8,326,369	10,600,508
Bank balances	520,778	415,999
	<u>8,847,147</u>	<u>11,016,507</u>

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

Registration No: 199401034788 (320471-T)

M & A NOMINEE (TEMPATAN) SDN. BHD.

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2022

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are to act as a nominee agent and to provide registration services. There have been no significant changes in the nature of these activities during the financial year.

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Company is located at M & A Building, 52A, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan.

The immediate holding company is M & A Securities Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

The ultimate holding company is Insas Berhad, a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 September 2022.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and Issues Committee Interpretations ("IC Interpretation") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act 2016 in Malaysia.

(b) Basis of measurement

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Registration No: 199401034788 (320471-T)

2. BASIS OF PREPARATION (CONT'D)

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

(d) The use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below:-

(i) Impairment of financial assets

Financial assets at amortised cost

Credit losses are the differences between all contractual cash flows of the Company that is due and the cash flows that it actually expects to receive. An expected credit loss is the probability-weighted estimate of credit losses which requires the Company's judgement. The expected credit losses are discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company evaluates the Expected Credit Loss ("ECL") on a case-by-case basis.

The Company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available such as changes in financial capability of the debtor and default or significant delay in payments.

Registration No: 199401034788 (320471-T)

2. BASIS OF PREPARATION (CONT'D)

(d) The use of estimates and judgements (cont'd)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below (cont'd):-

(ii) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised business losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised business losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial assets

(i) Classification

The classification of financial assets is determined by both:

- the Company's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.

Registration No: 199401034788 (320471-T)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial assets (cont'd)

(i) Classification (cont'd)

The Company classifies their financial assets in the following categories:-

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding. The financial assets are not designated as fair value through profit or loss. The financial assets are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current. The Company's financial assets at amortised cost comprise other receivables, deposit with licensed banks and bank balances.

(ii) Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

(iii) Subsequent measurement - gains and losses

Classifications of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Registration No: 199401034788 (320471-T)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial assets (cont'd)

(iii) Subsequent measurement - gains and losses (cont'd)

Amortised cost (cont'd)

Interest income is recognised by applying the effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised costs.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in market place concerned. All regular way purchases or sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

(b) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of Company or the counterparty.

Registration No: 199401034788 (320471-T)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Impairment of financial assets

The Company assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company's interest receivable, deposit with licensed banks and bank balances are subject to the impairment requirements of MFRS 9 Financial Instruments.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost of effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the asset. While 12 months ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

The Company measures loss allowances at an amount equal to lifetime ECL, except for debt securities that are determined to have low credit risk at the reporting date, and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12 months ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in statement of profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

Registration No: 199401034788 (320471-T)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Impairment of financial assets (cont'd)

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events have a detrimental impact on the estimated cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources 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 Company's procedures for recovery amounts due.

(d) Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and deposits with licensed banks that are free from encumbrances and short-term highly liquid investments which have an insignificant risk of changes in value.

(e) Financial liabilities

(i) Classification

The Company carries only other financial liabilities on its statement of financial position.

Amortised cost

The Company's other financial liabilities not categorised as fair value through profit or loss include trade payables, accruals, amount due to immediate holding company, amount due to ultimate holding company and amount due to related companies.

(ii) Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs.

Registration No: 199401034788 (320471-T)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial liabilities (cont'd)

(iii) Subsequent measurement - gains and losses

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised costs using effective interest method.

Interest expense and foreign exchange gains or losses are recognised in the statement of profit and loss. Any gains or losses on derecognition are also recognised in the profit and loss.

(iv) Derecognition

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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Interim dividends on ordinary shares are recognised in equity in the period in which they are declared.

Final dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

(g) Provision for liabilities

Provision for liabilities are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

Registration No: 199401034788 (320471-T)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(i) Income tax and deferred tax

Income tax in the statement of profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Current tax is recognised in the statement of profit or loss except to the extent that the tax relates to items recognised outside the statement of profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, 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 financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can 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 that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the statement of profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authorities.

Registration No: 199401034788 (320471-T)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Revenue

The Company recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:-

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligation in the contract. For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time if the Company's performance:-

- (i) Do not create an asset with an alternative use to the Company and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Company performs.

For the performance obligation where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Registration No: 199401034788 (320471-T)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Revenue (cont'd)

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describe the performance obligations in contracts with customers:-

(i) Revenue from services income

Revenue from services is recognised when services are rendered and invoice issued. Revenue is recognised net of sales and services tax, where applicable.

(ii) Interest income

Interest income is recognised on accruals basis unless recoverability is in doubt, in which case the recognition of interest is suspended. Subsequent to suspension, interest is recognised on receipt basis.

(k) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

A person or a close member of that person's family is related to the reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity;
- is a member of the key management personnel of the reporting entity;
- the entity and the reporting entity are members of the same group;
- one entity is an associate or joint venture of the reporting entity;
- both the entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is controlled or jointly-controlled by a person identified in the preceding paragraph above;
- the entity that provides key management personnel services to the reporting entity; or
- a person who has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity.

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4. MFRSs

The accounting policies adopted by the Company are consistent with those of the previous financial year and in conformity with the applicable MFRSs issued by the Malaysian Accounting Standards Board (“MASB”):-

(a) Adoption of revised Standards that are effective

At the beginning of the current financial year, the Company adopted amendments to Standards issued by the MASB which are relevant to the Company for the financial year beginning on or after 1 July 2021.

The amendments to Standards did not have any material financial impact on the financial statements of the Company.

(b) New and revised Standards that have been issued but are not yet effective

At the date of authorisation of these financial statements, the following new Standard, amendments to Standards and annual improvements to Standards have been issued by the MASB but are not yet effective, and have not been early adopted by the Company:-

Effective for financial period beginning on or after 1 January 2022:-

Amendments to MFRS 3	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Annual improvements to MFRS standards 2018-2020	

Effective for financial period beginning on or after effective 1 January 2023:-

MFRS 17*	Insurance Contracts
Amendments to MFRS 4*	Insurance Contracts - Extension of Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Registration No: 199401034788 (320471-T)

4. MFRSs (CONT'D)

- (b) New and revised Standards that have been issued but are not yet effective (cont'd)

Effective date deferred indefinitely:-

Amendments to MFRS 10* and Consolidated Financial Statements and Investments in Associates and Joint Ventures:
MFRS 128* Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the Company

5. DEPOSITS WITH LICENSED BANKS

The effective interest rate for deposits with licensed banks of the Company is at 2% (2021: 1.75%) per annum.

6. SHARE CAPITAL

	<u>2022</u> RM	<u>2021</u> RM
Issued and fully paid with no par value:-		
2 units ordinary shares	<u>2</u>	<u>2</u>

The holder of the ordinary shares are entitled to receive dividends as and when declared by the Company. An ordinary share carries one vote per share without restrictions and rank equally with regard to the Company's residual assets.

7. TRADE PAYABLES

The Company's normal trade credit term is 2 (2021: 2) market days in accordance with the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System trading rules.

8. AMOUNT DUE TO IMMEDIATE AND ULTIMATE HOLDING COMPANY

The amount due to immediate and ultimate holding company are non-trade in nature, unsecured, interest free and are repayable on demand.

9. AMOUNT DUE TO RELATED COMPANIES

Related companies refer to other subsidiaries of Insas Berhad.

The amount due to related companies are non-trade in nature, unsecured, interest free and is repayable on demand.

APPENDIX III(C) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (T) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034788 (320471-T)

10. REVENUE

Revenue recognised during financial year are as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Nominee fees and share handling charges	23,439	24,180
Interest income	<u>15,561</u>	<u>16,199</u>
	<u>39,000</u>	<u>40,379</u>
<u>Timing of revenue recognition:-</u>		
At a point in time	<u>39,000</u>	<u>40,379</u>

11. LOSS BEFORE TAX

Loss before tax has been determined after charging, amongst other item, the following:-

	<u>2022</u> RM	<u>2021</u> RM
Auditors' remuneration	<u>3,500</u>	<u>3,500</u>

12. TAX EXPENSE

There is no provision for tax expenses made for the current financial year as the Company has no chargeable income.

The reconciliation of tax expenses on loss before tax with the applicable statutory income tax rate is as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Loss before tax	<u>(18,677)</u>	<u>(17,166)</u>
Income tax at the Malaysian statutory tax rate of 24% (2021: 24%)	(4,483)	(4,120)
Tax effects in respect of:-		
Non-allowable expenses	253	247
Movement of deferred tax asset not recognised	<u>4,230</u>	<u>3,873</u>
Total tax expense for the financial year	<u>-</u>	<u>-</u>

Registration No: 199401034788 (320471-T)

12. TAX EXPENSE (CONT'D)

As at reporting date, the Company has deferred tax assets (stated at gross) not recognised in the financial statements as follows:-

	<u>2022</u> RM	<u>2021</u> RM
Unutilised tax losses		
- expiry by year of assessment 2025	-	20,182
- expiry by year of assessment 2026	-	22,702
- expiry by year of assessment 2027	-	25,375
- expiry by year of assessment 2028	20,182	16,611
- expiry by year of assessment 2029	22,702	-
- expiry by year of assessment 2030	25,375	-
- expiry by year of assessment 2031	16,611	-
- expiry by year of assessment 2032	17,624	-
	<u>102,494</u>	<u>84,870</u>

The above unutilised tax losses are available for offset against future taxable profits. Deferred tax assets in respect of this item has not been recognised as it was not certain that future taxable profit will be available against which the Company can utilise the benefits.

Effective from year of assessment 2019 as announced in the Federal Budget 2019, the unutilised business losses of the Company as at 30 June 2019 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised business losses will be disregarded. The existing time limit to carry forward unutilised business losses is extended to 10 consecutive years as announced in Federal Budget 2022.

13. RELATED PARTY DISCLOSURES

The Company has the following transactions with the following related parties during the financial year:-

	<u>2022</u> RM	<u>2021</u> RM
<u>Ultimate holding company</u>		
Secretarial fees paid	<u>3,140</u>	<u>3,040</u>
<u>Immediate holding company</u>		
Handling charges paid	48,000	48,000
Payments made on behalf from	<u>286</u>	<u>206</u>

The Directors of the Company are of the opinion that the above transactions were entered into in the normal course of business and have been established at negotiated terms agreed between the parties.

APPENDIX III(C) – AUDITED FINANCIAL STATEMENTS OF M&A NOM (T) FOR FYE 30 JUNE 2022 (Cont'd)

Registration No: 199401034788 (320471-T)

14. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis on the categorised of financial instruments:-

	Carrying <u>amount</u> RM	Amortised <u>Cost</u> RM
2022		
<u>Financial assets</u>		
Other receivable	812	812
Deposits with licensed banks	8,326,369	8,326,369
Bank balances	<u>520,778</u>	<u>520,778</u>
	<u>8,847,959</u>	<u>8,847,959</u>
<u>Financial liabilities</u>		
Trade payables	490,232	490,232
Amount due to immediate holding company	72,962	72,962
Amount due to ultimate holding company	555,011	555,011
Amount due to related companies	7,698,475	7,698,475
Accruals	<u>5,000</u>	<u>5,000</u>
	<u>8,821,680</u>	<u>8,821,680</u>
2021		
<u>Financial assets</u>		
Interest receivable	508	508
Deposits with licensed banks	10,600,508	10,600,508
Bank balances	<u>415,999</u>	<u>415,999</u>
	<u>11,017,015</u>	<u>11,017,015</u>
<u>Financial liabilities</u>		
Trade payables	255,531	255,531
Amount due to immediate holding company	62,440	62,440
Amount due to ultimate holding company	4,138,952	4,138,952
Amount due to related companies	6,506,177	6,506,177
Accruals	<u>5,000</u>	<u>5,000</u>
	<u>10,968,100</u>	<u>10,968,100</u>

Registration No: 199401034788 (320471-T)

14. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies

The Company is exposed to financial risks arising from the use of financial instruments. The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its credit, liquidity and interest rate risk. The Company operates within guidelines approved by the Board and the Company's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows:-

(i) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company do not have significant concentration of credit risk with any single counterparty.

The Company maximum exposure to credit risk is represented by the carrying amount of interest receivable in the statement of profit or loss.

The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks and financial institutions with high credit rating. Consequently, the Company of the view that the loss allowance is not material and hence, it is not provided for.

(ii) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as and when they fall due as a result of shortage of funds. The Company manages its liquidity risk by ensuring the availability of funding through advances granted by its immediate holding company, ultimate holding company and related companies.

The table below summarised the maturity profile of the Company's financial liabilities based on contractual undiscounted repayment obligations:-

	Less than 1 financial <u>year</u> RM	<u>Total</u> RM
2022		
<u>Financial liabilities</u>		
Trade payables	490,232	490,232

Registration No: 199401034788 (320471-T)

14. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(ii) Liquidity risk (cont'd)

The table below summarised the maturity profile of the Company's financial liabilities based on contractual undiscounted repayment obligations (cont'd):-

	Less than 1 financial year RM	Total RM
2022		
<u>Financial liabilities</u>		
Amount due to immediate holding company	72,962	72,962
Amount due to ultimate holding company	555,011	555,011
Amount due to related companies	7,698,475	7,698,475
Accruals	5,000	5,000
	<u>8,821,680</u>	<u>8,821,680</u>
2021		
<u>Financial liabilities</u>		
Trade payables	255,531	255,531
Amount due to immediate holding company	62,440	62,440
Amount due to ultimate holding company	4,138,952	4,138,952
Amount due to related companies	6,506,177	6,506,177
Accruals	5,000	5,000
	<u>10,968,100</u>	<u>10,968,100</u>

Registration No: 199401034788 (320471-T)

14. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company is not exposed to interest rate risk for the deposits with licensed banks as they are primarily fixed rate instruments.

(c) Fair value of financial instruments

The carrying amounts of all financial assets and liabilities of the Company at the reporting date approximate their fair values.

(d) Fair value hierarchy

No fair value hierarchy has been disclosed as the Company does not have financial instruments measured at fair value.

(e) Reconciliation of liabilities arising from financing activities

	1 July 2021 RM	Cash flows RM	30 June 2022 RM
Amount due to immediate holding company	62,440	10,522	72,962
Amount due to ultimate holding company	4,138,952	(3,583,941)	555,011
Amount due to related companies	6,506,177	1,192,298	7,698,475
	<u>10,707,569</u>	<u>(2,381,121)</u>	<u>8,326,448</u>
	1 July 2020 RM	Cash flows RM	30 June 2021 RM
Amount due to immediate holding company	184,055	(121,615)	62,440
Amount due to ultimate holding company	628,607	3,510,345	4,138,952
Amount due to related companies	5,645,932	860,245	6,506,177
	<u>6,458,594</u>	<u>4,248,975</u>	<u>10,707,569</u>

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15. CAPITAL MANAGEMENT

The primary capital management objective of the Company is to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholders. There is no change in the objectives and policies for the financial years ended 30 June 2022 and 30 June 2021.

The Company manages its capital by regularly monitoring its current and expected liquidity requirements.

Registration No: 202101030801 (1431101 - W)

VENTURESCAPE SDN. BHD.
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30 JUNE 2022

**APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE
DATE OF INCORPORATION UP TO 30 JUNE 2022 (*Cont'd*)**

Registration No: 202101030801 (1431101 - W)

VENTURESCAPE SDN. BHD.
(Incorporated in Malaysia)

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Statement of Changes in Equity	16
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Registration No: 202101030801 (1431101 - W)

VENTURESCAPE SDN. BHD.
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS

Dato' Thong Kok Yoon (Appointed on 5 October 2021)
Datin Tan Few Teng (Appointed on 5 October 2021)
Boon Yat Mee (Appointed on 5 October 2021)
Yap Kian Mun (First Director and resigned on 5 October 2021)

**COMPANY
SECRETARIES**

Maslina Bt Omar (Appointed on 5 October 2021)
Chow Yuet Kuen (Appointed on 5 October 2021)
Yap Kian Mun (First Secretary and resigned on 5 October 2021)

AUDITORS

Grant Thornton Malaysia PLT
(Member Firm of Grant Thornton International Ltd.)
Chartered Accountants
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

REGISTERED OFFICE

No. 47-5, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

**PRINCIPAL PLACE OF
BUSINESS**

M & A Building
52A, Jalan Sultan Idris Shah
30000 Ipoh
Perak Darul Ridzuan

Registration No: 202101030801 (1431101 - W)

VENTURESCAPE SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial period from 23 September 2021 (date of incorporation) to 30 June 2022.

PRINCIPAL ACTIVITY

The principal activity of the Company is property investment.

There has been no significant change in the nature of this activity during the financial period.

FINANCIAL RESULT

	RM
Profit for the financial period	<u>35,537</u>

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the date of incorporation.

RESERVES AND PROVISIONS

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

SHARES CAPITAL AND DEBENTURES

On the date of incorporation, the Company had issued paid-up share capital comprising 1 ordinary share for RM 1 for working capital purpose.

During the financial period, the Company:-

- (a) issued 13,800,000 Redeemable Convertible Preference Shares ("RCPS") at an issue price of RM1.00 per RCPS, totalling RM13,800,000 for working capital purpose; and
- (b) did not issue any debentures.

The terms of the RCPS is disclosed in Note 8 to the financial statements.

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INFORMATION OF THE FINANCIAL STATEMENTS

Before the financial statements of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial period which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial period which secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial period.

OTHER STATUTORY INFORMATION

The Directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

Registration No: 202101030801 (1431101 - W)

OTHER STATUTORY INFORMATION (CONT'D)

In their opinion:-

- (a) the results of the Company's operations during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial period in which this report is made.

There was no indemnity given to or insurance effected for the Directors and Officers of the Company.

DIRECTORS

The Directors who held office during the financial period and up to the date of this report are as follows:-

Dato' Thong Kok Yoon (Appointed on 5 October 2021)
Datin Tan Few Teng (Appointed on 5 October 2021)
Boon Yat Mee (Appointed on 5 October 2021)
Yap Kian Mun (First Director and resigned on 5 October 2021)

DIRECTORS' INTEREST

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors in office at the end of the financial period held any interest in shares of the Company or its related corporations during the financial period except as stated below:-

	<u>Number of ordinary shares</u>			
	<u>At</u> <u>date of</u> <u>appointment</u>	<u>Bought</u>	<u>Sold</u>	<u>At</u> <u>30.6.2022</u>
<u>Interest in ultimate holding company</u>				
<u>Direct interest</u>				
Dato' Thong Kok Yoon	43,358,813	-	-	43,358,813
Datin Tan Few Teng	2,189,344	-	-	2,189,344
<u>Deemed interest</u>				
Dato' Thong Kok Yoon #	30,844,835	-	-	30,844,835
Datin Tan Few Teng #	72,014,304	-	-	72,014,304

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

Registration No: 202101030801 (1431101 - W)

DIRECTORS' INTEREST (CONT'D)

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors in office at the end of the financial period held any interest in shares of the Company or its related corporations during the financial period except as stated below (cont'd):-

	<u>Number of ordinary shares (cont'd)</u>		
	<u>At date of appointment</u>	<u>Bought</u>	<u>Sold</u>
<u>Interest in related company</u>			
<u>Delta Crest (M) Sdn. Bhd.</u>			
<u>Direct interest</u>			
Datin Tan Few Teng	1	-	-

	<u>Number of redeemable preference shares</u>		
	<u>At date of appointment</u>	<u>Bought</u>	<u>Sold</u>
<u>Interest in ultimate holding company</u>			
<u>Direct interest</u>			
Dato' Thong Kok Yoon	8,671,762	-	-
Datin Tan Few Teng	437,868	-	-
<u>Deemed interest</u>			
Dato' Thong Kok Yoon #	7,678,885	15,300	-
Datin Tan Few Teng #	15,912,779	15,300	-

	<u>Number of warrants</u>		
	<u>At date of appointment</u>	<u>Bought</u>	<u>Sold</u>
<u>Interest in ultimate holding company</u>			
<u>Direct interest</u>			
Dato' Thong Kok Yoon	21,679,405	-	-
Datin Tan Few Teng	1,094,670	-	-
<u>Deemed interest</u>			
Dato' Thong Kok Yoon #	19,172,212	-	-
Datin Tan Few Teng #	39,756,947	-	-

Deemed interest by virtue of his/her family members' direct interest and his/her indirect interest in Insas Berhad.

Registration No: 202101030801 (1431101 - W)

DIRECTORS' REMUNERATIONS AND BENEFITS

During and at the end of financial period, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the date of incorporation, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

HOLDING COMPANIES

The immediate holding company is M & A Securities Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

The ultimate holding company is Insas Berhad, a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

Registration No: 202101030801 (1431101 - W)

AUDITORS

The remuneration receivable by the auditors of the Company, Grant Thornton Malaysia PLT, for the financial period from 23 September 2021 (date of incorporation) to 30 June 2022 is RM2,000. There was no indemnity given to or insurance effected for the auditors of the Company, Grant Thornton Malaysia PLT.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 20 September 2022.

DATO' THONG KOK YOON

DIRECTORS

DATIN TAN FEW TENG

Kuala Lumpur

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

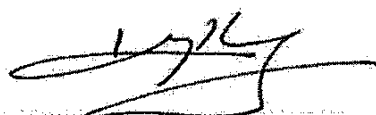
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VENTURESCAPE SDN. BHD.
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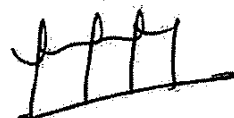
STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 14 to 42 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2022 and of its financial performance and its cash flows for the financial period from 23 September 2021 (date of incorporation) to 30 June 2022.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 20 September 2022.



DATO' THONG KOK YOON



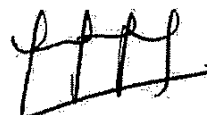
DATIN TAN FEW TENG

Kuala Lumpur

STATUTORY DECLARATION

I, Datin Tan Few Teng, being the Director primarily responsible for the financial management of Venturescape Sdn. Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 14 to 42 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.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in the)
Federal Territory this day of)
20 September 2022



DATIN TAN FEW TENG

Before me:

Commissioner for Oaths





INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

VENTURESCAPE SDN. BHD.

(Incorporated in Malaysia)

Registration No: 202101030801 (1431101 - W)

Grant Thornton Malaysia PLT

Level 11, Sheraton Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur

Malaysia

T +603 2692 4022

F +603 2691 5229

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of Venturescape Sdn. Bhd., which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 23 September 2021 (date of incorporation) to 30 June 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 42.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2022, and of its financial performance and its cash flows for the financial period from 23 September 2021 (date of incorporation) to 30 June 2022 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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



Registration No: 202101030801 (1431101 - W)

Report on Audit of the Financial Statements (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



Registration No: 202101030801 (1431101 - W)

Report on Audit of the Financial Statements (cont'd)

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

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

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

We communicated 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 identified during our audit.



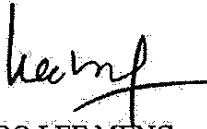
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Other Matters

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


GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur
20 September 2022


FOO LEE MENG
(NO: 03069/07/2023(J))
CHARTERED ACCOUNTANT

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

Registration No: 202101030801 (1431101 - W)

VENTURESCAPE SDN. BHD.

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	<u>Note</u>	<u>2022</u> RM
ASSETS		
Non-current asset		
Investment property	5	13,800,000
Total non-current asset		13,800,000
Current assets		
Trade receivables	6	13,168
Prepayments		4,778
Amount due from immediate holding company	7	43,934
Bank balance		34,201
Total current assets		96,081
TOTAL ASSETS		13,896,081
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owner of the Company		
Share capital	8	13,800,001
Retained profits		35,537
TOTAL EQUITY		13,835,538
LIABILITIES		
Current liabilities		
Other payables	9	31,607
Amount due to ultimate holding company	7	2,710
Amount due to a related company	10	12,661
Tax payable		13,565
Total current liabilities		60,543
TOTAL LIABILITIES		60,543
TOTAL EQUITY AND LIABILITIES		13,896,081

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

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

Registration No: 202101030801 (1431101 - W)

VENTURESCAPE SDN. BHD.

(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 23 SEPTEMBER 2021
(DATE OF INCORPORATION) TO 30 JUNE 2022**

	<u>Note</u>	23.9.2021 to <u>30.6.2022</u> RM
Revenue	11	117,227
Administrative expenses		(58,666)
Other operating expenses		<u>(9,459)</u>
Profit before tax	12	49,102
Tax expense	13	<u>(13,565)</u>
Profit for the financial period/Total comprehensive income for the financial period		<u><u>35,537</u></u>

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

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

Registration No: 202101030801 (1431101 - W)

VENTURESCAPE SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 23 SEPTEMBER 2021
(DATE OF INCORPORATION) TO 30 JUNE 2022**

	<u>Note</u>	<u>Share capital</u> RM	<u>Retained profits</u> RM	<u>Total</u> RM
At date of incorporation		1	-	1
Total comprehensive income for the financial period		-	35,537	35,537
<u>Transaction with owner:-</u>				
Issuance of Redeemable Convertible Preference Shares ("RCPS")	8	<u>13,800,000</u>	<u>-</u>	<u>13,800,000</u>
Balance at 30 June 2022		<u><u>13,800,001</u></u>	<u><u>35,537</u></u>	<u><u>13,835,538</u></u>

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

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

Registration No: 202101030801 (1431101 - W)

VENTURESCAPE SDN. BHD.
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 23 SEPTEMBER 2021
(DATE OF INCORPORATION) TO 30 JUNE 2022**

	23.9.2021 to 30.6.2022 RM
OPERATING ACTIVITIES	
Profit before tax/Operating profit before working capital changes	49,102
Changes in working capital:-	
Receivables	(17,946)
Payables	31,607
Immediate holding company	(43,934)
Cash generated from operations/Net cash from operating activities	18,829
INVESTING ACTIVITY	
Purchase of investment property	(13,800,000)
Net cash used in investing activity	(13,800,000)
FINANCING ACTIVITIES	
Advance from ultimate holding company	2,710
Advance from a related company	12,661
Proceeds from issuance of an ordinary share	1
Proceeds from issuance of Redeemable Convertible Preference Shares ("RCPS")	13,800,000
Net cash from financing activities	13,815,372
CASH AND CASH EQUIVALENTS	
Net changes	34,201
At date of incorporation	-
Carried forward	34,201

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

Registration No: 202101030801 (1431101 - W)

VENTURESCAPE SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 JUNE 2022

1. PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The principal activity of the Company is property investment.

There has been no significant change in the nature of this activity during the financial period.

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at No. 47-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The principal place of business of the Company is located at M & A Building, 52A, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan.

The immediate holding company is M & A Securities Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

The ultimate holding company is Insas Berhad, a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 September 2022.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and Issues Committee Interpretations ("IC Interpretation") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act 2016 in Malaysia.

(b) Basis of measurement

The financial statements of the Company have been prepared under the historical cost convention, except for certain properties that are measured at revalued amounts or fair values at the end of the reporting period as indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Registration No: 202101030801 (1431101 - W)

2. BASIS OF PREPARATION (CONT'D)

(b) Basis of measurement (con'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- (a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (b) Level 2 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- (c) Level 3 – Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

Registration No: 202101030801 (1431101 - W)

2. BASIS OF PREPARATION (CONT'D)

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

(d) The use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below:-

(i) Impairment of assets

Financial assets at amortised cost

Credit losses are the differences between all contractual cash flows of the Company that is due and the cash flows that it actually expects to receive. An expected credit loss is the probability-weighted estimate of credit losses which requires the Company's judgement. The expected credit losses are discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company evaluates the Expected Credit Loss ("ECL") on a case-by-case basis.

The Company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available such as changes in financial capability of the debtor and default or significant delay in payments.

Registration No: 202101030801 (1431101 - W)

2. BASIS OF PREPARATION (CONT'D)

(d) The use of estimates and judgements (cont'd)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses are outlined below (cont'd):-

(ii) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised business losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised business losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iv) Fair value of investment property

The Company carries its investment property at fair value, with changes in fair value being recognised in the statement of profit or loss. The Company engaged independent valuation specialists and make reference to market evidence of transacted prices for similar properties using comparable prices adjusted for specific market factors such as nature, location and condition of the properties to assess fair value as at the end of reporting period.

The key assumptions used to determine the fair value of investment property and are provided in Note 5 to the financial statements.

Registration No: 202101030801 (1431101 - W)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Investment property

Investment property is property which is owned or held under a freehold interest to earn rental income or for capital appreciation or for both.

Investment property is initially measured at cost. The cost of investment property includes expenditure that is directly attributable to the acquisition of the assets. Subsequent to initial recognition, investment property is stated at fair value, which is determined by the Directors by reference to market evidence of transacted prices for similar properties or valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gain or losses arising from change in fair value of investment property is included in statement of profit or loss in the financial period in which they arise.

Investment property is derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on retirement or disposal of an investment property are recognised in the statement of profit or loss in the financial period in which they arise.

(b) Financial assets

(i) Classification

The classification of financial assets is determined by both:

- the Company's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.

The Company classifies their financial assets in the following categories:-

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding. The financial assets are not designated as fair value through profit or loss. The financial assets are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current. The Company's financial assets at amortised cost comprise trade receivable, amount due from immediate holding company and bank balance.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial assets (cont'd)

(ii) Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

(iii) Subsequent measurement - gains and losses

Classifications of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying the effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised costs.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in the profit or loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial assets (cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in market place concerned. All regular way purchases or sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

(c) Impairment of assets

(i) Impairment of financial assets

The Company assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company's trade receivable, amount due from immediate holding company and bank balance are subject to the impairment requirements of MFRS 9 Financial Instruments.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost of effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the asset. While 12 months ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

The Company measures loss allowances at an amount equal to lifetime ECL, except for debt securities that are determined to have low credit risk at the reporting date, and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12 months ECL.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Impairment of assets (cont'd)

(i) Impairment of financial assets (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in statement of profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events have a detrimental impact on the estimated cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources 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 Company's procedures for recovery amounts due.

(d) Cash and cash equivalents

Cash and cash equivalents comprise of bank balance that are free from encumbrances and short-term highly liquid investments which have an insignificant risk of changes in value.

(e) Financial liabilities

(i) Classification

The Company carries only other financial liabilities on its statement of financial position.

Amortised cost

The Company's other financial liabilities not categorised as fair value through profit or loss include other payables, amount due to a related company and amount due to ultimate holding company.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial liabilities (cont'd)

(ii) Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Other payables are recognised initially at fair value plus directly attributable transaction costs.

(iii) Subsequent measurement - gains and losses

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised costs using effective interest method.

Interest expense and foreign exchange gains or losses are recognised in the statement of profit and loss. Any gains or losses on derecognition are also recognised in the profit and loss.

(iv) Derecognition

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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) Equity instruments

(i) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Interim dividends on ordinary shares are recognised in equity in the period in which they are declared.

Final dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Equity instruments (cont'd)

(ii) RCPS

The RCPS is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

(g) Provision for liabilities

Provision for liabilities are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

(h) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(i) Income tax and deferred tax

Income tax in the statement of profit or loss for the financial period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial period and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Current tax is recognised in the statement of profit or loss except to the extent that the tax relates to items recognised outside the statement of profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, 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 financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Income tax and deferred tax (cont'd)

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 that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the statement of profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authorities.

(i) Revenue

The Company recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:-

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligation in the contract. For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when or as the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time if the Company's performance:-

- (i) Do not create an asset with an alternative use to the Company and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Revenue (cont'd)

The Company satisfies a performance obligation and recognises revenue over time if the Company's performance (cont'd):-

- (iii) Provide benefits that the customer simultaneously receives and consumes as the Company perform.

For the performance obligation where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describe the performance obligations in contracts with customers:-

(i) Rental income

Rental income from investment property is recognised in statement of profit or loss on a straight-line basis over the specific tenure of the respective investment property.

(k) Employee benefits

(i) Short term employee benefits

Wages, salaries, allowances, bonuses, incentives, employment insurance scheme and social security contributions are recognised as expenses in the financial period in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current financial period. Such contribution is recognised as an expense in the statement of profit or loss as incurred. As required by law, the Company makes contributions to the Employees Provident Fund ("EPF").

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

A person or a close member of that person's family is related to the reporting entity if that person:-

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity.

An entity is related to the reporting entity if any of the following conditions applies:-

- the entity and the reporting entity are members of the same group;
- one entity is an associate or joint venture of the reporting entity;
- both the entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is controlled or jointly-controlled by a person identified in the preceding paragraph above;
- the entity that provides key management personnel services to the reporting entity; or
- a person who has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity.

4. MFRSs

The accounting policies adopted by the Company are in conformity with the applicable MFRSs issued by the Malaysian Accounting Standards Board ("MASB"):-

(a) Adoption of revised Standards that are effective

Since the date of incorporation on 23 September 2021 till the end of the current financial period, the Company adopted amendments to Standards issued by the MASB which are relevant to the Company.

The amendments to Standards did not have any material financial impact on the financial statements of the Company.

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

Registration No: 202101030801 (1431101 - W)

4. MFRSs (CONT'D)

The accounting policies adopted by the Company are in conformity with the applicable MFRSs issued by the Malaysian Accounting Standards Board ("MASB")(cont'd):-

(b) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

Effective for financial period beginning on or after 1 January 2022:-

Amendments to MFRS 3*	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 116*	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Annual improvements to MFRS standards 2018-2020	

Effective for financial period beginning on or after 1 January 2023:-

MFRS 17*	Insurance Contracts
Amendments to MFRS 4*	Insurance Contracts - Extension of Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date deferred indefinitely:-

Amendments to MFRS 10* and MFRS 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures; Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the Company

The initial application of the above applicable standards, amendments and interpretations are not expected to have material financial impact to the financial statements of the Company.

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

Registration No: 202101030801 (1431101 - W)

5. INVESTMENT PROPERTY

	Freehold <u>Land</u> RM	Freehold <u>Building</u> RM	<u>Total</u> RM
At date of incorporation	-	-	-
Addition	2,000,000	11,800,000	13,800,000
Net carrying amount as at 30 June 2022			
- At fair value	2,000,000	11,800,000	13,800,000

The following table provides an analysis of the fair value hierarchy of investment property that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 based on degree to which the fair value is observable:-

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted price included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>2022</u>				
<u>Investment property</u>				
Freehold land and building	-	13,800,000	-	13,800,000
	-	13,800,000	-	13,800,000

The level 2 fair value measurements are derived from the following valuation methods adopted to determine the fair value of the investment properties:-

- (i) Sales comparison method entails analysing the recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made to differences in location, visibility, size and tenure etc.
- (ii) Reference to market evidence of transacted prices for similar properties using comparable prices adjusted for specific market factors such as nature, location and condition of the investment properties.

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5. INVESTMENT PROPERTY (CONT'D)

The freehold land and building have been pledged to a licensed bank for banking facilities granted to the immediate holding company.

During the financial period, the Company acquired the freehold land and building from a related company for a total consideration of RM13,800,000. As at the reporting date, the title to the freehold land and building has yet to be transferred to the Company.

The rental income and associated direct operating expenses of the investment property are disclosed in Notes 11 and 12 to the financial statements.

6. TRADE RECEIVABLES

Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

The ageing analysis of the Company's trade receivables is as follows:-

	<u>2022</u> RM
Neither past due nor impaired	
1 to 30 days past due not impaired	6,444
31 to 60 days past due not impaired	<u>6,724</u>
	<u>13,168</u>

The trade receivables past due but not impaired are unsecured in nature. The Directors are of the view that these debts are not impaired and are recoverable.

The Company's normal trade credit terms to trade receivables is 14 days.

Information on the credit risk of trade receivables is disclosed in Note 16(b)(i) to the financial statements.

7. AMOUNT DUE FROM/(TO) IMMEDIATE AND ULTIMATE HOLDING COMPANY

The amount due from immediate holding company is trade in nature, unsecured, interest free and is repayable on demand.

The amount due to ultimate holding company is non-trade in nature, unsecured, interest free and is repayable on demand.

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

Registration No: 202101030801 (1431101 - W)

8. SHARE CAPITAL

	Number of shares <u>2022</u> Unit	Amount <u>2022</u> RM
Issued and fully paid with no par value:-		
<u>Ordinary shares</u>		
At date of incorporation	<u>1</u>	<u>1</u>
<u>RCPS</u>		
At date of incorporation	<u>-</u>	<u>-</u>
Issue during the financial period	<u>13,800,000</u>	<u>13,800,000</u>
At end of financial period	<u>13,800,000</u>	<u>13,800,000</u>
Total	<u>13,800,001</u>	<u>13,800,001</u>

During the financial period, the Company issued 13,800,000 RCPS at an issue price of RM1.00 per RCPS, totalling RM13,800,000 for working capital purpose.

The salient terms of the RCPS are as follows:-

- (i) The RCPS is convertible into ordinary share of the Company at any time from the date of issue of the RCPS at the option of the RCPS holders subject to not less than 14 days' notice in writing must be given.
- (ii) The RCPS is redeemable at 100% of the issue price of the RCPS together with arrears of unpaid dividends declared up to the date of redemption at any time at the option of the Company as issuer. The Company may redeem the RCPS in whole or in part at any time, subject to not less than 14 days' notice in writing be given.
- (iii) The tenure of the RCPS is perpetual.
- (iv) The RCPS shall rank pari passu without any preference or priority among themselves and in priority to the ordinary shares, but shall rank behind all secured and unsecured obligations of the Company.
- (v) In the event of liquidation, dissolution, winding-up (other than solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all the business, undertaking and assets of the Company are transferred to a successor entity which assumes all the obligation of the Company under the RCPS) or other repayment of capital (other than redemption):-
 - (a) The RCPS shall confer on the holders the right to receive in priority to the holders of all other class of shares in the Company, cash repayment in full of the amount at 100% of the issue price of the RCPS together with any declared but unpaid dividends up to the date of repayment provided that there shall be no further right to participate in any surplus capital or surplus profits of the Company and;

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8. SHARE CAPITAL (CONT'D)

The salient terms of the RCPS are as follows (cont'd):-

- (v) In the event of liquidation, dissolution, winding-up (other than solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all the business, undertaking and assets of the Company are transferred to a successor entity which assumes all the obligation of the Company under the RCPS) or other repayment of capital (other than redemption)(cont'd):-
 - (b) In the event that the Company has insufficient assets to permit payment of the full issue price to the RCPS holders, the assets of the Company shall be distributed rateably to the RCPS holders in proportion to the amount that each RCPS holders would otherwise be entitled to receive.
- (vi) In the events of default, the RCPS holders may at their sole discretion by notice, require the Company to redeem the RCPS at the redemption price in the occurrence of the Company becoming insolvent or is unable to pay its debts as they fall due or ceasing or threatening to carry on its business or a substantial part of its business or breaching the terms of the RCPS.
- (vii) The RCPS holders shall have the same rights as ordinary shareholders as regards to receiving notice, reports and audited financial statements and attending general meetings of the Company.
- (viii) The RCPS holders however are not entitled to any voting rights or participating in any rights, allotments and/or other distributions in the Company, except in the following circumstances:-
 - (a) Where the dividend or part of the dividend on the RCPS has been declared but remain unpaid for more than 6 months;
 - (b) On a proposal to reduce the Company's share capital;
 - (c) On a proposal for the disposal of substantially the Company's assets, business and undertaking;
 - (d) Upon any resolution which varies or is deemed to vary the rights and privileges attaching to the RCPS;
 - (e) Upon any resolution for the winding-up of the Company; and
 - (f) Other circumstances as may be provided under law and applicable to preference shares and/or preference shareholders from time to time.
- (ix) The RCPS shall not be entitled to fixed dividend. The RCPS shall rank in priority to other classes of shares in the Company in respect of the right to receive dividends.

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

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9. OTHER PAYABLES

	<u>2022</u> RM
Other payables	6,307
Accruals	3,850
Deposits received	<u>21,450</u>
	<u>31,607</u>

10. AMOUNT DUE TO A RELATED COMPANY

Related companies refer to other subsidiary companies of Insas Berhad.

The amount due to a related company is non-trade in nature, unsecured, interest free and is repayable on demand.

11. REVENUE

Revenue recognised during financial period are as follows:-

	23.9.2021 to <u>30.6.2022</u> RM
Rental income from letting of properties	<u>117,227</u>
<u>Timing of revenue recognition:-</u>	
Over time	<u>117,227</u>

12. PROFIT BEFORE TAX

Profit before tax has been determined after charging, amongst other items, the following:-

	23.9.2021 to <u>30.6.2022</u> RM
Auditors' remuneration	
- current period	2,000
Direct operating expenses arising from investment property:	
- rental generating properties	<u>21,306</u>

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

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13. TAX EXPENSE

23.9.2021
to
30.6.2022
RM

Current tax:

- current financial period 13,565

The reconciliation of tax expense on profit before tax with the applicable statutory income tax rate is as follows:-

23.9.2021
to
30.6.2022
RM

Profit before tax 49,102

Income tax at the Malaysian statutory tax rate of 24% 11,784

Tax effects in respect of:-
Non-allowable expenses 1,781

Total tax expense for the financial period 13,565

14. STAFF COSTS

23.9.2021
to
30.6.2022
RM

Salaries and allowances 30,454
Defined contribution plans 2,916
Social security cost 486
33,856

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

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15. RELATED PARTY DISCLOSURES

The Company has the following transactions with the following related parties during the financial period:-

	23.9.2021 to 30.6.2022 RM
<u>Immediate holding company</u>	
Rental income received/receivable	104,999
<u>Ultimate holding company</u>	
Secretarial fees payable	2,500
<u>Related company</u>	
Purchase of freehold land and building from	13,800,000
Payments made on behalf by	12,661

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established at negotiated terms agreed between the parties.

16. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis on the categorised of financial instruments:-

	Carrying amount RM	Amortised cost RM
2022		
<u>Financial assets</u>		
Trade receivables	13,168	13,168
Amount due from immediate holding company	43,934	43,934
Bank balance	34,201	34,201
	91,303	91,303
<u>Financial liabilities</u>		
Other payables	31,607	31,607
Amount due to ultimate holding company	2,710	2,710
Amount due to a related company	12,661	12,661
	46,978	46,978

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16. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies

The Company is exposed to financial risks arising from the use of financial instruments. The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its credit and liquidity risk. The Company operates within guidelines approved by the Board and the Company's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows:-

(i) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company has 100% significant concentration of credit risk with a counterparty.

The Company maximum exposure to credit risk is represented by the carrying amount of receivables in the statement of financial position.

The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks and financial institutions with high credit rating. Consequently, the Company of the view that the loss allowance is not material and hence, it is not provided for.

Recognition and measurement of impairment loss - Trade receivables

In managing credit risk of trade receivables, the Company manages its debtors and takes appropriate actions to recover long overdue balances. For trade receivables' credit term that are past due but not impaired, the Company's debt recovery process is the Company will initiated a structure debt recovery process which is monitored via management reporting procedures.

The Company applies the simplified approach under MFRS 9 to measure expected credit loss, which uses a lifetime expected credit loss allowance for all trade receivables. The Company evaluates the expected credit loss on a case-by-case basis.

The Company assesses the expected credit loss rates based on historical payment profiles of the trade receivables and the corresponding historical credit losses experienced. The historical loss rate are adjusted to reflect current and forward-looking information on factors affecting the financial capability of the debtor and default or significant delay in payments.

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16. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

The Company's normal trade credit terms to trade receivables is 14 days.

Information in respect of the ageing analysis for trade receivables is disclosed in Note 6 to the financial statements.

At the reporting date, the Company assesses whether any of the trade receivables are credit impaired and there was no indication that any trade receivables are impaired.

Recognition and measurement of impairment loss - Debt Instruments at amortised cost other than trade receivables

The Company assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company use three categories to reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Company's expected credit loss model is as follows:-

Category	Definition of categories	Basis of recognising expected credit loss
Performing	Debtors have low risk of default and a strong capacity to meet contractual cash flow.	12 months expected credit loss
Underperforming	Debtors for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.	Lifetime expected credit loss
Non-performing	A debtor is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows have occurred.	Lifetime expected credit loss

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16. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Company and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)

Recognition and measurement of impairment loss - Debt Instruments at amortised cost other than trade receivables (cont'd)

Based on the above, loss allowance is derived as follows:-

- (i) the likelihood that the debtor would not be able to repay during the contractual period;
- (ii) the percentage of contractual cash flows that will not be collected if default happens; and
- (iii) the outstanding amount that is exposed to default risk.

As at the reporting date, there was no indication of default on repayment for the debt instruments at amortised cost.

(ii) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as and when they fall due as a result of shortage of funds. The Company manages its liquidity risk by ensuring the availability of funding through advances granted by its ultimate holding company.

The table below summarised the maturity profile of the Company's financial liabilities based on contractual undiscounted repayment obligations:-

	Less than <u>1 year</u> RM	<u>Total</u> RM
2022		
<u>Financial liabilities</u>		
Other payables	31,607	31,607
Amount due to ultimate holding company	2,710	2,710
Amount due to a related company	12,661	12,661
	<u>46,978</u>	<u>46,978</u>

APPENDIX III(D) – AUDITED FINANCIAL STATEMENTS OF VENTURESCAPE FROM THE DATE OF INCORPORATION UP TO 30 JUNE 2022 (Cont'd)

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16. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments

The carrying amounts of all financial assets and liabilities of the Company at the reporting date approximate their fair values.

(d) Fair value hierarchy

No fair value hierarchy has been disclosed as the Company does not have financial instruments measured at fair value.

(e) Reconciliation of liabilities arising from financing activity

	At date of <u>incorporation</u> RM	<u>Cash</u> <u>flows</u> RM	30 June <u>2022</u> RM
Amount due to ultimate holding company	-	2,710	2,710
Amount due to a related company	-	12,661	12,661
		<u>12,661</u>	<u>12,661</u>

17. CAPITAL MANAGEMENT

The primary capital management objective of the Company is to safeguard the Company's ability to continue as a going concern in order to provide returns to the shareholders. There is no change in the objectives and policies for the financial period from 23 September 2021 (date of incorporation) to 30 June 2022.

The Company manages its capital by regularly monitoring its current and expected liquidity requirements.

18. COMPARATIVE INFORMATION

There are no comparative figures as this is the first set of financial statements being prepared by the Company.



SYF RESOURCES BERHAD
[Registration No.: 199501035170 (364372-H)]
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

31 JULY 2022

Registered office:
Level 5, Block B
Dataran PHB, Saujana Resort
Section U2, 40150 Shah Alam
Selangor Darul Ehsan

Principal place of business:
Kawasan Perindustrian Sungai Lalang
Lot 974, Jalan Vill
Mukim Semenyih
Jalan Sungai Lalang
43500 Semenyih
Selangor Darul Ehsan

Registration No. 199501035170 (364372-H)

SYF RESOURCES BERHAD
(Incorporated in Malaysia)

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2022.

Principal Activities

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

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

Financial Results

	Group RM'000	Company RM'000
Loss for the financial year		
- Continuing operations	3,416	802
- Discontinued operation	23,986	-
	<u>27,402</u>	<u>802</u>
Attributable to:		
Owners of the Parent	28,117	802
Non-controlling interests	(715)	-
	<u>27,402</u>	<u>802</u>

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any final dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

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Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Employees' Share Option Scheme

At an extraordinary general meeting held on 1 March 2012, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS") of not more than 15% of the issued share capital of the Company at the point in time throughout the duration of the scheme to eligible Directors and employees of the Group.

The ESOS became effective for a period of five years from 11 May 2012 to 8 April 2017, and extended for another five years until 8 April 2022. The salient features and other terms of the ESOS are disclosed in Note 34 to the financial statements. All ESOS have been fully exercised in the previous financial year.

Directors

The Directors in office since the beginning of the current financial year until the date of this report are:

Dato' Sri Ng Ah Chai *
Dato' Sri Chee Hong Leong, JP *
Ng Wei Ping *
Datuk Mohamed Arsad Bin Sehan
Dato' Mohamad Azmi Bin Ali
Dato' Abdul Rashid Bin Mat Amin
Dato' Wong Gian Kui

** Director of the Company and its subsidiaries*

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the current financial year until the date of this report are:

Lee Oon Kar
Chee Chik Eng
Lim Kok Seong (resigned on 20.9.2021)

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

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Directors' Interests in Shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares		
	At 1.8.2021	Bought Sold	At 31.7.2022
Interests in			
SYF Resources Berhad			
Direct Interests			
Dato' Sri Ng Ah Chai	200,276,200	- 66,000,000	134,276,200
Dato' Sri Chee Hong Leong, JP	38,256,600	2,900,000 -	41,156,600
Indirect Interests			
Dato' Sri Ng Ah Chai *	1,920,000	- -	1,920,000

Note:

* *Deemed interests through his spouse by virtue of Section 59(11)(c) of the Companies Act 2016.*

By virtue of his interests in the shares of the Company, Dato' Sri Ng Ah Chai is also deemed interested in the shares of all the subsidiaries during the financial year to the extent the Company has an interest under Section 8 of the Companies Act 2016.

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by Directors as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in the companies which traded with certain companies in the Group in the ordinary course of business and rental received or due and receivable by a Director as disclosed in Note 38(b) to the financial statements.

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

Registration No. 199501035170 (364372-H)

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Directors' Remuneration

The details of the Directors' remuneration paid/payable to the Directors of the Company during the financial year are as follows:

	Group RM'000	Company RM'000
Directors of the Company		
Executive		
Salaries and other emoluments	2,187	312
Defined contribution plans	234	31
Social security contributions	2	1
	2,423	344
Non-Executive		
Fees	156	156
Allowances	49	49
	205	205
	2,628	549

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Group and of the Company were RM10,000,000 and RM21,750 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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Other Statutory Information (Cont'd)

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

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Subsidiaries

The details of the subsidiaries are disclosed in Note 9 to the financial statements.

Significant Events During and Subsequent to the End of the Financial Year

The significant events during and subsequent to the end of the financial year are disclosed in Note 42 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration for the financial year are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration		
- Statutory audit	130	50
- Non-statutory audit	4	3
	<u>134</u>	<u>53</u>

Auditors

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 November 2022.



DATO' SRI NG AH CHAI



DATO' SRI CHEE HONG LEONG, JP

KUALA LUMPUR

Registration No. 199501035170 (364372-H)

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

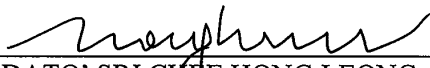
STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 November 2022.



DATO' SRI NG AH CHAI



DATO' SRI CHEE HONG LEONG, JP

KUALA LUMPUR

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

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

I, Lee Oon Kar (MIA Membership No. 14383), being the officer primarily responsible for the financial management of SYF Resources Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying 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.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the Federal)
Territory on 22 November 2022)



LEE OON KAR

Before me,



No. 59, Jalan Telawi
Bangsar Baru
59100 Kuala Lumpur

COMMISSIONER FOR OATHS



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SYF RESOURCES BERHAD**

[Registration No.: 199501035170 (364372-H)]
(Incorporated in Malaysia)

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SYF Resources Berhad, which comprise the statements of financial position as at 31 July 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 17 to 142.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SYF RESOURCES BERHAD (CONT'D)**

[Registration No.: 199501035170 (364372-H)]
(Incorporated in Malaysia)

Key Audit Matters

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

Key audit matters	How our audit addressed the key audit matters
1. Disposal group classified as held for sale and discontinued operation As disclosed in Note 17 to the financial statements, on 6 October 2021, the Company has entered to a share sale agreement with Mieco Chipboard Berhad for the disposal of its entire equity interest in Seng Yip Furniture Sdn. Bhd. ("Seng Yip Furniture"), comprising its entire rubberwood furniture segment for a total disposal consideration of RM50 million. The business operations of Seng Yip Furniture were presented as a discontinued operation in the consolidated financial statements of the Group in accordance with MFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> ("MFRS 5"). As at 31 July 2022, the total net assets of Seng Yip Furniture is 37% of the Group.	We performed the following audit procedures, amongst others: • We assessed the appropriateness of the Company's judgement on the classification of the disposal group classified as held for sale and discontinued operation in accordance with MFRS 5. • We reviewed conditional share sale agreement and relevant documents related to the disposal. • We reviewed the appropriateness of the accounting treatment. • We reviewed and assessed the appropriateness and adequacy of the disclosures in the financial statements.



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SYF RESOURCES BERHAD (CONT'D)**

[Registration No.: 199501035170 (364372-H)]
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

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

Key audit matters	How our audit addressed the key audit matters
2. Land and property development costs and revenue recognition Property development revenue for the financial year ended 31 July 2022 amounted to RM68.68 million. Property development revenue is accounted for under MFRS 15 <i>Revenue from Contracts with Customers</i>, and this revenue stream involves judgement. Key management judgements include: - estimating the budgeted costs to complete each project; - the future profitability of each project; and - the percentage of completion at the end of the reporting period. Changes in these judgements could lead to a material change in the value of revenue recognised.	We performed the following audit procedures, amongst others: - We performed a range of audit procedures which included reviewing contract documentation, variation orders and enquiring of key personnel regarding status of on-going contracts, adjustments for job costing and potential property development losses. - In relation to property development revenue/costs, we agreed this to original signed contracts, letter of awards and approved variation orders. We evaluated the project progress and recovery of cost to supporting evidences include but not limited to verifying third party surveyors' certificates, progress report and interviews with project team.



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SYF RESOURCES BERHAD (CONT'D)**

[Registration No.: 199501035170 (364372-H)]
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

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

Key audit matters	How our audit addressed the key audit matters
2. Land and property development costs and revenue recognition (Cont'd)	We performed the following audit procedures, amongst others: (Cont'd) • In assessing management's assumptions in estimating the costs to completion for contracts, we verified the budgeted cost to sub-contractors' contracts. We verified the property development costs incurred to date to sub-contractors' progress claims and recalculating the percentage of completion at the reporting date. • We reviewed and assessed the appropriateness and adequacy of the disclosures in the financial statements.

We have determined that there are no key audit matters in the audit of the financial statements of the Company to be communicated in our auditors' report.



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SYF RESOURCES BERHAD (CONT'D)**

[Registration No.: 199501035170 (364372-H)]
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SYF RESOURCES BERHAD (CONT'D)**

[Registration No.: 199501035170 (364372-H)]

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SYF RESOURCES BERHAD (CONT'D)**

[Registration No.: 199501035170 (364372-H)]
(Incorporated in Malaysia)

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

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: (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SYF RESOURCES BERHAD (CONT'D)**

[Registration No.: 199501035170 (364372-H)]
(Incorporated in Malaysia)

Other Matters

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

A handwritten signature in black ink, appearing to be 'UHY' with a stylized flourish.

UHY
Firm Number: AF 1411
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Yeoh Aik Chuan' with a stylized flourish.

YEOH AIK CHUAN
Approved Number: 02239/07/2024 J
Chartered Accountant

KUALA LUMPUR
22 November 2022

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022
(Cont'd)

Registration No. 199501035170 (364372-H)

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	16	63,321	-	-
Right-of-use assets	5	11	7,233	-	-
Investment property	6	-	7,045	-	-
Inventories	7	31,163	49,077	-	-
Intangible assets	8	18,408	18,408	-	-
Investment in subsidiaries	9	-	-	14,648	61,939
		<u>49,598</u>	<u>145,084</u>	<u>14,648</u>	<u>61,939</u>
Current Assets					
Inventories	7	12,771	53,995	-	-
Contract assets	10	64,600	37,676	-	-
Trade receivables	11	6,338	23,979	-	-
Other receivables	12	2,472	4,222	1	-
Amount due from subsidiaries	13	-	-	85,542	68,136
Tax recoverable		846	1,545	-	-
Fixed deposits with licensed banks	14	13,271	40,304	-	32,193
Cash and bank balances	15	<u>3,639</u>	<u>19,196</u>	<u>50</u>	<u>615</u>
		103,937	180,917	85,593	100,944
Assets held for sale	16	20,879	10,956	47,500	-
Assets included in disposal group classified as held for sale	17	<u>104,591</u>	<u>-</u>	<u>-</u>	<u>-</u>
		229,407	191,873	133,093	100,944
Total Assets		<u>279,005</u>	<u>336,957</u>	<u>147,741</u>	<u>162,883</u>

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022
(Cont'd)**

Registration No. 199501035170 (364372-H)

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 JULY 2022 (CONT'D)**

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	18	143,527	143,527	143,527	143,527
Treasury shares	19	(761)	(761)	(761)	(761)
Reserves	20	14,296	70,774	896	1,698
Reserve included in disposal group classified as held for sale	17	28,361	-	-	-
Equity attributable to owners of the parent		185,423	213,540	143,662	144,464
Non-controlling interests		14,529	13,814	-	-
Total Equity		199,952	227,354	143,662	144,464
Non-Current Liabilities					
Lease liabilities	21	-	195	-	-
Bank borrowings	22	21,931	28,551	-	-
Deferred tax liabilities	23	4,418	7,356	-	-
		26,349	36,102	-	-
Current Liabilities					
Trade payables	24	11,410	35,406	-	-
Other payables	25	6,825	21,128	251	333
Amount due to subsidiaries	13	-	-	3,251	17,950
Lease liabilities	21	12	594	-	-
Bank borrowings	22	4,021	14,890	-	-
Tax payable		583	1,483	577	136
		22,851	73,501	4,079	18,419
Liabilities included in disposal group classified as held for sale	17	29,853	-	-	-
		52,704	73,501	4,079	18,419
Total Liabilities		79,053	109,603	4,079	18,419
Total Equity and Liabilities		279,005	336,957	147,741	162,883

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

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022
(Cont'd)

Registration No. 199501035170 (364372-H)

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
			Restated		
Continuing operations					
Revenue	26	76,494	194,651	150	150
Cost of sales	27	(72,001)	(168,123)	-	-
Gross profit		4,493	26,528	150	150
Other income		1,228	4,623	1,896	2,547
Selling and distribution expenses		(217)	(459)	-	-
Administrative expenses		(6,170)	(17,527)	(2,688)	(862)
Net gain on impairment of financial instruments		1	149	719	-
Finance costs	28	(1,488)	(4,181)	(51)	(341)
(Loss)/Profit before tax	29	(2,153)	9,133	26	1,494
Taxation	30	(1,263)	(2,462)	(828)	(354)
(Loss)/Profit from continuing operations		(3,416)	6,671	(802)	1,140
(Loss)/Profit from discontinued operation, net of tax	17	(23,986)	177	-	-
(Loss)/Profit for the financial year		(27,402)	6,848	(802)	1,140

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 JULY 2022 (CONT'D)

	Note	Group		Company	
		2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(28,117)	3,935	(802)	1,140
Non-controlling interests		715	2,913	-	-
		<u>(27,402)</u>	<u>6,848</u>	<u>(802)</u>	<u>1,140</u>
Total comprehensive (loss)/income for the financial year attributable to:					
Owners of the parent		(28,117)	3,935	(802)	1,140
Non-controlling interests		715	2,913	-	-
		<u>(27,402)</u>	<u>6,848</u>	<u>(802)</u>	<u>1,140</u>
(Loss)/Earnings per share	31				
Basic (loss)/earnings per share (sen):					
- From continuing operations		(0.7)	0.7		
- From discontinued operation		(4.2)	-		
Total		<u>(4.9)</u>	<u>0.7</u>		
Diluted (loss)/earnings per share (sen):					
- From continuing operations		(0.7)	0.7		
- From discontinued operation		(4.2)	-		
Total		<u>(4.9)</u>	<u>0.7</u>		

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

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022 (Cont'd)

Registration No. 199501035170 (364372-H)

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2022**

		Attributable to Owners of the Parent						
		Non-Distributable			Distributable			
	Note	Share Capital RM'000	Treasury Shares RM'000	Assets Revaluation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Group								
At 1 August 2020		142,310	(761)	32,066	41,884	215,499	10,901	226,400
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	3,935	3,935	2,913	6,848
Realisation of assets revaluation reserve	20	-	-	(370)	370	-	-	-
Transactions with owners:								
Exercise of Employees' Share Options	18	1,217	-	-	-	1,217	-	1,217
Dividends to owners of the Company	32	-	-	-	(7,111)	(7,111)	-	(7,111)
		1,217	-	-	(7,111)	(5,894)	-	(5,894)
At 31 July 2021		143,527	(761)	31,696	39,078	213,540	13,814	227,354

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022 (Cont'd)

Registration No. 199501035170 (364372-H)

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2022 (CONT'D)**

	Note	Attributable to Owners of the Parent						
		Non-Distributable			Distributable			
		Share Capital	Treasury Shares	Assets Revaluation Reserve	Reserve Included in Disposal Group Classified as Held for Sale and Discontinued Operation	Retained Earnings	Total	Non-Controlling Interests
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								Total Equity
At 1 August 2021		143,527	(761)	31,696	-	39,078	213,540	13,814
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(28,117)	(28,117)	715
Realisation of assets revaluation reserve	20	-	-	(3,335)	-	3,335	-	-
Transfer to disposal group classified as held for sale	17	-	-	(28,361)	28,361	-	-	-
At 31 July 2022		143,527	(761)	-	28,361	14,296	185,423	14,529

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022
(Cont'd)**

Registration No. 199501035170 (364372-H)

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2022 (CONT'D)**

	Note	<u>Non-Distributable</u>		<u>Distributable</u>	Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Retained Earnings RM'000	
Company					
At 1 August 2020		142,310	(761)	7,669	149,218
Profit for the financial year, representing total comprehensive income for the financial year		-	-	1,140	1,140
Transactions with owners:					
Exercise of Employees' Share Options	18	1,217	-	-	1,217
Dividends to owners of the Company	32	-	-	(7,111)	(7,111)
		1,217	-	(7,111)	(5,894)
At 31 July 2021		143,527	(761)	1,698	144,464
At 1 August 2021		143,527	(761)	1,698	144,464
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	(802)	(802)
At 31 July 2022		143,527	(761)	896	143,662

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

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022
(Cont'd)

Registration No. 199501035170 (364372-H)

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Operating Activities					
(Loss)/Profit before tax					
- Continuing operations		(2,153)	9,133	26	1,494
- Discontinued operation	17	(23,607)	261	-	-
		<u>(25,760)</u>	<u>9,394</u>	<u>26</u>	<u>1,494</u>
Adjustments for:					
Bad debts written off on					
trade receivables		3	-	-	-
Deposits written off		272	15	-	-
Depreciation of:					
- Property, plant and equipment		324	2,986	-	-
- Right-of-use assets		180	1,151	-	-
Fair value adjustment on:					
- Biological assets		39	-	-	-
- Investment property		(280)	(60)	-	-
Finance costs	28	2,214	5,062	51	341
Impairment losses on:					
- Amount due from a subsidiary		-	-	44	-
- Disposal group classified as		26,754	-	-	-
held for sale					
- Completed properties		-	604	-	-
- Other receivables		-	151	-	-
- Right-of-use assets		275	-	-	-
- Trade receivables		-	19	-	-
Intangible assets classified as					
assets held for sale written off		-	11,418	-	-
Property, plant and equipment					
written off		3	-	-	-
Gain on disposal of:					
- Assets held for sale		(744)	-	-	-
- Property, plant and equipment		(52)	(675)	-	-
Interest income		<u>(822)</u>	<u>(665)</u>	<u>(1,688)</u>	<u>(2,070)</u>
Operating profit/(loss) before					
working capital changes					
carried down		<u>2,406</u>	<u>29,400</u>	<u>(1,567)</u>	<u>(235)</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022
(Cont'd)

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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2022 (CONT'D)

	Group		Company	
	2022	2021	2022	2021
Note	RM'000	RM'000	RM'000	RM'000
Operating Activities (Cont'd)				
Operating profit/(loss) before working capital changes brought down	2,406	29,400	(1,567)	(235)
Reversal of impairment losses on:				
- Amount due from subsidiaries	-	-	(763)	-
- Investment in a subsidiary	-	-	(209)	(477)
- Trade receivables	(28)	(150)	-	-
Unrealised (gain)/loss on foreign exchange	(33)	10	-	-
Operating profit/(loss) before working capital changes	2,345	29,260	(2,539)	(712)
Changes in working capital:				
Inventories	2,648	71,630	-	-
Asset held for sale	-	20,940	-	-
Contract assets	(26,924)	(23,127)	-	-
Trade receivables	12,769	22,305	-	-
Other receivables	210	6,108	(1)	2
Trade payables	(17,590)	7,209	-	-
Other payables	(7,090)	(14,819)	(82)	(129)
Amount due from/(to) subsidiaries	-	-	-	95,102
	(35,977)	90,246	(83)	94,975
Cash (used in)/generated from operations	(33,632)	119,506	(2,622)	94,263
Interest paid	(2,244)	(4,328)	-	-
Payment of liquidated ascertained damages	25(c) (7)	-	-	-
Tax paid	(3,897)	(4,053)	(387)	(218)
Tax refund	1,498	797	-	3
Net cash (used in)/from operating activities	(38,282)	111,922	(3,009)	94,048

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022
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SYF RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2022 (CONT'D)**

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Investing Activities					
Additions of assets held for sale		(46)	(382)	-	-
Interest income		822	665	285	210
Net movement of amount due from subsidiaries		-	-	(15,284)	(73,394)
Proceeds from disposal of:					
- Assets held for sale		11,700	-	-	-
- Property, plant and equipment		420	729	-	-
Purchase of:					
- Intangible assets		(2,000)	-	-	-
- Biological assets		(1,249)	-	-	-
- Property, plant and equipment		(1,685)	(170)	-	-
- Right-of-use assets	5(e)	(279)	-	-	-
Net cash from/(used in) investing activities		<u>7,683</u>	<u>842</u>	<u>(14,999)</u>	<u>(73,184)</u>
Financing Activities					
Changes in bills payable		3,461	(7,404)	-	-
Dividends paid	32	-	(7,111)	-	(7,111)
Drawdown of bank borrowings		-	30,979	-	-
Decrease/(Increase) in fixed deposits pledged with licensed banks		1,699	(208)	-	-
Net movement of amount due to subsidiaries		-	-	(14,750)	17,726
Net movement of amount due to other payables		-	(384)	-	-
Payment of lease liabilities		(821)	(1,210)	-	-
Proceeds from exercise of ESOS	18	-	1,217	-	1,217
Repayment of bank borrowings		<u>(8,566)</u>	<u>(84,636)</u>	<u>-</u>	<u>-</u>
Net cash (used in)/from financing activities		<u>(4,227)</u>	<u>(68,757)</u>	<u>(14,750)</u>	<u>11,832</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022
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SYF RESOURCES BERHAD
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JULY 2022 (CONT'D)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net (decrease)/increase in cash and cash equivalents	(34,826)	44,007	(32,758)	32,696
Cash and cash equivalents at the beginning of the financial year	51,389	7,383	32,808	112
Effects of exchange translation differences on cash and cash equivalents	30	(1)	-	-
Cash and cash equivalents at the end of the financial year	<u>16,593</u>	<u>51,389</u>	<u>50</u>	<u>32,808</u>
Cash and cash equivalents at the end of the financial year comprises:				
Fixed deposits with licensed banks	16,554	40,304	-	32,193
Cash and bank balances	<u>6,451</u>	<u>19,196</u>	<u>50</u>	<u>615</u>
	23,005	59,500	50	32,808
Less: Fixed deposits pledged with licensed banks	<u>(6,412)</u>	<u>(8,111)</u>	<u>-</u>	<u>-</u>
	<u>16,593</u>	<u>51,389</u>	<u>50</u>	<u>32,808</u>

Note to statements of cash flows

Cash flows for leases as a lessee

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Included in operating activities:					
Interest paid in relation to lease liabilities	28	43	84	-	-
Payment relating to short-term leases	29	249	159	-	-
Included in financing activities:					
Payment of lease liabilities		<u>821</u>	<u>1,210</u>	<u>-</u>	<u>-</u>
Total cash outflows for leases		<u>1,113</u>	<u>1,453</u>	<u>-</u>	<u>-</u>

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

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SYF RESOURCES BERHAD
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NOTES TO THE FINANCIAL STATEMENTS
31 JULY 2022

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 9. There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The registered office of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan.

The principal place of business of the Company is located at Kawasan Perindustrian Sungai Lalang, Lot 974, Jalan Vill, Mukim Semenyih, Jalan Sungai Lalang, 43500 Semenyih, Selangor Darul Ehsan.

2. Basis of Preparation

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

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2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendment to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020:		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		

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2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Group and for the Company: (Cont'd)

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the abovementioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

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2. Basis of Preparation (Cont'd)

(b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest RM in thousands except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

The following are the judgements made by management in the process of applying the Group’s accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and inventories

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

The Group has temporarily sub-let some completed unsold properties but has decided not to treat these properties as investment properties as it is not the Group’s intention to hold these properties in the long term for capital appreciation or rental income but rather for sale. Accordingly, these properties are classified as inventories. The carrying amounts of these inventories as at reporting date are RM1,775,000 (2021: RM1,775,000).

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2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (ii) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (iii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Determining the lease term of contracts with renewal options - Group as lessee

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases. The Group typically exercises its option to renew for those leases with renewal option.

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2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment and right-of-use (“ROU”) assets

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amounts at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 5 respectively.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialist to assess fair value as at 31 July 2022 for investment properties. Valuation was based on the comparison approach where the comparison approach entails critical analysis of recent evidence of value of comparable properties in the neighbourhood and making adjustments for differences.

The key assumptions used to determine the fair value of the investment properties are disclosed in Note 6.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unutilised capital allowances, unutilised reinvestment allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unutilised capital allowances, unutilised reinvestment allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of recognised and unrecognised deferred tax assets are disclosed in Note 23.

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2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand level and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 7.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or rendering of services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

Revenue from property development contracts

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the stage of completion of the development activity at the end of the reporting period. The stage of completion is determined based on the proportion that the property development costs incurred to-date bear to the estimated total costs for the property development. Where it is probable that total property development costs of a development phase will exceed total property development revenue of the development phase, the expected loss on the development phase is recognised as an expense immediately.

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2. Basis of Preparation (Cont'd)

- (c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Revenue from property development contracts (Cont'd)

Significant judgement is required in determining the completeness and accuracy of the total property development costs as estimates of future property development costs are inherently uncertain, which involve management's estimation of future cost to completion of the development. Substantial changes in cost estimates in future periods may affect the profitability of the respective property development projects. In making the estimation, the Group evaluates based on past experiences and by relying on the work of specialists. Where the actual total property development costs are different from the estimated total property development costs, such difference will impact the property development profits/(losses) recognised.

The carrying amount of assets of the Group arising from property development activities are disclosed in Note 10.

Provision for expected credit loss of financial assets at amortised cost

The Group uses a provision matrix to calculate expected credit loss for trade receivables. The provision rates are based on number of days past due.

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Information about the expected credit loss is disclosed in Note 11.

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2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 July 2022, the Group has tax recoverable of RM846,000 (2021: RM1,545,000) and tax payable of RM583,000 (2021: RM1,483,000) respectively. As at 31 July 2022, the Company has tax payable of RM577,000 (2021: RM136,000).

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 40(c) regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

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3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

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3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 *Financial Instruments* either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(o)(i) on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

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3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. Refer accounting policy Note 3(o)(i) on impairment of non-financial assets.

(b) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

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3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss. On disposal of a revalued asset, the amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

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3. Significant Accounting Policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and building is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluation of land and building are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold buildings and building improvements	2%
Office equipment, furniture and fittings	5% - 20%
Plant and machinery	10%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

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3. Significant Accounting Policies (Cont'd)

(d) Leases

(i) As lessee

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured 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 site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold land and buildings	Over the remaining lease period
Buildings	Over the lease term
Plant and machinery	10%
Motor vehicles	20%

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

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3. Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

(i) As lessee (Cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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3. Significant Accounting Policies (Cont'd)

(e) Investment properties

Investment properties, including right-of-use assets held by lessee, are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professional qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties being valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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3. Significant Accounting Policies (Cont'd)

(f) Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Refer accounting policy Note 3(o)(i) on impairment of non-financial assets for intangible assets.

(g) Financial assets

Recognition and initial measurement

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

Financial asset categories and subsequent measurement (Cont'd)

The Group and the Company classify their financial assets as follows:

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, fixed deposits with licensed banks and cash and bank balances. The Company's financial assets at amortised cost include other receivables, amount due from subsidiaries, fixed deposits with licensed banks and cash and bank balances.

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

The Group and the Company have not designated any financial assets at FVTOCI.

(iii) Financial assets at fair value through profit or loss

The Group and the Company have not designated any financial assets at FVTPL.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 3(o)(ii) on impairment of financial assets.

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3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

Regular way purchase or sale of financial assets

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

(h) Financial liabilities

Recognition and initial measurement

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

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3. Significant Accounting Policies (Cont'd)

(h) Financial liabilities (Cont'd)

Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

(i) Financial liabilities at amortised cost

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

The Group's financial liabilities at amortised cost comprise trade and other payables, lease liabilities and bank borrowings. The Company's financial liabilities at amortised cost comprise other payables and amount due to subsidiaries.

(ii) Financial liabilities at fair value through profit or loss

The Group and the Company have not designated any financial liabilities at FVTPL.

Derecognition

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

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3. Significant Accounting Policies (Cont'd)

(i) 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 when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised, when appropriate, the cumulative amount of the income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(j) Offsetting of financial instruments

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

(k) Inventories

(i) Land held for property development

Land held for property development consists of land held for future development where no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at the lower of cost and net realisable value.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the normal operating cycle.

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3. Significant Accounting Policies (Cont'd)

(k) Inventories (Cont'd)

(ii) Property development costs

Property development costs are determined based on a specific identification basis. Property development costs comprising cost of land, direct materials, direct labour, other direct costs and related overheads incurred that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. The property development costs are subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Property development costs for which work has been undertaken and development activities are expected to be completed within the normal operating cycle, are classified as current asset.

(iii) Completed properties

Completed properties are stated at the lower of cost and net realisable value. The cost comprises proportionate cost of land and related development and construction expenditure.

(iv) Other inventories

Cost of raw materials comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out basis.

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.

(l) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

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3. Significant Accounting Policies (Cont'd)

(l) Construction contracts (Cont'd)

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work-in-progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(m) Contract assets

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

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3. Significant Accounting Policies (Cont'd)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, investment properties measured at fair value and non-current assets and disposal group classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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 other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to group of cash-generating units and then to reduce the carrying amounts of the other assets in group of cash-generating units on a pro rata basis.

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3. Significant Accounting Policies (Cont'd)

(o) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade and other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience and the economic environment.

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3. Significant Accounting Policies (Cont'd)

(p) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in the statements of profit or loss and other comprehensive income on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(q) Provisions

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

Provisions are reviewed at the end of each reporting period 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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3. Significant Accounting Policies (Cont'd)

(q) Provisions (Cont'd)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(r) Employee benefits

(i) Short-term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund (“EPF”). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiaries, the fair value of the options granted is recognised as cost of investment in the subsidiaries over the vesting period with a corresponding adjustment to equity in the Company’s financial statements.

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3. Significant Accounting Policies (Cont'd)

(r) Employee benefits (Cont'd)

(iii) Equity-settled share-based payment transaction (Cont'd)

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

(s) Revenue and other income

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation (“PO”) by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from property development

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

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3. Significant Accounting Policies (Cont'd)

(s) Revenue and other income (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

The Group recognises revenue from the following major sources: (Cont'd)

(a) Revenue from property development (Cont'd)

The Group recognises revenue over time using the input method, which is based on the level the proportion that the property development costs incurred to date bear to the estimated total costs for the property development.

The Group recognises revenue at a point in time for the sale of completed properties/land, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

(b) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(c) Rendering of services

Revenue from rendering of services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group and the Company, and the Group and the Company have a present right to payment for the services.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

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

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3. Significant Accounting Policies (Cont'd)

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, 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. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(u) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is 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.

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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3. Significant Accounting Policies (Cont'd)

(u) Income taxes (Cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowances, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(v) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(w) Contingencies

Where it is not probable that an inflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent asset or contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

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3. Significant Accounting Policies (Cont'd)

- (x) Non-current assets and disposal group classified as held for sale and discontinued operation

Non-current assets and disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets and disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and disposal group. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment, right-of-use assets and intangible assets are not depreciated once classified as held for sale.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-represented as if the operation had been discontinued from the start of the comparative period.

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3. Significant Accounting Policies (Cont'd)

(y) Fair value measurement

Fair value of an asset or a liability 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 of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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.

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4. Property, Plant and Equipment

	At valuation		At cost				Total RM'000
	Freehold land RM'000	Freehold buildings RM'000	Freehold buildings and building improvements RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	
Group							
2022							
Cost/Valuation							
At 1 August 2021	23,158	35,809	3,581	4,029	55,353	2,551	124,481
Additions	-	-	398	13	-	1,274	1,685
Disposals	-	-	-	-	(14,199)	(144)	(14,343)
Written off	-	-	-	(69)	-	-	(69)
Transfer from right-of-use assets (Note 5)	-	-	-	-	-	1,452	1,452
Transfer to disposal group classified as held for sale (Note 17)	(23,158)	(35,809)	(3,979)	(3,868)	(41,154)	(3,979)	(111,947)
At 31 July 2022	-	-	-	105	-	1,154	1,259

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4. Property, Plant and Equipment (Cont'd)

	At valuation		At cost				Total RM'000
	Freehold land RM'000	Freehold buildings RM'000	Freehold buildings and building improvements RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	
Group							
2022							
Accumulated depreciation							
At 1 August 2021	-	2,817	1,129	3,075	51,655	2,484	61,160
Charge for the financial year	-	113	16	37	146	12	324
Disposals	-	-	-	-	(13,831)	(144)	(13,975)
Written off	-	-	-	(66)	-	-	(66)
Transfer from right-of-use assets (Note 5)	-	-	-	-	-	1,452	1,452
Transfer to disposal group classified as held for sale (Note 17)	-	(2,930)	(1,145)	(2,957)	(37,970)	(2,650)	(47,652)
At 31 July 2022	-	-	-	89	-	1,154	1,243
Carrying amount							
At 31 July 2022	-	-	-	16	-	-	16

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022 (Cont'd)

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4. Property, Plant and Equipment (Cont'd)

	At valuation		At cost				
	Freehold land RM'000	Freehold buildings RM'000	Freehold buildings and building improvements RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Group							
2021							
Cost/Valuation							
At 1 August 2020	23,158	35,659	3,581	4,018	54,905	3,201	124,522
Additions	-	150	-	11	9	-	170
Disposals	-	-	-	-	(482)	(1,710)	(2,192)
Transfer from right-of-use assets (Note 5)	-	-	-	-	921	1,060	1,981
At 31 July 2021	23,158	35,809	3,581	4,029	55,353	2,551	124,481
Accumulated depreciation							
At 1 August 2020	-	2,103	1,057	2,880	49,784	3,059	58,883
Charge for the financial year	-	714	72	195	1,930	75	2,986
Disposals	-	-	-	-	(482)	(1,656)	(2,138)
Transfer from right-of-use assets (Note 5)	-	-	-	-	423	1,006	1,429
At 31 July 2021	-	2,817	1,129	3,075	51,655	2,484	61,160
Carrying amount							
At 31 July 2021	23,158	32,992	2,452	954	3,698	67	63,321

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4. Property, Plant and Equipment (Cont'd)

- (a) In the previous financial year, certain freehold land and freehold buildings of the Group with carrying amount of RM56,149,000 have been pledged to licensed banks as securities for credit facilities granted to the Group as disclosed in Note 22(a).
- (b) Certain of the freehold land and freehold buildings of the Group were revalued in July 2017 by an independent firm of professional valuers, KGV International Property Consultants (M) Sdn. Bhd..

The fair value of the land is within level 2 of the fair value hierarchy. The fair value was determined based on market comparable approach that reflect recent transaction price for similar properties.

The fair value of buildings is within level 3 of the fair value hierarchy. The fair value was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjust for obsolescence.

Had the revalued freehold land and freehold buildings been included in the financial statements at cost less accumulated depreciation and accumulated impairment losses, the carrying amount of the revalued freehold land and freehold buildings would have been as follows:

	Group	
	2022	2021
	RM'000	RM'000
Freehold land	-	5,191
Freehold buildings	-	17,868
	<u>-</u>	<u>23,059</u>

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5. Right-of-use Assets

	At valuation	At cost		
	Leasehold land and buildings RM'000	Buildings RM'000	Motor vehicles RM'000	Total RM'000
Group				
2022				
Cost/Valuation				
At 1 August 2021	7,370	2,191	1,560	11,121
Additions	-	928	769	1,697
Written off	(321)	-	-	(321)
Expiration of lease contracts	-	(1,244)	-	(1,244)
Transfer to property, plant and equipment (Note 4)	-	-	(1,452)	(1,452)
Transfer to disposal group classified as held for sale (Note 17)	(7,049)	(1,875)	(769)	(9,693)
At 31 July 2022	-	-	108	108
Accumulated depreciation				
At 1 August 2021	528	1,675	1,378	3,581
Charge for the financial year	20	95	65	180
Written off	(14)	-	-	(14)
Expiration of lease contracts	-	(1,244)	-	(1,244)
Transfer to property, plant and equipment (Note 4)	-	-	(1,452)	(1,452)
Transfer to disposal group classified as held for sale (Note 17)	(534)	(526)	106	(954)
At 31 July 2022	-	-	97	97

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4. Right-of-use Assets (Cont'd)

	<u>At valuation</u>	<u>At cost</u>		
	Leasehold land and buildings RM'000	Buildings RM'000	Motor vehicles RM'000	Total RM'000
Group				
2022				
Accumulated impairment losses				
At 1 August 2021	307	-	-	307
Charged for the financial year	275	-	-	275
Written off	(307)	-	-	(307)
Transfer to disposal group classified as held for sale (Note 17)	(275)	-	-	(275)
At 31 July 2022	-	-	-	-
Carrying amount				
At 31 July 2022	-	-	11	11

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5. Right-of-use Assets (Cont'd)

	At valuation	At cost			
	Leasehold land and buildings RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Group					
2021					
Cost/Valuation					
At 1 August 2020	7,370	2,343	921	2,620	13,254
Expiration of lease contracts	-	(152)	-	-	(152)
Transfer to property, plant and equipment (Note 4)	-	-	(921)	(1,060)	(1,981)
At 31 July 2021	<u>7,370</u>	<u>2,191</u>	<u>-</u>	<u>1,560</u>	<u>11,121</u>
Accumulated depreciation					
At 1 August 2020	406	1,191	387	2,027	4,011
Charge for the financial year	122	636	36	357	1,151
Expiration of lease contracts	-	(152)	-	-	(152)
Transfer to property, plant and equipment (Note 4)	-	-	(423)	(1,006)	(1,429)
At 31 July 2021	<u>528</u>	<u>1,675</u>	<u>-</u>	<u>1,378</u>	<u>3,581</u>
Accumulated impairment losses					
At 1 August 2020/31 July 2021	<u>307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307</u>
Carrying amount					
At 31 July 2021	<u>6,535</u>	<u>516</u>	<u>-</u>	<u>182</u>	<u>7,233</u>

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5. Right-of-use Assets (Cont'd)

- (a) The carrying amount of right-of-use assets of the Group held under lease liabilities are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Motor vehicles	11	182

The leased assets are pledged as securities for the related lease liabilities as disclosed in Note 21.

- (b) In the previous financial year, motor vehicle of the Group with carrying amount of RM61,000 is held in trust under the name of a Director of the Company.
- (c) Certain of the leasehold land and leasehold buildings of the Group were revalued in July 2017 by an independent firm of professional valuers, KGV International Property Consultants (M) Sdn. Bhd..

The fair value of the land is within level 2 of the fair value hierarchy. The fair value was determined based on market comparable approach that reflect recent transaction price for similar properties.

The fair value of buildings is within level 3 of the fair value hierarchy. The fair value was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjust for obsolescence.

Had the revalued leasehold land and leasehold buildings been included in the financial statements at cost less accumulated depreciation and accumulated impairment losses, the carrying amount of the revalued leasehold land and leasehold buildings would have been as follows:

	Group	
	2022	2021
	RM'000	RM'000
Leasehold land	-	2,803
Leasehold buildings	-	2,077
	-	4,880

- (d) In the previous financial year, the remaining lease term of the leasehold land range from 68 to 90 years.

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022
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5. Right-of-use Assets (Cont'd)

- (e) The aggregate additional costs for the right-of-use assets of the Group during the financial year acquired under lease financing and cash payments are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Aggregate costs	1,697	-
Less: Lease financing	(1,418)	-
Cash payments	<u>279</u>	<u>-</u>

6. Investment Property

		Group	
		2022	2021
	Note	RM'000	RM'000
At fair value			
Freehold property			
At 1 August		7,045	6,985
Changes in fair value recognised in profit or loss		-	60
Transfer to disposal group classified as			
held for sale	17	<u>(7,045)</u>	<u>-</u>
At 31 July		<u>-</u>	<u>7,045</u>

- (a) In the previous financial year, the freehold investment property of the Group with carrying amount of RM7,045,000 was revalued by an independent firm of professional valuer on 31 July 2021. The independent professional qualified valuer holds recognised relevant professional qualifications and have recent experience in the locations and category of the investment properties being valued. The fair value is within level 2 of the fair value hierarchy. The fair value was determined based on the comparison approach that entails critical analysis of recent evidence of value of comparable properties in the neighbourhood and making adjustments for differences.

There were no transfers between levels in the previous financial year.

In the previous financial year, the increase in fair value of RM60,000 has been recognised in the profit or loss during the financial year.

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6. Investment Property (Cont'd)

- (b) In the previous financial year, freehold investment property of the Group with carrying amount of RM7,045,000 is pledged to a licensed bank as security for credit facility granted to the Group as disclosed in Note 22(a).
- (c) The following income and expenses are recognised in profit or loss in respect of the investment property:

	Group	
	2022	2021
	RM'000	RM'000
Rental income	-	562
Direct operating expenses		
- income generating property	-	103
	<u>-</u>	<u>103</u>

7. Inventories

		Group	
		2022	2021
	Note	RM'000	RM'000
Non-Current			
Land and property development costs	(a)	<u>31,163</u>	<u>49,077</u>
Current			
Land and property development costs	(a)	1,796	20,690
Completed properties	(b)	10,975	10,975
Other inventories	(c)	-	22,330
		<u>12,771</u>	<u>53,995</u>

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7. Inventories (Cont'd)

(a) Land and property development costs

		Group	
	Note	2022 RM'000	2021 RM'000
Non-Current			
Freehold land, at cost			
At 1 August		42,737	42,737
Additions		1,886	-
Transfer to assets held for sale	16(a)	(15,103)	-
At 31 July		<u>29,520</u>	<u>42,737</u>
Property development costs			
At 1 August		6,340	6,284
Additions		1,033	56
Transfer to assets held for sale	16(a)	(5,730)	-
At 31 July		<u>1,643</u>	<u>6,340</u>
Total land and property development costs			
At 31 July		<u>31,163</u>	<u>49,077</u>
Current			
Property development costs			
At 1 August		198,785	136,562
Additions		45,803	65,770
Less: Completed projects		-	(3,547)
At 31 July		<u>244,588</u>	<u>198,785</u>
Less: Cost recognised in profit or loss			
At 1 August		178,095	43,911
Recognised during the financial year		64,697	137,731
Less: Completed projects		-	(3,547)
At 31 July		<u>242,792</u>	<u>178,095</u>
Total land and property development costs			
At 31 July		<u>1,796</u>	<u>20,690</u>

The freehold land of the Group amounting to RM18,626,000 (2021: RM29,560,000) have been pledged to licensed banks as securities for credit facilities granted to the Group as disclosed in Note 22(d).

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7. Inventories (Cont'd)

(b) Completed properties

	Group	
	2022	2021
	RM'000	RM'000
At 1 August	10,975	8,259
Cancellation	-	3,320
Impairment losses recognised	-	(604)
At 31 July	<u>10,975</u>	<u>10,975</u>

(c) Other inventories

	Group	
	2022	2021
	RM'000	RM'000
Raw materials	-	12,806
Work-in-progress	-	6,217
Finished goods	-	3,307
	<u>-</u>	<u>22,330</u>
Recognised in profit or loss		
Inventories recognised in cost of sales		
- Continuing operations	<u>-</u>	<u>80,356</u>

8. Intangible Assets

	Group	
	2022	2021
	RM'000	RM'000
At 1 August/31 July	<u>18,408</u>	<u>18,408</u>

The Company has completed the purchase price allocation exercise to determine the fair value of the net assets of Giat Armada Sdn. Bhd. ("GASB") within the stipulated time period, ie: twelve (12) months from the acquisition of GASB in accordance to MFRS 3 *Business Combinations*.

The intangible assets and deferred tax liabilities arising from the acquisition of GASB have been reflected accordingly in the statements of financial position.

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9. Investment in Subsidiaries

(a) Investment in subsidiaries

	Company	
	2022	2021
	RM'000	RM'000
In Malaysia		
Unquoted shares, at cost	30,570	78,070
Less: Accumulated impairment losses	(15,922)	(16,131)
	<u>14,648</u>	<u>61,939</u>

Movements in the allowance for impairment losses of investment in subsidiaries are as follows:

	Company	
	2022	2021
	RM'000	RM'000
At 1 August	16,131	16,608
Reversal of impairment losses	(209)	(477)
At 31 July	<u>15,922</u>	<u>16,131</u>

During the current financial year, the Company carried out a review of the recoverable amount of Tomisho Sdn. Bhd.. The review led to the reversal of impairment losses of RM209,000 (2021: RM477,000), which was recognised as other income in the statements of profit or loss and other comprehensive income.

(b) Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		2022	2021	
		%	%	
Direct holding:				
Seng Yip Furniture Sdn. Bhd. ("Seng Yip Furniture")*	Malaysia	100	100	Manufacture and trading of moulded timber, furniture products and timber treatment processing

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9. Investment in Subsidiaries (Cont'd)

(b) Details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		2022 %	2021 %	
Direct holding: (Cont'd)				
Tomisho Sdn. Bhd.	Malaysia	100	100	Dormant
SYF Venture Sdn. Bhd. ("SYFV")	Malaysia	100	100	Investment holding
Indirect holding: Held through SYFV				
SYF Development Sdn. Bhd. ("SYFD")	Malaysia	100	100	Property development and trading of construction materials
SYF Construction Sdn. Bhd.	Malaysia	100	100	Building contractor
SYF Plantation Sdn. Bhd. #	Malaysia	-	100	Dormant
Indirect holding: Held through SYFD				
Nikmat Sekitar Sdn. Bhd.	Malaysia	100	100	Dormant
Nuri Meriah Sdn. Bhd.	Malaysia	100	100	Dormant
Giat Armada Sdn. Bhd.	Malaysia	100	100	Property developer
Darul Majumas Sdn. Bhd. ("DMSB")	Malaysia	75	75	Property developer

* The investment in Seng Yip Furniture has been presented as asset held for sale as disclosed in Note 16(d)

Struck off during the financial year

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9. Investment in Subsidiaries (Cont'd)

(c) Additional investment in subsidiaries

Financial year ended 31 July 2021

- (i) On 25 November 2020, Nikmat Sekitar Sdn. Bhd. (“Nikmat Sekitar”), a wholly-owned subsidiary of SYFD, had increased its paid-up share capital from 500,000 to 2,000,000 ordinary shares for a total consideration of RM1,500,000. SYFD has subscribed for the entire increase in the paid-up share capital of Nikmat Sekitar by way of capitalisation of amount due from Nikmat Sekitar.
- (ii) On 25 November 2020, Nuri Meriah Sdn. Bhd. (“Nuri Meriah”), a wholly-owned subsidiary of SYFD, had increased its paid-up share capital from 2 to 2,000,000 ordinary shares for a total consideration of RM1,999,998. SYFD has subscribed for the entire increase in the paid-up share capital of Nuri Meriah by way of capitalisation of amount due from Nuri Meriah.

(d) Strike off of a subsidiary

Financial year ended 31 July 2022

On 11 July 2022, SYF Plantation Sdn. Bhd. was struck off from the register of the Companies Commission of Malaysia with publication of the Gazette pursuant to Section 551(3) of the Companies Act 2016.

(e) Material partly-owned subsidiary

Set out below are the Group’s subsidiary that has material non-controlling interests:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2022	2021	2022	2021	2022	2021
	%	%	RM'000	RM'000	RM'000	RM'000
DMSB	25	25	715	2,913	14,529	13,814
Total non-controlling interests					14,529	13,814

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9. Investment in Subsidiaries (Cont'd)

(e) Material partly-owned subsidiary (Cont'd)

Summarised financial information for the subsidiary that has non-controlling interests that is material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

(i) Summarised statement of financial position

	DMSB	
	2022	2021
	RM'000	RM'000
Current assets	71,983	86,322
Current liabilities	(13,868)	(31,065)
Net assets	<u>58,115</u>	<u>55,257</u>

(ii) Summarised statement of profit or loss and other comprehensive income

	DMSB	
	2022	2021
	RM'000	RM'000
Revenue	<u>68,679</u>	<u>151,428</u>
Profit for the financial year, representing total comprehensive income for the financial year	<u>2,858</u>	<u>11,651</u>

(iii) Summarised statement of cash flows

	DMSB	
	2022	2021
	RM'000	RM'000
Net cash (used in)/from operating activities	(14,161)	53,483
Net cash used in financing activities	<u>(494)</u>	<u>(38,976)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(14,655)</u>	<u>14,507</u>

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiaries which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiaries and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

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10. Contract Assets

	Group	
	2022	2021
	RM'000	RM'000
Property development activities		
At 1 August	37,676	14,549
Property development revenue recognised during the financial year	68,679	151,428
Less: Billings during the financial year	(41,755)	(128,301)
At 31 July	<u>64,600</u>	<u>37,676</u>
 Presented as:		
Contract assets	<u>64,600</u>	<u>37,676</u>

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional.

Contract value yet to be recognised as revenue

The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the Group recognises revenue from the satisfaction of the performance obligation using output methods in accordance with paragraph B16 of MFRS 15.

11. Trade Receivables

	Group	
	2022	2021
	RM'000	RM'000
Trade receivables		
- Related parties	-	4,109
- Third parties	6,343	19,916
	<u>6,343</u>	<u>24,025</u>
Less: Accumulated impairment losses	(5)	(46)
	<u>6,338</u>	<u>23,979</u>

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11. Trade Receivables (Cont'd)

Related parties represent companies in which certain Directors of the Company are also the Director and/or shareholder who have substantial financial interest.

Trade receivables of the Group are non-interest bearing and are generally on 1 to 60 days (2021: 1 to 60 days) terms. Other credit terms are assessed and approved on a case by case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

In the previous financial year, included in trade receivables of the Group is an amount of RM4,546,000 retained by a stakeholder which are due upon the expiry of retention periods as stipulated in the sale and purchase agreements signed with the property purchasers. The retention periods range from 8 to 24 months.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	Lifetime allowance	
	2022	2021
	RM'000	RM'000
At 1 August	46	177
Impairment losses recognised	-	19
Reversal of impairment losses	(28)	(150)
Transfer to disposal group classified as held for sale	(13)	-
At 31 July	<u>5</u>	<u>46</u>

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

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11. Trade Receivables (Cont'd)

The ageing analysis of trade receivables at the end of the reporting period are as follows:

	Gross amount RM'000	Loss allowance RM'000	Net amount RM'000
Group			
2022			
Not past due	2,548	(2)	2,546
Past due			
Less than 30 days	1,282	-	1,282
31 to 60 days	1,117	-	1,117
More than 60 days	1,396	(3)	1,393
	3,795	(3)	3,792
	6,343	(5)	6,338
2021			
Not past due	5,472	(2)	5,470
Past due			
Less than 30 days	7,457	(14)	7,443
31 to 60 days	4,697	(12)	4,685
More than 60 days	6,399	(18)	6,381
	18,553	(44)	18,509
	24,025	(46)	23,979

As at 31 July 2022, gross trade receivables of the Group of RM1,623,000 (2021: RM12,240,000) that are past due but not individually impaired were related to sale of properties. The Group has not made any credit allowances on its past due receivables as most of the purchasers have obtained financing facilities from reputable end financiers. In respect of property purchasers with no end financing facilities, the Group retains the legal title to all the properties sold until the purchase consideration is fully settled.

The Group assesses the credit quality of the trade receivables on a collective basis by using ageing of past due days. As at 31 July 2022, the Group provided lifetime impairment losses of RM5,000 (2021: RM46,000) based on the customers' historical data as an assumption of possibility of default.

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12. Other Receivables

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables					
- Related party	(a)	-	150	-	-
- Third parties		689	738	1	-
		689	888	1	-
Less: Accumulated impairment losses		-	(151)	-	-
		689	737	1	-
Deposits	(b)	1,765	2,425	-	-
Prepayments		18	1,060	-	-
		2,472	4,222	1	-

Movements in the allowance for impairment losses of other receivables are as follows:

	Group	
	2022 RM'000	2021 RM'000
At 1 August	151	-
Impairment losses recognised	-	151
Written off	(151)	-
At 31 July	-	151

- (a) Related party represents a company in which certain Directors of the Company are also the Director and/or shareholder who have substantial financial interest.
- (b) In the previous financial year, included in deposits of the Group are deposit paid for acquisition of property, plant and equipment amounting to RM268,000. The balance of purchase consideration is disclosed as capital commitment in Note 37.

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13. Amount Due from/(to) Subsidiaries

(a) Amount due from subsidiaries

	Note	Company	
		2022 RM'000	2021 RM'000
Trade related	(i)	-	100
Non-trade related	(ii)	91,823	75,036
		<u>91,823</u>	<u>75,136</u>
Less: Accumulated impairment losses		<u>(6,281)</u>	<u>(7,000)</u>
		<u>85,542</u>	<u>68,136</u>

Movements in the allowance for impairment losses of amount due from subsidiaries are as follows:

	Company	
	2022 RM'000	2021 RM'000
At 1 August	7,000	7,000
Impairment losses recognised	44	-
Reversal of Impairment losses	<u>(763)</u>	<u>-</u>
At 31 July	<u>6,281</u>	<u>7,000</u>

(i) In the previous financial year, this represents unsecured, interest bearing trade balances at effective interest rate of 1.90% per annum and repayable on demand.

(ii) This represents unsecured, interest bearing advances at effective interest rate of 1.90% (2021: 1.90%) per annum and repayable on demand.

(b) Amount due to subsidiaries

This represents unsecured, interest bearing advances at effective interest rate of 1.90% (2021: 1.90%) per annum and repayable on demand.

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14. Fixed Deposits with Licensed Banks

- (a) In the previous financial year, the fixed deposits of the Group amounting to RM1,801,000 were pledged to licensed banks as securities for bank guarantee facilities granted to a subsidiary of the Company.
- (b) The fixed deposits of the Group amounting to RM3,129,000 (2021: RM6,310,000) were pledged to licensed banks as securities for the credit facilities granted to the Group as disclosed in Note 22(b).
- (c) The maturity period of the fixed deposits with licensed banks of the Group and of the Company range from 30 to 365 days and Nil (2021: 30 to 365 days and 30 to 90 days) respectively.
- (d) The weighted average interest rates per annum of the fixed deposits with licensed banks of the Group and of the Company are 1.83% and Nil (2021: 1.83% and 1.88%) respectively.

15. Cash and Bank Balances

Included in the cash and bank balances of the Group is an amount of RM470,000 (2021: RM876,000) held under the Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966.

The utilisation of these balances is restricted before completion of the housing development projects and fulfilling all relevant obligations to the purchasers, such that the cash only can be withdrawn from such accounts for the purpose of completing the particular projects.

16. Assets Held for Sale

The assets held for sale at the end of the reporting period of the Group and of the Company are as follows:

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Freehold land and property development costs	(a)	20,879	-	-	-
Freehold land and building	(b)	-	10,956	-	-
Investment in a subsidiary	(d)	-	-	47,500	-
		<u>20,879</u>	<u>10,956</u>	<u>47,500</u>	<u>-</u>

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16. Assets Held for Sale (Cont'd)

(a) Freehold land and property development costs

Financial year ended 31 July 2022

- (i) During the financial year ended 31 July 2022, Nikmat Sekitar Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a third party for the disposal of freehold land and related property development costs for a total cash disposal consideration of RM10,600,000.

The disposal is pending completion as at 31 July 2022 and thus, the freehold land and related property development costs have been presented separately in the statements of financial position as asset held for sale.

Since the fair value less cost of disposal exceeded the net carrying amount, no impairment loss is recognised.

The disposal is yet to be completed as at the date of this report and are subject to approval of the shareholders of the Company at an Extraordinary General Meeting to be convened and any other relevant authorities, if required.

- (ii) During the financial year ended 31 July 2022, Nuri Meriah Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a third party for the disposal of freehold land and related property development costs for a total cash disposal consideration of RM10,600,000.

The disposal is pending completion as at 31 July 2022 and thus, the freehold land and related property development costs have been presented separately in the statements of financial position as assets held for sale.

Since the fair value less cost of disposal exceeded the net carrying amount, no impairment loss is recognised.

The disposal is yet to be completed as at the date of this report and are subject to approval of the shareholders of the Company at an Extraordinary General Meeting to be convened and any other relevant authorities, if required.

- (iii) As at 31 July 2022, the freehold lands amounting to RM10,934,000 are pledged to licensed banks as securities for credit facilities granted to the Group as disclosed in Note 22(d).

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16. Assets Held for Sale (Cont'd)

(b) Freehold land and building

Financial year ended 31 July 2021

- (i) During the financial year ended 31 July 2020, Seng Yip Furniture, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a third party for the disposal of freehold land and building for a total consideration of RM11,700,000.

The disposal has been completed during the financial year ended 31 July 2022.

- (ii) In the previous financial year, the freehold land and building amounting to RM10,956,000 has been pledged to a licensed bank as securities for credit facilities granted to the Group as disclosed in Note 22(a).

(c) Freehold land and property development costs and intangible assets

Financial year ended 31 July 2021

During the financial year ended 31 July 2020, Giat Armada Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a third party for the disposal of freehold land and related property development costs for a total consideration of RM33,654,420. The carrying amount of the freehold land and property development costs and related intangible assets amounting to RM20,940,000 and RM11,418,000 respectively were presented as asset held for sale as at 31 July 2020.

The disposal has been completed during the financial year ended 31 July 2021.

(d) Investment in a subsidiary

The carrying amount of the investment in a subsidiary, Seng Yip Furniture, has been presented separately in the statements of financial position as disposal group classified as held for sale and discontinued operation as disclosed in Note 17(a).

17. Disposal Group Classified as Held for Sale and Discontinued Operation

On 6 October 2021, the Company has entered into a share sale agreement with Mieco Chipboard Berhad ("Mieco") for the disposal of its entire equity interest in Seng Yip Furniture, comprising its entire rubberwood furniture segment for a total disposal consideration of RM50,000,000.

The disposal of Seng Yip Furniture is pending completion as at 31 July 2022, and thus the assets and liabilities of Seng Yip Furniture under rubberwood furniture segment have been presented separately in the statements of financial position as a disposal group classified as held for sale and the financial results of Seng Yip Furniture for current and previous financial year is presented separately in the statements of profit or loss and other comprehensive income as discontinued operation. The carrying amount of the investment in Seng Yip Furniture has also been presented as asset held for sale on the Company's statement of financial position as at 31 July 2022 as disclosed in Note 16(d).

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17. Disposal Group Classified as Held for Sale and Discontinued Operation (Cont'd)

- (a) The major classes of assets, liabilities and related assets revaluation reserve of Seng Yip Furniture included in disposal group classified as held for sale as at 31 July 2022 are as follows:

Statements of Financial Position

	Group 2022 RM'000
Assets	
Property, plant and equipment	64,295
Right-of-use assets	8,464
Investment property	7,325
Intangible assets	2,000
Biological assets	1,210
Inventories	35,657
Trade receivables	4,900
Other receivables	1,268
Tax recoverable	131
Fixed deposit with a licenced bank	3,283
Cash and bank balances	2,812
	<u>131,345</u>
Less: Impairment losses recognised	<u>(26,754)</u>
Assets included in disposal group classified as held for sale	<u>104,591</u>
Liabilities	
Trade payables	6,406
Other payables	7,206
Lease liabilities	1,374
Bank borrowings	12,354
Deferred tax liabilities	2,513
Liabilities included in disposal group classified as held for sale	<u>29,853</u>
Net assets directly associated with disposal group classified as held for sale	<u>74,738</u>
Reserve	
Assets revaluation reserve	<u>28,361</u>

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17. Disposal Group Classified as Held for Sale and Discontinued Operation (Cont'd)

- (a) The major classes of assets, liabilities and related assets revaluation reserve of Seng Yip Furniture included in disposal group classified as held for sale as at 31 July 2022 are as follows: (Cont'd)

- (i) Included in the above assets are freehold land and freehold buildings under property, plant and equipment revalued in July 2017 by an independent firm of professional valuers, KGV International Property Consultants (M) Sdn. Bhd..

The fair value of the land is within level 2 of the fair value hierarchy. The fair value was determined based on market comparable approach that reflect recent transaction price for similar properties.

The fair value of buildings is within level 3 of the fair value hierarchy. The fair value was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjust for obsolescence.

Had the revalued freehold land and freehold buildings been included in the financial statements at cost less accumulated depreciation and accumulated impairment losses, the carrying amount of the revalued freehold land and freehold buildings would have been as follows:

	Group 2022 RM'000
Freehold land	5,191
Freehold buildings	17,035
	<u>22,226</u>

- (ii) Included in the above assets are leased motor vehicles under right-of-use assets with carrying amount of RM744,000 pledged as securities for the related lease liabilities classified under liabilities included in the disposal group classified as held for sale.

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17. Disposal Group Classified as Held for Sale and Discontinued Operation (Cont'd)

- (a) The major classes of assets, liabilities and related assets revaluation reserve of Seng Yip Furniture included in disposal group classified as held for sale as at 31 July 2022 are as follows: (Cont'd)

- (iii) Included in the above assets are leasehold land and buildings under right-of-use assets revalued in July 2017 by an independent firm of professional valuers, KGV International Property Consultants (M) Sdn. Bhd..

The fair value of the land is within level 2 of the fair value hierarchy. The fair value was determined based on market comparable approach that reflect recent transaction price for similar properties.

The fair value of buildings is within level 3 of the fair value hierarchy. The fair value was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjust for obsolescence.

Had the revalued leasehold land and leasehold buildings been included in the financial statements at cost less accumulated depreciation and accumulated impairment losses, the carrying amount of the revalued leasehold land and leasehold buildings would have been as follows:

	Group 2022 RM'000
Leasehold land	2,762
Leasehold buildings	2,028
	<u>4,790</u>

- (iv) Included in the above assets are leasehold land under right-of-use assets with remaining lease term of 67 years.
- (v) Included in the above assets are freehold property under investment property with carrying amount of RM7,325,000 being revalued by an independent firm of professional valuer on 31 July 2022. The independent professional qualified valuer holds recognised relevant professional qualifications and have recent experience in the locations and category of the investment properties being valued. The fair value is within level 2 of the fair value hierarchy. The fair value was determined based on the comparison approach that entails critical analysis of recent evidence of value of comparable properties in the neighbourhood and making adjustments for differences.

There were no transfers between levels during the financial year.

The increase in fair value of RM280,000 has been recognised in the profit or loss during the financial year.

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17. Disposal Group Classified as Held for Sale and Discontinued Operation (Cont'd)

- (a) The major classes of assets, liabilities and related assets revaluation reserve of Seng Yip Furniture included in disposal group classified as held for sale as at 31 July 2022 are as follows: (Cont'd)

- (v) The following are recognised in profit or loss in respect of investment property:

	Group 2022 RM'000
Rental income	562,000
Direct operating expenses	
- Income generating property	<u>98,000</u>

- (vi) Included in the above assets are freehold property under investment property with carrying amount of RM7,325,000 pledged to a licensed bank as security for the bank borrowings classified under liabilities included in the disposal group classified as held for sale.

- (vii) Included in the above assets are asset usage rights under intangible assets with carrying amount of RM2,000,000 acquired to extract, clear, remove existing plants and replanting and harvesting in the Permanent Forest Reserve ("Hutan Simpanan Kekal"). These rights of extraction and replanting are amortised on straight-line basis over the lease term range from 47 to 48 years.

- (viii) Included in the above assets are biological assets which consist of the eucalyptus tree plantation, include expenditure incurred on planting, fertilising and other associated costs incurred to upkeep of the eucalyptus to maturity. As at reporting date, the eucalyptus tree plantation is not ready for any harvesting as the logs are only ready to be harvested once they reached 5 years old.

The biological assets with carrying amount of RM1,210,000 was revalued by an independent firm of professional valuer on 31 July 2022. The independent professional qualified valuer holds recognised relevant professional qualifications and have recent experience in the category of the biological assets being valued. The fair value is within level 3 of the fair value hierarchy. The fair value was determined by comparable cost data as available to estimate the current replacement cost new of a similar modern substitute.

- (ix) Included in the above assets are fixed deposit with a licensed bank with carrying amount of RM3,283,000 pledged to a licensed bank as security for the bank borrowings classified under liabilities included in the disposal group classified as held for sale.

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17. Disposal Group Classified as Held for Sale and Discontinued Operation (Cont'd)

- (b) The results of Seng Yip Furniture and the result recognised on the remeasurement of disposal group are as follows:

Statements of Profit or Loss and Other Comprehensive Income

		Group	
	Note	2022	2021
		RM'000	RM'000
Revenue	26	109,372	119,489
Cost of sales	27	(103,147)	(116,402)
Gross profit		6,225	3,087
Other income		1,705	1,518
Selling and distribution expenses		(1,574)	(1,075)
Administrative expenses		(2,510)	(2,219)
Net (gain)/loss on impairment of financial instruments		27	(169)
Finance costs	28	(726)	(881)
Impairment losses recognised on remeasurement to fair value less costs to sell		(26,754)	-
(Loss)/Profit before tax	29	(23,607)	261
Taxation	30	(379)	(84)
(Loss)/Profit from discontinued operation		(23,986)	177

During the financial year, the impairment losses on assets included in disposal group classified as held for sale of RM26,754,000 have been recognised as the carrying amount is higher than its fair value less costs to sell.

The (loss)/profit from discontinued operation is attributable entirely to the owners of the Company.

- (c) Cash flows attributable to Seng Yip Furniture are as follows:

Statements of Cash Flows

	Group	
	2022	2021
	RM'000	RM'000
Net cash used in operating activities	(10,334)	(14,070)
Net cash from investing activities	6,427	175
Net cash from financing activities	5,628	10,231
Effect on cash flows	1,721	(3,664)

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18. Share Capital

	Group and Company			
	Number of shares		Amount	
	2022	2021	2022	2021
	Units ('000)	Units ('000)	RM'000	RM'000
Issued and fully paid ordinary shares				
At 1 August	574,109	569,239	143,527	142,310
Exercise of ESOS	-	4,870	-	1,217
At 31 July	<u>574,109</u>	<u>574,109</u>	<u>143,527</u>	<u>143,527</u>

In the previous financial year, the Company issued 4,870,000 new ordinary shares at an exercise price of RM0.25 per ordinary share for total cash consideration of RM1,217,000 from the exercise of employees' share options.

The new ordinary shares issued in the previous financial year ranked pari passu 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 regards to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

19. Treasury Shares

	Group and Company			
	Number of shares		Amount	
	2022	2021	2022	2021
	Units ('000)	Units ('000)	RM'000	RM'000
At 1 August/31 July	<u>5,236</u>	<u>5,236</u>	<u>(761)</u>	<u>(761)</u>

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 6 January 2022, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The Company has the right to cancel, resell these shares and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

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20. Reserves

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-distributable				
Assets revaluation reserve	-	31,696	-	-
Distributable				
Retained earnings	14,296	39,078	896	1,698
	<u>14,296</u>	<u>70,774</u>	<u>896</u>	<u>1,698</u>

Assets revaluation reserve

Assets revaluation reserve arose from the revaluation of freehold and leasehold land and buildings of the subsidiary, net of tax, and are not available for distribution as dividends to the shareholders.

The movements of assets revaluation reserve are as follows:

		Group	
	Note	2022	2021
		RM'000	RM'000
At 1 August		31,696	32,066
Realisation of assets revaluation reserve		-	(370)
Disposal of freehold land and buildings		(3,335)	-
Transfer to disposal group classified as held for sale	17	<u>(28,361)</u>	<u>-</u>
At 31 July		<u>-</u>	<u>31,696</u>

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21. Lease Liabilities

		Group	
	Note	2022 RM'000	2021 RM'000
At 1 August		789	1,999
Additions	5(e)	1,418	-
Accretion of interest		43	84
Payments		(864)	(1,294)
Transfer to disposal group classified as held for sale	17	(1,374)	-
At 31 July		<u>12</u>	<u>789</u>
Presented as:			
Non-current		-	195
Current		<u>12</u>	<u>594</u>
		<u>12</u>	<u>789</u>

The maturity analysis of lease liabilities of the Group at the end of the reporting period are as follows:

	Group	
	2022 RM'000	2021 RM'000
Within one year	12	620
Later than one year but not later than two years	-	202
	<u>12</u>	<u>822</u>
Less: Future finance charges	-	(33)
Present value of lease liabilities	<u>12</u>	<u>789</u>

The Group leases various leasehold land, buildings and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The weighted average incremental borrowing rate applied to lease liabilities of the Group at the reporting date is 2.41% (2021: 5.32%).

In the previous financial year, the lease liabilities of the Group amounting to RM65,000 are in relation to an asset held in trust under the name of a Director of the Company.

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22. Bank Borrowings

	Group	
	2022	2021
	RM'000	RM'000
Secured		
Bills payable	-	8,279
Term loans	25,952	35,162
	<u>25,952</u>	<u>43,441</u>
Non-Current		
Term loans	<u>21,931</u>	<u>28,551</u>
Current		
Bills payable	-	8,279
Term loans	4,021	6,611
	<u>4,021</u>	<u>14,890</u>
	<u>25,952</u>	<u>43,441</u>

The bills payable and term loans are secured by the followings:

- (a) legal charge over freehold land and buildings of certain subsidiaries as disclosed in Notes 4(a), 6(b) and 16(b)(ii);
- (b) fixed deposits of subsidiaries as disclosed in Note 14(b);
- (c) fixed charge created over the Group's assets;
- (d) legal charge over freehold land of subsidiaries as disclosed in Notes 7(a) and 16(a)(iii);
- (e) third parties legal charge over a three storey shop lot, industrial lands and residential lands;
- (f) Joint and several guarantee by certain Directors of the Company; and
- (g) corporate guarantee by the Company and a related party.

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22. Bank Borrowings (Cont'd)

The maturity of the bank borrowings are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Within one year	4,021	14,890
Between one and two years	2,810	6,296
Between two and three years	2,830	3,065
Between three and four years	2,851	2,796
Between four and five years	2,873	2,818
After five years	10,567	13,576
	<u>25,952</u>	<u>43,441</u>

The weighted average interest rates per annum of the bank borrowings of the Group at the reporting date are as follows:

	Group	
	2022	2021
	%	%
Bills payable	-	3.42
Term loans	<u>5.26</u>	<u>5.37</u>

23. Deferred Tax Liabilities

		Group	
		2022	2021
	Note	RM'000	RM'000
At 1 August		7,356	10,118
Recognised in profit or loss	30	(425)	(2,762)
Transfer to disposal group classified as held for sale	17	<u>(2,513)</u>	<u>-</u>
At 31 July		<u>4,418</u>	<u>7,356</u>

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23. Deferred Tax Liabilities (Cont'd)

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Deferred tax liabilities	4,418	16,711
Deferred tax assets	-	(9,355)
	<u>4,418</u>	<u>7,356</u>

The components and movements of the deferred tax liabilities and assets of the Group are as follows:

Deferred tax liabilities

	Accelerated capital allowances RM'000	Revaluation surplus RM'000	Intangible assets RM'000	Total RM'000
Group				
At 1 August 2021	4,846	7,447	4,418	16,711
Recognised in profit or loss	(111)	(697)	-	(808)
Under provision in prior year	297	-	-	297
Transfer to disposal group classified as held for sale (Note 17)	<u>(5,032)</u>	<u>(6,750)</u>	<u>-</u>	<u>(11,782)</u>
At 31 July 2022	<u>-</u>	<u>-</u>	<u>4,418</u>	<u>4,418</u>
At 1 August 2020	4,884	7,557	7,158	19,599
Recognised in profit or loss	46	(110)	(2,740)	(2,804)
Over provision in prior year	<u>(84)</u>	<u>-</u>	<u>-</u>	<u>(84)</u>
At 31 July 2021	<u>4,846</u>	<u>7,447</u>	<u>4,418</u>	<u>16,711</u>

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23. Deferred Tax Liabilities (Cont'd)

The components and movements of the deferred tax liabilities and assets of the Group are as follows: (Cont'd)

Deferred tax assets

	Right-of-use assets and lease liabilities RM'000	Unutilised capital allowances RM'000	Unutilised reinvestment allowances RM'000	Unused tax losses RM'000	Total RM'000
Group					
At 1 August 2021	(13)	(450)	(116)	(8,776)	(9,355)
Recognised in profit or loss	6	129	-	-	135
Under provision in prior year	-	(49)	-	-	(49)
Transfer to disposal group classified as held for sale (Note 17)	7	370	116	8,776	9,269
At 31 July 2022	-	-	-	-	-
At 1 August 2020	(18)	(477)	(116)	(8,870)	(9,481)
Recognised in profit or loss	5	(81)	-	-	(76)
Over provision in prior year	-	108	-	94	202
At 31 July 2021	(13)	(450)	(116)	(8,776)	(9,355)

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23. Deferred Tax Liabilities (Cont'd)

The deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Property development costs	9,543	10,880	-	-
Accelerated capital allowances	13	343	-	-
Unutilised capital allowances	7,468	7,434	-	-
Unutilised reinvestment allowances	39	39	-	-
Unused tax losses	45,468	43,457	2,645	2,742
	<u>62,531</u>	<u>62,153</u>	<u>2,645</u>	<u>2,742</u>

The deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen from subsidiaries that have recent history of losses.

Pursuant to Section 8 of the Finance Act 2021 (Act 833) and the amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the time limit on the carried forward unused tax losses has been extended to maximum of ten (10) consecutive years of assessment. Any unused tax losses accumulated up to the year of assessment 2018 can be carried forward for another ten (10) consecutive years of assessment (ie: from year of assessment 2019 to 2028) under the current tax legislation.

The recognised and unrecognised unused tax losses shall be disregarded after the end of the year of assessment as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
2028	10,051	10,147	1,758	1,855
2029	21,250	21,250	447	447
2030	9,658	9,658	440	440
2031	2,402	2,402	-	-
2032	2,107	-	-	-
	<u>45,468</u>	<u>43,457</u>	<u>2,645</u>	<u>2,742</u>

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24. Trade Payables

	Group	
	2022	2021
	RM'000	RM'000
Trade payables	11,070	9,175
Landowners' entitlement		
- Related party	340	26,231
	<u>11,410</u>	<u>35,406</u>

Related party represent a company in which certain Directors of the Company have substantial financial interest. The amount due to related parties are unsecured, non-interest bearing and repayable on demand.

The normal trade credit term granted to the Group range from 1 to 90 days (2021: 1 to 90 days) depending on the terms of the contracts.

25. Other Payables

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Other payables					
- Related parties	(a)	-	385	-	-
- Third parties		<u>2,333</u>	<u>7,649</u>	<u>13</u>	<u>101</u>
		2,333	8,034	13	101
Accruals		4,365	9,522	238	232
Deposits	(b)	85	3,523	-	-
Provision for liquidated ascertained damages	(c)	<u>42</u>	<u>49</u>	<u>-</u>	<u>-</u>
		<u>6,825</u>	<u>21,128</u>	<u>251</u>	<u>333</u>

(a) Related parties represent a person who is a close family member of certain Directors of the Company and a company in which certain Directors of the Company have substantial financial interest. In the previous financial year, the amount due to related parties are unsecured, non-interest bearing and repayable on demand except for an amount of RM384,000 which bear interest at a rate 2.30% per annum.

(b) In the previous financial year, included in the deposits of the Group is the deposits of RM2,925,000 received from a purchaser for the proposed disposal of freehold land and building as disclosed in Note 16(b)(i).

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25. Other Payables (Cont'd)

(c) The movements in provision for liquidated ascertained damages is as follows:

	Group	
	2022	2021
	RM'000	RM'000
At 1 August	49	49
Payment made	(7)	-
At 31 July	<u>42</u>	<u>49</u>

Provision for liquidated ascertained damages refer to liquidated ascertained damages expected to be claimed by the purchasers based on the terms of the applicable sale and purchase agreements.

26. Revenue

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
			Restated		
Revenue from contracts with customers					
<u>Continuing operations</u>					
Sale of goods		7,815	9,028	-	-
Sale of completed properties		-	(4,211)	-	-
Property development		68,679	189,834	-	-
Management fees from subsidiaries		-	-	150	150
		<u>76,494</u>	<u>194,651</u>	<u>150</u>	<u>150</u>
<u>Discontinued operation</u>					
Sale of goods	17	<u>109,372</u>	<u>119,489</u>	<u>-</u>	<u>-</u>
Total revenue from contracts with customers		<u>185,866</u>	<u>314,140</u>	<u>150</u>	<u>150</u>
Timing of revenue recognition					
At a point in time		117,187	162,712	150	150
Over time		<u>68,679</u>	<u>151,428</u>	<u>-</u>	<u>-</u>
Total revenue from contracts with customers		<u>185,866</u>	<u>314,140</u>	<u>150</u>	<u>150</u>

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26. Revenue (Cont'd)

Disaggregation of the Group's revenue from contracts with customers:

	<u>Continuing operations</u>	<u>Discontinued operation</u>	
	Property development and construction RM'000	Rubberwood furniture RM'000	Total RM'000
Group			
2022			
Major goods and services			
Sale of goods	7,815	109,372	117,187
Property development	68,679	-	68,679
Total revenue from contracts with customers	76,494	109,372	185,866
Geographical market			
Malaysia	76,494	88,773	165,267
Asia Pacific and other Asian countries	-	8,792	8,792
Europe	-	398	398
North America	-	1,747	1,747
Others	-	9,662	9,662
Total revenue from contracts with customers	76,494	109,372	185,866
Timing of revenue recognition			
At a point in time	7,815	109,372	117,187
Over time	68,679	-	68,679
Total revenue from contracts with customers	76,494	109,372	185,866

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26. Revenue (Cont'd)

Disaggregation of the Group's revenue from contracts with customers: (Cont'd)

	<u>Continuing operations</u>		<u>Discontinued operation</u>	
	Property development and construction	Others	Rubberwood furniture	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2021 (Restated)				
Major goods and services				
Sale of goods	5,725	3,303	119,489	128,517
Sale of completed properties	(4,211)	-	-	(4,211)
Property development	189,834	-	-	189,834
Total revenue from contracts with customers	<u>191,348</u>	<u>3,303</u>	<u>119,489</u>	<u>314,140</u>
Geographical market				
Malaysia	191,348	-	101,345	292,693
Asia Pacific and other				-
Asian countries	-	-	7,727	7,727
Europe	-	521	451	972
North America	-	507	2,123	2,630
Others	-	2,275	7,843	10,118
Total revenue from contracts with customers	<u>191,348</u>	<u>3,303</u>	<u>119,489</u>	<u>314,140</u>
Timing of revenue recognition				
At a point in time	39,920	3,303	119,489	162,712
Over time	151,428	-	-	151,428
Total revenue from contracts with customers	<u>191,348</u>	<u>3,303</u>	<u>119,489</u>	<u>314,140</u>

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27. Cost of Sales

		Group	
	Note	2022 RM'000	2021 RM'000 Restated
<u>Continuing operations</u>			
Cost of goods sold		7,475	11,859
Cost of completed properties		(75)	(2,847)
Property development		64,601	159,111
		<u>72,001</u>	<u>168,123</u>
<u>Discontinued operation</u>			
Cost of goods sold	17	<u>103,147</u>	<u>116,402</u>
		<u>175,148</u>	<u>284,525</u>

28. Finance Costs

		Group		Company	
	Note	2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000
Interest expenses on:					
<u>Continuing operations</u>					
Bridging loans		-	783	-	-
Term loans		1,485	2,970	-	-
Lease liabilities		1	5	-	-
Other payable-related party		2	423	-	-
Amount due to subsidiaries		-	-	51	341
		<u>1,488</u>	<u>4,181</u>	<u>51</u>	<u>341</u>
<u>Discontinued operation</u> 17					
Bank overdrafts		7	80	-	-
Bills payable		467	420	-	-
Term loans		169	302	-	-
Lease liabilities		42	79	-	-
Other payable-related party		41	-	-	-
		<u>726</u>	<u>881</u>	<u>-</u>	<u>-</u>
		<u>2,214</u>	<u>5,062</u>	<u>51</u>	<u>341</u>

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29. (Loss)/Profit before Tax

(Loss)/Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
		Restated		
<u>Continuing operations and discontinued operation</u>				
Auditors' remuneration:				
- Statutory audit				
- Current year	130	135	50	50
- Continuing operations	90	95	50	50
- Discontinued operation	40	40	-	-
- Others	4	4	3	3
Bad debts written off on trade receivables	3	-	-	-
- Discontinued operation	3	-	-	-
Deposits written off	272	15		
- Continuing operations	4	15	-	-
- Discontinued operation	268	-	-	-
Depreciation of:				
- Property, plant and equipment	324	2,986	-	-
- Continuing operations	6	973	-	-
- Discontinued operation	318	2,013	-	-
- Right-of-use assets	180	1,151	-	-
- Continuing operations	22	85	-	-
- Discontinued operation	158	1,066	-	-
Fair value adjustment on:				
- Biological assets	39	-	-	-
- Discontinued operation	39	-	-	-
- Investment property	(280)	(60)	-	-
- Discontinued operation	(280)	(60)	-	-

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29. (Loss)/Profit before Tax (Cont'd)

(Loss)/Profit before tax is arrived at after charging/(crediting): (Cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
		Restated		
<u>Continuing operations and discontinued operation (Cont'd)</u>				
Impairment losses on:				
- Amount due from subsidiary	-	-	44	-
- Assets held for sale	26,754	-	-	-
- Discontinued operation	26,754	-	-	-
- Completed properties	-	604	-	-
- Other receivables	-	151	-	-
- Discontinued operation	-	151	-	-
- Right-of-use assets	275	-	-	-
- Discontinued operation	275	-	-	-
- Trade receivables	-	19	-	-
- Continuing operations	-	1	-	-
- Discontinued operation	-	18	-	-
Intangible assets classified as assets held for sale written off	-	11,418	-	-
Lease expenses relating to short-term leases	249	159	-	-
- Continuing operations	99	17	-	-
- Discontinued operation	150	142	-	-
Loss/(Gain) on foreign exchange:				
- Realised	52	14	-	-
- Continuing operations	(4)	9	-	-
- Discontinued operation	56	5	-	-
- Unrealised	(33)	10	-	-
- Continuing operations	-	4	-	-
- Discontinued operation	(33)	6	-	-
Non-executive Directors' remuneration:				
- Fees	156	156	156	156
- Allowances	49	35	49	35
Property, plant and equipment written off	3	-	-	-
- Discontinued operation	3	-	-	-

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29. (Loss)/Profit before Tax (Cont'd)

(Loss)/Profit before tax is arrived at after charging/(crediting): (Cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
		Restated		
<u>Continuing operations and discontinued operation (Cont'd)</u>				
Gain on disposal of:				
- Assets held for sale	(744)	-	-	-
- Discontinued operation	(744)	-	-	-
- Property, plant and equipment	(52)	(675)	-	-
Interest income from:				
- Licensed banks	(820)	(646)	(285)	(210)
- Continuing operations	(768)	(506)	(285)	(210)
- Discontinued operation	(52)	(140)	-	-
- Others	(2)	(19)	-	-
- Subsidiaries	-	-	(1,403)	(1,860)
Rental income of building	(646)	(603)	-	-
- Continuing operations	(84)	(41)	-	-
- Discontinued operation	(562)	(562)	-	-
Reversal of impairment losses on:				
- Amount due from subsidiaries	-	-	(763)	-
- Investment in a subsidiary	-	-	(209)	(477)
- Trade receivables	(28)	(150)	-	-
- Continuing operations	(1)	(150)	-	-
- Discontinued operation	(27)	-	-	-

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30. Taxation

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Tax expenses recognised in profit or loss					
Malaysian income tax					
Current tax provision		866	5,409	250	354
Under/(Over) provision in prior years		549	(101)	578	-
		<u>1,415</u>	<u>5,308</u>	<u>828</u>	<u>354</u>
Real property gains tax		<u>652</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	23				
Relating to origination and reversal of temporary differences		(673)	(2,880)	-	-
Under provision in prior years		248	118	-	-
		<u>(425)</u>	<u>(2,762)</u>	<u>-</u>	<u>-</u>
		<u>1,642</u>	<u>2,546</u>	<u>828</u>	<u>354</u>
Presented as:					
Tax expenses attributable to:					
<u>Continuing operations</u>					
- Income tax		1,263	5,202	828	354
- Deferred tax		-	(2,740)	-	-
		<u>1,263</u>	<u>2,462</u>	<u>828</u>	<u>354</u>
<u>Discontinued operation</u>	17				
- Income tax		152	106	-	-
- Real property gains tax		652	-	-	-
- Deferred tax		(425)	(22)	-	-
		<u>379</u>	<u>84</u>	<u>-</u>	<u>-</u>
		<u>1,642</u>	<u>2,546</u>	<u>828</u>	<u>354</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profits for the financial year.

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30. Taxation (Cont'd)

A reconciliation of income tax expenses applicable to (loss)/profit before tax at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax				
- Continuing operations	(2,153)	9,133	26	1,494
- Discontinued operation	(23,607)	261	-	-
	<u>(25,760)</u>	<u>9,394</u>	<u>26</u>	<u>1,494</u>
At Malaysian statutory tax rate of 24% (2021: 24%)	(6,182)	2,254	6	359
Income not subject to tax	(318)	(320)	(235)	(162)
Expenses not deductible for tax purposes	6,602	892	502	157
Deferred tax assets not recognised	91	(186)	(23)	-
Real property gains tax	652	-	-	-
Crystallisation of deferred tax	-	(111)	-	-
Under/(Over) provision of income tax in prior years	549	(101)	578	-
Under provision of deferred tax in prior years	<u>248</u>	<u>118</u>	<u>-</u>	<u>-</u>
Tax expenses for the financial year	<u>1,642</u>	<u>2,546</u>	<u>828</u>	<u>354</u>

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30. Taxation (Cont'd)

The Group and the Company have the following estimated unutilised capital allowances, unutilised reinvestment allowances and unused tax losses available for carry forward to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
		Restated		
Unutilised capital allowances				
- Continuing operations	7,468	7,434	-	-
- Discontinued operation	1,542	2,079	-	-
	9,010	9,513	-	-
Unutilised reinvestment allowances				
- Continuing operations	39	39	-	-
- Discontinued operation	483	483	-	-
	522	522	-	-
Unused tax losses				
- Continuing operations	45,468	43,457	2,645	2,742
- Discontinued operation	36,566	36,566	-	-
	82,034	80,023	2,645	2,742
	91,566	90,058	2,645	2,742

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31. (Loss)/Earnings Per Share

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share is calculated based on the consolidated (loss)/profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2022	2021
		Restated
(Loss)/Profit attributable to the owners of parent (RM'000)		
- From continuing operations	(4,131)	3,758
- From discontinued operation	<u>(23,986)</u>	<u>177</u>
(Loss)/Profit attributable to the owners of parent for basic earnings (RM'000)	<u>(28,117)</u>	<u>3,935</u>
Weighted average number of ordinary shares in issue (in thousand of shares)		
- Ordinary shares in issue on 1 August	574,109	569,239
- Effect of treasury shares held	(5,236)	(5,236)
- Effect of ordinary shares in issued during the financial year	<u>-</u>	<u>1,576</u>
Weighted average number of ordinary shares in issue as at 31 July (in thousand of shares)	<u>568,873</u>	<u>565,579</u>
Basic (loss)/earnings per ordinary share (sen)		
- From continuing operations	(0.7)	0.7
- From discontinued operation	<u>(4.2)</u>	<u>-</u>
Basic (loss)/earnings per ordinary share (sen)	<u>(4.9)</u>	<u>0.7</u>

(b) Diluted (loss)/earnings per share

The Group has no dilution in their (loss)/earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

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32. Dividends

Group and Company
2022 2021
RM'000 RM'000

**Dividends recognised as distribution to ordinary
shareholders of the Company**

First interim single-tier dividend of RM0.0125
per ordinary share in respect of the
financial year ended 31 July 2021

 - 7,111

The Directors do not recommend any dividend for the current financial year.

33. Staff Costs

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000

Salaries, wages and other emoluments	18,482	22,898	312	251
Defined contribution plans	602	594	31	27
Social security contributions	104	103	1	1
Other benefits	1,164	735	-	-
	<u>20,352</u>	<u>24,330</u>	<u>344</u>	<u>279</u>

Analysed as:

Staff costs attributable to:

- Continuing operations	2,789	5,987	344	279
- Discontinued operation	17,563	18,343	-	-
	<u>20,352</u>	<u>24,330</u>	<u>344</u>	<u>279</u>

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33. Staff Costs (Cont'd)

Included in the staff costs above is aggregate amount of remuneration received/receivable by the Executive Directors of the Company and its subsidiaries during the financial year as below:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Executive Directors of the Company				
<u>Continuing operations</u>				
Salaries and other emoluments	2,187	1,953	312	251
Defined contribution plans	234	222	31	27
Social security contributions	2	2	1	1
	<u>2,423</u>	<u>2,177</u>	<u>344</u>	<u>279</u>
Executive Directors of subsidiaries				
<u>Discontinued operation</u>				
Salaries and other emoluments	215	214	-	-
Defined contribution plans	22	22	-	-
Social security contributions	1	1	-	-
	<u>238</u>	<u>237</u>	<u>-</u>	<u>-</u>
	<u>2,661</u>	<u>2,414</u>	<u>344</u>	<u>279</u>

34. Employees' Share Option Scheme

At an extraordinary general meeting held on 1 March 2012, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the issued share capital of the Company at the point in time throughout the duration of the scheme to eligible Directors and employees of the Group.

The ESOS became effective for a period of five years from 11 May 2012 to 8 April 2017, and extended for another five years until 8 April 2022.

All ESOS have been fully exercised in the previous financial year.

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34. Employees' Share Option Scheme (Cont'd)

The salient features and other terms of the ESOS are as follows:

- (a) Eligible employees are those who have been confirmed in writing as employees of the Group and must have completed service for a continuous period of at least one year.
- (b) The option is personal to the grantee and is non-assignable.
- (c) The option price shall be at a discount of not more than ten percent from the weighted average of the market price of the Company's ordinary shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad for the five trading days preceding the respective dates of the offer in writing to the grantee or at the par value of the ordinary shares of the Company, whichever is higher.
- (d) The options granted may be exercised by the grantee by notice in writing to the Company in the prescribed form from time to time during the option period in respect of all or any part of the Company's shares comprised in the option, provided that where an option is exercised in respect of a part of the new ordinary shares comprised therein, the number of the Company's shares of which such option may be exercised shall not be less than one hundred and shall be in multiples of one hundred.
- (e) Subject to any adjustments that may be made in accordance with the by-laws of the ESOS, the price payable for the exercise of an option under the ESOS shall be determined by the Option Committee at its discretion based on the five (5)-day weighted average market price of the underlying Company's shares at the time the option is offered by the Option Committee with a discount of not more than ten percent (10%), if deemed appropriate, or the par value of the Company's shares, whichever is higher.

Movements in the number of share options outstanding are as follows:

	Number of Share Options				
	Outstanding at 1 August	Exercised during the financial year	Forfeited during the financial year	Outstanding at 31 July	Exercisable at 31 July
	Unit ('000)	Unit ('000)	Unit ('000)	Unit ('000)	Unit ('000)
2021					
ESOS	5,062	4,870	192	-	-

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility is based on the historical volatility, adjusted for unusual or extraordinary volatility arising from certain economic or business occurrences which is not reflective of its long-term average level. While the expected volatility is assumed to be indicative of future trends, it may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

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35. Reconciliation of Liabilities Arising from Financing Activities

The table below shows the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

		At 1 August RM'000	Financing cash flows (i) RM'000	Liabilities included in disposal group classified as held for sale (Note 17) RM'000	Other changes (ii) RM'000	At 31 July RM'000
	Note					
Group						
2022						
Lease liabilities	21	789	(821)	(1,374)	1,418	12
Bills payable	22	8,279	3,461	(11,740)	-	-
Term loans	22	35,162	(8,566)	(614)	(30)	25,952
Other payables	25	21,128	-	(7,206)	(7,097)	6,825
		<u>65,358</u>	<u>(5,926)</u>	<u>(20,934)</u>	<u>(5,709)</u>	<u>32,789</u>
2021						
Lease liabilities	21	1,999	(1,210)	-	-	789
Bills payable	22	15,683	(7,404)	-	-	8,279
Term loans	22	88,469	(53,657)	-	350	35,162
Other payables	25	35,883	(384)	-	(14,371)	21,128
		<u>142,034</u>	<u>(62,655)</u>	<u>-</u>	<u>(14,021)</u>	<u>65,358</u>

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35. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

The table below shows the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	Note	At 1 August RM'000	Financing cash flows (i) RM'000	Other changes (ii) RM'000	At 31 July RM'000
Company					
2022					
Amount due to subsidiaries	13	<u>17,950</u>	<u>(14,750)</u>	<u>51</u>	<u>3,251</u>
2021					
Amount due to subsidiaries	13	<u>12,392</u>	<u>17,726</u>	<u>(12,168)</u>	<u>17,950</u>

- (i) The financing cash flows include the net amount of proceeds from/repayment of bills payable and term loans, payment of lease liabilities and net amount of interest bearing advances from/repayment to subsidiaries in the statements of cash flows.
- (ii) Other changes include accrued finance cost, changes in working capital and net amount of non-interest bearing advances from/repayment to subsidiaries.

36. Financial Guarantees

	Group	
	2022 RM'000	2021 RM'000 Restated
<u>Continuing operations</u>		
Bank guarantee issued by licensed banks in favour of third parties/local authorities for the performance of development projects	<u>8,521</u>	<u>9,761</u>
<u>Discontinued operation</u>		
Bank guarantee in favour of:		
- Tenaga Nasional Berhad	1,159	1,198
- Kementerian Perumahan dan Kerajaan Tempatan	-	1,410
	<u>1,159</u>	<u>2,608</u>
	<u>9,680</u>	<u>12,369</u>

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36. Financial Guarantees (Cont'd)

	Company	
	2022	2021
	RM'000	RM'000
		Restated
<u>Continuing operations</u>		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries	25,952	32,111
Corporate guarantees given to suppliers of goods granted to subsidiaries	3,000	3,000
	<u>28,952</u>	<u>35,111</u>
<u>Discontinued operation</u>		
Corporate guarantees given to licensed banks for banking facilities granted to subsidiaries	13,513	15,896
	<u>42,465</u>	<u>51,007</u>

37. Capital Commitments

	Group	
	2022	2021
	RM'000	RM'000
Authorised and contracted for:		
<u>Discontinued operation</u>		
Purchase of property, plant and equipment	-	625

38. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and/or the Company if the Group and/or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and/or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and/or of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

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38. Related Party Disclosures (Cont'd)

(b) Significant related party transactions

Related party transactions have been entered into the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the Group and the Company have the following transactions with related parties during the financial year: (Cont'd)

	2022	2021
	RM'000	RM'000
Group		
Transaction with a Director		
Lease expenses paid	190	190
Transactions with companies in which certain Directors of the Company are also the Directors and/or shareholders that have financial interests		
Sales	11,065	12,760
Purchases	2,743	4,450
Lease expenses paid	456	456
Landowner's entitlement paid/payable	8,910	19,120
Sales commission received/receivable	-	2
Interest on advances paid/payable	43	423
Provision for corporate service	-	30
Interest on term loan paid/payable	-	644
Company		
Transactions with subsidiaries		
Management fee received/receivable	150	150
Interest on advances received/receivable	1,403	1,860
Interest on advances paid/payable	51	341
Transaction with companies in which a Director of the Company is also the Director that has financial interests		
Provision for corporate service	-	30

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38. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits				
- Continuing operations	2,845	2,549	549	470
- Discontinued operation	820	797	-	-
	<u>3,665</u>	<u>3,346</u>	<u>549</u>	<u>470</u>

39. Segment Information

For management purposes, the main business segments of the Group comprise the followings:

Rubberwood furniture	Manufacture and trading of rubberwood furniture and component parts
Property development and construction	Property development and construction and trading of construction materials
Others	Investment holding and others

Except as indicated above, no operating segments have been aggregated to form the above reporting operating segments.

Performance is measured based on segment profit before tax, interest and depreciation, as included in the internal management reports that are reviewed by the Managing Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Segment assets

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

Segment liabilities

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

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39. Segment Information (Cont'd)

	Continuing operations			Discontinued operation (A)	Per consolidated financial statements
	Property development and construction RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000	RM'000
2022					
Revenue					
External customers	76,494	-	-	76,494	185,866
Inter-segment	-	150	(150)	-	-
Total revenue	76,494	150	(150)	76,494	185,866
Results					
Segment results	1,235	(2,670)	-	(1,435)	(24,368)
Interest income	294	476	-	770	822
Finance costs	(1,217)	(271)	-	(1,488)	(2,214)
Profit/(Loss) before tax	312	(2,465)	-	(2,153)	(25,760)
Taxation	(369)	(894)	-	(1,263)	(1,642)
(Loss)/Profit for the financial year	(57)	(3,359)	-	(3,416)	(27,402)
Asset					
Addition to non-current assets	-	-	-	-	1,685

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39. Segment Information (Cont'd)

	Continuing operations			Discontinued operation (A)	Per consolidated financial statements
	Property development and construction RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000	RM'000
2022					
Non-cash expenses/(income)					
Bad debts written off on trade receivables	-	-	-	-	3
Deposits written off	4	-	-	4	268
Depreciation of:					
- Property, plant and equipment	6	-	-	6	318
- Right-of-use assets	22	-	-	22	158
Fair value adjustment on:					
- Biological assets	-	-	-	-	39
- Investment property	-	-	-	-	(280)
Impairment losses on:					
- Disposal group classified as held for sale	-	-	-	-	26,754
- Right-of-use assets	-	-	-	-	275
Property, plant and equipment written off	-	-	-	-	3
Unrealised loss on foreign exchange	-	-	-	-	(33)
Gain on disposal of :					
- Assets held for sale	-	-	-	-	(744)
- Property, plant and equipment	(52)	-	-	(52)	-
Reversal of impairment losses on trade receivables	(1)	-	-	(1)	(27)
					(28)

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39. Segment Information (Cont'd)

	Continuing operations			Discontinued operation (A)	Per consolidated financial statements
	Property development and construction RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000	RM'000
2021 (Restated)					
Revenue					
External customers	191,348	3,303	-	194,651	314,140
Inter-segment	15	150	(165) (B)	-	-
Total revenue	191,363	3,453	(165)	194,651	314,140
Results					
Segment results	13,389	(600)	-	12,789	13,791
Interest income	313	212	-	525	665
Finance costs	(3,795)	(386)	-	(4,181)	(5,062)
Loss before tax	9,907	(774)	-	9,133	9,394
Taxation	(2,036)	(426)	-	(2,462)	(2,546)
Loss for the financial year	7,871	(1,200)	-	6,671	6,848
Asset					
Addition to non-current assets	-	-	-	170	170

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39. Segment Information (Cont'd)

	Continuing operations			Discontinued operation (A)	Per consolidated financial statements
	Property development and construction RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000	Total RM'000
2021 (Restated)					
Non-cash expenses/(income)					
Deposits written off	15	-	-	15	-
Depreciation of:					
- Property, plant and equipment	973	-	-	973	2,013
- Right-of-use assets	85	-	-	85	1,066
Fair value adjustment on investment property	-	-	-	-	(60)
Impairment losses on:					
- Completed properties	604	-	-	604	-
- Other receivables	-	-	-	-	151
- Trade receivables	1	-	-	1	18
Intangible assets classified as assets held for sale written off	11,418	-	-	11,418	-
Unrealised loss on foreign exchange	-	4	-	4	6
Gain on disposal of property, plant and equipment	-	-	-	-	(675)
Reversal of impairment losses on trade receivables	(147)	(3)	-	(150)	-

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39. Segment Information (Cont'd)

Notes:

(A) The amounts relating to the rubberwood furniture segment have been presented separately in the statements of profit or loss and other comprehensive income within one line item as “(loss)/profit from discontinued operation, net of tax”.

(B) Adjustments and eliminations

Inter-segment revenue are eliminated on consolidation.

Geographical segments

Revenue and addition to non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Addition to non-current assets	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Group				
<u>Continuing operations</u>				
Malaysia	76,494	191,348	-	-
Europe	-	521	-	-
North America	-	507	-	-
Others *	-	2,275	-	-
	<u>76,494</u>	<u>194,651</u>	<u>-</u>	<u>-</u>
<u>Discontinued operation</u>				
Malaysia	88,773	101,345	1,685	170
Asia Pacific and other				
Asian countries	8,792	7,727	-	-
Europe	398	451	-	-
North America	1,747	2,123	-	-
Others *	9,662	7,843	-	-
	<u>109,372</u>	<u>119,489</u>	<u>1,685</u>	<u>170</u>
	<u>185,866</u>	<u>314,140</u>	<u>1,685</u>	<u>170</u>

* No further segregation as no individual overseas country contributed more than 10% of the consolidated operating revenue or assets.

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39. Segment Information (Cont'd)

Major customers

The following is the major customers with revenue 10% equal or more than ten percent of Group's revenue:

	Revenue		Segment
	2022	2021	
	RM'000	RM'000	
<u>Continuing operations</u>			
Customer A	-	33,654	Property development and construction
	<u>-</u>	<u>33,654</u>	
	-	33,654	

40. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	RM'000	RM'000	RM'000
Group			
2022			
Financial assets			
Trade receivables	6,338	-	6,338
Other receivables #	2,454	-	2,454
Fixed deposits with licensed banks	13,271	-	13,271
Cash and bank balances	3,639	-	3,639
	<u>25,702</u>	<u>-</u>	<u>25,702</u>

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40. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Group			
2022			
Financial liabilities			
Trade payables	-	11,410	11,410
Other payables	-	6,825	6,825
Lease liabilities	-	12	12
Bank borrowings	-	25,952	25,952
	-	44,199	44,199
2021			
Financial assets			
Trade receivables	23,979	-	23,979
Other receivables #	3,162	-	3,162
Fixed deposits with licensed banks	40,304	-	40,304
Cash and bank balances	19,196	-	19,196
	86,641	-	86,641
Financial liabilities			
Trade payables	-	35,406	35,406
Other payables	-	21,128	21,128
Lease liabilities	-	789	789
Bank borrowings	-	43,441	43,441
	-	100,764	100,764

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40. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Company			
2022			
Financial assets			
Other receivables	1	-	1
Amount due from subsidiaries	85,542	-	85,542
Cash and bank balances	50	-	50
	<u>85,593</u>	<u>-</u>	<u>85,593</u>
Financial liabilities			
Other payables	-	251	251
Amount due to subsidiaries	-	3,251	3,251
	<u>-</u>	<u>3,502</u>	<u>3,502</u>
2021			
Financial assets			
Amount due from subsidiaries	68,136	-	68,136
Fixed deposits with licensed banks	32,193	-	32,193
Cash and bank balances	615	-	615
	<u>100,944</u>	<u>-</u>	<u>100,944</u>
Financial liabilities			
Other payables	-	333	333
Amount due to subsidiaries	-	17,950	17,950
	<u>-</u>	<u>18,283</u>	<u>18,283</u>

Exclude prepayments

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40. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from deposits with banks, amount due from subsidiaries and financial guarantees given to licensed banks and suppliers for banking facilities and for supply of goods respectively granted to certain subsidiaries. There are no significant changes as compared to prior year.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company has trade transactions with and provides unsecured advances to its subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

At each reporting date, the Group assesses whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

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40. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Group's and the Company's maximum exposure to credit risk.

At the end of the reporting period, the Group's credit exposures are concentrated mainly on 1 (2021: 1) debtor, which accounted for 51% (2021: 12%) of total trade receivables at the end of the reporting period. The Company has no significant concentration of credit risk except for advances to its subsidiaries where risks of default have been assessed to be low.

Financial guarantees

The Company provides unsecured financial corporate guarantees to licensed banks and suppliers for banking facilities and for supply of goods respectively granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The Company's maximum exposure to credit risk amounted to RM42,465,000 (2021: RM51,007,000), representing the outstanding banking facilities and for supply of goods to the subsidiaries as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022 (Cont'd)

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40. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group 2022						
Non-derivative financial liabilities						
Trade payables	11,410	-	-	-	11,410	11,410
Other payables	6,825	-	-	-	6,825	6,825
Lease liabilities	12	-	-	-	12	12
Bank borrowings	5,274	3,882	10,875	11,707	31,738	25,952
Financial guarantees* (Note 36)	8,521	-	-	-	8,521	-
	<u>32,042</u>	<u>3,882</u>	<u>10,875</u>	<u>11,707</u>	<u>58,506</u>	<u>44,199</u>

APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022 (Cont'd)

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40. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Group						
2021						
Non-derivative financial liabilities						
Trade payables	35,406	-	-	-	35,406	35,406
Other payables	21,128	-	-	-	21,128	21,128
Lease liabilities	620	202	-	-	822	789
Bank borrowings	16,610	7,639	11,471	15,344	51,064	43,441
Financial guarantees* (Note 36)	9,761	-	-	-	9,761	-
	<u>83,525</u>	<u>7,841</u>	<u>11,471</u>	<u>15,344</u>	<u>118,181</u>	<u>100,764</u>

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40. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM'000	Total contractual cash flows RM'000	Total carrying amount RM'000
Company			
2022			
Non-derivative financial liabilities			
Other payables	251	251	251
Amount due to subsidiaries	3,251	3,251	3,251
Financial guarantees* (Note 36)	42,465	42,465	-
	<u>45,967</u>	<u>45,967</u>	<u>3,502</u>
2021			
Non-derivative financial liabilities			
Other payables	333	333	333
Amount due to subsidiaries	17,950	17,950	17,950
Financial guarantees* (Note 36)	51,007	51,007	-
	<u>69,290</u>	<u>69,290</u>	<u>18,283</u>

* Based on the maximum amount that can be called for under the financial guarantee contract.

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40. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar ("USD").

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liability at the end of the reporting period are as follows:

	Denominated in USD	
	2022	2021
	RM'000	RM'000
Group		
Monetary assets		
Other receivables	-	268
Cash and bank balances	-	33
Monetary liability		
Other payables	-	(1,625)
	<u>-</u>	<u>(1,324)</u>

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40. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the USD exchange rates against RM with all other variables held constant.

	Effects on (loss)/profit before tax	
	2022	2021
	RM'000	RM'000
Change in currency rate		
USD		
- Strengthened by 10% (2021: 10%)	-	(132)
- Weakened by 10% (2021: 10%)	-	132

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates.

The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest rate swap contracts for trading or speculative purposes.

**APPENDIX IV – AUDITED FINANCIAL STATEMENTS OF SYF FOR FYE 31 JULY 2022
(Cont'd)**

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40. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts at the end of the reporting period was:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments:				
Financial asset				
Fixed deposits with licensed banks	<u>13,271</u>	<u>40,304</u>	<u>-</u>	<u>32,193</u>
Financial liability				
Lease liabilities	<u>(12)</u>	<u>(789)</u>	<u>-</u>	<u>-</u>
Floating rate instruments:				
Financial asset				
Amount due to subsidiaries	<u>-</u>	<u>-</u>	<u>91,823</u>	<u>75,136</u>
Financial liabilities				
Bills payable	-	(8,279)	(8,279)	-
Term loans	(25,952)	(35,162)	-	-
Other payables	-	(384)	-	-
Amount due to subsidiaries	<u>-</u>	<u>-</u>	<u>(3,251)</u>	<u>(17,950)</u>
	<u>(25,952)</u>	<u>(43,825)</u>	<u>(11,530)</u>	<u>(17,950)</u>
	<u>(25,952)</u>	<u>(43,825)</u>	<u>80,293</u>	<u>57,186</u>

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40. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's loss before tax by RM260,000 (2021: (decreased)/increased the Group's profit before tax by RM438,000) and increased/(decreased) the Company's loss before tax by RM803,000 (2021: (decreased)/increased the Company's profit before tax by RM572,000) respectively, arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings. This analysis assumes that all other variable remains constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term loans and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount long-term floating rate loans and borrowings approximate their fair value as the loans and borrowings will be re-priced to market interest rate on or near reporting date.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

Transfer between levels of fair value hierarchy

There is no transfer between levels of fair value hierarchy during the financial year.

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41. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio, which is net debt divided by equity attributable to owners of the parent. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants. The gearing ratios at the end of the reporting period are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Lease liabilities	1,386	789
Bank borrowings	38,306	43,441
	<u>39,692</u>	<u>44,230</u>
Less: Cash and cash equivalents	(16,593)	(51,389)
Net debt/(Excess fund)	<u>23,099</u>	<u>(7,159)</u>
Equity attributable to owners of the parent	<u>185,423</u>	<u>213,540</u>
Gearing ratio (times)	<u>0.12</u>	<u>*</u>

* The gearing ratio of the Group at the end of the reporting period is not applicable as its cash and cash equivalents is sufficient to cover the entire borrowing obligation.

Gearing ratio is not applicable to the Company as the Company has no loans and borrowings.

There were no changes in the Group's approach to capital management during the financial year.

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42. Significant Events During and Subsequent to the End of the Financial Year

During and subsequent to the financial year end, the following events took place for the Company:

(a) SYF Resources Berhad (“the Company” or “SYF”)

On 6 October 2021, the Company announced the following proposals:

- (i) The Company has entered into a share sale agreement with Mieco Chipboard Berhad (“Mieco”) for the disposal of its entire equity interest in Seng Yip Furniture for a total disposal consideration of RM50,000,000 (“Proposed Disposal of Furniture Business”).
- (ii) The following subsidiaries had entered into sale and purchase agreement (“SPAs”) with Juta Development Sdn. Bhd. (“Juta”) for the disposal of the followings:
 - (1) Disposal by Nikmat Sekitar Sdn. Bhd. (“Nikmat Sekitar”), an indirect wholly-owned subsidiary of the Company, of a parcel of freehold land held under GM 403, Lot 1461, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor for a cash disposal consideration of RM10,600,000; and
 - (2) Disposal by Nuri Meriah Sdn. Bhd. (“Nuri Meriah”), an indirect wholly-owned subsidiary of the Company, of a parcel of freehold land held under GM 1128, Lot 1464, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor for a cash disposal consideration of RM10,600,000.

[(1) and (2) collectively referred as “Proposed Disposal of Freehold Land”]
- (iii) The Company proposed special dividend of RM0.07 per ordinary share in SYF (“SYF Share(s)”) and a proposed capital repayment of RM0.11 per SYF Share on an entitlement date to be determined and announced at a later date.
- (iv) The Company has entered into a share sale and purchase agreement (“SSPA”) with Insas Berhad (“Insas”) for the acquisition of the 100,000,000 ordinary shares and 60,000,000 redeemable convertible preference shares (“RCPS”) in M & A Securities Sdn. Bhd. (“M & A Securities”), representing its 100% equity interest and 100% of the RCPS in M & A Securities from Insas for a total purchase consideration of RM222,000,000, which will be fully satisfied through the issuance of 1,585,714,286 new SYF Shares (“Consideration Share(s)”) at an issue price of RM0.14 per Consideration Share (“Proposed Acquisition”).
- (v) The Company proposed renounceable rights issue of 284,436,506 new SYF Shares (“Rights Shares”) to the shareholders of the Company on the basis of one (1) Rights Share at an issue price of RM0.14 each for every two (2) existing SYF Shares held on the Entitlement Date (“Proposed Rights Issue”).

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42. Significant Events During and Subsequent to the End of the Financial Year (Cont'd)

During and subsequent to the financial year end, the following events took place for the Company: (Cont'd)

(a) SYF Resources Berhad (“the Company” or “SYF”) (Cont'd)

On 6 October 2021, the following subsequent events took place for the Company: (Cont'd)

- (vi) The Company proposed restricted issue of 215,458,730 new SYF Shares (“Restricted Issue Shares”) at an issue price of RM0.14 each, representing 10% of the enlarged share capital of the Company after the Proposed Acquisition to eligible directors and employees of the enlarged SYF Group including M & A Securities and its subsidiaries (“M & A Group”) and persons who have contributed to the business of M & A Group (“Proposed Restricted Issue”).
- (vii) The Company proposed exemption under Paragraph 4.08(1)(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions for Insas and its persons acting in concert from the obligation to undertake a mandatory take-over offer to acquire the remaining SYF Shares not already owned by them upon completion of the Proposed Acquisition (“Proposed Exemption”).
- (viii) The Company proposed change of name of “SYF Resources Berhad” to “M & A Capital Berhad” (“Proposed Change of Name”).

On 1 December 2021, the Company announced that it had entered into a Supplemental SSPA with Insas to vary certain terms of the SSPA.

In conjunction with the amendments/variations to the SSPA, the Board had on 2 December 2021 also announced that the Company proposed to distribute:

- (i) RM0.07 per SYF Share on an entitlement date to be determined and announced at a later date immediately after the completion of the Proposed Disposal of Furniture Business.

The said distribution of RM0.07 per SYF Share or RM39,821,111 in total (calculated based on 568,873,012 existing SYF Shares (excluding treasury shares)) will be undertaken by way of a special dividend or capital repayment or a combination of both and funded from the proceeds of the Proposed Disposal of Furniture Business; and

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42. Significant Events During and Subsequent to the End of the Financial Year (Cont'd)

During and subsequent to the financial year end, the following events took place for the Company: (Cont'd)

(a) SYF Resources Berhad (“the Company” or “SYF”) (Cont'd)

- (ii) The remaining RM0.11 per SYF Share on an entitlement date to be determined and announced at a later date after the completion of the Proposed Disposal of Freehold Land.

The said distribution of RM0.11 per SYF Share or RM62,576,031 in total (calculated based on 568,873,012 existing SYF Shares (excluding treasury shares)) will be undertaken by way of a special dividend or capital repayment or a combination of both and funded from the proceeds of the Proposed Disposal of Freehold Land and internal generated funds of SYF ((i) and (ii) collectively referred as “Proposed Special Dividend and/or Capital Repayment”).

The Proposed Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Change of Name are conditional upon the completion of the Proposed Disposal of Furniture Business and Proposed Disposal of Freehold Land. The Proposed Special Dividend and/or Capital Repayment including the Proposed Special Dividend and/or Capital Repayment is conditional upon the completion of the Proposed Disposal of Furniture Business, and again, upon the completion of Proposed Disposal of Freehold Land, but it is not conditional upon the Proposed Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Change of Name.

On 28 January 2022, the Company announced that the Company and Mieco had mutually agreed via an extension letter dated 28 January 2022 to extend the conditional period to a period not later than 5 May 2022 to fulfill the conditions precedent (“1st Extended Conditional Period”) pursuant to the SSA.

On 5 April 2022, the Company announced that Juta, Nikmat Sekitar and Nuri Meriah had on 5 April 2022 mutually agreed via an extension letter dated 5 April 2022 to extend the conditional period to a period not later than 6 October 2022 to fulfill the conditions precedent pursuant to the SPAs.

On 20 April 2022, the Company announced that the Company and Mieco had mutually agreed via an extension letter dated 20 April 2022 to further extend the 1st Extended Conditional Period for an additional six (6) months from 5 May 2022 until 5 November 2022 to fulfill the Conditions Precedent (“2nd Extended Conditional Period”) pursuant to the SSA.

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42. Significant Events During and Subsequent to the End of the Financial Year (Cont'd)

During and subsequent to the financial year end, the following events took place for the Company: (Cont'd)

(a) SYF Resources Berhad (“the Company” or “SYF”) (Cont'd)

On 20 April 2022, the Company announced that Ministry of International Trade and Industry had, vide its letter dated 20 April 2022, approved the application for the transfer of shares in Seng Yip to Mieco in relation to the Proposed Disposal of Furniture Business.

On 1 June 2022, the Company announced that the name “M&A Capital Berhad” was not approved by Companies Commission of Malaysia (“CCM”). However, the CCM had subsequently approved the new proposed name of “M & A Equity Holdings Berhad”. Pursuant to the foregoing, the parties have vide a letter dated 1 June 2022, mutually agreed to adopt a new name of “M & A Equity Holdings Berhad” and clause 1.1 of the SSPA be varied accordingly.

On 1 July 2022, the Company announced that the Company and Insas had mutually agreed via an extension letter dated 1 July 2022 to further extend the conditional period for an additional six (6) months from 5 July 2022 until 4 January 2023 to fulfill the conditions precedent to the SSPA.

On 29 September 2022, the Company announced that Nikmat Sekitar, Nuri Meriah and Juta had mutually agreed via letters dated 29 September 2022 to further extend for an additional six (6) months from 6 October 2022 until 6 April 2023 to fulfill the Conditions Precedent pursuant to the SPAs.

On 13 October 2022, the Company announced that the Company had vide its letters dated 12 and 13 October 2022 respectively, written to Mieco and Insas in relation to the inter-conditionality of the Proposals as follows:

“The Proposed Disposal of Furniture Business, Proposed Disposal of Freehold Land, Proposed Special Dividend and/or Capital Repayment, Proposed Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Change of Name are inter-conditional upon one another”.

For the avoidance of doubt, the Proposed Special Dividend and/or Capital Repayment, Proposed Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Change of Name shall be implemented upon the completion of the Proposed Disposal of Furniture Business and Proposed Disposal of Freehold Land.

The above variation has been agreed by both Mieco and Insas.

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42. Significant Events During and Subsequent to the End of the Financial Year (Cont'd)

During and subsequent to the financial year end, the following events took place for the Company: (Cont'd)

(a) SYF Resources Berhad (“the Company” or “SYF”) (Cont'd)

Further to the above, Malacca Securities Sdn. Bhd. (“Malacca Securities”), the principal adviser of the Proposals, had on even date submitted an application for an extension of time for an additional period of two (2) months from 15 October 2022 to 15 December 2022 to comply with Paragraph 9.17A of the Equity Guidelines.

On 1 November 2022, the Company announced that the Company and Mieco had vide letters dated 1 November 2022 mutually agreed to further extend the 2nd Extended Conditional Period of SSA for an additional three (3) months from 5 November 2022 until 5 February 2023 to fulfil the Conditions Precedent pursuant to the SSA (“3rd Extended Conditional Period of SSA”).

Save for the above, all other terms and conditions of the SSA and the Addendum and all other instruments and agreements executed, delivered or entered into thereunder or pursuant thereto remain unchanged.

The Company announced that the Securities Commission Malaysia had, vide its letter dated 1 November 2022, approved the application for an extension of time for an additional period of two (2) months from 15 October 2022 to 15 December 2022 to comply with Paragraph 9.17A of the Equity Guidelines.

On 14 November 2022, on behalf of the Board, Malacca Securities announced that the Company and Insas had entered into a supplemental SSPA (“Second Supplemental SSPA”) to vary certain terms of the SSPA to reflect the following changes:

- (i) That the issue price of the Consideration Shares, Rights Shares and Restricted Issue Shares shall be revised from RM0.14 to RM0.22 per share; and
- (ii) That arising from the revised issue price of the Consideration Shares, the number of SYF Shares to be issued for the Proposed Acquisition and Proposed Restricted Issue has been revised to 1,009,090,909 Consideration Shares and up to 157,796,392 Restricted Issue Shares respectively.

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42. Significant Events During and Subsequent to the End of the Financial Year (Cont'd)

During and subsequent to the financial year end, the following events took place for the Company: (Cont'd)

(a) SYF Resources Berhad (“the Company” or “SYF”) (Cont'd)

In addition, on behalf of the Board, Malacca Securities announced that the Proposed Acquisition is deemed as a related party transaction in accordance with paragraph 10.08 of the Listing Requirements.

On 14 November 2022, Dato’ Sri Ng Ah Chai has given an irrevocable undertaking to SYF that he shall:

- (i) remit an amount of RM6.0 million to SYF in the event he disposes of all or any part of his SYF Shares prior to the Entitlement Date for the Proposed Special Dividend and/or Capital Repayment, out of the proceeds from such disposal; or
- (ii) forgo his entitlement to the Proposed Special Dividend and/or Capital Repayment amounting to RM6.0 million which shall be retained by SYF.

All the above proposals have yet to be completed and are subject to approvals of the shareholders at an Extraordinary General Meeting to be convened and any other relevant authorities, if required.

43. Date of Authorisation for Issue of Financial Statements

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 November 2022.

APPENDIX V – SALIENT TERMS OF THE SSPA

1. CONDITIONS

1.1 Completion is conditional upon the satisfaction or waiver of all of the following conditions:

- (a) **SC Approval:** that the SC gives its approval in writing to:
 - (i) the change in shareholding of the Target in accordance with the terms of the Target's licence;
 - (ii) the issue and allotment of the Consideration Shares;
 - (iii) the issue and allotment of the Restricted Issue Shares;
 - (iv) the issue and allotment of the Rights Shares;
 - (v) the significant change in the business direction of the Buyer to the business of the Target; and
 - (vi) the Proposed Exemption to the Seller and any other person acting in concert with the Seller to make a mandatory general offer for the shares of the Buyereither unconditionally or on terms acceptable to the Buyer and Seller, as the case may be.
- (b) **Bursa Securities Approval:** that Bursa Securities gives its written clearance for the respective circulars to the Buyer's shareholders and Seller's shareholder and approval in writing to the listing of and quotation for the Consideration Shares, Rights Shares and the Restricted Issue Shares;
- (c) **Buyer's Shareholders' Approval:** that the members of the Buyer in general meeting give their approval for the SYF Proposals;
- (d) **Seller's Shareholders' Approval:** that the members of the Seller in general meeting give their approval for the Proposed M&A Disposal;
- (e) **Buyer's Due Diligence:** that the Buyer being satisfied with the result of the due diligence review of the Target on or before the expiry of 1 month commencing from the date of the SSPA or such extended period as may be mutually agreed by the Buyer and the Seller ("**Due Diligence Period**");
- (f) **Seller's Due Diligence:** that that the Seller being satisfied with the result of the due diligence review of the Buyer on or before the expiry of the Due Diligence Period;
- (g) **Seller's third party consents:** that the Seller receiving the relevant consents or approvals of its financiers or those of the Target in relation to the sale of the Target Shares to the Buyer under the SSPA;
- (h) **Buyer's third party consents:** that the Buyer receiving the consents or approvals required of any of its financiers in relation to the Proposed SYF Disposals, and the Proposed Special Dividend and/or Capital Repayment under the SSPA; and
- (i) **Other approvals:** that the Buyer or the Seller receiving all other authorisation as may be necessary for the execution and implementation of the SSPA.

(collectively referred to as "**Conditions**")

1.2 Upon all the Conditions being fulfilled or waived the SSPA shall become unconditional and shall be completed in the manner therein agreed. The date of the fulfilment of the last of the Conditions shall be the "Unconditional Date".

APPENDIX V – SALIENT TERMS OF THE SSPA (Cont'd)

1.3 Cut-off Date**(a) If :**

- (1) the results of the financial and legal due diligence are not satisfactory to the Buyer;
or
- (2) any Condition is not fulfilled (other than due to any breach on the part of either Party) or waived on or before the date falling 9 months from the date of the SSPA, or such other date as the Parties may agree,

any Party may issue a Notice of Termination (as defined in 4.1(b)(2) below).

- (b) The Parties agree to extend the date under 1.3(a) above by an additional 3 months if, on the date falling 9 months from the date of the SSPA ("**Extended Cut-Off Period**"), there is no known impediment to the fulfilment of the pending Conditions.
- (c) 2 weeks prior to the expiry of the Extended Cut-off Period, the Parties may agree in writing to extend the time period to such other later date as may be mutually agreed by the Parties.

2. COMPLETION

2.1 Completion must take place at the office of the Seller on a business day nominated by the Seller falling no later than 30 days from the Unconditional Date or any other date as the Buyer and Seller agree in writing ("**Completion Date**").

2.2 Completion Statement

- (a) The Seller must procure the Target to prepare a statement of financial position and income statement as at the Completion Accounts Date ("**Completion Statement**") promptly after the Completion Date.
- (b) The Completion Statement must set out the Completion Net Asset Value (as defined in 3.2 below).
- (c) The Seller must provide the Completion Statement to the Buyer's accountant within 10 business days from the Completion Date and allow the Buyer's accountant full access to the books and records of the Target to verify the figures in the Completion Statement.
- (d) The Buyer must procure the Buyer's accountant to complete its review of the Completion Statement within 10 business days from the receipt of the Completion Statement from the Seller, where a report shall be issued by the Buyer's accountant on the final Completion Net Asset Value ("**Accountant Report**").
- (e) The Seller and Buyer must agree on the final Completion Net Asset Value in the Accountant Report within 5 business days from the receipt of the Accountant Report.
- (f) The final Completion Net Asset Value in the Accountant Report as agreed between the Seller and the Buyer will be final and binding on the parties.

3. PURCHASE CONSIDERATION AND SATISFACTION

3.1 Satisfaction of Purchase Consideration

On the Completion Date, the Buyer must satisfy the total consideration of RM222,000,000 for the Target Shares ("**Purchase Consideration**") by the issuance and allotment to the Seller of the Consideration Shares (at an issue price of RM0.22 per Consideration Share) at an aggregate value equivalent to the Purchase Consideration.

3.2 Dividends and/or distributions and cash top-up

The Parties agree that they are entering into the SSPA on the basis that the NA value of the Target as at the last day of the calendar month immediately preceding the Completion Date ("**Completion Accounts Date**") ("**Completion Net Asset Value**") shall not be less than RM180,000,000 ("**Agreed Net Asset Value**").

In the event that:

- (a) the Completion Net Asset Value exceeds the Agreed Net Asset Value ("**Surplus**"), the Target shall subject always to all applicable laws distribute the Surplus assets by way of cash dividends to the Seller without making any adjustment to the Purchase Consideration and such distribution shall be made by the Target within 7 days from the date of the Completion Net Asset Value is agreed by the Parties notwithstanding that Completion has occurred and the Target Shares are registered under the Buyer; and
- (b) the Completion Net Asset Value is less than the Agreed Net Asset Value ("**Shortfall**"), the Buyer shall issue a written notice to the Seller on the shortfall ("**Shortfall Notice**") and the Seller shall within 7 days from the date of the Shortfall Notice top up the Shortfall in cash to the Target.

4. TERMINATION

4.1 Right of Buyer to terminate

- (a) If at any time up to Completion –
 - (1) the Seller breaches a term of the SSPA (other than any Seller's warranties) in a material respect; or
 - (2) any Seller's warranties is or becomes false, misleading or incorrect in a material respect when made or regarded as made under the SSPA (except to the extent disclosed in the disclosure letter),

then the Buyer may give notice in writing to the Seller specifying the default or breach and requiring the Seller to remedy the default or breach within 30 days of the receipt of such notice.

APPENDIX V – SALIENT TERMS OF THE SSPA (Cont'd)

- (b) If the Seller fails to remedy the relevant default or breach within the period of 30 days, the Buyer may within 14 days after the period of 30 days, give written notice to the Seller electing either to:
 - (1) complete the SSPA at the Purchase Consideration and waive, discharge and release all its rights and entitlements under the relevant default or breach; or
 - (2) terminate its obligation to buy the Target Shares by giving a notice of termination stating that the first Party wishes to terminate the SSPA and specifying the clause, facts and grounds of such notice ("Notice of Termination").
- (c) If the Buyer fails to give written notice within the period of 14 days to specify its election in accordance with 4.1(b) above, the Buyer is deemed to have elected to complete the SSPA at the Purchase Consideration and to waive, discharge and release all its rights and entitlements under the relevant default or breach.
- (d) For the avoidance of doubt, the Parties confirm and agree that the aggregate liability of the Seller to the Buyer shall be limited to the aggregate of the Buyer's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA incurred up until the date of the Notice of Termination.
- (e) The Buyer and the Seller agree, confirm and acknowledge that the agreed liquidated damages set out in 4.1(d) above:
 - (1) is not a penalty; and
 - (2) comprises reasonable compensation to the Buyer.
- (f) The Buyer undertakes and covenants to the Seller that, if the Buyer elects to complete the SSPA pursuant to 4.1(b)(1) above, the Buyer shall have no rights or entitlements whatsoever in respect thereof and the Buyer undertakes and covenants to the Seller that the Buyer will not make any claims whatsoever against the Seller or withhold or purport to set off any payments due to the Seller under the SSPA.
- (g) Notwithstanding anything to the contrary, the Parties confirm and agree that the aggregate liability of the Seller to the Buyer for all claims made by the Buyer under the SSPA will not exceed aggregate of the Buyer's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA.

4.2 Right of Seller to Terminate

- (a) If the Buyer breaches a term of the SSPA in a material respect, then the Seller may notify the Buyer to remedy the breach within 30 days after receipt of the written notice.
- (b) If the Buyer fails to remedy the breach within the period specified in 4.2(a) above, then the Seller may within 14 days after the period specified in 4.2(a) above, give a written notice to the Buyer electing either to –
 - (1) waive, discharge and release all its rights and entitlements under the relevant breach and complete the SSPA at the Purchase Consideration; or
 - (2) terminate its obligation to sell the Target Shares by giving a Notice of Termination.
- (c) If the Seller fails to give written notice within the period 14 days to specify its election in accordance with 4.2(b) above, the Seller is deemed to have elected to complete the SSPA at the Purchase Consideration and waive, discharge and release all its rights and entitlements under the relevant breach.

APPENDIX V – SALIENT TERMS OF THE SSPA (Cont'd)

- (d) If the Seller issue a Notice of Termination under 4.2(b) in respect of a breach under 4.2(a) above then the Buyer must pay the aggregate of the Seller's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA incurred up until the date of the Notice of Termination as agreed liquidated damages within 30 days of the date on which the Notice of Termination was issued and thereafter, the SSPA shall cease to have any effect and shall become null and void and neither of the Parties shall have any further claims against the other.
- (e) For the avoidance of doubt, the Parties confirm and agree that the aggregate liability of the Buyer to the Seller shall be limited to the aggregate of the Seller's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA incurred up until the date of the Notice of Termination, for all claims made by the Seller under the SSPA.
- (f) The Buyer and the Seller agree and acknowledge that the agreed liquidated damages in 4.2(e) above:
 - (1) is not a penalty; and
 - (2) comprises reasonable compensation to the Seller.
- (g) The Seller undertakes and covenants to the Buyer that, if the Seller elects to complete the SSPA pursuant to 4.2(b)(1) above, the Seller shall have no rights or entitlements whatsoever in respect thereof and the Seller undertakes and covenants to the Buyer that the Seller will not make any claims whatsoever against the Buyer or withhold or purport to set off any payments due to the Buyer under the SSPA.
- (h) Notwithstanding anything to the contrary, the Parties confirm and agree that the aggregate liability of the Buyer for all claims made by the Seller under the SSPA will not exceed aggregate of the Seller's out of pocket costs and expenses for the negotiation, entry into and implementation of the SSPA.

4.3 Effect of termination

Upon termination of the SSPA, subject to 4.1(d), 4.1(e), 4.1(g), 4.2(e), 4.2(f) and 4.2(h) above, none of the Parties shall have any further rights, claims or entitlements against the other Parties.

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APPENDIX VI – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST

2.1 Consent

M&A Securities has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

FHCA has given and has not subsequently withdrawn its written consent to the inclusion of the IAL and its name and all references thereon in the form and context in which they appear in this Circular.

2.2 Conflict of interest

As M&A Securities is the subject asset of the Proposed M&A Disposal and in view of the potential conflict of interest vis-à-vis its appointment as Principal Adviser for the Proposed M&A Disposal, Insas has appointed FHCA as Independent Adviser for the Proposed M&A Disposal. Save as disclosed, M&A Securities is not aware of any other conflict of interest that exists or is likely to exist in its capacity as Principal Adviser to Insas in relation to the Proposed M&A Disposal.

FHCA is not aware of any conflict of interest that exists or is likely to exist in its capacity as Independent Adviser to Insas in relation to the Proposed M&A Disposal.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at LPD, save for the following, there are no material commitments and contingent liabilities incurred or known to be incurred by our Group that are likely to have an impact on our profits or NA upon becoming enforceable:

Capital commitments	RM'000
<i>Authorised and contracted for</i>	
Acquisition of property, plant and equipment	3,562
Acquisition of an investment property	14,850
Investment commitments in relation to financial assets at fair value through other comprehensive income	
	479
	18,891
Contingent liabilities	RM'000
Corporate guarantees extended to licensed banks and financial institutions for credit facilities granted to certain subsidiaries	112,204

APPENDIX VI – FURTHER INFORMATION (Cont'd)

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at No. 47-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to the date of the EGM:

- (a) Our Constitution;
- (b) M&A Securities' Memorandum and Articles of Association;
- (c) Audited consolidated financial statements of our Company for FYE 30 June 2021 and 2022 and latest quarterly report for the financial period ended 30 September 2022;
- (d) Audited financial statements of M&A Securities and its subsidiaries for FYE 30 June 2021 and 2022;
- (e) Audited consolidated financial statements of SYF for FYE 31 July 2021 and 2022 and latest quarterly report for the financial period ended 31 October 2022;
- (f) IAL from FHCA dated 8 February 2023;
- (g) Letter of consent and declaration of conflict of interest as referred to in Section 2 of this Appendix;
- (h) The material contracts referred to in Section 7 of Appendix I and II; and
- (i) The cause papers referred to in Section 8 of Appendix I.

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INSAS BERHAD

(Registration No. 196101000026 (4081-M))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**" or "**Meeting**") of Insas Berhad ("**INSAS**" or "**Company**") will be conducted on a fully virtual basis through live streaming and online remote voting via TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC : D1A282781) on **Thursday, 23 February 2023 at 11.00 a.m.** or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

ORDINARY RESOLUTION

PROPOSED DISPOSAL OF THE ENTIRE ORDINARY SHARES AND REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN M & A SECURITIES SDN BHD ("M&A SECURITIES") TO SYF RESOURCES BERHAD ("SYF") FOR A CONSIDERATION OF RM222,000,000 TO BE SATISFIED VIA THE ISSUANCE OF 1,009,090,909 NEW ORDINARY SHARES IN SYF AT AN ISSUE PRICE OF RM0.22 EACH ("PROPOSED M&A DISPOSAL")

"THAT subject to the fulfilment of all the conditions precedent under the conditional share sale and purchase agreement between Insas and SYF dated 6 October 2021, including any supplemental agreement(s) and/or letter(s) executed or to be executed by Insas and SYF in relation thereto ("**SSPA**"), and all approvals being obtained from the relevant authorities and/or parties (if required), approval be and is hereby given to Insas to dispose 100,000,000 ordinary shares in M&A Securities representing 100.0% equity interest and 60,000,000 redeemable convertible preference shares in M&A Securities ("**RCPS**") representing 100.0% of the RCPS in M&A Securities to SYF for a total consideration of RM222,000,000 to be satisfied by the issuance of 1,009,090,909 new ordinary shares in SYF at an issue price of RM0.22 each;

AND THAT the Board of Directors of the Company ("**Board**") be and is hereby authorised to do all acts and things as may be deemed fit, necessary or expedient to give full effect to the Proposed M&A Disposal with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be in the best interest of the Company or as may be required or imposed by the relevant authorities, and to take all such steps and actions as the Board deems necessary or expedient in order to implement, finalise and give full effect to the Proposed M&A Disposal."

BY ORDER OF THE BOARD

Chow Yuet Kuen (MAICSA 7010284) (SSM Practising Certificate No. 202008002730)
Lau Fong Siew (MAICSA 7045893) (SSM Practising Certificate No. 202008002625)
Company Secretaries

Kuala Lumpur
8 February 2023

Notes:

- (i) *The EGM will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting facilities ("RPV"). The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the poll administrator for the EGM to facilitate the RPV via **TIIH Online website at <https://tiih.online>**. Please follow the procedures set out in the Administrative Guide for the EGM which is available on the Company's website at <http://www.insas.net/ar-gm.html> to register, participate and vote remotely via the RPV.*
- (ii) *A member entitled to participate and vote at the meeting via RPV is entitled to appoint not more than 2 proxies to participate and vote in his stead. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.*
- (iii) *Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds shares in the Company for multiple beneficial owners in one securities account ('omnibus account'), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- (iv) *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.*
- (v) *The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the poll administrator not less than 48 hours before the time set for holding the meeting i.e. no later than 21 February 2023 at 11.00 a.m.:*
 - (a) *Hard copy form*

Submit to Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur Malaysia.
 - (b) *Electronic form*

Lodge via TIIH Online website at <https://tiih.online> by following the procedures set out in the Administrative Guide.
- (vi) *A member who has appointed a proxy or authorised representative or attorney to participate in the EGM via RPV must request his/her proxy or authorised representative or attorney to register himself/herself for RPV at TIIH Online website at <https://tiih.online> in accordance with the procedures set out in the Administrative Guide.*
- (vii) *Only members whose names appear in the **Record of Depositors as at 13 February 2023** will be entitled to participate or appoint proxy(ies) to participate in his stead in the EGM. **Kindly take note that ONLY Ordinary Shareholders are entitled to vote at the EGM.***



INSAS BERHAD

(Registration No. 196101000026 (4081-M))

**PROXY FORM
EXTRAORDINARY GENERAL MEETING**

NO. OF ORDINARY SHARES HELD	CDS ACCOUNT NO.
NO. OF REDEEMABLE PREFERENCE SHARES HELD	CDS ACCOUNT NO.

I/We
(FULL NAME IN BLOCK LETTERS)

NRIC No./ Company No. Tel No.

of (full address).....

being a member(s) of **INSAS BERHAD**, hereby appoint:-

1. Name of Proxy NRIC No.
(FULL NAME IN BLOCK LETTERS)

of (full address).....

and

2. Name of Proxy NRIC No.
(FULL NAME IN BLOCK LETTERS)

of (full address).....

or failing him/her, the Chairperson of the meeting, as my/our proxy(ies) to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be conducted on a fully virtual basis through live streaming and online remote voting via TIIH Online website at <https://tjih.online> or <https://tjih.com.my> (Domain registration number with MYNIC : D1A282781) on **Thursday, 23 February 2023** at **11.00 a.m.** or any adjournment thereof in the manner indicated below:-

Ordinary Resolution	FOR	AGAINST
Proposed M&A Disposal		

(Please indicate with an "X" in the space provided whether you wish your votes to be cast. If no specific instruction is given on the voting, the proxy will vote or abstain at his/her discretion).

Dated this _____ day of _____ 2023



For appointment of two proxies, the shareholdings to be represented by the proxies		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Signature of Shareholder/Common Seal

Notes:

- (i) *The EGM will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting facilities ("RPV"). The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the poll administrator for the EGM to facilitate the RPV via **TIIH Online website at <https://tiih.online>**. Please follow the procedures set out in the Administrative Guide for the EGM which is available on the Company's website at <http://www.insas.net/ar-gm.html> to register, participate and vote remotely via the RPV.*
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- (iii) *Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds shares in the Company for multiple beneficial owners in one securities account ('omnibus account'), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- (iv) *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.*
- (v) *The appointment of proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the poll administrator not less than 48 hours before the time set for holding the meeting i.e. no later than 21 February 2023 at 11.00 a.m.:*
 - (a) Hard copy form
Submit to Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (b) Electronic form
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AFFIX
STAMP

INSAS BERHAD
c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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