

Unless stated otherwise, all terms and abbreviations used herein are defined in the "Definitions" section of this Abridged Prospectus.

No securities will be allotted or issued based on this Abridged Prospectus after six (6) months from the date of this Abridged Prospectus.

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.**

All enquiries concerning the Rights Issue, which is the subject matter of this Abridged Prospectus should be addressed to our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel. No. +603-2783 9299)

This Abridged Prospectus has been registered by the Securities Commission Malaysia ("SC"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of this Rights Issue. A copy of this Abridged Prospectus, together with the Notice of Provisional Allotment and Rights Subscription Form (collectively, the "Documents"), has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

The approval from our Shareholders for the Rights Issue was obtained at our extraordinary general meeting convened on 19 January 2023. Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") vide its letter dated 27 December 2022 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. However, the admission to the Official List of Bursa Securities and quotation of the Rights Shares are not to be taken as an indication of the merits of the Rights Issue.

The Documents will only be despatched to our Entitled Shareholders whose names appear in our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on 1 June 2023. The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue is not intended to be (will not be) made or offered or deemed to be made or offered for purchase or subscription, as such, in any other countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any country or jurisdiction other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who are residents in countries or jurisdiction other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of their entitlement to the Rights Issue would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) should note the additional terms and restrictions as set out in Section 10.12 of this Abridged Prospectus. Neither our Company, Malacca Securities nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/or sale/transfer of the entitlements under the Rights Issue, application for Excess Rights Shares or the subscription, offer, sale, resale, pledges or other transfer of Rights Shares made by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) are residents.

The SC is not liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this Abridged Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Abridged Prospectus.

**FOR INFORMATION CONCERNING RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 7 OF THIS ABRIDGED PROSPECTUS.**



**SYF RESOURCES BERHAD**

(Registration No.: 199501035170 (364372-H))  
(Incorporated in Malaysia)

**RENOUNCEABLE RIGHTS ISSUE OF 284,436,506 NEW ORDINARY SHARES IN SYF RESOURCES BERHAD ("SYF" OR "COMPANY") ("SYF SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SYF SHARES HELD BY THE ENTITLED SHAREHOLDERS OF SYF AT 5.00 P.M. ON 30 MAY 2023 AT AN ISSUE PRICE OF RM0.22 EACH**

**Principal Adviser and Underwriter**



**Malacca Securities Sdn Bhd**

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

**IMPORTANT RELEVANT DATES AND TIMES: -**

Entitlement Date	: Tuesday, 30 May 2023, 5:00 p.m.
<b>Last day, date and time for: -</b>	
Sale of Provisional Allotment	: Wednesday, 7 June 2023, 5:00 p.m.
Transfer of Provisional Allotment	: Friday, 9 June 2023, 4:30 p.m.
Acceptance and payment	: Thursday, 15 June 2023, 5:00 p.m.
Excess application and payment	: Thursday, 15 June 2023, 5:00 p.m.

This Abridged Prospectus is dated 30 May 2023

*UNLESS STATED OTHERWISE, ALL TERMS AND ABBREVIATIONS USED HEREIN ARE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.*

#### **RESPONSIBILITY STATEMENTS**

OUR DIRECTORS HAVE SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THIS RIGHTS ISSUE. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

MALACCA SECURITIES, BEING THE PRINCIPAL ADVISER, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THIS RIGHTS ISSUE.

#### **OTHER STATEMENTS**

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF INVESTING IN THE RIGHTS ISSUE. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT A PROFESSIONAL ADVISER IMMEDIATELY.

YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THIS ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

SECURITIES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO THE LAWS OF MALAYSIA. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

**DEFINITIONS**

Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Abridged Prospectus, the NPA and the RSF: -

<b>Abridged Prospectus</b>	:	This Abridged Prospectus dated 30 May 2023 in relation to the Rights Issue
<b>Act</b>	:	Companies Act 2016, as may be amended from time to time and any re-enactment thereof
<b>Acquisition</b>	:	Acquisition of the entire equity interest and the RCPS in M & A Securities by SYF from Insas for the Purchase Consideration which was fully satisfied through the issuance of Consideration Shares at an issue price of RM0.22 each, which was completed on 10 May 2023
<b>Agreed Net Asset Value</b>	:	The net assets value of M & A Securities as at the Completion Date amounting to not less than RM180.0 million
<b>Agreements</b>	:	Collectively, SSA, SPAs and SSPA
<b>Bloomberg</b>	:	Bloomberg Finance Singapore L.P.
<b>Board</b>	:	The Board of Directors of SYF
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
<b>Bursa Securities Exchange</b>	or	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
<b>CCM</b>	:	Companies Commission Malaysia
<b>CDS</b>	:	Central Depository System
<b>CDS Account(s)</b>	:	A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits and for dealings in such securities by the depositor
<b>Central Depositories Act</b>	:	The Securities Industry (Central Depositories) Act 1991, as amended from time to time and any re-enactment thereof
<b>Change of Name</b>	:	Change of name of "SYF Resources Berhad" to "M & A Equity Holdings Berhad"
<b>Circular</b>	:	Circular to shareholder of SYF in relation to the Corporate Exercise dated 28 December 2022
<b>Closing Date</b>	:	Thursday, 15 June 2023 at 5.00 p.m., being the last day, date and time for the acceptance of and payment for the Provisional Allotments and the Excess Rights Shares
<b>CMSA</b>	:	Capital Markets and Services Act 2007, as amended from time to time
<b>CMSL</b>	:	Capital Markets Services Licence

**DEFINITIONS (cont'd)**

<b>Completion</b>	:	The completion of the Disposals and Acquisition under the SSA, SPAs and SSPA respectively
<b>Completion Accounts Date</b>	:	30 April 2023, being the last day of the calendar month immediately preceding the Completion Date
<b>Completion Date</b>	:	Thirty (30) days from and including the Unconditional Date unless extended further by mutual agreement between the Company and Mieco, Juta or Insas, as the case may be
<b>Completion Net Asset Value</b>	:	The net assets value of M & A Securities as at the Completion Accounts Date
<b>Consideration Share(s)</b>	:	1,009,090,909 new SYF Share(s) to be fully issued and allotted to the Vendor pursuant to the Acquisition
<b>Constitution</b>	:	Constitution of the Company
<b>Corporate Exercise</b>	:	Collectively, Disposal of Furniture Business, Disposal of Freehold Land, Special Dividend and/or Capital Repayment, Acquisition, Rights Issue, Restricted Issue, Exemption and Change of Name
<b>COS</b>	:	Cost of sales
<b>Court</b>	:	High Court of Malaya in Kuala Lumpur
<b>COVID-19</b>	:	Coronavirus disease 2019
<b>DCF Valuation</b>	:	Discounted cash flow valuation
<b>Director(s)</b>	:	Any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon a director and chief executive of a corporation, its subsidiary or holding company, and shall have the meaning given in section 2(1) of the CMSA
<b>Disposal Consideration for Freehold Land</b>	:	Collectively, Disposal Consideration for Lot 1461 and Disposal Consideration for Lot 1464 of RM21.2 million
<b>Disposal Consideration for Furniture Business</b>	:	Total disposal consideration of RM50.0 million paid in cash by Mieco to the Company pursuant to the Disposal of Furniture Business, which was completed on 14 March 2023
<b>Disposal Consideration for Lot 1461</b>	:	Total disposal consideration of RM10.6 million paid in cash by Juta to Nikmat Sekitar pursuant to the Disposal of Lot 1461, which was completed on 9 May 2023
<b>Disposal Consideration for Lot 1464</b>	:	Total disposal consideration of RM10.6 million paid in cash by Juta to Nuri Meriah pursuant to the Disposal of Lot 1464, which was completed on 9 May 2023
<b>Disposal of Freehold Land</b>	:	Collectively, the Disposal of Lot 1461 and Disposal of Lot 1464
<b>Disposal of Furniture Business</b>	:	Disposal by SYF of 20,000,000 Sale Shares, representing 100.0% equity interest in Seng Yip Furniture to Mieco for a disposal consideration of RM50.0 million payable in cash
<b>Disposal of Lot 1461</b>	:	Disposal by Nikmat Sekitar of Lot 1461 to Juta for a disposal consideration of RM10.6 million payable in cash
<b>Disposal of Lot 1464</b>	:	Disposal by Nuri Meriah of Lot 1464 to Juta for a disposal consideration of RM10.6 million payable in cash

**DEFINITIONS (cont'd)**

<b>Disposals</b>	:	Collectively, the Disposal of Furniture Business and Disposal of Freehold Land
<b>Documents</b>	:	Collectively, this Abridged Prospectus, the NPA and RSF
<b>e-Subscription</b>	:	Method available for our Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) to subscribe for the Provisional Allotments and to apply for the Excess Rights Shares electronically via TIIH Online
<b>EBITDA</b>	:	Earnings Before Interest, Taxes, Depreciation and Amortisation
<b>EGM</b>	:	Extraordinary general meeting
<b>Eligible Persons</b>	:	Eligible directors and employees of the Enlarged SYF Group and persons who have contributed to the success of M & A Group
<b>Enlarged SYF Group</b>	:	Collectively, the Company and its subsidiaries, and the M & A Group following the completion of the Acquisition
<b>Entitlement Date</b>	:	The date as at the close of business at 5.00 pm on Tuesday, 30 May 2023, on which the names of the Shareholders must appear in the Record of Depositors of the Company in order to participate in the Rights Issue
<b>Entitled Shareholders</b>	:	Our Shareholders whose names appear in the Record of Depositors on the Entitlement Date
<b>EPS</b>	:	Earnings per share
<b>EV</b>	:	Enterprise value
<b>Excess Rights Shares</b>	:	Rights Shares which are not taken up or not validly taken up by our Entitled Shareholders and/or their renounee(s)/transferee(s) (If applicable) before the Closing Date
<b>Exemption</b>	:	Exemption under subparagraph 4.08(1)(a) of the Rules for Insas and its PACs from the obligation to undertake a Mandatory Offer to acquire the remaining SYF Shares not already owned by them upon completion of the Acquisition
<b>FPE</b>	:	Financial period ended
<b>Freehold Land</b>	:	Collectively, Lot 1461 and Lot 1464
<b>FYE(s)</b>	:	Financial year(s) ended
<b>GL</b>	:	Gross loss
<b>Government</b>	:	Government of Malaysia
<b>GP</b>	:	Gross profit
<b>IMR Report</b>	:	Independent Market Research Report dated 17 May 2023 prepared by Providence
<b>Insas</b>	:	Insas Berhad (Registration No.: 196101000026 (4081-M))
<b>Insas Group</b>	:	Insas and its subsidiaries
<b>Insas Plaza</b>	:	Insas Plaza Sdn Bhd (Registration No.: 198601000974 (150118-V)), a wholly-owned subsidiary of Insas

**DEFINITIONS (cont'd)**

<b>Juta</b>	:	Juta Development Sdn Bhd (Registration No.: 200801022290 (823609-H))
<b>Key Senior Management</b>	:	The senior management team of a corporation
<b>LAT</b>	:	Loss after taxation
<b>LBT</b>	:	Loss before taxation
<b>Lot 1461</b>	:	GM 403, Lot 1461, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor Darul Ehsan
<b>Lot 1464</b>	:	GM 1128, Lot 1464, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor Darul Ehsan
<b>LPD</b>	:	10 May 2023, being the latest practicable date prior to this Abridged Prospectus
<b>LPS</b>	:	Loss per share
<b>LR</b>	:	Main Market Listing Requirements of Bursa Securities
<b>LTD</b>	:	5 October 2021, being the latest trading date prior to the date of the Agreements and announcement of the Corporate Exercise
<b>M &amp; A Group</b>	:	M & A Securities and its subsidiaries
<b>M &amp; A Share(s)</b>	:	Ordinary share(s) in M & A Securities
<b>Major Shareholder(s)</b>	:	Any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon a major shareholder of a corporation which a person who has an interest or interests in one or more voting shares in the corporation and the number or aggregate number of those shares, is (a) 10% or more of the total number of voting shares in the corporation; or (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation, or any other corporation which is its subsidiary or holding company
<b>Malacca Securities Principal Adviser</b>	<b>or</b>	Malacca Securities Sdn Bhd (Registration No.: 197301002760 (16121-H))
<b>Mandatory Offer</b>	:	Mandatory take-over offer pursuant to subparagraph 4.01(a) of the Rules
<b>Market Day(s)</b>	:	Any day between Monday to Friday (inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
<b>MCCG</b>	:	Malaysian Code of Corporate Governance 2021
<b>MFRS</b>	:	Malaysian Financial Reporting Standards
<b>Mieco</b>	:	Mieco Chipboard Berhad (Registration No.: 197201001235 (12849-K))
<b>MITI</b>	:	Ministry of Investment, Trade and Industry
<b>Montego</b>	:	Montego Assets Limited (Registration No.: 101353), a wholly-owned subsidiary of Insas

**DEFINITIONS (cont'd)**

<b>MOT</b>	:	Memorandum of Transfer (in accordance with the National Land Code 1965 (Revised 2020 – Act 828))
<b>N/A</b>	:	Not applicable
<b>NA</b>	:	Net assets
<b>NPA</b>	:	Notice of provisional allotment in relation to the Rights Issue
<b>Official List</b>	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
<b>PAC(s)</b>	:	Persons acting in concert with Insas are Insas Plaza and Montego in accordance with subsections 216(2) and 216(3) of the CMSA
<b>PAT</b>	:	Profit after taxation
<b>PBT</b>	:	Profit before taxation
<b>PBR</b>	:	Price-to-book ratio
<b>PER</b>	:	Price-to-earnings ratio
<b>Providence or Independent Market Researcher</b>	:	Providence Strategic Partners Sdn Bhd (Registration No: 201701024744 (1238910-A))
<b>Provisional Allotments</b>	:	Rights Shares provisionally allotted to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (If applicable) pursuant to the Rights Issue
<b>Purchase Consideration</b>	:	RM222.0 million only, being the purchase consideration payable by the Company to the Vendor in relation to the Acquisition
<b>RCPS</b>	:	Redeemable convertible preference shares
<b>Record of Depositors</b>	:	Record of securities holders established and maintained by Bursa Depository pursuant to the Rules of Bursa Depository
<b>Registered Shareholders</b>	<b>Entitled</b> :	Entitled Shareholders who are registered user of TIIH Online
<b>Remittance</b>	:	The irrevocable undertaking given by Dato' Sri Ng Ah Chai to SYF on 14 November 2022 that Dato' Sri Ng Ah Chai shall: -  (a) forgo his entitlement to the Special Dividend and/or Capital Repayment amounting to RM6.0 million. In this regard, Dato' Sri Ng Ah Chai will return the proceeds arising from the Special Dividend and/or Capital Repayment of RM6.0 million to SYF; OR  (b) remit an amount of RM6.0 million to SYF out of the proceeds from the disposal of his shares (in the event he disposes of all or any part of his SYF Shares prior to the entitlement date for the Special Dividend and/or Capital Repayment whereby he will not be entitled to the Special Dividend and/or Capital Repayment)
<b>Registered Shareholders</b>	<b>Entitled</b> :	Entitled Shareholders who are registered users of TIIH Online



**DEFINITIONS (cont'd)**

<b>Restricted Issue</b>	:	Restricted issue of up to 157,796,392 Restricted Issue Shares to the Eligible Persons at an issue price of RM0.22 each, representing up to 10.0% of the enlarged share capital of SYF after the Acquisition
<b>Restricted Issue Share(s)</b>	:	Up to 157,796,392 new SYF Share(s) to be issued pursuant to the Restricted Issue
<b>Rights Issue</b>	:	Renounceable rights issue of 284,436,506 Rights Shares to the Shareholders on the basis of one (1) Rights Share at an issue price of RM0.22 each for every two (2) existing SYF Shares held on the Entitlement Date
<b>Rights Share(s)</b>	:	284,436,506 new SYF Share(s) to be issued pursuant to the Rights Issue
<b>RSF</b>	:	Rights subscription form in relation to the Rights Issue
<b>Rules</b>	:	Rules on Take-overs, Mergers and Compulsory Acquisitions
<b>Rules of Bursa Depository</b>	:	Rules of Bursa Depository as issued pursuant to the SICDA
<b>SC</b>	:	Securities Commission Malaysia
<b>Seng Yip Furniture or Furniture Business</b>	:	Seng Yip Furniture Sdn Bhd (Registration No.: 199301004255 (258992-X))
<b>Seng Yip Furniture Share(s) or Sale Share(s)</b>	:	Ordinary share(s) in Seng Yip Furniture
<b>Shareholder(s)</b>	:	Registered holder(s) of SYF Shares
<b>Share Registrar</b>	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No.: 197101000970 (11324-H))
<b>SICDA</b>	:	Securities Industry (Central Depositories) Act, 1991
<b>SPA(s)</b>	:	Sale and purchase agreements dated 6 October 2021 entered into between Nikmat Sekitar and Nuri Meriah with Juta respectively in relation to the Disposal of Freehold Land
<b>Special Dividend and/or Capital Repayment</b>	:	Cash distribution of RM102.40 million or RM0.18 per SYF Share, the entitlement date for capital repayment of RM0.07 and RM0.11 is on 4 April 2023 and 24 May 2023 respectively
<b>SSA</b>	:	Share sale agreement dated 6 October 2021 entered into between SYF and Mico in relation to the Disposal of Furniture Business, as varied by the addendum dated 26 November 2021
<b>SSPA</b>	:	Share sale and purchase agreement dated 6 October 2021 entered into between SYF and Vendor in relation to the Acquisition, as supplemented by the Supplemental SSPA
<b>Supplemental SSPA</b>	:	The supplemental agreements to the SSPA dated 2 December 2021 and 14 November 2022 respectively entered into between SYF and Insas
<b>SYF or Company</b>	:	SYF Resources Berhad (Registration No.: 199501035170 (364372-H))
<b>SYF Group or Group</b>	:	SYF and its subsidiaries
<b>SYF Share(s)</b>	:	Ordinary share(s) in SYF



**DEFINITIONS (cont'd)**

<b>TIIH Online</b>	:	Our Share Registrar's proprietary application to facilitate our Entitled Shareholders to subscribe for the Provisional Allotments and to apply for the Excess Rights Shares electronically
<b>Unconditional Date</b>	:	The date of the fulfilment of the last of the conditions precedent in accordance with the terms and conditions of the SSA, SPAs and SSPA respectively
<b>Undertakings</b>	:	Irrevocable undertakings provided by Insas Plaza and Montego to SYF on 15 June 2022 to subscribe for their entitlements amounting to 23,765,000 and 1,242,600 Rights Shares respectively
<b>Underwriter</b>	:	Malacca Securities
<b>Underwriting Agreement</b>	:	Underwriting agreement dated 12 May 2023 entered into between the Company and the Underwriter for the underwriting of the remaining 259,428,906 Rights Shares for which no irrevocable and unconditional undertaking has been obtained
<b>Vendor</b>	:	Insas in relation to the Acquisition
<b>VWAMP</b>	:	Volume-weighted average market price
<b>% or per cent</b>	:	Per centum or percentage

**Subsidiaries of SYF: -**

<b>Darul Majumas</b>	:	Darul Majumas Sdn Bhd (Registration No.: 201101027214 (955349-T))
<b>Giat Armada</b>	:	Giat Armada Sdn Bhd (Registration No.: 201101022289 (950428-W))
<b>M &amp; A Nom (A)</b>	:	M & A Nominee (Asing) Sdn Bhd (Registration No.: 199401034787 (320470-H))
<b>M &amp; A Nom (T)</b>	:	M & A Nominee (Tempatan) Sdn Bhd (Registration No.: 199401034788 (320471-T))
<b>M &amp; A Securities</b>	:	M & A Securities Sdn Bhd (Registration No.: 197301001503 (15017-H))
<b>Nikmat Sekitar</b>	:	Nikmat Sekitar Sdn Bhd (Registration No.: 201501020882 (1146218-X))
<b>Nuri Meriah</b>	:	Nuri Meriah Sdn Bhd (Registration No.: 201501018938 (1144273-T))
<b>Tomisho</b>	:	Tomisho Sdn Bhd (Registration No.: 198501011814 (144265-W))
<b>SYFC</b>	:	SYF Construction Sdn Bhd (Registration No.: 200201012915 (580578-X))
<b>SYFD</b>	:	SYF Development Sdn Bhd (Registration No.: 198901009608 (186909-D))
<b>SYFV</b>	:	SYF Venture Sdn Bhd (Registration No.: 200401031898 (670406-M))
<b>Venturescape</b>	:	Venturescape Sdn Bhd (Registration No.: 202101030801 (1431101-W))

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**DEFINITIONS (cont'd)**

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**Currencies: -**

**RM and sen** : Ringgit Malaysia and sen, respectively

All references to “Company” or “SYF” in this Abridged Prospectus are to SYF, references to “Group” and/or “SYF Group” are to SYF and its subsidiaries. All reference to “we”, “us”, “our” and “ourselves” are to SYF, or whether the context requires, the SYF Group.

All references to “you” and “your” in this Abridged Prospectus are to Entitled Shareholders and/or where the context otherwise requires, their renounee(s)/transferee(s) (if applicable).

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

The word “approximately” used in this Abridged Prospectus is to indicate that a number is not exact, but that number is usually rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables between amounts stated and the totals in this Abridged Prospectus are due to rounding.

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**DIRECTORY OF ADVISERS**

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- PRINCIPAL ADVISER AND UNDERWRITER** : Malacca Securities Sdn Bhd  
(Registration No.: 197301002760 (16121-H))  
BO1-A-13A, Level 13A, Menara 2  
No.3, Jalan Bangsar  
KL Eco City  
59200 Kuala Lumpur  
Tel : +603 - 2201 2100
- COMPANY SECRETARIES** : Tan Tong Lang  
Malaysian Institute of Chartered Secretaries and Administrators  
(“**MAICSA**”) No.: 7045482  
SSM Practising Certificate (“**PC**”) No.: 202208000250  
*Chartered Secretary*
- Thien Lee Mee  
Licensed Secretary (“**LS**”) No.: 0010621  
SSM PC No.: 201908002254  
*Licensed Secretary*
- B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No. 1, Medan Syed Putra Utara  
59200 Kuala Lumpur  
Tel : +603 - 9770 2200  
E-mail : boardroom@boardroom.com.my
- SOLICITORS FOR THE RIGHTS ISSUE** : Raslan Loong, Shen & Eow  
Suite 08-03, Level 8, Wisma Mont Kiara  
No.1, Jalan Kiara  
Mont Kiara  
50480 Kuala Lumpur  
Tel : +603 - 6205 2775/2778  
Fax : +603 - 6205 2771
- AUDITORS AND REPORTING ACCOUNTANTS** : Grant Thornton Malaysia PLT  
(Firm No.: 201906003682 & LLP0022494-LCA (AF 0737))  
Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : +603 - 2692 4022  
Fax : +603 - 2732 5119
- Person-in-charge: -  
Foo Lee Meng  
Approved No.: 03069/07/2023(J)  
*Bachelor of Accounting, Chartered Accountant of Malaysia,  
Certified Public Accountant of Malaysia and Fellow Member of  
Association of Chartered Certified Accountants*

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**DIRECTORY OF ADVISERS (cont'd)**

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- INDEPENDENT RESEARCHER**      **MARKET** : Providence Strategic Partners Sdn Bhd  
(Registration No.: 201701024744 (1238910-A))  
67-1, Block D, The Suites, Jaya One  
No. 72A, Jalan Universiti  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel           : +603 - 7625 1769
- Partner-in-charge: Elizabeth Dhoss  
*Bachelor of Business Administration from the University of Malaya*
- SHARE REGISTRAR**                   : Tricor Investor & Issuing House Services Sdn Bhd  
(Registration No.: 197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A, Vertical Business Suite  
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel           : +603 - 2783 9299  
Fax           : +603 - 2783 9222
- STOCK EXCHANGE**                   : Main Market of Bursa Securities

**SUMMARY OF THE RIGHTS ISSUE**

**THE SUMMARY OF THE RIGHTS ISSUE ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS ABRIDGED PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE ABRIDGED PROSPECTUS.**

<b>Issue size</b>	: Renounceable rights issue of 284,436,506 Rights Shares. Please refer to <b>Section 2.1</b> of this Abridged Prospectus for further details.		
<b>Basis of allotment</b>	: One (1) Rights Share for every two (2) existing SYF Shares held by the Entitled Shareholders on the Entitlement Date. Please refer to <b>Section 2.1</b> of this Abridged Prospectus for further details.		
<b>Issue price</b>	: The issue price of the Rights Shares is RM0.22. Please refer to <b>Section 2.1</b> of this Abridged Prospectus for further details.		
<b>Shareholders' Undertakings and Underwriting Arrangements</b>	: Insas Plaza and Montego had on 15 June 2022 provided their respective irrevocable undertaking to subscribe for their entitlements to the Rights Shares. The number of Rights Shares pursuant to the Undertakings based on their entitlement is 23,765,000 Rights Shares and 1,242,600 Rights Shares respectively. The subscription of the Rights Shares by Insas Plaza and Montego pursuant to the Undertakings will not give rise to a Mandatory Offer obligation pursuant to the Rules. To achieve full subscription of the Rights Issue, the Company had entered into the Underwriting Agreement with the Underwriter to underwrite the balance 259,428,906 Rights Shares for which there is no undertaking from the shareholders to subscribe. Please refer to <b>Section 2.4</b> of this Abridged Prospectus for further details.		
<b>Utilisation of Proceeds</b>	: Based on the issue price of the Rights Shares and Restricted Issue Shares of RM0.22, the Rights Issue and Restricted Issue are expected to raise gross proceeds of approximately RM62.58 million and up to RM34.72 million respectively. The Company intends to utilise the proceeds from the Rights Issue and Restricted Issue of up to a total of approximately RM97.29 million as follows: -		
	<b>Proposed utilisation</b>	<b>RM'000</b>	<b>%</b>
	Working capital	40,547	41.68
	Repayment of amount due to related companies of M & A Securities		
	(i) Amount due to Insas	2,477	
	(ii) Amount due to Insas Technology Berhad, a wholly-owned subsidiary of Insas	50,267	54.21
	Estimated expenses	4,000	4.11
	<b>Total</b>	<b>97,291</b>	<b>100.00</b>
			<b>Expected timeframe upon completion of the Rights Issue and Restricted Issue</b>
			Within 24 months
			Within 3 months
			Immediate
<b>Rationale for the Rights Issue</b>	: Please refer to <b>Section 3</b> of this Abridged Prospectus for further details. The Rights Issue will enable the Entitled Shareholders to further participate in the Company's new financial services business. The Rights Issue provides an avenue to the Entitled Shareholders to increase their shareholdings in SYF after the dilution from the issuance of Consideration Shares and enable the Company to raise the requisite funds for the purpose as set out in Section 3 of this Abridged Prospectus. In particular, the proceeds from the Rights Issue will be used largely to repay the amount owing by M & A Securities to its related companies of RM52.74 million. The Rights Issue will strengthen the capital base as well as to improve the financial position of the Company. Please refer to <b>Section 4</b> of this Abridged Prospectus for further details.		



**SUMMARY OF THE RIGHTS ISSUE (cont'd)**

**Risk factors** : You and/or your renounee(s)/transferee(s) (if applicable) should carefully consider the following risk factors before subscribing for or investing in the Rights Shares.

- (i) Risk relating to the Enlarged SYF Group
  - M & A Securities operates in a highly regulatory environment and its business is highly dependent on the licenses issued by governmental and regulatory bodies.  
M & A Securities is subject to regulatory requirements from the SC and Bursa Securities for the conduct of its regulated activities in the dealing of securities and advising on corporate finance businesses. In the event that any of its licences are not renewed or are revoked or suspended, M & A Securities may not be able to continue its operations in the licensed activities and its financial performance may be adversely impacted.
  - M & A Securities' financial performance may vary on a yearly basis as its contracts with customers are short term in nature.  
M & A Securities provides stock brokerage services and corporate finance services pursuant to agreements and mandates that it enters into with its clients. Such agreements and mandates are short term in nature, which may lead to variations in revenue and profits on a yearly basis. In the event that there is a decline in the number of agreements or mandates secured, executed or completed successfully, M & A Securities' financial performance may be adversely affected.
  - M & A Securities is subject to credit and settlement risks and may experience negative operating cash flow.  
In the event of adverse movement in the prices of clients' pledged securities which results in the value of the pledged shares to fall below a prescribed value, M & A Securities may make a margin call requesting the client to deposit additional funds or pledged shares to reduce M & A Securities' exposure to credit risk. If M & A Securities' clients are unable to meet the margin calls, M & A Securities may be forced to sell the relevant pledged securities at a lower price than expected to realise or recover the outstanding amount.
- (ii) Risk relating to the Rights Issue
  - Delay/non-completion of the Rights Issue.  
The Rights Issue is exposed to the risk that it may be delayed or terminated on the occurrence of any force majeure events or circumstances such as acts of Government, epidemics or pandemics, natural disasters, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling, which are beyond the control of our Company, arising prior to the completion of the Rights Issue.
  - Investment and capital market risk.  
The market price of the Rights Shares to be issued pursuant to the Rights Issue is subject to fluctuation and will be influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the outlook of the financial service sector as well as the business developments and future financial performance of the Enlarged SYF Group.
  - Potential dilution on the Entitled Shareholders' shareholdings.  
Entitled Shareholders who do not subscribe for their entitlements under the Rights Issue will experience dilution in their proportionate percentage of shareholdings and voting interest in our Company, as a result of the issuance of Rights Shares. Consequently, their proportionate entitlements to any future dividends, rights, allotments and/or other distributions that our Company may declare, make or pay after completion of the Rights Issue will be correspondingly diluted.

Please refer to **Section 7** of this Abridged Prospectus for further details.

**Procedures for application for the Rights Shares and Excess Rights Shares** : Acceptance of and payment for the Provisional Allotments and application for the Excess Rights Shares must be made by way of the RSF enclosed together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein or by way of e-Subscription in accordance with the terms and conditions contained therein.

The last day, date and time for acceptance of and payment for the Provisional Allotments and the Excess Rights Shares is on **Thursday, 15 June 2023 at 5:00 p.m.**

Please refer to **Section 10** of this Abridged Prospectus for further details.



**SYF RESOURCES BERHAD**  
(Registration No.: 199501035170 (364372-H))  
(Incorporated in Malaysia)

**Registered Office**

B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No. 1, Medan Syed Putra Utara  
59200 Kuala Lumpur

30 May 2023

**Board of Directors**

Datuk Mohamed Arsad Bin Sehan (*Independent Non-Executive Chairman*)  
Dato' Sri Chee Hong Leong, JP (*Executive Director*)  
Datuk Tan Choon Peow (*Executive Director*)  
Dato' Sri Ng Ah Chai (*Non-Independent Non-Executive Director*)  
Ng Wei Ping (*Non-Independent Non-Executive Director*)  
Dato' Wong Gian Kui (*Non-Independent Non-Executive Director*)  
Dato' Mohamad Azmi Bin Ali (*Independent Non-Executive Director*)  
Dato' Abdul Rashid Bin Mat Amin (*Independent Non-Executive Director*)  
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP (*Independent Non-Executive Director*)  
Dato' Yong Lei Choo (*Independent Non-Executive Director*)

**To: The Shareholders**

Dear Sir/Madam,

**RENOUNCEABLE RIGHTS ISSUE OF 284,436,506 RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SYF SHARES HELD BY THE ENTITLED SHAREHOLDERS OF SYF AT 5.00 P.M. ON 30 MAY 2023 AT AN ISSUE PRICE OF RM0.22 EACH**

**1. INTRODUCTION**

On 6 October 2021, Malacca Securities had, on behalf of the Board, announced the following proposals: -

- (i) the Company, had on 6 October 2021 entered into a SSA with Mieco for the disposal of the entire equity interest in Seng Yip Furniture to Mieco for a total disposal consideration of RM50.0 million;
- (ii) Nikmat Sekitar and Nuri Meriah, the indirect wholly-owned subsidiaries of SYF, had on 6 October 2021 entered into two (2) SPAs with Juta respectively for the disposal of the following:
  - (a) Disposal by Nikmat Sekitar, of Lot 1461 for a disposal consideration of RM10.6 million; and
  - (b) Disposal by Nuri Meriah, of Lot 1464 for a disposal consideration of RM10.6 million;
- (iii) proposed special dividend of RM0.07 per SYF Share and a proposed capital repayment of RM0.11 per SYF Share on the entitlement date;

- (iv) the Company, had on 6 October 2021 entered into a SSPA with Insas for the acquisition of the 100,000,000 ordinary shares and 60,000,000 RCPS in M & A Securities, representing 100.0% equity interest and 100.0% of the RCPS in M & A Securities from Insas for a total purchase consideration of RM222.0 million which will be fully satisfied through the issuance of 1,585,714,286 Consideration Shares at an issue price of RM0.14 per Consideration Share;
- (v) renounceable rights issue of 284,436,506 Rights Shares to Shareholders on the basis of one (1) Rights Share at an issue price of RM0.14 each for every two (2) existing SYF Shares held on the entitlement date;
- (vi) restricted issue of 215,458,730 Restricted Issue Shares to the Eligible Persons at an issue price of RM0.14 each, representing 10.0% of the enlarged share capital of SYF after the Acquisition;
- (vii) exemption under subparagraph 4.08(1)(a) of the Rules for Insas and its PACs from the obligation to undertake a Mandatory Offer to acquire the remaining SYF Shares not already owned by them upon completion of the Acquisition; and
- (viii) change of name of "SYF Resources Berhad" to "M & A Capital Berhad".

On 26 November 2021, Malacca Securities had, on behalf of the Board, announced that the Company and Mieco had on 26 November 2021 entered in an addendum to SSA to make certain variations and amendments to the SSA in relation to certain encumbrances on the property held by Seng Yip Furniture including certain updates on the names of the financial institutions for the facilities granted.

On 2 December 2021, Malacca Securities had, on behalf of the Board, announce that the Company had on 2 December 2021 entered into a supplemental to SSPA with Insas to vary certain terms of the SSPA.

In conjunction with the amendments/variations to the SSPA, the Board had on 2 December 2021 also announced that the Company has varied the proposal as stated in Section 1(iii) above to the Special Dividend and/or Capital Repayment, comprising a cash distribution of the following by way of a special dividend or capital repayment or a combination of both: -

- (a) RM0.07 per SYF Share on an entitlement date after the completion of the Disposal of Furniture Business.

The said distribution of RM0.07 per SYF Share or RM39,821,111 in total (calculated based on 568,873,012 existing SYF Shares (excluding treasury shares)) will be funded from the proceeds of the Disposal of Furniture Business; and

- (b) The remaining RM0.11 per SYF Share on an entitlement date after the completion of the Disposal of Freehold Land.

The said distribution of RM0.11 per SYF Share or RM62,576,031 in total (calculated based on 568,873,012 existing SYF Shares (excluding treasury shares)) will be funded from the proceeds of the Disposal of Freehold Land and internally-generated funds of SYF.

The allocation between the special dividend and capital repayment has not been fixed as the quantum of the special dividend will depend on the retained earnings position of SYF prior to announcement of the entitlement date.

On 15 April 2022, Malacca Securities had, on behalf of the Board, announced that the applications in relation to the Corporate Exercise have been submitted to the SC and the Equity Compliance Unit of the SC respectively.

On 20 April 2022, Malacca Securities had, on behalf of the Board, announced that MITI had, vide its letter dated 20 April 2022, approved the application for the transfer of shares in Seng Yip Furniture to Mieco in relation to the Disposal of Furniture Business.

On 1 June 2022, the Board announced that the name “M&A Capital Berhad” was not approved by the CCM. However, the CCM had subsequently approved the new proposed name of “M & A Equity Holdings Berhad”. Pursuant to the foregoing, the Company and Insas have vide a letter dated 1 June 2022, mutually agreed to adopt a new name of “M & A Equity Holdings Berhad” and clause 1.1 of the SSPA was varied accordingly.

On 13 October 2022, Malacca Securities had, on behalf of the Board, announced that the Company had vide its letters dated 12 and 13 October 2022 respectively, written to Mieco and Insas to amend the inter-conditionality of the Corporate Exercise wherein the Disposal of Furniture Business, Disposal of Freehold Land, Special Dividend and/or Capital Repayment, Acquisition, Rights Issue, Restricted Issue, Exemption and Change of Name are inter-conditional upon one another and the variation has been agreed by both Mieco and Insas respectively.

Further to the above, Malacca Securities had on even date submitted an application for an extension of time for an additional period of two (2) months from 15 October 2022 to 15 December 2022 to comply with paragraph 9.17A of the Equity Guidelines, which was approved by the SC vide its letter dated 1 November 2022.

On 14 November 2022, Malacca Securities had, on behalf of the Board, announced that the Company and Insas had on 14 November 2022 entered into a supplemental SSPA (“**Second Supplemental SSPA**”) to vary certain terms of the SSPA to reflect the following changes: -

- (i) That the issue price of the Consideration Shares, Rights Shares and Restricted Issue Shares shall be revised from RM0.14 to RM0.22 per share; and
- (ii) That arising from the revised issue price of the Consideration Shares, the number of SYF Shares to be issued for the Acquisition and Restricted Issue has been revised to 1,009,090,909 Consideration Shares and up to 157,796,392 Restricted Issue Shares respectively.

Since the execution of the SSA, SPAs and SSPA on 6 October 2021, the Company has on few occasions also mutually agreed with the respective parties to extend the period to fulfill the conditions precedent in the SSA, SPAs and SSPA such that the last date to fulfill the conditions precedent in the SSA, SPAs and SSPA is 5 May 2023, 6 April 2023 and 14 June 2023 respectively.

On 14 November 2022, Dato’ Sri Ng Ah Chai has given an irrevocable undertaking to SYF that he shall: - (a) forgo his entitlement to the Special Dividend and/or Capital Repayment amounting to RM6.0 million. In this regard, Dato’ Sri Ng Ah Chai will return the proceeds arising from the Special Dividend and/or Capital Repayment of RM6.0 million to SYF; OR (b) remit an amount of RM6.0 million to SYF out of the proceeds from the disposal of his shares (in the event he disposes of all or any part of his SYF Shares prior to the entitlement date for the Special Dividend and/or Capital Repayment whereby he will not be entitled to the Special Dividend and/or Capital Repayment).

On 15 December 2022, Malacca Securities had, on behalf of the Board, announced that the SC had, vide its letter dated 14 December 2022, approved the Corporate Exercise (save for the Exemption) subject to the conditions as follows: -

Conditions imposed	Status of compliance
(i)	Malacca Securities and SYF to fully comply with the requirements of the Equity Guidelines and LR pertaining to the implementation of the Corporate Exercise;
	Met. Malacca Securities and SYF have fully complied with the requirements of the Equity Guidelines and LR pertaining to the implementation of the Corporate Exercise as at the date of this Abridged Prospectus.

Conditions imposed		Status of compliance
(ii)	SYF to allocate 12.5% of its enlarged number of issued shares to Bumiputera investors to be approved or recognised by the MITI within one (1) year after registering after-tax-profit or three (3) years after the implementation of the Corporate Exercise, whichever is earlier ("Trigger Date"); and	To be complied. SYF will allocate 12.5% of its enlarged number of issued shares to Bumiputera investors to be approved or recognised by the MITI within six (6) months from the Trigger Date.
(iii)	SYF to submit to the SC on its proposal to comply with the equity condition stated in item (ii) above within six (6) months from the Trigger Date.	

On 16 December 2022, Malacca Securities had, on behalf of the Board, announced that an application in relation to the listing and quotation for the Consideration Shares to be issued pursuant to the Acquisition and the listing of and quotation for the Rights Shares and Restricted Issue Shares to be issued pursuant to the Rights Issue and Restricted Issue respectively had been submitted to Bursa Securities.

On 27 December 2022, Malacca Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 27 December 2022, approved the listing application in relation to the above subject to the conditions as follows: -

Conditions imposed		Status of compliance
(i)	SYF and Malacca Securities must fully comply with the relevant provisions under the LR pertaining to the implementation of the Corporate Exercise;	Met. SYF and Malacca Securities have fully complied with the relevant provisions under the LR pertaining to the implementation of the Corporate Exercise as at the date of this Abridged Prospectus.
(ii)	SYF is required to furnish Bursa Securities with certified true copy of the resolutions passed by the Shareholders at the EGM approving the Corporate Exercise;	Met.
(iii)	SYF and Malacca Securities are required to inform Bursa Securities upon completion of the Corporate Exercise;	To be complied. SYF and Malacca Securities will inform Bursa Securities upon completion of the Corporate Exercise.
(iv)	SYF is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Corporate Exercise are completed;	To be complied. A written confirmation by SYF will be furnished to Bursa Securities upon completion of the Corporate Exercise.
(v)	SYF must comply with the public security holding spread requirements pursuant to paragraph 8.02 of the LR upon listing of and quotation for the new SYF shares to be issued pursuant to the Acquisition, Rights Issue and Restricted Issue;	To be complied. The public security holding spread will be met upon the listing of and quotation of the Consideration Shares, Rights Shares and Restricted Issue Shares.
(vi)	SYF and its adviser to furnish Bursa Securities with a written confirmation that SYF complies with the public security holdings spread requirements pursuant to subparagraph 8.02(1) of the LR and a certificate of distribution of shares in the	To be complied. A written confirmation will be furnished by SYF and Malacca Securities to Bursa Securities upon completion of the Corporate Exercise.



<b>Conditions imposed</b>		<b>Status of compliance</b>
	format contained Part B(1)(d) of Annexure PN21-A of the LR;	
(vii)	SYF to furnish Bursa Securities with the confirmation letters duly signed by Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP and Datuk Tan Choon Peow (proposed Directors of SYF) in the format prescribed in Annexures PN21-C of the LR;	Met.
(viii)	SYF to furnish Bursa Securities with the confirmation letter duly signed by Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP (proposed Director of SYF) in the format prescribed in Annexures PN21-D of the LR;	Met.
(ix)	SYF to furnish Bursa Securities with a letter of compliance pursuant to paragraph 2.12 in respect of the Constitution of the Company and a checklist showing compliance with the relevant provisions of Chapter 7 of the LR;	Met.
(x)	SYF to furnish Bursa Securities with a confirmation that the requirements stipulated under paragraphs 15.02, 15.09 and 15.10 of the LR have been duly complied together with the relevant document supporting the same;	To be complied. A written confirmation by SYF will be furnished to Bursa Securities upon completion of the Corporate Exercise.
(xi)	Malacca Securities is required to furnish Bursa Securities with the final list of subscribers pursuant to the Restricted Issue setting out the names, home or business addresses, identity card / passport / company registration numbers, occupations / principal activities and securities account numbers of all the subscribers and the ultimate beneficial owners of the securities subscribed (in the case where the subscribers are nominee corporations or funds), and the amount and price of securities placed to each subscriber;	To be complied. The final list of subscribers pursuant to the Restricted Issue and the amount and price of securities placed to each subscriber will be furnished Bursa Securities upon completion of the Restricted Issue.
(xii)	SYF to furnish Bursa Securities with a copy of the order of the Court for the capital repayment pursuant to the Special Dividend and/or Capital Repayment, if relevant; and	Met.
(xiii)	Malacca Securities to furnish Bursa Securities with a letter confirming that all approvals of the relevant authorities have been obtained.	To be complied. A confirmation letter will be furnished to Bursa Securities upon issuance of this Abridged Prospectus.

On 19 January 2023, SYF announced that the resolutions pertaining to the Corporate Exercise were passed by way of poll at the EGM which was held on the same date.

On 30 January 2023, Malacca Securities had, on behalf of the Board, announced that the Company had filed the cause papers for the Court's confirmation in relation to the Capital Repayment on 26 January 2023 ("**Petition**") and the Court had on 30 January 2023 granted the orders confirming the reduction of share capital of SYF under section 116 of the Act ("**Order**") in relation to the Petition as follows: -

- (i) The Petition for the reduction of the Company's share capital which was presented on 26 January 2023 be fixed for hearing on 30 January 2023;
- (ii) That all of the provisions of section 116(2) of the Act and consequently also the requirements of rule 5(2)(b), rules 6 to 16 and rule 18 of the Companies (Reduction of Capital) Rules 1972, including but not limited to the settlement of a list of creditors and all consequential procedures, shall not apply as regards any class of creditors of the Company;
- (iii) That the reduction of share capital of the Company as approved through the special resolution be confirmed by the Court in that the share capital of the Company shall be reduced from RM143,527,253.00 to RM41,130,111.00 comprising of 568,873,012 ordinary shares of the Company and the amount of RM0.072 shall be deemed to be paid-up on each share at the date of the Order to be granted herein;
- (iv) That the notice of the terms of the aforesaid special resolution and of the registration of the Order to be granted herein be published in the "New Straits Times" newspaper, within seven (7) days from the date of the Order to be granted hereof; and
- (v) That the costs of the Petition be borne by the Company.

On 3 March 2023, Malacca Securities had, on behalf of the Board, announced that the Company has been informed by Insas on even date that the SC had, vide its letter dated 2 March 2023, approved the application made by Insas on 22 February 2023 in relation to the Exemption under subparagraph 4.08(1)(a) of the Rules.

On 10 March 2023, Malacca Securities had, on behalf of the Board, announced that all conditions precedent to the SSA, SPAs and SSPA have been fulfilled. Accordingly, the SSA, SPAs and SSPA have become unconditional on the same date.

On 14 March 2023, Malacca Securities had, on behalf of the Board, announced that the Disposal of Furniture Business has been completed on even date. Please refer to Section 5.1 of this Abridged Prospectus for further details.

On 17 March 2023, the Company announced that the entitlement date for the capital repayment of RM0.07 per SYF Share shall be on 4 April 2023. The distribution was implemented by way of a capital reduction and repayment exercise under Section 116 of the Act, as approved by SYF's shareholders on 19 January 2023 and confirmed by the Court on 30 January 2023. The capital repayment of RM0.07 per SYF Share was subsequently paid on 17 April 2023.

On 7 April 2023, Malacca Securities had, on behalf of the Board, announced that the Company and Insas had on 7 April 2023, mutually agreed that the Completion Date in respect of the Acquisition shall be no later than 9 June 2023.

On 9 May 2023, Malacca Securities had, on behalf of the Board, announced that the Disposal of Freehold Land had been completed on even date. Please refer to Section 5.2 of this Abridged Prospectus for further details.

On 10 May 2023, Malacca Securities had, on behalf of the Board, announced that the Acquisition had been completed on even date. Please refer to Section 5.4 of this Abridged Prospectus for further details.

On 10 May 2023, the Company announced that the entitlement date for the capital repayment of the remaining RM0.11 per SYF Share shall be on 24 May 2023. The distribution will be implemented by way of a capital reduction and repayment exercise under Section 116 of the



Act, as approved by SYF's shareholders on 19 January 2023 and confirmed by the Court on 30 January 2023.

On 12 May 2023, Malacca Securities had, on behalf of the Board, announced that the Company had on 12 May 2023 entered into an underwriting agreement in relation to the Rights Issue with Malacca Securities whereby Malacca Securities will underwrite 259,428,906 Rights Shares representing 91.21% of the Rights Shares to be issued on a full subscription basis.

On 16 May 2023, Malacca Securities had, on behalf of the Board, announced that the entitlement date for the Rights Issue has been fixed at **5.00 p.m. on 30 May 2023**, together with the other relevant dates pertaining to the Rights Issue.

The listing of and quotation for the Rights Shares will commence after, amongst others, the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by the Company or Malacca Securities.

**YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER IMMEDIATELY.**

## **2. DETAILS OF THE RIGHTS ISSUE**

### **2.1 Details of the Rights Issue**

The Rights Issue involves the issuance of 284,436,506 Rights Shares, on the basis of one (1) Rights Share for every two (2) existing SYF Shares held by the Entitled Shareholders on the Entitlement Date. The number of Rights Shares to be issued is based on the share capital of our Company of 568,873,012 SYF Shares (excluding treasury shares) prior to the completion of the Acquisition. For avoidance of doubt, the Consideration Shares are not entitled to the Rights Issue.

As the Rights Shares are prescribed securities, the respective CDS Accounts of the Entitled Shareholders will be duly credited with the number of Provisional Allotments they are entitled to subscribe for in full or in part, as the case may be, under the terms of the Rights Issue. The Entitled Shareholders will find the NPA as enclosed in this Abridged Prospectus, notifying the Entitled Shareholders of the crediting of such securities into their respective CDS Accounts, and the RSF as enclosed in this Abridged Prospectus, enabling the Entitled Shareholders to subscribe for the Provisional Allotments as well as to apply for Excess Rights Shares if Entitled Shareholders choose to do so.

Only the Entitled Shareholders who have an address in Malaysia as stated in the Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus together with the NPA and RSF.

Any dealings in our securities will be subject to, among others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares will, upon subscription, be credited directly into the respective CDS Accounts of the successful applicants. No physical certificates will be issued to the successful applicants of the Rights Shares.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue. The Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) shall be made available for excess applications for the Rights Shares.

Notices of allotment will be despatched to you within eight (8) Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities.

## 2.2 Basis of determining and justification for the issue price of the Rights Shares

The issue price of RM0.22 per Rights Share was fixed and determined by the Board after taking into consideration the following: -

- (i) The adjusted NA per SYF Share of RM0.15 after the Disposals and Special Dividend and/or Capital Repayment; and
- (ii) The historical adjusted market prices and VWAMP of SYF Shares after adjusting for the payment of the Special Dividend and/or Capital Repayment up to 5 October 2021, being the LTD and prevailing market conditions.

MainStreet Advisers Sdn Bhd (“MainStreet”) as the Independent Adviser is of the view that the issue price for the Rights Shares is fair and reasonable given the discounts ranging from RM0.02 to RM0.03 (6.66% to 13.45%) to the adjusted VWAMPs of SYF Shares up to the LTD are reasonable as they serve to increase the price attractiveness of the Rights Shares for the Shareholders to increase their equity participation in the Group.

For illustration purposes, the issue price of RM0.22 per Rights Share represents a premium of RM0.005 or 2.33% to the last transacted market price of SYF Shares on 26 May 2023, being the latest Market Day prior to the ex-date of the Rights Issue of RM0.215.

## 2.3 Ranking of the Rights Shares

The Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank equally in all respects with the then existing SYF Shares, save and except that the holder(s) of the Rights Shares will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid to Shareholders, whereby the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares.

## 2.4 Shareholders’ Undertakings and Underwriting Arrangements for the Rights Issue and Allotment of Excess Rights Shares

The Board has determined to undertake the Rights Issue on a full subscription basis and has procured underwriting for those Rights Shares where there is no undertaking from the Entitled Shareholders to subscribe.

Insas Plaza and Montego had on 15 June 2022 provided their respective irrevocable undertaking to subscribe for their entitlements to the Rights Shares. The number of Rights Shares pursuant to the Undertakings based on their entitlement is as follows: -

Undertaking shareholder	As at the LPD		Undertaking		
	No. of SYF Shares	% <sup>(1)</sup>	No. of Rights Shares	% <sup>(2)</sup>	RM <sup>(3)</sup>
Insas Plaza	47,530,000	3.01	23,765,000	8.36	5,228,300
Montego	2,485,200	0.16	1,242,600	0.44	273,372

Undertaking shareholder	After the Rights Issue	
	No. of SYF Shares	% <sup>(4)</sup>
Insas Plaza	71,295,000	3.83
Montego	3,727,800	0.20

Notes: -

<sup>(1)</sup> Calculated based on 1,577,963,921 SYF Shares as at the LPD.

<sup>(2)</sup> Calculated based on 284,436,506 Rights Shares to be issued. The number of Rights Shares is based on the share capital of our Company of 568,873,012 SYF Shares (excluding treasury shares) prior to the completion of the Acquisition. For avoidance of doubt, the Consideration Shares are not entitled to the Rights Issue.

<sup>(3)</sup> Calculated based on the issue price of RM0.22 for each Rights Share.

<sup>(4)</sup> Calculated based on 1,862,400,427 SYF Shares after the Rights Issue.

To achieve full subscription of the Rights Issue, we have entered into the Underwriting Agreement with the Underwriter to underwrite the balance 259,428,906 Rights Shares (“**Underwritten Shares**”) representing 91.21% of the total Rights Shares for which there is no undertaking from the shareholders to subscribe. The underwriting commission payable by our Company is 1.0% of the total value of the Underwritten Shares. The underwriting commission and all related costs in relation to the underwriting arrangement will be fully borne by us from the proceeds of the Rights Issue.

For the avoidance of doubt, the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable), shall be given priority and shall first be allocated with all the Excess Rights Shares applied for, if any. Upon completion of such allocation, the Underwriter shall only then apply and be allocated for any remaining number of unsubscribed Rights Shares.

Both Insas Plaza and Montego have confirmed that they have sufficient financial means and resources to subscribe in full for their respective entitlements pursuant to the Undertakings and Malacca Securities has verified the sufficiency of the Undertaking parties’ financial resources for the purpose of subscribing for the Rights Shares pursuant to the Undertakings.

The subscription of the Rights Shares by Insas Plaza and Montego pursuant to the Undertakings will not give rise to a Mandatory Offer obligation pursuant to the Rules. Upon the completion of the Acquisition, the shareholdings of Insas and its PACs have collectively increased from 8.79% to 67.12% of which the shareholdings of Insas in SYF have increased from nil to 63.95%.

The approval for the exemption to undertake the Mandatory Offer under subparagraph 4.08(1)(a) of the Rules have been obtained from the SC dated 2 March 2023, after obtaining the approval of the non-interested Shareholders of our Company at the EGM held on 19 January 2023.

Further, the Undertakings are not expected to result in any non-compliance with subparagraph 8.02(1) of the LR which states that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders upon completion of the Rights Issue. The public shareholding spread of the Company as at the LPD is 28.08%. Upon completion of the Rights Issue, the public shareholding spread of the Company is 36.64%.

*[The rest of this page is intentionally left blank]*

### 3. UTILISATION OF PROCEEDS

Based on the issue price of the Rights Shares and Restricted Issue Shares of RM0.22, the Rights Issue and Restricted Issue are expected to raise gross proceeds of approximately RM62.58 million and up to RM34.72 million respectively. The Company intends to utilise the proceeds from the Rights Issue and Restricted Issue of up to a total of approximately RM97.29 million as follows: -

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

Notes: -

<sup>(1)</sup> Being the working capital requirements of M & A Securities, which include the day-to-day administrative and operational expenses to conduct its financial services business (e.g. expansion of offices and staff recruitment as the business is more human capital centric), the breakdown of which cannot be reasonably determined at this juncture as it will depend on the actual expenses of M & A Securities at the relevant point in time. In relation to the expansion of offices, M & A Securities has on 11 April 2023 entered into a tenancy agreement with Insas Plaza for an office space located at Level 7, Block 45-47, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur for a period from 1 April 2023 to 31 October 2024 at a monthly rental of RM20,540. The said office space will be used for the corporate finance department of M & A Securities. Plans for renovation are undergoing but have yet to commence. The estimated renovation cost for the new office space is RM1.50 million which will be borne by M & A Securities.

<sup>(2)</sup> The amount due to Insas is non-trade in nature, unsecured, interest free and is repayable on demand. Such advances were utilised for the general working capital of M & A Securities. The amount due to Insas Technology Berhad is unsecured and subject to interest at 6.0% per annum. Such advances were utilised by M & A Securities for the purpose of financing its share margin activities as well as bridging the trade settlement by M & A Securities to Bursa Securities for and on behalf of its clients.

For information, the proposed repayment of RM52.74 million from the proceeds of the Rights Issue and Restricted Issue are amounts owing by M & A Securities to the related companies as at 30 June 2021. As at the LPD, the total amount owing by M & A Group to related companies is RM52.74 million comprising an amount owing to its ultimate holding company (Insas) of RM2.48 million and amount owing to Insas Technology Berhad of RM50.26 million.

<sup>(3)</sup> The estimated expenses of RM4.0 million shall be utilised for the payment of professional fees, payment for the submission to authorities in relation to the Corporate Exercise. Any surplus amount arising shall be clawed back to the working capital for the Enlarged SYF Group and any shortfall shall be funded from internally generated funds. The breakdown of the estimated expenses are as follows: -

	<b>RM'000</b>
Advisory/Professional fees for the advisers/experts	2,327
Fees payable to authorities	351
Stamp duty <sup>(2)</sup>	578
Underwriting and placement fees	744
<b>Total</b>	<b>4,000</b>

Note: -

<sup>(1)</sup> Being stamp duty payable for the transfer of the M & A Shares and RCPS from Insas to SYF pursuant to the Acquisition

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

#### 4. RATIONALE FOR THE RIGHTS ISSUE

The Rights Issue will enable the Entitled Shareholders to further participate in the Company's new financial services business. The Rights Issue provides an avenue to the Entitled Shareholders to increase their shareholdings in SYF after the dilution from the issuance of Consideration Shares and enable the Company to raise the requisite funds for the purpose as set out in Section 3 of this Abridged Prospectus. In particular, the proceeds from the Rights Issue will be used largely to repay the amount owing by M & A Securities to its related companies of RM52.74 million. The Rights Issue will strengthen the capital base as well as to improve the financial position of the Company. The issuance of the Consideration Shares will result in a dilution to shareholdings of the existing minority Shareholders to 28.08% upon completion of the Acquisition.

Upon the completion of the Rights Issue (assuming that all the existing minority Shareholders will collectively subscribe for the Rights Shares including the Rights Shares entitlements of Dato' Sri Ng Ah Chai and his spouse which will be renounced), the shareholdings of the existing minority Shareholders will increase to 36.64%. As such, the issuance of Rights Shares to the existing minority Shareholders will provide them an option to reinvest in the Rights Shares and to increase their participation in the new financial services business of SYF after the Acquisition via subscription to their rights entitlements and/or Excess Rights Shares application. Based on the issue price of RM0.22 for each Rights Share, the Rights Issue will also raise proceeds of approximately RM62.58 million to repay the existing inter-company advances of M & A Securities and to finance the working capital of the financial services business.

#### 5. DETAILS OF THE CORPORATE EXERCISE

##### 5.1 Disposal of Furniture Business

##### 5.1.1 Background information on the Disposal of Furniture Business

SYF had, on 6 October 2021, entered into the SSA with Mieco for the disposal of 20,000,000 ordinary shares in Seng Yip Furniture, representing 100.0% equity interest in Seng Yip Furniture to Mieco for a Disposal Consideration for Furniture Business of RM50.0 million, to be satisfied in cash.

The Disposal of Furniture Business was completed on 14 March 2023. Upon the completion of the Disposal of Furniture Business, Seng Yip Furniture ceased to be the wholly-owned subsidiary of SYF and has been de-consolidated from SYF.

The proceeds arising from the Disposal of Furniture Business of RM50.0 million has been distributed to the Shareholders as part of the capital repayment pursuant to the Special Dividend and/or Capital Repayment.

##### 5.1.2 Basis and justification for the Disposal Consideration for Furniture Business

The Disposal Consideration for Furniture Business of RM50.0 million was arrived at on a "willing-buyer willing-seller basis" after taking into consideration the following: -

- (i) the financial performance of Seng Yip Furniture for the FYEs 31 July 2019 to 2021 (being the three (3) financial years prior to the execution of the SSA) as follows:

	Audited FYE 31 July		
	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	131,926	108,016	119,489
(GL)/GP	(26,772)	(4,124)	3,087
(LBT)/PBT	(33,542)	(7,706)	(112)
(LAT)/PAT	(25,625)	(6,423)	(195)
NA	81,233	76,058	74,312
(GL)/GP margin (%)	(20.29)	(3.82)	2.58
(LBT)/PBT margin (%)	(25.42)	(7.13)	(0.09)
(LAT)/PAT margin (%)	(19.42)	(5.95)	(0.16)



- (ii) DCF Valuations (on the basis of the aggressive rationalisation exercises and downsized downstream segment) prepared by the management of Seng Yip Furniture on 20 September 2021 (prior to the execution of the SSA) and updated on 7 June 2022 of which the estimated equity valuation is approximately RM45.78 million and RM45.13 million respectively. The Disposal Consideration for Furniture Business of RM50.0 million represents a premium of RM4.22 million or 9.22% above the DCF Valuation as of 20 September 2021 and a premium of RM4.87 million or 10.79% above the DCF Valuation as of 7 June 2022;

The DCF Valuation is an appropriate valuation methodology to determine the fair value of the equity interest in Seng Yip Furniture as it estimates the value of Seng Yip Furniture on a going concern basis. Despite owning properties as its major assets representing approximately 61.6% of the total assets of Seng Yip Furniture as at 31 July 2021 (comprising 50.2% in property, plant and equipment, 5.8% in right-of-use assets and 5.6% in investment property) and having a Revalued NA value (“RNAV”) of RM75.3 million as at 31 July 2021, Seng Yip Furniture’s business focus is not in holding of investments or real estates. The DCF Valuation is able to effectively factor in the potential earnings and cash flows of the furniture business as well as the timing of such cash flows to be generated. This method considers both the time value of money and the future cash flows from the furniture business over a specified period of time.

- (iii) the market values of the properties held under Seng Yip Furniture of RM70.37 million as appraised by KGV International Property Consultants (M) Sdn Bhd on 1 March 2022, in its capacity as the Independent Valuer. In this regard, the RNAV of Seng Yip Furniture as at 31 July 2021 prior to the execution of the SSA is illustrated as follows: -

	<b>RM'000</b>
NA of Seng Yip Furniture as at 31 July 2021 <sup>^</sup>	74,311
Adjustments for:	
<i>Add: Net revaluation surplus (net of deferred tax)</i>	1,277
<i>Less: Impairment loss on right-of-use asset</i>	(282)
<b>RNAV</b>	<b>75,306</b>
Consist of:	
Market value of the properties held under Seng Yip Furniture	70,365 <sup>#</sup>
Others*	4,941

**Notes:**

\* *Other assets netted off against total liabilities of Seng Yip Furniture*

<sup>^</sup> *For information purposes, the audited NA of Seng Yip Furniture as at 31 July 2022 stood at RM75.78 million.*

<sup>#</sup> *Based on the updated valuation certificate dated 29 November 2022 and 1 December 2022, the market value of the properties held under Seng Yip Furniture was RM70.29 million. As there is no material variation to the total market values based on the aforesaid updated valuation certificate, the market value of the properties held under Seng Yip Furniture as at 1 March 2022 of RM70.37 million has been maintained in arriving at the RNAV.*

- (iv) the strategic objectives of SYF to exit from the rubberwood furniture manufacturing and materials processing industry and to enter into the financial services industry pursuant to the Acquisition.

MainStreet is of the view that the RNAV method is the most appropriate valuation methodology for Seng Yip Furniture. As the Disposal Consideration for Furniture Business represents a discount of RM25.31 million or approximately 33.60% to the RNAV of Seng Yip Furniture of RM75.31 million, MainStreet is of the view that the Disposal of Furniture Business is not fair and not reasonable. Please refer to Section 19 of Part B of the Circular for further information.

However, after taking into consideration the advantages of the Disposal of Furniture Business, the Board (other than the interested Directors who have abstained from deliberation, details as set out in Section 2.14 of Part A of the

Circular) has a differing view with MainStreet on the reasonableness of the Disposal of Furniture Business and is of the view that the Disposal of Furniture Business is not fair but reasonable. Please refer to Section 2.1.1 of Part A of the Circular for further details.

### **5.1.3 Mode of settlement of the Disposal Consideration for Furniture Business**

The Disposal Consideration for Furniture Business of RM50.0 million was satisfied by Mieco by cash.

### **5.1.4 Rationale for the Disposal of Furniture Business**

For information purposes, Tomisho, a wholly-owned subsidiary of SYF in the rubberwood furniture segment has ceased operations in November 2021. As such, following the Disposal of Furniture Business, SYF has fully ceased its rubberwood furniture segment. The Disposal of Furniture Business had enabled SYF to monetise its investment in the subject assets and return the proceeds thereon to the Shareholders pursuant to the Special Dividend and/or Capital Repayment.

The Disposal of Furniture Business also formed part of the overall plan to turn SYF into a full-fledged financial services group in conjunction with the Acquisition.

## **5.2 Disposal of Freehold Land**

### **5.2.1 Background information on the Disposal of Freehold Land**

Nikmat Sekitar and Nuri Meriah, the indirect wholly-owned subsidiaries of SYF had, on 6 October 2021, entered into the SPAs with Juta for the Disposal of Freehold Land. The Disposal of Freehold Land entails the disposal of two (2) parcels of freehold land held under Lot 1461 and Lot 1464 measuring approximately 17,958 square metres and 17,831 square metres respectively to Juta for a total disposal consideration of RM21.2 million, to be satisfied in cash.

The Disposal of Freehold Land was completed on 9 May 2023. Following the Disposal of Freehold Land, the Group via its wholly-owned subsidiary, Giat Armada still owns two (2) parcels of freehold land in Semenyih held under Geran 312794, Lot 25299, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor Darul Ehsan and Geran 312793, Lot 25285, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor Darul Ehsan, measuring 20,020 square metres and 35,990 square metres respectively. These lands are earmarked for commercial development, however as at the LPD, the Group does not have any development plan for these landbanks and as such is not able to determine their gross development value. As at 31 July 2022, the total audited net book value of these lands is RM31.16 million. SYF intends to dispose of these lands and focus in the financial services sector after completion of the Corporate Exercise.

The proceeds arising from the Disposal of Freehold Land of RM21.2 million will be distributed as part of the capital repayment pursuant to the Special Dividend and/or Capital Repayment.

### **5.2.2 Basis and Justification for the Disposal Consideration for Freehold Land**

The Disposal Consideration for Freehold Land of RM21.2 million was arrived at on a "willing-buyer willing-seller basis" and is based on the market value of the Freehold Land on 23 February 2022 and 25 November 2022 as appraised by CBRE WTW Valuation & Advisory Sdn Bhd, in its capacity as the Independent Valuer ("**CBRE | WTW**").

CBRE | WTW had valued the Freehold Land using the comparison approach as a main method of valuation and income approach (residual method) as a check method of valuation and has determined the total market value of Lot 1461 and Lot 1464 to be RM10.6 million each totalling RM21.2 million as at 23 February 2022 based on its valuation certificate dated 1 March 2022. Based on the updated valuation certificate dated 2 December 2022, there is no change to the



total market value of the Freehold Land as at 25 November 2022. CBRE | WTW has adopted the market value derived from comparison approach as a fair representation of the market value of the subject property in view that the subject property has yet to obtain planning approval and there are plenty of comparables of similar type of property located within a larger locality.

MainStreet is of the view that the valuation methodologies applied by CBRE | WTW for the valuation of the Freehold Land are appropriately applied and are consistent with generally applied valuation methodologies for properties in conformity with the Malaysian Valuation Standard issued by the Board of Valuers, Appraisers and Estate Agents Malaysia and with the necessary professional responsibility and due diligence. MainStreet is also of the view that the adjustments made in the comparison approach are reasonable and the assumptions used in the income approach are reasonable. As such, MainStreet is satisfied with the valuation of the Freehold Land by CBRE | WTW and is of the view that the appraised market value of RM21.2 million using the comparison approach as the primary valuation methodology and the income approach (residual method) as a check is fair. MainStreet is thus of the view that the Disposal of Freehold Land is fair and reasonable and not detrimental to the non-interested Shareholders.

### 5.2.3 Mode of settlement of the Disposal Consideration for Freehold Land

The Disposal Consideration for Freehold Land of RM21.2 million was satisfied by Juta by cash.

### 5.2.4 Rationale for the Disposal of Freehold Land

The Disposal of Freehold Land had enabled SYF to monetise its investment in the subject assets and return the proceeds thereon to the Shareholders pursuant to the Special Dividend and/or Capital Repayment.

### 5.2.5 Information on Juta

Juta was incorporated in Malaysia on 1 July 2008 as a private limited company. Juta is principally involved in property development.

As at the LPD, the total issued share capital of Juta is RM1.0 million comprising 1,000,000 ordinary shares in Juta and the directors and shareholders of Juta and their respective shareholdings in Juta are as follows: -

Name	Involvement	Direct		Indirect	
		No. of shares	%	No. of shares	%
Dato' Sri Ng Ah Chai	Director and Shareholder	950,000	95.0	-	-
Ng Wei Ping	Director and Shareholder	50,000	5.0	-	-

## 5.3 Special Dividend and/or Capital Repayment

### 5.3.1 Background information on the Special Dividend and/or Capital Repayment

The Board had proposed a cash distribution of RM0.18 per SYF Share comprising of RM0.07 per SYF Share after the completion of the Disposal of Furniture Business and the remaining RM0.11 per SYF Share after the completion of the Disposal of Freehold Land.

On 30 January 2023, the Court had granted the orders confirming the reduction of share capital of SYF under section 116 of the Act. The entitlement date for capital repayment of RM0.07 and RM0.11 is on 4 April 2023 and 24 May 2023 respectively.

Subsequently, the capital repayment of RM0.07 per SYF Share was paid on 17 April 2023, whilst the capital repayment of RM0.11 per SYF Share will be paid on 7 June 2023.

The Special Dividend and/or Capital Repayment of approximately RM102.40 million will be financed from the proceeds of the Disposal of Furniture Business of RM50.00 million, Disposal of Freehold Land of a total of RM21.20 million and the remaining amount of RM31.20 million will be financed by cash in SYF.

Based on a total cash distribution of RM0.18 per SYF Share multiplied by 568,873,012 existing SYF Shares (excluding treasury shares), the Special Dividend and/or Capital Repayment entailed a total cash distribution of approximately RM102.40 million, from which Dato' Sri Ng Ah Chai has given an irrevocable undertaking to SYF that he shall: -

- (a) forgo his entitlement to the Special Dividend and/or Capital Repayment amounting to RM6.0 million. In this regard, Dato' Sri Ng Ah Chai will return the proceeds arising from the Special Dividend and/or Capital Repayment of RM6.0 million to SYF (the net of tax amount is RM4.56 million); or
- (b) remit an amount of RM6.0 million to SYF (the net of tax amount is RM4.56 million) out of the proceeds from the disposal of his shares (in the event he disposes of all or any part of his SYF Shares prior to the entitlement date for the Special Dividend and/or Capital Repayment whereby he will not be entitled to the Special Dividend and/or Capital Repayment).

The Special Dividend and/or Capital Repayment will not result in: -

- (i) a cancellation of SYF Shares;
- (ii) a change in the number of SYF Shares held by any Shareholder; and
- (iii) a change in the proportion of SYF Shares held by any Shareholder.

### **5.3.2 Rationale for the Special Dividend and/or Capital Repayment**

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

## **5.4 Acquisition**

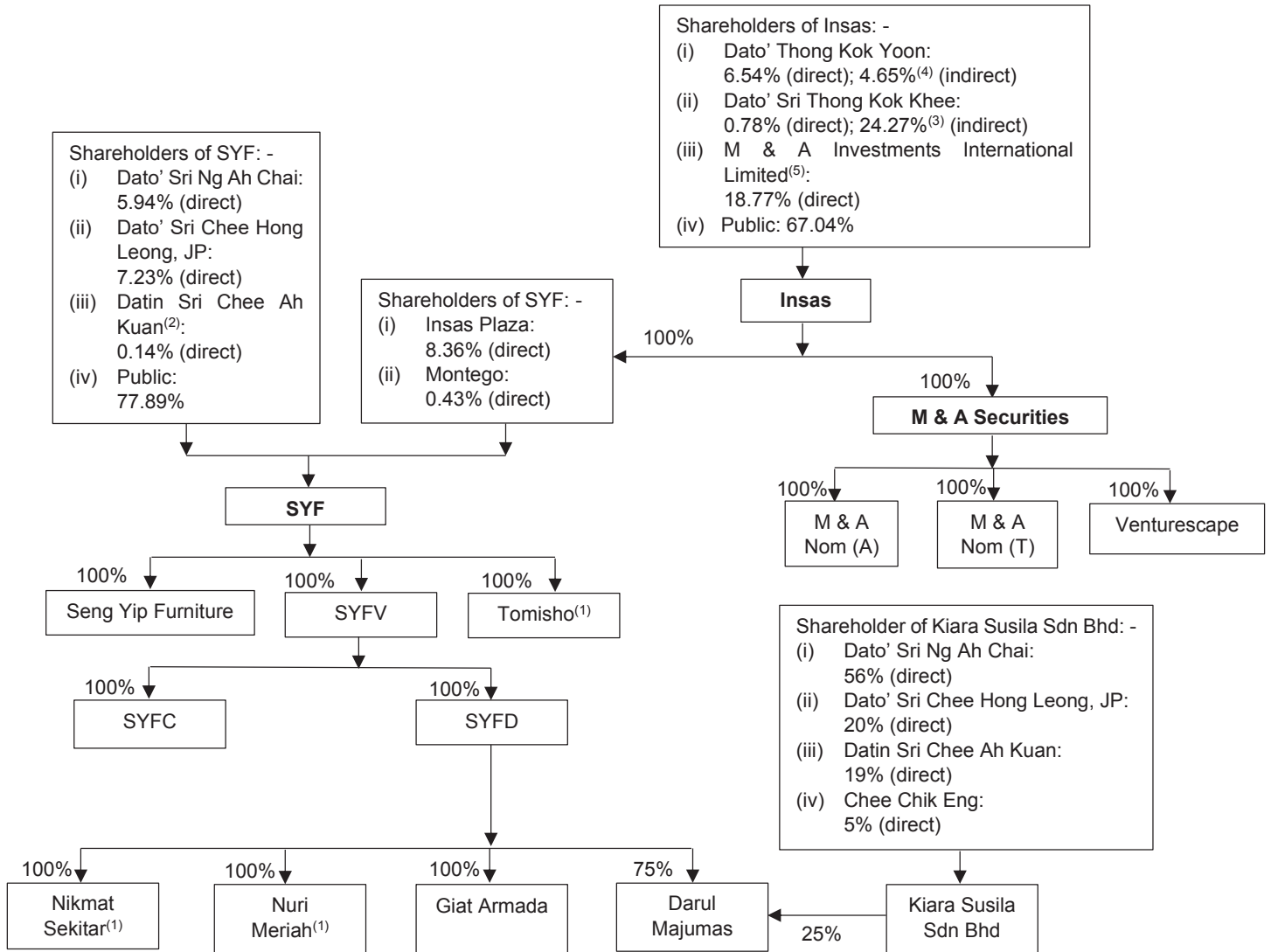
### **5.4.1 Background information on the Acquisition**

The Acquisition entails the acquisition by SYF of the 100,000,000 M & A Shares and 60,000,000 RCPS, representing the entire equity interest and the RCPS in M & A Securities from Insas for the Purchase Consideration of RM222.0 million which will be fully satisfied through the issuance of 1,009,090,909 Consideration Shares at an issue price of RM0.22 each.

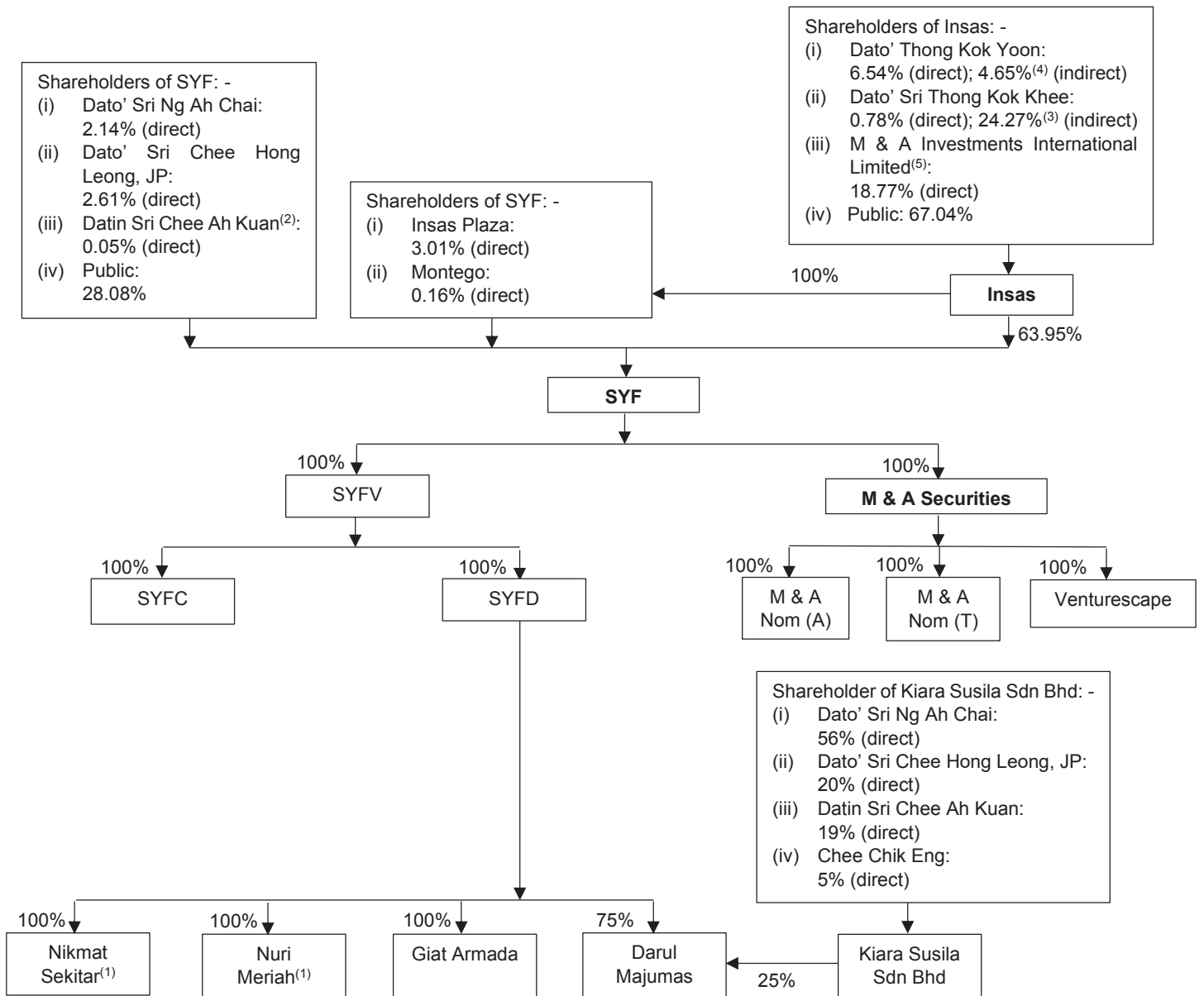
The Acquisition was completed on 10 May 2023 following which, M & A Securities became a wholly-owned subsidiary of SYF and together with its wholly-owned subsidiaries, namely M & A Nom (A), M & A Nom (T) and Venturescape became part of the Enlarged SYF Group. Upon completion of the Acquisition, Insas and its PACs collectively hold 67.12% equity interest in SYF.

The corporate and shareholdings structure of the Company and M & A Securities before and after the Corporate Exercise are as follows: -

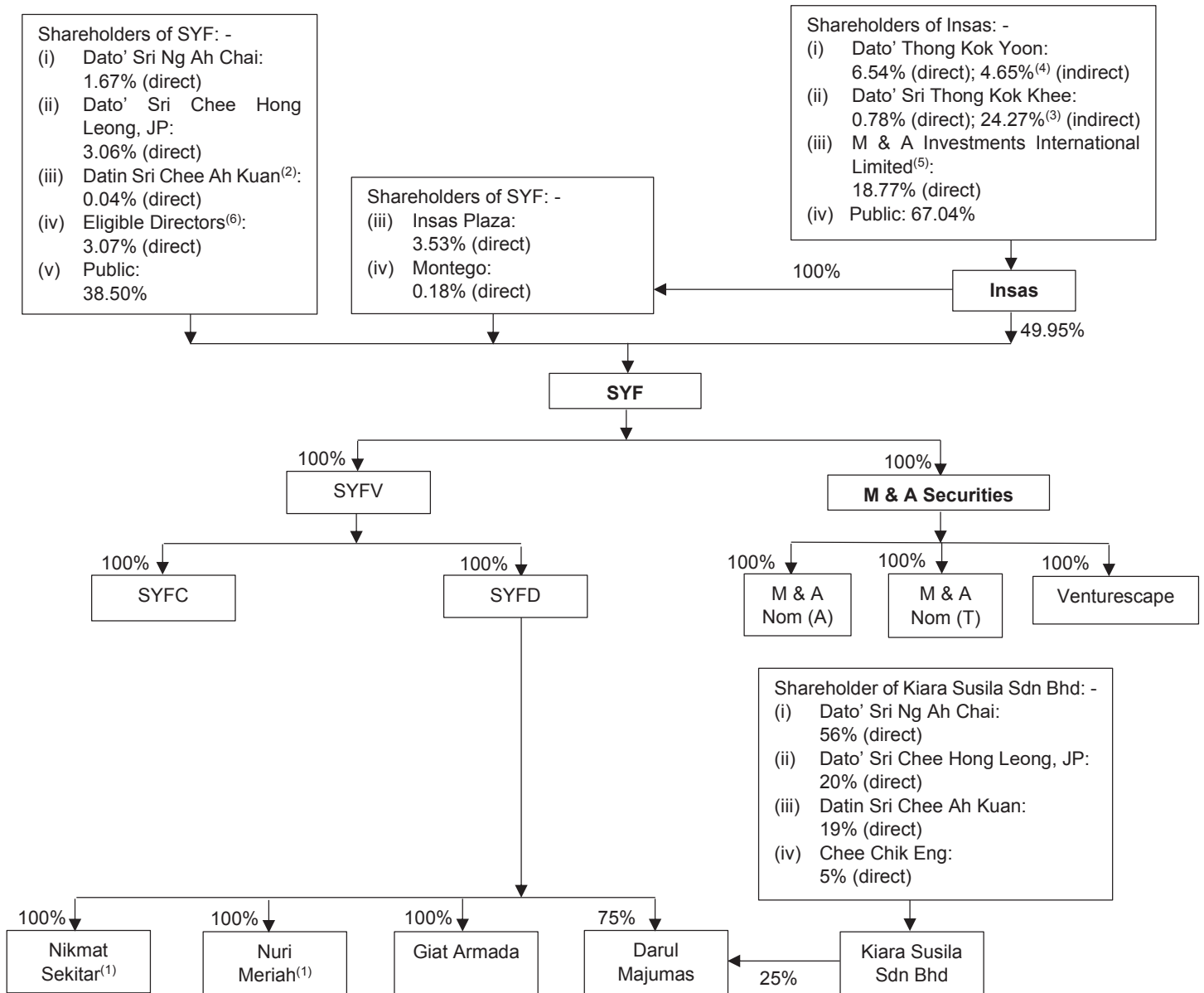
(a) Before the Corporate Exercise (prior to the Disposal of Seng Yip Furniture as at 13 March 2023)



(b) After the Disposals and Acquisition and as at the LPD



(c) After the Corporate Exercise



Notes: -

<sup>(1)</sup> Dormant

<sup>(2)</sup> Dato' Sri Ng Ah Chai's spouse pursuant to Section 59(11)(c) of the Act.

<sup>(3)</sup> Deemed as the ultimate beneficial owner of Insas by virtue of him being the largest shareholder of Insas via his direct (0.78%) and deemed interest (24.27%) by virtue of his family members' interest and his substantial interest in M & A Investments International Limited, Immobiliare Holdings Sdn Bhd, Baktihan Sdn Bhd, Winfields Development Sdn Bhd and Montprimo Sdn Bhd pursuant to Section 8 of the Act as follows: -

Name	Shareholdings in Insas (%)
<b>Direct interest:</b> Dato' Sri Thong Kok Khee	0.78
<b>Indirect interest:</b> <b>Family members' interest</b> Datin Sri Yeoh Kwee See	0.08
Thong Mei Chuen	0.02
Thong Weng Sheng	0.02

<b>Name</b>	<b>Shareholdings in Insas (%)</b>
<b>Substantial interest</b>	
<i>M &amp; A Investments International Limited</i>	18.76
<i>Immobilillaire Holdings Sdn Bhd</i>	2.04
<i>Baktihan Sdn Bhd</i>	3.28
<i>Winfields Development Sdn Bhd</i>	0.03
<i>Montprimo Sdn Bhd</i>	0.04
	<b>24.27</b>

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

#### 5.4.2 Basis and Justification in arriving at the Purchase Consideration

The Purchase Consideration of RM222.0 million was arrived at on a "willing-buyer willing-seller basis" after taking into consideration the following: -

- (a) The financial performance of M & A Group for the FYEs 30 June 2019 to 2022;

	<b>Audited FYE 30 June</b>			
	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>
Revenue	26,314	36,978	68,906	48,541
PAT	6,552	9,172	18,764	17,916
NA	169,063	170,288	182,707	193,374
Cash flow from operating activities	14,513	8,718	41,593	6,912
Cash and cash equivalents at end of financial year	71,162	67,063	106,359	100,278
Dividend declared and paid*	7,200	7,946	6,000	7,250
Basic EPS (sen)	6.55	9.17	18.76	17.92
Diluted EPS (sen)	4.10	5.73	11.73	11.20
NA per M & A Shares (RM)	1.69	1.70	1.83	1.93

Note: -

\* *The dividend declared and paid were for both ordinary shareholder(s) and preference shareholder(s).*

- (b) The Purchase Consideration of RM222.0 million represents a PER of 11.80 times and PBR of 1.21 times based on the audited PAT and NA of M & A Securities for FYE 30 June 2021 and PBR of 1.23 times to the Agreed Net Asset Value;

Based on the Agreed Net Asset Value of RM180.0 million and the Purchase Consideration of RM222.0 million, the premium paid for the Acquisition is RM42.0 million. The Board has considered the following factors for the payment of the premium including inter-alia, the following:

- (i) The Acquisition will enable SYF to consolidate 100% of M & A Group in its financials;
- (ii) The proven track record of M & A Securities and its reputation in the financial services industry;
- (iii) The established clientele base of M & A Securities; and
- (iv) The team of experienced professionals in M & A Securities then comprising 156 licensed representatives with Capital Markets Services Representative License as at LPD.

As at 25 November 2022, being the latest practicable date prior to the Circular, the PER and PBR of the comparable companies listed on Bursa Securities which are principally involved in financial services including stock broking which have similar business activities to M & A Securities, with a market capitalisation of less than RM1.0 billion are as follows:

Company	Principal Activities	Market capitalisation (RM' million)	PER (times)	PBR (times)
Apex Equity Holdings Berhad	Apex is principally engaged in the business of investment holding and trading in marketable securities. The company, through its subsidiaries, involved in stock, share and futures broker and dealer in securities, investment advisor, property holding, money lending and property development, provision of nominee services.	198.59	9.25	0.59
Kenanga Investment Bank Berhad	Kenanga is principally engaged in the investment banking business, provision of stockbroking and related financial services. Kenanga, through its subsidiaries, involved in management of unit trust funds, provision of fund management services, provision of nominee services, management of investment funds, licensed money lender, Islamic factoring and leasing, dealing in securities, advising in corporate finance, securities financing and providing custodial services for securities.	632.44	5.34	0.60
M & A Securities	M & A Securities is principally involved in stock broking and dealing in securities and provision of corporate finance and advisory services. M & A Securities, through its subsidiaries, are engaged in nominee agent and registration services.	222.00 <sup>(1)</sup>	11.80 <sup>(2)</sup>	1.23 <sup>(2)</sup>

Notes: -

<sup>(1)</sup> Purchase Consideration of RM222.0 million

<sup>(2)</sup> Based on transaction PER and PBR based on FYE 30 June 2021

To assess the reasonableness of the Purchase Consideration of RM222.0 million, the Board has also appointed Asia Equity Research Sdn Bhd ("AER") as Independent Business Valuer to provide a fairness opinion on the Acquisition. AER has ascribed the fair value of the entire equity interest and RCPS in M & A Securities which ranges between

RM206.0 million and RM227.0 million as at the valuation date on 6 October 2022, using Free Cash Flow to Firm (“FCFF”) as the primary valuation methodology. AER is of the view that the Purchase Consideration of RM222.0 million is fair as it is within the fair valuation range of the entire equity interest and RCPS in M & A Securities as appraised by AER based on the FCFF methodology of between RM206.0 million and RM227.0 million.

Notwithstanding that the implied PER and PBR multiples of M & A Securities are higher than the range of trailing multiples of comparable companies, AER is of the view that: -

- (i) It is reasonable for the implied PER of M & A Securities to be higher than the average fair (justified) PER of the comparable companies as the implied PER of M & A Securities incorporates the value of control whereby our Company will be able to control the board of directors of M & A Securities and the valuable options attached thereto;
- (ii) It is reasonable for the implied PBR of M & A Securities to be higher than the PBR of the comparable companies. The premium of 10% to 20% of M & A Securities' NA is reasonable as the excess in value represents the value of its intangible assets beyond carrying value as at 30 June 2022; and
- (iii) It is not appropriate to compare the implied EV/EBITDA ratio of M & A Securities to the comparable companies as the comparable companies have different capital structure and higher levels of cash and bank balances than M & A Securities.

The following sets out the precedent transactions announced (including transactions which were completed/not completed) from year 2017 up to 2021 in the financial services industry, which are not exhaustive, as follows: -

Year	Description of transactions	Transaction PER (times)	Transaction PBR (times)
2019	Merger of JF Apex Securities Berhad (now known as Apex Securities Berhad, a wholly-owned subsidiary of Apex Equity Holdings Berhad) (“ <b>JF Apex</b> ”) and Mercury Securities Sdn Bhd (“ <b>Mercury</b> ”) via the transfer by Mercury to JF Apex of its stockbroking, corporate advisory and other related business together with the requisite business assets and business liabilities for a total consideration of RM140.0 million <sup>(2)</sup>	14.89	2.80
2017	Sale of 50% of the issued and paid-up share capital of CIMB Securities International Pte. Ltd. to China Galaxy International Financial Holdings Limited, a wholly-owned subsidiary of China Galaxy Securities Co. Ltd. The consideration for the disposal amounts to approximately SGD167.0 million (approximately RM515.0 million)	Not publicly available	1.30
2017	CIMB Group Sdn Bhd, a wholly-owned subsidiary of CIMB Group Holdings Berhad's acquisition of entire equity interest in Jupiter Securities Sdn Bhd, a 76.55%-owned subsidiary of Olympia Industries Berhad for a total consideration of RM55.0 million	Not publicly available	2.53
	Average	-(1)	2.21
	Max	-(1)	2.80
	Min	-(1)	1.30



Notes: -

- (1) Not provided as only the precedent transaction in 2019 has PER.
- (2) The transaction did not materialise as the parties decided not to seek for a further extension of the conditions fulfilment period for the Business Merger Agreement (“BMA”), which had been mutually extended for ten (10) times for a period of more than two (2) years. As a result, the BMA lapsed and accordingly, the proposals were discontinued. Notwithstanding, the proposal was presented and approved by the shareholders of Apex in an extraordinary meeting held.

- (c) The rationale of the Acquisition as set out in Section 5.4.7 of this Abridged Prospectus; and
- (d) The prospects of the Enlarged SYF Group, including M & A Securities after the Acquisition, as set out in Section 6.3 of this Abridged Prospectus.

MainStreet is of the view that the key bases and assumption as well as the valuation methodologies applied by AER, i.e. FCFF approach as the primary methodology and relative valuation approach as the secondary methodology (save for EV/EBITDA multiple) as a cross check for the valuation of the entire equity interest of M & A Securities including the RCPS are appropriately applied. MainStreet is of the view that M & A Group is mainly driven by the earnings and cash flows potential of its businesses and given the limitations of the relative valuation approach as highlighted by AER, MainStreet is agreeable with AER that the most appropriate method is the FCFF approach. As such, MainStreet is satisfied and has relied on the valuation prepared by AER for the entire equity interest of M & A Securities including the RCPS based on the FCFF approach. Based on the above, MainStreet is of the view that the Acquisition and Purchase Consideration of RM222.0 million is fair and reasonable and not detrimental to the non-interested Shareholders.

#### 5.4.3 Basis and Justification for the Issue Price of the Consideration Shares

The issue price for the Consideration Shares of RM0.22 each was determined on a “willing buyer willing seller” basis based on: -

- (a) The historical adjusted market prices and VWAMP of SYF Shares after adjusting for the payment of the Special Dividend and/or Capital Repayment. The following table sets out the discount/premium of the issue price to the adjusted market price/VWAMP of the SYF Shares: -

Basis of comparison based on	Adjusted <sup>(1)</sup> market price/ VWAMP	(Discount)/Premium of proposed issue price over Adjusted market price/ VWAMP	
	RM	RM	%
Last transacted market price as at LTD	0.2450	(0.0250)	(10.20)
VWAMP for the five (5)-day up to LTD	0.2542	(0.0342)	(13.45)
VWAMP for the one (1)-month up to LTD	0.2491	(0.0291)	(11.68)
VWAMP for the three (3)-month up to LTD	0.2407	(0.0207)	(8.60)
VWAMP for the six (6)-month up to LTD	0.2357	(0.0157)	(6.66)
VWAMP for the twelve (12)-month up to LTD	0.1887	0.0313	16.59

Basis of comparison based on	Adjusted <sup>(1)</sup> market price/ VWAMP	(Discount)/Premium of proposed issue price over Adjusted market price/ VWAMP	
	RM	RM	%
Last transacted market price as at 25 November 2022	0.1550	0.0650	41.94
VWAMP for the five (5)-day up to 25 November 2022	0.1522	0.0678	44.55

(Source: Bloomberg)

Note: -

<sup>(1)</sup> After adjusting for the Special Dividend and/or Capital Repayment of RM102.40 million or RM0.18 per SYF Share

- (b) The audited NA per SYF Share as at 31 July 2021 prior to the execution of the SSPA adjusted for the effects of the Disposals and Special Dividend and/or Capital Repayment:

	<b>RM'000</b>
Audited NA of SYF Group as at 31 July 2021*	213,540
Less: Net loss arising from Disposals <sup>(1)</sup>	(23,976)
Less: Special Dividend and/or Capital Repayment <sup>(2)</sup>	<u>(102,397)</u>
<b>Adjusted NA</b>	<b><u>87,167</u></b>
No. of SYF Shares (excluding treasury shares) ('000)	568,873
Adjusted NA per SYF Share (RM)	0.15

Notes: -

<sup>(1)</sup> SYF is expected to record a net loss from disposal of RM23.98 million pursuant to the loss on Disposal of Furniture Business of approximately RM24.31 million and gain on Disposal of Freehold Land of approximately RM0.34 million. The net loss arising from the Disposals translates to a discount of RM0.04 per SYF Share.

<sup>(2)</sup> Being the total amount to be distributed to the Shareholders of RM102.40 million pursuant to the Special Dividend and/or Capital Repayment of RM0.18 per SYF Share multiplied by 568,873,012 SYF Shares (excluding treasury shares).

\* The audited NA of SYF Group as at 31 July 2022 is RM185.42 million.

The net loss arising from the Disposals of RM0.04 per SYF Share translates to a discount of 11.23% to the NA per SYF Share of RM0.37 per SYF Share. After adjusting for the effects of the Special Dividend and/or Capital Repayment of RM0.18 per SYF Share, the adjusted NA per SYF Share translates to RM0.15 per SYF Share.

In this regard, the issue price of RM0.22 per SYF Share represents a premium of RM0.07 or 46.67% to the adjusted NA per SYF Share of RM0.15.

Based on the above, MainStreet is of the view that the issue price of RM0.22 per Consideration Share is fair and reasonable and not detrimental to the non-interested Shareholders as: -

- (i) it represents a premium of RM0.07 or 46.67% to the adjusted NA per SYF Share of RM0.15 as at 31 July 2021 adjusted for the Disposals and Special Dividend and/or Capital Repayment;
- (ii) the discount ranging from 6.66% to 13.45% to the adjusted VWAMPs and market price of SYF Shares up to the LTD is generally in line with discount rates for corporate exercises involving the issuance of shares in the market; and
- (iii) it is within the highest and lowest adjusted trade market prices of SYF Shares for the past six (6) months preceding the date of the announcement of Corporate Exercises.

Please refer to Section 9 of Part B of the Circular for further information.

#### **5.4.4 Mode of Settlement of the Purchase Consideration**

The Purchase Consideration of RM222.0 million was satisfied by SYF by way of issuance of Consideration Shares to the Vendor, at an issue price of RM0.22 each.

#### **5.4.5 Ranking of the Consideration Shares**

The Consideration Shares pursuant to the Acquisition shall, rank equally in all respects with the existing SYF Shares in issue, save and except that the Consideration Shares are not entitled to the Rights Issue.

#### **5.4.6 Additional Financial Commitment Required**

There are no additional financial commitments required by the Company in putting the assets/business to be acquired on-stream.

#### **5.4.7 Rationale for the Acquisition**

The Acquisition presents an opportunity for SYF to enter into the financial services business. The Acquisition is expected to enhance shareholders' value taking into consideration the track record of M & A Securities. The issuance of Consideration Shares to Insas reaffirms Insas' commitment in the future growth of M & A Securities and will enable Insas to continue to hold a controlling stake in M & A Securities held through SYF. The issuance of Consideration Shares will also minimise interest servicing by SYF as opposed to the Purchase Consideration being settled via bank borrowings.

During the FYEs 30 June 2019 to 2022, M & A Securities has successfully completed 218 capital market transactions; and raised RM3.89 billion from the equity market. Such proven track record in executing various capital market transactions have yielded M & A Securities recurring corporate finance engagements from existing clients, recommendations to new clients through favourable referrals by existing clients and other professional parties as well as direct request for proposal from new clients. In addition, the stock market experienced a surge in activity over FYEs 30 June 2020 to 2021 which was a key driver for stockbroking activities amidst the pandemic effects. In FYE 2022, investors sentiment was softer due to the decline in performance of the rubber glove, technology and construction sectors coupled with uncertainties over the global macroeconomics in terms of interest rate hikes, inflation, the Russia-Ukraine conflict and political uncertainties in Malaysia. Although this resulted in M & A Securities recording lower revenue, the company was able to sustain its financial results and recorded a PAT of RM17.92 million as compared to RM18.42 million in the previous financial year. As such, M & A Securities is well-positioned to grow sustainably which would enhance shareholders' value.

### **5.5 Rights Issue**

The Rights Issue involves the issuance of 284,436,506 Rights Shares, on the basis of one (1) Rights Share for every two (2) existing SYF Shares held by the Entitled Shareholders on the Entitlement Date.

Please refer to Section 2 of this Abridged Prospectus for further details.

### **5.6 Restricted Issue**

#### **5.6.1 Background information on the Restricted Issue**

The Restricted Issue involves the issuance of up to 157,796,392 Restricted Issue Shares, representing up to 10.0% of the enlarged share capital of SYF after the Acquisition, to the Eligible Persons at an issue price of RM0.22 per Restricted Issue Share.

The Restricted Issue is expected to raise gross proceeds of up to approximately RM34.72 million. The Company intends to utilise the proceeds from the Restricted Issue of up to RM34.72 million to the working capital.

### 5.6.2 Basis and Justification for the Issue Price of the Restricted Issue Shares

The issue price of RM0.22 per Restricted Issue Share was fixed and determined by the Board after taking into consideration the following: -

- (i) The adjusted NA per SYF Share of RM0.15 after the Proposed Disposals and Proposed Special Dividend and/or Capital Repayment; and
- (ii) The historical adjusted market prices and VWAMP of SYF Shares after adjusting for the payment of the Proposed Special Dividend and/or Capital Repayment up to LTD and prevailing market conditions.

MainStreet is of the view that the issue price for the Restricted Issue Shares is fair and reasonable as the discounts ranging from RM0.02 to RM0.03 (6.66% to 13.45%) to the adjusted VWAMPs of SYF Shares up to the LTD based on the issue price of RM0.22 are similar to the discounts adopted for the Rights Issue. Therefore, MainStreet is of the view that the discounts are reasonable for the eligible directors and employees of the Enlarged SYF Group and persons who have contributed to the success of M & A Group to participate in the long-term growth of the Enlarged SYF Group.

### 5.6.3 Ranking of the Restricted Issue Shares

The Restricted Issue Shares shall, upon allotment, issuance and full payment of the issue price of the Restricted Issue Shares, rank equally in all respects with the then existing SYF Shares, save and except that the holder(s) of the Restricted Issue Shares will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid to shareholders, whereby the entitlement date of which is prior to the date of allotment and issuance of the Restricted Issue Shares.

### 5.6.4 Allocation of the Restricted Issue Shares

The details of the number and percentage of Restricted Issue Shares to be allocated to each category of the Eligible Persons are as follows: -

	<b>No. of Restricted Issue Shares</b>	<b>As % of total Restricted Issue Shares</b>
Eligible Directors <sup>(1)</sup>	Up to 62,000,000	Up to 39.29
Eligible employees	Up to 33,000,000	Up to 20.91
Persons who have contributed to the success of M & A Group <sup>(2)</sup>		
• Commissioned dealer representatives	Up to 33,000,000	Up to 20.91
• Business associates and clients	Up to 29,796,392	Up to 18.89
	<b>Up to 157,796,392</b>	<b>Up to 100.00</b>

Entitlements which are not accepted by any of the eligible Directors, employees and persons who have contributed to the success of M & A Group will be made available for excess application by the other eligible Directors, eligible employees and persons who have contributed to the success of M & A Group, at the discretion of the Board.

Notes: -

<sup>(1)</sup> The proposed allocation to the eligible Directors is as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of Restricted Issue Shares</b>	<b>As % of total Restricted Issue Shares</b>
<b>Directors of M &amp; A Securities<sup>(iv)</sup></b>			
• Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, Darjah Kebesaran Mahkota Pahang Yang Amat Dihormati Kelas II (“ <b>DK(II)</b> ”), Peringkat Pertama Sri Indera Mahkota Pahang (“ <b>SIMP</b> ”) <sup>(i)</sup>	Independent Non-Executive Chairperson	Up to 2,000,000	Up to 1.27
• Dato’ Ng Jet Heong	Independent Non-Executive Director	Up to 2,000,000	Up to 1.27
• Dato’ Wong Gian Kui <sup>(ii)</sup>	Non-Independent Non-Executive Director	Up to 2,000,000	Up to 1.27
• Dato’ Thong Kok Yoon	Executive Director, Dealing	Up to 6,000,000	Up to 3.80
• Datuk Tan Choon Peow <sup>(iii)</sup>	Executive Director, Corporate Finance	Up to 50,000,000	Up to 31.69
		<b>Up to 62,000,000</b>	<b>Up to 39.29</b>

Notes: -

- (i) She is also an existing Independent Non-Executive Director of SYF.
- (ii) He is also an existing Non-Independent Non-Executive Director of SYF.
- (iii) He is also an existing Executive Director of SYF.
- (iv) Goh Hock Jin, Executive Director, Operations of M & A Securities has declined to participate in the Restricted Issue for personal reasons.

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

- (a) Commissioned dealer representatives, which are dealer representatives (or also known as remisiers) of M & A Securities engaged on a non-salaried basis. As at the LPD, M & A Securities has 112 commissioned dealer representatives; and
- (b) Business associates and clients of M & A Group.

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

### 5.6.5 Rationale for the Restricted Issue

The Restricted Issue provides an opportunity for the Eligible Persons to participate in the equity of M & A Securities via SYF. The Restricted Issue will be extended to the eligible Directors and employees of M & A Group to align the Directors’ and employees’ interest with the corporate goals and objectives of SYF. In addition, the Restricted Issue will also be extended to persons who have contributed to the success of M & A Group comprising commissioned dealer representatives and business associates and clients of M & A Group, to reward them for their past contributions as well as anticipated contribution to M & A Group.

The Restricted Issue will enable SYF to raise additional funds without having to incur interest costs as compared to bank borrowings and allows SYF to raise funds expeditiously from the capital markets as opposed to other forms of fund raising. Based on the issue price of RM0.22 for each Restricted Issue Share, the Restricted Issue will also raise proceeds of up to approximately RM34.72 million which together with the Rights Issue will raise total gross proceeds of approximately RM97.29 million to repay the existing inter-company advances of M & A Securities and to finance the working capital of the financial services business after the Corporate Exercise.

## **5.7 Exemption**

### **5.7.1 Background information on the Exemption**

Pursuant to subparagraph 4.01(a) of the Rules, a mandatory offer shall apply where the acquirer has acquired more than 33% of the voting shares or voting rights of the company.

Following the completion of the Acquisition, the shareholdings of Insas and its PACs in SYF have collectively increased from 8.79% to 67.12% of which the individual shareholdings of Insas in SYF have increased from nil to 63.95%.

Based on the above, the collective shareholdings of Insas and its PACs and the individual shareholdings of Insas have increased to more than 33% of the voting shares or voting rights of SYF. As a result, Insas and its PACs are obliged to undertake a Mandatory Offer pursuant to subparagraph 4.01(a) of the Rules to acquire the remaining SYF Shares not already owned by them. Insas will also trigger the Mandatory Offer obligation individually pursuant to subparagraph 4.01(a) of the Rules.

Insas and its PACs had sought the exemption from the SC pursuant to subparagraph 4.08(1)(a) of the Rules from the obligation to undertake the Mandatory Offer. The SC had, vide its letter dated 2 March 2023, approved the Exemption.

### **5.7.2 Rationale for the Exemption**

The Exemption will enable Insas and its PACs to be exempted from its obligation under the Rules as it does not intend to undertake a mandatory offer on SYF.

## **5.8 Change of Name**

### **5.8.1 Background information on the Change of Name**

SYF proposes to change its name from “SYF Resources Berhad” to “M & A Equity Holdings Berhad”. The Change of Name will be effective from the date of issuance of the Notice of Registration of New Name by the CCM.

### **5.8.2 Rationale for the Change of Name**

The Change of Name is to have a new corporate identity for the Enlarged SYF Group to better reflect its new core business and its future undertakings in the financial services industry. This Change of Name will allow the Enlarged SYF Group to develop its own identity separate from Insas, who is the new controlling shareholder of the Enlarged SYF Group after the Acquisition, and to enable investors to better differentiate between the two (2) listed entities.

## **6. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS**

### **6.1 Overview and outlook of the Malaysian economy**

The Malaysian economy grew slower in the fourth quarter of 2022 (7.0%; 3Q 2022: 14.2%) as support from the stimulus measures and low base effect waned. The low base effect originated from the decline in economic growth in the third quarter of 2021 (-4.5%), partially contributing towards a high growth a year later, 14.2% in the third quarter of 2022. At 7.0%, the growth was still above the long-term average of 5.1%. Private sector activity remained the key driver of growth, supported by private consumption and investment. The continued growth in private consumption was mainly driven by improving labour market conditions. Labour market conditions steadily improved during the quarter, albeit at a more moderate pace. Unemployment and underemployment rates continued their gradual decline to 3.6% and 1.0% of the labour force, respectively (3Q 2022: 3.7% and 1.1%, respectively). This was supported by sustained employment gains, amid continued expansion of the labour force. The labour force participation rate rose to 69.5% (3Q 2022 69.4%; 4Q 2019: 69.1%).



Meanwhile, gross export growth moderated to 11.8% (3Q 2022: 38.3%), in line with the weaker external demand. This was partly offset by the resilient performance in exports of electrical and electronic (E&E) products and higher tourism activities. The services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.6% (3Q 2022: +1.9%). Overall, the Malaysian economy expanded by 8.7% in 2022.

Headline inflation moderated to 3.9% during the fourth quarter (3Q 2022: 4.5%). The moderation was mainly due to the lapse in the base effect on electricity inflation, a key contributor to the higher inflation in the third quarter of 2021. The moderating trend in key global commodity prices partly led to lower inflation in some Consumer Price Index (CPI) items, including fuel. Inflation for some key staple food items, such as fresh meat and eggs, also moderated during the quarter. However, the downward impact of these factors was partly offset by higher core inflation. Core inflation increased to 4.2% (3Q 2022: 3.7%), driven by the continued strength in demand amid a still-elevated cost environment. For 2022 as a whole, headline inflation increased to 3.3% (2021: 2.5%) and core inflation averaged higher at 3.0% (2021: 0.7%).

For 2023, the Malaysian economy is expected to expand at a more moderate pace amid a challenging external environment. Domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects. The services and manufacturing sectors will also continue to support growth. Meanwhile, the slowdown in exports following weaker global demand would be partially cushioned by higher tourism activity. The balance of risks remains tilted to the downside, mainly from weaker global growth, tighter financial conditions, re-escalation of geopolitical conflicts and worsening supply chain disruptions.

*(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2022, Bank Negara Malaysia)*

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

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

Malaysia's economy will remain in a positive growth trajectory in 2023 mainly driven by domestic demand following the transition to the endemic phase and the reopening of international borders. The Government continues to support the economy through implementing policies and measures to ensure a conducive business environment that facilitates economic activities and meet the needs of the *rakyat*. In enhancing economic resilience and sustainable growth, the Government will prioritise the structural reform agenda to sustain the post-COVID-19 economic recovery momentum, amid the challenges arising from geopolitical uncertainties and climate change.

*(Source: Economic Outlook 2023, Ministry of Finance)*



## 6.2 Overview on the financial services sector in Malaysia

The financial account recorded a smaller net outflow of RM1.0 billion (3Q 2022: -RM14.9 billion). This reflects portfolio and direct investment net outflows, which were partially offset by the other investment net inflows.

Higher foreign direct investment (FDI) inflows (RM19.3 billion; 3Q: RM12.3 billion) benefitted mainly the manufacturing sector and non-financial services subsector. Direct investment abroad (DIA) outflows (-RM28.7 billion; 3Q: -RM10.3 billion) were channeled primarily into the non-financial services subsector and mining sector. Portfolio investments registered a large net outflow during the quarter (-RM26.7 billion; 3Q 2022: +RM0.1 billion) due mainly to redemption of domestic debt securities upon maturity held by non-resident investors. Other investments turned around to register a large net inflow of RM36.8 billion (3Q 2022: -RM16.6 billion), owing mainly to receipts of interbank lending by resident banks. Net errors and omissions stood at -RM2.1 billion during the quarter, or -0.3% of total trade.

*(Source: BNM Quarterly Bulletin Vol. 37 No. 4, the Fourth Quarter of 2022, Bank Negara Malaysia)*

Bursa Securities facilitates the buying and selling of equities and equity-related products on the Main, ACE and LEAP Markets (collectively, "**Bursa Malaysia's Securities Market**") covers 21 economic sectors and 50 economic activities. As at 31 December 2022, there were 766 companies on the Main Market, 159 companies in the ACE Market and 47 companies on the LEAP Market. The total market capitalisation of the Bursa Malaysia's Securities Market was RM1.7 trillion as at 31 December 2022.

Total funds raised from new listings and the secondary market in Bursa Malaysia's Securities Market rose from RM10.2 billion in 2018 to RM26.0 billion in 2022 at a compound annual growth rate ("**CAGR**") of 26.4%. From this, total funds raised from new listings rose from RM0.7 billion to RM3.5 billion at a CAGR of 49.5%. Comparatively, total funds raised from the secondary market rose from RM9.5 billion to RM22.6 billion at a CAGR of 24.2%. During the same period, the number of new listings rose from 22 listings to 35 listings at a CAGR of 12.3%.

In 2022, 35 companies (comprising 5 new LEAP Market listings, 25 new ACE Market listings and 5 new Main Market listings) were listed on Bursa Malaysia's Securities Market raising RM3.5 billion (2021: 30 new listings and RM2.7 billion raised). This improved performance is a testament that companies and investors remain confident in Malaysia's capital market, and look to Bursa Securities to meet their fundraising and investing needs. Bursa Securities is targeting at least 39 new listings with total market capitalisation of RM10.0 billion in 2023.

Further in 2022, funds raised from secondary listings increased to RM22.6 billion (2021: 14.3 billion), largely attributable to the completion of a major merger exercise in the telecommunications and media sector as well as the extension of temporary COVID-19 equity fundraising measures which remained in effect until 31 December 2022. The latter provided greater flexibility to public listed companies to issue new shares via private placement and rights issue. During the year, Bursa Securities had also initiated several measures to drive secondary fundraising activities.

The total trading value of on-market transactions ("**OMT**") and direct business transactions ("**DBT**") on the Bursa Malaysia's Securities Market decreased from RM625.0 billion in 2018 to RM531.0 billion in 2022. On the contrary, total trading volume of OMT and DBT rose from 643.0 billion shares to 729.0 billion shares during the same period at a CAGR of 3.2%. Between 2018 and 2022, the average daily trading value ("**ADV**") of OMT and DBT decreased from RM2.6 billion to RM2.2 billion. Comparatively, average daily trading volume of OMT and DBT rose from 2.6 billion shares to 3.0 billion shares at a CAGR of 3.2%.

Malaysia's economic growth trajectory is expected to remain on course in 2023, supported by the recovery in domestic demand, resumption in tourism activities and recovery in selected export segments. The peaking of inflation in 2022, reopening of China's economy and partial recovery in palm oil yields bode well for the nation's growth potential in 2023. Taken together, these factors would provide growth opportunities for Malaysia's economy. Malaysia's capital market performance is expected to remain

resilient in 2023, in line with the domestic economy. The performance of the nation's capital market is expected to be influenced by key global developments, with volatility expected to be driven by the rate of global monetary policy tightening and geopolitical developments. Notwithstanding this, conditions in the domestic capital market are expected to remain orderly, and continue to support the economy, underpinned by strong macroeconomic fundamentals and supportive capital market infrastructure. This is anticipated to bode well and generate sustained demand for corporate finance services and stock brokerage services to support Bursa Malaysia's Securities Market.

*(Source: IMR Report by Providence dated 17 May 2023)*

### **6.3 Prospect and future plans of the Enlarged SYF Group**

#### **6.3.1 Competitive strengths of M & A Securities**

**(i) M & A Securities offers a range of financial services which allows it to derive diversified sources of revenue.**

M & A Securities offers a range of financial services to its clients, comprising stock brokerage services, corporate finance advisory services as well as margin financing services to complement its stockbroking business. The complementary nature of M & A Securities' range of financial services distinguishes them in the market and supports the origination of business opportunities in different business segments. This in turn allows M & A Securities to generate a diversified stream of income.

**(ii) M & A Securities has a diversified client base.**

Through its multi-channel distribution network comprising branch offices and online trading platform, M & A Securities serves a diversified retail client base. Thus far, M & A Securities has primarily served the small and medium enterprises market, offering customised services to meet the financing needs of these firms. This large and diversified client base enhances M & A Securities competitive position by providing M & A Securities with business growth opportunities.

**(iii) M & A Securities is a licensed stockbroker with a proven track record.**

M & A Securities is a participating organisation of Bursa Securities and is licensed to undertake regulated activities, being dealing in securities. M & A Securities offers securities dealing and brokerage services, such as buying and selling of stocks listed on the Main, ACE and LEAP Markets of Bursa Securities and other foreign exchanges, on behalf of clients. Further, M & A Securities is registered and licensed with the SC for the regulated activity of advising on corporate finance. M & A Securities is also registered with Bursa Securities as a sponsor for the ACE Market and LEAP Market. With a long history of establishment and proven track record, M & A Securities has built an effective operating system. Therefore, M & A Securities' industry experience has allowed the firm to offer services and tailored solutions to meet its clients' needs in a constantly changing financial market, and these attributes will continue to support further growth of its client base.

**(iv) M & A Securities has an experienced and competent key senior management team.**

M & A Securities is led by a team of experienced professionals with industry expertise in formulating corporate strategies, monitoring compliance, overseeing financial condition and performance as well as those risks arising from market fluctuations, and managing daily operations. In addition, M & A Securities' key management team is supported by its licensed staff. As at the LPD, M & A Securities has 156 licensed representatives with CMSRL including eight (8) Qualified Personnel to support its corporate finance business.

**(v) M & A Securities adopts a prudent risk management strategy.**

M & A Securities' Risk Management Department and Credit Control and Margin Department play a leading role in managing its risk exposure on a day-to-day basis. Further, M & A Securities uses risk management system to monitor the company's risk exposure on real time basis. These prudent risk management systems allow M & A Securities to establish an effective operating system, maintain client loyalty, build reputation as a quality, trustworthy securities brokerage firm.

**6.3.2 Future plans and business strategies of M & A Securities**

**(i) M & A Securities will continue to expand and strengthen its corporate finance advisory business.**

M & A Securities aspires to continue to expand and strengthen its corporate finance advisory business by exploring business opportunities for acting as adviser, placement agent and underwriter in respect of initial public offerings ("IPO(s)") and secondary offerings, and to take up more significant IPO engagements (in terms of higher market capitalisation and higher fund raising quantum) on an ongoing basis. M & A Securities also intends to strengthen its business networking with business partners and professional parties who represent clients that are interested in corporate finance advisory services.

In addition, M & A Securities will continue to expand and strengthen its corporate finance advisory business by strengthening its staff force and broaden its client base. M & A Securities intends to strengthen its existing professional teams by recruiting more experienced senior, mid-level and junior staff in line with the growth of its corporate finance services segment.

On 11 April 2023, M & A Securities entered into a tenancy agreement with Insas Plaza for an office space located at Level 7, Block 45-47, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur for the period from 1 April 2023 to 31 October 2024 at a monthly rental of RM20,540. The said office space will be used for the corporate finance advisory department of M & A Securities, thereby allowing M & A Securities to support future growth in staff strength. As at the LPD, the plans for renovation are undergoing but have yet to commence. The estimated cost for the renovation of the new office space is RM1.50 million, which will be borne by M & A Securities.

**(ii) M & A Securities will continue to grow its stock brokerage and margin financing businesses by: -**

**(a) Enhancing its online trading platform**

M & A Securities intends to continually upgrade and enhance its front office and back-office trading systems (including online trading platform and mobile application) in line with the growth of its stockbrokerage segment. In particular, M & A Securities intends to continually enhance the user interface of the trading platform, security features, and to facilitate seamless transactions and enhance the security levels of its online trading platform.

**(b) Expanding its margin financing business**

M & A Securities intends to expand its margin book (by increasing the amount of available funds) which may be utilised for the purpose of granting margin loans to support and finance the securities trading activities on a margin basis. Despite an expansion of liquidity, M & A Securities will continue to regularly review the quality of securities pledged by its clients, update margin ratios and communicate margin requirements with its clients accordingly as well as adopt a prudent risk management policy.

### 6.3.3 Future plans of the Enlarged SYF Group

The Enlarged SYF Group will explore opportunities to undertake other non-organic initiatives such as venturing into asset management as well as setting up a Labuan investment bank to become a diversified Malaysian financial services group with the ultimate objective to increase its long-term business sustainability and enhance shareholders' value.

As at the LPD, the Enlarged SYF Group is still assessing the feasibility of these opportunities as such non-organic initiatives are subject to multiple factors, including regulatory approvals, capital requirements as well as evolving market trends and demands.

Separately, the Enlarged SYF Group will undertake to dispose of its remaining landbank namely, two (2) parcels of vacant development land in Semenyih held under Geran 312794, Lot 25299, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor Darul Ehsan and Geran 312793, Lot 25285, Mukim Semenyih, Daerah Ulu Langat, Negeri Selangor Darul Ehsan to focus in the financial services sector. These landbank is expected to be disposed of within one (1) year upon completion of the Acquisition.

## 7. RISK FACTORS

In addition to other information contained in this Abridged Prospectus, you and/or your renounee(s)/transferee(s) (if applicable) should carefully consider the following risk factors before subscribing for or investing in the Rights Shares.

### 7.1 Risk relating to the Enlarged SYF Group

Upon completion of the Acquisition, the Company would be exposed to the following risk factors of M & A Securities inherent in the business and financial services industry. Some of the risks affecting M & A Securities, which may not be fully exhaustive, as set out below: -

#### 7.1.1 M & A Securities operates in a highly regulatory environment and its business is highly dependent on the licenses issued by governmental and regulatory bodies.

M & A Securities operates in highly regulated industry and its activities are conducted under licences issued by governmental and regulatory bodies such as the SC and Bursa Securities. M & A Securities is subject to regulatory requirements from the SC and Bursa Securities for the conduct of its regulated activities in the dealing of securities and advising on corporate finance businesses. In particular, M & A Securities is dependent on the CMSL issued by the SC to undertake the licensed activities of dealing in securities and advising in corporate finance.

In this respect, M & A Securities must satisfy and ensure continuous compliance with all applicable laws, regulations and guidelines from time to time to remain fit and proper to be licensed. Therefore, M & A Securities may face fines or restrictions on its business activities or even suspension or revocation of licenses to carry out its business operations.

Any unfavourable changes in regulatory conditions and government policies in Malaysia could materially and adversely affect the financial and operational conditions of M & A Securities. In the event that any of its licences are not renewed or are revoked or suspended, M & A Securities may not be able to continue its operations in the licensed activities and its financial performance may be adversely impacted.

M & A Securities may also be subject to regulatory inspections and investigations by the governmental and regulatory bodies from time to time. If the results of the inspections or investigations reveal serious misconduct and breach of laws, the

governmental and regulatory bodies may take disciplinary actions, which would lead to revocation or suspension of licenses, public or private reprimand or impositions of pecuniary penalties against M & A Securities, its responsible officers, licensed representatives and/or staff. Any disciplinary actions taken against or penalties imposed on M & A Securities, its Directors, responsible officers, licensed representatives, relevant staff could have an adverse impact on its business operations.

As at the LPD, M & A Securities does not comply with the minimum of 30% Bumiputera composition of representatives for each of its licensed activities relating to dealing in securities and advising on corporate finance. M & A Securities' composition of Bumiputera licensed representatives for dealing in securities and advising on corporate finance as at the LPD is 19.42% and 11.76% respectively.

Failure by M & A Securities to comply with the above tantamount to a breach, for which the SC may impose actions including *inter-alia*, a directive to comply, a restriction on the CMSL issued to M & A Securities; a penalty not exceeding RM1.0 million and/or a reprimand. As at the LPD, none of the above actions have been taken against M & A Securities.

In the event that a restriction is placed on the CMSL, M & A Securities may be restricted from undertaking its licensed activities, which will have an adverse and material effect on the Enlarged SYF Group.

#### **7.1.2 M & A Securities' financial performance depends on the economic and political conditions and volatility in the financial market in Malaysia.**

M & A Securities generates income mainly from the provision of stock brokerage services, corporate finance advisory services and margin financing services.

As M & A Securities is operating in the financial services industry, its business is affected by factors beyond its control, such as the performance of the financial markets, economic and political conditions and changes in volatility in the financial markets (including volatility as a result of the COVID-19 pandemic). A prolonged weakness in the equity markets may lead to reduction in volume, size and price of transactions and a slowdown in the financial markets may affect fee income such as broking, corporate advisory, underwriting and placement. Significant downturns in the equity markets or general economic and political conditions may also cause clients to suffer losses, which increase M & A Securities' credit risk with them.

As such, the profitability of M & A Securities may fluctuate and that there is no assurance that M & A Securities is able to maintain its historical financial performance during unstable economic and political conditions. Although M & A Securities has put in place risk management framework to identify potential risk areas and to mitigate those risks, there can be no assurance that its business and financial performance will not be affected by any adverse changes in financial markets, economic and political conditions.

#### **7.1.3 M & A Securities' financial performance may vary on a yearly basis as its contracts with customers are short term in nature.**

M & A Securities provides stock brokerage services and corporate finance services pursuant to agreements and mandates that it enters into with its clients. Such agreements and mandates are short term in nature, which may lead to variations in revenue and profits on a yearly basis. Hence, the financial performance of the corporate finance services segment is dependent on M & A Securities' ability to secure new agreements and mandates and/or ability to execute and complete corporate proposals. In the event that there is a decline in the number of agreements or mandates secured, executed or completed successfully, M & A Securities' financial performance may be adversely affected.

Stock brokerage services contributed to 68.2%, 67.2%, 76.8% and 58.6% of M & A Securities' total revenue for FYEs 30 June 2019 to 2022 respectively,



whereby M & A Securities primarily derives revenue for stock brokerage services in the form of brokerage fees based on the trading value of securities executed for clients, margin income, underwriting fees and placement fees. As the stock brokerage services segment is subject to changes in Malaysia's economy and its securities market, as well as regional and global securities markets, there is no assurance that M & A Securities' financial performance will not be adversely affected due to adverse changes in economic conditions and/or the securities market.

Corporate finance services contributed to 31.8%, 32.8%, 23.2% and 41.4% of M & A Securities' total revenue for FYEs 30 June 2019 to 2022 respectively, whereby M & A Securities primarily derives revenue for corporate finance services from advisory fees that are recognised over time based on obligations stated in its mandates with clients. M & A Securities is subject to disclosure requirements of the relevant authorities for the submission of these proposals to the SC and/or Bursa Securities, for which the timing and results of the review, clearance and/or approval of corporate proposals submitted are beyond M & A Securities' control. This may result in delays in the completion of the corporate proposals, or result in withdrawal or termination. In some cases, corporate proposals may not even be submitted to the relevant authorities due to uncertainties including, but not limited to, delay on the part of the clients to provide obligatory information, unresolved issues arising from due diligence and significant deterioration of financial and business performance of clients undertaking the corporate proposals.

Further, M & A Securities may be subject to claims, administrative actions and penalties or disciplinary actions by SC and/or Bursa Securities as a result of inadequate due diligence, fraud or misconduct by the issuers or employees of M & A Securities, misstatements and omissions in disclosure documents. The reputation, business operations and financial performance of M & A Securities may be adversely affected in the event M & A Securities is found or proven to be responsible for any of the abovementioned claims, administrative actions, penalties or disciplinary actions by SC and/or Bursa Securities.

#### **7.1.4 M & A Securities is subject to credit and settlement risks and may experience negative operating cash flow.**

M & A Securities provides margin financing to its clients to facilitate its stockbroking activities such as share margin financing for share trading and investment activities on Bursa Securities, and as such, is exposed to the risk that its clients may not be able to repay their margin facilities. Further, the higher utilisation of margin financing by clients to fund their purchases of quoted securities on Bursa Securities will lead to higher cash outflow which affects M & A Securities financially. Interest income from share margin financing accounted for approximately 22.99%, 17.17%, 11.39% and 16.95% of M & A Securities' total revenue in FYEs 30 June 2019 to 2022 respectively. Although the margin financing may be collateralised against the pledged shares, a sudden decline in market value of the pledged shares may decrease and may lead to a decrease in the value of collateral.

In the event of adverse movement in the prices of clients' pledged securities which results in the value of the pledged shares to fall below a prescribed value, M & A Securities may make a margin call requesting the client to deposit additional funds or pledged shares to reduce M & A Securities' exposure to credit risk. If M & A Securities' clients are unable to meet the margin calls, M & A Securities is entitled to sell the relevant pledged securities and apply the sales proceeds towards repayment of the outstanding account balance. However, M & A Securities may be forced to sell the relevant pledged securities at a lower price than expected to realise or recover the outstanding amount. In the event that a large holding of securities was pledged, it may take M & A Securities a long time to dispose of them, making M & A Securities exposed to further adverse movement in market prices of the pledged securities during the disposition period. There is no assurance that the sales proceeds from the disposal of pledged securities are sufficient to cover the outstanding amount of the margin loan.

In addition, M & A Securities is also exposed to the risk that their clients and counterparties will not perform their obligations such as delivery of securities and settlement of contracts, which may result in losses and adversely affect its business. M & A Securities' stockbroking cash clients are required to settle their securities transactions executed through M & A Securities within a T+2 period. However, in the case that any of them are unable to settle the transactions within the T+2 period, M & A Securities is required to settle with Bursa Malaysia Securities Clearing Sdn Bhd ("**BMSC**") on behalf of such clients using its own resources. There is no assurance that the cash clients are able to settle their transactions within the T+2 period. In the event that they fail to do so, M & A Securities may suffer incur costs to recover such amount from its clients.

Although M & A Securities regularly reviews their credit exposure to specific clients and counterparties as well as exposure to certain industries which may be of concern, default risk may still arise from events or circumstances that are difficult to detect, such as fraud.

#### **7.1.5 M & A Securities is subject to liquidity risk.**

Maintaining adequate liquidity is crucial to the securities brokerage operations, including key functions such as transaction settlement, custody requirements and margin lending. Factors which may adversely affect liquidity positions include temporary liquidity demands due to timing differences between brokerage transaction settlements, a significant increase in margin lending activities or an increase in regulatory capital requirements. To mitigate this, M & A Securities' Accounting Department works closely with the Settlement Department on monitoring its liquidity gap.

In addition to requiring liquidity for its securities brokerage business, M & A Securities also require additional capital to continue to support its business growth. As part of M & A Securities' operation policies, daily reports are prepared to monitor cash deposits in hand and bank facilities for better management of the overall liquidity position to ensure the availability of sufficient liquid funds to meet all obligations and compliance with statutory requirements. The working capital of M & A Securities is primarily financed by its internally generated funds as well as external debt financing. When internally generated funds are not sufficient for its liquidity and growth needs, M & A Securities may need to engage in external debt financing or equity or debt financings to secure additional funds. There can be no assurance that such additional financing will be available on terms attractive to M & A Securities, or at all. An inability to obtain additional funding when required could have an adverse effect on the business of M & A Securities.

Where additional funds are raised through issuance of equity or convertible debt securities, shareholders could be subject to dilution. Separately, any debt financing secured could involve restrictive covenants relating to future fundraising activities and other financial and operational matters, which may make it more difficult for M & A Securities to obtain additional capital and to pursue future business opportunities.

#### **7.1.6 M & A Securities' stockbroking business is subject to operational and technological failures.**

M & A Securities relies on technology, including the internet and mobile services, to conduct its stockbroking business where customers can conduct their trading transactions on its platform. M & A Securities relies on the capability and reliability of its information technology ("**IT**") operating system which was developed and operated by an IT vendor to execute its clients' instructions accurately and promptly, and to process large number of transactions simultaneously during peak periods. The systems and operations, including those of third parties on which M & A Securities relies on to conduct certain key functions, are vulnerable to disruptions from power and service outages, interruptions or losses, computer and telecommunications failures, software bugs, cybersecurity attacks, computer viruses, malware, spam attacks, phishing or other social engineering, ransomware, security breaches, technological failure,



human error, terrorism, improper operation, unauthorised entry, data loss and other similar events. Any such technology failures could have an adverse effect on its reputation and business as M & A Securities is unable to meet client requirements in a timely manner and efficient manner.

There is no assurance that M & A Securities will be able to maintain, expand and upgrade its systems and infrastructure to meet future requirements and mitigate future risks against technological failures such as error, defect or failure in its operating systems and infrastructure on a timely basis. It may become increasingly difficult to maintain and improve the availability of its platform, especially as customer base grows and there are surges in trading volume on its platform.

**7.1.7 M & A Securities relies on its Executive Directors, key senior management and experienced staff.**

The business performance of M & A Securities and its future prospects depend significantly on the abilities, skills, experience, competency and continuous efforts of its existing Executive Directors, key senior management and experienced staff. M & A Securities relies on its Executive Directors, key senior management and experienced staffs to provide reliable and quality financial services to its clients, and believes that they have developed good business relationships with its clients through their ability to provide personalised services and understanding clients' needs.

The loss of any of its existing Executive Directors, key senior management and experienced staff simultaneously or within a short span of time without suitable and timely replacement, or the inability to attract and retain qualified and competent personnel, may have a material adverse impact on M & A Securities.

**7.1.8 M & A Securities' business operations are conditioned upon fulfilling certain financial requirements.**

M & A Securities undertakes regulated activities, comprising dealing in securities as well as providing corporate finance advisory services. As such, M & A Securities' business operations are subject to financial requirements including, among others, the following, as well as the risks associated with meeting these financial requirements:

- (a) minimum paid-up capital and shareholders' fund of RM20.00 million unimpaired by losses for dealing in securities;
- (b) capital adequacy ratio of not less than 1.2 times at all times for dealing in securities;
- (c) minimum shareholder's fund of RM100.00 million for advising on corporate finance as a principal adviser; and
- (d) any other financial requirements as determined by the SC and Bursa Securities from time to time.

Further, M & A Securities, as a trading clearing participant, is required to maintain minimum collateral value of RM250,000 in the form of cash, quoted securities and/or bank securities with BMSC under its equities margin system.

As at 30 June 2022, M & A Securities has met the minimum financial requirements with share capital, shareholders' fund and capital adequacy ratio of RM100.00 million, RM193.67 million and 9.19 times respectively. M & A Securities also maintained RM6.20 million as collateral under BMSC's equity margin framework as at 30 June 2022.

Notwithstanding the above, there can be no assurance that M & A Securities is able to continue to meet the minimum financial requirements imposed by the relevant regulators or governing authorities such as the SC and Bursa Securities. In the event that M & A Securities fails to meet the minimum financial

requirements, there may be an adverse impact on M & A Securities' business operations and financial performance.

**7.1.9 M & A Securities is subject to financial and market price risk in relation to its underwriting commitments.**

M & A Securities offers underwriting services that is complimentary to its corporate finance advisory services, as and when required by the corporate finance engagements that it participates in. As underwriter, M & A Securities is obliged to take up the unsubscribed securities up to its maximum underwriting commitment in the event of under-subscription of the securities. Therefore, M & A Securities is responsible for assuming the risk of subscribing for part or all of the underwritten securities of the issuing company in the event of an under-subscription on the closing date for subscription by the public for IPOs or entitled shareholders for rights issues arising from, among others, abrupt market changes and overestimation of demand for the underwritten securities. M & A Securities can either hold these underwritten securities that they are obliged to subscribe to as short-term investment and subsequently dispose of them in the open market or procure potential investors to subscribe on its behalf. In this regard, M & A Securities undertakes financial and market price risk for a fee as an underwriter in a securities offering, as the result of its commitment to an underwriting amount for the specific number of securities as stipulated in the underwriting agreement. There may be an adverse impact on M & A Securities' liquidity and financial conditions if a substantial portion of the underwritten securities is not taken up.

**7.1.10 M & A Securities' business is subject to the risk of liabilities and penalties associated with its ability to detect the possibility of money laundering and other illegal and improper activities in its business operations on a timely basis or at all.**

M & A Securities is required to comply with applicable anti-money laundering and counter-terrorism financing laws and regulations in Malaysia such as the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA) and Guidelines on Prevention of Money Laundering and Terrorism Financing for Reporting Institutions in the Capital Market issued by the SC (AML Guide).

M & A Securities has due diligence procedures and processes in place such as credit assessments, Know-Your-Client (KYC) reviews and post-loan monitoring. These due diligence measures are in adherence to the procedures set out in the AML Guide. The implementation of such due diligence measures enables M & A Securities to evaluate the identity and risk profile of potential and existing clients and subsequently monitor, detect and report any unusual transactions that could potentially expose M & A Securities to penalties, disciplinary actions and reputation risk as well as minimising unscrupulous persons from using or intending to use services provided by M & A Securities for illicit purposes.

M & A Securities is subject to fines and/or penalties and/or administrative actions imposed by regulatory authorities for failure to comply with the applicable laws and regulations, thereby adversely affecting its reputation, business operations and financial performance.

**7.1.11 M & A Securities may not be adequately insured against liabilities for claims and litigation.**

M & A Securities maintains insurance coverage at levels that are customary in the industry and applicable to its business operations such that M & A Securities is protected against various risks which may lead to losses and liabilities, such as fire, flood, burglary, breakdown of equipment and systems, public liability, money in transit for collections, staff hospitalisation, comprehensive crime and professional indemnity.

Nevertheless, there can be no assurance that the level of insurance maintained by M & A Securities is adequate to cover all the risks associated with business

operations that M & A Securities is exposed to. Any liabilities or losses arising from claims and litigation that are over the insured limits and/or in areas where M & A Securities is not insured or fully insured may adversely impact its financial performance.

**7.1.12 M & A Securities' future plans and business strategies may not be effectively executed.**

The future plans and business strategies that M & A Securities proposes to undertake are focused on expanding and strengthening its corporate finance services business as well as growing its stock brokerage and margin financing businesses by leveraging on its competitive strengths and experience in the industry. Please refer to Section 6.3.2 of this Abridged Prospectus for further details of M & A Securities' future plans and business strategies.

The future growth of M & A Securities' business is dependent on its ability to effectively develop and execute business plans and strategies. As such, in the event of any delays or failure to identify and implement suitable and effective business plans and strategies, M & A Securities' business growth and financial performance may be adversely affected.

**7.1.13 M & A Securities faces competition from other stockbroking and corporate finance companies.**

Within stock brokerage services, factors that influence competitiveness include, but are not limited to, brokerage fees, provision of margin financing, attractiveness of interest rates for margin financing, reputation in the industry, accessibility based on branch office locations as well as service levels. M & A Securities may experience competitive pressure on pricing of services from other stockbroking companies that charge lower brokerage fees and/or price their other related services at a lower fee. M & A Securities is also reliant on its ability to execute and deliver satisfactory services, ability to provide uninterrupted and responsive online trading services, track record and reputation such that it remains competitive. There can be no assurance that M & A Securities can and will remain competitive in terms of pricing and services in the future. In the event that M & A Securities loses a substantial number of existing and potential customers to its peers, its business operations and financial performance may be adversely impacted.

Corporate finance advisers compete amongst each other in terms of ability to provide solutions, range of corporate finance services, timely execution and completion of corporate proposals that meet clients' expectations, track record, professional fees, underwriting capacity, placement capacity as well as client relationship management. In the event that M & A Securities fails to compete effectively against its peers, there is a risk that it would lose potential and existing clients to peers, which may impact its business operations and financial performance adversely.

**7.2 Risk relating to the Rights Issue**

**7.2.1 Delay/non-completion of the Rights Issue**

The Rights Issue is exposed to the risk that it may be delayed or terminated on the occurrence of any force majeure events or circumstances such as acts of Government, epidemics or pandemics, natural disasters, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling, which are beyond the control of our Company, arising prior to the completion of the Rights Issue.

Where prior to the issuance and allotment of the Rights Shares to the successful Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable): -

- (i) in the event of failure in the completion of the Rights Issue where the SC issues a stop order pursuant to subsection 245(1) of the CMSA, all applications shall be deemed to have been withdrawn and cancelled and

our Company shall repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares pursuant to the Rights Issue and if any such money is not repaid within fourteen (14) days from the date of the stop order, we shall repay such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC from the expiration of that period pursuant to subsection 245(7)(a) of the CMSA; or

- (ii) in the event of failure in the completion of the Rights Issue (other than pursuant to subsection 245(1) of the CMSA), all application monies received pursuant to the Rights Issue will be refunded to the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) who have subscribed for the Rights Shares without interest.

In the event that the Rights Issue is aborted or terminated, and the Rights Shares have been allotted to the successful Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable) and: -

- (i) the SC issues a stop order pursuant to subsection 245(1) of the CMSA, any issue of our Rights Shares shall be deemed to be void and we shall repay without interest all monies received from the applicants and if any such money is not repaid within fourteen (14) days of the date of service of the stop order, we shall be liable to repay such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC from the expiration of that period and take necessary steps to effect the order pursuant to subsection 245(7)(b) of the CMSA; or
- (ii) the Rights Issue is subsequently cancelled or terminated for reasons other than pursuant to a stop order by the SC under subsection 245(1) of the CMSA, a return of monies to all holders of the Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either: -
  - (a) the sanction of our Shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the Court) and the confirmation of the Court, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
  - (b) the sanction of our Shareholders by special resolution in a general meeting supported by a solvency statement from our Directors.

There can be no assurance that the abovementioned events will not occur and cause a delay or failure to implement the Rights Issue.

### **7.2.2 Investment and capital market risk**

The market price of the Rights Shares to be issued pursuant to the Rights Issue is subject to fluctuation and will be influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the outlook of the financial service sector as well as the business developments and future financial performance of the Enlarged SYF Group.

There can be no assurance that the market price of the Rights Shares upon or subsequent to the listing of and quotation for the Rights Shares on Main Market of Bursa Securities, will be at a level that meets the investment objectives or targets of any subscriber of the Rights Shares.

### **7.2.3 Potential dilution on the Entitled Shareholders' shareholdings**

Entitled Shareholders who do not subscribe for their entitlements under the Rights Issue will experience dilution in their proportionate percentage of shareholdings and voting interest in our Company, as a result of the issuance of

Rights Shares. Consequently, their proportionate entitlements to any future dividends, rights, allotments and/or other distributions that our Company may declare, make or pay after completion of the Rights Issue will be correspondingly diluted.

## 8. EFFECTS OF THE CORPORATE EXERCISE

### 8.1 Share capital

The Disposals do not have any effect on the issued share capital of the Company as the Disposals do not involve the issuance of new SYF Shares.

The pro forma effects of other components of the Corporate Exercise on the issued share capital of our Company are set out below: -

	No. of SYF Shares (‘000)	Issued share capital (RM’000)	No. of treasury shares (‘000)	Treasury shares (RM’000)
Existing SYF Shares as at the LPD <sup>(i)</sup>	1,583,200	325,706 <sup>(iv)</sup>	5,236	-
Pursuant to the Special Dividend and/or Capital Repayment <sup>(ii)</sup>	-	(62,576)	-	-
<b>After the Special Dividend and/or Capital Repayment</b>	<b>1,583,200</b>	<b>263,130</b>	<b>5,236</b>	<b>-</b>
To be issued pursuant to the Rights Issue <sup>(iii)</sup>	284,437	62,576	-	-
<b>After the Rights Issue</b>	<b>1,867,637</b>	<b>325,706</b>	<b>5,236</b>	<b>-</b>
To be issued pursuant to the Restricted Issue <sup>(iii)</sup>	157,796	34,715	-	-
<b>Enlarged issued share capital</b>	<b>2,025,433</b>	<b>360,421</b>	<b>5,236</b>	<b>-</b>

Notes: -

- (i) Upon completion of the cash distribution of RM0.07 for each SYF Share was fully undertaken by way of capital repayment and the Acquisition.
- (ii) The cash distribution of RM0.11 for each SYF Share was fully undertaken by way of capital repayment. The capital repayment of RM0.11 for each Share is based on the share capital of our Company of 568,873,012 SYF Shares (excluding treasury shares) prior to the completion of the Acquisition. For avoidance of doubt, the Consideration Shares are not entitled to the capital repayment of RM0.11.
- (iii) Based on the issue price of RM0.22 for each Rights Share and Restricted Issue Share.
- (iv) The issued share capital is different from the share capital under Pro Forma (IV) as shown in Section 8.2 below as the share capital in Pro Forma (IV) represents the share capital of SYF Group. According to Malaysian Financial Reporting Standards 3 Business Combinations, under reverse acquisition accounting, the amount recognised as issued equity interests in the pro forma consolidated financial statements is determined by adding the issued equity interest of the legal subsidiary (herein refers to M & A Securities) outstanding immediately before the business combination to the fair value of the legal parent (herein refers to SYF).



## 8.2 NA and gearing

Based on the latest unaudited consolidated financial statement of the SYF Group for the six (6)-month FPE 31 January 2023, the pro forma effects of the Corporate Exercise on the NA and gearing of the SYF Group are set out as follows: -

	Pro Forma					
	(I)	(II)	(III)	(IV)	(V)	(VI)
	Unaudited as at six (6)-month FPE 31 January 2023 (RM'000)	After Pro Forma (I) and Disposal of Freehold Land <sup>(ii)</sup> (RM'000)	After Pro Forma (II) and Special Dividend and/or Capital Repayment <sup>(iii)</sup> (RM'000)	After Pro Forma (III) and Acquisition <sup>(iv)</sup> (RM'000)	After Pro Forma (IV) and Rights Issue (RM'000)	After Pro Forma (V) and Restricted Issue <sup>(v)</sup> (RM'000)
Share capital	143,527	143,527	41,130	285,152	347,728	382,443
Treasury shares	(761)	(761)	(761)	-	-	-
Reserve	28,361	-	-	(10)	(10)	(10)
Retained earnings	11,206	39,620	44,180	19,782 <sup>(vi)</sup>	19,782	15,782
<b>Shareholders' fund/NA</b>	<b>182,333</b>	<b>182,386</b>	<b>84,549</b>	<b>304,924</b>	<b>367,500</b>	<b>398,215</b>
Non-controlling interest	14,634	14,634	14,634	14,634	14,634	14,634
<b>Total Equity</b>	<b>196,967</b>	<b>197,020</b>	<b>99,183</b>	<b>319,558</b>	<b>382,134</b>	<b>412,849</b>
No. of SYF Shares (excluding treasury shares) ('000)	568,873	568,873	568,873	1,577,964	1,862,401	2,020,197
NA per SYF Share (sen)	32.05	32.06	14.86	19.32	19.73	19.71
Total borrowings	23,830	21,665	21,665	73,640	73,640	23,373
Gearing ratio (times)	0.13	0.12	0.26	0.24	0.20	0.06

Notes: -

(i) SYF classified Seng Yip Furniture as a disposal group held for sale and measured its carrying amount based on the fair value (herein refers to the disposal consideration of RM50 million) and a gain on disposal of RM0.27 million as calculated below is recognised.

	RM'000
NA of Seng Yip Furniture	50,266
Disposal consideration for Furniture Business	(50,000)
Gain on disposal group classified as held for sale recognised in the pro forma	266

(ii) The Disposal of Freehold Land will result in a gain on disposal of approximately RM0.32 million after deducting RM20.88 million from the Disposal Consideration for Freehold Land of RM21.20 million.

(iii) Based on the cash distribution of RM0.18 for each SYF Share which is fully undertaken by way of capital repayment.

On 14 November 2022, Dato' Sri Ng Ah Chai has given an irrevocable undertaking to SYF that he shall: -

- forgo his entitlement to the Special Dividend and/or Capital Repayment amounting to RM6.0 million. In this regard, Dato' Sri Ng Ah Chai will return the proceeds arising from the Special Dividend and/or Capital Repayment of RM6.0 million to SYF (the net of tax amount is RM4.56 million); or
- remit an amount of RM6.0 million to SYF (the net of tax amount is RM4.56 million) out of the proceeds from the disposal of his shares (in the event he disposes of all or any part of his SYF Shares prior to the Entitlement Date for the Special Dividend and/or Capital Repayment whereby he will not be entitled to the Special Dividend and/or Capital Repayment).

- (iv) Malaysian Financial Reporting Standards 3 Business Combinations applies to the Acquisition. A reverse acquisition occurs when the entity that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes. The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition. Under the Acquisition, the acquirer is deemed to be M & A Securities (whose equity interests are acquired) and SYF, the issuing entity, is the acquiree. Under this circumstance, the Acquisition is considered to represent a reverse acquisition. Under reverse acquisition accounting, the pro forma consolidated financial statements represent the continuation of the financial statements of the legal subsidiary, M & A Securities except for its capital structure. As such, for the pro forma consolidated statements of financial position, the acquisition of M & A Securities by SYF is accounted for, in reverse, as an acquisition of SYF Group by M & A Securities. The share capital is derived as per follows: -

	<b>RM'000</b>
Deemed purchase consideration	125,152
Share capital of M & A Securities (including RCPS)	160,000
Share capital as per Pro Forma (IV)	<b>285,152</b>

- (v) After deducting estimated expenses of the Corporate Exercise of approximately RM4.0 million.
- (vi) Represents the retained earnings of M & A Securities due to reverse acquisition accounting applied as disclosed in footnote (iv) above and after the distribution of dividend of RM19.445 million to Insas, representing the surplus NA of M & A Securities (assuming the Acquisition was completed in January 2023 and the NA of M & A Securities was based on 31 December 2022) to reflect the Agreed Net Asset Value of RM180.0 million pursuant to the terms of the SSPA.

	<b>RM'000</b>
Retained earnings as per Pro Forma (III)	44,180
Reversal of retained earnings of SYF Group due to reverse acquisition	(44,180)
Retained earnings of M & A Securities	39,227
Distribution of dividend to Insas by M & A Securities	(19,445)
Retained earnings as per Pro Forma (IV)	<b>19,782</b>



### 8.3 Earnings and EPS

The Disposals are expected to result in a net gain on disposal of approximately RM1.29 million (comprising a gain on disposal of approximately RM0.971 million from the Disposal of Furniture Business and a one-off gain on disposal of approximately RM0.32 million from the Disposal of Freehold Land) to SYF.

For illustrative purposes only, based on the latest unaudited consolidated financial statement of the SYF Group for the six (6)-month FPE 31 January 2023, the pro forma effects of the Corporate Exercise and the Remittance on the earnings and EPS of the SYF Group are set out as follows: -

	Unaudited as at six (6)-month FPE 31 January 2023 (RM'000)	Pro Forma					
		(I) After Disposal of Furniture Business <sup>(i)</sup> (RM'000)	(II) After Pro Forma (I) and Disposal of Freehold Land <sup>(ii)</sup> (RM'000)	(III) After Pro Forma (II) Dividend and/or Capital Repayment (RM'000)	(IV) After Pro Forma (III) and Acquisition (RM'000)	(V) After Pro Forma (IV) and Rights Issue (RM'000)	(VI) After Pro Forma (V) and Restricted Issue <sup>(iii)</sup> (RM'000)
(LAT)/PAT	(2,985)	(2,014)	(1,695)	2,865	4,673	4,673	673
(LAT)/PAT attributable to:							
- Owners of the Company	(3,090)	(2,119)	(1,800)	2,760	4,568	4,568	568
- Non-controlling interest	105	105	105	105	105	105	105
Weighted average number of SYF Shares in issue ('000)	568,873	568,873	568,873	568,873	1,577,964	1,862,401	2,020,197
Basic (LPS)/EPS (RM)	(0.0054)	(0.0037)	(0.0032)	0.0049	0.0029	0.0025	0.0003

Notes: -

(i) The gain from the Disposal of Furniture Business is calculated as follow: -

	RM'000
Disposal Consideration for Furniture Business	50,000
NA of Seng Yip Furniture as at 1 August 2022	(49,029)
<b>Gain from the Disposal of Furniture Business</b>	<b>971</b>

(ii) The Disposal of Freehold Land will result a gain on disposal of approximately RM0.32 million after deducting RM20.88 million from the Disposal Consideration for Freehold Land of RM21.20 million.

(iii) After deducting estimated expenses of the Corporate Exercise of approximately RM4.0 million.

The Disposal of Furniture Business had resulted in a gain on disposal of approximately RM0.971 million while the Disposal of Freehold Land had resulted in a one-off gain on disposal of approximately RM0.32 million.

Separately, the Acquisition is expected to be earnings accretive and will contribute positively to the long-term future earnings and EPS of the Enlarged SYF Group. Part of the proceeds from the Rights Issue will be utilised for the working capital in financial services business (e.g. expansion of offices and staff recruitment as the business is more human capital centric) which is earnings accretive and will further contribute positively to the long-term future earnings potential and EPS of the Enlarged SYF Group.

However, the EPS of the Enlarged SYF Group may be diluted in the interim as a result of an increase in the number of SYF Shares in issue arising from issuance of the Consideration Shares, Rights Shares and Restricted Issue Shares.

#### **8.4 Convertible securities**

As at the LPD, SYF does not have any convertible securities.

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### 8.5 Shareholdings of substantial shareholders and public shareholdings spread

The Disposals do not have any effect on the substantial shareholders' shareholdings and public shareholding spread of the Company as the Disposals do not involve the issuance of new SYF Shares.

Based on the undertakings from Insas Plaza and Montego to subscribe for their entitlements under the Rights Issue and the Underwriting Agreement, the Rights Issue shall be undertaken on a full subscription basis.

For illustrative purpose, based on the assumption that: -

- (i) all Entitled Shareholders shall subscribe for their respective entitlement to the Rights Shares (save for Dato' Sri Ng Ah Chai and his spouse);
- (ii) the Rights Shares entitlement of Dato' Sri Ng Ah Chai and his spouse will be taken up by their transferees/renounees and/or excess applications by the other Entitled Shareholders such that full subscription of the Rights Shares will be met; and
- (iii) the Restricted Issue Shares shall be subscribed in full by the Eligible Persons,
- (a) the pro forma effects of the other components of the Corporate Exercise on the substantial shareholders of SYF are set out below: -

	As at the LPD				Pro Forma (I)			
	Direct		Indirect		Direct		Indirect	
	No. of SYF Shares	%	No. of SYF Shares	%	No. of SYF Shares	%	No. of SYF Shares	%
Insas	1,009,090,909	63.95	50,015,200	3.17 <sup>(i)</sup>	1,009,090,909	54.18	75,022,800	4.03 <sup>(i)</sup>
Dato' Sri Thong Kok Khee <sup>(ii)</sup>	-	-	1,059,106,109	67.12	-	-	1,084,113,709	58.12
Eligible Persons	-	-	-	-	-	-	-	-
<b>Total shareholdings</b>	<b>1,009,090,909</b>	<b>63.95</b>	<b>-</b>	<b>-</b>	<b>1,009,090,909</b>	<b>54.18</b>	<b>-</b>	<b>-</b>

	Pro Forma (II)			
	After Pro Forma (I) and Restricted Issue			
	Direct		Indirect	
	No. of SYF Shares	%	No. of SYF Shares	%
Insas	1,009,090,909	49.95	75,022,800	3.71 <sup>(i)</sup>
Dato' Sri Thong Kok Khee <sup>(ii)</sup>	-	-	1,084,113,709	53.66
Eligible Persons	157,796,392	7.81 <sup>(iii)</sup>	-	-
<b>Total shareholdings</b>	<b>1,166,887,301</b>	<b>57.76</b>	<b>-</b>	<b>-</b>

Notes: -

(i) Deemed interest by virtue of its interest in Insas Plaza and Montego.

	As at the LPD		Pro Forma (I)		Pro Forma (II)	
	No. of SYF Shares	%	No. of SYF Shares	%	No. of SYF Shares	%
Insas Plaza	47,530,000	3.01	71,295,000	3.83	71,295,000	3.53
Montego	2,485,200	0.16	3,727,800	0.20	3,727,800	0.18
<b>Total</b>	<b>50,015,200</b>	<b>3.17</b>	<b>75,022,800</b>	<b>4.03</b>	<b>75,022,800</b>	<b>3.71</b>

(ii) Deemed as the ultimate beneficial owner of Insas by virtue of him being the largest shareholder of Insas via his direct (0.78%) and deemed interest (24.27%) by virtue of his family members' interest and his substantial interest in M & A Investments International Limited, Immobiliaire Holdings Sdn Bhd, Baktihan Sdn Bhd, Winfields Development Sdn Bhd and Montprimo Sdn Bhd pursuant to Section 8 of the Act.

(iii) Including up to 62,000,000 Restricted Issue Shares to be allocated to the Eligible Directors which are Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP (0.10%), Dato' Ng Jet Heong (0.10%), Dato' Wong Gian Kui (0.10%), Dato' Thong Kok Yoon (0.30%) and Datuk Tan Choon Peow (2.47%).

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(b) the pro forma effects of the other components of the Corporate Exercise on the public shareholding spread of SYF are set out below: -

	As at the LPD		Pro Forma (I)		Pro Forma (II)	
	No. of SYF Shares	%	No. of SYF Shares	%	After Pro Forma (I) and the Restricted Issue	%
					No. of SYF Shares	
Public	443,105,012	28.08	681,955,618	36.64	777,752,010	38.50 <sup>(i)</sup>

Note: -

(i) Excluding up to 62,000,000 Restricted Issue Shares allocated for subscription by the eligible Directors of M & A Group.

As at LPD, SYF's public shareholding spread is 28.08%. Upon completion of the Rights Issue and Restricted Issue, SYF's public shareholding spread will be 38.50% (excluding the Restricted Issue Shares allocated for subscription by the eligible Directors of M & A Group). The Board will ensure continued compliance with the public shareholding spread requirement when allocating excess Restricted Issue Shares application (if any) to the eligible Directors of the M & A Group.

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## 9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENTS AND MATERIAL TRANSACTION

Following the completion of the Acquisition, M & A Securities has become a wholly-owned subsidiary of SYF and together with SYF's subsidiary companies, constitute the Enlarged SYF Group.

### 9.1 Working capital

As at the LPD, SYF Group has fully exited from the furniture business and is only involved in one on-going property development project, namely the development of three (3) blocks of high-rise condominiums comprising 483 residential units in Bandar Sungai Long, Selangor known as "Alstonia Residence". This project has achieved 100% sales and is completed as at the LPD and as such, there is no major cash outlay required. The target delivery of vacant possession to end purchasers is end of May 2023.

M & A Securities' working capital is funded through its existing cash and bank balances as well as credit facilities from financial institutions along with the funds generated from its operating activities. As at the LPD, M & A Securities has deposit, cash and bank balances of RM87.85 million (excluding RM0.63 million which is pledged as security for M & A Securities' banking facilities). M & A Securities also has banking facilities (excluding lease liabilities and such portion of banking facility which are pledged by third party securities from Insas Group) of up to a limit of RM10.90 million as at the LPD, of which none has been utilised.

Based on the above, our Board is of the opinion that, the Enlarged SYF Group will have sufficient working capital available for a period of twelve (12) months commencing from the date of this Abridged Prospectus after taking into consideration: -

- (i) the abovementioned source of funds;
- (ii) the proceeds to be raised from the Rights Issue as set out in Section 3 of this Abridged Prospectus as well as the utilisation thereof; and
- (iii) the prospective dividend to be declared by M & A Securities to Insas, being the difference between the net asset value of M & A Securities as at the Completion Accounts Date and the Agreed Net Asset Value, pursuant to the terms of the SSPA.

### 9.2 Borrowings

As at the LPD, SYF Group's and M & A Securities' total outstanding borrowings (all of which are interest bearing and denominated in RM) are as follows: -

Type of financial instruments	Tenure	Interest rates (per annum)	As at the LPD			
			SYF Group		M & A Securities	
			Payable within twelve (12) months	Payable after twelve (12) months	Payable within twelve (12) months	Payable after twelve (12) months
			RM'000	RM'000	RM'000	RM'000
Term loan	Twelve (12) years	6.19%	2,482	18,767	-	-
Revolving credit	1 month	4.32% - 5.29%	-	-	10,000	-
Bank overdraft	On demand	6.89% - 8.40%	-	-	2	-
Lease liabilities	1.5 - 5 years	1.96% - 3.78%	-	-	963	461
Amount owing to a related company	On demand	6.00%	-	-	50,267	-
<b>Total borrowings</b>			<b>2,482</b>	<b>18,767</b>	<b>61,232</b>	<b>461</b>

There has not been any default on payments of either interest and/or principal sums on any borrowings throughout the past one (1) financial year and subsequent financial period up to the LPD.

Separately, M & A Securities has advances from its ultimate holding company, which are non-interest bearing and do not have fixed terms of repayment, and are therefore not considered as borrowings. As at the LPD, the outstanding amount of such advances is RM2.48 million, all of which will be repaid from the proceeds of the Rights Issue.

### 9.3 Contingent liabilities

As at the LPD and save as disclosed below, there is no contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable may have a material effect on the business or financial position of our Group: -

<b>Contingent liabilities</b>	<b>RM'000</b>
Corporate guarantees given to licensed banks for banking facilities granted to a subsidiary	21,249
<b>Total</b>	<b>21,249</b>

### 9.4 Material commitments

As at the LPD, there is no material commitments incurred or known to be incurred by our Group, which upon becoming enforceable may have a material effect on the business or financial position of our Group.

### 9.5 Material transactions

Save for the completion of the Disposals, Special Dividend and/or Capital Repayment and Acquisition pursuant to the Corporate Exercise after 31 January 2023, our Board confirmed that there are no other transactions which may have a material impact on our Group's operations, financial position and results since our Group's most recent announced financial statements for the FPE 31 January 2023.

## 10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE OR TRANSFER AND EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS SHARES

**Full instructions for the acceptance of and payment for the Provisional Allotments as well as Excess Rights Shares applications and the procedures to be followed should you and/or your renounee(s)/transferee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your renounee(s)/transferee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with subsection 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.**

**Acceptance of and/or payment for the Provisional Allotments which do not conform strictly to the terms of this Abridged Prospectus, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of our Board.**

### 10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments which you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Provisional Allotments provisionally allotted to you, as well as the Excess Rights Shares, if you choose to do so.

This Abridged Prospectus and the RSF are also available at the registered office of our Company, our Share Registrar or on Bursa Securities' website (<http://www.bursamalaysia.com>).



## 10.2 NPA

The Provisional Allotments are prescribed securities pursuant to subsection 14(5) of the SICDA and therefore, all dealings in such Provisional Allotments will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renouncee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

## 10.3 Last day, date and time for acceptance and payment

The last day, date and time for acceptance and payment for the Provisional Allotments and the Excess Rights Shares is at **5.00 p.m. on Thursday, 15 June 2023**.

## 10.4 Methods of acceptance and application

You may subscribe for the Provisional Allotments as well as apply for the Excess Rights Shares, if you choose to do so, using either of the following methods: -

Method of application	Category of Entitled Shareholders
RSF	All Entitled Shareholders
e-Subscription via TIIH Online <sup>(1)</sup>	All Entitled Shareholders

Note: -

<sup>(1)</sup> A service fee of RM5.00 per e-Subscription via TIIH Online will be charged.

## 10.5 Procedures for acceptance and payment

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S)/ TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN. IN ACCORDANCE WITH SUBSECTION 232(2) OF THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.**

**YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

### 10.5.1 By way of RSF

Acceptance of and payment for the Provisional Allotments must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instruction contained in the RSF. Acceptances and/or payments which do not strictly conform to the terms of this Abridged Prospectus, the RSF or the notes and instruction contained therein or which are illegible may not be accepted at the absolute discretion of our Board.

If you and/or your renouncee(s)/transferee(s) (if applicable) wish to accept either all or part of the Provisional Allotments of your entitlement, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be sent to our Share Registrar using the reply envelope provided (at your own risk) by **ORDINARY POST, COURIER or DELIVERY BY HAND** at the following address: -

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

or

Tricor Customer Service Centre  
Unit G-3, Ground Floor, Vertical Podium  
Avenue 3, Jalan Kerinchi  
59200 Kuala Lumpur

Tel. No. : +603 - 2783 9299  
Fax No. : +603 - 2783 9222

so as to arrive not later than **5.00 p.m. on Thursday, 15 June 2023**, being the last time, day and date for acceptance and payment for the Provisional Allotments, or such extended time, day and date as may be determined and announced by our Board.

One (1) RSF can only be used for acceptance of Provisional Allotments standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Allotments standing to the credit of more than one (1) CDS Account(s). If successful, the Rights Shares subscribed by you and/or your renounee(s)/transferee(s) (if applicable) will be credited into the respective CDS Accounts where the Provisional Allotments are standing to the credit.

A reply envelope is enclosed in this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renounee(s)/transferee(s) (if applicable) should take note that a trading board lot for the Rights Shares comprises 100 Rights Shares. The minimum number of securities that can be subscribed for or accepted is one (1) Rights Share. Fractions of Rights Shares, if any, shall be disregarded, and dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance of and payment for the Provisional Allotments allotted to you and/or your renounee(s)/transferee(s) (if applicable) are not received by our Share Registrar by **5.00 p.m. on Thursday, 15 June 2023**, being the last time, day and date for acceptance and payment, or such extended time, day and date as may be determined and announced by our Board at their discretion, you and/or your renounee(s)/transferee(s) (if applicable) will be deemed to have declined the Provisional Allotments and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Such Rights Shares not taken up will be allotted to the applicants applying for Excess Rights Shares in the manner as set out in Section 10.9 of this Abridged Prospectus. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

If you and/or your renounee(s)/transferee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/or your renounee(s)/transferee(s) (if applicable) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above or at our Company's registered office or Bursa Securities' website (<http://www.bursamalaysia.com>).

Each completed RSF must be accompanied by the appropriate remittance made in RM for the full amount payable for the Provisional Allotments accepted in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia crossed "**ACCOUNT PAYEE ONLY**", made payable to "**SYF RIGHTS ISSUE ACCOUNT**", and endorsed on the reverse side with your name and CDS Account number in block letters so as to be received by our Share Registrar by the Closing Date.

**APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.**

No acknowledgement of receipt of the RSF or application monies will be made by our Company or our Share Registrar in respect of the Rights Issue. However, if your application is successful, a notice of allotment will be sent to you via email if you and/or your renounee(s)/transferee(s) (if applicable) have provided such email address to Bursa Depository, a physical notice of allotment will be despatched to you and/or your renounee(s)/transferee(s) (if applicable) by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within eight (8) Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities.

**YOU SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.**

Where an application is not accepted or is accepted in part only, the full amount or the balance of the application monies, as the case may be, shall be refunded without interest. The refund will be credited directly into your bank account if you have provided such bank account information to Bursa Depository for the purposes of cash dividend/distribution. If you have not provided such bank account information to Bursa Depository, the refund will be made by issuance of cheque and shall be despatched to you by ordinary post to the address as shown in the Record of Depositors provided by Bursa Depository at your own risk within fifteen (15) Market Days from the Closing Date.

All Rights Shares to be issued pursuant to the Rights Issue will be allotted by way of crediting the Rights Shares into the CDS Accounts of the Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable). No physical share certificate will be issued.

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.**

#### **10.5.2 By way of e-Subscription via TIIH Online**

You and/or your renounee(s)/transferee(s) (if applicable) can have the option to accept your or their entitlement to the Provisional Allotments and make payment for the Provisional Allotments through e-Subscription available from TIIH Online website at <https://tjih.online>. The e-Subscription is available to all Entitled Shareholders including individuals, corporations or institutional shareholders.

Subsequent to the Entitlement Date, we will, at our discretion, authorise our Share Registrar to send an electronic notification to the Registered Entitled Shareholders. If you are a Registered Entitled Shareholder, you will be notified on the availability of e-Subscription for the Rights Issue on TIIH Online website.

The electronic NPA and the electronic RSF ("**e-RSF**") are available to you upon your login to TIIH Online. You are advised to read the instructions as well as the terms and conditions of the e-Subscription.

Registered Entitled Shareholders who wish to subscribe for the Provisional Allotments and apply for excess Rights Shares by way of e-Subscription shall take note of the following: -

- (i) any e-Subscription received by our Share Registrar after the Closing Date shall be regarded as null and void and of no legal effect unless our Board in its absolute discretion determines otherwise. Any e-Subscription, once received by our Share Registrar from you, is irrevocable and shall be binding on you;
- (ii) you will receive notification to login to TIIH Online in respect of your shareholding in your CDS Account(s). Accordingly, for each CDS Account, you can choose to subscribe the Rights Issue which you are entitled to, in full or in part thereof, as stipulated in this Abridged Prospectus;
- (iii) the e-Subscription made must be in accordance with the procedures of submitting e-Subscription using TIIH Online, the terms and conditions of e-Subscription, this Abridged Prospectus and the e-RSF. Any e-Subscription submitted that does not conform to the terms and conditions of TIIH Online, this Abridged Prospectus and the e-RSF may not be accepted at our sole discretion. We reserve the right at our absolute discretion to reject any e-Subscription which are incomplete or incorrectly completed;
- (iv) the number of Provisional Allotments which you are entitled to under the Rights Issue is set out in the e-RSF. You are required to indicate the number of Provisional Allotments you wish to accept and number of Excess Rights Shares you wish to apply in the e-RSF;
- (v) the e-Subscription must be accompanied by remittance in RM which is to be made through online payment gateway or telegraphic transfer;
- (vi) a handling fee of RM5.00 per e-RSF is payable should you make e-Subscription. You will also need to pay a stamp duty of RM10.00 for each e-RSF; and
- (vii) the new SYF Shares arising from the Provisional Allotments accepted and Excess Rights Shares applied (if successful pursuant to the procedure for Excess Rights Shares application as set out in Section 10.9 of this Abridged Prospectus) will be issued and credited into your CDS Account as stated in the Record of Depositors as at the last date for transfer of Provisional Allotments.

All Entitled Shareholders who wish to opt for e-Subscription (either in full or in part) of your Provisional Allotments, please read and follow the procedures as set out below: -

**(i) Sign up as a user of TIIH Online**

- (a) Access TIIH Online at <https://tiih.online>;
- (b) Under e-Services, select "Sign Up" – "Create Individual Account" (applicable for individual shareholders) or "Create Corporate Holder Account" (applicable for corporation or institutional shareholders). You may refer to the tutorial guide posted on the homepage for assistance;
- (c) Registration will be verified and you will be notified by email within two (2) Market Days; and
- (d) Proceed to activate your account with the temporary password given in the email and reset your own password.

Note: An email address is allowed to be used once to register as a new user account, and the same email address cannot be used to register another user account. If you are already a user of TIIH Online, you are not required to sign up again. If you are signing up to represent a Corporate Holder Account(s), please contact our Share Registrar for further details and requirements.

(ii) **Procedures to make e-Subscription**

**A. Individual Registered Entitled Shareholders**

- (a) Login to TIIH Online at <https://tiih.online>;
- (b) Select the corporate exercise name: SYF RIGHTS ISSUE;
- (c) Read and agree to the Terms and Conditions and confirm the Declaration;
- (d) Preview your CDS Account details and your Provisional Allotments;
- (e) Select the relevant CDS Account and insert the number of Provisional Allotments to subscribe and the number of Excess Rights Shares to apply (if applicable) in the e-RSF;
- (f) Review and confirm the number of Provisional Allotments which you are subscribing and the number of Excess Rights Shares which you are applying (if applicable) and the total amount payable for the Provisional Allotments and Excess Rights Shares (if applicable);
- (g) Review the payment of stamp duty at RM10.00 for each e-RSF and handling fee of RM5.00 for each e-RSF which is included in the total amount payable;
- (h) Proceed to pay via online payment gateway either through Maybank2U or any Financial Process Exchange (FPX) participating bank which you have an internet banking account;
- (i) As soon as the online payment is completed, a confirmation message with details of your subscription and payment from TIIH Online and the relevant payment gateway will be sent to your registered e-mail address: and
- (j) Print the payment receipt and your e-RSF for your reference and record.

**B. Corporation or institutional Registered Entitled Shareholders**

- (a) Login to TIIH Online at <https://tiih.online>;
- (b) Select the corporate exercise name: SYF RIGHTS ISSUE;
- (c) Read and agree to the Terms and Conditions and confirm the Declaration;
- (d) Proceed to download the “e-RSF file of Provisional Allotments”;
- (e) Preview the respective CDS Account details and its Provisional Allotments;
- (f) Arrange to pay for the subscription of Provisional Allotments and Excess Rights Shares via telegraphic transfer into our designated bank accounts as follows:

**Account name: SYF RIGHTS ISSUE ACCOUNT**  
**Bank: Malayan Banking Berhad**  
**Bank account no.: 514012472286**

**Account name: SYF EXCESS RIGHTS ISSUE ACCOUNT**  
**Bank: Malayan Banking Berhad**  
**Bank account no.: 514012472293**

- (g) Arrange to pay stamp duty at RM10.00 for each e-RSF and handling fee of RM2.00 for each e-RSF into our Share Registrar's bank account as follows:

**Account name: Tricor Investor & Issuing House Services Sdn Bhd**  
**Bank: Malayan Banking Berhad**  
**Bank account no.: 514012025081**

- (h) Once payments are completed, prepare the submission of your subscriptions by translating the data into the "e-RSF file of Provisional Allotments";
- (i) Login to TIIH Online, select corporate exercise name: "SYF RIGHTS ISSUE" and proceed to upload the subscription file duly completed;
- (j) Select "Submit" to complete your submission; and
- (k) Print the confirmation report of your submission for your record.

**(iii) Terms and conditions for e-Subscription**

The e-Subscription of Provisional Allotments and Excess Rights Shares (if successful), shall be made on and subject to the terms and conditions appearing herein: -

- (i) after login to TIIH Online, you are required to confirm and declare the following information given are true and correct:
- (1) you have attained 18 years of age as at the last day for subscription and payment;
  - (2) you have, prior to making the e-Subscription, received a printed copy of this Abridged Prospectus and/or have had access to this Abridged Prospectus from Bursa Securities' website at <https://www.bursamalaysia.com>, the contents of which you have read and understood; and
  - (3) you agree to all the terms and conditions for the e-Subscription as set out in this Abridged Prospectus and have carefully considered the risk factors as set out in Section 7 of this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the e-Subscription application;
- (ii) you agree and undertake to subscribe for and to accept the number of Provisional Allotments and Excess Rights Shares applied for (if applicable) as stated in the e-RSF. Your confirmation of your subscription will signify, and will be treated as, your subscription of the number of Rights Shares that may be allotted to you;
- (iii) by making and completing your e-Subscription, you, if successful, request and authorise our Share Registrar or our Company to credit the Rights Shares allotted to you into your CDS Account;
- (iv) you acknowledge that your e-Subscription is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company or our Share Registrar and irrevocably agree that if:



- (1) our company or our Share Registrar does not receive your e-Subscription; or
- (2) date relating to your e-Subscription application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Share Registrar,

you will be deemed not to have made an e-Subscription and you may not make any claim whatsoever against our Company or our Share Registrar for the Provisional Allotments accepted and/or Excess Rights Shares applied for or for any compensation, loss or damage relating to the e-Subscription;

- (v) you will ensure that your personal particulars recorded with TIIH Online and Bursa Depository are correct. Otherwise, your e-Subscription may be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification on the outcome of your e-Subscription will be sent to your address last maintained with Bursa Depository;
- (vi) by making and completing an e-Subscription, you agree that:
  - (1) in consideration of our Company agreeing to allow and accept your e-Subscription for the Provisional Allotments and Excess Rights Shares applied (if applicable), your e-Subscription is irrevocable and cannot be subsequently withdrawn; and
  - (2) our Share Registrar will not be liable for any delay, failures or inaccuracies in the processing of data relating to your e-Subscription due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control; and
- (vii) our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

If acceptance of and payment for the Provisional Allotments allotted to you are not received (whether in full or in part) by our Share Registrar by 5:00 p.m. on the Closing Date, such Provisional Allotments will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such Rights Shares not taken up to applicants who have applied for Excess Rights Shares in the manner as set out in Section 10.9 of this Abridged Prospectus.

#### **10.6 Procedures for part acceptance**

If you do not wish to accept the Provisional Allotments in full, you are entitled to accept part of your entitlements that can be subscribed/applied for. The minimum number of Rights Shares that may be subscribed for or accepted is one (1) Rights Share. Fractions of a Rights Shares will be disregarded and the aggregate of such fractions shall be dealt with as our Board may at its absolute discretion deem fit and expedient and in the best interests of our Company. Applicants should take note that a trading board lot comprises 100 Rights Shares.

You must complete Parts I(A) and II of the RSF by specifying the number of Rights Shares which you are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar, in the same manner as set out in Section 10.5.1 of this Abridged Prospectus.

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.**

#### **10.7 Procedures for sale or transfer of Provisional Allotments**

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to one (1) or more person(s),

you may do so through your stockbroker without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account.

To sell or transfer of all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository during the period up to the last date and time for sale or transfer of the Provisional Allotments in accordance with the Rules of Bursa Depository.

**IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. HOWEVER, YOU MUST ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNTS BEFORE SELLING OR TRANSFERRING.**

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments not sold or transferred. Please refer to Sections 10.5 and 10.6 of this Abridged Prospectus for the procedure for acceptance and payment.

**YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN. YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.**

#### **10.8 Procedures for acceptance by renounee(s)/transferee(s)**

Renounee(s)/transferee(s) (if applicable) who wish to accept the Provisional Allotments must obtain a copy of the RSF from their stockbrokers, our Share Registrar, or at our Company's registered office or from the Bursa Securities' website (<http://www.bursamalaysia.com>) and complete the RSF and submit the same together with the remittance to our Share Registrar at the abovementioned address in accordance with the notes and instructions printed therein.

The procedures for acceptance and payment applicable to the Entitled Shareholders as set out in Sections 10.5 and 10.6 of this Abridged Prospectus also applies to renounee(s)/transferee(s) (if applicable) who wish to accept the Provisional Allotments.

**RENOUNEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF CAREFULLY.**

#### **10.9 Procedures for application for Excess Rights Shares**

##### **10.9.1 By way of RSF**

As an Entitled Shareholder, you and/your renounee(s)/transferee(s) (if applicable) may apply for Excess Rights Shares in addition to the Provisional Allotments by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a **separate remittance made in RM** for the full amount payable in respect of the Excess Rights Shares applied for) to our Share Registrar at the address set out above, **not later than Thursday, 15 June 2023 at 5.00 p.m.**, being the Closing Date.

Payment for the Excess Rights Shares applied for should be made in the same manner as set out in Section 10.5 of this Abridged Prospectus, and in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia crossed "**ACCOUNT PAYEE ONLY**" and made payable to "**SYF EXCESS RIGHTS ISSUE ACCOUNT**" and endorsed on the reverse side with your name and CDS Account number in block letters so as to be received by our Share Registrar not later than the closing date. The payment must be made for the full and exact amount payable for the Excess Rights Shares applied for, any excess or insufficient remittances may be rejected at the absolute discretion of our Board.

### 10.9.2 By way of e-Subscription via TIIH Online

You and/or your renounee(s)/transferee(s) (if applicable) may apply for additional Rights Shares in excess of your entitlement via e-Subscription. If you wish to do so, you may apply for the Excess Rights Shares by following the same steps as set out in Section 10.5.5 of this Abridged Prospectus.

The e-Subscription for Excess Rights Shares will be made on, and subject to, the same terms and conditions appearing in Section 10.5.5(iii) of this Abridged Prospectus.

Any Rights Shares which are not taken up or not validly taken up by you and/or your renounee(s)/transferee(s) (if applicable) shall be made available for Excess Rights Shares. It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable manner and in the following priority: -

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares, on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares applications; and
- (iv) lastly, for allocation to renounee(s)/transferee(s) (if applicable) who have applied for Excess Rights Shares, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares applications.

In the event there is any balance Excess Rights Shares after steps (i) to (iv) are carried out, steps (ii) to (iv) will be repeated to allocate the balance Excess Rights Shares.

Nevertheless, our Board reserves the right to allocate any Excess Rights Shares applied for under Part I(B) of the RSF in such manner as it deems fit and expedient, and in the best interests of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in steps (i) to (iv) above is achieved. Our Board also reserves the right to allocate any Excess Rights Shares application, in full or in part, without assigning any reason thereof.

**APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.**

No acknowledgement will be issued for the receipt of the Excess Rights Shares application or application monies in respect thereof. However, if your Excess Rights Shares application is successful, the Rights Shares will be credited into your CDS Account and a notice of allotment will be sent to you via email if you and/or your renounee(s)/transferee(s) (if applicable) have provided such email address to Bursa Depository. If you have not provided such email address to Bursa Depository, a physical notice of allotment will be despatched by ordinary post to you at your own risk to the address shown in the Record of Depositors provided by Bursa Depository within eight (8) Market Days from the Closing Date or such other period as may be prescribed by Bursa Securities.

**EXCESS RIGHTS SHARES APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.**

In respect of unsuccessful or partially successful Excess Rights Shares applications, the full amount or the balance of the application monies, as the case may be, shall be refunded without interest. The refund will be credited directly into your bank account if

you have provided such bank account information to Bursa Depository for the purposes of cash dividend/distribution. If you have not provided such bank account information to Bursa Depository, the refund will be made by issuance of cheque and shall be despatched to you within fifteen (15) Market Days from the Closing Date by ordinary post to the address shown in the Record of Depositors provided by Bursa Depository at your own risk.

#### **10.10 CDS Account**

Bursa Securities has already prescribed the Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the new securities arising from the Rights Issue are prescribed securities and, as such, all dealings with such securities will be by book entries through CDS Accounts and shall be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

Your subscription for the Rights Shares shall signify your consent to receive such Rights Shares as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess Rights Shares allotted shall be credited directly into the CDS Accounts of successful applicants. If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of Provisional Allotments credited into separate CDS Accounts. If successful, the Rights Shares that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

#### **10.11 Notice of allotment**

Within five (5) Market Days after the Closing Date, our Company will make the relevant announcements in relation to the subscription rate of the Rights Issue.

Upon allotment of the Rights Shares in respect of your acceptance and/or your renounee(s)/transferee(s) acceptance (if applicable) and Excess Rights Shares application (if any), the Rights Shares shall be credited directly into the respective CDS Account where the Provisional Allotments were credited. No physical certificates will be issued in respect of the Rights Shares. However, a notice of allotment will be sent to you via email if you and/or your renounee(s)/transferee(s) (if applicable) have provided such email address to Bursa Depository. If you have not provided such email address to Bursa Depository, a physical notice of allotment will be despatched to you and/or your renounee(s)/transferee(s) (if applicable) by ordinary post within eight (8) Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities, to the address last shown on the Record of Depositors at your own risk.

Where any application for the Rights Shares is not accepted due to non-compliance with the terms of the Rights Issue or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you. The refund will be credited directly into your bank account if you have provided such bank account information to Bursa Depository for the purposes of cash dividend/distribution. If you have not provided such bank account information to Bursa Depository, the refund will be made by cheque and will be despatched to you within fifteen (15) Market Days from the Closing Date by ordinary post to the address last shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof, once lodged with our Share Registrar for the Rights Shares, cannot be withdrawn subsequently.

#### **10.12 Foreign-Addressed Shareholders**

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable

securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

The distribution of this Abridged Prospectus, the NPA and the RSF, as well as the acceptance of the Provisional Allotments and the subscription for or the acquisition of the Rights Shares may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

This Abridged Prospectus, the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue will not be made or offered or deemed made or offered for acquisition or subscription of any Rights Shares, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to the Entitled Shareholders receiving this Abridged Prospectus, the NPA and the RSF electronically or otherwise within Malaysia.

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Our Share Registrar will be entitled to request evidence from the Foreign-Addressed Shareholders as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

Our Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia or an address for service in Malaysia if not otherwise stated on the Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

A Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so, and our Company, our Board and officers, Malacca Securities and/or the advisers named herein ("**Parties**") would not, in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) is or might be subject to.

The Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) shall be solely responsible to seek advice from his/their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue would result in the contravention of the laws of the countries or jurisdictions to which he/they is/are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of his/their entitlements or to any net proceeds thereof.

Our Company reserves the right, in its absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Allotments relating to any acceptance which is treated as invalid will be included in the pool of Rights Shares available for excess application by other Entitled Shareholders and/or their renounee(s)/transferee(s) (if applicable).



Each person, by accepting the delivery of this Abridged Prospectus, the NPA and the RSF, accepting any Provisional Allotments by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows: -

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his renounee(s)/transferee(s) (if applicable) is or might be subject to;
- (ii) the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) has complied with the laws to which the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) is or might be subject to in connection with the acceptance or renunciation;
- (iii) the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) is/are aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;
- (v) the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus, has/have had access to such financial and other information and has/have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s)' (if applicable) decision to subscribe for or purchase the Rights Shares; and
- (vi) the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) has/have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

**NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN-ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.**



**11. TERMS AND CONDITIONS**

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions as set out in this Abridged Prospectus and the accompanying NPA and RSF.

**12. FURTHER INFORMATION**

You are advised to refer to the enclosed appendices for further information.

Yours faithfully  
For and on behalf of the Board  
**SYF RESOURCES BERHAD**



**DATO' SRI CHEE HONG LEONG, JP**  
Executive Director

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**INFORMATION ON SYF**

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**1. INFORMATION ON OUR COMPANY**

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

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

SYF is principally an investment holding company. Following the completion of the Disposals and Acquisition, SYF through its subsidiaries are principally involved in: -

- (a) property development and construction; and
- (b) stockbroking and dealing in securities and provision of corporate finance and advisory services under M & A Securities.

Please refer to Appendix II of this Abridged Prospectus for further details of M & A Group.

**2. SHARE CAPITAL AND OPTION TO SUBSCRIBE FOR SYF SHARES**

As at the LPD, the share capital of SYF is 1,583,199,921 SYF Shares (including 5,236,000 treasury shares) and the issued share capital of SYF stood at RM325,706,142. For information purposes, the Consideration Shares will not be entitled to the Rights Issue. After the capital repayment of RM0.11 to be paid to the entitled shareholders on 7 June 2023, the issued share capital of SYF will be reduced to RM263,130,111.

As at the LPD, there is no any option to subscribe for SYF Shares has been granted or is entitled to be granted to any person, save for the Provisional Allotments and Excess Rights Shares.

**3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

Please refer to Section 8.5 of this Abridged Prospectus for the substantial shareholders' shareholdings before and after the Rights Issue.

**INFORMATION ON SYF (cont'd)****4. DIRECTORS**

As at the LPD, the details of the Directors of SYF are as follows: -

<b>Name</b>	<b>Age</b>	<b>Nationality</b>	<b>Designation</b>	<b>Address</b>
Datuk Mohamed Arsad Bin Sehan <sup>(i)</sup>	70	Malaysian	Independent Non-Executive Chairman	28, Lorong Meringin 1, Taman Bukit Meringin, 43000 Kajang, Selangor.
Dato' Sri Chee Hong Leong, JP	59	Malaysian	Executive Director	23 Armada Villa, Jalan 109F, Taman Danau Desa, 58100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
Datuk Tan Choon Peow	52	Malaysian	Executive Director <sup>(ii)</sup>	3, Jalan Setia Nusantara U13/22E, Setia Eco-park, 40170 Shah Alam, Selangor.
Dato' Sri Ng Ah Chai <sup>(i)</sup>	61	Malaysian	Non-Independent Non-Executive Director	11, Jalan Puncak Perdana 1, Perdana Heights, 43200 Cheras, Selangor.
Ng Wei Ping <sup>(i)</sup>	33	Malaysian	Non-Independent Non-Executive Director	No. 11, Jalan Puncak Perdana 1, Perdana Heights, Batu 9, 43200 Cheras, Selangor.
Dato' Wong Gian Kui	64	Malaysian	Non-Independent Non-Executive Director	Lot 26, The Residence, Changkat Suria 1, Jalan Kiara 2, Mont' Kiara, 50480 Wilayah Persekutuan Kuala Lumpur.
Dato' Mohamad Azmi Bin Ali	66	Malaysian	Independent Non-Executive Director	No. 23, Jalan Arca U8/78, Bukit Jelutong, Seksyen U8, 40150 Shah Alam, Selangor.
Dato' Abdul Rashid Bin Mat Amin	73	Malaysian	Independent Non-Executive Director	5075, Jalan Sungai Merab, Pinggiran Putra Jaya, 43000 Kajang, Selangor.
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	66	Malaysian	Independent Non-Executive Director <sup>(iii)</sup>	C-G-3A, U-Thant Residence, No. 28, Jalan Taman U-Thant, 55000 Wilayah Persekutuan Kuala Lumpur.
Dato' Yong Lei Choo	62	Malaysian	Independent Non-Executive Director <sup>(iv)</sup>	B-3-3, Cita Damansara, No. 2, Jalan PJU 3/27, Sunway Damansara, 47810 Petaling Jaya, Selangor.

Notes: -

- (i) Will resign from their positions upon the completion of the Corporate Exercise.
- (ii) Will be re-designated to Managing Director upon the completion of the Corporate Exercise.
- (iii) Will be re-designated to Independent Non-Executive Chairperson upon the completion of the Corporate Exercise.
- (iv) Will be re-designated to Independent Non-Executive Deputy Chairperson upon the completion of the Corporate Exercise.

**INFORMATION ON SYF (cont'd)****5. DIRECTORS' SHAREHOLDINGS**

Save as disclosed below, none of our Directors have any direct and/or indirect shareholdings in our Company as at the LPD. The pro forma effects on the shareholdings of our Directors before and after the Rights Issue are set out below: -

	As at the LPD				After the Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of SYF Shares	%	No. of SYF Shares	%	No. of SYF Shares	%	No. of SYF Shares	%
Dato' Sri Ng Ah Chai	33,776,200	2.14	820,000	0.05 <sup>(i)</sup>	33,776,200	1.81 <sup>(ii)</sup>	*	*
Dato' Sri Chee Hong Leong, JP	41,156,600	2.61	-	-	61,734,900	3.31 <sup>(iii)</sup>	-	-

Notes: -

\* On 23 May 2023, Datin Sri Chee Ah Kuan has disposed of her entire shareholdings of 820,000 SYF Shares.

(i) Deemed interest by virtue of the interests of his spouse, Datin Sri Chee Ah Kuan.

(ii) Irrevocable undertakings provided by Dato' Sri Ng Ah Chai on 15 April 2022 to renounce and will not subscribe for his entitlement to the Rights Issue in conjunction with Dato' Sri Ng Ah Chai's proposed exit from SYF. As Dato' Sri Ng Ah Chai will not be subscribing for his Right Shares, such Rights Shares entitlement will be taken up by his transferees/renounees and/or excess applications by the other Entitled Shareholders such that full subscription of the Rights Shares will be met.

(iii) Assuming that Dato' Sri Chee Hong Leong will subscribe for his entitlement in full under the Rights Issue.

**INFORMATION ON SYF (cont'd)****6. SUBSIDIARY AND ASSOCIATED COMPANIES**

As at the LPD, the subsidiary companies of SYF are as follows: -

<b>Name of company/ Registration No.</b>	<b>Country of incorporation</b>	<b>Effective equity interest (%)</b>	<b>Principal activities</b>
SYFV / 200401031898 (670406-M)	Malaysia	100.00	Investment holding
Tomisho / 198501011814 (144265-W)	Malaysia	100.00	Dormant
M & A Securities / 197301001503 (15017-H)	Malaysia	100.00	Stockbroking and dealing in securities and provision of corporate finance and advisory services
<b>Subsidiaries of SYFV</b>			
SYFD / 198901009608 (186909-D)	Malaysia	100.00	Property development and trading of construction materials
SYFC / 200201012915 (580578-X)	Malaysia	100.00	Building contractor
<b>Subsidiaries of M &amp; A Securities</b>			
M & A Nom (A) / 199401034787 (320470-H)	Malaysia	100.00	Nominee agent and registration services
M & A Nom (T) / 199401034788 (320471-T)	Malaysia	100.00	Nominee agent and registration services
Venturescape / 202101030801 (1431101-W)	Malaysia	100.00	Property investment
<b>Subsidiaries of SYFD</b>			
Nikmat Sekitar / 201501020882 (1146218-X)	Malaysia	100.00	Dormant
Nuri Meriah / 201501018938 (1144273-T)	Malaysia	100.00	Dormant
Giat Armada / 201101022289 (950428-W)	Malaysia	100.00	Property developer
Darul Majumas / 201101027214 (955349-T)	Malaysia	75.00	Property developer

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

**INFORMATION ON SYF (cont'd)****7. HISTORICAL FINANCIAL INFORMATION**

The following financial information for the past four (4) FYEs 31 July 2019 to 2022 and six (6)-month FPE 31 January 2023 were extracted from the annual reports and latest unaudited consolidated financial statements of our Company which were announced and published on Bursa Securities.

**7.1 Consolidated statements of profit or loss**

	Audited				Unaudited	
	FYE 31 July 2019 RM'000	FYE 31 July 2020 RM'000	Restated FYE 31 July 2021* RM'000	FYE 31 July 2022* RM'000	Six (6)-month FPE 31 January 2022 RM'000	Six (6)-month FPE 31 January 2023 RM'000
Revenue	241,808	132,890	194,651	76,494	38,909	9,965
COS	(275,488)	(143,567)	(168,123)	(72,001)	(34,680)	(9,359)
<b>(GL)/GP</b>	<b>(33,680)</b>	<b>(10,677)</b>	<b>26,528</b>	<b>4,493</b>	<b>4,229</b>	<b>606</b>
Other income	7,244	8,063	4,623	1,228	1,162	206
Selling and distribution expenses	(3,874)	(2,546)	(459)	(217)	(180)	(31)
Administrative expenses						
Net gain/(loss) on impairment of financial instruments	(16,752)	(10,786)	(17,527)	(6,170)	(2,941)	(2,759)
Finance costs	5	(172)	149	1	-	-
<b>(LBT)/PBT</b>	<b>(4,956)</b>	<b>(4,335)</b>	<b>(4,181)</b>	<b>(1,488)</b>	<b>(779)</b>	<b>(747)</b>
Taxation	<b>(52,013)</b>	<b>(20,453)</b>	<b>9,133</b>	<b>(2,153)</b>	<b>1,491</b>	<b>(2,725)</b>
(LAT)/PAT attributable to :-	7,937	622	(2,462)	(1,263)	(1,002)	(260)
- continuing operations	(44,076)	(19,831)	6,671	(3,416)	489	(2,985)
- discontinued operation	-	-	177	(23,986) <sup>(i)</sup>	(24,311)	-
<b>(LAT)/PAT</b>	<b>(44,076)</b>	<b>(19,831)</b>	<b>6,848</b>	<b>(27,402)</b>	<b>(23,822)</b>	<b>(2,985)</b>
(LAT)/PAT attributable to :-						
- Owners of the parent	(44,076)	(20,065)	3,935	(28,117)	(24,635)	(3,090)
- Non-controlling interests	-	234	2,913	715	813	105
	<b>(44,076)</b>	<b>(19,831)</b>	<b>6,848</b>	<b>(27,402)</b>	<b>(23,822)</b>	<b>(2,985)</b>
Total comprehensive (loss)/income: -						
- Owners of the parent	(44,315)	(20,313)	3,935	(28,117)	(24,635)	(3,090)
- Non-controlling interests	-	234	2,913	715	813	105
	<b>(44,315)</b>	<b>(20,079)</b>	<b>6,848</b>	<b>(27,402)</b>	<b>(23,822)</b>	<b>(2,985)</b>
(GL)/GP margin (%)	(13.93)	(8.03)	13.63	5.87	10.87	6.08
(LBT)/PBT margin (%)	(21.51)	(15.39)	4.69	(2.81)	3.83	(27.35)



**INFORMATION ON SYF (cont'd)**

	Audited			Unaudited	
	FYE 31 July 2019 RM'000	FYE 31 July 2020 RM'000	Restated FYE 31 July 2021* RM'000	FYE 31 July 2022* RM'000	Six (6)-month FPE 31 January 2023 RM'000
(LAT)/PAT margin (%)	(18.23)	(15.10)	2.02	(36.76)	(31.01)
Weighted average number of SYF Shares in issue ('000)	605,269	582,639	565,579	568,873	568,873
Basic and diluted (LPS)/EPS (sen)	(7.3)	(3.4)	0.7	(0.7)	(0.54)
- continuing operations	-	-	-	(4.2)	-
- discontinued operation	(7.3)	(3.4)	0.7	(4.9)	(0.54)

Note: -

# On 6 October 2021, the Company has entered into a SSA with Mieco for the disposal of its entire equity interest in Seng Yip Furniture, comprising its entire rubberwood furniture segment for a total disposal consideration of RM50.00 million.

As such, the assets and liabilities of Seng Yip Furniture under rubberwood furniture segment have been presented separately in the statements of financial position as a disposal group classified as held for sale and the financial results of Seng Yip Furniture for current and previous financial year are presented separately in the statements of profit or loss and other comprehensive income as discontinued operation. Certain comparative figures were restated to conform with current financial year's presentation.

(1) Included an impairment loss on assets included in disposal group classified as held for sale (Seng Yip Furniture) amounting to RM26.75 million.

**7.2 Consolidated statements of financial position**

	Audited			Unaudited	
	FYE 31 July 2019 RM'000	FYE 31 July 2020 RM'000	FYE 31 July 2021 RM'000	FYE 31 July 2022 RM'000	Six (6)-month FPE 31 January 2023 RM'000
Non-Current Assets	193,694	148,989	145,084	49,598	49,597
Current Assets	183,304	214,985	180,917	103,937	98,047
Assets held for sale	18,107	42,932	10,956	20,879	20,881
Assets included in disposal group classified as held for sale	-	-	-	104,591	106,681
<b>Total Assets</b>	<b>395,105</b>	<b>406,906</b>	<b>336,957</b>	<b>279,005</b>	<b>275,206</b>

**INFORMATION ON SYF (cont'd)**

	Audited				Unaudited	
	FYE 31 July 2019	FYE 31 July 2020	FYE 31 July 2021	FYE 31 July 2022	Six (6)-month FPE 31 January 2022	Six (6)-month FPE 31 January 2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	154,810	142,310	143,527	143,527	143,527	143,527
Treasury shares	(5,670)	(761)	(761)	(761)	(761)	(761)
Reserves	91,596	73,950	70,774	14,296	17,873	11,206
Reserve included in disposal group classified as held for sale	-	-	-	28,361	28,266	28,361
<b>Shareholders' funds/NA</b>	<b>240,736</b>	<b>215,499</b>	<b>213,540</b>	<b>185,423</b>	<b>188,905</b>	<b>182,333</b>
Non-controlling interests	-	10,901	13,814	14,529	14,627	14,634
<b>Total Equity</b>	<b>240,736</b>	<b>226,400</b>	<b>227,354</b>	<b>199,952</b>	<b>203,532</b>	<b>196,967</b>
Non-Current Liabilities	23,165	60,558	36,102	26,349	28,323	25,095
Current Liabilities	131,204	119,948	73,501	22,851	12,328	24,485
Liabilities included in disposal group classified as held for sale	-	-	-	29,853	37,533	28,659
<b>Total Liabilities</b>	<b>154,369</b>	<b>180,506</b>	<b>109,603</b>	<b>79,053</b>	<b>78,184</b>	<b>78,239</b>
<b>Total Equity and Liabilities</b>	<b>395,105</b>	<b>406,906</b>	<b>336,957</b>	<b>279,005</b>	<b>281,716</b>	<b>275,206</b>
Total Borrowings	65,417	106,151	44,230	25,964	28,309	23,830
Number of SYF Shares ('000)	592,392	564,003	568,873	568,873	568,873	568,873
NA per Share (RM)	0.41	0.38	0.38	0.33	0.33	0.32
Current ratio (times)	1.40	1.79	2.46	4.55	10.04	4.00
Gearing ratio (times)	0.27	0.49	0.21	0.14	0.15	0.13

**INFORMATION ON SYF (cont'd)****7.3 Consolidated statements of cash flow**

	Audited				Unaudited	
	FYE 31 July 2019 RM'000	FYE 31 July 2020 RM'000	FYE 31 July 2021 RM'000	FYE 31 July 2022 RM'000	Six (6)-month FPE 31 January 2022 RM'000	Six (6)-month FPE 31 January 2023 RM'000
Net cash from/(used in) operating activities	10,738	(40,511)	111,922	(38,282)	(19,911)	(9,750)
Net cash from investing activities	2,919	27,789	842	7,683	11,679	106
Net cash (used in) financing activities	(13,901)	(2,391)	(68,757)	(4,227)	2,464	(5,274)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(244)</b>	<b>(15,113)</b>	<b>44,007</b>	<b>(34,826)</b>	<b>(5,768)</b>	<b>(14,918)</b>
Cash and cash equivalents at the beginning of the financial year	22,745	22,513	7,383	51,389	51,389	16,593
Effects of exchange translation differences on cash and cash equivalents	12	(17)	(1)	30	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	<b>22,513</b>	<b>7,383</b>	<b>51,389</b>	<b>16,593</b>	<b>45,621</b>	<b>1,675</b>

**INFORMATION ON SYF (cont'd)****Commentaries: -****FYE 31 July 2020**

The Group reported revenue of RM132.89 million during the financial year, a decrease of 45% from the preceding financial year of RM241.81 million, of which 88% of the revenue was contributed by the rubberwood furniture segment and the balance of 12% by the property development segment.

The decrease in the revenue was primarily attributed to the drop of 30% in the rubberwood furniture segment as a result of downsizing of downstream activities and disruption of business activities due to COVID-19 pandemic and imposition of the MCO by the Government.

Apart from that, the significant drop in the property development and construction segment's revenue by 79% from the preceding year of RM75.47 million, was mainly due to lower revenue contributed from trading of construction materials and from Alstonia Residence under Darul Majumas (a newly acquired subsidiary on 16 July 2020), as compared to the revenue generated from Lavender Residence and Iris Residence which were completed during the previous financial year.

The Group recorded a lower LBT of RM20.45 million for FYE 31 July 2020 in comparison to a LBT of RM52.01 million in FYE 31 July 2019.

The loss for the FYE 31 July 2020 was mainly due to lower revenue generated due to interruption of business during the MCO period while certain costs were fixed in nature and the following non-recurring expenses incurred:

- Expenses incurred on corporate exercise amounting to RM0.85 million; and
- Impairment losses of RM1.32 million on completed properties, investment property and receivables.

The Group's shareholders' equity decreased from RM240.74 million to RM215.50 million, mainly attributable to net loss of RM19.83 million incurred and the execution of shares buy-back amounting to RM4.87 million during the financial year.

The Group's gearing ratio increased from 0.27 times to 0.49 times due to acquisition of a subsidiary, Darul Majumas, which carried bank borrowings and lease liabilities of RM39.53 million as at 31 July 2020.

The negative operating cash flows of RM40.51 million recorded in FYE 31 July 2020 was mainly due to repayment to (reduction in) creditors of RM60.59 million.

**FYE 31 July 2021**

The Group reported revenue of RM194.65 million (from continuing operations) during the financial year, an increase of 46% from the preceding financial year of RM132.89 million.

The increase in the revenue was primarily contributed by an on-going development project, Alstonia Residence and disposal of a vacant development land in Semenyih whereas all on-going development projects were at final stage in the corresponding financial year.

The Group recorded a PBT of RM9.13 million (from continuing operations) for current financial year in comparison to LBT of RM20.45 million posted in FYE 31 July 2020.

The current year profit from continuing operations was mainly due to higher revenue generated whereas included in the preceding year were some non-recurring expenses, such as impairment losses on completed properties, deposits written off and professional fees incurred on a corporate exercise.

**INFORMATION ON SYF (cont'd)**

The Group's shareholders' equity decreased slightly from RM215.50 million to RM213.54 million, mainly attributable to dividends paid to owners of SYF amounting to RM7.11 million, offsetting against profit attributable to owners of SYF of RM3.94 million and exercise of employees' share options of RM1.22 million during the financial year.

The Group's gearing ratio decreased from 0.49 times to 0.21 times due to repayment of bank borrowings and reclassification of liabilities of Seng Yip Furniture as disposal group classified as held for sale. The Group maintains a prudent and manageable level of gearing ratio that complies with debt covenants and fulfil the operation requirements.

The cash and cash equivalents increased by RM44.01 million from RM7.38 million to RM51.39 million as at 31 July 2021. The changes were analysed as follows:

- (i) Net cash inflows from operating activities of RM111.92 million against pre-tax profit of RM9.39 million after adjusting for, amongst others, the followings:
  - Depreciation of property, plant and equipment and right-of-use assets of RM4.14 million;
  - Written off of intangible assets classified as assets held for sale of RM11.42 million;
  - Impairment losses of RM0.78 million on completed properties and receivables;
  - Gain on disposal of property, plant and equipment of RM0.68 million; and
  - Net increase in working capital of RM90.25 million.
- (ii) Net cash inflows from investing activities of RM0.84 million was mainly contributed by the proceeds of RM0.73 million from the disposal of property, plant and equipment and interest income of RM0.67 million.
- (iii) Net cash used in financing activities of RM68.76 million mainly arising from the net repayment of bank borrowings of RM61.06 million and payment of interim dividend of RM7.11 million.

**FYE 31 July 2022**

The Group reported revenue (from continuing operations) of RM76.49 million for FYE 31 July 2022. This was mainly due to the only on-going development project was at final stage and restriction during National Recovery Plan period which has resulted in lower sales and slower construction progress.

SYF recorded a LBT (from continuing operations) of RM2.15 million for FYE 31 July 2022, which was mainly due to lower revenue recognised in the property development segment as the on-going development project was at final stage.

The Group recorded LAT of RM27.40 million during the financial year, included in the LAT was an impairment loss on assets included in disposal group classified as held for sales (Seng Yip Furniture) amounting to RM26.75 million.

The cash and cash equivalents decreased by RM34.80 million from RM51.39 million to RM16.59 million as at 31 July 2022. The changes were due to:

- (i) Net cash outflows from operating activities of RM38.28 million was mainly due to LBT incurred during the financial year, adjusted for decrease in working capital of RM35.98 million.
- (ii) Net cash inflows from investing activities of RM7.68 million was mainly contributed by the proceeds of RM12.12 million from the disposal of property, plant and equipment.
- (iii) Net cash used in financing activities of RM4.23 million mainly arising from the net repayment of bank borrowings.

**INFORMATION ON SYF (cont'd)**

The Group's gearing ratio decreased from 0.21 times to 0.14 times due to repayment of bank borrowings.

**Six (6)-month FPE 31 January 2023**

The Group reported revenue of RM9.97 million (from continuing operations) during the FPE 31 January 2023, a decline of 74.38% from the preceding FPE 31 January 2022 of RM38.91 million. The decrease was primarily due to the only on-going development project, Alstonia Residence was at final stage.

The Group recorded a LBT of RM2.73 million (from continuing operations) for current financial period in comparison to PBT of RM1.49 million posted in the comparative period.

The current period loss was mainly due to lower revenue generated and some costs are fixed in nature.

The Group recorded LAT of RM2.99 million during the current financial period as compared to LAT of RM23.82 million in the comparative period, included in the comparative period LAT was an impairment loss on assets included in disposal group classified as held for sales (Seng Yip Furniture) amounting to RM24.39 million.

The cash and cash equivalents decreased by RM14.92 million from RM16.59 million to RM1.68 million as at 31 January 2023. The changes were due to: -

- (i) Net cash outflows used in operating activities of RM9.75 million was mainly due to LBT of RM2.73 million incurred during the financial period, adjusted for decrease in working capital of RM3.27 million, income tax paid of RM1.13 million and reversal of impairment loss on assets included in disposal group classified as held for sale of RM2.57 million.
- (ii) Net cash inflows from investing activities of RM0.11 million was mainly contributed by proceeds from the disposal of property, plant and equipment of RM0.07 million and interest earned of RM0.04 million.
- (iii) Net cash outflows used in financing activities of RM5.27 million mainly arising from the net repayment of bank borrowings.

The Group's gearing ratio decreased from 0.15 times to 0.13 times due to repayment of bank borrowings.



**INFORMATION ON SYF (cont'd)****8. HISTORICAL SHARE PRICES**

The monthly highest and lowest prices of the Company as traded on Bursa Securities for the past twelve (12) months up to the LPD are as follows: -

	<b>Highest (RM)</b>	<b>Lowest (RM)</b>
<b>2022</b>		
May	0.325	0.290
June	0.305	0.250
July	0.265	0.240
August	0.250	0.230
September	0.290	0.240
October	0.325	0.275
November	0.365	0.295
December	0.385	0.340
<b>2023</b>		
January	0.400	0.375
February	0.440	0.355
March	0.327	0.307
April	0.320	0.305

Last transaction market price as at LTD	0.425
Last transacted market price on 26 May 2023, being the latest Market Day prior to the ex-date of the Rights Issue	0.215
Last transaction market price as at LPD	0.320

(Source: Bloomberg)

**9. MATERIAL CONTRACTS**

Save for the Agreements and the Underwriting Agreement, our Group (other than M & A Group) has not entered into any material contract (not being contract entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Abridged Prospectus. Please refer to Section 8 of Appendix II of this Abridged Prospectus for further details of the material contracts of M & A Group.

**10. MATERIAL LITIGATION**

As at the LPD, our Group (other than M & A Group) is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board confirms that there are no proceedings, pending or threatened against our Group, or of any facts likely to give rise to any proceedings, which might materially affect the business or financial position of our Group. Please refer to Section 9 of Appendix II of this Abridged Prospectus for further details of the material litigation of M & A Group.

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**INFORMATION ON M & A GROUP**

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**1. INFORMATION ON M & A GROUP**

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

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

M & A Securities is a stockbroker and corporate finance adviser in Malaysia with extensive experience in securities dealing, corporate finance and advisory services. M & A Securities is also a recognised Principal Adviser with the SC and ACE Market and LEAP Market sponsor with Bursa Securities.

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

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

**2. SHARE CAPITAL AND OPTION TO SUBSCRIBE FOR M & A SHARES**

As at the LPD, the issued share capital of M & A Securities is RM100.00 million comprising 100,000,000 M & A Shares and RM60.00 million comprising 60,000,000 RCPS in M & A Securities.

As at the LPD, there is no any option to subscribe for M & A Shares has been granted or is entitled to be granted to any person.

**3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

Following the completion of the Acquisition on 10 May 2023, M & A Securities is a wholly-owned subsidiary of SYF.

**INFORMATION ON M & A GROUP (cont'd)****4. DIRECTORS**

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

<b>Name</b>	<b>Age</b>	<b>Nationality</b>	<b>Designation</b>	<b>Address</b>
Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP	66	Malaysian	Chairperson/ Independent Non-Executive Director	C-G-3A, U-Thant Residence, No. 28, Jalan Taman U-Thant, 55000 Wilayah Persekutuan Kuala Lumpur.
Dato' Thong Kok Yoon	72	Malaysian	Executive Director	15 Jalan Tun Dr Ismail, 30350 Ipoh, Perak.
Dato' Wong Gian Kui	64	Malaysian	Non-Independent Non-Executive Director	Lot 26, The Residence, Changkat Suria 1, Jalan Kiara 2, Mont' Kiara, 50480 Wilayah Persekutuan Kuala Lumpur.
Dato' Ng Jet Heong	58	Malaysian	Independent Non-Executive Director	27 Jalan Sutera Jingga 3, Taman Sutera, 81200 Johor Bahru, Johor.
Datuk Tan Choon Peow	52	Malaysian	Executive Director	3, Jalan Setia Nusantara U13/22E, Setia Eco-park, 40170 Shah Alam, Selangor.
Goh Hock Jin	56	Malaysian	Executive Director	111 Jalan Tempua 2, Bandar Puchong Jaya, 47100 Puchong, Selangor.
Dato' Yong Lei Choo	62	Malaysian	Independent Non-Executive Director	B-3-3, Cita Damansara, No. 2, Jalan PJU 3/27, Sunway Damansara, 47810 Petaling Jaya, Selangor.

**5. DIRECTORS' SHAREHOLDINGS**

As at the LPD, none of the Directors of M & A Securities have any direct and/or indirect shareholdings in M & A Securities.

**6. SUBSIDIARY AND ASSOCIATED COMPANIES**

As at the LPD, the subsidiary companies of M & A Securities are as follows: -

<b>Name of company/Registration No.</b>	<b>Country of incorporation</b>	<b>Effective equity interest (%)</b>	<b>Principal activities</b>
M & A Nom (A) / 199401034787 (320470-H)	Malaysia	100.00	Nominee agent and registration services
M & A Nom (T) / 199401034788 (320471-T)	Malaysia	100.00	Nominee agent and registration services
Venturescape / 202101030801 (1431101-W)	Malaysia	100.00	Property investment

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

**INFORMATION ON M & A GROUP (cont'd)****7. HISTORICAL FINANCIAL INFORMATION**

The following financial information for the past four (4) FYEs 30 June 2019 to 2022 were extracted from the Accountants' Report of M & A Group as set out in Appendix III of this Abridged Prospectus.

**7.1 Consolidated statements of profit or loss**

	Audited			
	FYE 30 June 2019 RM'000	FYE 30 June 2020 RM'000	FYE 30 June 2021 RM'000	FYE 30 June 2022 RM'000
Revenue	26,314	36,978	68,906	48,541
<b>GP<sup>(1)</sup></b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Other items of income <sup>(2)</sup>	15,791	18,646	33,291	28,900
Items of expense	(33,353)	(42,855)	(77,420)	(54,632)
<b>PBT</b>	<b>8,752</b>	<b>12,769</b>	<b>24,777</b>	<b>22,809</b>
Taxation	(2,200)	(3,597)	(6,013)	(4,893)
<b>PAT</b>	<b>6,552</b>	<b>9,172</b>	<b>18,764</b>	<b>17,916</b>
PAT attributable to: -				
- Owners of the parent	6,552	9,172	18,764	17,916
- Non-controlling interests	-	-	-	-
Unrealised (loss) on changes in fair value of financial assets at fair value through other comprehensive income	-	-	(345)	-
<b>Total comprehensive income for the financial year</b>	<b>6,552</b>	<b>9,172</b>	<b>18,419</b>	<b>17,916</b>
Basic EPS <sup>(3)</sup> (sen)	6.55	9.17	18.76	17.92
Diluted EPS <sup>(4)</sup> (sen)	4.10	5.73	11.73	11.20

Notes: -

(1) Not applicable as M & A Group accounts for all its cost under "Items of expense".

(2) Represents the heading of all income other than revenue. Thereunder, M & A Securities discloses as separate line items the income from its investments, namely dividend and finance income. Additionally, reversals of impairment loss on trade receivables and gains on changes in fair value of financial assets are also disclosed separately as line items, where the corresponding provisions/losses are disclosed as separate line items of expense.

(3) Computed based on PAT divided by issued share capital of 100,000,000 M & A Shares.

(4) Computed based on PAT divided by the enlarged issued share capital of 160,000,000 M & A Shares on the assumption that all the 60,000,000 RCPS are converted into 60,000,000 new M & A Shares.

**INFORMATION ON M & A GROUP (cont'd)****7.2 Consolidated statements of financial position**

	Audited			
	FYE 30 June 2019 RM'000	FYE 30 June 2020 RM'000	FYE 30 June 2021 RM'000	FYE 30 June 2022 RM'000
Non-Current Assets	29,689	29,002	31,885	45,452
Current Assets	199,249	284,430	319,251	281,501
<b>Total Assets</b>	<b>228,938</b>	<b>313,432</b>	<b>351,136</b>	<b>326,953</b>
Share capital	100,000	100,000	100,000	100,000
RCPS	60,000	60,000	60,000	60,000
Reserves	(10)	(10)	(10)	(10)
Retained earnings	9,073	10,298	22,717	33,384
<b>Shareholders' funds/NA</b>	<b>169,063</b>	<b>170,288</b>	<b>182,707</b>	<b>193,374</b>
Non-controlling interests	-	-	-	-
<b>Total Equity</b>	<b>169,063</b>	<b>170,288</b>	<b>182,707</b>	<b>193,374</b>
Non-Current Liability	466	176	435	40
Current Liabilities	59,409	142,968	167,994	133,539
<b>Total Liabilities</b>	<b>59,875</b>	<b>143,144</b>	<b>168,429</b>	<b>133,579</b>
<b>Total Equity and Liabilities</b>	<b>228,938</b>	<b>313,432</b>	<b>351,136</b>	<b>326,953</b>
Total Borrowings <sup>(1)</sup>	21,775	20,969	77,210	60,780
Number of M & A Shares ('000)	100,000	100,000	100,000	100,000
NA per Share (RM)	1.69	1.70	1.83	1.93
Current ratio (times)	3.35	1.99	1.90	2.11
Gearing ratio (times)	0.13	0.12	0.42	0.31

Note: -

<sup>(1)</sup> Including amount due to related companies which is used to finance the working capital of M & A Securities.**7.3 Consolidated statements of cash flow**

	Audited			
	FYE 30 June 2019 RM'000	FYE 30 June 2020 RM'000	FYE 30 June 2021 RM'000	FYE 30 June 2022 RM'000
Net cash from operating activities	14,513	8,718	41,593	6,912
Net cash (used in)/from investing activities	(499)	(1,225)	155	(2,402)
Net cash used in financing activities	(7,577)	(11,592)	(2,452)	(10,591)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,437</b>	<b>(4,099)</b>	<b>39,296</b>	<b>(6,081)</b>
Cash and cash equivalents at the beginning of the financial year	64,680	71,162	67,063	106,359
Effects of exchange rate changes	45	-	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	<b>71,162</b>	<b>67,063</b>	<b>106,359</b>	<b>100,278</b>

**INFORMATION ON M & A GROUP (cont'd)****Commentaries: -****FYE 30 June 2020**

M & A Securities recorded an increase in revenue of RM10.67 million or 40.55% from RM26.31 million in FYE 30 June 2019 to RM36.98 million in FYE 30 June 2020, mainly contributed by the following: -

- (i) Gross brokerage fee income which increased by RM6.16 million. This was in tandem with the increase in M & A Securities' average daily trading value of 50.24% from RM18.45 million in FYE 30 June 2019 to RM27.72 million in FYE 30 June 2020 while trading volume increased by 17.46 billion units of securities or 113.67% from 15.36 billion units of securities in FYE 30 June 2019 to 32.82 billion units of securities in FYE 30 June 2020; and
- (ii) Corporate finance advisory fee income which increased by RM3.79 million. During FYE 30 June 2020, M & A Securities completed thirty-seven (37) number of corporate finance engagements which included ten (10) fundraising and six (6) IPOs as compared to thirty-five (35) number of corporate finance engagements which included twelve (12) fundraising and six (6) IPOs in FYE 30 June 2019.

M & A Securities' gearing ratio declined marginally from 0.13 times in FYE 30 June 2019 to 0.12 times in FYE 30 June 2020.

The cash and cash equivalents decreased by RM4.10 million from RM71.16 million to RM67.06 million as at 30 June 2020. The changes were due to: -

- (i) M & A Securities recorded net cash from operating activities of RM8.72 million after taking into consideration the increase in receivables of RM87.65 million, increase in payables of RM85.87 million, payment of interest expenses of RM1.23 million, payment of income tax of RM2.77 million and interest received of RM0.91 million from deposits with licensed banks and financial institutions;
- (ii) M & A Securities recorded a net cash outflow of RM1.23 million for its investing activities in FYE 30 June 2020, mainly due to cash purchase of property, plant and equipment of RM0.57 million, net purchase of quoted securities of RM0.39 million and advances to a related company of RM0.27 million; and
- (iii) M & A Securities recorded a net cash outflow of RM11.59 million for its financing activities, mainly due to dividend paid of RM7.95 million, repayment of lease liabilities for RM0.73 million and repayment of advances to its then holding company and related companies of RM2.91 million.

**FYE 30 June 2021**

M & A Securities recorded an increase in revenue of RM31.93 million or 86.34% from RM36.98 million in FYE 30 June 2020 to RM68.91 million in FYE 30 June 2021, mainly contributed by the following: -

- (i) Gross brokerage fee income which increased by RM25.68 million. This was mainly driven by strong performance of the banking, rubber glove, palm oil, semi-conductors and technology sectors, the positive investment sentiment resulting in general increase in trading volume and activities on Bursa Securities during FYE 30 June 2021. M & A Securities' average daily trading value increased by 174.89% from RM27.72 million in FYE 30 June 2020 to RM76.20 million in FYE 30 June 2021 and trading volume increased by 16.50 billion units of securities or 50.27% from 32.82 billion units of securities in FYE 30 June 2020 to 49.32 billion units of securities in FYE 30 June 2021;
- (ii) Margin interest income which increased by RM1.50 million due to increase in margin loan portfolio from RM72.71 million in FYE 30 June 2020 to RM107.45



**INFORMATION ON M & A GROUP (cont'd)**

million in FYE 30 June 2021 arising from increased trading activities by clients funded by margin loans; and

- (iii) Corporate finance advisory fee income which increased by RM3.83 million. During FYE 30 June 2021, M & A Securities completed eighty-two (82) number of corporate finance engagements which included thirty-two (32) fundraising and eight (8) IPOs as compared to thirty-seven (37) number of corporate finance engagements which included ten (10) fundraising and six (6) IPOs in FYE 30 June 2020. Although the number of corporate finance engagements have doubled, the increment of corporate finance advisory fee income did not commensurate as M & A Securities secured more engagements which were smaller in size; and where the nature of the engagements involved less advisory/deal structuring and were skewed towards fundraising such as private placements and special issues. As such, M & A Securities recorded higher placement and underwriting fee in lieu of corporate finance advisory fee income. The total placement and underwriting fee for FYE 30 June 2021 was RM19.66 million compared to RM9.58 million in FYE 30 June 2020. For clarification, corporate finance advisory fee income does not include placement fees and underwriting commission, which are captured under "Other Income".

M & A Securities' gearing ratio increased from 0.12 times in FYE 30 June 2020 to 0.42 times in FYE 30 June 2021. This is mainly due to higher amount due to related companies and increase in bank borrowings from higher drawdowns of revolving credit facility to partially finance its working capital requirements.

The cash and cash equivalents increased by RM39.30 million from RM67.06 million to RM106.36 million as at 30 June 2021. The changes were due to: -

- (i) M & A Securities recorded net cash from operating activities of RM41.59 million after taking into consideration the decrease in receivables of RM6.61 million, decrease in payables of RM36.91 million, withdrawal of revolving credit of RM15.00 million to finance its working capital, advances from related company of RM40.20 million, payment of interest expenses of RM2.88 million, payment of income tax of RM6.87 million and interest received of RM0.61 million from deposits with licensed banks and financial institutions;
- (ii) M & A Securities recorded a net cash inflow of RM0.15 million from its investing activities in FYE 30 June 2021, mainly due to the proceeds from disposal of quoted securities of RM2.41 million, which was offset by purchase of quoted securities of RM1.89 million and purchased property, plant and equipment of RM0.44 million; and
- (iii) M & A Securities recorded a net cash outflow of RM2.45 million for its financing activities, mainly due to dividend paid of RM6.00 million, interest payment of RM0.05 million and repayment of lease liabilities for RM0.77 million.

**FYE 30 June 2022**

M & A Securities recorded a decrease in revenue of RM20.37 million or 29.56% from RM68.91 million in FYE 30 June 2021 to RM48.54 million in FYE 30 June 2022, mainly attributable to the following: -

- (i) Gross brokerage fee income which decreased by RM24.42 million. This was due to a decrease in trading activities where M & A Securities' average daily trading value decreased by 57.02% from RM76.20 million in FYE 30 June 2021 to RM32.75 million in FYE 30 June 2022 and trading volume decreased by 25.69% from 49.32 billion units of securities in FYE 30 June 2021 to 36.65 billion units of securities in FYE 30 June 2022, mainly caused by the decline in performance of rubber glove, technology and construction sectors as well as softer investment sentiment since second half of year 2021 and up to second quarter of year 2022 arising from concerns and uncertainties over the global macroeconomics in terms of interest rate hikes, inflation, the Russia-Ukraine conflict and political

**INFORMATION ON M & A GROUP (cont'd)**

uncertainties in Malaysia. As a result, M & A Securities saw some retail investors shifting to other less volatile investment products such as Employees Provident Fund and Amanah Saham Nasional Bhd;

- (ii) Margin interest income which increased by RM0.38 million due to increase in margin loan portfolio from RM107.45 million in FYE 30 June 2021 to RM110.29 million in FYE 30 June 2022, arising from increased trading activities by clients funded by margin loans; and
- (iii) Corporate finance advisory fee income which increased by RM4.14 million. During FYE 30 June 2022, M & A Securities completed sixty-four (64) number of corporate finance engagements which included twenty-five (25) fundraising and seven (7) IPOs as compared to eighty-two (82) number of corporate finance engagements which included thirty-two (32) fundraising and eight (8) IPOs in FYE 30 June 2021. Although the number of corporate finance engagements reduced in FYE 30 June 2022, the transaction value of those corporate proposals undertaken pursuant to the corporate finance engagements was higher than FYE 30 June 2021. Total funds raised from the corporate finance engagements in FYE 30 June 2022 amounted to RM2.14 billion compared to RM1.21 billion in FYE 30 June 2021. M & A Securities generally price their corporate finance advisory fee based on the transaction value.

M & A Securities' gearing ratio dropped from 0.42 times in FYE 30 June 2021 to 0.31 times in FYE 30 June 2022 due to decrease in bank borrowings from settlement of revolving credit of RM15.00 million during FYE 30 June 2022.

The cash and cash equivalents decreased by RM6.08 million from RM106.36 million to RM100.28 million as at 30 June 2022. The changes were due to: -

- (i) M & A Securities recorded net cash from operating activities of RM6.91 million after taking into consideration the decrease in receivables of RM18.41 million, decrease in payables of RM13.23 million, decrease in revolving credit of RM15.00 million after paying down the outstanding balances during FYE 30 June 2022 which the proceeds from the revolving credit were utilised for M & A Securities' margin financing/stockbroking activities which are the main revenue-producing activities of M & A Securities, payment of interest expenses of RM3.74 million, payment of income tax of RM7.49 million and interest received of RM1.39 million;
- (ii) M & A Securities recorded a net cash outflow of RM2.40 million for its investing activities in FYE 30 June 2022, due to purchase of M & A Building of RM13.80 million, purchase of owned office equipment, furniture and fittings as well as office renovation of collectively RM1.34 million, purchase of computer software classified under intangible assets of RM0.11 million and purchase of quoted securities of RM1.45 million; and
- (iii) M & A Securities recorded a net cash outflow of RM10.59 million for its financing activities, due to dividend paid of RM7.25 million, repayment of advance from its then holding company of RM3.58 million and repayment of lease liabilities for RM0.96 million.

**INFORMATION ON M & A GROUP (cont'd)****8. MATERIAL CONTRACTS**

As at the LPD, save as disclosed below, there are no material contracts, not being contracts in the ordinary course of business, entered into by M & A Group within the FYEs 30 June 2020 to 2022 up to the date of this Abridged Prospectus: -

- (i) On 27 January 2022, Venturescape and Delta Crest (M) Sdn Bhd entered into a sale and purchase agreement for the acquisition by Venturescape of a 10-storey corporate office building with a 4-storey car park known as "M & A Building" in Ipoh for a cash consideration of RM13.80 million, which was completed in April 2022.

**9. MATERIAL LITIGATION AND CONTINGENT LIABILITIES**

Save as disclosed below, M & A Securities is not engaged in any material litigation, claim or arbitration either as a plaintiff or defendant, and there are no proceedings pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect its financial position or business as at LPD: -

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

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

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

The matter was referred to arbitration in 2000 and the first day of arbitration was on 17 June 2003. As at 9 May 2023, the arbitration is still ongoing. The Claimant's witnesses (Mr. K.H. Lim and Mr. Albert Yong Peng Yuen) have testified and the Respondent's first witness, Encik Aznishah bin Ariffin is currently being cross-examined by Claimant's counsel.

**10. MATERIAL COMMITMENTS**

As at the LPD, the Directors of M & A Group confirm that there is no material commitment incurred or known to be incurred by M & A Group which, upon becoming enforceable, may have material impact on the financial results or position of M & A Group.

**ACCOUNTANTS' REPORT ON THE M & A GROUP**

**M & A SECURITIES SDN. BHD.**  
**(Registration No.: 197301001503 (15017-H))**  
(Incorporated in Malaysia)

**ACCOUNTANTS' REPORT**  
**FOR THE FINANCIAL YEARS ENDED**  
**30 JUNE 2019, 30 JUNE 2020, 30 JUNE 2021**  
**AND 30 JUNE 2022**

**GRANT THORNTON MALAYSIA PLT**

**CHARTERED ACCOUNTANTS**

**Member Firm of Grant Thornton International Ltd.**

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)**

The Board of Directors  
**SYF Resources Berhad**  
 Kawasan Perindustrian Sungai Lalang  
 Lot 974, Mukim Semenyih  
 Jalan Sungai Lalang  
 43500 Semenyih  
 Selangor Darul Ehsan

**Grant Thornton Malaysia PLT**

Level 11, Sheratan Imperial Court  
 Jalan Sultan Ismail  
 50250 Kuala Lumpur  
 Malaysia

T +603 2692 4022

F +603 2691 5229

Dear Sirs,

**Reporting Accountants' Opinion on the Financial Statements Contained in the Accountants' Report of M & A Securities Sdn. Bhd. and its subsidiary companies (the "Group" or "M & A Group")**

**Opinion**

We have audited the accompanying financial statements of M & A Group which comprises the statements of financial position of the Group as at 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the financial years ended 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 80.

In our opinion, the accompanying financial statements give a true and fair view of the statements of financial position of the Group as at 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022, and of its financial performance and its cash flows for the financial years 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 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.

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****Responsibilities of the Directors for the Financial Statements**

The Directors of the Company (as defined herein "Directors") are responsible for the preparation of the financial statements of the Group that give a true and fair view in accordance with the 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 financial statements of the Group that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group, 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 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.



**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****Reporting Accountants' Responsibility for the Audit of the Financial Statements (cont'd)**

We also (cont'd):-

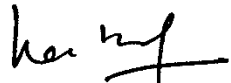
- Evaluate the overall presentation, structure and content of the financial statements of the Group, including the disclosures, and whether the financial statements of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entity or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**Other Matters**

This report is made solely to comply with the Prospectus Guidelines issued by Securities Commission Malaysia, Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad and Equity Guidelines issued by the Securities Commission Malaysia for inclusion in the Abridged Prospectus of SYF Resources Berhad ("SYF") in connection with the acquisition of 100% equity interest and 100% of redeemable convertible preference shares ("RCPS") in M & A Securities Sdn. Bhd. (the "Company" or "M & A") held by Insas Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

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

Kuala Lumpur  
17 May 2023

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****M & A SECURITIES SDN. BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019, 30 JUNE 2020, 30 JUNE 2021 AND 30 JUNE 2022**

	<u>Note</u>	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	2,996,247	2,076,976	2,894,047	6,809,450
Investment properties	6	-	-	-	9,805,983
Financial assets at fair value through other comprehensive income	7	345,000	345,000	-	-
Intangible assets	8	26,142,668	26,102,031	26,086,581	26,170,523
Deferred tax assets	9	205,000	478,000	2,904,000	2,666,000
<b>Total non-current assets</b>		<u>29,688,915</u>	<u>29,002,007</u>	<u>31,884,628</u>	<u>45,451,956</u>
<b>Current assets</b>					
Trade receivables	10	98,548,868	182,916,164	176,214,570	158,303,218
Other receivables	11	3,024,623	6,415,871	7,531,818	7,635,061
Amount due from a related company	12	22,561,800	23,207,309	23,143,709	9,614,000
Financial assets at fair value through profit or loss	13	2,799,233	3,765,688	4,821,446	4,951,316
Tax recoverable		23,075	5,664	11,605	15,564
Deposits with licensed banks	14	39,375,519	33,449,350	34,799,985	18,092,737
Cash and bank balances	15	32,915,880	34,669,669	72,728,707	82,889,233
<b>Total current assets</b>		<u>199,248,998</u>	<u>284,429,715</u>	<u>319,251,840</u>	<u>281,501,129</u>
<b>TOTAL ASSETS</b>		<u>228,937,913</u>	<u>313,431,722</u>	<u>351,136,468</u>	<u>326,953,085</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
<b>Equity attributable to owner of the Company</b>					
Share capital	16	100,000,000	100,000,000	100,000,000	100,000,000
Redeemable convertible preference shares	17	60,000,000	60,000,000	60,000,000	60,000,000
Reserve	18	(9,999)	(9,999)	(9,999)	(9,999)
Retained earnings		9,072,688	10,298,309	22,717,494	33,384,025
<b>Total equity</b>		<u>169,062,689</u>	<u>170,288,310</u>	<u>182,707,495</u>	<u>193,374,026</u>
<b>LIABILITIES</b>					
<b>Non-current liability</b>					
Lease liabilities	19	466,038	175,657	434,708	39,649
<b>Total non-current liability</b>		<u>466,038</u>	<u>175,657</u>	<u>434,708</u>	<u>39,649</u>

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****M & A SECURITIES SDN. BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019, 30 JUNE 2020, 30 JUNE 2021 AND 30 JUNE 2022 (CONT'D)**

	<u>Note</u>	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<b>EQUITY AND LIABILITIES (CONT'D)</b>					
<b>LIABILITIES (CONT'D)</b>					
<b>Current liabilities</b>					
Trade payables	20	20,277,331	103,789,249	55,809,675	45,231,032
Amount due to holding company	21	3,397,212	3,106,056	6,616,401	3,035,170
Amount due to related companies	12	18,338,945	15,716,047	56,773,552	57,978,622
Other payables	22	5,617,268	7,991,197	19,075,134	16,438,337
Borrowings	23	10,509,530	10,433,108	25,545,400	10,077,907
Lease liabilities	19	729,182	290,380	962,385	395,059
Tax payable		539,718	1,641,718	3,211,718	383,283
<b>Total current liabilities</b>		<u>59,409,186</u>	<u>142,967,755</u>	<u>167,994,265</u>	<u>133,539,410</u>
<b>TOTAL LIABILITIES</b>		<u>59,875,224</u>	<u>143,143,412</u>	<u>168,428,973</u>	<u>133,579,059</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>228,937,913</u>	<u>313,431,722</u>	<u>351,136,468</u>	<u>326,953,085</u>

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

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****M & A SECURITIES SDN. BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019, 30 JUNE 2020, 30 JUNE 2021 AND 30 JUNE 2022**

	Note	30.6.2019 RM	30.6.2020 RM	30.6.2021 RM	30.6.2022 RM
Revenue	24	26,313,708	36,978,227	68,906,186	48,540,839
<b>Other items of income</b>					
Dividend income		7,434	7,099	19,885	61,683
Finance income	25	2,426,785	1,883,952	1,103,092	1,753,004
Reversal of impairment loss of trade receivables		89,868	65,081	3,925,555	330,129
Other income		13,266,809	16,109,848	26,661,786	26,754,720
Gain on changes in fair value of financial assets at fair value through profit or loss		-	580,464	1,580,345	-
<b>Items of expense</b>					
Amortisation of intangible assets	8	(35,682)	(40,637)	(15,450)	(28,577)
Depreciation	5	(1,437,318)	(1,429,911)	(1,307,309)	(1,416,947)
Impairment loss of trade receivables		(60,810)	(562,325)	(45,787)	(114,291)
Loss on changes in fair value of financial assets at fair value through profit or loss		(84,439)	-	-	(551,260)
Remisiers' and dealers' commission		(5,284,551)	(8,359,161)	(21,688,041)	(8,632,711)
Staff costs	26	(13,345,593)	(19,163,801)	(30,669,269)	(26,710,520)
Other operating expenses		(11,775,146)	(12,051,842)	(20,747,214)	(13,419,799)
Finance costs	27	(1,329,367)	(1,248,077)	(2,946,875)	(3,756,883)
<b>Profit before tax</b>	28	8,751,698	12,768,917	24,776,904	22,809,387
Tax expense	29	(2,200,007)	(3,597,296)	(6,012,719)	(4,892,856)
<b>Profit for the financial year</b>		6,551,691	9,171,621	18,764,185	17,916,531
<b>Other comprehensive loss may not be reclassified to profit or loss subsequently</b>					
Unrealised loss on changes in fair value of financial assets at fair value through other comprehensive income		-	-	(345,000)	-
<b>Total comprehensive income for the financial year</b>		6,551,691	9,171,621	18,419,185	17,916,531
<b>Profit attributable to:</b>					
Owner of the Company		6,551,691	9,171,621	18,764,185	17,916,531
<b>Total comprehensive income attributable to:</b>					
Owner of the Company		6,551,691	9,171,621	18,419,185	17,916,531

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

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**

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

**STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019, 30 JUNE 2020, 30 JUNE 2021 AND 30 JUNE 2022**

	Note	Non-distributable		Reserve RM	Distributable Retained earnings RM	Total RM
		Share capital RM	Redeemable convertible preference shares RM			
At 1 July 2018		100,000,000	60,000,000	(9,999)	9,720,997	169,710,998
Profit for the financial year		-	-	-	6,551,691	6,551,691
<b>Transaction with owner:-</b> In respect of the financial year ended 30 June 2019	30	-	-	-	(7,200,000)	(7,200,000)
Dividends						
At 30 June 2019		100,000,000	60,000,000	(9,999)	9,072,688	169,062,689
Profit for the financial year		-	-	-	9,171,621	9,171,621
<b>Transaction with owner:-</b> In respect of the financial year ended 30 June 2020	30	-	-	-	(7,946,000)	(7,946,000)
Dividends						
At 30 June 2020		100,000,000	60,000,000	(9,999)	10,298,309	170,288,310

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**

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

**STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019, 30 JUNE 2020, 30 JUNE 2021 AND 30 JUNE 2022 (CONT'D)**

	Note	Non-distributable		Distributable		Total RM
		Share capital RM	Redeemable convertible preference shares RM	Reserve RM	Retained earnings RM	
At 30 June 2020 (cont'd)		100,000,000	60,000,000	(9,999)	10,298,309	170,288,310
Profit for the financial year		-	-	-	18,764,185	18,764,185
Unrealised loss on changes in fair value of financial assets at fair value through other comprehensive income		-	-	(345,000)	-	(345,000)
Total comprehensive (loss)/income for the financial year		-	-	(345,000)	18,764,185	18,419,185
<b>Transactions with owner:-</b>						
In respect of the financial year ended 30 June 2021		-	-	345,000	(345,000)	-
Transfer to retained earnings		-	-	-	(6,000,000)	(6,000,000)
Dividends	30	-	-	345,000	(6,345,000)	(6,000,000)
At 30 June 2021		100,000,000	60,000,000	(9,999)	22,717,494	182,707,495



**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**

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

**STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019, 30 JUNE 2020, 30 JUNE 2021 AND 30 JUNE 2022 (CONT'D)**

	Non-distributable		Distributable		Total RM
	Share capital RM	Redeemable convertible preference shares RM	Reserve RM	Retained earnings RM	
At 30 June 2021 (cont'd)	100,000,000	60,000,000	(9,999)	22,717,494	182,707,495
Profit for the financial year	-	-	-	17,916,531	17,916,531
<b>Transaction with owner:-</b>					
In respect of the financial year ended 30 June 2022	30	-	-	(7,250,000)	(7,250,000)
Dividends	-	-	(9,999)	33,384,025	193,374,026
At 30 June 2022	100,000,000	60,000,000	(9,999)	33,384,025	193,374,026

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

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****M & A SECURITIES SDN. BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019, 30 JUNE 2020, 30 JUNE 2021 AND 30 JUNE 2022**

	<u>Note</u>	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<b>OPERATING ACTIVITIES</b>					
Profit before tax		8,751,698	12,768,917	24,776,904	22,809,387
<b>Adjustments for:-</b>					
Amortisation of intangible assets	8	35,682	40,637	15,450	28,577
Bad debts recovered		(3,611)	-	-	(21,490)
Bad debts written off		15,229	-	3,344,644	-
Depreciation	5	1,437,318	1,429,911	1,307,309	1,416,947
Dividend income		(7,434)	(7,099)	(19,885)	(61,683)
Gain on disposal of property, plant and equipment		(35,152)	(4,268)	-	-
Loss/(Gain) on changes in fair value of financial assets at fair value through profit or loss		84,439	(580,464)	(1,580,345)	551,260
Interest expenses	27	1,329,367	1,248,077	2,946,875	3,756,883
Interest income	25	(2,426,785)	(1,883,952)	(1,103,092)	(1,753,004)
Impairment loss of trade receivables		60,810	562,325	45,787	114,291
Loss on disposal of quoted securities		141,042	-	-	-
Property, plant and equipment written off		43,297	58,150	14,962	8
Reversal of impairment loss of trade receivables		(89,868)	(65,081)	(3,925,555)	(330,129)
Unrealised gain on foreign exchange		(97,934)	-	-	-
Operating profit before working capital changes		9,238,098	13,567,153	25,823,054	26,511,047
<b>Changes in working capital:-</b>					
Receivables		29,960,236	(87,648,924)	6,606,909	18,404,641
Payables		(23,386,864)	85,870,724	(36,910,845)	(13,233,161)
Revolving credit		-	-	15,000,000	(15,000,000)
Related company		-	-	40,197,260	-
Net cash generated from operations		15,811,470	11,788,953	50,716,378	16,682,527
Dividend received		7,434	7,099	19,885	61,683
Interest paid		(1,313,230)	(1,232,954)	(2,879,064)	(3,739,162)
Interest received		1,786,565	905,527	610,652	1,393,800
Tax paid		(1,779,207)	(2,774,460)	(6,874,660)	(7,487,250)
Tax refunded		-	23,575	-	-
Net cash from operating activities		14,513,032	8,717,740	41,593,191	6,911,598

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****M & A SECURITIES SDN. BHD.**

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019, 30 JUNE 2020, 30 JUNE 2021 AND 30 JUNE 2022 (CONT'D)**

	<u>Note</u>	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<b>INVESTING ACTIVITIES</b>					
(Advance to)/Repayment from a related company		(310,841)	(273,948)	69,902	13,529,709
Proceeds from disposal of quoted securities		131,573	96,995	2,412,755	772,165
Proceeds from disposal of property, plant and equipment		133,550	8,500	-	-
Purchase of intangible assets		(77,250)	-	-	(112,519)
Purchase of property, plant and equipment	A	(278,868)	(573,022)	(440,130)	(1,338,341)
Purchase of quoted securities		(96,995)	(482,986)	(1,888,168)	(1,453,295)
Purchase of investment properties		-	-	-	(13,800,000)
Net cash (used in)/from investing activities		<u>(498,831)</u>	<u>(1,224,461)</u>	<u>154,359</u>	<u>(2,402,281)</u>
<b>FINANCING ACTIVITIES</b>					
Dividend paid		(7,200,000)	(7,946,000)	(6,000,000)	(7,250,000)
Interest paid		-	-	(52,603)	-
Placement of deposits pledged with licensed banks		(3,503)	(3,108)	(1,888)	(1,891)
Advance from/(Repayment to) holding company		53,243	(291,156)	3,510,345	(3,581,231)
Advance from/(Repayment to) related companies		321,788	(2,622,898)	860,245	1,205,070
Repayment of lease liabilities		(748,497)	(729,183)	(768,156)	(962,385)
Net cash used in financing activities		<u>(7,576,969)</u>	<u>(11,592,345)</u>	<u>(2,452,057)</u>	<u>(10,590,437)</u>
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes		6,437,232	(4,099,066)	39,295,493	(6,081,120)
Effect of exchange rate changes		44,620	-	-	-
Brought forward		<u>64,680,536</u>	<u>71,162,388</u>	<u>67,063,322</u>	<u>106,358,815</u>
Carried forward	B	<u>71,162,388</u>	<u>67,063,322</u>	<u>106,358,815</u>	<u>100,277,695</u>

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****M & A SECURITIES SDN. BHD.**  
(Incorporated in Malaysia)**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 30 JUNE 2019,  
30 JUNE 2020, 30 JUNE 2021 AND 30 JUNE 2022 (CONT'D)****NOTES TO THE STATEMENTS OF CASH FLOWS****A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Total additions	618,868	573,022	2,139,342	1,338,341
Less: Purchase through lease liabilities	<u>(340,000)</u>	<u>-</u>	<u>(1,699,212)</u>	<u>-</u>
Cash payment	<u>278,868</u>	<u>573,022</u>	<u>440,130</u>	<u>1,338,341</u>

**B. CASH AND CASH EQUIVALENTS**

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

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Deposits with licensed banks	39,375,519	33,449,350	34,799,985	18,092,737
Cash and bank balances	32,915,880	34,669,669	72,728,707	82,889,233
Bank overdrafts	<u>(509,530)</u>	<u>(433,108)</u>	<u>(545,400)</u>	<u>(77,907)</u>
	71,781,869	67,685,911	106,983,292	100,904,063
Less: Deposits pledged with licensed banks	<u>(619,481)</u>	<u>(622,589)</u>	<u>(624,477)</u>	<u>(626,368)</u>
	<u>71,162,388</u>	<u>67,063,322</u>	<u>106,358,815</u>	<u>100,277,695</u>

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

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****M & A SECURITIES SDN. BHD.**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS****1. GENERAL INFORMATION****1.1 Introduction**

This report is made solely to comply with the Prospectus Guidelines issued by Securities Commission Malaysia, Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad and Equity Guidelines issued by the Securities Commission Malaysia and for inclusion in the Abridged Prospectus of SYF in connection with the acquisition of 100% equity interest in M & A and 100% of RCPS in M & A held by Insas Berhad and for no other purpose.

**1.2 Background**

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

**1.3 Principal activities**

The Company is principally engaged in provision of corporate finance services, dealing in securities and acting as stock and share broker.

Details of the subsidiary companies of the Company are as follows:-

<b>Name of company</b>	<b>Effective ownership</b>	<b>Principal activities</b>	<b>Date of incorporation</b>	<b>Country of incorporation</b>
M & A Nominee (Asing) Sdn. Bhd.	100%	Nominee agent and registration services.	20 October 1994	Malaysia
M & A Nominee (Tempatan) Sdn. Bhd.	100%	Nominee agent and registration services.	20 October 1994	Malaysia
Venturescape Sdn. Bhd.	100%	Property investment.	23 September 2021	Malaysia

There was no significant change in the nature of the principal activities of the Group for the financial years ended 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 under audit of this report.

**1.4 Acquisition**

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

SYF had on 6 October 2021 entered into a share sale and purchase agreement ("SSPA") with Insas Berhad for the acquisition of the 100,000,000 ordinary shares and 60,000,000 redeemable convertible preference shares ("RCPS") in M & A representing 100% equity interest and 100% of the RCPS in M & A from Insas Berhad for a total purchase consideration of RM222.0 million ("Acquisition").

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****1. GENERAL INFORMATION (CONT'D)****1.4 Acquisition (cont'd)**

SYF had on 2 December 2021 and 14 November 2022 entered into a supplemental share sale and purchase agreement with Insas Berhad to vary certain terms of the share sale and purchase agreement.

The purchase consideration of RM222.0 million will be fully satisfied through the issuance of 1,009,090,909 new ordinary shares in SYF ("SYF Shares") ("Consideration Share(s)") at an issue price of RM0.22 per Consideration Share, which will result in a reverse take-over of SYF.

According to the SSPA, in the events that the net assets of M & A are higher than RM180 million, M & A shall distribute the surplus assets by way of cash dividend to Insas Berhad without making any adjustment to the purchase consideration.

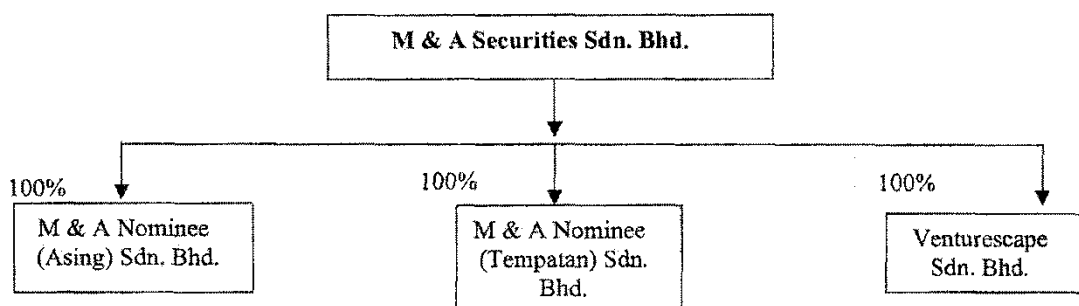
The Acquisition was completed on 10 May 2023 and the net assets of M & A is under review as at the date of this report and therefore, the distribution of cash dividends is yet to be determined.

Prior to the following events, Delta Crest (M) Sdn. Bhd. was a 99.99% owned subsidiary of M & A Securities Sdn. Bhd. up to 4 October 2021, and it was a property investment holding company holding a 10-storey corporate office building with a 4-storey car park known as "M & A Building" in Ipoh. The building was acquired by Venturescape Sdn. Bhd. from Delta Crest (M) Sdn. Bhd. and the acquisition was completed in April 2022.

During the financial year ended 30 June 2022, the following events took place :-

- (a) Delta Crest (M) Sdn. Bhd. had allotted 990,000 new ordinary shares to a new shareholder, representing 99% of the enlarged share capital in Delta Crest (M) Sdn. Bhd.. Arising thereon, M & A loses control of Delta Crest (M) Sdn. Bhd.; and
- (b) The Company acquired 1 ordinary share in Venturescape Sdn. Bhd. for total consideration of RM1, representing 100% equity interest in Venturescape Sdn. Bhd..

The group structure of M & A as at 30 June 2022 is as follows :-

**1.5 Auditors**

The financial statements of M & A Group reflect the financial information of M & A, M & A Nominee (Asing) Sdn. Bhd., M & A Nominee (Tempatan) Sdn. Bhd. and Venturescape Sdn. Bhd..

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****1. GENERAL INFORMATION (CONT'D)****1.5 Auditors (cont'd)**

The relevant financial years/period of the audited financial statements presented for the purpose of this report and the Auditors of the companies within the Group are as follows:-

<b>Company</b>	<b>Relevant Financial Years/Period</b>	<b>Auditors</b>
M & A Securities Sdn. Bhd.	FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022	Grant Thornton Malaysia PLT
M & A Nominee (Asing) Sdn. Bhd.	FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022	Grant Thornton Malaysia PLT
M & A Nominee (Tempatan) Sdn. Bhd.	FYEs 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022	Grant Thornton Malaysia PLT
Venturescape Sdn. Bhd.	FPE 30 June 2022	Grant Thornton Malaysia PLT

The audited financial statements of M & A, M & A Nominee (Asing) Sdn. Bhd., M & A Nominee (Tempatan) Sdn. Bhd. and Venturescape Sdn. Bhd. for the Relevant Financial Years/Period reported above were not subject to any qualification or modification.

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS****2.1 Statement of compliance**

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

The financial statements consist of the financial statements of the Group as disclosed in Note 1.4 to this report.

The financial statements have been prepared using financial information obtained from the records of the Group during the reporting years.

**2.2 Basis of measurement**

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

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

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



**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****2. BASIS OF PREPARATION OF THE 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 economic best interest.

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

The 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 financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

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

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

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 asset or liability and the level of fair value hierarchy as explained above.

**2.3 Functional and presentation currency**

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

**2.4 The use of estimates and judgements**

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

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

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)****2.4 The use of estimates and judgements (cont'd)**

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

**(i) Useful lives of depreciable assets**

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

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

**(ii) Impairment of assets****(a) Non-financial assets**

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

A non-financial asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**(b) Financial assets****Financial assets at amortised cost**

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

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

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

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)****2.4 The use of estimates and judgements (cont'd)**

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

**(iii) Income taxes**

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

**(iv) Deferred tax assets**

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

**(v) Classification of financial instruments****(a) Financial assets at amortised cost**

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

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

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

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

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

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)****2.4 The use of estimates and judgements (cont'd)**

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

**(vi) Fair value of financial instruments**

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

**(vii) Leases**

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

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

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

**(viii) Fair value of investment properties**

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statements of profit or loss. The Group engaged independent valuation specialists and make reference to market evidence of transacted prices for similar properties using comparable prices adjusted for specific market factors such as nature, location and condition of the properties to assess fair value as at the end of reporting year.

The key assumptions used to determine the fair value of investment properties and are provided in Note 6 to the financial statements.

**(ix) Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on MFRS 140 Investment Property in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for owner occupation. If the property is not to be sold separately, the property is an investment property only if an insignificant portion is held for owner occupation.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES**

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

**3.1 Business combination**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies made up to the end of the financial year. The subsidiary companies are consolidated using acquisition method.

Following the adoption of MFRS 3, Business Combinations, the Group will comply with the required criteria stipulated in the said standard to consolidate the financial statements using acquisition method for future acquisition of subsidiary companies.

Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair value of the subsidiary companies, net assets are determined and reflected in the Group's financial statements. The excess of the fair value of purchase consideration paid for the shares in the subsidiary companies over the fair value of the underlying net assets of the subsidiary companies acquired represents goodwill arising on consolidation.

The excess of fair value of the underlying net assets of the subsidiary companies acquired over the purchase consideration paid for the shares in the subsidiary companies represents excess of fair value over investment costs and it is recognised immediately in the statements of profit or loss.

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in the statements of profit or loss.

If the Group retains any interest in the subsidiary company, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset at fair value through other comprehensive income depending on the level of influence retained.

All inter-company transactions, balances and the resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless cost cannot be recovered.

Uniform accounting policies are adopted by the subsidiary companies for transactions and events in similar circumstances. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

The total assets and liabilities of subsidiary companies are included in the consolidated statements of financial position and the interest of non-controlling interests in the net assets of the subsidiary companies is stated separately.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 Property, plant and equipment****(i) Recognition, measurement and derecognition**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7(ii) to the financial statements.

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

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

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

**(ii) Depreciation**

Freehold land has an unlimited useful life and therefore is not depreciated.

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

Freehold building	2%
Furniture and fittings	10%
Motor vehicles and office equipment	20%
Office renovation	10%
Properties	50% - 75%

The depreciation amount is determined after deducting the residual value.

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

Leased assets (including properties and motor vehicles under lease arrangements) that fulfils the conditions to be recognised as right-of-use assets are presented as right-of-use assets in property, plant and equipment. The recognition and initial and subsequent measurements policies to leased assets is stated in Note 3.16 to the financial statements on right-of-use assets.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 Investment properties**

Investment properties are properties which are owned or held under a freehold interest to earn rental income or for capital appreciation or for both.

Investment properties are initially measured at cost. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the assets. Subsequent to initial recognition, investment properties are stated at fair value, which is determined by the Directors by reference to valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gain or losses arising from change in fair value of investment properties are included in statements of profit or loss in the financial period in which they arise.

Investment properties are derecognised when either they have been disposed off or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on retirement or disposal of an investment property are recognised in the statements of profit or loss in the financial period in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

**3.4 Financial assets****(i) Classification**

The classification of financial assets is determined by both:

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

The Group classifies their financial assets in the following categories:-

**(a) Amortised cost**

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

**(b) Fair value through other comprehensive income**

This category comprises other investment that are not held for trading. The classification as financial assets at fair value through other comprehensive income is an irrevocable election made on initial recognition. The Group's other investment comprises of golf and country club memberships and unquoted share held for long term.



**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 Financial assets (cont'd)****(i) Classification (cont'd)**

The Group classifies their financial assets in the following categories (cont'd):-

**(c) Fair value through profit or loss**

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

**(ii) Initial recognition and measurement**

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

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

**(iii) Subsequent measurement - gains and losses**

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

**(a) Amortised cost**

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

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

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 Financial assets (cont'd)****(iii) Subsequent measurement - gains and losses (cont'd)****(b) Fair value through other comprehensive income**

This category comprises investment in unquoted shares and golf and country club memberships. The Group irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in the statements of profit or loss unless the dividend is clearly represent a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains or losses accumulated in other comprehensive income are not reclassified to the statements of profit or loss.

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

**(c) Fair value through profit or loss**

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

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

**(iv) Derecognition**

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

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

**3.5 Offsetting of financial instruments**

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

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 Intangible assets**

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

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

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

**(i) Stockbroking dealer's license**

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

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

The intangible asset is stated at cost less accumulated impairment losses. The intangible asset is tested for impairment annually, or more frequently if the event and circumstances indicate that the carrying value may be impaired. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7(ii) to the financial statements.

**(ii) Computer software**

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

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

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.7 Impairment of assets****(i) Impairment of financial assets**

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

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

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

The measurement of ECL reflects:

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

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

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

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

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

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.7 Impairment of assets (cont'd)****(i) Impairment of financial assets (cont'd)**

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

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

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

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

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

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.7 Impairment of assets (cont'd)****(ii) Impairment of non-financial assets**

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the non-financial asset.

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

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

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

**3.8 Cash and cash equivalents**

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

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

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.9 Financial liabilities****(i) Classification**

The Group carries only other financial liabilities on its statements of financial position:-

**Amortised cost**

The Group's other financial liabilities not categorised as fair value through profit or loss include trade payables, amount due to holding company/related companies, most of other payables and borrowings.

Borrowings are classified as current liabilities unless the Group has unconditional rights to defer settlement of the liability for at least 12 months after the reporting date.

**(ii) Initial recognition and measurement**

A financial liability is recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs.

Borrowings are recognised initially at fair value, net of transaction costs incurred.

**(iii) Subsequent measurement - gains and losses****Amortised cost**

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised costs using effective interest method.

Interest expense and foreign exchange gains or losses are recognised in the statements of profit or loss. Any gains or losses on derecognition are also recognised in the statements of profit or loss.

**(iv) Derecognition**

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statements of profit or loss.



**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.10 Equity instruments****(i) Share capital**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Interim dividends on ordinary shares are recognised in equity in the period in which they are declared.

Final dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

**(ii) RCPS**

The RCPS is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

**3.11 Provision for liabilities**

Provision for liabilities are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

**3.12 Contingencies**

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

**3.13 Income tax and deferred tax**

Income tax in the statements of profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Current tax is recognised in the statements of profit or loss except to the extent that the tax relates to items recognised outside the statements of profit or loss, either in other comprehensive income or directly in equity.

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.13 Income tax and deferred tax (cont'd)**

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the statements of profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authorities.

**3.14 Revenue recognition**

The Group recognises revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:-

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligation in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when or as the Group satisfies a performance obligation.

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 Revenue recognition (cont'd)**

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:-

- (i) Do not create an asset with an alternative use to the Group and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group performs.

For the performance obligation where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describe the performance obligations in contracts with customers:-

**(i) Revenue from broking activities**

Revenue from broking activities are recognised upon execution of contract. Brokerage income is accounted for before dealer's representatives' commissions and incentives.

**(ii) Rental income**

Rental income from investment properties are recognised in statements of profit or loss on a straight-line basis over the specific tenure of the respective investment property.

**(iii) Interest income**

Interest income is recognised on accruals basis unless recoverability is in doubt, in which case the recognition of interest is suspended. Subsequent to suspension, interest is recognised on receipt basis.

**(iv) Revenue from services and fee income**

Revenue from services is recognised when services are rendered and invoice issued. Revenue is recognised net of sales and services tax, where applicable.

Fee from advisory and corporate finance activities are recognised on completion of each stage of engagement.

**(v) Sale of securities**

Revenue from sale of securities are recognised based on the contracted date and value.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 Revenue recognition (cont'd)**

Revenue is measured at the fair value of consideration received or receivable. The following describe the performance obligations in contracts with customers (cont'd):-

**(vi) Dividend income**

Dividend income is recognised when the right to receive payment has been established and no significant uncertainty existed with regard to its receipt.

**(vii) Other revenues**

All other revenues are recognised when the right to receive payment is established and to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

**3.15 Foreign currencies**

In preparing the financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary item carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of initial transaction.

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

**3.16 Leases**As a lessee

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

Contracts may contain both lease and non-lease components. The Group has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components and will instead account for the lease and non-lease components as a single lease component.

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.16 Leases (cont'd)**As a lessee (cont'd)

Leases are recognised as right-of-use ("ROU") asset with a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

**(i) Lease term**

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

**(ii) ROU assets**

ROU assets are presented within the property, plant and equipment as disclosed in Note 5 to the financial statements.

**(a) Recognition and initial measurement**

The ROU assets are initially measured at cost, which comprise the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and the estimated costs of dismantling and restoration costs, less any lease incentives received.

**(b) Subsequent measurement**

ROU assets are subsequently measured at cost, less accumulated depreciation and accumulated impairment loss (if any) and adjusted for any remeasurement of the lease liability. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.7(ii) to the financial statements.

The ROU assets are generally depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis. The estimated useful lives of the ROU assets are determined on the same basis as those property, plant and equipment as disclosed in Note 3.2(ii) to the financial statements. If the Group is reasonably certain to exercise a purchase option, the ROU assets are depreciated over the underlying assets useful life.

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.16 Leases (cont'd)**As a lessee (cont'd)**(iii) Lease liabilities**

The Group presents the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within finance costs in the statements of profit or loss.

**(a) Recognition and initial measurement**

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

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

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase and extension option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that depend on future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in the statements of profit or loss in the period in which the performance or use occurs.

**(b) Subsequent measurement**

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in the statements of profit or loss if the carrying amount has been reduced to zero.

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

The Group applies recognition exemption to its short-term leases and low-value assets. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Payments associated with short-term leases and low-value assets are recognised as an expense in the statements of profit or loss on a straight-line basis over the lease term.

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.17 Borrowing costs**

All borrowing costs are expensed to the statements of profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as part of the cost of a qualifying asset if the cost is directly attributable to the acquisition, construction or production of the qualifying asset.

**3.18 Segmental reporting**

The Group prepares segmental reporting wherein the operating segments are identified on the basis of internal reports on the operating segments of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. In identifying the operating segments, the management generally follows the Group's classification of operating segments, which represent the main products and services provided by the Group. Each of these operating segments is managed separately as each of these segments requires different technologies and resources. All inter segment transfers are carried out on negotiated basis.

**3.19 Employee benefits****(i) Short-term employee benefits**

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

**(ii) Defined contribution plan**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contribution is recognised as an expense in the statements of profit or loss as incurred. As required by law, the Group makes contributions to the Employees Provident Fund ("EPF").

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.20 Related parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements ("the reporting entity"). A related party transaction is a transfer of resources, services or obligations between the reporting entity and its related party, regardless of whether a price is charged.

A person or a close member of that person's family is related to the reporting entity if that person:-

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity.

An entity is related to the reporting entity if any of the following conditions applies:

- the entity and the reporting entity are members of the same group;
- one entity is an associate or joint venture of the reporting entity;
- both the entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is controlled or jointly-controlled by a person identified in the preceding paragraph above;
- the entity that provides key management personnel services to the reporting entity; or
- a person who has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity.

**3.21 Sales and Service Tax ("SST")**

Expenses and assets are recognised net of the amount of SST, except:-

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

The amount of SST payable to the taxation authority is included as part of payables in the statements of financial position.

Cash flows are included in the statements of cash flows on a gross basis and the SST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the tax authorities are classified as operating cash flows.



**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****4 MFRSs****4.1 Adoption of Amendments/Improvements to MFRSs**

The Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group adopted amendments/improvements to MFRSs which are mandatory for the financial years beginning on or after 1 July 2021.

Initial application of the amendments/improvements to the standards did not have impact to the financial statements.

**4.2 Standards Issued but Not Yet Effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

Effective for financial period beginning on or after 1 January 2022:-

Amendments to MFRS 3	Business Combinations - Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Annual improvements to MFRS standards 2018-2020	

Effective for financial period beginning on or after 1 January 2023:-

MFRS 17 and amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial period 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 deferred indefinitely:-

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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\* Not applicable to the Group

The initial application of the above applicable standards, amendments and interpretations are not expected to have material financial impact to the financial statements of the Group.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**

**5. PROPERTY, PLANT AND EQUIPMENT**

Cost	Owned assets				ROU assets			Total RM	
	Freehold land RM	Freehold building RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Office renovation RM	Motor vehicles RM		Properties RM
At 1.7.2018	-	-	340,167	815,469	3,201,326	6,177,446	-	1,527,037	12,061,445
Additions	-	-	-	4,730	218,025	17,950	378,163	-	618,868
Disposal	-	-	(340,167)	-	(2,829)	(3,000)	-	-	(345,996)
Written off	-	-	-	(2,103)	(70,813)	(88,562)	-	-	(161,478)
At 30.6.2019	-	-	-	818,096	3,345,709	6,103,834	378,163	1,527,037	12,172,839
Additions	-	-	-	191,946	237,186	143,890	-	-	573,022
Disposal	-	-	-	(700)	(4,700)	(23,938)	-	-	(29,338)
Written off	-	-	-	-	-	(381,290)	-	-	(381,290)
Reclassification	-	-	-	-	5,580	(5,580)	-	-	-
At 30.6.2020	-	-	-	1,009,342	3,583,775	5,836,916	378,163	1,527,037	12,335,233
Additions	-	-	-	77,965	362,165	-	-	1,699,212	2,139,342
Written off	-	-	-	(480)	(572,862)	(159,979)	-	-	(733,321)
Expiration of lease contract	-	-	-	-	-	-	-	(1,527,037)	(1,527,037)
At 30.6.2021	-	-	-	1,086,827	3,373,078	5,676,937	378,163	1,699,212	12,214,217
Additions	-	-	-	259,915	251,863	826,563	-	-	1,338,341
Reclassify from investment properties	578,843	3,415,174	-	-	-	-	-	-	3,994,017
Written off	-	-	-	-	(33,805)	(14,252)	-	-	(48,057)
At 30.6.2022	578,843	3,415,174	-	1,346,742	3,591,136	6,489,248	378,163	1,699,212	17,498,518

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	Owned assets					ROU assets			Total RM
	Freehold land RM	Freehold building RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Office renovation RM	Motor vehicles RM	Properties RM	
<b>Accumulated depreciation</b>									
At 1.7.2018	-	-	215,436	659,957	2,906,934	4,322,726	-	-	8,105,053
Charge for the financial year	-	-	28,351	23,630	150,669	536,108	44,115	654,445	1,437,318
Disposal	-	-	(243,787)	-	(1,886)	(1,925)	-	-	(247,598)
Written off	-	-	-	(1,454)	(70,790)	(45,937)	-	-	(118,181)
At 30.6.2019	-	-	-	682,133	2,984,927	4,810,972	44,115	654,445	9,176,592
Charge for the financial year	-	-	-	33,579	176,236	490,020	75,632	654,444	1,429,911
Disposal	-	-	-	(367)	(4,699)	(20,040)	-	-	(25,106)
Written off	-	-	-	-	-	(323,140)	-	-	(323,140)
Reclassification	-	-	-	-	4,937	(4,937)	-	-	-
At 30.6.2020	-	-	-	715,345	3,161,401	4,952,875	119,747	1,308,889	10,258,257
Charge for the financial year	-	-	-	45,720	175,374	296,603	75,637	713,975	1,307,309
Written off	-	-	-	(440)	(571,512)	(146,407)	-	-	(718,359)
Expiration of lease contract	-	-	-	-	-	-	-	(1,527,037)	(1,527,037)
At 30.6.2021	-	-	-	760,625	2,765,263	5,103,071	195,384	495,827	9,320,170
Charge for the financial year	-	11,384	-	53,509	211,493	182,256	75,633	882,672	1,416,947
Written off	-	-	-	-	(33,803)	(14,246)	-	-	(48,049)
At 30.6.2022	-	11,384	-	814,134	2,942,953	5,271,081	271,017	1,378,499	10,689,068

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**

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

	Owned assets					ROU assets			Total RM
	Freehold land RM	Freehold building RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Office renovation RM	Motor vehicles RM	Properties RM	
Net carrying amount At 30.6.2019	-	-	-	135,963	360,782	1,292,862	334,048	872,592	2,996,247
At 30.6.2020	-	-	-	293,997	422,374	884,041	258,416	218,148	2,076,976
At 30.6.2021	-	-	-	326,202	607,815	573,866	182,779	1,203,385	2,894,047
At 30.6.2022	578,843	3,403,790	-	532,608	648,183	1,218,167	107,146	320,713	6,809,450

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (a) The net carrying amount of property, plant and equipment acquired under lease liabilities amounted to RM107,146 (30.6.2021: RM182,779, 30.6.2020: RM258,416 and 30.6.2019: RM334,048).
- (b) The Group has certain leases of equipment, premises and motor vehicles with either lease terms of 12 months or less or with low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption for these leases.
- (c) Extension and termination options are included in certain lease properties. These options are negotiated by management to provide flexibility in managing the assets and align with the Group's business model.
- (d) The freehold land and building have been pledged to a licensed bank for banking facilities granted to the Company.

**6. INVESTMENT PROPERTIES**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<b>Freehold land and building at fair value</b>				
Addition	-	-	-	13,800,000
Reclassify to property, plant and equipment	-	-	-	(3,994,017)
<b>Net carrying amount</b>				
- At fair value	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,805,983</u>

The reclassification of RM3,994,017 from investment properties to property, plant and equipment is due to partial of this property is for its own use.

Fair value of investment properties are categorised as follows:-

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<u>30.6.2022</u>				
Freehold land and building	<u>-</u>	<u>9,805,983</u>	<u>-</u>	<u>9,805,983</u>

The level 2 fair value measurements are derived from the following valuation methods adopted to determine the fair value of the investment properties:-

- (i) Sales comparison method entails analysing the recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made to differences in location, visibility, size and tenure etc.
- (ii) Reference to market evidence of transacted prices for similar properties using comparable prices adjusted for specific market factors such as nature, location and condition of the investment properties.

The freehold land and building have been pledged to a licensed bank for banking facilities granted to the Company.

During the financial year, the Group acquired the freehold land and building from a related company for a total consideration of RM13,800,000. As at the reporting date, the title to the freehold land and building has yet to be transferred to the Group.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****6. INVESTMENT PROPERTIES (CONT'D)**

The rental income and associated direct operating expenses of the investment properties are disclosed in Notes 24 and 28 of the financial statements.

**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<u>At fair value</u>				
Other investments in Malaysia	<u>345,000</u>	<u>345,000</u>	<u>-</u>	<u>-</u>

The other investments represent golf and country club memberships. The fair value of other investments is determined based on the fair values obtained from club membership's website whereby the quotes obtained reflected transactions in similar instruments.

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

**8. INTANGIBLE ASSETS**

	<u>Stockbroking dealer's license</u> RM	<u>Computer software</u> RM	<u>Total</u> RM
<b>Cost</b>			
At 1.7.2018	45,500,000	674,426	46,174,426
Additions	<u>-</u>	<u>77,250</u>	<u>77,250</u>
At 30.6.2019/30.6.2020/30.6.2021	45,500,000	751,676	46,251,676
Additions	<u>-</u>	<u>112,519</u>	<u>112,519</u>
At 30.6.2022	<u>45,500,000</u>	<u>864,195</u>	<u>46,364,195</u>
<b>Accumulated amortisation</b>			
At 1.7.2018	7,053,340	619,986	7,673,326
Charge for the financial year	<u>-</u>	<u>35,682</u>	<u>35,682</u>
At 30.6.2019	7,053,340	655,668	7,709,008
Charge for the financial year	<u>-</u>	<u>40,637</u>	<u>40,637</u>
At 30.6.2020	7,053,340	696,305	7,749,645
Charge for the financial year	<u>-</u>	<u>15,450</u>	<u>15,450</u>
At 30.6.2021	7,053,340	711,755	7,765,095
Charge for the financial year	<u>-</u>	<u>28,577</u>	<u>28,577</u>
At 30.6.2022	<u>7,053,340</u>	<u>740,332</u>	<u>7,793,672</u>
<b>Accumulated impairment losses</b>			
At 1.7.2018/30.6.2019/30.6.2020/ 30.6.2021/30.6.2022	<u>12,400,000</u>	<u>-</u>	<u>12,400,000</u>

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**8. **INTANGIBLE ASSETS (CONT'D)**

	<u>Stockbroking dealer's license</u> RM	<u>Computer software</u> RM	<u>Total</u> RM
<b>Net carrying amount</b>			
At 30.6.2019	<u>26,046,660</u>	<u>96,008</u>	<u>26,142,668</u>
At 30.6.2020	<u>26,046,660</u>	<u>55,371</u>	<u>26,102,031</u>
At 30.6.2021	<u>26,046,660</u>	<u>39,921</u>	<u>26,086,581</u>
At 30.6.2022	<u>26,046,660</u>	<u>123,863</u>	<u>26,170,523</u>

Impairment testing of intangible asset – stockbroking dealer's license

The stockbroking dealer's license had been allocated to the Group's stockbroking business as a cash-generating unit ("CGU"), a reportable segment for impairment testing. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections covering a five-year period and a terminal value beyond the five-year period with an assumed growth rate of 5% (30.6.2021: 5%, 30.6.2020: 5% and 30.6.2019: 5%) in perpetuity approved by the management. The discount rate applied to the cash flow projections is 5% (30.6.2021: 5%, 30.6.2020: 5% and 30.6.2019: 5%) based on the weighted average cost of capital of the Company. The recoverable amount of the CGU is compared to the total carrying amount of the dealer's license. The management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

**Key assumptions used in value in use calculation of CGU**

The key assumptions on which the management has based its cash flow projections to undertake impairment testing of the stockbroking dealer's license are as set out below:-

**(a) Budgeted gross brokerage rate and gross margin rate**

This is determined based on the CGU's past performance and the management's expectation of the performance of the local stock market index and market development.

**(b) Operational costs**

Other operational costs are expected to increase in line with expected inflation or expansion of all the branches' stockbroking business.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****9. DEFERRED TAX ASSETS**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
At beginning of financial year	505,000	205,000	478,000	2,904,000
Recognised in profit or loss (Note 29)	<u>(300,000)</u>	<u>273,000</u>	<u>2,426,000</u>	<u>(238,000)</u>
At end of financial year	<u>205,000</u>	<u>478,000</u>	<u>2,904,000</u>	<u>2,666,000</u>

The above deferred tax assets are made up of tax effects on temporary differences arising from:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Other timing differences	<u>205,000</u>	<u>478,000</u>	<u>2,904,000</u>	<u>2,666,000</u>

**10. TRADE RECEIVABLES**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Due from clients:				
- Margin debtors	73,968,039	72,706,315	107,454,120	110,291,962
- Outstanding purchase contracts	11,237,040	38,124,016	25,269,847	13,380,083
- Contra losses and others	<u>22,103,571</u>	<u>23,636,165</u>	<u>18,589,463</u>	<u>17,489,498</u>
	107,308,650	134,466,496	151,313,430	141,161,543
Less: Interest-in-suspense	<u>(16,349,470)</u>	<u>(17,445,196)</u>	<u>(14,399,967)</u>	<u>(15,091,441)</u>
	90,959,180	117,021,300	136,913,463	126,070,102
Less: Allowance for impairment	<u>(13,282,659)</u>	<u>(13,779,903)</u>	<u>(9,900,135)</u>	<u>(9,684,297)</u>
	77,676,521	103,241,397	127,013,328	116,385,805
Due from brokers	18,621,451	74,585,272	46,755,712	38,969,200
Due from foreign brokers	2,244,222	4,571,140	2,436,610	2,926,489
Due from corporate finance clients	6,674	518,355	8,920	8,556
Due from tenants	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,168</u>
	<u>98,548,868</u>	<u>182,916,164</u>	<u>176,214,570</u>	<u>158,303,218</u>



**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**10. **TRADE RECEIVABLES (CONT'D)**

(a) Included in due from clients are non-performing accounts as follows:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Classified as doubtful	4,583	13,817	86,646	18,212
Classified as bad	<u>18,864,255</u>	<u>19,662,175</u>	<u>15,535,716</u>	<u>15,265,781</u>

(b) The movement of interest-in-suspense are as follows:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
At beginning of financial year	15,295,540	16,349,470	17,445,196	14,399,967
Write back	(41,739)	(39,995)	(3,849,642)	(104,126)
Suspended	1,108,334	1,135,721	910,874	795,600
Reversal	-	-	(106,461)	-
Written off	<u>(12,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of financial year	<u>16,349,470</u>	<u>17,445,196</u>	<u>14,399,967</u>	<u>15,091,441</u>

Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

The range of interest rates of interest-bearing trade receivables of the Group are disclosed in Note 33(b)(ii) to the financial statements.

The amounts receivable from margin clients, non-margin clients (brokers and foreign brokers), outstanding contracts, contra losses and others entered into on behalf of clients where settlements via the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System trading rules have yet to be made as at the reporting date.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****10. TRADE RECEIVABLES (CONT'D)**

The amounts due from tenants and corporate finance clients are non-interest bearing and are generally on 14 days and 30 days terms respectively.

The ageing analysis of the Group's receivables is as follows:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Neither past due nor impaired	98,292,485	182,159,329	175,813,223	158,011,596
1 to 30 days past due but not impaired	4,584	15,165	87,644	23,960
More than 30 days past due but not impaired	251,799	741,670	313,703	267,662
	256,383	756,835	401,347	291,622
Impaired	13,282,659	13,779,903	9,900,135	9,684,297
	<u>111,831,527</u>	<u>196,696,067</u>	<u>186,114,705</u>	<u>167,987,515</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with insignificant losses noted. Trade receivables amounting to RM158,011,596 (30.6.2021: RM175,813,223, 30.6.2020: RM182,159,329 and 30.6.2019: RM98,292,485) are creditworthy debtors with good payment records with the Group.

Trade receivables that are past due but not impaired amounting to RM291,622 (30.6.2021: RM401,347, 30.6.2020: RM756,835 and 30.6.2019: RM256,383) are creditworthy customers and the management is of the view it is recoverable and it relates to a number of independent customers from whom there is no recent history of default.

Trade receivables that are impaired amounting to RM9,684,297 (30.6.2021: RM9,900,135, 30.6.2020: RM13,779,903 and 30.6.2019: RM13,282,659) relate to receivables that are in significant financial difficulties and have defaulted on repayments. These receivables are not secured by any collateral.

The fair value of the collateral pledged by the trade receivables at the reporting date is as follows:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Fair value of the collateral	<u>195,476,754</u>	<u>194,137,005</u>	<u>289,742,884</u>	<u>352,343,076</u>

Information on the credit risk of trade receivables is disclosed in Note 33(b)(i) to the financial statements.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****10. TRADE RECEIVABLES (CONT'D)**

The movement of the allowance account used to record the impairment is as follows:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
At beginning of financial year	13,311,717	13,282,659	13,779,903	9,900,135
Charge for the year	60,810	562,325	45,787	114,291
Reversal of impairment loss	<u>(89,868)</u>	<u>(65,081)</u>	<u>(3,925,555)</u>	<u>(330,129)</u>
At end of financial year	<u>13,282,659</u>	<u>13,779,903</u>	<u>9,900,135</u>	<u>9,684,297</u>

**11. OTHER RECEIVABLES**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Non-trade receivables - Interest bearing ranging from 1.19% to 1.34% (30.6.2021: 1.20% to 8.00%, 30.6.2020: 2.14% to 8.00% and 30.6.2019: 2.79% to 8.00%) per annum	1,112,565	4,512,170	6,164,196	6,198,787
Non-trade receivables - Non-interest bearing	1,321,854	1,276,936	736,545	453,859
Deposits paid	430,502	429,122	463,783	775,408
Prepayments	<u>159,702</u>	<u>197,643</u>	<u>167,294</u>	<u>207,007</u>
	<u>3,024,623</u>	<u>6,415,871</u>	<u>7,531,818</u>	<u>7,635,061</u>

Included in deposit paid are rental deposit paid to a related company amounting to RM76,313 (30.6.2021: RM76,313, 30.6.2020: RM57,123 and 30.6.2019: RM57,123).

Included in non-trade receivables are interest receivable on deposits with licensed banks of RM359,660 (30.6.2021: RM486,646, 30.6.2020: RM607,178 and 30.6.2019: RM629,005). The interest rates of the deposits with licensed banks are disclosed in Note 14 to the financial statements.

Included in non-trade receivables of RM6,198,787 (30.6.2021: RM6,139,827, 30.6.2020: RM4,460,929 and 30.6.2019: RM1,076,511) is the collateral paid to Bursa Malaysia Securities Clearing Sdn. Bhd..

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****12. AMOUNT DUE FROM/(TO) RELATED COMPANIES**

Related companies refer to members of Insas Berhad's group of companies.

The amount due from a related company which is non-trade in nature and unsecured is as follow:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Interest bearing at 8% per annum	7,561,800	207,309	143,709	-
Non-interest bearing	<u>15,000,000</u>	<u>23,000,000</u>	<u>23,000,000</u>	<u>9,614,000</u>
	<u>22,561,800</u>	<u>23,207,309</u>	<u>23,143,709</u>	<u>9,614,000</u>

The amount due to related companies represents advances received which is unsecured and repayable on demand are as follows:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Interest bearing at 6% per annum	10,070,115	10,070,115	50,267,375	50,267,375
Non-interest bearing	<u>8,268,830</u>	<u>5,645,932</u>	<u>6,506,177</u>	<u>7,711,247</u>
	<u>18,338,945</u>	<u>15,716,047</u>	<u>56,773,552</u>	<u>57,978,622</u>

The interest-bearing balances represent the advances utilised by the Group for the purpose of financing its share margin activities as well as bridging the trade settlement for and on behalf of its clients.

**13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Quoted securities, at market value - in Malaysia	<u>2,799,233</u>	<u>3,765,688</u>	<u>4,821,446</u>	<u>4,951,316</u>

The Group's financial assets at fair value through profit or loss amounting to RM577,500 (30.6.2021: RM660,000, 30.6.2020: RM780,000 and 30.6.2019: RM607,500) are pledged to licensed banks for banking facilities granted to the Group.

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****14. DEPOSITS WITH LICENSED BANKS**

Deposits placed with licensed banks amounting to RM626,368 (30.6.2021: RM624,477, 30.6.2020: RM622,589 and 30.6.2019: RM619,481) are pledged to licensed banks as security for bank facilities granted to the Group.

Dealer's representatives' deposits and clients' trust monies received of RM233,832,974 (30.6.2021: RM336,616,289, 30.6.2020: RM235,395,373 and 30.6.2019: RM137,184,625) are excluded from deposits with licensed banks in accordance with Financial Reporting Standards Implementation Committee Consensus 18: Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad.

The effective interest rate for deposits with licensed banks of the Group ranging from 1.50% to 2.00% (30.6.2021: 1.50% to 2.61%, 30.6.2020: 1.75% to 3.20% and 30.6.2019: 2.75% to 3.20%) per annum.

**15. CASH AND BANK BALANCES**

Dealer's representatives' deposits and clients' trust monies received of RM76,733,274 (30.6.2021: RM97,392,862, 30.6.2020: RM105,356,389 and 30.6.2019: RM136,434,732) are excluded from cash and bank balances in accordance with Financial Reporting Standards Implementation Committee Consensus 18: Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad.

**16. SHARE CAPITAL**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<b>Issued and fully paid with no par value:-</b>				
100,000,000 units ordinary shares	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>

The holder of the ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

**17. RCPS**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<b>Issued and fully paid with no par value:-</b>				
60,000,000 RCPS	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****17. RCPS (CONT'D)**

The salient terms of the RCPS are as follows:-

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

**18. RESERVE**

Reserve refer to the changes of fair value of financial assets at fair value through other comprehensive income.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**

## 19. LEASE LIABILITIES

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<u>Current</u>				
Leases for motor vehicle	68,004	68,004	68,004	68,004
Leases for properties	661,178	222,376	894,381	327,055
	<u>729,182</u>	<u>290,380</u>	<u>962,385</u>	<u>395,059</u>
<u>Non-current</u>				
Leases for motor vehicle	243,661	175,657	107,653	39,649
Leases for properties	222,377	-	327,055	-
	<u>466,038</u>	<u>175,657</u>	<u>434,708</u>	<u>39,649</u>
Total lease liabilities	<u>1,195,220</u>	<u>466,037</u>	<u>1,397,093</u>	<u>434,708</u>

The maturity analysis of lease liabilities of the Group is disclosed in Note 33(b)(iii) to the financial statements.

The lease liability for motor vehicle is secured by the motor vehicle acquired under the finance lease arrangement.

The effective interest rates per annum for lease liabilities are as follows:-

	<u>30.6.2019</u> %	<u>30.6.2020</u> %	<u>30.6.2021</u> %	<u>30.6.2022</u> %
Leases for motor vehicle	3.78	3.78	3.78	3.78
Leases for properties	<u>2.75</u>	<u>2.75</u>	<u>1.75</u>	<u>1.75</u>

Cash outflows for leases as a lessee are as follows:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<u>Included in net cash from operating activities:-</u>				
Payment relating to short-term leases	1,955,756	2,044,150	2,132,156	2,117,405
Payment relating to interest on lease liabilities	52,358	31,030	42,584	28,108
<u>Included in net cash used in financing activities:-</u>				
Payment of lease liabilities	748,497	729,183	768,156	962,385
	<u>2,756,611</u>	<u>2,804,363</u>	<u>2,942,896</u>	<u>3,107,898</u>

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****20. TRADE PAYABLES**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Due to clients:				
- Outstanding sales contracts	5,115,813	28,619,311	10,754,898	13,101,058
- Contra gains and other	<u>172,783</u>	<u>366,048</u>	<u>530,669</u>	<u>624,387</u>
	5,288,596	28,985,359	11,285,567	13,725,445
Due to brokers	<u>14,988,735</u>	<u>74,803,890</u>	<u>44,524,108</u>	<u>31,505,587</u>
	<u>20,277,331</u>	<u>103,789,249</u>	<u>55,809,675</u>	<u>45,231,032</u>

Clients' trust monies amounting to RM297,800,497 (30.6.2021: RM420,994,639, 30.6.2020: RM332,270,355 and 30.6.2019: RM266,475,447) are excluded from trade payables in accordance with Financial Reporting Standards Implementation Committee Consensus 18: Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad.

The Group's normal trade credit term is 2 (30.6.2021: 2, 30.6.2020: 2 and 30.6.2019: 2) market days in accordance with the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System trading rules.

All trade payables are non-interest bearing except for clients' trust monies that bore interest ranging from 1.15% to 1.40% (30.6.2021: 1.15% to 1.40%, 30.6.2020: 1.40% to 2.40% and 30.6.2019: 2.40% to 2.65%) per annum.

**21. AMOUNT DUE TO HOLDING COMPANY**

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

The amount due to holding company is non-trade in nature, unsecured, interest free and is repayable on demand.

**22. OTHER PAYABLES**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Other payables	1,133,689	3,017,104	2,485,169	1,948,084
Accruals	4,017,065	4,584,869	15,952,256	13,994,446
SST payable	466,514	389,224	637,709	474,357
Deposits received	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,450</u>
	<u>5,617,268</u>	<u>7,991,197</u>	<u>19,075,134</u>	<u>16,438,337</u>

Dealer's representatives' security deposits amounting to RM12,765,751 (30.6.2021: RM13,014,512, 30.6.2020: RM8,481,407 and 30.6.2019: RM7,143,910) are excluded from other payables in accordance with Financial Reporting Standards Implementation Committee Consensus 18: Monies Held in Trust by Participating Organisations of Bursa Malaysia Securities Berhad.



**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****23. BORROWINGS**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Secured:-				
Bank overdrafts	509,530	433,108	545,400	77,907
Revolving credit facilities	<u>10,000,000</u>	<u>10,000,000</u>	<u>25,000,000</u>	<u>10,000,000</u>
	<u>10,509,530</u>	<u>10,433,108</u>	<u>25,545,400</u>	<u>10,077,907</u>

The bank overdrafts are secured against the followings:-

- (i) legal charged over the property of the Group;
- (ii) deposits with licensed banks of the Group;
- (iii) corporate guarantee by the holding company; and
- (iv) certain quoted securities of the Group and the Group's margin client.

The effective interest rate of the bank overdrafts ranging from 6.89% to 7.47% (30.6.2021: 6.89% to 7.72%, 30.6.2020: 7.14% to 8.72% and 30.6.2019: 8.14% to 8.97%) per annum.

The revolving credit is secured against the followings:-

- (i) a charge on quoted shares held by a related company; and
- (ii) corporate guarantee by the holding company.

The effective interest rate of the revolving credit ranging from 4.19% to 4.62% (30.6.2021: 4.19% to 4.60%, 30.6.2020: 4.60% to 5.89% and 30.6.2019: 5.89% to 6.13%) per annum.

**24. REVENUE**

Revenue recognised during the financial year are as follows:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Gross brokerage fee income	11,318,147	17,474,694	43,153,662	18,730,872
Contra interest	76,548	80,210	113,143	115,875
Corporate advisory fee income	8,358,808	12,146,121	15,974,746	20,110,639
Margin interest	6,049,924	6,350,819	7,847,438	8,229,062
Late payment interest	510,281	926,383	1,817,197	1,342,163
Rental income from letting of properties	-	-	-	12,228
	<u>26,313,708</u>	<u>36,978,227</u>	<u>68,906,186</u>	<u>48,540,839</u>
Timing of revenue recognition:				
- at a point in time	17,954,900	24,832,106	52,931,440	28,417,972
- over time	<u>8,358,808</u>	<u>12,146,121</u>	<u>15,974,746</u>	<u>20,122,867</u>
	<u>26,313,708</u>	<u>36,978,227</u>	<u>68,906,186</u>	<u>48,540,839</u>

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****25. FINANCE INCOME**

Finance income comprise of the following interest income:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Interest income:				
- a related company	560,871	371,561	6,302	3,497
- deposits with licensed banks	1,818,786	1,453,810	995,698	1,625,630
- others	47,128	58,581	101,092	123,877
	<u>2,426,785</u>	<u>1,883,952</u>	<u>1,103,092</u>	<u>1,753,004</u>

**26. STAFF COSTS**

Staff costs comprise of the following staff and Directors' remuneration:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<b>Staff remuneration:-</b>				
Salaries, bonus and allowances	9,777,917	14,348,501	25,245,500	19,273,752
Defined contribution plan	1,346,771	1,676,465	1,834,813	2,410,001
Social security cost	74,504	75,853	78,437	94,196
Other staff related expenses	59,308	34,402	32,126	75,051
	<u>11,258,500</u>	<u>16,135,221</u>	<u>27,190,876</u>	<u>21,853,000</u>
<b>Directors'   remuneration:-</b>				
Salaries, bonus and other emoluments	1,874,278	2,714,815	3,141,382	4,381,934
Defined contribution plan	212,815	311,853	335,023	473,333
Social security cost	-	1,912	1,988	2,253
	<u>2,087,093</u>	<u>3,028,580</u>	<u>3,478,393</u>	<u>4,857,520</u>
	<u>13,345,593</u>	<u>19,163,801</u>	<u>30,669,269</u>	<u>26,710,520</u>

The estimated monetary value of other benefits not included in the above received by the Directors of the Group is RM23,950 (30.6.2021: RM13,325, 30.6.2020: RM13,325 and 30.6.2019: RM13,325).

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****27. FINANCE COSTS**

Finance costs comprise of the following interest expenses:-

	<u>30.6.2019</u>	<u>30.6.2020</u>	<u>30.6.2021</u>	<u>30.6.2022</u>
	RM	RM	RM	RM
Interest expenses:				
- bank overdrafts	64,916	53,463	104,170	32,503
- lease liabilities	52,358	31,030	42,584	28,108
- holding company	-	-	52,603	-
- a related company	600,000	601,644	1,898,630	3,000,000
- revolving credit facility	612,093	561,940	848,888	696,272
	<u>1,329,367</u>	<u>1,248,077</u>	<u>2,946,875</u>	<u>3,756,883</u>

**28. PROFIT BEFORE TAX**

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	<u>30.6.2019</u>	<u>30.6.2020</u>	<u>30.6.2021</u>	<u>30.6.2022</u>
	RM	RM	RM	RM
Auditors' statutory remuneration:				
- current financial year	75,100	75,100	77,100	79,100
- under provision in previous financial year	1,100	800	2,000	-
Bad debts recovered	(3,611)	-	-	(21,490)
Bad debts written off	15,229	-	3,344,644	-
Expenses relating to short-term leases	1,955,756	2,044,150	2,132,156	2,117,405
Direct operating expenses arising from investment properties				
- rental generating properties	-	-	-	21,306
Gain on disposal of property, plant and equipment	(35,152)	(4,268)	-	-
Impairment loss of trade receivables	60,810	562,325	45,787	114,291
Loss on disposal of quoted securities	141,042	-	-	-
Property, plant and equipment written off	43,297	58,150	14,962	8
Reversal of impairment loss of trade receivables	(89,868)	(65,081)	(3,925,555)	(330,129)
Foreign exchange (gain)/loss				
- realised	(395,278)	273,599	(250,608)	566,034
- unrealised	(97,934)	-	-	-
	<u>(395,278)</u>	<u>273,599</u>	<u>(250,608)</u>	<u>566,034</u>

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**

## 29. TAX EXPENSE

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<u>Income tax:-</u>				
Provision for current financial year	2,015,000	3,757,000	8,556,000	5,566,565
(Over)/Under provision in previous financial year	<u>(114,993)</u>	<u>113,296</u>	<u>(117,281)</u>	<u>(911,709)</u>
	<u>1,900,007</u>	<u>3,870,296</u>	<u>8,438,719</u>	<u>4,654,856</u>
<u>Deferred tax:-</u>				
Transfer from/(to) deferred taxation	267,000	(239,000)	(2,446,000)	227,000
Over/(Under) recognised in previous financial year	<u>33,000</u>	<u>(34,000)</u>	<u>20,000</u>	<u>11,000</u>
	<u>300,000</u>	<u>(273,000)</u>	<u>(2,426,000)</u>	<u>238,000</u>
	<u>2,200,007</u>	<u>3,597,296</u>	<u>6,012,719</u>	<u>4,892,856</u>

The reconciliation of income tax expense on profit before tax with the applicable statutory income tax rate is as follows:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Profit before tax	<u>8,751,698</u>	<u>12,768,917</u>	<u>24,776,904</u>	<u>22,809,387</u>
Income tax at Malaysian statutory tax rate of 24% (30.6.2021: 24%, 30.6.2020: 24% and 30.6.2019: 24%)	2,100,408	3,064,540	5,946,457	5,474,253
Tax effects in respect of:-				
Income not subject to tax	(136,432)	(141,015)	(935,917)	(99,192)
Non-allowable expenses	305,241	581,839	1,088,049	407,000
Deferred tax asset not recognised	12,783	12,636	11,411	11,504
(Over)/Under provision for tax expense in previous financial year	<u>(114,993)</u>	<u>113,296</u>	<u>(117,281)</u>	<u>(911,709)</u>

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**29. **TAX EXPENSE (CONT'D)**

The reconciliation of income tax expense on profit before tax with the applicable statutory income tax rate is as follows (cont'd):-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Tax effects in respect of (cont'd):-				
Over/(Under) recognised of deferred tax in previous financial year	33,000	(34,000)	20,000	11,000
Total tax expense for the financial year	<u>2,200,007</u>	<u>3,597,296</u>	<u>6,012,719</u>	<u>4,892,856</u>

As at reporting date, the Group has deferred tax assets benefits (stated at gross) not recognised in the financial statements as follows:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<u>Unutilised tax losses expire by year of assessment</u>				
2025	223,263	223,263	223,263	-
2026	54,753	54,753	54,753	-
2027	-	52,651	52,651	-
2028	-	-	49,941	223,263
2029	-	-	-	54,753
2030	-	-	-	52,651
2031	-	-	-	49,941
2032	-	-	-	47,937
	<u>278,016</u>	<u>330,667</u>	<u>380,608</u>	<u>428,545</u>

The above unutilised tax losses are available for offset against future taxable profits. Deferred tax assets in respect of this item has not been recognised as it was not certain that future taxable profit will be available against which the Group can utilise the benefits.

Effective from year of assessment 2019 as announced in the Federal Budget 2019, the unutilised tax losses of the Group as at 30 June 2019 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised tax losses will be disregarded. The existing time limit to carry forward unutilised tax losses is extended to 10 consecutive years as announced in the Federal Budget 2022.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**30. **DIVIDENDS**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<u>In respect of the financial year ended 30 June 2019:-</u>				
Preferential cash dividend of 3.0247 sen per redeemable convertible preference share, paid on 28 December 2018	1,814,795	-	-	-
Preferential cash dividend of 2.9753 sen per redeemable convertible preference share, paid on 27 June 2019	1,785,205	-	-	-
First interim single tier dividend of 3.6000 sen per ordinary share, paid on 27 June 2019	3,600,000	-	-	-
<u>In respect of the financial year ended 30 June 2020:-</u>				
Preferential cash dividend of 3.0247 sen per redeemable convertible preference share, paid on 30 December 2019	-	1,814,795	-	-
Preferential cash dividend of 2.9753 sen per redeemable convertible preference share, paid on 26 June 2020	-	1,785,205	-	-
First interim single tier cash dividend of 4.3460 sen per ordinary share, paid on 26 June 2020	-	4,346,000	-	-

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**30. **DIVIDENDS (CONT'D)**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<u>In respect of the financial year ended 30 June 2021:-</u>				
Preferential cash dividend of 3.0247 sen per redeemable convertible preference share, paid on 29 December 2020	-	-	1,814,795	-
Preferential cash dividend of 2.9753 sen per redeemable convertible preference share, paid on 29 June 2021	-	-	1,785,205	-
First interim single tier cash dividend of 2.40 sen per ordinary share, paid on 29 June 2021	-	-	2,400,000	-
<u>In respect of the financial year ended 30 June 2022:-</u>				
Preferential cash dividend of 3.0247 sen per redeemable convertible preference share, paid on 30 December 2021	-	-	-	1,814,795
Preferential cash dividend of 2.9753 sen per redeemable convertible preference share, paid on 30 June 2022	-	-	-	1,785,205
First interim single tier cash dividend of 3.6500 sen per ordinary share, paid on 30 June 2022	-	-	-	3,650,000
	<u>7,200,000</u>	<u>7,946,000</u>	<u>6,000,000</u>	<u>7,250,000</u>

The Directors do not recommend any final dividend for the financial years ended 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**

## 31. RELATED PARTY DISCLOSURES

- (a) The Group has the following transactions with the following related parties at negotiated terms agreed between the parties during the financial year:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<b>Holding company</b>				
- Corporate advisory fees income	-	20,000	350,000	180,000
- Dividend paid	7,200,000	7,946,000	6,000,000	7,250,000
- Interest expense	-	-	52,603	-
- Secretarial fees paid	-	6,440	15,360	19,178
- Underwriting commission income	-	-	300,000	-
<b>Related companies</b>				
- Loan from	-	-	40,000,000	-
- Facility fees expense	250,000	250,000	249,600	250,000
- Handling fees expense	-	-	150,000	-
- Interest expense	600,000	601,644	1,898,630	3,000,000
- Interest income	560,871	371,561	6,302	3,497
- Management fee income	360,000	240,000	120,000	100,000
- Rental expenses	1,219,501	1,278,313	1,396,567	1,468,771
- Secretarial fees paid	7,550	-	-	-
- Purchase of freehold land and building	-	-	-	13,800,000
- Payments made on behalf by	-	-	-	12,661
<b>Related parties</b>				
- Corporate advisory fees income	64,000	332,736	380,000	300,000
- Placement fees income	230,499	348,650	955,903	7,077,529
- Secretarial fees paid	6,840	9,838	-	-

The Directors of the Group are of the opinion that the above transactions were entered into in the normal course of business and has been established at negotiated terms agreed between the parties.



**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)****31. RELATED PARTY DISCLOSURES (CONT'D)****(b) Outstanding balances arising from related party transactions**

The outstanding balances arising from related party transactions as at the reporting date were disclosed in Notes 11, 12 and 21 to the financial statements.

**(c) Remuneration of key management personnel**

The remuneration of key management personnel comprises of Director's remuneration as disclosed in Note 26 to the financial statements. The Group has no other key members of key management personnel apart from the Board of Directors.

**32. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

The uncertainties brought about by the Covid-19 pandemic have influenced various aspects of business management within many corporations. Following the preceding financial year ended 30 June 2021, movement restrictions have been lifted and the country's border has reopened with effect from 1 April 2022. Through Covid-19 is in the endemic phase, the Group continues to place considerable importance to areas most impacted by the Covid-19 pandemic in particular solvency and cash management, investment decisions and workplace safety. Based on the analysis of the Group's financial performance, there was no material financial impact on the financial statements of the Group during the financial year arising from the Covid-19 pandemic.

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)**33. **FINANCIAL INSTRUMENTS**(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

- (i) Amortised cost ("AC");  
(ii) Fair value through profit or loss ("FVTPL"); or  
(iii) Fair value through other comprehensive income ("FVTOCI").

	Carrying amount RM	AC RM	FVTPL RM	FVTOCI RM
<b>30.6.2019</b>				
<b>Financial assets</b>				
Trade receivables	98,548,868	98,548,868	-	-
Other receivables	2,864,921	2,864,921	-	-
Amount due from a related company	22,561,800	22,561,800	-	-
Financial assets at fair value through profit or loss	2,799,233	-	2,799,233	-
Financial assets at fair value through other comprehensive income	345,000	-	-	345,000
Deposits with licensed banks	39,375,519	39,375,519	-	-
Cash and bank balances	<u>32,915,880</u>	<u>32,915,880</u>	<u>-</u>	<u>-</u>
	<u>199,411,221</u>	<u>196,266,988</u>	<u>2,799,233</u>	<u>345,000</u>
<b>Financial liabilities</b>				
Trade payables	20,277,331	20,277,331	-	-
Amount due to holding company	3,397,212	3,397,212	-	-
Amount due to related companies	18,338,945	18,338,945	-	-
Other payables	5,150,754	5,150,754	-	-
Borrowings	<u>10,509,530</u>	<u>10,509,530</u>	<u>-</u>	<u>-</u>
	<u>57,673,772</u>	<u>57,673,772</u>	<u>-</u>	<u>-</u>

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**33. **FINANCIAL INSTRUMENTS (CONT'D)**(a) Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

	Carrying amount RM	AC RM	FVTPL RM	FVTOCI RM
<b>30.6.2020</b>				
<b>Financial assets</b>				
Trade receivables	182,916,164	182,916,164	-	-
Other receivables	6,218,228	6,218,228	-	-
Amount due from a related company	23,207,309	23,207,309	-	-
Financial assets at fair value through profit or loss	3,765,688	-	3,765,688	-
Financial assets at fair value through other comprehensive income	345,000	-	-	345,000
Deposits with licensed banks	33,449,350	33,449,350	-	-
Cash and bank balances	34,669,669	34,669,669	-	-
	<u>284,571,408</u>	<u>280,460,720</u>	<u>3,765,688</u>	<u>345,000</u>
<b>Financial liabilities</b>				
Trade payables	103,789,249	103,789,249	-	-
Amount due to holding company	3,106,056	3,106,056	-	-
Amount due to related companies	15,716,047	15,716,047	-	-
Other payables	7,601,973	7,601,973	-	-
Borrowings	10,433,108	10,433,108	-	-
	<u>140,646,433</u>	<u>140,646,433</u>	<u>-</u>	<u>-</u>

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**33. **FINANCIAL INSTRUMENTS (CONT'D)**(a) Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

	Carrying <u>amount</u> RM	<u>AC</u> RM	<u>FVTPL</u> RM	<u>FVTOCI</u> RM
<b>30.6.2021</b>				
<b>Financial assets</b>				
Trade receivables	176,214,570	176,214,570	-	-
Other receivables	7,364,524	7,364,524	-	-
Amount due from a related company	23,143,709	23,143,709	-	-
Financial assets at fair value through profit or loss	4,821,446	-	4,821,446	-
Deposits with licensed banks	34,799,985	34,799,985	-	-
Cash and bank balances	<u>72,728,707</u>	<u>72,728,707</u>	-	-
	<u>319,072,941</u>	<u>314,251,495</u>	<u>4,821,446</u>	-
<b>Financial liabilities</b>				
Trade payables	55,809,675	55,809,675	-	-
Amount due to holding company	6,616,401	6,616,401	-	-
Amount due to related companies	56,773,552	56,773,552	-	-
Other payables	18,437,425	18,437,425	-	-
Borrowings	<u>25,545,400</u>	<u>25,545,400</u>	-	-
	<u>163,182,453</u>	<u>163,182,453</u>	-	-
<b>30.6.2022</b>				
<b>Financial assets</b>				
Trade receivables	158,303,218	158,303,218	-	-
Other receivables	7,428,054	7,428,054	-	-
Amount due from a related company	9,614,000	9,614,000	-	-
Financial assets at fair value through profit or loss	4,951,316	-	4,951,316	-
Deposits with licensed banks	18,092,737	18,092,737	-	-
Cash and bank balances	<u>82,889,233</u>	<u>82,889,233</u>	-	-
	<u>281,278,558</u>	<u>276,327,242</u>	<u>4,951,316</u>	-

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****33. FINANCIAL INSTRUMENTS (CONT'D)****(a) Categories of financial instruments (cont'd)**

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

	<u>Carrying amount</u> RM	<u>AC</u> RM	<u>FVTPL</u> RM	<u>FVTOCI</u> RM
<b>30.6.2022 (cont'd)</b>				
<b>Financial liabilities</b>				
Trade payables	45,231,032	45,231,032	-	-
Amount due to holding company	3,035,170	3,035,170	-	-
Amount due to related companies	57,978,622	57,978,622	-	-
Other payables	15,963,980	15,963,980	-	-
Borrowings	<u>10,077,907</u>	<u>10,077,907</u>	<u>-</u>	<u>-</u>
	<u>132,286,711</u>	<u>132,286,711</u>	<u>-</u>	<u>-</u>

**(b) Financial risk management and policies**

The Group is exposed to financial risks arising from the use of financial instruments. The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within guidelines approved by the Board and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows:-

**(i) Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group does not have significant concentration of credit risk with any single counterparty.

The Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. There is no major concentration of credit risk as trade receivables are adequately secured with collateral.

The Group maximum exposure to credit risk is represented by the carrying amount of trade receivables, most of other receivables and amount due from a related company in the statements of financial position.

The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks and financial institutions with high credit rating. Consequently, the Group of the view that the loss allowance is not material and hence, it is not provided for.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****33. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management and policies (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

**(i) Credit risk (cont'd)****Recognition and measurement of impairment loss - Trade receivables**

The Group's normal trade credit terms for trade receivables except for tenants and corporate finance clients is 2 (30.6.2021: 2, 30.6.2020: 2 and 30.6.2019: 2) market days according to the Bursa Malaysia Securities Berhad's Fixed Delivery and Settlement System Trading Rules. As at the reporting date, the management is of the opinion that all necessary impairment that is required has been provided for and the trade receivables that have not been impaired are creditworthy debtors whereby impairment is not needed.

Each client had a maximum credit limit. The Group seeks to maintain strict control over its own outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The amounts due from tenants and corporate finance clients are non-interest bearing and are generally on 14 days and 30 days terms respectively. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

In view of the above-mentioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Information in respect of the provision for impairment losses and ageing analysis for trade receivables are disclosed in Note 10 to the financial statements.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the trade receivables that are written off could still be subject to enforcement activities. There are no significant changes as compared to preceding financial year.

Other receivables which are neither past due nor impaired refers to balances that are deemed recoverable.

**Recognition and measurement of impairment loss - Debt Instruments at amortised cost other than trade receivables**

Debt instruments at amortised cost other than trade receivables using general approach.

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

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)**33. **FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(i) Credit risk (cont'd)**Recognition and measurement of impairment loss - Debt Instruments at amortised cost other than trade receivables (cont'd)**

The Group uses three categories to reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:-

Category	Definition of categories	Basis of recognising expected credit loss
Performing	Debtors have low risk of default and a strong capacity to meet contractual cash flow.	12 months expected credit loss
Underperforming	Debtors for which there is a significant increase in credit risk due to actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.	Lifetime expected credit loss
Non-performing	A debtor is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows have occurred.	Lifetime expected credit loss

Based on the above, loss allowance is derived as follows:-

- (i) the likelihood that the debtor would not be able to repay during the contractual period;
- (ii) the percentage of contractual cash flows that will not be collected if default happens; and
- (iii) the outstanding amount that is exposed to default risk.

As at the reporting date, there was no indication of default on repayment for the debt instruments at amortised cost.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest risk.

The Group is not significantly exposed to interest rate risk except for the floating rate borrowings. The interest rates applicable on the Group's lease liabilities, amount due to related companies, trade and other receivables, deposits with licensed banks and amount due from a related company are mainly fixed rate in nature and are not exposed to interest rate risk.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**33. **FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(ii) Interest rate risk (cont'd)

The interest rate policies of the Group's financial assets and financial liabilities are set out as follows:-

	Floating rates instruments RM	Fixed rates instruments RM	Total RM	Effective interest rate during the financial year % per annum
<b>30.6.2019</b>				
<u>Financial assets</u>				
Trade receivables	-	66,439,481	66,439,481	9.00% - 10.50%
Other receivables	-	1,112,565	1,112,565	2.79% - 8.00%
Amount due from a related company	-	7,561,800	7,561,800	8.00%
Deposits with licensed banks	-	39,375,519	39,375,519	2.75% - 3.20%
<u>Financial liabilities</u>				
Amount due to a related company	-	(10,070,115)	(10,070,115)	6.00%
Lease liabilities	-	(1,195,220)	(1,195,220)	2.75% - 3.78%
Borrowings	(10,509,530)	-	(10,509,530)	5.89% - 8.97%
<b>30.6.2020</b>				
<u>Financial assets</u>				
Trade receivables	-	65,117,381	65,117,381	9.00% - 10.50%
Other receivables	-	4,512,170	4,512,170	2.14% - 8.00%
Amount due from a related company	-	207,309	207,309	8.00%
Deposits with licensed banks	-	33,449,350	33,449,350	1.75% - 3.20%
<u>Financial liabilities</u>				
Amount due to a related company	-	(10,070,115)	(10,070,115)	6.00%
Lease liabilities	-	(466,037)	(466,037)	2.75% - 3.78%
Borrowings	(10,433,108)	-	(10,433,108)	4.60% - 8.72%
<b>30.6.2021</b>				
<u>Financial assets</u>				
Trade receivables	-	101,743,481	101,743,481	9.00% - 10.50%
Other receivables	-	6,164,196	6,164,196	1.20% - 8.00%
Amount due from a related company	-	143,709	143,709	8.00%
Deposits with licensed banks	-	34,799,985	34,799,985	1.50% - 2.61%
<u>Financial liabilities</u>				
Amount due to a related company	-	(50,267,375)	(50,267,375)	6.00%
Lease liabilities	-	(1,397,093)	(1,397,093)	1.75% - 3.78%
Borrowings	(25,545,400)	-	(25,545,400)	4.19% - 7.72%



**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**33. **FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management and policies (cont'd)

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

(ii) Interest rate risk (cont'd)

The interest rate policies of the Group's financial assets and financial liabilities are set out as follows (cont'd):-

	<u>Floating rates instruments</u> RM	<u>Fixed rates instruments</u> RM	<u>Total</u> RM	<u>Effective interest rate during the financial year</u> % per annum
<b>30.6.2022</b>				
<u>Financial assets</u>				
Trade receivables	-	103,005,722	103,005,722	9.00% - 10.50%
Other receivables	-	6,198,787	6,198,787	1.19% - 1.34%
Deposits with licensed banks	-	18,092,737	18,092,737	1.50% - 2.00%
<u>Financial liabilities</u>				
Amount due to a related company	-	(50,267,375)	(50,267,375)	6.00%
Lease liabilities	-	(434,708)	(434,708)	1.75% - 3.78%
Borrowings	<u>(10,077,907)</u>	<u>-</u>	<u>(10,077,907)</u>	<u>4.19% - 7.47%</u>

*Sensitivity analysis for interest rate risk*

The Group's exposure to interest rate risk for a 1% (30.6.2021: 1%, 30.6.2020: 1% and 30.6.2019: 1%) increase/(decrease) in interest rate on the financial assets and liabilities with floating rate interest rate at the reporting date would result in a corresponding effect to the profit/equity for the financial year as follows:-

	<u>Effect on profit/equity of the financial year</u>	
	RM	RM
30.6.2019 (+/- 1%)	(105,095)	105,095
30.6.2020 (+/- 1%)	(104,331)	104,331
30.6.2021 (+/- 1%)	(255,454)	255,454
30.6.2022 (+/- 1%)	<u>(100,779)</u>	<u>100,779</u>

The assumed movement in interest rate of 1% for the interest rate sensitivity analysis is based on the prudent estimate of the current market environment.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****33. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management and policies (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

**(iii) Liquidity risk**

Liquidity risk is the risk that the Group is unable to meet its financial obligations as and when they fall due as a result of shortage of funds. The Group's liquidity risk exposure mainly arises from trade payables, amount due to holding company, amount due to related companies, most of other payables, borrowings and lease liabilities.

The Group manages its funding needs and allocates funds in such manner that its businesses maintain optimum levels of liquidity which are sufficient for its operations.

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on the contractual undiscounted repayment obligations.

	Less than 1 year RM	<u>2 to 5 years</u> RM	<u>Total</u> RM
<b>30.6.2019</b>			
<u>Financial liabilities</u>			
Trade payables	20,277,331	-	20,277,331
Amount due to holding company	3,397,212	-	3,397,212
Amounts due to related companies	18,338,945	-	18,338,945
Other payables	5,150,754	-	5,150,754
Borrowings	10,509,530	-	10,509,530
Lease liabilities	760,212	496,276	1,256,488
	<u>58,433,984</u>	<u>496,276</u>	<u>58,930,260</u>
<b>30.6.2020</b>			
<u>Financial liabilities</u>			
Trade payables	103,789,249	-	103,789,249
Amount due to holding company	3,106,056	-	3,106,056
Amounts due to related companies	15,716,047	-	15,716,047
Other payables	7,601,973	-	7,601,973
Borrowings	10,433,108	-	10,433,108
Lease liabilities	303,228	193,048	496,276
	<u>140,949,661</u>	<u>193,048</u>	<u>141,142,709</u>

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****33. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management and policies (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

**(iii) Liquidity risk (cont'd)**

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on the contractual undiscounted repayment obligations (cont'd).

	Less than 1 year RM	2 to 5 years RM	Total RM
<b>30.6.2021</b>			
<u>Financial liabilities</u>			
Trade payables	55,809,675	-	55,809,675
Amount due to holding company	6,616,401	-	6,616,401
Amount due to related companies	56,773,552	-	56,773,552
Other payables	18,437,425	-	18,437,425
Borrowings	25,545,400	-	25,545,400
Lease liabilities	990,492	451,090	1,441,582
	<u>164,172,945</u>	<u>451,090</u>	<u>164,624,035</u>
<b>30.6.2022</b>			
<u>Financial liabilities</u>			
Trade payables	45,231,032	-	45,231,032
Amount due to holding company	3,035,170	-	3,035,170
Amount due to related companies	57,978,622	-	57,978,622
Other payables	15,963,980	-	15,963,980
Borrowings	10,077,907	-	10,077,907
Lease liabilities	407,514	43,576	451,090
	<u>132,694,225</u>	<u>43,576</u>	<u>132,737,801</u>

**(iv) Foreign currency exchange risk**

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rate.

The Group is exposed to foreign currency exchange risk on its sales, purchase with foreign brokers and cash and cash equivalents that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are principally United States Dollar ("USD"), Singapore Dollar ("SGD") and Hong Kong Dollar ("HKD").

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****33. FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial risk management and policies (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

**(iv) Foreign currency exchange risk (cont'd)**

The net unhedged financial assets and liabilities of the Group that are not denominated in its functional currency are as follows:-

	<u>USD</u> RM	<u>SGD</u> RM	<u>HKD</u> RM	<u>Total</u> RM
<b>30.6.2019</b>				
Trade receivables	394,882	1,311,174	538,166	2,244,222
Cash and bank balances	-	1,153,666	-	1,153,666
<b>Total</b>	<b>394,882</b>	<b>2,464,840</b>	<b>538,166</b>	<b>3,397,888</b>
<b>30.6.2020</b>				
Trade receivables	254,400	1,622,717	2,694,023	4,571,140
Cash and bank balances	-	1,271,568	-	1,271,568
<b>Total</b>	<b>254,400</b>	<b>2,894,285</b>	<b>2,694,023</b>	<b>5,842,708</b>
<b>30.6.2021</b>				
Trade receivables	326,349	1,167,786	942,475	2,436,610
Cash and bank balances	-	1,487,079	-	1,487,079
<b>Total</b>	<b>326,349</b>	<b>2,654,865</b>	<b>942,475</b>	<b>3,923,689</b>
<b>30.6.2022</b>				
Trade receivables	470,137	989,878	1,466,474	2,926,489

A 5% (30.6.2021: 5%, 30.6.2020: 5% and 30.6.2019: 5%) strengthening/weakening of RM against the following major foreign currencies at the reporting date would increase/(decrease) the Group's profit for the financial year and equity by the amounts shown below with all other variable held constant:-

		<u>Profit/equity for the financial years</u>		
	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
-Strengthened 5% USD/RM	19,744	12,720	16,317	23,507
-Weakened 5%	(19,744)	(12,720)	(16,317)	(23,507)
-Strengthened 5% SGD/RM	123,242	144,714	132,743	49,494
-Weakened 5%	(123,242)	(144,714)	(132,743)	(49,494)
-Strengthened 5% HKD/RM	26,908	134,701	47,124	73,324
-Weakened 5%	(26,908)	(134,701)	(47,124)	(73,324)

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****33. FINANCIAL INSTRUMENTS (CONT'D)****(h) Financial risk management and policies (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major area of treasury activity are set out as follows (cont'd):-

**(iv) Foreign currency exchange risk (cont'd)**

The assumed movement in foreign currency exchange rate of 5% for the foreign currency rate sensitivity analysis is based on the prudent estimate of the current market environment.

**(v) Market risk**

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of the changes in market price of quoted securities held as financial assets at fair value through profit or loss as stated in Note 13 to the financial statements.

If the prices of quoted securities increase by 5% with other variables held constant at the reporting date, the effect of the increase on profit for the financial years and equity will be RM247,566 (30.6.2021: RM241,072, 30.6.2020: RM188,284 and 30.6.2019: RM139,962).

If the prices of quoted securities decrease by 5% with other variables held constant at the reporting date, then the impact on profit for the financial year and equity will be opposite.

The assumed movement in market price of quoted shares of 5% for the market price sensitivity analysis is based on the prudent estimate of the current market environment.

**(c) Fair value of financial instruments**

Fair value is the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced and liquidation sale.

**(i) Financial instruments not carried at fair value but fair value is disclosed**

The Group does not have any financial instruments not carried at fair value but fair value is disclosed.

**(ii) Financial instruments carried at fair value**

Financial assets of the Group that are carried at fair value are as follows:

- Financial assets at fair value through other comprehensive income; and
- Financial assets at fair value through profit or loss

Other than the above, the carrying amounts of the remaining financial instruments in the statements of financial position are reasonable approximation of their fair values due to their relatively short-term nature and the insignificant impact of discounting.

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)**33. **FINANCIAL INSTRUMENTS (CONT'D)**(c) Fair value of financial instruments (cont'd)

The following methods and assumptions summarised are used to determine the fair values of each class of financial instruments:-

## (i) Quoted securities

The fair value of quoted securities is determined by reference to their published market closing price or the quoted closing bid price at the reporting date.

## (ii) Unquoted investments and other investments

The fair values of the unquoted investments are determined based on the adjusted net asset value approach.

The fair values of other investments are determined based on the fair values obtained from club membership's website. Similar quotes reflect transaction in similar instruments.

## (iii) Financial assets and liabilities with short-term maturity

The carrying amounts of these financial assets and liabilities at the reporting date are reasonable approximation of their fair value due to their short-term nature and therefore have insignificant impact on discounting.

## (iv) Other fixed interest rates financial assets and liabilities

The fair values of these financial assets and liabilities are estimated by discounted future cash flow at market incremental lending rate for similar investment and borrowing arrangements at the reporting date.

(d) Fair value hierarchy of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**33. **FINANCIAL INSTRUMENTS (CONT'D)**(d) Fair value hierarchy of financial instruments (cont'd)

	<u>Level 1</u> RM	<u>Level 2</u> RM	<u>Level 3</u> RM	<u>Total</u> RM
<b>30.6.2019</b>				
<u>Financial assets at fair value</u>				
<u>through other comprehensive</u>				
<u>income</u>				
- other investments	-	345,000	-	345,000
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
- quoted securities	<u>2,799,233</u>	<u>-</u>	<u>-</u>	<u>2,799,233</u>
	<u>2,799,233</u>	<u>345,000</u>	<u>-</u>	<u>3,144,233</u>
<b>30.6.2020</b>				
<u>Financial assets at fair value</u>				
<u>through other comprehensive</u>				
<u>income</u>				
- other investments	-	345,000	-	345,000
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
- quoted securities	<u>3,765,688</u>	<u>-</u>	<u>-</u>	<u>3,765,688</u>
	<u>3,765,688</u>	<u>345,000</u>	<u>-</u>	<u>4,110,688</u>
<b>30.6.2021</b>				
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
- quoted securities	<u>4,821,446</u>	<u>-</u>	<u>-</u>	<u>4,821,446</u>
<b>30.6.2022</b>				
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
- quoted securities	<u>4,951,316</u>	<u>-</u>	<u>-</u>	<u>4,951,316</u>

Policy on transfer between levels

The fair value of the financial instruments to be transferred between levels are determined as of the date of the event or change in circumstances that caused the transfer.

There is no transfers between Level 1, Level 2 and Level 3 during the reporting period.

**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)**33. **FINANCIAL INSTRUMENTS (CONT'D)**(e) Measurement of fair value of financial instruments

Type of financial instrument carried at fair value : Other investments

Valuation techniques : Market comparison technique. The fair value are obtained from club membership's website whereby the quotes obtained reflected transaction in similar instruments.

Significant unobservable inputs : Not applicable

Inter-relationship between significant unobservable inputs and fair value measurement : Not applicable

Type of financial instrument carried at fair value : Unquoted investments

Valuation techniques : The fair values are based on the adjusted net asset value approach.

Significant unobservable inputs : Not applicable.

Inter-relationship between significant unobservable inputs and fair value measurement : Not applicable.

(f) Reconciliation of liabilities from financing activities

	1 July <u>2018</u> RM	Addition of <u>new lease</u> RM	Cash <u>flows</u> RM	30 June <u>2019</u> RM
Amount due to holding company	3,343,969	-	53,243	3,397,212
Amount due to related companies	7,947,042	-	321,788	8,268,830
Lease liabilities	<u>1,603,717</u>	<u>340,000</u>	<u>(748,497)</u>	<u>1,195,220</u>
	<u>12,894,728</u>	<u>340,000</u>	<u>(373,466)</u>	<u>12,861,262</u>

	1 July <u>2019</u> RM	Addition of <u>new lease</u> RM	Cash <u>flows</u> RM	30 June <u>2020</u> RM
Amount due to holding company	3,397,212	-	(291,156)	3,106,056
Amount due to related companies	8,268,830	-	(2,622,898)	5,645,932
Lease liabilities	<u>1,195,220</u>	<u>-</u>	<u>(729,183)</u>	<u>466,037</u>
	<u>12,861,262</u>	<u>-</u>	<u>(3,643,237)</u>	<u>9,218,025</u>



**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**33. **FINANCIAL INSTRUMENTS (CONT'D)**(f) Reconciliation of liabilities from financing activities (cont'd)

	1 July <u>2020</u> RM	Addition of <u>new lease</u> RM	Cash <u>flows</u> RM	30 June <u>2021</u> RM
Amount due to holding company	3,106,056	-	3,510,345	6,616,401
Amount due to related companies	5,645,932	-	860,245	6,506,177
Lease liabilities	<u>466,037</u>	<u>1,699,212</u>	<u>(768,156)</u>	<u>1,397,093</u>
	<u>9,218,025</u>	<u>1,699,212</u>	<u>3,602,434</u>	<u>14,519,671</u>
	1 July <u>2021</u> RM	Addition of <u>new lease</u> RM	Cash <u>flows</u> RM	30 June <u>2022</u> RM
Amount due to holding company	6,616,401	-	(3,581,231)	3,035,170
Amount due to related companies	6,506,177	-	1,205,070	7,711,247
Lease liabilities	<u>1,397,093</u>	<u>-</u>	<u>(962,385)</u>	<u>434,708</u>
	<u>14,519,671</u>	<u>-</u>	<u>(3,338,546)</u>	<u>11,181,125</u>

34. **SEGMENTAL INFORMATION**

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the activities of the Group. The Group's operating segments and its respective business activities are as follows:-

Financial services : Stockbroking and dealing in securities, provision of corporate finance and advisory services, acting as nominee agents and to provide registration services

Property investment : Real property holding and investment

Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the financial statements.

No segmental information is disclosed in financial years ended 30 June 2019, 30 June 2020 and 30 June 2021 due to the property investment segment is newly established in financial year ended 30 June 2022.

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)**34. **SEGMENTAL INFORMATION (CONT'D)**

<b>Business Segments</b>						
<b>Financial year ended</b>	<b>Note</b>	<b>Financial services</b>	<b>Property investment</b>	<b>Total</b>	<b>Elimination</b>	<b>Total</b>
<b>30.6.2022</b>		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Revenue</b>						
External revenue		48,528,611	12,228	48,540,839		48,540,839
Inter-segment revenue		-	104,999	104,999	(104,999)	-
<b>Total revenue</b>		<b>48,528,611</b>	<b>117,227</b>	<b>48,645,838</b>		<b>48,540,839</b>
<b>Segment results</b>						
Profit from operations		24,775,548	37,718	24,813,266		24,813,266
Finance income		1,753,004	-	1,753,004		1,753,004
Finance costs		(3,756,883)	-	(3,756,883)		(3,756,883)
Profit before tax		22,771,669	37,718	22,809,387		22,809,387
Tax expense		(4,879,291)	(13,565)	(4,892,856)		(4,892,856)
<b>Profit after tax</b>		<b>17,892,378</b>	<b>24,153</b>	<b>17,916,531</b>		<b>17,916,531</b>
<b>Included in the measurement of segment results:</b>						
Depreciation and amortisation		1,434,140	11,384	1,445,524		1,445,524
Dividend income		61,683	-	61,683		61,683
Non-cash expenses other than depreciation and amortisation	A	(335,430)	-	(335,430)		(335,430)
<b>Segment assets</b>		<b>313,112,322</b>	<b>13,840,763</b>	<b>326,953,085</b>		<b>326,953,085</b>
<b>Included in the measurement of segment assets:</b>						
Additions of property, plant and equipment, investment properties and intangible assets		(1,450,860)	(13,800,000)	(15,250,860)		(15,250,860)
<b>Segment liabilities</b>		<b>133,518,516</b>	<b>60,543</b>	<b>133,579,059</b>		<b>133,579,059</b>

**Note to segmental information**

A. Non-cash (expenses)/income other than depreciation and amortisation consist of the following items:

	<b>30.6.2022</b>
	<b>RM</b>
Property, plant and equipment written off	(8)
Loss on changes in fair value of financial assets at fair value through profit or loss	(551,260)
Reversal of impairment loss of trade receivables	330,129
Impairment loss of trade receivables	(114,291)
	<b>(335,430)</b>

**ACCOUNTANTS REPORT ON THE M & A GROUP (cont'd)****34. SEGMENTAL INFORMATION (CONT'D)****Geographical information**

No geographical information is presented as the Group is operated in Malaysia.

**Information about major customer**

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

**35. CAPITAL COMMITMENT**

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
<u>Authorised and contracted for:</u>				
- Property, plant and equipment	-	-	-	<u>281,754</u>

**36. CAPITAL MANAGEMENT**

The primary objective of capital management is to ensure that an entity maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder's value.

The Group manages its capital structure to safeguard its ability to continue as a going concern in order to maintain investors, creditors and market confidence and to sustain future business development.

The Group's stockbroking business is supervised by the Securities Commission Malaysia and Bursa Malaysia Securities Berhad and is required to maintain a number of minimum capital adequacy requirements, which the Group has complied with.

The Group monitors capital using a gearing ratio, which is derived by dividing the amount of borrowings over equity. The Group's policy is to keep the gearing ratio within manageable ratio.

The Group's gearing ratio are summarised as below:-

	<u>30.6.2019</u> RM	<u>30.6.2020</u> RM	<u>30.6.2021</u> RM	<u>30.6.2022</u> RM
Interest bearing amount due to a related company	10,070,115	10,070,115	50,267,375	50,267,375
Total interest-bearing borrowings	<u>11,704,750</u>	<u>10,899,145</u>	<u>26,942,493</u>	<u>10,512,615</u>
	<u>21,774,865</u>	<u>20,969,260</u>	<u>77,209,868</u>	<u>60,779,990</u>
Total equity attributable to owner of the Company	<u>169,062,689</u>	<u>170,288,310</u>	<u>182,707,495</u>	<u>193,374,026</u>
Gearing ratio	<u>0.13</u>	<u>0.12</u>	<u>0.42</u>	<u>0.31</u>

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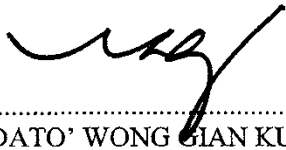
**ACCOUNTANTS' REPORT ON THE M & A GROUP (cont'd)**

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

**STATEMENT BY DIRECTORS**

We, the undersigned, being the Directors of the Company, do hereby state that, in our opinion, the accompanying financial statements set out on pages 4 to 80 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the statements of financial position of the Group as at 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022, and of its financial performance and its cash flows for the financial years ended 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022.



.....  
DATO' WONG GIAN KUI



.....  
DATUK TAN CHOON PEOW

Kuala Lumpur  
17 May 2023

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**

**SYF RESOURCES BERHAD**  
**(Registration No: 199501035170 (364372-H))**  
(Incorporated in Malaysia)

**PRO FORMA**  
**FINANCIAL INFORMATION**  
**(PREPARED FOR INCLUSION IN THE ABRIDGED PROSPECTUS TO**  
**SHAREHOLDERS OF SYF RESOURCES BERHAD ONLY)**

**GRANT THORNTON MALAYSIA PLT**

**CHARTERED ACCOUNTANTS**

**Member Firm of Grant Thornton International Ltd.**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**



**REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF SYF RESOURCES BERHAD TO BE INCLUDED IN THE ABRIDGED PROSPECTUS TO SHAREHOLDERS OF SYF RESOURCES BERHAD IN RELATION TO THE CORPORATE EXERCISE**

**Grant Thornton Malaysia PLT**

Level 11, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

T +603 2692 4022

F +603 2691 5229

**SYF Resources Berhad**

Kawasan Perindustrian Sungai Lalang  
Lot 974, Mukim Semenyih  
Jalan Sungai Lalang  
43500 Semenyih  
Selangor Darul Ehsan

Dear Sirs,

**PRO FORMA FINANCIAL INFORMATION OF SYF RESOURCES BERHAD AND ITS SUBSIDIARIES**

- (I) DISPOSAL OF FURNITURE BUSINESS;
- (II) DISPOSAL OF FREEHOLD LAND;
- (III) SPECIAL DIVIDEND AND/OR CAPITAL REPAYMENT;
- (IV) ACQUISITION;
- (V) RIGHTS ISSUE;
- (VI) RESTRICTED ISSUE; AND
- (VII) CHANGE OF NAME

**(COLLECTIVELY REFERRED TO AS THE “CORPORATE EXERCISE”)**

We have completed our assurance engagement to report on the compilation of Pro Forma Financial Information of SYF Resources Berhad (“SYF Resources” or “the Company”) and its subsidiaries (collectively known as “SYF Resources Group”). The Pro Forma Financial Information consists of the Pro Forma Consolidated Statements of Financial Position as at 31 January 2023 and the Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income for the financial period from 1 August 2022 to 31 January 2023, and the related notes, to be issued by the Company, in connection with the Corporate Exercise.

The Pro Forma Financial Information have been compiled by the Directors of SYF Resources and M & A Securities Sdn Bhd (“M & A Securities”) (collectively known as “Directors”) based on the applicable criteria as specified in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Prospectus Guidelines (“Prospectus Guidelines”) and Equity Guidelines (“Equity Guidelines”) issued by Securities Commission Malaysia (“SC”), Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants and described in the notes as set out in the Basis of Preparation of Pro Forma Financial Information.

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

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The Pro Forma Financial Information have been compiled by the Directors for illustrative purposes only and for inclusion into the Abridged Prospectus to shareholders of SYF Resources in connection with the Corporate Exercise. The Pro Forma Financial Information have been compiled for the purpose to illustrate the impact of the events set out in Notes to the Pro Forma Financial Information. As part of this process, information about the financial position and financial performance has been extracted by the Directors from the interim consolidated financial statements for the financial period ended 31 January 2023, on which a limited review was performed by another firm of chartered accountants.

### **Directors' Responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information on the basis set out in the Basis of Preparation of Pro Forma Financial Information and the events set out in the Notes to the Pro Forma Financial Information ("Applicable Criteria").

### **Our Independence and Quality Control**

We are independent 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 of 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 control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, about whether the Pro Forma Financial Information have been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria and in accordance with the applicable criteria as specified in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Prospectus Guidelines and Equity Guidelines.

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 the 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 Financial Information 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 historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

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**Reporting Accountants' Responsibilities (cont'd)**

The purpose of Pro Forma Financial Information included in the Abridged Prospectus is solely to illustrate the impact as if the events had occurred or the transactions had 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 events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information 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 Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence on whether:

- The related pro forma adjustments give an appropriate effect to those criteria; and
- The Pro Forma Financial Information 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 Company, the events or transactions in respect of which the Pro Forma Financial Information have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

**Opinion**

In our opinion:-

- (a) The Pro Forma Financial Information, which have been prepared by the Directors, have been properly compiled on the basis of the applicable criteria based on the interim consolidated financial statements for the financial period ended 31 January 2023, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by SYF in the preparation of its audited consolidated financial statements for the financial year ended 31 July 2022; and
- (b) Each material adjustment made to the information used in the preparation of the Pro Forma Financial Information is appropriate for the purposes of preparing the Pro Forma Financial Information.



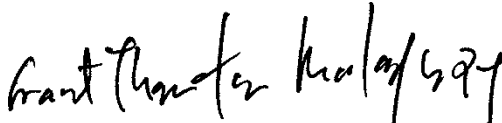
**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**




**Other Matters**

This letter is issued for the sole purpose of complying with the Prospectus Guidelines and Equity Guidelines issued by Securities Commission Malaysia and Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad for inclusion in the Abridged Prospectus in connection with the Corporate Exercise of the Company. It is not intended to be used for any other purposes. We do not assume responsibility to any other person to the content of this letter.

Yours faithfully,

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

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

Kuala Lumpur  
17 May 2023

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION**

1. The Pro Forma Financial Information consists of the following:-
  - (a) The Pro Forma Consolidated Statements of Financial Position of SYF Resources Group as at 31 January 2023; and
  - (b) The Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income of SYF Resources Group for the financial period from 1 August 2022 to 31 January 2023.
2. The Pro Forma Financial Information has been prepared using the interim consolidated financial statements prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and in a manner consistent with both the format of the audited consolidated financial statements as at 31 July 2022 and the accounting policies adopted by the Company except for the below accounting policy newly adopted due to the Acquisition:-

The business combination between the Company and M & A Securities constituted a reverse acquisition whereby the acquirer and acquiree of the transaction for accounting purposes should be M & A Securities (that is the legal subsidiary, accounting acquirer) and the Company (that is the legal holding company, the accounting acquiree) respectively in accordance with MFRS 3 Business Combinations. Under reverse acquisition accounting, the pro forma consolidated financial statements represent the continuation of the financial statements of the legal subsidiary, M & A Securities except for its capital structure and the effect of reverse acquisition is presented in Proforma IV.

Because the pro forma consolidated financial statements represent the continuation of the financial statements of the legal subsidiary except for its capital structure, the pro forma consolidated financial statements reflect:-

- (a) The assets and liabilities of the legal subsidiary (the accounting acquirer) recognised and measured at their pre-combination carrying amounts.
- (b) The assets and liabilities of the legal parent (the accounting acquiree) recognised and measured in accordance with the applicable accounting standard.
- (c) The retained earnings and other equity balances of the legal subsidiary (accounting acquirer) before the business combination.
- (d) The amount recognised as issued equity interests in the pro forma consolidated financial statements determined by adding the issued equity interest of the legal subsidiary (the accounting acquirer) outstanding immediately before the business combination to the fair value of the legal parent (accounting acquiree). However, the equity structure (i.e. the number and type of equity interests issued) reflects the equity structure of the legal parent, including the equity interests of the legal parent issued to effect the combination.
- (e) The non-controlling interest's proportionate share of the legal subsidiary's (accounting acquirer's) pre-combination carrying amounts of retained earnings and other equity interests.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (CONT'D)**

3. The Pro Forma Consolidated Statements of Financial Position and Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income, for which the Directors are solely responsible, have been prepared for illustrative purposes only to illustrate the impact of the Corporate Exercise on the financial position and profit or loss of SYF Resources Group as at 31 January 2023 if the events or transactions as described in the Note 1 to the Pro Forma Financial Information had taken place on 31 January 2023.

As part of this process, the information about the financial position and profit or loss have been extracted by the Directors from the following:

- (a) The interim consolidated financial statements of SYF Resources Group as at 31 January 2023; and
- (b) The interim consolidated financial statements of M & A Securities and its subsidiaries (collectively known as "M & A Group") as at 31 December 2022.
4. The Pro Forma Financial Information, because of their nature, may not give a true picture of the actual financial position of SYF Resources Group. Furthermore, such information does not purport to predict the future Statements of Financial Position and Statements of Profit or Loss and Other Comprehensive Income of SYF Resources Group after completion of the Corporate Exercise.
5. The financial information of SYF Resources Group is measured using the currency of the primary economic environment in which SYF Resources Group operates. The functional currency of SYF Resources Group is Ringgit Malaysia ("RM") and all values are rounded to the nearest RM in thousands except when otherwise indicated.
6. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Pro Forma Financial Information are disclosed below:-

Effective for financial period beginning on or after 1 January 2023:-

MFRS 17 and amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements - 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

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION (CONT'D)**

6. Standards issued but not yet effective (cont'd)

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Pro Forma Financial Information are disclosed below (cont'd):-

*Effective for financial period 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 Statement - Non-current Liabilities with Covenants
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

*Effective date deferred indefinitely:-*

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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\* Not applicable to the Group

The initial application of the above applicable standards, amendments and interpretations did not expect to have financial impact to the Pro Forma Financial Information.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2023 (CONT'D)**

The Pro Forma Consolidated Statements of Financial Position of SYF Resources Group as at 31 January 2023 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 1 to the Pro Forma Financial Information on the assumption that these transactions were completed on 31 January 2023, and should be read in conjunction with the accompanying notes to the Pro Forma Financial Information (cont'd).

Note	Pro Forma III After Special Dividend and/or Capital Repayment RM'000	Adjustment RM'000	Pro Forma IV After Acquisition RM'000	Adjustment RM'000	Pro Forma V After Rights Issue RM'000	Adjustment RM'000	Pro Forma VI and Pro Forma VII After Restricted Issue and Change of Name RM'000
<b>ASSETS</b>							
<b>Non-current assets</b>							
2.01	13	6,434	6,447	-	6,447	-	6,447
2.02	-	1,531	1,531	-	1,531	-	1,531
2.03	-	9,806	9,806	-	9,806	-	9,806
		31,176	31,176	-	31,176	-	31,176
2.04	18,408	66,893	85,301	-	85,301	-	85,301
2.05	-	2,956	2,956	-	2,956	-	2,956
	49,597	87,620	137,217	-	137,217	-	137,217
<b>Total non-current assets</b>							
<b>Current assets</b>							
	19,080	-	19,080	-	19,080	-	19,080
	69,147	-	69,147	-	69,147	-	69,147
2.06	415	177,687	178,102	-	178,102	-	178,102
2.07	2,942	8,737	11,679	-	11,679	-	11,679
	-	4,665	4,665	-	4,665	-	4,665
2.09	1,147	42	1,189	-	1,189	-	1,189
2.10	3,159	11,479	14,638	62,576	77,214	(22,029)	55,185
2.11	2,551	65,254	67,805	-	67,805	-	67,805
	98,441	267,864	366,305	62,576	428,881	(22,029)	406,852
<b>Total current assets</b>							
2.12	-	-	-	-	-	-	-
2.13	-	-	-	-	-	-	-
	148,038	355,484	503,522	62,576	566,098	(22,029)	544,069
<b>Total assets</b>							

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2023 (CONT'D)**

The Pro Forma Consolidated Statements of Financial Position of SYF Resources Group as at 31 January 2023 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 1 to the Pro Forma Financial Information on the assumption that these transactions were completed on 31 January 2023, and should be read in conjunction with the accompanying notes to the Pro Forma Financial Information (cont'd).

Equity attributable to owners of the Company:-	Note	As at 31 January 2023 RM'000	Pro Forma I After Disposal of Furniture Business RM'000		Pro Forma II After Disposal of Freehold Land RM'000		Pro Forma III After Special Dividend and/or Capital Repayment RM'000	
			Adjustment RM'000	RM'000	Adjustment RM'000	RM'000	Adjustment RM'000	RM'000
<b>EQUITY AND LIABILITIES</b>								
Share capital	2.14	143,527	-	143,527	-	143,527	-	143,527
Treasury shares	2.14	(761)	-	(761)	-	(761)	-	(761)
Reserve	2.15	28,361	(28,361)	-	-	-	-	-
Retained earnings	2.16	11,206	28,095	39,301	319	39,620	4,560	44,180
Non-controlling interests		182,333	(266)	182,067	319	182,386	(97,837)	84,549
		14,634	-	14,634	-	14,634	-	14,634
<b>Total equity</b>		196,967	(266)	196,701	319	197,020	(97,837)	99,183
<b>Non-current liabilities</b>								
Borrowings	2.17	20,677	-	20,677	(1,494)	19,183	-	19,183
Deferred tax liabilities		4,418	-	4,418	-	4,418	-	4,418
Lease liabilities	2.18	-	-	-	-	-	-	-
<b>Total non-current liabilities</b>		25,095	-	25,095	(1,494)	23,601	-	23,601

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2023 (CONT'D)**

The Pro Forma Consolidated Statements of Financial Position of SYF Resources Group as at 31 January 2023 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 1 to the Pro Forma Financial Information on the assumption that these transactions were completed on 31 January 2023, and should be read in conjunction with the accompanying notes to the Pro Forma Financial Information (cont'd).

	Note	Pro Forma III After Special Dividend and/or Capital Repayment RM'000	Adjustment RM'000	Pro Forma IV After Acquisition RM'000	Adjustment RM'000	Pro Forma V After Rights Issue RM'000	Adjustment RM'000	Pro Forma VI and Pro Forma VII After Restricted Issue and Change of Name RM'000
<b>EQUITY AND LIABILITIES</b>								
<b>Equity</b>								
<b>Equity attributable to owners of the Company:-</b>								
Share capital	2.14	41,130	244,022	285,152	62,576	347,728	34,715	382,443
Treasury shares	2.14	(761)	761	-	-	-	-	-
Reserve	2.15	-	(10)	(10)	-	(10)	-	(10)
Retained earnings	2.16	44,180	(24,398)	19,782	-	19,782	(4,000)	15,782
		84,549	220,375	304,924	62,576	367,500	30,715	398,215
Non-controlling interests		14,634	-	14,634	-	14,634	-	14,634
<b>Total equity</b>		99,183	220,375	319,558	62,576	382,134	30,715	412,849
<b>Non-current liabilities</b>								
Borrowings	2.17	19,183	-	19,183	-	19,183	-	19,183
Deferred tax liabilities		4,418	-	4,418	-	4,418	-	4,418
Lease liabilities	2.18	-	704	704	-	704	-	704
<b>Total non-current liabilities</b>		23,601	704	24,305	-	24,305	-	24,305

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2023 (CONT'D)**

The Pro Forma Consolidated Statements of Financial Position of SYF Resources Group as at 31 January 2023 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 1 to the Pro Forma Financial Information on the assumption that these transactions were completed on 31 January 2023, and should be read in conjunction with the accompanying notes to the Pro Forma Financial Information (cont'd).

Note	As at 31 January 2023 RM'000	Adjustment RM'000	Pro Forma I After Disposal of Furniture Business RM'000	Adjustment RM'000	Pro Forma II After Disposal of Freehold Land RM'000	Adjustment RM'000	Pro Forma III After Special Dividend and/or Capital Repayment RM'000
<b>EQUITY AND LIABILITIES (CONT'D)</b>							
<b>Current liabilities</b>							
2.19	13,616	-	13,616	-	13,616	-	13,616
2.20	7,661	-	7,661	-	7,661	-	7,661
2.17	3,153	-	3,153	(671)	2,482	-	2,482
2.18	-	-	-	-	-	-	-
2.21	55	-	55	-	55	1,440	1,495
	24,485	-	24,485	(671)	23,814	1,440	25,254
<b>Total current liabilities</b>							
Liabilities included in disposal group							
2.22	28,659	(28,659)	-	-	-	-	-
	78,239	(28,659)	49,580	(2,165)	47,415	1,440	48,855
<b>Total liabilities</b>							
	275,206	(28,925)	246,281	(1,846)	244,435	(96,397)	148,038
<b>Total equity and liabilities</b>							
2.14	568,873	-	568,873	-	568,873	-	568,873
<b>No. of ordinary shares (excluding treasury shares) ('000)</b>							
	0.32	-	0.32	-	0.32	-	0.15
<b>Net assets per share (RM)</b>							
	23.830	-	23.830	-	21.665	-	21.665
<b>Borrowings</b>							
	0.13	-	0.13	-	0.12	-	0.26
<b>Gearing ratio (times)</b>							

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2023 (CONT'D)**

The Pro Forma Consolidated Statements of Financial Position of SYF Resources Group as at 31 January 2023 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 1 to the Pro Forma Financial Information on the assumption that these transactions were completed on 31 January 2023, and should be read in conjunction with the accompanying notes to the Pro Forma Financial Information (cont'd).

Note	Pro Forma III After Special Dividend and/or Capital Repayment RM'000	Adjustment RM'000	Pro Forma IV After Acquisition RM'000	Adjustment RM'000	Pro Forma V After Rights Issue RM'000	Adjustment RM'000	Pro Forma VI and Pro Forma VII After Restricted Issue and Change of Name RM'000
<b>EQUITY AND LIABILITIES (CONT'D)</b>							
<b>Current liabilities</b>							
2.19	13,616	47,803	61,419	-	61,419	-	61,419
2.20	7,661	85,451	93,112	-	93,112	(52,744)	40,368
2.17	2,482	91	2,573	-	2,573	-	2,573
2.18	-	904	904	-	904	-	904
2.21	1,495	156	1,651	-	1,651	-	1,651
	25,254	134,405	159,659	-	159,659	(52,744)	106,915
<b>Total current liabilities</b>							
2.22	-	-	-	-	-	-	-
<b>Liabilities included in disposal group classified as held for sale</b>							
	48,855	135,109	183,964	-	183,964	(52,744)	131,220
<b>Total liabilities</b>							
	148,038	355,484	503,522	62,576	566,098	(22,029)	544,069
<b>Total equity and liabilities</b>							
2.14	568,873	1,009,091	1,577,964	284,437	1,862,401	157,796	2,020,197
<b>No. of ordinary shares (excluding treasury shares) ('000)</b>							
	0.15		0.19		0.20		0.20
<b>Net assets per share (RM)</b>							
	21,665		73,640		73,640		23,373
<b>Borrowings</b>							
	0.26		0.24		0.20		0.06
<b>Gearing ratio (times)</b>							

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2023**

The Pro Forma Consolidated Statements of Profit or Loss and Other Comprehensive Income of SYF Resources Group for the financial period from 1 August 2022 to 31 January 2023 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 1 to the Pro Forma Financial Information on the assumption that these transactions were completed on 31 January 2023.

	<u>31.01.2023</u> RM'000
Revenue	20,743
Other income	11,525
Other operating expenses	(25,021)
Finance costs	<u>(1,629)</u>
Profit before tax	5,618
Tax expense	<u>(1,960)</u>
Profit/Total comprehensive income for the financial period	<u><u>3,658</u></u>
<b>Profit for the financial period attributable to:</b>	
Owners of the Company	3,658
Non-controlling interest	<u>-</u>
	<u><u>3,658</u></u>
<b>Total comprehensive income for the financial period attributable to:</b>	
Owners of the Company	3,658
Non-controlling interest	<u>-</u>
	<u><u>3,658</u></u>
Earnings per share attributable to Owners of the Company (sen)	<u><u>0.36</u></u>

\* The earnings per share computed based on profit after tax attributable to the owners of the Company divided by 1,009,090,909, being the weighted average number of shares issued after the Corporate Exercise. Diluted earnings per share is not computed as there were no dilutive potential equity instruments in issue that gave diluted effect to the earnings per share.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION**

**1. CORPORATE EXERCISE**

**(i) Pro Forma I: Disposal of Furniture Business**

The Company had on 6 October 2021 entered into a share sale agreement for the disposal of the entire equity interest in Seng Yip Furniture Sdn Bhd ("Seng Yip Furniture" or "Furniture Business") to the purchaser for a total disposal consideration of RM50.0 million to be satisfied in cash. The effect of the disposal of Seng Yip Furniture is as follows:-

	<u>Note</u>	<u>Amount</u> RM'000
Property, plant and equipment		65,233
Right-of-use assets		7,973
Investment properties		7,325
Intangible assets		2,000
Biological assets		4,892
Inventories		36,292
Trade receivables		1,383
Other receivables		792
Tax recoverable		137
Deposits with licensed banks		3,284
Cash and bank balances		1,558
Impairment losses recognised		(24,188)
Assets included in disposal group classified as held for sale	2.13	106,681
Borrowings		(11,684)
Deferred tax liabilities		(2,513)
Lease liabilities		(1,425)
Trade payables		(5,198)
Other payables		(7,839)
Liabilities included in disposal group classified as held for sale	2.22	(28,659)
Amount due to SYF Resources		(27,756)
Net assets		50,266
Less: Proceeds from Disposal of Furniture Business		(50,000)
Gain from Disposal of Furniture Business		266

Seng Yip Furniture will repay RM27.756 million to SYF Resources subsequent to the above disposal.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**1. CORPORATE EXERCISE (CONT'D)**

**(i) Pro Forma I: Disposal of Furniture Business (cont'd)**

The effect on the above disposal on cash and bank balances is as follows:-

	<u>Note</u>	<u>Amount</u> RM'000
Proceeds from Disposal of Furniture Business		50,000
Repayment from Seng Yip Furniture		<u>27,756</u>
Net increase in cash and bank balances	2.11	<u>77,756</u>

The Disposal of Furniture Business was completed on 14 March 2023.

**(ii) Pro Forma II: Disposal of Freehold Land**

The indirect wholly-owned subsidiaries of SYF Resources, namely Nikmat Sekitar Sdn Bhd ("Nikmat Sekitar") and Nuri Meriah Sdn Bhd ("Nuri Meriah") had on 6 October 2021 entered into sale and purchase agreements respectively to dispose two (2) pieces of freehold land for total consideration of RM21.2 million.

Estimated redemption sum of RM2.165 million will be paid to financial institutions as full settlement for the term loans facilities under Nikmat Sekitar and Nuri Meriah so that the freehold land are free from any encumbrances before the Disposal of Freehold Land. The effect of the disposal is as follows:-

	<u>Note</u>	<u>Amount</u> RM'000
Net carrying amount of freehold land		20,881
Less: Proceeds from Disposal of Freehold Land		<u>(21,200)</u>
Gain from Disposal of Freehold Land	2.16	<u>(319)</u>

The effect on the above disposal on cash and bank balances is as follows:-

	<u>Note</u>	<u>Amount</u> RM'000
Proceeds from Disposal of Freehold Land		21,200
Estimated redemption sum		<u>(2,165)</u>
Net increase in cash and bank balances	2.11	<u>19,035</u>

The Disposal of Freehold Land was completed on 9 May 2023.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**1. CORPORATE EXERCISE (CONT'D)**

**(iii) Pro Forma III: Special Dividend and/or Capital Repayment**

The Company proposed to distribute a special dividend or capital repayment or a combination of both by way of a cash distribution of RM0.18 per ordinary share in SYF Resources ("SYF Resources Share") and this proposal entailed a total consideration of approximately RM102.397 million based on 568,873,012 existing SYF Resources Shares (excluding treasury shares). This proposal was financed from the proceeds of the Disposal of Furniture Business of RM50.0 million, Disposal of Freehold Land of RM21.2 million and the remaining from existing cash in SYF Resources.

On 30 January 2023, the High Court of Malaya in Kuala Lumpur had granted the orders confirming the reduction of share capital of the Company under Section 116 of the Companies Act 2016.

Subsequently, the capital repayment of RM0.07 per SYF Resources Share was paid on 17 April 2023, whilst the capital repayment of RM0.11 per SYF Resources Share will be paid on 7 June 2023.

Remittance from Dato' Sri Ng Ah Chai

Dato' Sri Ng Ah Chai (one of the major shareholders of SYF Resources) has given an undertaking that he shall:

- (a) forgo his entitlement to the Special Dividend and/or Capital Repayment amounting to RM6.0 million. In this regard, Dato' Sri Ng Ah Chai will return the proceeds arising from the Special Dividend and/or Capital Repayment of RM6.0 million to SYF; or
- (b) remit an amount of RM6.0 million to SYF out of the proceeds from the disposal of his shares (in the event he disposes of all or any part of his SYF Shares prior to the Entitlement Date for the Special Dividend and/or Capital Repayment whereby he will not be entitled to the Special Dividend and/or Capital Repayment).

The remittance of RM6.0 million is treated as other income to SYF Resources and is subject to income tax of RM1.440 million (assuming income tax not yet settled). The effect on the remittance from Dato' Sri Ng Ah Chai based on the above (a) and (b) scenario on cash and bank balances, retained earnings and tax payable are the same.

**(iv) Pro Forma IV: Acquisition**

The Company had on 6 October 2021 entered into a share sale and purchase agreement with Insas Berhad for the acquisition of 100,000,000 ordinary shares and 60,000,000 redeemable convertible preference shares ("RCPS") in M & A Securities, representing 100.0% equity interest and 100.0% of the RCPS in M & A Securities for a total purchase consideration of RM222.0 million ("Purchase Consideration"). The Purchase Consideration will be fully satisfied through the issuance of 1,009,090,909 new SYF Resources Shares ("Consideration Shares") at an issue price of RM0.22 per Consideration Share ("Acquisition"). Such acquisition constitutes a reverse acquisition and the reverse acquisition accounting policies as disclosed in Note 2 to the basis of preparation of pro forma financial information is applied.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**1. CORPORATE EXERCISE (CONT'D)**

**(iv) Pro Forma IV: Acquisition (cont'd)**

The reverse acquisition will result in goodwill on consolidation as computed below:-

	<u>Note</u>	<u>Amount</u> RM'000
<u>Goodwill on consolidation</u>		
Deemed purchase consideration *		125,152
Less: Net assets of SYF Resources Group as per Proforma III		
Share capital of SYF Resources	2.14	(41,130)
Treasury shares of SYF Resources	2.14	761
Retained earnings of SYF Resources Group	2.16	(44,180)
		<u>(84,549)</u>
Goodwill on consolidation		<u>40,603</u>

- \* Deemed purchase consideration is determined by fair valuing the number of ordinary shares of M & A Securities would have had to issue to give the owners of SYF Resources the same percentage equity interest in the combined entity that results from the reverse acquisition.

The Acquisition was completed on 10 May 2023.

Information of M & A Securities and its subsidiaries

M & A Securities has three (3) wholly-owned subsidiaries, namely M & A Nominee (Asing) Sdn Bhd, M & A Nominee (Tempatan) Sdn Bhd and Venturescape Sdn Bhd ("Venturescape") (collectively known as "M & A Group").

Delta Crest (M) Sdn Bhd intended to fully repay the amount owing to M & A Securities amounting to RM9.614 million in cash prior to the completion of the Corporate Exercise.

In addition, in the event that the net assets of M & A Securities are higher than RM180 million, M & A Securities shall distribute the surplus assets by way of cash dividend to Insas Berhad without making any adjustment to the Purchase Consideration.

On the assumption that the Acquisition was completed in January 2023, there is a potential distribution of cash dividend amounting to RM19.445 million based on the net assets of M & A Securities as at 31 December 2022 which has been included in the effects of Pro Forma IV.

As the Acquisition was completed on 10 May 2023, as at the date of this report, the net assets of M & A Securities is under review and therefore the actual cash distribution is yet to be determined.

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**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**1. CORPORATE EXERCISE (CONT'D)**

**(iv) Pro Forma IV: Acquisition (cont'd)**

Information of M & A Securities and its subsidiaries (cont'd)

The fair value of the identifiable net asset of M & A Group after taking into consideration the repayment from a related company and cash dividend to be distributed are as follows:-

	<u>Note</u>	<u>Amount</u> RM'000
Property, plant and equipment	2.01	6,434
Right-of-use assets	2.02	1,531
Investment properties	2.03	9,806
Intangible assets	2.04	26,290
Deferred tax assets	2.05	2,956
Trade receivables	2.06	177,687
Other receivables	2.07	8,737
Financial assets at fair value through profit or loss	2.08	4,665
Tax recoverable	2.09	42
Deposits with licensed banks	2.10	11,479
Cash and bank balances	2.11	65,254
Borrowings	2.17	(91)
Lease liabilities	2.18	(1,608)
Trade payables	2.19	(47,803)
Other payables	2.20	(85,451)
Tax payable	2.21	(156)
Net assets		<u>179,772</u>
Represented by:-		
Share capital	2.14	100,000
RCPS	2.14	60,000
Reserve	2.15	(10)
Retained earnings	2.16	<u>19,782</u>
		<u>179,772</u>

**(v) Pro Forma V: Rights Issue**

The Right Issue involves the issuance of 284,436,506 new SYF Resources Shares to SYF Resources' shareholders on the basis of one (1) Rights Share at an issue price of RM0.22 each for every two (2) existing SYF Resources Shares ("Rights Issue").

The Rights Issue will be undertaken on a full subscription basis which is expected to raise gross proceeds of approximately RM62.576 million.



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**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**1. CORPORATE EXERCISE (CONT'D)**

**(vi) Pro Forma VI: Restricted Issue**

The Restricted Issue involves the issuance of up to 157,796,392 new SYF Resources Shares at an issue price of RM0.22 each, representing up to 10.0% of the enlarged share capital of SYF Resources after the Acquisition to eligible directors and employees of the enlarged SYF group including M & A Group and persons who have contributed to the success of M & A Group ("Eligible Persons") ("Restricted Issue"). The Restricted Issue is expected to raise gross proceeds of approximately RM34.715 million.

Gross proceeds from the Rights Issue of approximately RM62.576 million and Restricted Issue of up to approximately RM34.715 million are expected to be partially utilised as follows:-

Details of utilisation	Expected timeframe upon completion of the Rights Issue and Restricted Issue	RM'000
Repayment to Insas Berhad ("Insas") <sup>(1)</sup>	Within 3 months	2,477
Repayment to Insas Technology Berhad ("ITB") <sup>(1)</sup>	Within 3 months	50,267
Estimated expenses <sup>(2)</sup>	Immediate	4,000
Working capital	Within 24 months	40,547
<b>Total estimated proceeds</b>		<b>97,291</b>

<sup>(1)</sup> The repayment of RM52.744 million to Insas (ultimate holding company) and ITB (related company) from the proceeds of the Rights Issue and Restricted Issue represents the amount owing by M & A Securities to Insas and ITB as at 30 June 2021. As at 31 December 2022, the total amount owing by M & A Group to ultimate holding company and related companies is RM63.520 million, comprising an amount due to Insas of RM4.854 million, amount due to ITB of RM50.276 million and amount due to other related companies of RM8.390 million. Any remaining balance due to Insas, ITB and other related companies after the repayment of RM52.744 million will be fully repaid from the internally generated funds of M & A Group upon completion of the Corporate Exercise.

<sup>(2)</sup> The breakdown of the estimated expenses are as follows:-

	<u>Amount</u> RM'000
Advisory and professional fees	2,327
Fees payable to authorities	351
Stamp duty	578
Underwriting and placement fees	744
<b>Total</b>	<u><u>4,000</u></u>

**(vii) Pro Forma VII: Change of Name**

SYF Resources proposes to change the Company's name from "SYF Resources Berhad" to "M & A Equity Holdings Berhad". The Change of Name has no financial impact on the Pro Forma Financial Information.

The Disposal of Furniture Business, Disposal of Freehold Land, Special Dividend and/or Capital Repayment, Acquisition, Rights Issue, Restricted Issue and Change of Name are inter-conditional upon one another.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**2.01 PROPERTY, PLANT AND EQUIPMENT**

The movements of property, plant and equipment are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	13 <u>6,434</u>
As per Pro Forma IV/V/VI/VII	<u>6,447</u>

**2.02 RIGHT-OF-USE ASSETS**

The movements of right-of-use assets are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	- <u>1,531</u>
As per Pro Forma IV/V/VI/VII	<u>1,531</u>

**2.03 INVESTMENT PROPERTIES**

The movements of investment properties are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	- <u>9,806</u>
As per Pro Forma IV/V/VI/VII	<u>9,806</u>

**2.04 INTANGIBLE ASSETS**

The movements of intangible assets are as follows:-

	Stock broking dealer's <u>license</u> RM'000	<u>Software</u> RM'000	Goodwill on <u>consolidation</u> RM'000	Total <u>amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	- <u>26,046</u>	- <u>244</u>	18,408 <u>40,603</u>	18,408 <u>66,893</u>
As per Pro Forma IV/V/VI/VII	<u>26,046</u>	<u>244</u>	<u>59,011</u>	<u>85,301</u>

Stamped for the purpose of identification on:

17 MAY 2023

GRANT THORNTON MALAYSIA PLT

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**2.05 DEFERRED TAX ASSETS**

The movements of deferred tax assets are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	-
	<u>2,956</u>
As per Pro Forma IV/V/VI/VII	<u>2,956</u>

**2.06 TRADE RECEIVABLES**

The movements of trade receivables are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	415 <u>177,687</u>
As per Pro Forma IV/V/VI/VII	<u>178,102</u>

**2.07 OTHER RECEIVABLES**

The movements of other receivables are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	2,942 <u>8,737</u>
As per Pro Forma IV/V/VI/VII	<u>11,679</u>

**2.08 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The movements of financial assets at fair value through profit or loss are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	- <u>4,665</u>
As per Pro Forma IV/V/VI/VII	<u>4,665</u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**2.09 TAX RECOVERABLE**

The movements of tax recoverable are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	1,147 <u>42</u>
As per Pro Forma IV/V/VI/VII	<u>1,189</u>

**2.10 DEPOSITS WITH LICENSED BANKS**

The movements of deposits with licensed banks are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	3,159 <u>11,479</u>
As per Pro Forma IV Pursuant to the Rights Issue	14,638 <u>62,576</u>
As per Pro Forma V Pursuant to the Restricted Issue *	77,214 <u>(22,029)</u>
As per Pro Forma VI/VII	<u>55,185</u>

\* Gross proceeds from Restricted Issue of RM34.715 million are expected to be utilised for working capital purposes.

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**2.11 CASH AND BANK BALANCES**

The movements of cash and bank balances are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023	2,157
Pursuant to the Disposal of Furniture Business	<u>77,756</u>
As per Pro Forma I	79,913
Pursuant to the Disposal of Freehold Land	<u>19,035</u>
As per Pro Forma II	98,948
Pursuant to the Special Dividend and/or Capital Repayment	(102,397)
Pursuant to remittance from Dato' Sri Ng Ah Chai	<u>6,000</u>
As per Pro Forma III	2,551
Pursuant to the Acquisition	<u>65,254</u>
As per Pro Forma IV/V/VI/VII	<u>67,805</u>

**2.12 ASSETS HELD FOR SALE**

The movements of assets held for sale are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I	20,881
Pursuant to the Disposal of Freehold Land	<u>(20,881)</u>
As per Pro Forma II/III/IV/V/VI/VII	<u>-</u>

**2.13 ASSETS INCLUDED IN DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE**

The movements of assets included in disposal group classified as held for sale are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023	106,681
Pursuant to the Disposal of Furniture Business	<u>(106,681)</u>
As per Pro Forma I/II/III/IV/V/VI/VII	<u>-</u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**2.14 SHARE CAPITAL AND TREASURY SHARES**

The movements of share capital and treasury shares are as follows:-

	Number of ordinary shares Unit'000	Amount RM'000	Number of treasury shares Unit'000	Amount RM'000
At 31 January 2023/As per Pro Forma I/II	574,109	143,527	5,236	761
Pursuant to the Special Dividend and/or Capital Repayment*	-	(102,397)	-	-
As per Pro Forma III	574,109	41,130	5,236	761
Pursuant to the Acquisition	1,009,091	244,022 <sup>#</sup>	-	(761)
As per Pro Forma IV	1,583,200	285,152 <sup>#</sup>	5,236	-
Pursuant to the Rights Issue	284,437	62,576	-	-
As per Pro Forma V	1,867,637	347,728	5,236	-
Pursuant to the Restricted Issue	157,796	34,715	-	-
As per Pro Forma VI/VII	2,025,433	382,443	5,236	-

\* Assuming that the cash distribution of RM0.18 per SYF Resources Share is fully undertaken by way of capital repayment.

<sup>#</sup> The share capital and the adjustments pursuant to the Acquisition are derived as follows:-

	Amount RM'000
Deemed purchase consideration	125,152
Share capital of M & A Securities (including RCPS)	160,000
Share capital as per Pro Forma IV	285,152
Less: share capital as per Pro Forma III	(41,130)
Pursuant to the Acquisition	244,022

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**2.15 RESERVE**

The movements of reserve are as follows:-

	Assets revaluation <u>reserve</u> RM'000	Fair value through other comprehensive <u>income reserve</u> RM'000	Total <u>amount</u> RM'000
At 31 January 2023	28,361	-	28,361
Pursuant to the Disposal of Furniture Business	<u>(28,361)</u>	<u>-</u>	<u>(28,361)</u>
As per Pro Forma I/II/III	-	-	-
Pursuant to the Acquisition	<u>-</u>	<u>(10)</u>	<u>(10)</u>
As per Pro Forma IV/V/VI/VII	<u>-</u>	<u>(10)</u>	<u>(10)</u>

**2.16 RETAINED EARNINGS**

The movements of retained earnings are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023	11,206
Pursuant to the Disposal of Furniture Business	<u>28,095</u>
As per Pro Forma I	39,301
Pursuant to the Disposal of Freehold Land	<u>319</u>
As per Pro Forma II	39,620
Pursuant to the Special Dividend and/or Capital Repayment *	<u>4,560</u>
As per Pro Forma III	44,180
Pursuant to the Acquisition	<u>(24,398)</u>
As per Pro Forma IV/V **	19,782
Pursuant to the Restricted Issue	<u>(4,000)</u>
As per Pro Forma VI/VII	<u>15,782</u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**2.16 RETAINED EARNINGS (CONT'D)**

\* Represented by the following:-

	<u>Amount</u> RM'000
Remittance from Dato' Sri Ng Ah Chai (treated as other income)	6,000
Tax impact on the remittance from Dato' Sri Ng Ah Chai	<u>(1,440)</u>
	<u>4,560</u>

\*\* Represents the retained earnings of M & A Securities due to reverse acquisition accounting applied as disclosed in Note 2 to the basis of preparation of pro forma financial information. According to MFRS 3 Business Combination, pro forma consolidated financial statements under reverse acquisition accounting represents the continuation of the financial statements of the legal subsidiary (herein refer to M & A Securities), except for its capital structure.

**2.17 BORROWINGS**

The movements of borrowings are as follows:-

	<u>Current</u> RM'000	<u>Non-current</u> RM'000	<u>Total amount</u> RM'000
At 31 January 2023/As per Pro Forma I	3,153	20,677	23,830
Pursuant to the Disposal of Freehold Land	<u>(671)</u>	<u>(1,494)</u>	<u>(2,165)</u>
As per Pro Forma II/III Pursuant to the Acquisition	2,482 91	19,183 -	21,665 91
As per Pro Forma IV/V/VI/VII	<u>2,573</u>	<u>19,183</u>	<u>21,756</u>

**2.18 LEASE LIABILITIES**

The movements of lease liabilities are as follows:-

	<u>Current</u> RM'000	<u>Non-current</u> RM'000	<u>Total amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	- 904	- 704	- 1,608
As per Pro Forma IV/V/VI/VII	<u>904</u>	<u>704</u>	<u>1,608</u>



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**2.19 TRADE PAYABLES**

The movements of trade payables are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	13,616 <u>47,803</u>
As per Pro Forma IV/V/VI/VII	<u>61,419</u>

**2.20 OTHER PAYABLES**

The movements of other payables are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II/III Pursuant to the Acquisition	7,661 <u>85,451</u>
As per Pro Forma IV/V Pursuant to the Restricted Issue	93,112 <u>(52,744)</u>
As per Pro Forma VI/VII	<u>40,368</u>

**2.21 TAX PAYABLE**

The movements of tax payable are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023/As per Pro Forma I/II Pursuant to remittance from Dato' Sri Ng Ah Chai	55 <u>1,440</u>
As per Pro Forma III Pursuant to the Acquisition	1,495 <u>156</u>
As per Pro Forma IV/V/VI/VII	<u>1,651</u>

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SYF AS AT 31 JANUARY 2023 WITH THE REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA FINANCIAL INFORMATION (CONT'D)**

**2.22 LIABILITIES INCLUDED IN DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE**

The movements of liabilities included in disposal group classified as held for sale are as follows:-

	<u>Amount</u> RM'000
At 31 January 2023	28,659
Pursuant to the Disposal of Furniture Business	<u>(28,659)</u>
As per Pro Forma I/II/III/IV/V/VI/VII	<u>-</u>

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**ADDITIONAL INFORMATION**

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**1. CONSENTS**

Malacca Securities, as the Principal Adviser and Underwriter, has given and has not subsequently withdrawn its written consent before the date of issue of this Abridged Prospectus with the inclusion of its name and all references thereto, in the form and context in which they are included in this Abridged Prospectus.

Tan Tong Lang and Thien Lee Mee, as the Company Secretaries, have given and have not subsequently withdrawn their written consent before the date of issue of this Abridged Prospectus with the inclusion of their name and all references thereto, in the form and context in which they are included in this Abridged Prospectus

Raslan Loong, Shen & Eow, as the Solicitor, has given and has not subsequently withdrawn its written consent before the date of issue of this Abridged Prospectus with the inclusion of its name and all references thereto, in the form and context in which they are included in this Abridged Prospectus.

Grant Thornton Malaysia PLT, as the Auditors and Reporting Accountants, has given and has not subsequently withdrawn its written consent before the date of issue of this Abridged Prospectus with the inclusion of its name and all references thereto, in the form and context in which they are included in this Abridged Prospectus.

Providence, as the Independent Market Researcher, has given and has not subsequently withdrawn its written consent before the date of issue of this Abridged Prospectus with the inclusion of its name and all references thereto, in the form and context in which they are included in this Abridged Prospectus.

Tricor Investor & Issuing House Services Sdn Bhd, as the Share Registrar, has given and has not subsequently withdrawn its written consent before the date of issue of this Abridged Prospectus with the inclusion of its name and all references thereto, in the form and context in which they are included in this Abridged Prospectus.

Bloomberg, as the source of information of the Company, has given and has not subsequently withdrawn its written consent before the date of issue of this Abridged Prospectus with the inclusion of its name and all references thereto, in the form and context in which they are included in this Abridged Prospectus.

**ADDITIONAL INFORMATION (cont'd)****2. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, during normal business hours from Mondays to Fridays (except public holidays) for a period of six (6) months from the date of this Abridged Prospectus: -

- (i) The constitution of SYF and M & A Securities;
- (ii) The letters of consent referred to in Section 1 of Appendix V of this Abridged Prospectus;
- (iii) The material contracts referred to in Section 9 of Appendix I and Section 8 of Appendix II of this Abridged Prospectus;
- (iv) The Accountant's Report referred to in Appendix III of this Abridged Prospectus;
- (v) The pro forma consolidated financial statements of SYF as at 31 January 2023 together with the reporting accountants' letter thereon referred to in Appendix IV of this Abridged Prospectus;
- (vi) The IMR Report by Providence referred to in Section 6.2 of this Abridged Prospectus;
- (vii) The Undertaking referred to in Section 2.4 of this Abridged Prospectus; and
- (viii) The relevant cause papers referred to in Section 9 of Appendix II of this Abridged Prospectus.

**3. RESPONSIBILITY STATEMENT**

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

Malacca Securities, being the Principal Adviser and Underwriter, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.