12.5 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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Terence Lau Han Wen, Partner
GRANT THORNTON MALAYSIA PLT
CHARTERED ACCOUNTANTS
201906003682 & AF0737

MERCURY SECURITIES GROUP BERHAD
Registration No. 202101018329 (1418629-A)
(Incorporated in Malaysia)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member Firm of Grant Thornton International Ltd

GrantThornton

REPORTING ACCOUNTANTS' REPORT ON COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023
(Prepared for inclusion in the Prospectus)

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Date: 8 August 2023

The Board of Directors
Mercury Securities Group Berhad
L-7-2, No.2 Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur

Dear Sirs,

MERCURY SECURITIES GROUP BERHAD
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of Mercury Securities Group Berhad ("MSGB" or "Company") and its subsidiaries ("MSGB Group" or "Group") as at 30 April 2023, together with the notes and assumptions thereto (which we have stamped for the purpose of identification), have been compiled and prepared by the Directors of the Company ("Directors") for inclusion in the prospectus of the Company ("Prospectus") in connection with the initial public offering ("IPO") and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Listing").

The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and described in Note 1 to the Pro Forma Consolidated Statements of Financial Position ("Applicable Criteria").

The Pro Forma Consolidated Statements of Financial Position as at 30 April 2023 have been compiled by the Directors, for illustrative purposes only, to show the effects of the Listing on the Consolidated Statements of Financial Position presented had the Listing been effected and completed on that date. As part of this process, financial information about the Group's Consolidated Statements of Financial Position has been extracted by the Directors from the audited financial statements of the Company for the financial period ended 30 April 2023 and the audited financial statements of the subsidiary, namely Mercury Securities Sdn. Bhd., for the financial period ended 30 April 2023, on which the audit reports have been issued without modification.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors of the Company are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

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Reporting Accountants' Independence and Quality Management

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

Our firm applies *International Standard on Quality Management ("ISQM") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been properly compiled, in all material respect, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements ("ISAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"*, issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events have occurred or the transactions have been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at that date would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions enumerated in the notes thereto, and to obtain sufficient appropriate evidence about whether:-

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

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Reporting Accountants' Responsibility (Cont'd)

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Other Matter

This report has been prepared solely for inclusion in the Prospectus in connection with the IPO and the Listing. It is not intended to be used for any other purposes. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Grant Thornton Malaysia PLT
AF 0737
201906003682 (LLP0022494-LCA)
Chartered Accountants

Terence Lau Han Wen
No. 03298/04/2025 J
Chartered Accountant

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12. FINANCIAL INFORMATION (CONT'D)

MERCURY SECURITIES GROUP BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023

The Pro Forma Consolidated Statements of Financial Position of Mercury Securities Group Berhad ("MSGB" or "Company") and its subsidiaries ("MSGB Group" or "Group") as at 30 April 2023 as set out below are provided for illustrative purpose only to show the effects of the transactions as mentioned in Note 2 to the Pro Forma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 30 April 2023, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position.

		Audited	Pro Forma I	Pro Forma II	Pro Forma III
	Note	As at 30 April 2023	After Acquisition	After Pro Forma I and Initial Public Offering ("IPO")	After Pro Forma II and Use of Proceeds from Public Issue
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment		-	11,222,058	11,222,058	11,222,058
Investment properties		-	4,200,000	4,200,000	4,200,000
Right-of-use assets		-	402,010	402,010	402,010
Intangible assets	3.1	-	7,891,722	7,891,722	9,271,722
Other investments		-	506,768	506,768	506,768
Total non-current assets		-	24,222,558	24,222,558	25,602,558
Current assets					
Trade and other receivables		-	61,205,793	61,205,793	61,205,793
Deposits and prepayments	3.2	117,501	6,172,037	6,172,037	3,612,786
Other investments		-	627,943	627,943	627,943
Cash and cash equivalents	3.3	2,973	52,439,722	91,713,647	86,492,898
Total current assets		120,474	120,445,495	159,719,420	151,939,420
Total assets		**120,474**	**144,668,053**	**183,941,978**	**177,541,978**

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12. FINANCIAL INFORMATION (CONT'D)

MERCURY SECURITIES GROUP BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023 (CONT'D)

	Note	Audited	Pro Forma I	Pro Forma II	Pro Forma III
		As at 30 April 2023	After Acquisition	After Pro Forma I and Initial Public Offering ("IPO")	After Pro Forma II and Use of Proceeds from Public Issue
		RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company:					
Share capital	3.4	3	117,008,739	156,282,664	154,688,339
Merger reserve		-	(97,008,736)	(97,008,736)	(97,008,736)
Other reserves	3.5	(14,464)	109,623,336	109,623,336	104,817,661
Total equity		(14,461)	129,623,339	168,897,264	162,497,264
LIABILITIES					
Non-current liabilities					
Lease liabilities		-	242,130	242,130	242,130
Deferred tax liabilities		-	1,099,020	1,099,020	1,099,020
Total non-current liabilities		-	1,341,150	1,341,150	1,341,150

12. FINANCIAL INFORMATION (CONT'D)

MERCURY SECURITIES GROUP BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023 (CONT'D)

	Audited	Pro Forma I	Pro Forma II	Pro Forma III
	As at 30 April 2023	After Acquisition	After Pro Forma I and Initial Public Offering ("IPO")	After Pro Forma II and Use of Proceeds from Public Issue
	RM	RM	RM	RM
Current liabilities				
Trade and other payables	134,935	13,123,987	13,123,987	13,123,987
Lease liabilities	-	195,782	195,782	195,782
Current tax liabilities	-	383,795	383,795	383,795
Total current liabilities	134,935	13,703,564	13,703,564	13,703,564
Total liabilities	134,935	15,044,714	15,044,714	15,044,714
Total equity and liabilities	**120,474**	**144,668,053**	**183,941,978**	**177,541,978**
Issued ordinary shares (number)	300	735,904,300	893,000,000	893,000,000
Net assets per share (RM)	(48.20)	0.18	0.19	0.18
Borrowings (RM)	N/A	N/A	N/A	N/A
Gearing (times)	N/A	N/A	N/A	N/A

N/A = Not applicable as there were no outstanding borrowings as at 30 April 2023.

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MERCURY SECURITIES GROUP BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023 (CONT'D)

1. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position of MSGB Group as at 30 April 2023 together with the notes thereon, for which the Directors is solely responsible, have been prepared for illustrative purpose only for the purpose of inclusion in the Prospectus of the Company in connection with the initial public offering ("IPO") and the listing and quotation of the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("the Listing").

The Pro Forma Consolidated Statements of Financial Position have been prepared based on accounting policies and basis which are consistent with those disclosed in the audited Combined Financial Statements of MSGB, for the financial period ended 30 April 2023 and in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") and adjusted for the impact of the events and transactions as set out in Note 2 to the Pro Forma Consolidated Statements of Financial Position had the events occurred or the transactions undertaken on 30 April 2023.

Merger method of accounting

For the purpose of accounting for the acquisition of Mercury Securities Sdn. Bhd. ("Mercury Securities"), the Company has adopted merger accounting as the consolidated entities are under common control by the same parties before and after the acquisition of Mercury Securities. Under merger method of accounting, the difference between the cost of investment recorded by the Company (i.e. the consideration for the acquisition of Mercury Securities) and the share capital of Mercury Securities is accounted for as merger reserve, computed as follows:

	RM
Consideration for the acquisition of Mercury Securities	117,008,736
Less: Issued share capital of Mercury Securities as at 30 April 2023	(20,000,000)
Merger reserve	97,008,736

2. LISTING SCHEME

In conjunction with, and as an integral part of the Listing, the Company undertook the following:

(i) Pro Forma I: Acquisition

Acquisition of Mercury Securities

In conjunction with the Listing, MSGB entered into a conditional sale and purchase of shares agreement on 22 February 2022 for the acquisition of 20,000,000 ordinary shares in Mercury Securities, representing the entire equity interest of Mercury Securities, for a total purchase consideration of RM117,008,736 to be fully satisfied by the issuance of 735,904,000 new ordinary shares in MSGB at an issue price of RM0.159 per share ("Acquisition"). The conditions precedent period for the conditional sale and purchase of shares agreement was extended to 22 April 2023 via a supplemental letter dated 15 December 2022 and further extended to 22 June 2023 via a second supplemental letter dated 17 April 2023.

The total purchase consideration of RM117,008,736 was arrived at on a "willing-buyer-willing-seller" basis after taking into consideration of the audited consolidated net assets of Mercury Securities as at 31 October 2021 of RM117,008,733. The Acquisition was completed on 26 June 2023.

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MERCURY SECURITIES GROUP BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023 (CONT'D)

2. **LISTING SCHEME (CONT'D)**

(ii) **Pro Forma II: Initial Public Offering ("IPO")**

(a) **Public Issue**

A total of 157,095,700 new ordinary shares in MSGB ("Issue Shares") representing 17.59% of the enlarged issued share capital of MSGB will be issued at an issue price of RM0.25 per Issue Share to raise gross proceeds of RM39,273,925. The 157,095,700 Issue Shares will be allocated in the following manner:

- 44,650,000 Issue Shares, representing 5.00% of the enlarged issued share capital of MSGB will be made available for application by the Malaysian Public through a balloting process, of which 50.00% is to be set aside for Bumiputera investors;

- 22,325,000 Issue Shares, representing 2.50% of the enlarged issued share capital of MSGB will be made available for application by the eligible Directors, employees of the Group and other persons who have contributed to the success of the Group; and

- 45,470,700 Issue Shares, representing 5.09% of the enlarged issued share capital of MSGB will be made available by way of private placement to selected investors; and

- 44,650,000 Issue Shares, representing 5.00% of the enlarged issued share capital of MSGB will be made available by way of private placement to selected Bumiputera investors approved by the Ministry of Investment, Trade and Industry, Malaysia *(formerly known as Ministry of International Trade and Industry, Malaysia)* ("MITI").

(b) **Offer for Sale**

An existing shareholder of the Company, namely Enrogetz Sdn. Bhd., ("Selling Shareholder") will undertake an offer for sale of 71,512,300 existing ordinary shares in MSGB ("Offer Shares"), representing 8.01% of the enlarged issued share capital of MSGB, at an offer price of RM0.25 per Offer Share, by way of private placement to selected investors and selected Bumiputera investors approved by the MITI as follows:

- 4,537,300 Offer Shares, representing 0.51% of the enlarged issue share capital of MSGB to selected investors; and

- 66,975,000 Offer Shares, representing 7.50% of the enlarged issue share capital to selected Bumiputera investors approved by the MITI.

The Company will not receive any proceeds from the Offer for Sale. The gross proceeds of RM17,878,075 from the Offer for Sale will accrue entirely to the Selling Shareholder.

(c) **Listing**

Subsequent to the above, the Company's entire enlarged issued share capital of RM156,282,664 comprising 893,000,000 ordinary shares shall be listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad.

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MERCURY SECURITIES GROUP BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023 (CONT'D)

2. LISTING SCHEME (CONT'D)

(iii) Pro Forma III: Use of Proceeds from Public Issue

Gross proceeds from the Public Issue of RM39,273,925 will be used as follows:

Details of use	Estimated timeframe for use upon listing	RM	%
Margin financing facility services [(a)]	Within 24 months	26,860,000	68.39
Enhancement of digitalisation programme and marketing activities for the stockbroking business and operations of the Group [(b)]	Within 18 months	2,880,000	7.33
Working capital [(c)]	Within 12 months	4,633,925	11.80
Estimated listing expenses [(d)]	Within 3 months	4,900,000	12.48
Total estimated proceeds		**39,273,925**	**100.00**

Notes:

(a) To expand the provision of margin financing facility services to fund the Group's existing and new stockbroking clients for their purchase of mainly quoted securities on Bursa Securities. This would in turn help to further enhance the Group's revenue for the Stockbroking Segment via margin income. In addition to margin income, the Group would be able to generate brokerage fees from purchase and sale of quoted securities made by the margin clients.

(b) The digitalisation programme and marketing activities to enhance the stockbroking business and operations comprise the following:

Details	RM
Upgrading of backroom administration and support system *	1,380,000
Marketing activities #	1,500,000
Total estimated cost	**2,880,000**

* To be capitalised as intangible assets as it meets the definition of *MFRS 138 - Intangible assets* and expected to be amortised at 12% per annum.

\# Include estimated cost of expanding marketing and client service functions to enhance awareness of the Group's brand among the broader retail and institutional markets which will be expensed to profit or loss when incurred. The details are as follows:

Details	RM
Staff and set-up costs for expansion of marketing team	537,000
Staff and set-up costs for expansion of client service team	542,000
Marketing and branding consultancy fees	229,000
Promotional events and advertising	192,000
Total estimated cost	**1,500,000**

MERCURY SECURITIES GROUP BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023 (CONT'D)

2. **LISTING SCHEME (CONT'D)**

(c) The working capital requirements comprise the following:

Details	RM
Daily obligation for trades that are due and payable to Bursa Malaysia Securities Clearing Sdn. Bhd.	3,947,000
Statutory payments *	300,000
Telecommunication charges	100,000
Other operating expenses #	286,925
Total estimated cost	**4,633,925**

* Statutory payments such as contribution to Capital Market Compensation Fund, fee payable to Bursa Malaysia Securities Berhad in relation to access to Automated Trading System ("ATS") and levy on securities transactions payable to Securities Commission Malaysia.

\# Include amongst others, rental, utilities, repair and maintenance and insurance.

(d) The estimated listing expenses comprise the following:

Details	RM
Professional fees ^	3,190,000
Fees to authorities	100,000
Underwriting commission, placement fees and brokerage fees	910,000
Printing and advertising	400,000
Other miscellaneous expenses in relation to the Listing #	300,000
Total estimated listing expenses *	**4,900,000**

^ Include professional and advisory fees for amongst others, Principal Adviser, Solicitors, Reporting Accountants, Independent Market Researcher, Company Secretary, Issuing House and Internal Control Consultants.

\# Other incidental or related expenses in connection with the Listing, which include translators, media related expenses and event expenses.

* If the actual listing expenses are higher than the estimated, the deficit will be funded out from portion allocated for working capital requirements. Conversely, if the actual listing expenses are lower than the estimated, the excess will be utilised for working capital requirements.

The listing expenses are estimated at RM4,900,000 and will set off against the share capital and profit or loss accordingly. The apportionment is disclosed in Note 3.4 and 3.5 respectively.

Out of total estimated listing expenses of RM4,900,000, an amount of RM2,559,251 has been paid and recorded in the prepayments account. The amount will be charged out from prepayments account accordingly upon completion of the Listing exercise.

MERCURY SECURITIES GROUP BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023 (CONT'D)

3. NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3.1 INTANGIBLE ASSETS

The movements of the intangible assets are as follows:

	RM
As at 30 April 2023	-
Pursuant to Acquisition	7,891,722
As per Pro Forma I and II	7,891,722
Pursuant to Use of Proceeds from Public Issue	
- Expenditure on digitalisation programme	1,380,000
As per Pro Forma III	9,271,722

3.2 DEPOSITS AND PREPAYMENTS

The movements of the deposits and prepayments are as follows:

	RM
As at 30 April 2023	117,501
Pursuant to Acquisition	6,054,536
As per Pro Forma I and II	6,172,037
Pursuant to Use of Proceeds from Public Issue	
- Reversal of estimated listing expenses prepaid *	(2,559,251)
As per Pro Forma III	3,612,786

* The estimated listing expenses prepaid comprised of professional fees and miscellaneous expenses for the IPO.

3.3 CASH AND CASH EQUIVALENTS

The movements of the cash and cash equivalents are as follows:

	RM
As at 30 April 2023	2,973
Pursuant to Acquisition	52,436,749
As per Pro Forma I	52,439,722
Pursuant to Proceeds from Public Issue	39,273,925
As per Pro Forma II	91,713,647
Pursuant to Use of Proceeds from Public Issue	
- Expenditure on digitalisation programme	(2,880,000)
- Estimated listing expenses	(2,340,749)
As per Pro Forma III	86,492,898

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MERCURY SECURITIES GROUP BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2023 (CONT'D)

3. **NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

3.4 **SHARE CAPITAL**

The movements of the share capital are as follows:

	RM
As at 30 April 2023	3
Pursuant to Acquisition	117,008,736
As per Pro Forma I	117,008,739
Pursuant to Proceeds from Public Issue	39,273,925
As per Pro Forma II	156,282,664
Pursuant to Use of Proceeds from Public Issue	
- Estimated listing expenses set-off against share capital	(1,594,325)
As per Pro Forma III	154,688,339

3.5 **OTHER RESERVES**

The movements of the other reserves are as follows:

	RM
As at 30 April 2023	(14,464)
Pursuant to Acquisition	109,637,800
As per Pro Forma I and II	109,623,336
Pursuant to Use of Proceeds from Public Issue	
- Estimated listing expenses charged to profit or loss	(3,305,675)
- Expenditure on digitalisation programme charged to profit or loss	(1,500,000)
As per Pro Forma III	104,817,661

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Terence Lau Han Wen, Partner
GRANT THORNTON MALAYSIA PLT
CHARTERED ACCOUNTANTS
201906003682 & AF0737

MERCURY SECURITIES GROUP BERHAD
Registration No. 202101018329 (1418629-A)
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT ON THE COMBINED FINANCIAL STATEMENTS

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member Firm of Grant Thornton International Ltd.

GrantThornton

Date: 8 August 2023

The Board of Directors
Mercury Securities Group Berhad
L-7-2, No.2 Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur

Grant Thornton Malaysia PLT
Level 5, Menara BHL
51 Jalan Sultan Ahmad Shah
10050 Penang
Malaysia

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F +604 227 9828

Dear Sirs,

Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Mercury Securities Group Berhad (the "Company" or "MSGB")

Opinion

We have audited the accompanying combined financial statements of the Company and its combining entity, Mercury Securities Sdn. Bhd. and its subsidiaries (collectively known as the "Group"), which comprise the combined statements of financial position as at 31 October 2019, 31 October 2020, 31 October 2021, 31 October 2022 and 30 April 2023, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years/period then ended and notes to the combined financial statements, including a summary of accounting policies, as set out on pages 4 to 81.

The combined financial statements of the Group have been prepared for inclusion in this prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and for no other purposes.

In our opinion, the accompanying combined financial statements give a true and fair view of the combined financial position of the Group as at 31 October 2019, 31 October 2020, 31 October 2021, 31 October 2022 and 30 April 2023 and of their combined financial performance and combined cash flows for the financial years/period then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

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Responsibilities of the Directors for the Combined Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

GRANT THORNTON MALAYSIA PLT FOR IDENTIFICATION PURPOSES ONLY

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Reporting Accountants' Responsibilities for the Audit of the Combined 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 combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Restriction on Distribution and Use

This report is made solely to the Company for inclusion in this prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

Grant Thornton Malaysia PLT
AF 0737
201906003682 (LLP0022494–LCA)
Chartered Accountants

Terence Lau Han Wen
No. 03298/04/2025 J
Chartered Accountant

Penang

GRANT THORNTON MALAYSIA PLT
FOR IDENTIFICATION PURPOSES ONLY

MERCURY SECURITIES GROUP BERHAD
Registration No. 202101018329 (1418629-A)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION

	NOTE	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
		Audited				
ASSETS						
Non-current assets						
Property, plant and equipment	4	11,222,058	11,184,638	11,625,579	6,458,480	6,881,990
Investment properties	5	4,200,000	4,200,000	4,000,000	17,735,000	17,930,000
Right-of-use assets	6	402,010	546,909	887,730	708,321	-
Intangible assets	7	7,891,722	7,891,722	7,891,722	7,891,722	7,891,722
Other investments	8	506,768	492,585	633,854	2,451,477	2,484,526
		24,222,558	24,315,854	25,038,885	35,245,000	35,188,238
Current assets						
Trade and other receivables	9	61,205,793	69,457,687	63,444,849	88,224,558	99,232,139
Deposits and prepayments	10	6,172,037	5,272,345	3,666,950	3,373,426	2,004,734
Other investments	8	627,943	489,845	-	-	-
Cash and cash equivalents	11	52,439,722	46,063,268	44,356,140	47,854,124	41,396,920
		120,445,495	121,283,145	111,467,939	139,452,108	142,633,793
TOTAL ASSETS		144,668,053	145,598,999	136,506,824	174,697,108	177,822,031
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital		3	3	3	-	-
Invested equity		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Reserves	12	109,623,336	104,531,702	97,008,733	96,388,344	119,223,504
Total equity		129,623,339	124,531,705	117,008,736	116,388,344	139,223,504
Non-current liabilities						
Lease liabilities	6	242,130	341,447	587,912	524,817	-
Deferred tax liabilities	13	1,099,020	1,086,880	1,153,600	540,000	182,000
		1,341,150	1,428,327	1,741,512	1,064,817	182,000
Current liabilities						
Trade and other payables	14	13,123,987	18,565,457	15,869,157	54,263,765	36,246,719
Lease liabilities	6	195,782	246,465	340,963	206,425	-
Loans and borrowings	15	-	-	-	-	523,141
Current tax liabilities		383,795	827,045	1,546,456	2,773,757	1,646,667
		13,703,564	19,638,967	17,756,576	57,243,947	38,416,527
Total liabilities		15,044,714	21,067,294	19,498,088	58,308,764	38,598,527
TOTAL EQUITY AND LIABILITIES		144,668,053	145,598,999	136,506,824	174,697,108	177,822,031

GRANT THORNTON MALAYSIA PLT
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MERCURY SECURITIES GROUP BERHAD
Registration No. 202101018329 (1418629-A)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	NOTE	Audited 1.11.2022 to 30.4.2023 RM	Unaudited 1.11.2021 to 30.4.2022 RM	Audited 1.11.2021 to 31.10.2022 RM	Audited 1.11.2020 to 31.10.2021 RM	Audited 1.11.2019 to 31.10.2020 RM	Audited 1.11.2018 to 31.10.2019 RM
Revenue	16	11,439,025	25,778,819	43,381,759	61,007,076	49,762,056	31,524,044
Cost of services		(3,633,630)	(12,282,164)	(19,886,328)	(30,661,247)	(27,704,103)	(17,690,019)
Gross profit		7,805,395	13,496,655	23,495,431	30,345,829	22,057,953	13,834,025
Other income		1,884,484	1,449,262	2,947,333	3,176,009	3,374,624	4,817,470
Trading gains on financial assets at fair value through profit or loss		454,682	1,480,752	3,948,909	2,202,267	5,381,291	1,315,748
Administrative and other operating expenses		(3,249,224)	(3,454,025)	(7,142,911)	(8,200,557)	(7,122,843)	(6,420,000)
Allowance for expected credit losses on trade receivables		-	-	-	(357,570)	-	-
Finance costs	17	(15,646)	(18,163)	(47,424)	(63,417)	(383,925)	(155,832)
Profit before tax	18	6,879,691	12,954,481	23,201,338	27,102,561	23,307,100	13,391,411
Income tax expense	19	(1,802,240)	(3,060,340)	(5,538,701)	(6,842,315)	(6,109,211)	(3,546,538)
Profit for the financial period/year attributable to owners of the Group carried forward		5,077,451	9,894,141	17,662,637	20,260,246	17,197,889	9,844,873

GRANT THORNTON MALAYSIA PLT ★ FOR IDENTIFICATION PURPOSES ONLY

MERCURY SECURITIES GROUP BERHAD
Registration No. 202101018329 (1418629-A)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

	NOTE	Audited 1.11.2022 to 30.4.2023 RM	Unaudited 1.11.2021 to 30.4.2022 RM	Audited 1.11.2021 to 31.10.2022 RM	Audited 1.11.2020 to 31.10.2021 RM	Audited 1.11.2019 to 31.10.2020 RM	Audited 1.11.2018 to 31.10.2019 RM
Profit for the financial period/year attributable to owners of the Group brought forward		5,077,451	9,894,141	17,662,637	20,260,246	17,197,889	9,844,873
Other comprehensive income/(loss), net of income tax							
Items that will not be reclassified subsequently to profit or loss:							
Fair value adjustment on other investments		14,183	(45,407)	(139,668)	172,409	(33,049)	(149,476)
Realisation of fair value reserve upon disposal of other investments		-	-	-	60,230	-	-
Realisation of revaluation surplus upon depreciation		(31,224)	(31,224)	(62,448)	-	-	-
Net surplus on revaluation of buildings		-	-	-	2,487,734	-	-
Transfer of fair value reserve to retained profits		-	-	-	(60,230)	-	-
Transfer of revaluation surplus to retained profits		31,224	31,224	62,448	-	-	-
Total comprehensive income for the financial period/year, net of income tax		5,091,634	9,848,734	17,522,969	22,920,389	17,164,840	9,695,397
Basic earnings per share (sen)	20	25.39	49.47	88.31	101.30	85.99	49.22

MERCURY SECURITIES GROUP BERHAD
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COMBINED STATEMENTS OF CHANGES IN EQUITY

	NOTE	Share Capital RM	Invested Equity RM	|---- Non-distributable ----| Revaluation Reserve RM	Fair Value Reserve RM	Distributable Retained Profits RM	Total Equity RM
Audited							
Balance as at 1.11.2018		-	20,000,000 (i)	-	(32,955)	114,561,062	134,528,107
Profit for the financial year		-	-	-	-	9,844,873	9,844,873
Other comprehensive loss for the financial year, net of income tax		-	-	-	(149,476)	-	(149,476)
Total comprehensive income for the financial year		-	-	-	(149,476)	9,844,873	9,695,397
Transaction with owners:							
Dividends	21	-	-	-	-	(5,000,000)	(5,000,000)
Balance as at 31.10.2019 / 1.11.2019		-	20,000,000 (i)	-	(182,431)	119,405,935	139,223,504
Profit for the financial year		-	-	-	-	17,197,889	17,197,889
Other comprehensive loss for the financial year, net of income tax		-	-	-	(33,049)	-	(33,049)
Total comprehensive income for the financial year		-	-	-	(33,049)	17,197,889	17,164,840
Transaction with owners:							
Dividends	21	-	-	-	-	(40,000,000)	(40,000,000)
Balance as at 31.10.2020 / 1.11.2020		-	20,000,000 (i)	-	(215,480)	96,603,824	116,388,344

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13. ACCOUNTANTS' REPORT (CONT'D)

MERCURY SECURITIES GROUP BERHAD
Registration No. 202101018329 (1418629-A)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	NOTE	Share Capital RM	Invested Equity RM	Non-distributable Revaluation Reserve RM	Non-distributable Fair Value Reserve RM	Distributable Retained Profits RM	Total Equity RM
Balance as at 1.11.2020		-	20,000,000 (i)	-	(215,480)	96,603,824	116,388,344
At date of incorporation		3	-		-	-	3
Profit for the financial year		-	-	-	-	20,260,246	20,260,246
Other comprehensive income/(loss) for the financial year, net of income tax		-	-	2,487,734	232,639	(60,230)	2,660,143
Total comprehensive income for the financial year		-	-	2,487,734	232,639	20,200,016	22,920,389
Transaction with owners:							
Dividends	21	-	-	-	-	(22,300,000)	(22,300,000)
Balance as at 31.10.2021 / 1.11.2021		3	20,000,000 (i)	2,487,734	17,159	94,503,840	117,008,736
Profit for the financial year		-	-	-	-	17,662,637	17,662,637
Other comprehensive income/(loss) for the financial year, net of income tax		-	-	(62,448)	(139,668)	62,448	(139,668)
Total comprehensive income for the financial year		-	-	(62,448)	(139,668)	17,725,085	17,522,969
Transaction with owners:							
Dividends	21	-	-	-	-	(10,000,000)	(10,000,000)
Balance as at 31.10.2022		3	20,000,000 (i)	2,425,286	(122,509)	102,228,925	124,531,705

GRANT THORNTON MALAYSIA PLT ★ FOR IDENTIFICATION PURPOSES ONLY

13. ACCOUNTANTS' REPORT (CONT'D)

MERCURY SECURITIES GROUP BERHAD
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COMBINED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	NOTE	Share Capital RM	Invested Equity RM	|-------- Non-distributable Revaluation Reserve RM	--------| Fair Value Reserve RM	Distributable Retained Profits RM	Total Equity RM
Balance as at 1.11.2022		3	20,000,000 (i)	2,425,286	(122,509)	102,228,925	124,531,705
Profit for the financial period		-	-	-	-	5,077,451	5,077,451
Other comprehensive income/(loss) for the financial period, net of income tax		-	-	(31,224)	14,183	31,224	14,183
Total comprehensive income for the financial period		-	-	(31,224)	14,183	5,108,675	5,091,634
Balance as at 30.4.2023		3	20,000,000 (i)	2,394,062	(108,326)	107,337,600	129,623,339
Unaudited							
Balance as at 1.11.2021		3	20,000,000 (i)	2,487,734	17,159	94,503,840	117,008,736
Profit for the financial period		-	-	-	-	9,894,141	9,894,141
Other comprehensive income/(loss) for the financial period, net of income tax		-	-	(31,224)	(45,407)	31,224	(45,407)
Total comprehensive income for the financial period		-	-	(31,224)	(45,407)	9,925,365	9,848,734
Balance as at 30.4.2022		3	20,000,000 (i)	2,456,510	(28,248)	104,429,205	126,857,470

(i) *This denotes the share capital of Mercury Securities Sdn. Bhd.*

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MERCURY SECURITIES GROUP BERHAD
Registration No. 202101018329 (1418629-A)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS

	Audited	Unaudited	Audited			
	1.11.2022 to 30.4.2023 RM	1.11.2021 to 30.4.2022 RM	1.11.2021 to 31.10.2022 RM	1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	1.11.2018 to 31.10.2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax	6,879,691	12,954,481	23,201,338	27,102,561	23,307,100	13,391,411
Adjustments for:						
Accretion of lease interest	15,646	18,163	47,424	63,417	56,238	-
Allowance for expected credit losses on trade receivables	-	-	-	357,570	-	-
Change in fair value of investment properties	-	-	(200,000)	-	195,000	(170,000)
Depreciation of:						
- property, plant and equipment	309,599	295,082	642,041	536,940	512,334	594,286
- right-of-use assets	144,899	170,410	340,821	320,011	215,966	-
Dividend income	(19,994)	(28,144)	(57,175)	(106,883)	(10,000)	(28,100)
Interest expense	-	-	-	-	327,687	155,832
Interest income	(1,320,056)	(652,368)	(1,299,825)	(1,525,898)	(1,873,301)	(1,876,244)
Gain on disposal of investment properties	-	-	-	-	-	(1,800,000)
Gain on disposal of property, plant and equipment	-	-	(11,799)	-	-	-
Property, plant and equipment written off	85	-	-	4	-	442
Operating profit before working capital changes	6,009,870	12,757,624	22,662,825	26,747,722	22,731,024	10,267,627
Movement in working capital:						
Trade and other receivables	1,442,633	(6,517,819)	(3,771,194)	38,812,977	(20,447,206)	(9,677,656)
Margin receivables	6,809,261	4,750,204	(2,241,644)	(14,390,838)	9,032,309	(14,882,983)
Deposits and prepayments	(899,692)	(1,057,495)	(1,605,395)	(293,524)	(1,368,692)	126,252
Trade and other payables	(5,441,470)	7,913,935	2,696,300	(38,394,608)	18,017,046	7,986,140
Cash generated from/(used in) operations carried forward	7,920,602	17,846,449	17,740,892	12,481,729	27,964,48[illegible]	(6,180,62[illegible])

MERCURY SECURITIES GROUP BERHAD
Registration No. 202101018329 (1418629-A)
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	Audited	Unaudited	Audited			
	1.11.2022 to 30.4.2023 RM	1.11.2021 to 30.4.2022 RM	1.11.2021 to 31.10.2022 RM	1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	1.11.2018 to 31.10.2019 RM
Cash generated from/(used in) operations brought forward	7,920,602	17,846,449	17,740,892	12,481,729	27,964,481	(6,180,620)
Income tax paid	(2,233,350)	(3,105,000)	(6,324,832)	(7,791,616)	(4,624,121)	(2,783,817)
Real property gains tax paid	-	-	-	(450,000)	-	(465,000)
Net cash from/(used in) operating activities	5,687,252	14,741,449	11,416,060	4,240,113	23,340,360	(9,429,437)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	1,320,056	652,368	1,299,825	1,525,898	1,873,301	1,876,244
Dividends received	19,994	28,144	57,175	106,883	10,000	28,100
Addition in other investments carried at fair value through profit or loss	(138,098)	-	(489,845)	-	-	-
Proceeds from disposal of investment properties	-	-	-	13,735,000	-	11,500,000
Proceeds from disposal of other investments carried at fair value through other comprehensive income	-	1,601	1,601	1,990,032	-	-
Proceeds from issuance of shares	-	-	-	3	-	-
Proceeds from disposal of property, plant and equipment	-	-	11,800	-	-	-
Purchase of property, plant and equipment	(347,104)	(41,260)	(201,101)	(2,430,709)	(88,824)	(90,940)
Net cash from investing activities	854,848	640,853	679,455	14,927,107	1,794,477	13,313,404
Balance carried forward	6,542,100	15,382,302	12,095,515	19,167,220	25,134,837	3,883,967

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MERCURY SECURITIES GROUP BERHAD
Registration No. 202101018329 (1418629-A)
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COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	NOTE	Audited 1.11.2022 to 30.4.2023 RM	Unaudited 1.11.2021 to 30.4.2022 RM	Audited 1.11.2021 to 31.10.2022 RM	Audited 1.11.2020 to 31.10.2021 RM	Audited 1.11.2019 to 31.10.2020 RM	Audited 1.11.2018 to 31.10.2019 RM
Balance brought forward		6,542,100	15,382,302	12,095,515	19,167,220	25,134,837	3,883,967
CASH FLOWS FROM FINANCING ACTIVITIES							
Repayment of a term loan	A	-	-	-	-	(523,141)	(1,721,724)
Repayment of lease liabilities	A	(165,646)	(194,193)	(388,387)	(365,204)	(249,283)	-
Interest paid		-	-	-	-	(327,687)	(155,832)
Dividends paid		-	-	(10,000,000)	(22,300,000)	(17,577,522)	(5,000,000)
Net cash used in financing activities		(165,646)	(194,193)	(10,388,387)	(22,665,204)	(18,677,633)	(6,877,556)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		6,376,454	15,188,109	1,707,128	(3,497,984)	6,457,204	(2,993,589)
CASH AND CASH EQUIVALENTS AT BEGINNING		46,063,268	44,356,140	44,356,140	47,854,124	41,396,920	44,390,509
CASH AND CASH EQUIVALENTS AT END		52,439,722	59,544,249	46,063,268	44,356,140	47,854,124	41,396,920

GRANT THORNTON MALAYSIA PLT ★ FOR IDENTIFICATION PURPOSES ONLY

MERCURY SECURITIES GROUP BERHAD
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COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

A. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the combined statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Cash flows RM	Addition of lease liabilities RM	Accretion of lease interest RM	Balance at end RM
Audited					
30.4.2023					
Lease liabilities, representing total liabilities arising from financing activities	587,912	(165,646)	-	15,646	437,912
31.10.2022					
Lease liabilities, representing total liabilities arising from financing activities	928,875	(388,387)	-	47,424	587,912
31.10.2021					
Lease liabilities, representing total liabilities arising from financing activities	731,242	(365,204)	499,420	63,417	928,875
31.10.2020					
Term loan	523,141	(523,141)	-	-	-
Lease liabilities	924,287	(249,283)	-	56,238	731,242
Total liabilities arising from financing activities	1,447,428	(772,424)	-	56,238	731,242
31.10.2019					
Term loan, representing total liabilities arising from financing activities	2,244,865	(1,721,724)	-	-	523,141
Unaudited					
30.4.2022					
Lease liabilities, representing total liabilities arising from financing activities	928,875	(194,193)	-	18,163	7[illegible],84[illegible]

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Introduction

This report has been prepared in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in this prospectus of Mercury Securities Group Berhad (the "Company" or "MSGB") in connection with the listing of and quotation for the entire enlarged issued share capital of MSGB on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (hereinafter defined as "the Listing") via an initial public offering ("IPO").

1.2 Background

MSGB was incorporated on 18 May 2021 under the Companies Act 2016 in Malaysia as a private limited company under the name of Mercury Securities Group Sdn. Bhd. The Company was subsequently converted into a public limited company on 28 February 2022 and assumed its present name. MSGB was incorporated to act as the special purpose vehicle for the purpose of acquiring Mercury Securities Sdn. Bhd. ("Mercury Securities") and its subsidiaries as disclosed in Note 1.5 to the combined financial statements pursuant to the Listing.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur while its principal place of business is located at L-7-2, No.2 Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur.

1.3 Principal activities

The Company is principally an investment holding company. The details of the subsidiaries as at the date of this report are as follows:

Name of company	Country of incorporation	Date of incorporation	Effective equity interest	Principal activities
Mercury Securities	Malaysia	17 January 1984	100%	Stockbroking, corporate finance advisory and other related businesses.
Subsidiaries of Mercury Securities				
Mercsec Nominees (Asing) Sdn. Bhd. ("Mercsec Asing")	Malaysia	20 June 1974	100%	Provision of nominee and custodian services.
Mercsec Nominees (Tempatan) Sdn. Bhd. ("Mercsec Tempatan")	Malaysia	12 March 1976	100%	Provision of nominee and custodian services.

GRANT THORNTON MALAYSIA PLT ★ FOR IDENTIFICATION PURPOSES ONLY

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

1. GENERAL INFORMATION (CONT'D)

1.4 Movement of Share Capital of MSGB

The share capital of MSGB as at 31 July 2023, being the latest practicable date ("LPD") is RM117,008,739 comprising of 735,904,300 ordinary shares. The movements of MSGB's issued share capital since its incorporation are set out below:

Date of transaction	No. of Shares	Consideration/Type of Issue RM	Cumulative share capital RM
18 May 2021	3	RM1/Subscribers' shares	3
24 January 2022	300	Subdivision of every 1 existing share into 100 shares	3
26 June 2023	735,904,000	RM117,008,736 / Otherwise than cash for the acquisition of Mercury Securities	117,008,739

As at LPD, MSGB does not has any outstanding warrant, option, other convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment of new ordinary shares.

Upon completion of the IPO, the issued share capital of MSGB will increase from RM117,008,739 comprising of 735,904,300 ordinary shares to RM156,282,664 comprising of 893,000,000 ordinary shares.

1.5 Internal Restructuring Exercise and Listing Scheme

Internal Restructuring Exercise

For the purposes of the Listing, the Group undertook the following internal restructuring exercise that involved:

(a) **Disposal of Mercury Asset Management Sdn. Bhd. ("MAM")**

MAM was incorporated in Malaysia on 27 January 1996 as a private limited company. MAM was a wholly-owned subsidiary of Mercury Securities and was dormant throughout the financial years ended 31 October 2019, 31 October 2020 and 31 October 2021.

Mercury Securities had on 27 April 2021 entered into a sale and purchase of shares agreement with a third party to dispose 2,050,000 ordinary shares in MAM, representing its entire equity interest in MAM for a total cash consideration of RM1,990,032. The sale consideration of RM1,990,032 was arrived at after taking into consideration the audited net assets of MAM as at 31 October 2020 of RM1,990,032. The disposal of MAM was completed on 28 April 2021.

(b) **Acquisition of Mercury Securities**

In conjunction with the Listing, MSGB entered into a conditional sale and purchase of shares agreement on 22 February 2022 for the acquisition of 20,000,000 ordinary shares in Mercury Securities, representing the entire equity interest of Mercury Securities, for a total purchase consideration of RM117,008,736 to be fully satisfied by the issuance of 735,904,000 new ordinary shares in MSGB at an issue price of RM0.159 per share ("Acquisition"). The conditions precedent period for the conditional sale and purchase of shares agreement was extended to 22 April 2023 via a supplemental letter dated 15 December 2022 and further extended to 22 June 2023 via a second supplemental letter dated 17 April 2023.

The total purchase consideration of RM117,008,736 was arrived at on a "willing-buyer willing-seller" basis after taking into consideration of the audited consolidated net assets of Mercury Securities as at 31 October 2021 of RM117,008,733. The Acquisition was completed on 26 June 2023.

GRANT THORNTON MALAYSIA PLT FOR IDENTIFICATION PURPOSES ONLY

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

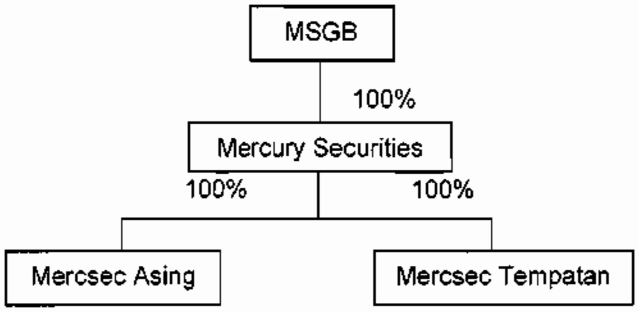
1. GENERAL INFORMATION (CONT'D)

1.5 Internal restructuring exercise and IPO listing scheme (cont'd)

Internal Restructuring Exercise (cont'd)

(b) **Acquisition of Mercury Securities (cont'd)**

Following the completion of the Acquisition, the corporate structure of MSGB will be as follows:



IPO Listing Scheme

(a) **Public Issue**

A total of 157,095,700 new ordinary shares in MSGB ("Issue Shares") representing 17.59% of the enlarged issued share capital of MSGB will be issued at an issue price of RM0.25 per Issue Share to raise gross proceeds of RM39,273,925. The 157,095,700 Issue Shares will be allocated in the following manner:

- 44,650,000 Issue Shares, representing 5.00% of the enlarged issued share capital of MSGB will be made available for application by the Malaysian Public through a balloting process, of which 50.00% is to be set aside for Bumiputera investors;

- 22,325,000 Issue Shares, representing 2.50% of the enlarged issued share capital of MSGB will be made available for application by the eligible Directors, employees of the Group and other persons who have contributed to the success of the Group; and

- 45,470,700 Issue Shares, representing 5.09% of the enlarged issued share capital of MSGB will be made available by way of private placement to selected investors; and

- 44,650,000 Issue Shares, representing 5.00% of the enlarged issued share capital of MSGB will be made available by way of private placement to selected Bumiputera investors approved by the Ministry of Investment, Trade and Industry, Malaysia *(formerly known as Ministry of International Trade and Industry, Malaysia)* ("MITI").

(b) **Offer for Sale**

An existing shareholder of the Company, namely Enrogetz Sdn. Bhd., ("Selling Shareholder") will undertake an offer for sale of 71,512,300 existing ordinary shares in MSGB ("Offer Shares"), representing 8.01% of the enlarged issued share capital of MSGB, at an offer price of RM0.25 per Offer Share, by way of private placement to selected investors and selected Bumiputera investors approved by the MITI as follows:

- 4,537,300 Offer Shares, representing 0.51% of the enlarged issue share capital of MSGB to selected investors; and

- 66,975,000 Offer Shares, representing 7.50% of the enlarged issue share capital to selected Bumiputera investors approved by the MITI.

The Company will not receive any proceeds from the Offer for Sale. The gross proceeds of RM17,878,075 from the Offer for Sale will accrue entirely to the Selling Shareholder.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

1. GENERAL INFORMATION (CONT'D)

1.5 Internal restructuring exercise and IPO listing scheme (cont'd)

IPO Listing Scheme (cont'd)

(c) **Listing**

Subsequent to the above, the Company's entire enlarged issued share capital of RM156,282,664, comprising of 893,000,000 ordinary shares shall be listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad.

2. BASIS OF PREPARATION OF THE COMBINED FINANCIAL STATEMENTS

The combined entities are MSGB and Mercury Securities (collectively the "Group"). The combined financial statements of the Group have been prepared as if the Group has been operating as a single economic entity throughout the financial years ended 31 October 2019, 31 October 2020, 31 October 2021 and 31 October 2022 and financial period ended 30 April 2023, since the combining entities were under common control throughout the financial years/period under review by virtue of common controlling shareholders.

The financial position, financial performance and cash flows of MAM had been carved out from the combined financial statements as MAM had been disposed pursuant to the internal restructuring exercise. The directors are of the view that the carve out effect of MAM is not material to the combined financial statements of the Group for the financial years ended 31 October 2019, 31 October 2020 and 31 October 2021 since MAM was dormant throughout these financial years. MAM had been disposed in the financial year ended 31 October 2021.

2.1 Statement of Compliance

The combined financial statements of the Group for the financial years/period ended 31 October 2019, 31 October 2020, 31 October 2021, 31 October 2022 and 30 April 2023 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), Guidance Note on "Combined financial statements" issued by the Malaysian Institute of Accountants and in compliance with Chapter 10, Part II Division I: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

2.1.1 Changes in accounting policies

During the financial years/period under review, the Group adopted all relevant MFRS standards which are approved by the Malaysian Accounting Standards Board ("MASB") and became effective during the relevant financial years/period under review. The adoption of all these MFRS standards did not result in any change to the accounting policies of the Group other than as follows:

MFRS 16 Leases - effective 1 January 2019

MFRS 16 supersedes *MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives* and *IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

2.1 Statement of Compliance (cont'd)

2.1.1 Changes in accounting policies (cont'd)

MFRS 16 Leases - effective 1 January 2019 (cont'd)

The Group adopted *MFRS 16* using the modified retrospective method of adoption with the date of initial application of 1 November 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 November 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying *MFRS 117* and *IC Interpretation 4* at the date of initial application.

The adoption of *MFRS 16* on 1 November 2019 did not have a material effect to the combined financial statements of the Group save for the leases of certain office lots used for its operations which warrants recognition on the combined statements of financial position as disclosed in Note 6 to the combined financial statements.

The right-of-use assets and lease liabilities as at 1 November 2019 as disclosed in Note 6 to the combined financial statements can be reconciled to the operating lease commitments as of 31 October 2019, as follows:

	GROUP RM
Operating lease commitments as at 31 October 2019	**1,235,140**
Weighted average incremental borrowing rate as at 1 November 2019	**6.72%**
Discounted operating lease commitments as at 1 November 2019, representing right-of-use assets and lease liabilities on even date	**924,287**

Adoption of valuation model in measurement of buildings

During the financial year ended 31 October 2021, the directors adopted the valuation model as permitted by *MFRS 116 Property, Plant and Equipment* to measure the Group's buildings. As these buildings were purchased many years ago, adopting the valuation model provides a more up to date and reliable information to users of the financial statements. The change is reflected prospectively as disclosed in Note 4 to the combined financial statements.

2.2 Basis of Measurement

The combined financial statements of the Group are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out below.

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

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 Group.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

2.2 Basis of Measurement (cont'd)

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 best economic interest.

A fair value measurement of a non-financial assets 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 Group 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 combined 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 the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

The combined financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's and its combining entities' functional currency.

2.4 Standards Issued But Not Yet Effective

The Group has not applied the following standards that have been issued by the MASB but are not yet effective:

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 17 - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
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
Amendments to MFRS 112 Income Taxes: International Tax Reform - Pillar Two Model Rules

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

2.4 **Standards Issued But Not Yet Effective (cont'd)**

Effective for annual periods beginning on or after 1 January 2024
Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101 Presentation of Financial Statements: Non-Current Liabilities with Covenants

Effective date yet to be confirmed
Amendments to MFRS 10 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

The Group will adopt the above accounting pronouncements when they become effective in the respective financial years. Preliminary assessment indicates that these accounting pronouncements are not expected to have any material impacts to the combined financial statements of the Group upon adoption.

2.5 **Significant Accounting Estimates and Judgements**

The preparation of combined financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these 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 and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty and judgements 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 financial year are discussed below:

(i) **Revaluation of property, plant and equipment**

The Group measures its buildings using the revaluation model with changes in fair value being recognised in other comprehensive income. The Group has engaged an independent professional firm of valuers to determine the fair value of its buildings. Revaluation is conducted with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of reporting period. Management estimates that a revaluation exercise once every five years is appropriate in this context.

The carrying amount of the buildings as at the end of reporting period and the relevant revaluation bases and fair value, are disclosed in Note 4 to the combined financial statements.

(ii) **Valuation of investment properties**

The fair values of the Group's investment properties are based on valuation carried out by an independent professional firm of valuers. The valuation was determined based on the comparison method. In estimating the fair values of the investment properties, the highest and best use of the investment properties is considered and this requires judgement. Further disclosures relevant in deriving the fair values of the investment properties are disclosed in Note 5 to the combined financial statements.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

2.5 **Significant Accounting Estimates and Judgements (cont'd)**

(iii) **Impairment of trade and other receivables**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments as well as the relevant rules and guidelines of Bursa Securities.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience as well as current and forward looking factors for assets with similar credit risk characteristics. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade receivables in the period in which such estimate has been changed.

To determine whether there is an objective evidence of impairment for non-trade receivables, the Group will apply the general approach in considering if there has been a significant increase in credit risk (measured using the lifetime probability of default) since initial recognition of the financial asset.

3. **ACCOUNTING POLICIES**

The following accounting policies adopted by the Group are consistently applied throughout the financial years/period under review unless otherwise stated.

3.1 **Basis of Combination**

3.1.1 **Combining entities**

The combined financial statements comprise the financial statements of the Company and its combining entities as at the reporting dates. The financial statements of the Company and its combining entities used in the preparation of the combined financial statements are prepared as of the same reporting dates.

The combining entities are entities, including structured entities, under common control of the shareholders that control the Company and the combining entities ("Controlling Shareholders"), and are accounted for as if the Company and the combining entities are a single economic entity at the beginning of the earlier comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities of the combining entities are recognised at the carrying amounts recognised in respective combining entities' financial statements. The components of equity of the combining entities are added to the same components within the Group's equity and any resulting gain or loss is recognised directly in equity.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

3.1 **Basis of Combination (cont'd)**

3.1.1 **Combining entities (cont'd)**

The Controlling Shareholders control an entity when they are exposed, or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Controlling Shareholders also consider they have *de facto* power over an investee when, despite not having the majority of voting rights, they have the current ability to direct the activities of the investee that significantly affect the investee's return.

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

3.1.2 **Business combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree either at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

3.2 **Property, Plant and Equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment, except for buildings, are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Buildings are measured at fair value less any accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the buildings at the end of the reporting period.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

3.2 **Property, Plant and Equipment (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 buildings are recognised in other comprehensive income and credited to the "revaluation reserve" in equity. To the extent that any revaluation decrease 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 revaluations of buildings 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 other comprehensive income.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	38 to 50 years
Furniture, fittings, office equipment and computers	12%
Motor vehicles	20% - 33%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

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

3.3 **Investment Properties**

Investment properties carried at fair value

Investment properties are properties which are owned 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 and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

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.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

3.3 **Investment Properties (cont'd)**

Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

3.4 **Leases**

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

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities for lease payments made and/or to be made, and right-of-use assets representing the right to use the underlying assets.

(i) **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Premises	40 to 79 months

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(ii) **Lease liabilities**

At the commencement date of the lease, lease liabilities are recognised and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

GRANT THORNTON MALAYSIA PLT
FOR IDENTIFICATION PURPOSES ONLY

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

3.4 **Leases (cont'd)**

As a lessee (cont'd)

(ii) **Lease liabilities**

In calculating the present value of lease payments, the Group uses their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) **Short term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of premises and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the revenue or other income in the combined statements of comprehensive 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 other income in the period in which they are earned.

3.5 **Intangible Assets**

This represents cost of the business license of a local stockbroking company acquired by the Group and is stated at cost less impairment loss, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3.6 **Impairment of Non-Financial Assets**

At the end of each reporting period, the Group reviews the carrying amounts of their tangible assets and intangible assets, except for financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generated units for which a reasonable and consistent allocation basis can be identified.

GRANT THORNTON MALAYSIA PLT FOR IDENTIFICATION PURPOSES ONLY

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

3.6 **Impairment of Non-Financial Assets (cont'd)**

Recoverable amount is the higher of fair value less costs to sell and 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.7 **Financial Instruments**

Financial assets and financial liabilities are recognised on the combined statements of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.7.1 **Financial Assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(a) **Classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) 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.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.1 Financial Assets (cont'd)

(a) Classification of financial assets (cont'd)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

(i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

(ii) 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.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the aforementioned, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

(i) the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

(ii) the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(b) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

3.7 **Financial Instruments (cont'd)**

3.7.1 **Financial Assets (cont'd)**

(c) **Financial assets designated at FVTOCI (equity instrument not held for trading)**

Financial assets at FVTOCI are carried in the combined statements of financial position at fair value with net changes in fair value recognised in the combined statements of comprehensive income.

The Group elected to irrevocably classify certain investments in quoted and unquoted shares not held for trading under this category. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the combined statements of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVTOCI are not subject to impairment assessment.

(d) **Financial assets designated at FVTPL**

Financial assets at FVTPL are carried in the combined statements of financial position at fair value with net changes in fair value recognised in the combined statements of comprehensive income.

This category includes certain investment in quoted shares which the Group had not irrevocably elected to classify at FVOCI. Financial assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions. Dividends are recognised as other income in the combined statements of comprehensive income when the right of payment has been established.

(e) **Impairment of financial assets**

For trade receivables, the expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For non-trade receivables, a loss allowance for lifetime expected credit losses using a general approach is recognised for financial instrument if there has been a significant increase in credit risk (measured using the lifetime probability of default) since initial recognition of the financial asset. If, at the reporting date, the credit risk on financial instrument has not increased significantly since initial recognition, a loss allowance for 12-month expected credit losses is recognised.

(f) **Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.1 Financial Assets (cont'd)

(f) **Significant increase in credit risk (cont'd)**

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

(i) an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

(ii) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

(iii) an actual or expected significant deterioration in the operating results of the debtor;

(iv) significant increases in credit risk on other financial instruments of the same debtor;

(v) an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group have reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revise them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(g) **Definition of default**

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criterion are generally not recoverable when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(i) when there is a breach of financial covenants by the counterparty; or

(ii) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group presumes that default has occurred when a financial asset is more than 30 days past due unless the Group have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.1 Financial Assets (cont'd)

(h) **Credit-impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(i) significant financial difficulty of the issuer or the borrower;

(ii) a breach of contract, such as a default or past due event;

(iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(iv) it is becoming probable that the borrower will enter bankruptcy or liquidation or other financial reorganisation; or

(v) the disappearance of an active market for that financial asset because of financial difficulties.

(i) **Write-off policy**

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made are recognised in the combined statements of comprehensive income.

(j) **Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and reward of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

3.7 **Financial Instruments (cont'd)**

3.7.2 **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

The Group has not designated any financial liabilities at FVTPL.

(a) **Financial liabilities subsequently measured at amortised cost**

The Group's financial liabilities comprise of trade and other payables and borrowings and are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(b) **Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.7.3 **Offsetting arrangements**

Financial assets and financial liabilities are offset and the net amount presented in the combined statements of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available immediately rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

3.8 **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short term commitments. For the purpose of the combined statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

3.9 **Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.10 **Borrowing Costs**

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

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

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.

3.11 **Revenue**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised services to a customer.

The Group recognises revenue when or as it transfers control over a service to customer. An asset is transferred when or as the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) **Brokerage fees**

Brokerage fees are recognised on an accrual basis upon the completion of the trading contract.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.11 **Revenue (cont'd)**

(b) **Placement fees and underwriting fees**

Placement fees and underwriting fees are recognised as income when all conditions precedent are fulfilled.

(c) **Margin income**

Margin income comprises margin interest income, processing fees, commitment fees and rollover fees.

Margin interest income is recognised on an accrual basis except where such a margin account is considered impaired in accordance with Rule 12.04 of the Rules of Bursa Securities, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised upon receipt until all interest in arrears have been paid.

Processing fees are recognised on an accrual basis upon the initial drawdown of the margin facilities accommodated to clients by the Group.

Commitment fees are recognised on an accrual basis based on a time proportion basis using the effective commitment fee rate method where the fee is charged on the unutilised amount of the margin facility limit.

Rollover fees are recognised on an accrual basis. Rollover fees from impaired margin accounts will be suspended until the accounts are reclassified as non-impaired margin accounts.

(d) **Nominee fees**

Revenue from nominee fees is recognised as and when services are rendered.

(e) **Advisory fees**

Advisory fees are recognised over time, based on the various performance obligations stated in the individual contracts.

(f) **Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

Interest income from trading financial instruments is recognised on an accrual basis except where such trading account is considered non-performing in accordance with Rule 12.04 of the Rules of Bursa Securities, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised upon receipt until all arrears have been paid.

(g) **Rental income**

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.11 Revenue (cont'd)

(h) **Dividend income**

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

3.12 Employee Benefits

Short term benefits

Wages, salaries, bonuses, social security contributions ("SOCSO") and employment insurance ("EIS") are recognised as an expense in the year 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

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

3.13 Income Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the 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, providing for temporary differences between the carrying amounts of assets and liabilities in the combined statements of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit nor 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.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the "sale" presumption set out in the amendments to *MFRS 112* is not rebutted.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.13 Income Tax (cont'd)

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 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.

3.14 Foreign Currency Translations

Transactions in foreign currencies are measured in the respective functional currencies of the Group and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation on non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

3.15 Share Capital, Share Issuance Costs and Dividends

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared and approved.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

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

3.16 **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 combined 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.

3.17 **Earnings per share**

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial years, adjusted for own shares held.

3.18 **Operating segments**

Operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision makers, which in this case are the executive directors of the Group, to make decision about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.19 **Related Parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) Has control or joint control over the Group;
(ii) Has significant influence over the Group; or
(iii) Is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group.
(ii) One entity is an associate or joint venture of the other entity.
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
(vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the Group.
(viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

	At valuation	At cost		
	Buildings RM	Furniture, fittings, office equipment and computers RM	Motor vehicles RM	Total RM
Audited				
30.4.2023				
At valuation/cost				
Balance at beginning	10,388,375	10,392,911	2,881,675	23,662,961
Additions	-	249,064	98,040	347,104
Written off	-	(6,560)	-	(6,560)
Balance at end	10,388,375	10,635,415	2,979,715	24,003,505
Accumulated depreciation				
Balance at beginning	270,713	9,829,902	2,377,708	12,478,323
Current charge	103,884	91,836	113,879	309,599
Written off	-	(6,475)	-	(6,475)
Balance at end	374,597	9,915,263	2,491,587	12,781,447
Carrying amount	10,013,778	720,152	488,128	11,222,058
31.10.2022				
At valuation/cost				
Balance at beginning	10,388,375	10,310,938	2,907,547	23,606,860
Additions	-	81,973	119,128	201,101
Disposals	-	-	(145,000)	(145,000)
Balance at end	10,388,375	10,392,911	2,881,675	23,662,961
Accumulated depreciation				
Balance at beginning	-	9,660,644	2,320,637	11,981,281
Current charge	270,713	169,258	202,070	642,041
Disposals	-	-	(144,999)	(144,999)
Balance at end	270,713	9,829,902	2,377,708	12,478,323
Carrying amount	10,117,662	563,009	503,967	11,184,638

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation	At cost		
	Buildings RM	Furniture, fittings, office equipment and computers RM	Motor vehicles RM	Total RM
31.10.2021				
At valuation/cost				
Balance at beginning	6,781,778	10,233,963	2,894,260	19,910,001
Additions	1,888,374	76,975	465,360	2,430,709
Written off	-	-	(452,073)	(452,073)
Revaluation surplus	1,718,223	-	-	1,718,223
Balance at end	10,388,375	10,310,938	2,907,547	23,606,860
Accumulated depreciation				
Balance at beginning	1,419,475	9,425,430	2,606,616	13,451,521
Current charge	135,636	235,214	166,090	536,940
Written off	-	-	(452,069)	(452,069)
Elimination of accumulated depreciation on revaluation	(1,555,111)	-	-	(1,555,111)
Balance at end	-	9,660,644	2,320,637	11,981,281
Carrying amount	10,388,375	650,294	586,910	11,625,579

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At cost			
	Buildings RM	Furniture, fittings, office equipment and computers RM	Motor vehicles RM	Total RM
31.10.2020				
At cost				
Balance at beginning	6,781,778	10,150,739	2,888,660	19,821,177
Additions	-	83,224	5,600	88,824
Balance at end	6,781,778	10,233,963	2,894,260	19,910,001
Accumulated depreciation				
Balance at beginning	1,283,840	9,155,221	2,500,126	12,939,187
Current charge	135,635	270,209	106,490	512,334
Balance at end	1,419,475	9,425,430	2,606,616	13,451,521
Carrying amount	5,362,303	808,533	287,644	6,458,480
31.10.2019				
At cost				
Balance at beginning	6,781,778	10,061,127	2,888,660	19,731,565
Additions	-	90,940	-	90,940
Written off	-	(1,328)	-	(1,328)
Balance at end	6,781,778	10,150,739	2,888,660	19,821,177
Accumulated depreciation				
Balance at beginning	1,148,205	8,870,265	2,327,317	12,345,787
Current charge	135,635	285,842	172,809	594,286
Written off	-	(886)	-	(886)
Balance at end	1,283,840	9,155,221	2,500,126	12,939,187
Carrying amount	5,497,938	995,518	388,534	6,881,990

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(i) Certain buildings of the Group have been charged as securities for banking facilities granted to the Group (Note 15) as disclosed as follows:-

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Net carrying amount:					
Buildings	-	-	-	4,873,301	4,966,937

(ii) The fair value of buildings of the Group were revalued to fair value based on the valuations performed by independent professional valuers using the market comparison approach on 31 October 2021. Had the buildings been carried under the cost model, the total carrying amount would have been RM6,854,935, RM6,941,637 and RM7,115,041 as at 30 April 2023, 31 October 2022 and 31 October 2021 respectively.

The fair value measurement of the buildings which were derived from the valuation carried out on 31 October 2021 were categorised under Level 3 of the fair value hierarchy.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer.

Level 3 fair value

Level 3 fair values of buildings have been generally derived using the market comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

5. **INVESTMENT PROPERTIES**

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
At fair value:					
Balance at beginning	4,200,000	4,000,000	17,735,000	17,930,000	27,460,000
Changes in fair value recognised in profit or loss (Note 18)	-	200,000	-	(195,000)	170,000
Disposal	-	-	(13,735,000)	-	(9,700,000)
Balance at end	4,200,000	4,200,000	4,000,000	17,735,000	17,930,000

On 28 April 2021, the Group entered into sale and purchase agreements for the disposal of five non-income generating investment properties for a total consideration of RM13,735,000 to a company which a director of the Group has substantial financial interest.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTIES (CONT'D)

(i) The investment properties are represented by:

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Freehold land	-	-	-	11,350,000	11,650,000
Leasehold land with unexpired lease period of more than 50 years	3,100,000	3,100,000	3,000,000	3,000,000	3,000,000
Buildings	1,100,000	1,100,000	1,000,000	3,385,000	3,280,000
	4,200,000	4,200,000	4,000,000	17,735,000	17,930,000

Included under investment properties is the following:

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Property where strata title has not been transferred to the Group	-	-	-	255,000	250,000
Properties held in trust by a company in which a director has substantial financial interest	-	-	-	10,450,000	10,440,000

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTIES (CONT'D)

(ii) **Group as lessor**

The Group has entered into operating leases for certain investment properties. These leases have terms of between one to two years.

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

	Audited	Unaudited	I---------- Audited			----------I
	1.11.2022 to 30.4.2023 RM	1.11.2021 to 30.4.2022 RM	1.11.2021 to 31.10.2022 RM	1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	1.11.2018 to 31.10.2019 RM
Rental income	75,600	68,300	137,900	129,950	101,120	112,800
Direct operating expenses:						
Income generating investment properties	5,696	5,631	11,262	12,238	12,478	19,462
Non-income generating investment properties	-	-	-	41,284	33,279	34,218

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Audited	Unaudited	I---------- Audited			----------I
	1.11.2022 to 30.4.2023 RM	1.11.2021 to 30.4.2022 RM	1.11.2021 to 31.10.2022 RM	1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	1.11.2018 to 31.10.2019 RM
Within one year	139,500	98,100	113,700	118,400	97,200	101,120
More than one year but less than five years	135,200	57,200	179,600	10,500	47,112	144,312
	274,700	155,300	293,300	128,900	144,312	245,432

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTIES (CONT'D)

(iii) **Fair value information**

The fair value of investment properties of the Group as at the end of the reporting period is arrived at the basis of a desktop valuation carried out by an independent firm of professional valuers. The desktop valuation involves updating assumptions used in the previous full valuation carried out on 13 December 2018.

Detail of the Group's investment properties and information about their categorisation in the fair value hierarchy are as follows:

	Fair Value			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.4.2023				
Land	-	-	3,100,000	3,100,000
Buildings	-	-	1,100,000	1,100,000
	-	-	4,200,000	4,200,000
31.10.2022				
Land	-	-	3,100,000	3,100,000
Buildings	-	-	1,100,000	1,100,000
	-	-	4,200,000	4,200,000
31.10.2021				
Land	-	-	3,000,000	3,000,000
Buildings	-	-	1,000,000	1,000,000
	-	-	4,000,000	4,000,000
31.10.2020				
Land	-	-	14,350,000	14,350,000
Buildings	-	-	3,385,000	3,385,000
	-	-	17,735,000	17,735,000
31.10.2019				
Land	-	-	14,650,000	14,650,000
Buildings	-	-	3,280,000	3,280,000
	-	-	17,930,000	17,930,000

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTIES (CONT'D)

(iii) **Fair value information (cont'd)**

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 3 fair value

Level 3 fair values of land and buildings have been generally derived using the comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) **Group as a lessee**

The Group has lease contracts for premises used in its operations. At the commencement of the lease, the Group has assessed that it is reasonably certain to exercise the extension option and included the extension option period as part of the lease term for the leases of premises in view that alternative premise is not readily available.

In the financial year ended 31 October 2019, payments on operating lease are charged to profit or loss.

The Group also has certain leases of premises with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year/period:

	Audited			
	30.4.2023 RM	**31.10.2022 RM**	**31.10.2021 RM**	**31.10.2020 RM**
Balance at beginning	546,909	887,730	708,321	924,287
Addition	-	-	499,420	-
Depreciation	(144,899)	(340,821)	(320,011)	(215,966)
Balance at end	402,010	546,909	887,730	708,321

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

6. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)**

(i) **Group as a lessee (cont'd)**

Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year/period:

	Audited			
	30.4.2023 RM	**31.10.2022 RM**	**31.10.2021 RM**	**31.10.2020 RM**
Balance at beginning	587,912	928,875	731,242	924,287
Addition	-	-	499,420	-
Accretion of interest	15,646	47,424	63,417	56,238
Payments	(165,646)	(388,387)	(365,204)	(249,283)
Balance at end	437,912	587,912	928,875	731,242
Analysed as:				
Current	195,782	246,465	340,963	206,425
Non-current	242,130	341,447	587,912	524,817
	437,912	587,912	928,875	731,242

(ii) The maturity analysis of lease liabilities is disclosed in Note 24.2.2 to the combined financial statements.

(iii) The following are the amounts recognised in profit or loss:

	Audited	**Unaudited**	Audited		
	1.11.2022 to 30.4.2023 RM	**1.11.2021 to 30.4.2022 RM**	**1.11.2021 to 31.10.2022 RM**	**1.11.2020 to 31.10.2021 RM**	**1.11.2019 to 31.10.2020 RM**
Depreciation expense of right-of-use assets	144,899	170,410	340,821	320,011	215,966
Interest expense on lease liabilities	15,646	18,163	47,424	63,417	56,238
Expense relating to short-term leases	252,145	120,680	405,481	377,429	461,244
Expense relating to lease of low value assets	3,000	3,000	6,000	6,000	6,000
Total amount recognised in profit or loss	415,690	312,253	799,726	766,857	739,448

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(iv) The following are the total cash outflows for leases during the financial year/period:

	Audited 1.11.2022 to 30.4.2023 RM	Unaudited 1.11.2021 to 30.4.2022 RM	Audited 1.11.2021 to 31.10.2022 RM	Audited 1.11.2020 to 31.10.2021 RM	Audited 1.11.2019 to 31.10.2020 RM
Total cash outflows for leases	420,791	317,873	799,868	748,633	716,527

7. INTANGIBLE ASSETS

	Audited 30.4.2023 RM	Audited 31.10.2022 RM	Audited 31.10.2021 RM	Audited 31.10.2020 RM	Audited 31.10.2019 RM
Balance at beginning/ end	7,891,722	7,891,722	7,891,722	7,891,722	7,891,722

The amount represents the cost of a business license and the stockbroking business of a local stockbroking company acquired by the Group, which is deemed to have an indefinite useful life. The recoverable amount of the intangible assets has been assessed using the value-in-use method, by discounting the estimated cash flows from their Cash Generating Units ("CGU"). Impairment is recognised in profit or loss when the carrying amount of the CGUs exceeds their recoverable amounts.

The value-in-use calculation uses cash flow projections from its various branches, based on financial budgets approved by the directors covering a five-year period and a discount rate as disclosed below:

	Audited 30.4.2023 RM	Audited 31.10.2022 RM	Audited 31.10.2021 RM	Audited 31.10.2020 RM	Audited 31.10.2019 RM
Discount rate per annum (%)	7.34	7.57	9.03	6.45	6.72

A terminal value is assigned at the end of the 5-year cash flow projections with no growth rate factored. As a result of the analysis, there was sufficient headroom and the directors did not identify any impairment for this CGU.

The calculation of value-in-use for the intangible asset is most sensitive to the following key assumptions:

i. Profit before tax
ii. Discount rates (pre-tax)
iii. Growth rates

The directors believe that any reasonably possible change in the key assumption on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of this CGU.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

8. OTHER INVESTMENTS

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Non-current assets					
Fair value through other comprehensive income:					
Quoted shares in Malaysia	384,060	386,789	458,178	386,330	378,429
Quoted shares outside Malaysia	122,708	105,796	175,676	75,376	115,116
Unquoted shares in Malaysia *	-	-	-	1,989,771	1,990,981
Total non-current assets	506,768	492,585	633,854	2,451,477	2,484,526
Current assets					
Fair value through profit or loss:					
Quoted shares in Malaysia	627,943	489,845	-	-	-

* Investment in unquoted shares represents investment in MAM recognised at fair value.

The financial position, financial performance and cash flows of MAM had been carved out from the combined financial statements of the Group as MAM had been disposed pursuant to the internal restructuring exercise. The directors are of the view that the carve out effect of MAM is not material to the combined financial statements of the Group for the financial years ended 31 October 2019, 31 October 2020 and 31 October 2021 since MAM was dormant throughout these financial years.

	Effective equity interest				
Name of subsidiary	**30.4.2023**	**31.10.2022**	**31.10.2021**	**31.10.2020**	**31.10.2019**
MAM	-	-	-	100%	100%

The disposal of the entire equity interest in MAM by the Group was completed on 28 April 2021.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

9. TRADE AND OTHER RECEIVABLES

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Trade:					
Trade receivables	1,338,925	1,944,040	1,297,027	1,697,242	2,446,250
Amount due from clients (including margin accounts)	59,090,669	65,944,616	60,259,394	85,398,402	76,492,927
Amount due from brokers	123,757	868,041	1,117,844	-	-
	60,553,351	68,756,697	62,674,265	87,095,644	78,939,177
Non-trade:					
Amount due from directors	-	-	-	-	624,309
Amount due from MAM, a former subsidiary	-	-	-	1,578	1,578
Amount due from companies in which a director has substantial financial interest	-	-	-	-	10,896,017
Other receivables	652,442	700,990	770,584	1,127,336	8,771,058
	652,442	700,990	770,584	1,128,914	20,292,962
	61,205,793	69,457,687	63,444,849	88,224,558	99,232,139

(i) Trade receivables

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Gross amount	1,696,495	2,301,610	1,654,597	1,697,242	2,446,250
Less: Expected credit losses ("ECL") allowance	(357,570)	(357,570)	(357,570)	-	-
	1,338,925	1,944,040	1,297,027	1,697,242	2,446,250

The trade receivables are solely from corporate finance segment and the normal credit term granted is 14 days. Other credit terms are assessed and approved on a case-by-case basis.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

9. **TRADE AND OTHER RECEIVABLES (CONT'D)**

(ii) Amount due from clients (including margin accounts) and brokers

	Audited				
	30.4.2023 RM	**31.10.2022 RM**	**31.10.2021 RM**	**31.10.2020 RM**	**31.10.2019 RM**
Amount due from clients (including margin accounts)	71,183,682	78,026,120	72,202,865	97,079,817	88,029,623
Less: ECL allowance	(9,095,753)	(9,095,753)	(9,095,753)	(9,095,753)	(9,095,753)
	62,087,929	68,930,367	63,107,112	87,984,064	78,933,870
Less: Provision for interest in-suspense	(2,997,260)	(2,985,751)	(2,847,718)	(2,585,662)	(2,440,943)
	59,090,669	65,944,616	60,259,394	85,398,402	76,492,927
Amount due from brokers	123,757	868,041	1,117,844	-	-

The amount due from clients comprises outstanding amount receivables from clients on contra losses incurred, overdue and/or outstanding purchase contracts and margin accounts, while the amount due from brokers represents the excess amount of sales less purchases of securities transacted by clients on each market day.

The normal credit term for the amount due from non-margin clients and brokers is disclosed as below in accordance with the Fixed Delivery Settlement System rules of Bursa Malaysia Clearing Sdn. Bhd.

	Audited				
	30.4.2023	**31.10.2022**	**31.10.2021**	**31.10.2020**	**31.10.2019**
Credit term - Transaction day plus number of market days (T+ n days)	T + 2 days	T + 2 days	T + 2 days	T + 2 days	T + 2 days

The amount due from clients also include contra loss incurred by clients. The Group charges contra interest at a flat rate of 10% per annum on outstanding contra loss amount due from non-margin clients which have been outstanding 5 market days after the transaction date (T+5 days). Such contra interest when charged will not be recognised immediately in profit or loss. Instead, it is deferred under an interest-in-suspense account until settlement by the non-margin clients in accordance with the Rule 12.04 of the Rules of Bursa Securities.

However, non-margin clients may opt for discretionary financing which is permitted under the Rules of Bursa Securities from the initial settlement period of T+2 days to an extended settlement period of up to T+7 days at a discretionary fee and interest at a rate mutually agreed.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

9. **TRADE AND OTHER RECEIVABLES (CONT'D)**

(iii) The analysis of amount due from clients is as follows:

	Audited				
	30.4.2023 RM	**31.10.2022 RM**	**31.10.2021 RM**	**31.10.2020 RM**	**31.10.2019 RM**
Margin accounts	43,922,102	50,731,363	48,489,719	34,098,881	43,131,190
Non-margin accounts	15,168,567	15,213,253	11,769,675	51,299,521	33,361,737
	59,090,669	65,944,616	60,259,394	85,398,402	76,492,927

(iv) Movement of provision for interest-in-suspense

	Audited				
	30.4.2023 RM	**31.10.2022 RM**	**31.10.2021 RM**	**31.10.2020 RM**	**31.10.2019 RM**
Balance at beginning	2,985,751	2,847,718	2,585,662	2,440,943	2,371,971
Interest income recognised	(288,368)	(263,532)	(255,316)	(311,697)	(244,097)
Interest suspended	299,877	401,565	517,372	456,416	313,069
Balance at end	2,997,260	2,985,751	2,847,718	2,585,662	2,440,943

(v) ECL allowance

The movement of ECL allowance as follows:

	Audited				
	30.4.2023 RM	**31.10.2022 RM**	**31.10.2021 RM**	**31.10.2020 RM**	**31.10.2019 RM**
Balance at beginning	9,453,323	9,453,323	9,095,753	9,095,753	9,095,753
Current year	-	-	357,570	-	-
Balance at end	9,453,323	9,453,323	9,453,323	9,095,753	9,095,753

The ECL allowance can be further analysed as follows:

	Audited				
	30.4.2023 RM	**31.10.2022 RM**	**31.10.2021 RM**	**31.10.2020 RM**	**31.10.2019 RM**
Amount due from clients (including margin accounts)	9,095,753	9,095,753	9,095,753	9,095,753	9,095,753
Trade receivables	357,570	357,570	357,570	-	-
	9,453,323	9,453,323	9,453,323	9,095,753	9,095,753

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

9. **TRADE AND OTHER RECEIVABLES (CONT'D)**

(vi) Collateral and other credit enhancements

The Group holds the following quoted securities held as collateral for margin accounts as disclosed in Note 9 (iii) to the combined financial statements as at the end of the reporting period and are permitted to sell the collateral in the event of default by the margin clients according to the terms of the margin agreements:

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Mark-to-market value of quoted securities	245,285,528	254,233,917	387,606,920	195,726,452	183,457,358

(vii) Amount due from directors, MAM, a former subsidiary, and companies in which a director has substantial financial interest

The non-trade amount due from MAM, a former subsidiary, and directors are unsecured, non-interest bearing and classified based on the expected timing of settlement.

The amount due from companies in which a director has substantial financial interest is unsecured and classified based on the expected timing of settlement. Interest on certain balances is charged as follows:

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Interest bearing at 4.85% per annum	-	-	-	-	2,521,224
Non-interest bearing	-	-	-	-	8,374,793
	-	-	-	-	10,896,017

(viii) Other receivables

Other receivables arose mainly from unsecured advances to clients which are non-interest bearing and repayable on demand.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

10. DEPOSITS AND PREPAYMENTS

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Deposits	3,047,663	3,017,162	2,980,111	3,014,622	1,713,004
Prepayments	3,124,374	2,255,183	686,839	358,804	291,730
	6,172,037	5,272,345	3,666,950	3,373,426	2,004,734

Included in deposits is equity margin deposit placed with Bursa Malaysia Clearing Sdn. Bhd. which earns effective interest rates as disclosed below:

	Audited				
	30.4.2023	31.10.2022	31.10.2021	31.10.2020	31.10.2019
Equity margin deposit (RM)	2,821,966	2,792,335	2,755,354	2,074,931	778,085
Effective interest rates per annum (%)	2.74	2.37	1.62	1.31	2.61

11. CASH AND CASH EQUIVALENTS

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Cash and bank balances	12,988,430	9,131,639	27,155,159	21,178,105	28,576,567
Short-term deposits with licensed banks	36,066,678	33,550,238	13,824,128	23,310,153	9,454,487
Fixed deposits with licensed banks	3,384,614	3,381,391	3,376,853	3,365,866	3,365,866
	52,439,722	46,063,268	44,356,140	47,854,124	41,396,920

(i) Clients' trust monies

The Group maintains trust accounts for their clients pursuant to Section 111 of the Capital Markets and Services Act 2007. Such clients' trust monies held in fiduciary capacity which are not recognised as assets and liabilities of the Group.

The short-term deposits with licensed banks and cash and bank balances of the Group have been presented net of the Group's clients' trust monies held in trust accounts as disclosed below in accordance with Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18 'Money Held in Trust by Participating Organisation of Bursa Securities.

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Clients' trust monies	42,574,412	35,279,042	48,576,972	55,827,056	27,687,411

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

11. CASH AND CASH EQUIVALENTS (CONT'D)

(ii) The effective interest rates per annum and maturity of the fixed deposits with licensed banks of the Group as disclosed below:

	Audited				
	30.4.2023	31.10.2022	31.10.2021	31.10.2020	31.10.2019
Effective interest rates per annum (%)	2.30 to 2.50	2.05 to 2.25	1.30 to 1.50	1.50 to 1.75	2.75 to 2.95
Maturity (days)	21 to 23	21 to 23	21 to 23	21 to 23	21 to 23

The short-term deposits with licensed banks represents investment in money market financial instruments under repurchase agreement ("Repo") with licensed banks and earns effective interest rate as disclosed below:

	Audited				
	30.4.2023	31.10.2022	31.10.2021	31.10.2020	31.10.2019
Effective interest rates per annum (%)	2.00 to 2.90	2.00 to 2.30	1.30 to 1.60	1.35 to 1.40	2.70

(iii) The currency profile of cash and cash equivalents is as follows:

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Denominated in:					
Ringgit Malaysia	48,783,656	43,782,477	41,746,365	40,310,787	32,289,866
United States Dollar	2,622,849	1,245,764	1,583,799	6,471,575	6,894,926
Pounds Sterling	1,025,717	1,027,527	1,018,476	1,064,262	2,204,625
Others	7,500	7,500	7,500	7,500	7,503
	52,439,722	46,063,268	44,356,140	47,854,124	41,396,920

12. RESERVES

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Distributable:					
Retained earnings	107,337,600	102,228,925	94,503,840	96,603,824	119,405,935
Non-distributable:					
Fair value reserve	(108,326)	(122,509)	17,159	(215,480)	(182,431)
Revaluation reserve	2,394,062	2,425,286	2,487,734	-	-
	109,623,336	104,531,702	97,008,733	96,388,344	119,223,504

(i) **Retained earnings**

The franking of dividends of the Group is under the single tier system and therefore there is no restriction on the Group to distribute dividends subject to the availability of retained earnings.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

12. **RESERVES (CONT'D)**

(ii) **Fair value reserve**

The fair value reserve comprises of the cumulative net change in the fair value of FVTOCI until the financial assets are derecognised or impaired.

(iii) **Revaluation reserve**

This is in respect of revaluation surplus net of deferred tax arising from the revaluation of the Group's buildings and is non-distributable.

13. **DEFERRED TAX LIABILITIES**

	Audited				
	30.4.2023 RM	**31.10.2022 RM**	**31.10.2021 RM**	**31.10.2020 RM**	**31.10.2019 RM**
Balance at beginning	1,086,880	1,153,600	540,000	182,000	198,000
Recognised in profit or loss	12,140	(9,720)	(176,732)	(34,000)	7,157
Recognised in other comprehensive income	-	-	785,600	-	-
	1,099,020	1,143,880	1,148,868	148,000	205,157
(Over)/Under provision in prior year	-	(57,000)	4,732	392,000	(23,157)
Balance at end	1,099,020	1,086,880	1,153,600	540,000	182,000

The deferred tax liabilities as at the end of the reporting period are made up of the temporary differences arising from:

	Audited				
	30.4.2023 RM	**31.10.2022 RM**	**31.10.2021 RM**	**31.10.2020 RM**	**31.10.2019 RM**
Investment properties	274,000	274,000	254,000	523,000	81,000
Property, plant and equipment	93,000	47,000	114,000	140,000	101,000
Provisions	(24,000)	-	-	(123,000)	-
Revaluation reserve	756,020	765,880	785,600	-	-
	1,099,020	1,086,880	1,153,600	540,000	182,000

GRANT THORNTON MALAYSIA PLT FOR IDENTIFICATION PURPOSES ONLY

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

14. TRADE AND OTHER PAYABLES

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Trade:					
Amount due to brokers	-	-	-	24,374,252	5,059,623
Amount due to clients	2,833,481	2,868,369	3,878,197	14,823,624	15,669,046
	2,833,481	2,868,369	3,878,197	39,197,876	20,728,669
Non-trade:					
Amount due to remisiers	6,686,777	6,461,078	6,544,074	6,669,970	5,798,647
Amount owing to a director	-	-	-	-	417,031
Amount owing to companies in which a director has substantial financial interest	-	-	-	-	1,135,684
Amount owing to MAM, a former subsidiary	-	-	-	1,574,824	1,576,534
Other payables	1,495,775	1,911,314	2,182,711	2,594,918	4,376,670
Accrued expenses	2,107,954	7,324,696	3,264,175	4,226,177	2,213,484
	10,290,506	15,697,088	11,990,960	15,065,889	15,518,050
	13,123,987	18,565,457	15,869,157	54,263,765	36,246,719

(i) **Amount due to brokers and clients**

The amount due to brokers represents the excess amount of purchases less sales of securities transacted by clients on each market day, while the amount due to clients comprises outstanding sales contracts and contra gains.

Amount due to brokers and clients are non-interest bearing and the normal credit term for settlement of the amount due in accordance with the Fixed Delivery Settlement System rules of Bursa Malaysia Clearing Sdn. Bhd. is disclosed as below:

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Credit term - Transaction day plus number of market days (T+ n days)	T + 2 days	T + 2 days	T + 2 days	T + 2 days	T + 2 days

The amount due to clients of the Group has been presented net of the Group's clients' trust monies held in trust accounts in accordance with Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18 'Money Held in Trust by Participating Organisation of Bursa Securities.

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	31.10.2020 RM	31.10.2019 RM
Clients' trust monies	42,574,412	35,279,042	48,576,972	55,827,058	27,687,413

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

14. **TRADE AND OTHER PAYABLES (CONT'D)**

(ii) **Amount due to remisiers**

The amount due to remisiers are mainly cash deposit placed by remisiers as collateral for their clients' trading limit, the rest being current commission payable but not due.

(iii) **Amounts owing to a director, companies in which a director has substantial financial interest and MAM, a former subsidiary**

The non-trade amount owing to a director is unsecured, non-interest bearing and repayable on demand.

The non-trade amount owing to companies in which a director has substantial financial interest is unsecured and repayable on demand.

The amount owing to MAM, a former subsidiary is unsecured, bears a fixed interest rate at 10% per annum and repayable on demand.

(iv) The currency profile of trade and other payables is as follows:

	Audited				
	30.4.2023 RM	**31.10.2022 RM**	**31.10.2021 RM**	**31.10.2020 RM**	**31.10.2019 RM**
Denominated in:					
Ringgit Malaysia	13,123,987	18,565,457	15,869,157	54,263,765	33,994,282
United States Dollar	-	-	-	-	1,143,629
Pounds Sterling	-	-	-	-	1,108,808
	13,123,987	18,565,457	15,869,157	54,263,765	36,246,719

15. **LOANS AND BORROWINGS**

	Audited				
	30.4.2023 RM	**31.10.2022 RM**	**31.10.2021 RM**	**31.10.2020 RM**	**31.10.2019 RM**
Current liabilities					
Secured:					
Term loan	-	-	-	-	523,141

Security

The term loan is secured by the following:

a. legal charges over certain properties of the Group as disclosed in Note 4 to the combined financial statements;
b. third party legal charge over a property of a company in which a director of Mercury Securities has substantial financial interest;
c. guarantees by a director of Mercury Securities; and
d. corporate guarantee by a company in which a director of Mercury Securities has a substantial financial interest.

In 2019, the effective interest rate of the term loan was 6.72% per annum.

GRANT THORNTON MALAYSIA PLT FOR IDENTIFICATION PURPOSES ONLY

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

16. REVENUE

	Audited 1.11.2022 to 30.4.2023 RM	Unaudited 1.11.2021 to 30.4.2022 RM	Audited 1.11.2021 to 31.10.2022 RM	Audited 1.11.2020 to 31.10.2021 RM	Audited 1.11.2019 to 31.10.2020 RM	Audited 1.11.2018 to 31.10.2019 RM
Revenue from contracts with customers - at a point in time						
Brokerage fees	5,356,926	7,933,175	13,277,856	27,070,484	27,157,119	14,566,440
Margin income	3,512,527	4,251,761	9,084,425	7,372,606	4,980,615	3,604,017
Nominee fees	6,381	7,811	23,979	12,217	16,218	26,797
Underwriting fees	-	505,575	1,011,653	-	638,437	532,352
Placement fees	215,191	5,617,202	6,853,317	5,883,792	1,800,321	815,661
	9,091,025	18,315,524	30,251,230	40,339,099	34,592,710	19,545,267
Revenue from contracts with customers - over time						
Advisory fees	2,348,000	7,463,295	13,130,529	20,667,977	15,169,346	11,978,777
Total revenue from contracts with customers	11,439,025	25,778,819	43,381,759	61,007,076	49,762,056	31,524,044

17. FINANCE COSTS

	Audited 1.11.2022 to 30.4.2023 RM	Unaudited 1.11.2021 to 30.4.2022 RM	Audited 1.11.2021 to 31.10.2022 RM	Audited 1.11.2020 to 31.10.2021 RM	Audited 1.11.2019 to 31.10.2020 RM	Audited 1.11.2018 to 31.10.2019 RM
Interest expense on:						
- accretion of lease interest	15,646	18,163	47,424	63,417	56,238	-
- bank overdraft interest	-	-	-	-	170,889	-
- Interest charged by MAM	-	-	-	-	156,798	155,832
	15,646	18,163	47,424	63,417	383,925	155,832

GRANT THORNTON MALAYSIA PLT ★ FOR IDENTIFICATION PURPOSES ONLY

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

18. PROFIT BEFORE TAX

Profit before tax is arrived at:

	Audited	Unaudited	Audited			
	1.11.2022 to 30.4.2023 RM	1.11.2021 to 30.4.2022 RM	1.11.2021 to 31.10.2022 RM	1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	1.11.2018 to 31.10.2019 RM
After charging:						
Commission paid/payable to:						
- remisiers	1,749,577	1,951,473	3,711,238	7,105,250	7,210,894	3,327,454
- dealers	118,602	88,032	174,774	943,316	912,859	372,143
Loss on change in fair value of investment properties	-	-	-	-	195,000	-
Depreciation of:						
- property, plant and equipment	309,599	295,082	642,041	536,940	512,334	594,286
- right-of-use assets	144,899	170,410	340,821	320,011	215,966	-
Bank service charges	-	-	-	5,502,802	6,041,992	4,327,992
Loss on disposal of other investments	-	-	-	-	-	6,677
Property, plant and equipment written off	85	-	-	4	-	442
* Staff costs	2,836,063	10,988,368	17,944,383	21,562,411	15,852,243	11,040,753
And crediting:						
Gain on changes in fair value of investment properties	-	-	200,000	-	-	170,000
Gain on disposal of investment properties	-	-	-	-	-	1,800,000
Gain on disposal of property, plant and equipment	-	-	11,799	-	-	-
Gross dividend income from other investments carried at FVTOCI:						
- quoted shares in Malaysia	19,994	28,144	56,731	106,380	9,238	27,813
- quoted shares outside Malaysia	-	-	444	503	762	287

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

18. **PROFIT BEFORE TAX (CONT'D)**

	Audited 1.11.2022 to 30.4.2023 RM	Unaudited 1.11.2021 to 30.4.2022 RM	Audited 1.11.2021 to 31.10.2022 RM	Audited 1.11.2020 to 31.10.2021 RM	Audited 1.11.2019 to 31.10.2020 RM	Audited 1.11.2018 to 31.10.2019 RM
Insurance claim	-	-	-	107,075	-	-
Interest income	1,320,056	652,368	1,299,825	1,525,898	1,137,871	1,753,740
Interest income from related parties	-	-	-	-	735,430	122,504
Realised gain on foreign exchange	206,382	237,925	490,250	399,009	239,988	182,719

*** Staff costs**

	Audited 1.11.2022 to 30.4.2023 RM	Unaudited 1.11.2021 to 30.4.2022 RM	Audited 1.11.2021 to 31.10.2022 RM	Audited 1.11.2020 to 31.10.2021 RM	Audited 1.11.2019 to 31.10.2020 RM	Audited 1.11.2018 to 31.10.2019 RM
Salaries, allowance, bonus and other emoluments	2,419,742	10,157,284	15,501,110	18,513,014	13,566,554	9,489,540
Contribution to EPF	361,579	721,769	2,269,975	2,629,786	1,872,354	1,255,296
SOCSO	28,608	33,016	70,267	66,786	61,109	59,060
EIS	3,334	3,499	7,431	7,225	6,626	6,457
Fees	22,800	72,800	95,600	345,600	345,600	230,400
	2,836,063	10,988,368	17,944,383	21,562,411	15,852,243	11,040,753

Included in the staff costs of the Group is directors' remuneration as follows:

	Audited 1.11.2022 to 30.4.2023 RM	Unaudited 1.11.2021 to 30.4.2022 RM	Audited 1.11.2021 to 31.10.2022 RM	Audited 1.11.2020 to 31.10.2021 RM	Audited 1.11.2019 to 31.10.2020 RM	Audited 1.11.2018 to 31.10.2019 RM
Fees	22,800	72,800	95,600	345,600	345,600	230,400
Contribution to EPF	7,077	4,970	11,940	1,728	1,728	2,372
Other emoluments	177,413	124,562	299,247	48,728	53,941	49,393
Other short-term employee benefits (including estimated monetary value and benefits-in-kind)	7,750	7,750	15,500	17,800	17,800	17,800
	215,040	210,082	422,287	413,856	419,069	299,965

GRANT THORNTON MALAYSIA PLT FOR IDENTIFICATION PURPOSES ONLY

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

19. INCOME TAX EXPENSE

	Audited	Unaudited	Audited			
	1.11.2022 to 30.4.2023 RM	1.11.2021 to 30.4.2022 RM	1.11.2021 to 31.10.2022 RM	1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	1.11.2018 to 31.10.2019 RM
Current tax expense:						
Current year	(1,696,243)	(3,114,200)	(5,625,100)	(6,550,274)	(5,803,500)	(2,991,200)
Prior years	(93,857)	-	19,679	(14,041)	52,289	(106,338)
	(1,790,100)	(3,114,200)	(5,605,421)	(6,564,315)	(5,751,211)	(3,097,538)
Real property gains tax	-	-	-	(450,000)	-	(465,000)
Deferred tax:						
Current year	(12,140)	(3,140)	9,720	176,732	34,000	(7,157)
Prior years	-	57,000	57,000	(4,732)	(392,000)	23,157
	(12,140)	53,860	66,720	172,000	(358,000)	16,000
	(1,802,240)	(3,060,340)	(5,538,701)	(6,842,315)	(6,109,211)	(3,546,538)
Deferred tax relating to items recognised in other comprehensive income (Note 13)						
Revaluation of buildings	-	-	-	785,600	-	-

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

19. **INCOME TAX EXPENSE (CONT'D)**

The reconciliation of tax expense of the Group is as follows:

	Audited	Unaudited	I---------- Audited			----------I
	1.11.2022 to 30.4.2023 RM	1.11.2021 to 30.4.2022 RM	1.11.2021 to 31.10.2022 RM	1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	1.11.2018 to 31.10.2019 RM
Profit before tax	6,879,691	12,954,481	23,201,338	27,102,561	23,307,100	13,391,411
Income tax calculated using income tax rate of 24%	(1,651,125)	(3,109,076)	(5,568,321)	(6,504,615)	(5,593,704)	(3,213,939)
Effects of expenses that are not deductible in determining taxable profit	(74,842)	(24,972)	(89,725)	(163,579)	(218,520)	(270,940)
Effects of income that is not taxable	7,724	6,848	22,946	25,652	42,724	208,522
Effects of reversal of deferred tax upon disposal of investment properties	-	-	-	269,000	-	278,000
Effects of real property gains tax on disposal of investment properties	-	-	-	(450,000)	-	(465,000)
Annual crystallisation of deferred tax on revaluation reserve	9,860	9,860	19,720	-	-	-
	(1,708,383)	(3,117,340)	(5,615,380)	(6,823,542)	(5,769,500)	(3,463,357)
Adjustment recognised in the current period/year in relation to prior years:						
Current tax	(93,857)	-	19,679	(14,041)	52,289	(106,338)
Deferred tax	-	57,000	57,000	(4,732)	(392,000)	23,157
	(1,802,240)	(3,060,340)	(5,538,701)	(6,842,315)	(6,109,211)	(3,546,538)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

20. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per ordinary share is calculated by dividing the Group's profit for the financial year/period by the weighted average number of ordinary shares in issue during the financial year/period as follows:

	Audited	Unaudited	I------------ Audited		------------I
	1.11.2022 to 30.4.2023	**1.11.2021 to 30.4.2022**	**1.11.2021 to 31.10.2022**	**1.11.2020 to 31.10.2021**	**1.11.2019 to 31.10.2020**	**1.11.2018 to 31.10.2019**
Profit attributable to owners of the Group (RM)	5,077,451	9,894,141	17,662,637	20,260,246	17,197,889	9,844,873
Weighted average number of ordinary shares in issue *	20,000,003	20,000,003	20,000,003	20,000,003	20,000,000	20,000,000
Basic earnings per share (sen)	25.39	49.47	88.31	101.30	85.99	49.22

Diluted earnings per share

Diluted earnings per share is not applicable as the Group does not have any potential dilutive equity instruments that would give a diluted effect to the basic earnings per share.

* Denotes the ordinary shares in issue of MSGB and Mercury Securities.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

21. **DIVIDENDS**

	Audited	Unaudited	Audited			
	1.11.2022 to 30.4.2023 RM	1.11.2021 to 30.4.2022 RM	1.11.2021 to 31.10.2022 RM	1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	1.11.2018 to 31.10.2019 RM
Dividends paid by the combining entity:						
In respect of financial year ended 31 October 2019:						
- Interim dividend (i)	-	-	-	-	-	5,000,000
In respect of financial year ended 31 October 2020:						
- Interim dividend (ii)	-	-	-	-	40,000,000	-
In respect of financial year ended 31 October 2021:						
- First interim dividend (iii)	-	-	-	13,300,000	-	-
- Second interim dividend (iv)	-	-	-	9,000,000	-	-
In respect of financial year ended 31 October 2022:						
- Interim dividend (v)	-	-	10,000,000	-	-	-
	-	-	10,000,000	22,300,000	40,000,000	5,000,000

(i) Single tier interim dividend of RM0.25 per ordinary share paid on 9 August 2019.

(ii) Single tier interim dividend of RM2.00 per ordinary share paid on 28 October 2020. Out of the total dividends declared, RM17,577,522 was paid in cash on 28 October 2020 and the remaining balance of RM22,422,478 was set off against the amount owing by directors who are shareholders of Mercury Securities and a corporate shareholder of Mercury Securities as at 31 October 2020.

(iii) Single tier interim dividend of RM0.665 per ordinary share paid on 28 April 2021.

(iv) Single tier interim dividend of RM0.45 per ordinary share paid on 31 October 2021.

(v) Single tier interim dividend of RM0.50 per ordinary share paid on 31 October 2022.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

22. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Group's related parties are as follows:

a. Companies in which a director, Mr. Chew Sing Guan is deemed to have a substantial financial interest:

   i. Malayan Investment Trust Sdn. Bhd.
   ii. Sepang Asas Sdn. Bhd.
   iii. Sharikat United Book Sdn. Bhd.
   iv. Mercury Direct Sdn. Bhd.

b. MAM, a former dormant subsidiary of Mercury Securities which was carved out for the purpose of the Listing. MAM ceased to be a related party effective on 28 April 2021, being the completion date of the disposal of MAM to a third party by Mercury Securities.

c. Key management personnel.

(ii) Significant related party transactions

Related party transactions are transacted at terms agreed between the parties during the financial years/period. The significant related party transactions of the Group are shown below. The balances related to the below transactions are shown in Notes 9 and 14 to the combined financial statements.

a. **Transactions with related parties**

	Audited	Unaudited	Audited			
	1.11.2022 to 30.4.2023 RM	1.11.2021 to 30.4.2022 RM	1.11.2021 to 31.10.2022 RM	1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	1.11.2018 to 31.10.2019 RM
Malayan Investment Trust Sdn. Bhd.:						
- Interest income	-	-	-	-	58,745	58,855
MAM:						
- Interest expense	-	-	-	-	156,798	155,832
Mercury Direct Sdn. Bhd.:						
- Rental income	3,000	3,000	6,000	6,000	-	-
Sharikat United Book Sdn. Bhd.:						
- Interest income	-	-	-	-	63,685	63,649
Sepang Asas Sdn. Bhd.:						
- Disposal of investment properties	-	-	-	13,735,000	-	-
- Interest income	-	-	-	-	613,000	-
- Rental expense	39,000	39,000	78,000	78,000	78,000	78,000

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

22. **RELATED PARTY DISCLOSURES (CONT'D)**

(ii) **Significant related party transactions (cont'd)**

b. **Compensation of key management personnel (cont'd)**

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

The remuneration of the directors and members of key management during the financial years/period is as follows:

	Audited	Unaudited	I----------	Audited	----------I	
	1.11.2022 to 30.4.2023 RM	1.11.2021 to 30.4.2022 RM	1.11.2021 to 31.10.2022 RM	1.11.2020 to 31.10.2021 RM	1.11.2019 to 31.10.2020 RM	1.11.2018 to 31.10.2019 RM
Salaries, allowance and bonus and other emoluments	578,143	615,354	1,431,535	1,023,205	910,498	724,320
Contribution to EPF	54,369	63,688	146,476	114,755	102,648	80,364
SOCSO	3,460	2,832	5,939	5,269	5,269	4,776
EIS	238	237	474	474	474	433
Fees	22,800	72,800	95,600	345,600	345,600	230,400
Other short-term employee benefits (including estimated monetary value and benefits-in-kind)	7,750	7,750	15,500	17,800	17,800	17,800
	666,760	762,661	1,695,524	1,507,103	1,382,289	1,058,093
Analysed as:						
- Directors	215,040	210,082	422,287	413,856	419,069	299,965
- Other key management personnel	451,720	552,579	1,273,237	1,093,247	963,220	758,128
	666,760	762,661	1,695,524	1,507,103	1,382,289	1,058,093

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

23. SEGMENTAL INFORMATION

Operating segments

The Group is organised into two operating segments, namely stockbroking segment and corporate finance segment as described below:

Operating segment	Description of activities/services
• Stockbroking	- execution of trades of securities listed on Bursa Securities and foreign stock exchanges mainly in Singapore, Hong Kong and the United States of America; - margin financing facility services, nominees and custodian and related services; and - underwriting and placement of securities where the Group underwrites and places out securities from equity fundraising offerings mainly from initial public offering, rights issue and private placement.
• Corporate finance	- corporate finance advisory focusing mainly on primary equity fundraising offering through initial public offerings, secondary equity fundraising offerings such as rights issue and private placement, take overs, mergers and acquisitions, other corporate proposals which include bonus issue of shares and warrants, share issuance scheme, transfer of listing from ACE Market of Bursa Securities to the Main Market of Bursa Securities and corporate restructuring.

Performance is reviewed by the Chief Operating Decision Maker ("CODM"), i.e. the Group's managing director, up to gross profit level as management believes that such information is the more appropriate and relevant in evaluating and comparing the results of two operating segments relative to other entities that operate within these industries segments. For all other income and cost incurred after gross profit level, there is no segmental information provided since these information are viewed on a collective basis by the CODM.

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the CODM as it mainly comprises assets and liabilities of Mercury Securities and management does not distinguish assets and liabilities into the two operating segments. Hence, no disclosure is made on segment assets and liabilities.

	Audited	Unaudited	Audited			
	1.11.2022 to 30.4.2023 RM	**1.11.2021 to 30.4.2022 RM**	**1.11.2021 to 31.10.2022 RM**	**1.11.2020 to 31.10.2021 RM**	**1.11.2019 to 31.10.2020 RM**	**1.11.2018 to 31.10.2019 RM**
Revenue						
Stockbroking	9,091,025	18,315,524	30,251,230	40,339,099	34,592,710	19,545,267
Corporate finance	2,348,000	7,463,295	13,130,529	20,667,977	15,169,346	11,978,777
Total revenue	11,439,025	25,778,819	43,381,759	61,007,076	49,762,056	31,524,044
Cost of services *						
Stockbroking	3,120,597	5,340,893	8,554,852	16,393,488	16,983,990	10,249,834
Corporate finance	513,033	6,941,271	11,331,476	14,267,759	10,720,113	7,440,185
Total cost	3,633,630	12,282,164	19,886,328	30,661,247	27,704,103	17,690,019
Gross profit						
Stockbroking	5,970,428	12,974,631	21,696,378	23,945,611	17,608,720	9,295,433
Corporate finance	1,834,967	522,024	1,799,053	6,400,218	4,449,233	4,538,592
Total gross profit	7,805,395	13,496,655	23,495,431	30,345,829	22,057,953	13,834,025

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

23. **SEGMENTAL INFORMATION (CONT'D)**

* Cost of services includes cost directly attributable to the performance of revenue.

Geographical segments and location of assets

The Group's revenue and non-current assets are maintained in Malaysia.

Major clients

The following is the major client with revenue equal to or more than 10% of the Group's revenue:

	Audited	Unaudited	I---------- Audited		----------I
	1.11.2022 to 30.4.2023	1.11.2021 to 30.4.2022	1.11.2021 to 31.10.2022	1.11.2020 to 31.10.2021	1.11.2019 to 31.10.2020	1.11.2018 to 31.10.2019
Client A (RM)	-	-	-	7,438,547	8,103,296	5,972,490
% of contribution to total revenue (%)	-	-	-	12.19	16.28	18.94

24. **FINANCIAL INSTRUMENTS**

24.1 **Categories of financial instruments**

The table below provides an analysis of financial instruments categorised at AC, FVTOCI and FVTPL.

	Carrying amount RM	AC RM	FVTOCI RM	FVTPL RM
Audited				
Financial Assets				
30.4.2023				
Other investments	1,134,711	-	506,768	627,943
Trade and other receivables	61,205,793	61,205,793	-	-
Deposits	3,047,663	3,047,663	-	-
Cash and cash equivalents	52,439,722	52,439,722	-	-
	117,827,889	116,693,178	506,768	627,943
31.10.2022				
Other investments	982,430	-	492,585	489,845
Trade and other receivables	69,457,687	69,457,687	-	-
Deposits	3,017,162	3,017,162	-	-
Cash and cash equivalents	46,063,268	46,063,268	-	-
	119,520,547	118,538,117	492,585	489,845

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. **FINANCIAL INSTRUMENTS (CONT'D)**

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

	Carrying amount RM	AC RM	FVTOCI RM
Financial Assets			
31.10.2021			
Other investments	633,854	-	633,854
Trade and other receivables	63,444,849	63,444,849	-
Deposits	2,980,111	2,980,111	-
Cash and cash equivalents	44,356,140	44,356,140	-
	111,414,954	110,781,100	633,854
31.10.2020			
Other investments	2,451,477	-	2,451,477
Trade and other receivables	88,224,558	88,224,558	-
Deposits	3,014,622	3,014,622	-
Cash and cash equivalents	47,854,124	47,854,124	-
	141,544,781	139,093,304	2,451,477
31.10.2019			
Other investments	2,484,526	-	2,484,526
Trade and other receivables	99,232,139	99,232,139	-
Deposits	1,713,004	1,713,004	-
Cash and cash equivalents	41,396,920	41,396,920	-
	144,826,589	142,342,063	2,484,526
Financial Liabilities			
30.4.2023			
Trade and other payables	13,123,987	13,123,987	-
31.10.2022			
Trade and other payables	18,565,457	18,565,457	-
31.10.2021			
Trade and other payables	15,869,157	15,869,157	-
31.10.2020			
Trade and other payables	54,263,765	54,263,765	-
31.10.2019			
Loans and borrowings	523,141	523,141	-
Trade and other payables	36,246,719	36,246,719	-
	36,769,860	36,769,860	-

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. **FINANCIAL INSTRUMENTS (CONT'D)**

24.2 **Financial risk management objectives and policies**

The Group's financial risk management objectives and policies are to optimise the value creation for shareholders and seek to minimise potential adverse effects on the Group's financial performance and position. The Group has exposure to the following risks from its use of financial instruments:

i. Credit risk
ii. Liquidity risk
iii. Market risk

24.2.1 **Credit risk**

Credit risk is the risk of a financial loss to the Group if a client 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 clients, brokers and amounts due from directors and companies in which a director has substantial financial interest.

24.2.1.1 **Trade receivables**

The Group manages its exposure to credit risk by amongst others, application of credit approvals, credit limits and monitoring procedures on an ongoing basis. Trade receivables and amount due from clients and brokers are monitored on an ongoing basis via periodic review and management reporting.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the combined statements of financial position.

The Group applies the simplified approach in *MFRS 9* to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The information about the exposure to credit risk and the loss allowances calculated under *MFRS 9* for trade receivables are summarised below:

	Gross RM	ECL allowance / impairment RM	Interest-in-suspense RM	Net RM	
Audited					
30.4.2023					
Not past due	56,247,463	-	-	56,247,463	
Past due 1 to 30 days	300,162	-	(3,320)	296,842	
Past due 31 to 60 days	245,538	(140,624)	(4,749)	100,165	
Past due 61 to 90 days	255,501	(10,945)	(2,712)	241,844	
Past due 91 to 120 days	123,113	(8,782)	(3,264)	111,067	
Past due more than 120 days	15,832,157	(9,292,972)	(2,983,215)	3,555,970	*
	73,003,934	(9,453,323)	(2,997,260)	60,553,351	

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.2 Financial risk management (cont'd)

24.2.1 Credit risk (cont'd)

24.2.1.1 Trade receivables (cont'd)

	Gross RM	ECL allowance / Impairment RM	Interest-in-suspense RM	Net RM
31.10.2022				
Not past due	64,101,352	-	-	64,101,352
Past due 1 to 30 days	549,784	-	(6,856)	542,928
Past due 31 to 60 days	79,185	(38,965)	(2,755)	37,465
Past due 61 to 90 days	259,470	(54,704)	(7,395)	197,371
Past due 91 to 120 days	228,851	(16,105)	(2,865)	209,881
Past due more than 120 days	15,977,129	(9,343,549)	(2,965,880)	3,667,700 *
	81,195,771	(9,453,323)	(2,985,751)	68,756,697
31.10.2021				
Not past due	58,802,954	-	-	58,802,954
Past due 1 to 30 days	627,866	-	(131,923)	495,943
Past due 31 to 60 days	155,692	(56,208)	(1,349)	98,135
Past due 61 to 90 days	107,394	(21,330)	(2,907)	83,157
Past due 91 to 120 days	132,867	(128,131)	(4,736)	-
Past due more than 120 days	15,148,533	(9,247,654)	(2,706,803)	3,194,076 *
	74,975,306	(9,453,323)	(2,847,718)	62,674,265
31.10.2020				
Not past due	82,315,575	-	-	82,315,575
Past due 1 to 30 days	712,738	-	(3,192)	709,546
Past due 31 to 60 days	213,301	(51,863)	(2,088)	159,350
Past due 61 to 90 days	268,843	(61,872)	(2,036)	204,935
Past due 91 to 120 days	165,190	(440)	(2,528)	162,222
Past due more than 120 days	15,101,412	(8,981,578)	(2,575,818)	3,544,016 *
	98,777,059	(9,095,753)	(2,585,662)	87,095,644

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.2 Financial risk management (cont'd)

24.2.1 Credit risk (cont'd)

24.2.1.1 Trade receivables (cont'd)

	Gross RM	ECL allowance / impairment RM	Interest-in-suspense RM	Net RM
31.10.2019				
Not past due	73,973,076	-	-	73,973,076
Past due 1 to 30 days	1,292,356	(104,251)	(2,570)	1,185,535
Past due 31 to 60 days	211,419	(88,403)	(1,282)	121,734
Past due 61 to 90 days	172,244	(45,025)	(1,206)	126,013
Past due 91 to 120 days	92,851	(1,970)	(357)	90,524
Past due more than 120 days	14,733,927	(8,856,104)	(2,435,528)	3,442,295 *
	90,475,873	(9,095,753)	(2,440,943)	78,939,177

* The net amount classified under past due more than 120 days as at the end of the reporting period is secured by quoted securities and cash deposit received from clients as well as deposit of the clients' remisiers.

The Group has significant concentration of credit risk from certain clients (with amount due from each of them representing 10% or more of the total trade receivables as at the end of the reporting period) as disclosed below:

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	30.10.2020 RM	30.10.2019 RM
Total number of clients					
- Non-margin account	-	-	-	1	1
- Margin account	-	1	1	-	1
% of outstanding balance over total trade receivables					
- Non-margin account	-	-	-	34%	22%
- Margin account	-	14%	17%	-	10%

In order to manage the credit risk arising from clients (including margin accounts), individual credit evaluation are performed on all clients. Generally, the amount due from non-margin clients is settled within T+2 market days, hence exposure to credit risk is for a relatively short period and based on historical credit loss experience is not significant.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. **FINANCIAL INSTRUMENTS (CONT'D)**

24.2 **Financial risk management (cont'd)**

24.2.1 **Credit risk (cont'd)**

24.2.1.1 **Trade receivables (cont'd)**

For amount due from margin clients, the Group enters into commitment to extend margin facility to margin clients depending on the assessment of the credit risk of the respective client. The Group requires margin clients to pledge their quoted securities as collateral based on the margin requirements. The margin requirements to mitigate credit loss include, amongst others, valuing the securities pledged based on the Group's internal price cap that is periodically reviewed and is lower than the prevailing market price, imposing a margin of financing of between 50% to 60% of the value of the securities pledged, excluding securities that are non-marginable as well as the strategic nature and size of the securities pledged. The margin requirements and the outstanding amount are closely monitored on a daily basis.

In addition, the Group reviews the recoverable amount of each individual receivable at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Given the above risk management processes, the directors of the Group consider that the credit risk arising from amount due from client (including margin accounts) is adequately managed and risk of credit loss is significantly reduced. Market conditions and adequacy of quoted securities held as collateral of each margin account are monitored by management on a daily basis. Margin calls and forced selling are made where necessary to reduce risk of loss.

In respect of the amount due from brokers, credit risk is considered low as the Group enters into transactions with brokers which are registered and licensed with regulatory bodies. In respect of the securities listed on Bursa Securities, brokers are required to comply with the Fixed Delivery Settlement System rules of Bursa Malaysia Clearing Sdn. Bhd.

Trade receivables under corporate finance segment and other non-trade receivables are normally collectible and the Group does not have much historical bad debts written off or impairment of such receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the clients. The delay in settlement is mainly due to administrative matters. No expected credit losses is provided during the financial year/period as the impact to the Group's combined financial statements is not material since all known doubtful debts have already been separately provided for impairment.

Management believes that there is no other credit risk beyond the amount of allowance for expected credit loss made in the Group's trade receivables.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.2 Financial risk management (cont'd)

24.2.1 Credit risk (cont'd)

24.2.1.2 **Amount due from directors, MAM and companies in which a director has substantial financial interest**

The Group provides unsecured advances to directors, MAM and companies in which a director has substantial financial interest. In respect of the amount due from companies in which a director has substantial financial interest, the Group monitors the results of these companies regularly and have obtained a letter of undertaking signed by the director and related party to undertake the full repayment of the amount due in the event of default. In respect of the amount due from directors and companies in which a director has substantial financial interest, the balance due was settled during the financial year ended 31 October 2020, while the amount due from MAM was settled during the financial year ended 31 October 2021.

24.2.2 **Liquidity risk**

Liquidity risk is the risk of loss as a result of the Group's inability to meet cash flows and other financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its payables, loans and borrowings. Liquidity risks attributable to trading of securities is manage through the Group's compliance with requirements under the Capital Adequacy Requirement framework of Bursa Securities and cash deposit placed with Bursa Malaysia Clearing Sdn. Bhd. under its equity margin system.

As part of the overall liquidity management, the Group maintains an optimal level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undisclosed contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
Audited						
30.4.2023						
Non-derivative financial liabilities						
Lease liabilities	437,912	472,340	217,104	170,736	84,500	-
Trade and other payables	13,123,987	13,123,987	13,123,987	-	-	-
	13,561,899	13,596,327	13,341,091	170,736	84,500	-

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.2 Financial risk management (cont'd)

24.2.2 Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM	More than 5 years RM
31.10.2022						
Non-derivative financial liabilities						
Lease liabilities	587,912	637,986	274,198	217,104	146,684	-
Trade and other payables	18,565,457	18,565,457	18,565,457	-	-	-
	19,153,369	19,203,443	18,839,655	217,104	146,684	-
31.10.2021						
Non-derivative financial liabilities						
Lease liabilities	928,875	1,026,374	388,387	274,198	363,789	-
Trade and other payables	15,869,157	15,869,157	15,869,157	-	-	-
	16,798,032	16,895,531	16,257,544	274,198	363,789	-
31.10.2020						
Non-derivative financial liabilities						
Lease liabilities	731,242	835,161	249,283	249,284	291,094	45,500
Trade and other payables	54,263,765	54,263,765	54,263,765	-	-	-
	54,995,007	55,098,926	54,513,048	249,284	291,094	45,500
31.10.2019						
Non-derivative financial liabilities						
Term loan	523,141	523,141	523,141	-	-	-
Trade and other payables	36,246,719	36,246,719	36,246,719	-	-	-
	36,769,860	36,769,860	36,769,860	-	-	-

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. **FINANCIAL INSTRUMENTS (CONT'D)**

24.2 **Financial risk management (cont'd)**

24.2.3 **Market risk**

Market risk is the risk of loss arising from changes in prices of equity instruments and other financial instruments, such as interest rates, foreign currency and equity price will affect the Group's combined financial position or cash flows.

24.2.3.1 **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

The Group's fixed rate instruments comprising of margin receivables, amount owing to/from companies in which a director has substantial financial interest, short-term deposits with licensed banks are exposed to risk of change in their fair value due to changes in interest rates. Since the Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

The Group's floating rate instruments comprise of its borrowings are exposed to changes in cash flows due to changes in interest rate as charged by a licensed bank. However, a 50 basis points strengthening or weakening in the interest rate at the end of the reporting period would have an immaterial impact on the Group's profit after tax and equity. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

24.2.3.2 **Foreign currency risk**

Foreign currency risk is the risk of loss arising from changes in the foreign exchange rate of assets and liabilities denominated in foreign currency and transactions requiring the Group to settle with the counterparty in foreign currency.

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of risk controls to mitigate unnecessary risks not denominated in the Group's functional currency.

The Group is exposed to foreign currency risk mainly on:

(i) buying and selling of securities denominated in foreign currency on behalf of clients; and

(ii) cash and bank balances held by the Group which are denominated mainly in United States Dollar ("USD") and Pounds Sterling ("GBP") held for settlement of the Group's obligations in foreign securities denominated in these currencies with the counterparty.

For settlement of obligations from the buying or selling of foreign currency denominated securities, the Group will settle from the USD and GBP held or in the transactional foreign currency equivalent based on prevailing major banks' buying or selling foreign exchange rate, thus mitigating undue fluctuations in foreign exchange.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. **FINANCIAL INSTRUMENTS (CONT'D)**

24.2 **Financial risk management (cont'd)**

24.2.3.2 **Foreign currency risk (cont'd)**

Sensitivity analysis for foreign currency risk

The following table illustrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax and equity. A 10% strengthening of RM against the following currencies at the end of the reporting period would have decreased profit before tax and equity by the amount shown below and a corresponding 10% weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	Audited				
	30.4.2023 RM	31.10.2022 RM	31.10.2021 RM	30.10.2020 RM	30.10.2019 RM
USD	262,285	124,576	158,380	647,158	575,130
GBP	102,572	102,753	101,848	106,426	109,582
Decrease in profit before tax	364,857	227,329	260,228	753,584	684,712
Decrease in equity	277,291	172,770	197,773	572,724	520,381

24.2.3.3 **Equity price risk**

Equity price risk arises mainly from changes in equity prices of the quoted equity securities held as investment by the Group.

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis by competent personnel.

Sensitivity analysis for equity price risk

As at the end of the reporting period, if the share price of the quoted equity securities had been 5% higher/lower, with all other variables held constant, the Group's profit before tax and equity would have been RM31,397 (31.10.2022: RM24,492) higher/lower, and a decrease would have an equal but opposite effect, arising as a result of higher/lower fair value gain on other investments carried at FVTPL.

24.3 **Fair value information**

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. FINANCIAL INSTRUMENTS (CONT'D)

24.3 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the combined statements of financial position.

	Carrying amount RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
Audited					
30.4.2023					
Fair value of financial instruments carried at fair value					
Financial assets					
Quoted shares	1,134,711	1,134,711	1,134,711	-	-
31.10.2022					
Fair value of financial instruments carried at fair value					
Financial assets					
Quoted shares	982,430	982,430	982,430	-	-
31.10.2021					
Fair value of financial instruments carried at fair value					
Financial assets					
Quoted shares	633,854	633,854	633,854	-	-

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

24. **FINANCIAL INSTRUMENTS (CONT'D)**

24.3 **Fair value information (cont'd)**

	Carrying amount RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
31.10.2020					
Fair value of financial instruments carried at fair value					
Financial assets					
Quoted shares	461,706	461,706	461,706	-	-
Unquoted shares	1,989,771	1,989,771	-	-	1,989,771
31.10.2019					
Fair value of financial instruments carried at fair value					
Financial assets					
Quoted shares	493,545	493,545	493,545	-	-
Unquoted shares	1,990,981	1,990,981	-	-	1,990,981

(i) The fair value of the quoted shares is determined at their quoted closing bid prices of the shares at the end of the reporting period.

(ii) The fair value of the unquoted shares in Malaysia is determined based on input and information applicable to Level 3 fair value measurement. The unquoted shares represents investment in MAM. The fair value of this investment has been measured based on MAM's net tangible asset value.

(iii) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There has been no other transfer between Level 1, Level 2 and Level 3 during the financial years/period under review.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

25. CAPITAL COMMITMENT

	Audited				
	30.4.2023	31.10.2022	31.10.2021	30.10.2020	30.10.2019
	RM	RM	RM	RM	RM
Contracted but not provided for:					
- Computer equipment and software	549,663	781,325	-	-	-

26. MATERIAL LITIGATION

High Court of Malaya at Kuala Lumpur as Civil Suit No.: WA-22NCC-362-08/2020 ("Suit 362"): Silver Ridge Holdings Berhad v Jonathan Chong Teik Cheh ("1st Defendant") v 6 Other Defendants

On 10 August 2020, Silver Ridge Holdings Berhad ("Plaintiff") commenced litigation, Suit 362, against Mercury Securities and 28 other defendants. On 2 October 2020, the Plaintiff had discontinued its Suit 362 against 22 of the Defendants leaving out Mercury Securities ("as the 5th Defendant"), and 6 other Defendants.

The Plaintiff has conducted a private placement exercise whereby Mercury Securities was appointed as the Principal Adviser and Placement Agent/Manager and whereby the 1st Defendant had subscribed to the placement shares in the private placement exercise.

The Plaintiff is suing Mercury Securities, inter alia, the following:

a. Mercury Securities had assisted the other Defendants in the alleged misrepresentation to the Plaintiff on the status of the 1st Defendant's investment with the Plaintiff;
b. The Plaintiff has claimed that it is not aware of the true status of the 1st Defendant's investment with the Plaintiff;
c. Mercury Securities had conspired with other Defendants to defraud the Plaintiff by way of the alleged misrepresentation to enable the 1st Defendant to subscribe and purchase the placement shares; and
d. Mercury Securities had breached its fiduciary duty in allegedly enabling and allowing the 1st Defendant to subscribe and purchase the placement shares.

On 10 December 2020, Mercury Securities had filed an application to strike out the above suit and the said application has been fixed for hearing on 19 February 2021. However, on 13 January 2021, the Plaintiff has withdrawn its suit against Mercury Securities. On 19 February 2021, the High Court has ordered the Plaintiff to pay Mercury Securities costs of RM15,000 for the discontinuance of Suit 362. As at the LPD, the Plaintiff has not made payment to Mercury Securities for the costs of RM15,000.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

(i) Business merger agreement

On 21 September 2018, Apex Equity Holdings Berhad announced that it had entered into a heads of agreement with Mercury Securities and subsequently on 18 December 2018, Apex Equity Holdings Berhad, Apex Securities Berhad (formerly known as JF Apex Securities Berhad) ("Apex Securities"), a wholly-owned subsidiary of Apex Equity Holdings Berhad, entered in a conditional business merger agreement ("BMA") with Mercury Securities. Both the agreements were in relation to the proposed merger of the businesses of Apex Securities and Mercury Securities via the transfer of Mercury Securities to Apex Securities of its stockbroking, corporate advisory and other related business together with the requisite business assets and business liabilities for a consideration of RM140 million ("Proposed Merger").

The conditions precedent of the BMA, *inter alia*, the approvals from the Securities Commission Malaysia, Bursa Securities and shareholders of Apex Equity Holdings Berhad had been obtained, however due to a legal case initiated by a minority shareholder of Apex Equity Holdings Berhad, the last condition precedent being the vesting order, had not been fulfilled.

On 15 April 2021, in view that the conditions fulfilment period for the BMA had been mutually extended for 10 times over a period of more than 2 years, Mercury Securities issued a letter to Apex Equity Holdings Berhad notifying that Mercury Securities is not seeking a further extension of the said conditions fulfilment period for the BMA. As a result, the BMA had lapsed and the Proposed Merger had discontinued.

The discontinuation of the Proposed Merger did not have any material impact on the financial results of the Mercury Securities during the financial year ended 31 October 2021.

(ii) COVID-19 Pandemic

On 11 March 2020, the World Health Organisation declared the 2019 Novel Coronavirus ("COVID-19") outbreak a pandemic. This was followed by the Malaysian Government issuing a Gazetted Order known as the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

The management has assessed the financial impact on the Group and of the opinion that there were no material financial impact arising from COVID-19 pandemic. To mitigate its potential risks exposure, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations. The Group has sufficient working capital to sustain its operations for the next twelve months.

(iii) Acquisition of Mercury Securities by the Company pursuant to the Listing

The details of the acquisition of Mercury Securities together with its two wholly-owned subsidiaries by the Company pursuant to the Listing are disclosed in Note 1.5 to the combined financial statements.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

28. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure with strong credit rating and healthy capital ratios in order to support their businesses and maximise shareholders' value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and/or other types of securities.

In addition, Mercury Securities is required to comply with Bursa Securities' Rule 13.03 (minimum paid-up capital and minimum shareholders' funds unimpaired by losses of Participating Organisation) and Rule 13.04 (Capital Adequacy Requirement) of the Rules of Bursa Securities as well as Chapter 4.04 of the Licensing Handbook issued by the Securities Commission Malaysia ("Handbook") (minimum paid-up capital and minimum shareholders' funds), which Mercury Securities has duly complied.

Details of Rule 13.03 and 13.04 of the Rules of Bursa Securities as well as Chapter 4.04 of the Handbook are as follows:

Rule 13.03 of the Rules of Bursa Securities

The paid-up capital and minimum shareholders' funds unimpaired by losses of Mercury Securities shall not be less than RM20,000,000 or such other amount as the Minister of Finance may from time to time determine. The Minister of Finance may exempt any Participating Organisation from the provisions of this Rule 13.03 for such period and on such terms and conditions as he deems fit.

Rule 13.04 of the Rules of Bursa Securities

On a daily basis, Mercury Securities monitors its Capital Adequacy Ratio ("CAR") requirements. CAR is computed based on its liquid capital divided by its total risk requirement. Mercury Securities must ensure that its CAR is at all times more than 1.2 times. Liquid capital represents its financial resources or liquid capital maintained in a readily realisable form to meet its total risk requirement. Mercury Securities computes liquid capital by deducting non-core capital, property, plant and equipment and current assets from total capital employed. Total risk requirement represents the sum of operational risk requirement, position risk requirement, counterparty risk requirement, underwriting risk requirement and large exposure risk requirement. Mercury Securities submits the required schedules to Bursa Securities on a daily and monthly basis. As at the end of reporting period, Mercury Securities's CAR is as follows:

	Audited				
	30.4.2023	**31.10.2022**	**31.10.2021**	**30.10.2020**	**30.10.2019**
CAR (times)	19.6	15.9	17.1	15.3	16.3

Chapter 4.04 of the Handbook

Mercury Securities is a Capital Markets Services Licence holder and is permitted to conduct regulated activities comprising of dealing in securities, investment advice and advising on corporate finance. In accordance with Chapter 4.04 (3) of the Handbook, the minimum paid-up capital and shareholders' funds of Mercury Securities shall not be less than RM20,000,000 and RM100,000,000 respectively and Mercury Securities shall maintain a CAR of at least 1.2 times or any other financial requirements as determined by the Securities Commission Malaysia from time to time.

FOR IDENTIFICATION PURPOSES ONLY

14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

(i) None of the share capital of our Company and our Subsidiaries is under any option or agreed conditionally or unconditionally to be put under any options.

(ii) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Company and our Subsidiaries, except for the Pink Form Allocations.

(iii) There is no scheme involving our employees in the capital of our Company and our Subsidiaries, except for the Pink Form Allocations.

(iv) No shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our Subsidiaries have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 2 years preceding the date of this Prospectus, save for the new Shares to be issued pursuant to the Acquisition and our IPO as disclosed in Section 4 of this Prospectus.

(v) As at the date of this Prospectus, our Company and our Subsidiaries does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are extracted from our Constitution and are qualified in its entirety by the remainder of our Constitution and by applicable law. The words and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined here or the context otherwise requires.

14.2.1 Remuneration, voting and borrowing powers of our Directors

The provisions in our Constitution in respect of remuneration, voting and borrowing powers of our Directors are as follows:

(i) Remuneration of Directors

Clause 84 – Remuneration

A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus, commission, or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine.

Clause 89 – Not entitled to receive remuneration & May be paid travelling and other expenses

An Alternate Director:

(1) has no entitlement to receive remuneration from the Company and any fee paid by the Company to the Alternate Director shall be deducted from the Appointer's remuneration; and

(2) is entitled to be reimbursed for all the travelling and other expenses properly incurred by him in attending the Board Meetings on behalf of the Appointer from the Company.

Clause 90(2) – Board to fix the terms

The Board may fix, determine and vary the powers, duties and remuneration of any person appointed as an associate director.

Clause 93 – Remuneration of Directors

(1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.

(2) Notwithstanding Clause 84, the fees of the Directors and any allowance and benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting.

(3) If the fee, allowance and benefit of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees, allowance and benefit to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees, allowance and benefit payable to the non-executive Directors shall be divided equally among themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees, allowance and benefit. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(4) The following expenses shall be determined by the Directors:

(a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and

(b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.

(5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

(ii) Voting powers of Directors

Clause 87 – Entitled to receive notice of Board Meetings

An Alternate Director is entitled to receive notice of Board Meetings and, if the Appointer is not present at such a meeting, is entitled to attend and vote in his stead.

Clause 90(3) – May attend Board Meetings by invitation

A person appointed as an associate director does not have any right to attend or vote at any Board Meetings except by the invitation and with the consent of the Board.

Clause 105(a) – Directors' Interest in Contracts

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.

Clause 118 – Voting at Board Meetings

(1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.

(2) Each Director is entitled to cast one (1) vote on each matter for determination.

Clause 119 – Casting Vote

In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum and only such a quorum is present at the meeting, or only two (2) Directors are competent to vote on the question at issue, at which the chairperson of a meeting shall not have a casting vote.

(iii) Borrowing powers of Directors

Clause 95 – Borrowing, Mortgage, Issue debentures & Lend or advance money

Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

(1) borrow money;

(2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;

(3) issue debentures and other Securities whether outright or as security; and/or

(4) (a) lend and advance money or give credit to any person or company;

(b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;

(c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

14.2.2 Changes to share capital

The provisions in our Constitution in respect of changes in share capital are as follows:

Clause 46 – Alteration of Capital

(1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:

(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or

(b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

(2) The Company may from time to time by special resolution and subject to other applicable requirements:

(a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or

(b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.

(3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

14.2.3 Transfer of securities

The provisions in our Constitution in respect of the arrangements for transfer of our securities and restrictions on their free transferability are as follows:

Clause 14 – Transfer of Securities

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

Clause 17 – Transfer of Shares or Debentures

(1) Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.

(2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee.

(3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or Register of Debenture Holders in respect of the shares or debentures respectively.

Clause 18 – Items for Transfer of Shares or Debentures

(1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor or transferee, as the case may be, to the Office of the Company:

(a) the instrument of transfer duly executed and stamped;

(b) the certificate of the shares or debentures which the instrument of transfer relates; and

(c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.

(2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or Register of Debenture Holders (as applicable).

Clause 19 – Refusal of Registration

(1) The Directors may decline or delay to register the transfer of shares within thirty (30) days from the receipt of the instrument of transfer if:

(a) the shares are not fully paid shares;

(b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;

(c) the Company has a lien on the shares; and/or

(d) the Shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the Shareholder in accordance with this Constitution.

(2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1)(b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors.

Clause 20 – Closing the Register of Members or Register of Debentures Holders

On giving at least fourteen (14) days' notice to the Registrar to close the Register of Members or Register of Debenture Holders, the Company may close the Register of Members or register for any class of members or Register of Debenture Holders (collectively, the "Registers") for the purpose of updating the Registers. The registration of transfer may be suspended at such time and for such period as the Directors may from time to time determine, provided that no part of the relevant Register(s) be closed for more than thirty (30) days in aggregate in any calendar year.

14.2.4 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

The provisions in our Constitution in respect of rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights are as follows:

Clause 7(2) – Rights of ordinary shares

A holder of ordinary share(s) shall have the following voting rights:

(a) Right to vote on a show of hands to one (1) vote on any resolution of the Company; and

(b) Right to vote on a poll to one (1) vote for every share held on any resolution of the Company.

Clause 8 – Variation of Rights

(1) Subject to Section 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:

(a) with the consent in writing of the holders holding not less than seventy-five percent (75.00%) of the total voting rights of the holders of that class of shares; or

(b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation in accordance with the terms of issue of the shares of that class.

(2) The provisions of this Constitution relating to General Meetings apply with the necessary modifications to every separate meeting of the holders of the shares of the class referred to in Clause 8(1), except that:

(a) for a meeting other than an adjourned meeting, a quorum is constituted by two (2) persons present in person or by proxy and/or by Representative of Member, excluding any shares of that class held as treasury shares;

(b) if that class of shares only has one holder, a quorum is constituted by one (1) person present holding shares of such class; and

(c) for an adjourned meeting, a quorum is constituted by one (1) person present holding share(s) of such class.

(3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:

(a) the terms of the issue of the existing preference shares; or

(b) this Constitution of the Company as in force at the time when the existing preference shares were issued.

Clause 12 – Issue of Securities

(1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and/or this Constitution, the Directors have the right to:

(a) issue and allot shares in the Company; and

(b) grant rights to subscribe for shares or options over unissued shares in the Company.

(2) Subject to the Act, the Listing Requirements, this Constitution and the relevant Shareholders' approval being obtained, the Directors may issue any shares (including rights or options over subscription of such shares):

(a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine;

(b) to any person, whether a Member or not, in such numbers or proportions as the Directors may determine; and

(c) for such consideration as the Directors may determine.

(3) (a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

(b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.

(c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Clause 137 – Dividend

(1) A dividend may be declared by:

(a) the Directors; or

(b) the Members on the recommendation of the Board of Directors as it thinks appropriate.

(2) The payment of a dividend is to those holders of such class of shares as the Directors have determined in accordance with and subject to any conditions upon which the shares have been issued.

(3) A dividend shall not exceed the amount recommended by the Directors.

Clause 150 – Power of Liquidator

(1) If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company:

(a) divide among the Members in kind the whole or any part of the property, if any, of the Company, whether they consist of property of the same kind or not;

(b) set a value as the liquidator considers fair upon the property, if any referred to in Clause 150(1)(a);

(c) determine how the division of property, if any is to be carried out as between the Members or different classes of Members; and

(d) vest the whole or any part of the property, if any, of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit.

(2) No Member is compelled to accept any shares or other Securities on which there is any liability.

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his/her Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer the Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the CDS Account of that Depositor pursuant to the Rules of Bursa Depository and SICDA.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.4 LIMITATION ON THE RIGHT TO OWN OUR SECURITIES

There is no limitation on the right to own our securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares imposed by law or by our Constitution.

However, Mercury Securities being a CMSL holder is required to obtain the SC's prior approval in circumstances where any proposed change in the direct or indirect shareholding of Mercury Securities will result in the change of "controller".

Pursuant to Section 60(7) of the CMSA, a person shall be deemed a "controller" where the person:

(i) is entitled to exercise or control the exercise of, not less than 15.00% of the votes attached to the voting shares in the CMSL holder;

(ii) has the power to appoint or cause to be appointed a majority of the director of the CMSL holder; or

(iii) has the power to make or cause to be made, decisions in respect of the business or administration of such CMSL holder, and to give effect to such decisions or cause them to be given effect to.

Hence, no person or by such person and person(s) acting in concert with him shall enter into any agreement or arrangement to acquire Shares in our Company after our Listing if the acquisition of such Shares, together with any Shares already held by such person or by such person and persons acting in concert would amount to the abovementioned 3 circumstances including having control the exercise of, not less than 15.00% of the votes attached to the voting shares in Mercury Securities without obtaining the prior approval of the SC. The SC may grant such approval subject to such conditions as it deems fit.

14.5 PUBLIC TAKE-OVERS

Since FYE 2022 and up to the LPD, there were no:

(i) public take-over offers by third parties in respect of our Group's shares; and

(ii) public take-over offers made by our Group for other companies' shares.

14.6 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for the Financial Years and Period Under Review and up to the LPD:

(i) On 18 December 2018, Mercury Securities entered into the BMA with Apex Securities and Apex Equity Holdings Berhad whereby it was agreed that Mercury Securities transfers to Apex Securities of its stockbroking, corporate advisory and other related businesses together with the requisite business assets and business liabilities for the consideration of RM140,000,000.00 ("**Proposed Merger**").

The conditions precedent of the BMA, *inter alia*, the approvals from the SC, Bursa Securities and shareholders of Apex Equity Holdings Berhad had been obtained. However, due to a legal case initiated by a minority shareholder of Apex Equity Holdings Berhad, the last condition precedent, being the vesting order, had not been fulfilled.

On 15 April 2021, in view that the conditions fulfilment period for the BMA had been mutually extended for 10 times over a period of more than 2 years, Mercury Securities issued a letter to Apex Equity Holdings Berhad notifying that Mercury Securities is not seeking a further extension of the said conditions fulfilment period for the BMA. As a result, the BMA had lapsed and the Proposed Merger had discontinued;

(ii) On 24 December 2018, Mercury Securities and Bukhary Holdings Sdn Bhd had entered into a sale and purchase agreement whereby Mercury Securities disposed a parcel of land measuring approximately 2483.677 square meters held under Geran 32840, Lot 4930, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan to Bukhary Holdings Sdn Bhd. The property was sold at consideration of RM11,500,000.00. The consideration was arrived at RM11,500,000.00 after taking into consideration the market value of RM9,700,000.00 as appraised by an independent valuer vide its valuation certificate dated 14 December 2018. The transaction was completed on 23 April 2019. Bukhary Holdings Sdn Bhd is not a person related to any of our Promoter, Substantial Shareholders, Directors and Key Senior Management;

(iii) On 27 April 2021, Mercury Securities and Ngen Ming Wee had entered into a sale and purchase of shares agreement whereby Mercury Securities sold 2,050,000 ordinary shares in MAM to Ngen Ming Wee. The shares were sold at a cash consideration of RM1,990,032.00, after taking into consideration the audited NA of MAM as at 31 October 2020 of RM1,990,032.00. The transaction was completed on 28 April 2021. Ngen Ming Wee is not a person related to any of our Promoter, Substantial Shareholders, Directors and Key Senior Management;

(iv) On 28 April 2021, Mercury Securities and Sepang Asas Sdn Bhd had entered into a sale and purchase agreement whereby Mercury Securities disposed all that parcel of freehold land held under Geran 9849 Lot 620 Seksyen 47, Bandar Kuala Lumpur, Daerah Kuala Lumpur measuring approximately 143 square metres with a 4 ½ storey shophouse erected thereon and bearing the postal address of No 8, 8A, 8B & 8C Jalan Lumut, Kompleks Damai, 50400 Kuala Lumpur to Sepang Asas Sdn Bhd. The land was sold at a cash consideration of RM2,650,000.00, after taking into consideration the market value of RM2,650,000.00 as appraised by an independent valuer vide its valuation certificate dated 31 October 2020. The transaction was completed on 30 April 2021. Chew Sing Guan, our Promoter, is a shareholder and a director of Sepang Asas Sdn Bhd;

(v) On 28 April 2021, Mercury Securities and Sepang Asas Sdn Bhd had entered into a sale and purchase agreement whereby Mercury Securities disposed a parcel of freehold land held under Geran 42218, Lot 2348 Sec 4, Bandar Butterworth, Daerah Seberang Perai Utara, Negeri Pulau Pinang measuring approximately 3,170 square metres to Sepang Asas Sdn Bhd. The land was sold at a cash consideration of RM4,600,000.00, after taking into consideration the market value of RM4,600,000.00 as appraised by an independent valuer vide its valuation certificate dated 31 October 2020. The transaction was completed on 30 April 2021. Chew Sing Guan, our Promoter, is a shareholder and a director of Sepang Asas Sdn Bhd;

(vi) On 28 April 2021, Mercury Securities and Sepang Asas Sdn Bhd had entered into a sale and purchase agreement whereby Mercury Securities disposed 2 pieces of freehold land held under GRN 49059 Lot 993 Seksyen 18, Bandar George Town measuring approximately 138 square metres and GRN 49060 Lot 994 Seksyen 18, Bandar George Town, Daerah Timur Laut measuring approximately 126 square metres with a 5½-storey commercial office building erected thereon and bearing the postal address of No 213 Jalan Pinang 10000 Pulau Pinang to Sepang Asas Sdn Bhd. The lands were sold at a cash consideration of RM5,850,000.00, after taking into consideration the market value of RM5,850,000.00 as appraised by an independent valuer vide its valuation certificate dated 31 October 2020. The transaction was completed on 30 April 2021. Chew Sing Guan, our Promoter, is a shareholder and a director of Sepang Asas Sdn Bhd;

(vii) On 24 May 2021, Mercury Securities and Leading Edge Aviation Sdn Bhd had entered into a sale and purchase agreement whereby Mercury Securities purchased 1 unit of office suite identified as Parcel No. K-04-05 within Storey No.04 of Block K measuring approximately 152 square metres in area together with accessory parcels no. AAC-K-04-05-1 (air-condition compressor ledge(s) only) measuring approximately 3 square metres and bearing postal address of 3A-5, Jalan Solaris, Solaris Mont Kiara, 50480 WP Kuala Lumpur and held under Strata Title Geran 67522/M1-B/5/221, No. Petak 221, No. Tingkat 5, No. Bangunan M1-B, No. Petak Aksesori A247, Lot No. 63323, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur at a cash consideration of RM1,076,068.50. The consideration was arrived based on best negotiation basis after taking into consideration the transacted price of office suites within the vicinity ranging approximately RM7,586 to RM7,949 per square metre from November 2020 to April 2021 as extracted from an online property site in Malaysia. The transaction was completed on 17 August 2021. Leading Edge Aviation Sdn Bhd is not a person related to any of our Promoter, Substantial Shareholders, Directors and Key Senior Management;

(viii) On 24 May 2021, Mercury Securities and Leading Edge Aviation Sdn Bhd had entered into a sale and purchase agreement whereby Mercury Securities purchased 1 unit of office suite identified as Parcel No. K-04-06 within Storey No.04 of Block K measuring approximately 115 square metres in area together with accessory parcels no. AAC-K-04-06-1 (air-condition compressor ledge(s) only) measuring approximately 3 square metres and bearing postal address of 3A-6, Jalan Solaris, Solaris Mont Kiara, 50480 WP Kuala Lumpur and held under Strata Title Geran 67522/M1-B/5/222, No. Petak 222, No. Tingkat 5, No. Bangunan M1-B, No. Petak Aksesori A248, Lot No. 63323, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur at a cash consideration of RM812,305.00. The consideration was arrived based on best negotiation basis after taking into consideration the transacted price of office suites within the vicinity ranging approximately RM7,586 to RM7,949 per square metre from November 2020 to April 2021 as extracted from an online property site in Malaysia. The transaction was completed on 17 August 2021. Leading Edge Aviation Sdn Bhd is not a person related to any of our Promoter, Substantial Shareholders, Directors and Key Senior Management;

(ix) SSA. The conditions precedent period was extended to 22 April 2023 via a supplemental letter dated 15 December 2022 and further extended to 22 June 2023 via the 2nd supplemental letter dated 17 April 2023. The Acquisition was completed on 26 June 2023;

(x) Underwriting Agreement; and

(xi) Placement agreement entered into between our Company and PIVB on 20 July 2023 where our Company agreed to appoint PIVB to place out 90,120,700 Issue Shares to selected investors and selected Bumiputera Investors approved by MITI.

14.7 CONSENTS

(i) The written consents of our Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent, solicitors, Share Registrar, Issuing House, Company Secretaries and Bloomberg for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.

(ii) The written consent of our External Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

(iii) The written consent of our IMR for the inclusion in this Prospectus of its name and the Industry Overview Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

14.8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

(i) our Constitution;

(ii) the material contracts as referred to in Section 14.6 above;

(iii) the Industry Overview Report as referred to in Section 8 of this Prospectus;

(iv) the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position of our Group as referred to in Section 12.5 of this Prospectus;

(v) the Accountants' Report as referred to in Section 13 of this Prospectus;

(vi) the letters of consent as referred to in Section 14.7 above; and

(vii) the audited financial statements of MSGB for the financial period from 18 May 2021 (date of incorporation) to 31 October 2021, FYE 2022 and FPE 2023, as well as audited consolidated financial statements of Mercury Securities for the Financial Years and Period Under Review.

14.9 RESPONSIBILITY STATEMENTS

Our Directors, Promoter and Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

PIVB, being our Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent in relation to our IPO, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF THIS PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 28 AUGUST 2023

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 5 SEPTEMBER 2023

Applications for the IPO Shares will open and close at the times and dates stated above.

In the event of any change to the dates or time for closing, we will advertise the notice of the change in a widely circulated English and Bahasa Malaysia daily newspaper within Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Application for our IPO Shares by the Malaysian Public and the Eligible Persons

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of Investors	Application method
Applications by the Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(ii) Non-Individuals	White Application Form only

15.2.2 Application by selected investors via placement

Types of Application		Application method
Applications by:		
(i)	Selected investors	Our Sole Placement Agent will contact the selected investors directly. They should follow the Sole Placement Agent's instructions.
(ii)	Bumiputera Investors approved by MITI	MITI will contact the Bumiputera Investors directly. They should follow MITI's instructions.

Selected investors as well as Bumiputera Investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application as the case may be.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) you must be one of the following:

(a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or

(b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

(c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;

(ii) you must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and

(iii) you must submit Applications by using only one of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

15.3.3 Application by Eligible Persons

The Eligible Persons (including any entities, wherever established) will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe for the allocated IPO shares. Applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, PIVB, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

The Eligible Persons who have made applications using the Pink Application Form may still apply for our IPO Shares allocated to the Malaysian Public using the White Application or through the Electronic Share Application or the Internet Share Application.

15.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.25 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. 745**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd *(197101000970 (11324-H))*
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

(ii) **DELIVER BY HAND AND DEPOSITED** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later than 5.00 p.m. on 5 September 2023 or by such other time and date specified in any change to the date or time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to our Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(i) reject Applications which:

  (a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

  (b) are illegible, incomplete or inaccurate; or

  (c) are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of our IPO Shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at https://tiih.online within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the arrangements as set out in Section 4.1.1 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Sole Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner:

15.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per subsection (i) and (ii) above (as the case may be).

(iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per subsection (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution or Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) Our IPO Shares allotted to you will be credited into your CDS Account.

(ii) A notice of allotment will be despatched to you at your last address maintained with Bursa Depository, at your own risk, before our Listing. This is the only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the Applications may be directed as follows:

Mode of Application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of our IPO Shares derived from successful balloting will be made available to the public at our Issuing House website: https://tiih.online, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of this Prospectus on the website of Bursa Securities.