

SYF RESOURCES BERHAD
Co. No. 199501035170 (364372-H)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Quarter Ended 31 January 2023

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	<u>FY 2023</u> Current Quarter Ended 31/1/2023	<u>FY 2022</u> Current Quarter Ended 31/01/2022	<u>FY 2023</u> 6 Months Cumulative To Date	<u>FY 2022</u> 6 Months Cumulative To Date
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Continuing Operations</u>				
Revenue	3,806	19,010	9,965	38,909
Operating Expenses	(5,223)	(19,126)	(12,149)	(37,801)
Other Operating Income	52	430	206	1,162
Profit/ (Loss) from Operations	(1,365)	314	(1,978)	2,270
Finance Costs	(385)	(382)	(747)	(779)
Profit/ (Loss) Before Tax	(1,750)	(68)	(2,725)	1,491
Taxation	(96)	(416)	(260)	(1,002)
Profit/ (Loss) from Continuing Operations	(1,846)	(484)	(2,985)	489
Profit/ (Loss) from Discontinued Operation, net of tax	-	-	-	(24,311)
Net Profit/ (Loss) for the Period	(1,846)	(484)	(2,985)	(23,822)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/ (Loss) for the Period	(1,846)	(484)	(2,985)	(23,822)
Net Profit/ (Loss) for the Period, Representing Total Comprehensive Income/ (Loss) for the Period:				
Owners of the Company	(1,883)	(797)	(3,090)	(24,635)
Non-controlling Interests	37	313	105	813
	(1,846)	(484)	(2,985)	(23,822)
Earnings/ (Loss) Per Share Attributable to Equity Holders of the Company (Note 17.11)				
Basic (Sen)				
- from continuing operations	(0.33)	(0.14)	(0.54)	(0.06)
- from discontinued operation	-	-	-	(4.27)
	(0.33)	(0.14)	(0.54)	(4.33)

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2022 and the accompanying explanatory notes attached to this interim financial report)

SYF RESOURCES BERHAD
Co. No. 199501035170 (364372-H)

Condensed Consolidated Statement of Financial Position
As at 31 January 2023

(The figures have not been audited)

	(UNAUDITED) As At 31/01/2023 <u>RM'000</u>	(AUDITED) As At 31/07/2022 <u>RM'000</u>
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	13	16
Inventories - Land Held for Property Development	31,176	31,163
Intangible Assets	18,408	18,408
Right-of-use Assets	-	11
	<u>49,597</u>	<u>49,598</u>
Current Assets		
Inventories	19,080	12,771
Contract Assets	69,147	64,600
Receivables, Deposits and Prepayments	3,357	8,810
Tax Recoverable	1,147	846
Cash and Cash Equivalents	5,316	16,910
	<u>98,047</u>	<u>103,937</u>
Non-Current Assets Held for Sale	20,881	20,879
Assets Included in Disposal Group Classified as Held for Sale	106,681	104,591
	<u>225,609</u>	<u>229,407</u>
Total Assets	<u>275,206</u>	<u>279,005</u>
EQUITY AND LIABILITIES		
Share Capital	143,527	143,527
Treasury Shares	(761)	(761)
Reserves	11,206	14,296
Reserves Included in Disposal Group Classified as Held for Sale	28,361	28,361
Equity Attributable to Equity Holders of the Company	<u>182,333</u>	<u>185,423</u>
Non-Controlling Interests	14,634	14,529
Total Equity	<u>196,967</u>	<u>199,952</u>
Non-Current Liabilities		
Loans and Borrowings	20,677	21,931
Deferred Tax Liabilities	4,418	4,418
	<u>25,095</u>	<u>26,349</u>
Current Liabilities		
Payables and Accruals	21,277	18,235
Loans and Borrowings	3,153	4,021
Lease Liabilities	-	12
Taxation	55	583
	<u>24,485</u>	<u>22,851</u>
Liabilities Included in Disposal Group Classified as Held for Sale	28,659	29,853
Total Liabilities	<u>78,239</u>	<u>79,053</u>
Total Equity and Liabilities	<u>275,206</u>	<u>279,005</u>
Net Assets Per Share Attributable to Ordinary Equity Holders of the Company (RM)	0.32	0.33

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 July 2022 and the accompanying explanatory notes attached to this interim financial report)

SYF RESOURCES BERHAD
Co. No. 199501035170 (364372-H)

Condensed Consolidated Statement of Changes in Equity
For the Quarter Ended 31 January 2023
(The figures have not been audited)

	-----> Attributable to Shareholders of the Company <----->					----->			
	-----> Non-Distributable <----->			Distributable					
	Share Capital RM'000	Treasury Shares RM'000	Assets Revaluation Reserve RM'000	Reserve Included in Disposal Group Classified as Held for Sale RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000	
6 months period ended									
<u>31 January 2023</u>									
Balance at beginning of year 01 August 2022	143,527	(761)	-	28,361	14,296	185,423	14,529	199,952	
Total comprehensive income/ (loss) for the period	-	-	-	-	(3,090)	(3,090)	105	(2,985)	
Balance at end of period 31 January 2023	<u>143,527</u>	<u>(761)</u>	<u>-</u>	<u>28,361</u>	<u>11,206</u>	<u>182,333</u>	<u>14,634</u>	<u>196,967</u>	
6 months period ended									
<u>31 January 2022</u>									
Balance at beginning of year 01 August 2021	143,527	(761)	31,696	-	39,078	213,540	13,814	227,354	
Transfer to disposal group classified as held for sale	-	-	(31,696)	31,696	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	(24,635)	(24,635)	813	(23,822)	
Realisation of assets revaluation reserve	-	-	-	(3,430)	3,430	-	-	-	
Balance at end of period 31 January 2022	<u>143,527</u>	<u>(761)</u>	<u>-</u>	<u>28,266</u>	<u>17,873</u>	<u>188,905</u>	<u>14,627</u>	<u>203,532</u>	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the the audited financial statements for the financial year ended 31 July 2022 and the accompanying explanatory notes attached to this interim financial report)

SYF RESOURCES BERHAD
Co. No. 199501035170 (364372-H)

Condensed Consolidated Statement of Cash Flows
For the Quarter Ended 31 January 2023

(The figures have not been audited)

	FY 2023 6 Months Ended 31/01/2023 RM'000	FY 2022 6 Months Ended 31/01/2022 RM'000
Operating activities :		
Profit/ (Loss) before tax		
Continuing operations	(2,725)	1,491
Discontinued operation	36	(24,278)
	<u>(2,689)</u>	<u>(22,787)</u>
Adjustments for :		
Depreciation of property, plant and equipment/ right-of-use assets	14	1,444
Interest expense	1,059	1,296
Interest income	(42)	(466)
(Gain)/Loss on unrealised foreign exchange	-	21
(Gain)/Loss on disposal of property, plant and equipment	(66)	(796)
(Reversal)/ Impairment loss on assets included in disposal group classified as held for sale	(2,566)	24,393
Operating profit/(loss) before working capital changes	<u>(4,290)</u>	<u>3,105</u>
Changes in working capital :		
Net change in current assets	(4,753)	10,112
Net change in current liabilities	1,483	(31,411)
Cash generated from/(used in) operations	<u>(7,560)</u>	<u>(18,194)</u>
Interest paid	(1,059)	(1,296)
Income tax paid	(1,131)	(1,919)
Income tax refund	-	1,498
Net cash generated from/(used in) operating activities	<u>(9,750)</u>	<u>(19,911)</u>
Investing activities :		
Purchase of property, plant and equipment	(2)	(907)
Proceeds from disposal of property, plant and equipment	66	12,120
Interest received	42	466
Net cash flows from/(used in) investing activities	<u>106</u>	<u>11,679</u>
Financing activities :		
Repayment of bank borrowings/changes in bills payables	(5,281)	423
Increase/ (Payment) of lease liabilities	39	266
Decrease/ (Increase) in fixed deposits pledged with licensed banks	(32)	1,775
Net cash flows from/(used in) financing activities	<u>(5,274)</u>	<u>2,464</u>
Net increase/(decrease) in cash and cash equivalents	(14,918)	(5,768)
Cash and cash equivalents at beginning of year	16,593	51,389
Cash and cash equivalents at end of year	<u>1,675</u>	<u>45,621</u>
Cash and cash equivalents included in the statement of cash flow:		
Cash and bank balances	3,715	9,556
Fixed deposits	6,444	42,594
Cash and cash equivalents	10,159	52,150
Bank overdrafts	(2,040)	(192)
Less : Fixed deposits pledged with licensed banks	(6,444)	(6,337)
	<u>1,675</u>	<u>45,621</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 July 2022 and the accompanying explanatory notes attached to this interim financial report)

Notes To The Interim Financial Report
For the Quarter Ended 31 January 2023

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 July 2022. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2022.

2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 July 2022, except for adoption of the following new/revised MFRSs and Amendments to MFRSs which are applicable to the Group's financial period beginning 1 August 2022:

		Effective dates for financial period beginning on or after
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020:		1 January 2022
• Amendments to MFRS 1	•	
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

3 Preceding Audited Financial Statements

The audit report of the preceding annual financial statements for the financial year ended 31 July 2022 was not subject to any qualification.

4 Seasonal or Cyclical Factors

Demand in the property development market, the Group's continuing operations product, is generally affected by national as well as global economic conditions.

5 Nature and Amount of Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the current quarter and financial year-to-date.

6 Changes in Estimates

There were no material changes in the nature and amount of estimates used in the prior interim periods of the current financial year or material changes in nature and amount of estimates used in prior financial years.

7 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and financial year-to-date. Total number of treasury shares held was 5,236,000 ordinary shares as at 31 January 2023.

Notes To The Interim Financial Report
For the Quarter Ended 31 January 2023

8 Dividends Paid

There were no dividends paid during the current financial period under review.

9 Segmental Reporting

Analysis by activities for the financial year-to-date is as follows:

	Continuing Operations		Discontinued Operation		Adjustment and Elimination RM'000	Consolidation RM'000
	Property Development and Construction RM'000	Others RM'000	Rubberwood Furniture RM'000	Total Segments RM'000		
6 months period ended <u>31 January 2023</u>						
Revenue						
External sales	9,965	-	41,430	51,395	(#) (41,430)	9,965
Inter-segment sales	-	-	-	-	-	-
Total sales	9,965	-	41,430	51,395	(41,430)	9,965
Results						
Segment results	(841)	(1,178)	(3,757)	(5,776)	3,757	(2,019)
Adjustment of depreciation and amortisation in accordance to MFRS 5	-	-	1,538	1,538	(1,538)	-
Reversal of impairment loss on assets included in disposal group classified as held for sale	-	-	2,566	2,566	(2,566)	-
Interest income	36	5	1	42	(1)	41
Finance costs	(747)	-	(312)	(1,059)	312	(747)
Profit/ (Loss) before tax	(1,552)	(1,173)	36	(2,689)	(36)	(2,725)
Taxation	(82)	(178)	(36)	(296)	36	(260)
Net profit/ (loss)	(1,634)	(1,351)	-	(2,985)	-	(2,985)
6 months period ended <u>31 January 2022</u>						
Revenue						
External sales	38,930	(21)	54,576	93,485	(#) (54,576)	38,909
Inter-segment sales	-	-	-	-	-	-
Total sales	38,930	(21)	54,576	93,485	(54,576)	38,909
Results						
Segment results	2,748	(943)	631	2,436	(631)	1,805
Impairment loss on assets included in disposal group classified as held for sale	-	-	(24,393)	(24,393)	24,393	-
Interest income	266	199	1	466	(1)	465
Finance costs	(779)	-	(517)	(1,296)	517	(779)
Profit/ (Loss) before tax	2,235	(744)	(24,278)	(22,787)	24,278	1,491
Taxation	(836)	(166)	(33)	(1,035)	33	(1,002)
Net profit/ (loss)	1,399	(910)	(24,311)	(23,822)	24,311	489

(#) The amounts relating to the Rubberwood Furniture segment have been excluded from the revenue and are presented separately in the condensed consolidated statement of profit or loss and other comprehensive income within one line item as "profit/loss from discontinued operation, net of tax".

Notes To The Interim Financial Report
For the Quarter Ended 31 January 2023

10 Valuations of Property, Plant and Equipment

The Group has adopted the revaluation policy to review the carrying value of its land and buildings every five years. Surplus arising from revaluation are reflected in the revaluation reserve account.

11 Material Events Subsequent to the end of the Interim Period

There were no material events subsequent to the end of the interim period except as disclosed in note 17.10.

12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period-to-date.

13 Significant Events

There were no significant events for the period under review except as mentioned in note 17.10.

14 Contingent Liabilities

a) Group

Contingent liabilities of the Group as at 31 January 2023 in respect of bank guarantees issued in favour of government authorities, utility boards and suppliers are as follow:-

	<u>RM'000</u>
Continuing operations	<u>3,500</u>
Discontinued operation	<u>1,158</u>

b) Company

The Company has contingent liabilities in the form of corporate guarantees given to financial institutions and suppliers in respect of credit facilities granted to subsidiaries amounting to RM37.63 million as at 31 January 2023.

15 Capital Commitment

There were no material capital commitments of the Group as at 31 January 2023.

16 Significant Related Parties Transactions

The Group had the following transactions with related parties during the financial period-to-date:

	<u>RM'000</u>
<u>Transaction with a director</u>	
Rental paid	<u>95</u>
<u>Transaction with companies in which certain directors of the Company are also the director and have substantial financial interest</u>	
Sales	3,742
Purchases	1,683
Rental paid	1,215
Project landowner entitlement	<u>633</u>

Notes To The Interim Financial Report
For the Quarter Ended 31 January 2023

17.1 Review of Performance

	<u>FY 2023</u> Current Quarter Ended 31/01/2023 <u>RM'000</u>	<u>FY 2022</u> Comparative Quarter Ended 31/01/2022 <u>RM'000</u>	Variance <u>RM'000</u>	Variance <u>%</u>
Continuing Operations				
Revenue	3,806	19,010	(15,204)	-80.0%
(Loss)/ Profit before tax	(1,750)	(68)	(1,682)	-2473.5%

The Group reported revenue from continuing operations of RM3.81 million in the current quarter as compared to RM19.01 million in the corresponding quarter last year. The decrease of RM15.20 million was mainly due to the only on-going project, Alstonia Residence is at final stage.

The Group posted loss before tax from continuing operations of RM1.75 million for the current quarter as compared to RM0.07 million in the same quarter last year. The negative variance was due to lower revenue reported whereas certain costs such as payroll and finance costs were fixed.

17.2 Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

	<u>FY 2023</u> Current Quarter Ended 31/01/2023 <u>RM'000</u>	<u>FY 2023</u> Preceding Quarter Ended 31/10/2022 <u>RM'000</u>	Variance <u>RM'000</u>	Variance <u>%</u>
Continuing Operations				
Revenue	3,806	6,159	(2,353)	-38.2%
Loss before tax	(1,750)	(975)	(775)	-79.5%

The Group recorded revenue from continuing operations of RM3.81 million in the current quarter, decreased by RM2.35 million from the preceding quarter. The negative variance of 38.2% was mainly due to the on-going project is at final stage, as explained in note 17.1.

Loss before tax of RM1.75 million was reported for the current quarter as compared to RM0.98 million from the preceding quarter. The negative variance of 79.5% was due to lower revenue reported and professional fees incurred for the corporate exercise.

17.3 Prospects for the Current Financial Year

The operating conditions for current financial year would remain challenging as many sectors of the economy are struggling to stay afloat and having to cope with inflated costs. Though the property development sector is no exception, there is no immediate impact on the Group, as the only existing project is almost completed.

As mentioned in note 17.10, SYF will enter into financial services business. The Proposed Acquisition is expected to enhance shareholders' value taking into consideration the track records of M & A Securities Sdn Bhd as evident by its strong business growth and historical profitability. Coupled with the positive outlook of the capital market underpinned by the initiatives as set out in the Capital Market Masterplan 3, the Board is positive about the prospects and growth path of the enlarged SYF Group after the Proposals.

17.4 Variance of Actual Profit from Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee.

Notes To The Interim Financial Report
For the Quarter Ended 31 January 2023

17.5 Profit/ (Loss) Before Tax

Profit before tax is derived after charging/ (crediting):

	<u>FY 2023</u> Current Quarter Ended 31/01/2023 RM'000	<u>FY 2022</u> Current Quarter Ended 31/01/2022 RM'000	<u>FY 2023</u> 6 Months Cumulative To Date RM'000	<u>FY 2022</u> 6 Months Cumulative To Date RM'000
<u>Continuing Operations</u>				
Interest income	(18)	(148)	(41)	(465)
Interest expense	385	382	747	779
Depreciation and amortisation	7	7	14	14
(Gain)/ Loss on disposal of property, plant and equipment	-	-	-	(52)
(Gain)/ loss on foreign exchange	-	(4)	-	(4)
<u>Discontinued Operation</u>				
Interest income	(1)	-	(1)	(1)
Interest expense	157	272	312	517
Depreciation and amortisation	779	717	1,538	1,430
(Gain)/ Loss on disposal of property, plant and equipment	(66)	-	(66)	(744)
(Gain)/ Loss on unrealised foreign exchange	66	11	1	25
(Reversal)/ Impairment loss on assets included in disposal group classified as held for sale	(2,905)	25	(2,566)	24,393

17.6 Taxation

	Current Quarter RM'000	Financial Year-to-date RM'000
Tax expense - Continuing Operations	96	260
Tax expense - Discontinued Operation	18	36

The Group's effective tax rate of the continuing operations for the financial year-to-date was higher than the statutory tax rate due to most of the subsidiaries were in loss position.

17.7 Group Borrowings and Securities

The Group borrowings as at 31 January 2023 are as follows :

	<u>RM'000</u>
Denominated in Ringgit Malaysia	
- Secured current borrowings	3,153
- Secured non-current borrowings	20,677
	<u>23,830</u>

17.8 Material Litigation

There was no material litigation or pending litigation as at the date of the interim financial statements.

17.9 Proposed Dividend

The Board of Directors does not propose any dividend for the quarter under review.

Notes To The Interim Financial Report
For the Quarter Ended 31 January 2023

17.10 The Status of Corporate Exercise Announced but Not Completed as at the Date of This Report

On 6 October 2021, the Company announced the following proposals:

- a) the Company had entered into a share sale agreement ("SSA") with Mico Chipboard Berhad ("Mico"), to dispose of the entire 20,000,000 ordinary shares, representing 100% equity interest in Seng Yip Furniture Sdn Bhd ("Seng Yip"), a wholly-owned subsidiary, for a total disposal consideration of RM50.00 million ("Proposed Disposal of Furniture Business");
- b) the following subsidiaries had entered into sale and purchase agreement ("SPAs") with Juta Development Sdn Bhd ("Juta") for the disposal of the following:
 - (i) disposal by Nikmat Sekitar Sdn Bhd ("Nikmat Sekitar"), an indirect wholly-owned subsidiary of a parcel of freehold land held under GM 403, Lot 1461, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor for a cash disposal consideration of RM10.60 million; and
 - (ii) disposal by Nuri Meriah Sdn Bhd ("Nuri Meriah"), an indirect wholly-owned subsidiary of a parcel of freehold land held under GM 1128, Lot 1464, Mukim Ceras, Daerah Hulu Langat, Negeri Selangor for a cash disposal consideration of RM10.60 million; ("Proposed Disposal of Freehold Land")
- c) proposed special dividend of RM0.07 per SYF Share and a proposed capital repayment of RM0.11 per SYF Share on an entitlement date to be determined and announced at a later date;
- d) the Company had entered into a share sale and purchase agreement ("SSPA") with Insas Berhad ("Insas") for the acquisition of the 100,000,000 ordinary shares and 60,000,000 redeemable convertible preference shares ("RCPS") in M & A Securities Sdn Bhd ("M & A Securities"), representing 100% equity interest and 100% of the RCPS in M & A Securities from Insas for a total purchase consideration of RM222.00 million, which will be fully satisfied through the issuance of 1,585,714,286 new SYF Shares ("Consideration Share(s)") at an issue price of RM0.14 per Consideration Share ("Proposed Acquisition");
- e) proposed renounceable rights issue of 284,436,506 new SYF Shares ("Rights Shares") to SYF 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 ("Proposed Rights Issue");
- f) proposed restricted issue of 215,458,730 new SYF Shares at an issue price of RM0.14 each, representing 10% of the enlarged share capital of SYF after the Proposed Acquisition to eligible directors and employees of the enlarged SYF group including M & A Securities and its subsidiary companies ("M & A Group") and persons who have contributed to the business of M & A Group ("Proposed Restricted Issue");
- g) proposed exemption under Paragraph 4.08(1)(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions for Insas and its persons acting in concert from the obligation to undertake a mandatory take-over offer to acquire the remaining SYF Shares not already owned by them upon completion of the Proposed Acquisition ("Proposed Exemption"); and
- h) proposed change of name of "SYF Resources Berhad" to "M & A Capital Berhad" ("Proposed Change of Name").

On 2 December 2021, the Company announced that the Company had on 2 December 2021 entered into a Supplemental SSPA with Insas to vary certain terms of the SSPA.

In conjunction with the amendments/variations to the SSPA, the Board had on 2 December 2021 also announced that the Company proposes to distribute: -

- i) RM0.07 per SYF Share on an entitlement date to be determined and announced at a later date immediately after the completion of the Proposed Disposal of Furniture Business.

The said distribution of RM0.07 per SYF Share or RM39,821,111 in total (calculated based on 568,873,012 existing SYF Shares (excluding treasury shares)) will be undertaken by way of a special dividend or capital repayment or a combination of both and funded from the proceeds of the Proposed Disposal of Furniture Business; and

- ii) The remaining RM0.11 per SYF Share on an entitlement date to be determined and announced at a later date after the completion of the Proposed Disposal of Freehold Land.

The said distribution of RM0.11 per SYF Share or RM62,576,031 in total (calculated based on 568,873,012 existing SYF Shares (excluding treasury shares)) will be undertaken by way of a special dividend or capital repayment or a combination of both and funded from the proceeds of the Proposed Disposal of Freehold Land and internal generated funds of SYF ("Proposed Special Dividend and/or Capital Repayment 2").

The Proposed Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Change of Name are conditional upon the completion of the Proposed Disposals. The Proposed Special Dividend and/or Capital Repayment including the Proposed Special Dividend and/or Capital Repayment 2 is conditional upon the completion of the Proposed Disposal of Furniture Business, and again, upon the completion of

Notes To The Interim Financial Report
For the Quarter Ended 31 January 2023

Proposed Disposal of Freehold Land, but it is not conditional upon the Proposed Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Change of Name

On 28 January 2022, the Company announced that the Company and Mieco had mutually agreed via an extension letter dated 28 January 2022 to extend the conditional period to a period not later than 5 May 2022 to fulfill the conditions precedent ("1st Extended Conditional Period") pursuant to the SSA.

On 5 April 2022, the Company announced that Juta, Nikmat Sekitar and Nuri Meriah had on 5 April 2022 mutually agreed via an extension letter dated 5 April 2022 to extend the conditional period to a period not later than 6 October 2022 to fulfill the conditions precedent pursuant to the SPAs.

On 20 April 2022, the Company announced that the Company and Mieco had mutually agreed via an extension letter dated 20 April 2022 to further extend the 1st Extended Conditional Period for an additional six (6) months from 5 May 2022 until 5 November 2022 to fulfill the Conditions Precedent ("2nd Extended Conditional Period") pursuant to the SSA.

On 20 April 2022, the Company announced that Ministry of International Trade and Industry had, vide its letter dated 20 April 2022, approved the application for the transfer of shares in Seng Yip to Mieco in relation to the Proposed Disposal of Furniture Business.

On 1 June 2022, the Company announced that the name "M&A Capital Berhad" was not approved by Companies Commission of Malaysia ("CCM"). However, the CCM had subsequently approved the new proposed name of "M & A Equity Holdings Berhad". Pursuant to the foregoing, the parties have vide a letter dated 1 June 2022, mutually agreed to adopt a new name of "M & A Equity Holdings Berhad" and clause 1.1 of the SSPA be varied accordingly.

On 1 July 2022, the Company announced that the Company and Insas had mutually agreed via an extension letter dated 1 July 2022 to further extend the conditional period for an additional six (6) months from 5 July 2022 until 4 January 2023 to fulfill the conditions precedent to the SSPA.

On 29 September 2022, the Company announced that Nikmat Sekitar, Nuri Meriah and Juta had mutually agreed via letters dated 29 September 2022 to further extend for an additional six (6) months from 6 October 2022 until 6 April 2023 to fulfill the Conditions Precedent pursuant to the SPAs.

On 13 October 2022, the Company announced that the Company had vide its letters dated 12 and 13 October 2022 respectively, written to Mieco and Insas in relation to the inter-conditionality of the Proposals as follows:

"The Proposed Disposal of Furniture Business, Proposed Disposal of Freehold Land, Proposed Special Dividend and/or Capital Repayment, Proposed Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Change of Name are inter-conditional upon one another."

For the avoidance of doubt, the Proposed Special Dividend and/or Capital Repayment, Proposed Acquisition, Proposed Rights Issue, Proposed Restricted Issue, Proposed Exemption and Proposed Change of Name shall be implemented upon the completion of the Proposed Disposal of Furniture Business and Proposed Disposal of Freehold Land.

The above variation has been agreed by both Mieco and Insas.

Further to the above, Malacca Securities Sdn Bhd, the principal adviser of the Proposals, had on even date submitted an application for an extension of time for an additional period of two (2) months from 15 October 2022 to 15 December 2022 to comply with Paragraph 9.17A of the Equity Guidelines.

On 1 November 2022, the Company announced that the Company and Mieco had vide letters dated 1 November 2022 mutually agreed to further extend the 2nd Extended Conditional Period of SSA for an additional three (3) months from 5 November 2022 until 5 February 2023 to fulfill the Conditions Precedent pursuant to the SSA ("3rd Extended Conditional Period of SSA").

Save for the above, all other terms and conditions of the SSA and the Addendum and all other instruments and agreements executed, delivered or entered into thereunder or pursuant thereto remain unchanged.

Further to the above, the Company has appointed Asia Equity Research Sdn Bhd as the new Independent Business Valuer in respect of the Proposed Acquisition in place of MainStreet Advisers Sdn Bhd.

In addition, the Company announced that the Securities Commission Malaysia had, vide its letter dated 1 November 2022, approved the application for an extension of time for an additional period of two (2) months from 15 October 2022 to 15 December 2022 to comply with Paragraph 9.17A of the Equity Guidelines.

On 14 November 2022, the Company announced that the Company and Insas had on 14 November 2022 entered into a supplemental SSPA to vary certain terms of the SSPA to reflect the following changes:

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- a) 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
- b) That arising from the revised issue price of the Consideration Shares, the number of SYF Shares to be issued for the Proposed Acquisition and Proposed Restricted Issue has been revised to 1,009,090,909 Consideration Shares and up to 157,796,392 Restricted Issue Shares respectively.

In addition, on behalf of the Board, Malacca Securities announced that the Proposed Acquisition is deemed as a related party transaction in accordance with paragraph 10.08 of the Listing Requirements.

On 14 November 2022, Dato' Sri Ng Ah Chai has given an irrevocable undertaking to SYF that he shall: - (a) remit an amount of RM6.00 million to SYF in the event he disposes of all or any part of his SYF Shares prior to the Entitlement Date for the Proposed Special Dividend and/or Capital Repayment, out of the proceeds from such disposal; OR (b) forgo his entitlement to the Proposed Special Dividend and/or Capital Repayment amounting to RM6.00 million which shall be retained by SYF ("Remittance")

On 14 December 2022, the Company announced that the SC had, vide its letter dated 14 December 2022 ("Letter") (which was received on 15 December 2022), informed that: -

- (i) The application in relation to the Proposals (save for the Proposed Exemption) has been approved by the SC under Section 214(1) of the Capital Markets and Services Act 2007 ("CMSA"), subject to the terms and conditions as set out in Section 1 below;
- (ii) The application has been approved under the Bumiputera equity requirement for public listed companies in relation to the resultant equity structure of SYF pursuant to the Proposals subject to conditions as set out in Section 1 below; and
- (iii) The SC has no further comments on the circular to the shareholders of SYF to be issued in relation to the Proposals. In this connection, SYF is required to use the circular within fourteen (14) days from the date of the Letter. If the circular is not issued within the stipulated time period, Malacca Securities must submit the circular to the SC for clearance at least seven (7) market days prior to the intended date of issuance.

1 Terms and Conditions for Approval

The approval by the SC for the proposed acquisition of the entire equity interest and redeemable convertible preference shares in M & A Securities from Insas and its related proposals, as contained in the SC's letter dated 14 December 2022 is subject to the following terms and conditions: -

1.1 Terms

- (i) Proposed disposal by SYF of the entire equity interest in Seng Yip to Mico, for a disposal consideration of RM50.00 million, to be fully satisfied via cash;
- (ii) Proposed disposal of two (2) parcels of freehold land, by Nikmat Sekitar and Nuri Meriah respectively, the indirect wholly-owned subsidiaries of SYF, to Juta, for a total disposal consideration of RM21.20 million, to be fully satisfied via cash;
- (iii) Proposed cash distribution of RM0.18 per SYF Share comprising RM0.07 per SYF Share to be distributed on the entitlement date after completion of the Proposed Disposal of Furniture Business and the remaining RM0.11 per SYF Share to be distributed on the entitlement date after completion of the Proposed Disposal of Freehold Land;
- (iv) Proposed acquisition by SYF of the entire equity interest and redeemable convertible preference shares in M & A Securities, from Insas for a purchase consideration of RM222.0 million, to be fully satisfied via the issuance of 1,009,090,909 new SYF Shares at an issue price of RM0.22 per SYF Share;
- (v) Proposed renounceable rights issue of 284,436,506 new SYF Shares ("Rights Shares"), to existing shareholders of SYF at an issue price of RM0.22 each, on the basis of one (1) Rights Share for every two (2) existing SYF Shares held on the entitlement date;
- (vi) Proposed restricted issue of up to 157,796,392 new SYF Shares, at an issue price of RM0.22 each, representing up to 10% of the enlarged share capital of SYF after the Proposed 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;
- (vii) Proposed exemption under subparagraph 4.08(1)(a) of the Rules on Takeovers, Mergers and Compulsory Acquisitions for Insas and its persons acting in concert from the obligation to undertake a mandatory take-over offer to acquire the remaining SYF Shares not already owned by them upon completion of the Proposed Acquisition; and
- (viii) Proposed change of name from "SYF Resources Berhad" to "M & A Equity Holdings Berhad";
- (ix) Listing of and quotation for the new SYF Shares to be issued pursuant to the Proposed Acquisition, Proposed Rights Issue and Proposed Restricted Issue on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), as follows:
 - (a) 1,009,090,909 new SYF Shares to be issued pursuant to the Proposed Acquisition;
 - (b) 284,436,506 new SYF Shares to be issued pursuant to the Proposed Rights Issue; and
 - (c) Up to 157,796,392 new SYF Shares to be issued pursuant to the Proposed Restricted Issue.

1.2 Conditions

- (i) Malacca Securities and SYF to fully comply with the requirements of the SC's Equity Guidelines and Bursa Malaysia's Main Market Listing

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Requirements ("Listing Requirements") pertaining to the implementation of the Proposals;

- (ii) SYF to allocate 12.5% of its enlarged number of issued shares to Bumiputera investors to be approved or recognised by the Ministry of International Trade and Industry ("MITI") within one (1) year after registering after-tax-profit or three (3) years after the implementation of the Proposals, whichever is earlier ("Trigger Date"); and
- (iii) SYF to submit to the SC on its proposal to comply with the equity condition stated in paragraph 1.2 (ii) above within six (6) months from the Trigger Date.

On 16 December 2022, the Company announced that the listing application in relation to the Proposals has been submitted to Bursa Malaysia on 16 December 2022.

On 27 December 2022, the Company announced that Bursa Malaysia had, vide its letter dated 27 December 2022 approved the listing and quotation of the following: -

- a) 1,009,090,909 new SYF shares to be issued pursuant to the Proposed Acquisition;
- b) 284,436,506 new SYF shares to be issued pursuant to the Proposed Rights Issue; and
- c) up to 157,796,392 new SYF shares to be issued pursuant to the Proposed Restricted Issue.

The approval by Bursa Malaysia for the above is subject to the following conditions:

- (i) SYF and Malacca Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals;
- (ii) SYF is required to furnish Bursa Malaysia with certified true copy of the resolutions passed by the shareholders at the extraordinary general meeting approving the Proposals;
- (iii) SYF and Malacca Securities are required to inform Bursa Malaysia upon completion of the Proposals;
- (iv) SYF is required to furnish Bursa Malaysia with a written confirmation of its compliance with the terms and conditions of Bursa Malaysia's approval once the Proposals are completed;
- (v) SYF must comply with the public security holding spread requirements pursuant to paragraph 8.02 of the Listing Requirements upon listing of and quotation for the new SYF shares to be issued pursuant to the Proposed Acquisition, Proposed Rights Issue and Proposed Restricted Issue;
- (vi) SYF and its adviser to furnish Bursa Malaysia with a written confirmation that SYF complies with the public security holdings spread requirements pursuant to paragraph 8.02(1) of the Listing Requirements and a certificate of distribution of shares in the format contained Part B(1)(d) of Annexure PN21-A of the Listing Requirements;
- (vii) SYF to furnish Bursa Malaysia with the confirmation letters duly signed by Y.A.M. Tengku Puteri Seri Kemala Tengku Hajjah Aishah Binti Almarhum Sultan Haji Ahmad Shah, DK(II), SIMP and Datuk Tan Choon Peow, Bill (proposed Directors of SYF) in the format prescribed in Annexures PN21-C of the Listing Requirements;
- (viii) SYF to furnish Bursa Malaysia 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 Listing Requirements;
- (ix) SYF to furnish Bursa Malaysia 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 Listing Requirements;

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- (x) SYF to furnish Bursa Malaysia with a confirmation that the requirements stipulated under paragraphs 15.02, 15.09 and 15.10 of the Listing Requirements have been duly complied together with the relevant document supporting the same;
- (xi) Malacca Securities is required to furnish Bursa Malaysia with the final list of subscribers pursuant to the Proposed Restricted Issue setting out the names, home or business addresses, identity card / passport / company registration numbers, occupations / principal activities and securities account numbers of all the subscribers and the ultimate beneficial owners of the securities subscribed (in the case where the subscribers are nominee corporations or funds) and the amount and price of securities placed to each subscriber;
- (xii) SYF to furnish Bursa Malaysia with a copy of the order of the High Court of Malaya for the capital repayment pursuant to the Proposed Special Dividend and/or Capital Repayment, if relevant; and
- (xiii) Malacca Securities to furnish Bursa Malaysia with a letter confirming that all approvals of the relevant authorities have been obtained.

In respect of the Proposed Change of Name to "M & A Equity Holdings Berhad", kindly furnish Bursa Malaysia with the relevant documents as specified in Bursa Malaysia's letter to SYF dated 8 June 2022.

Quotation of the new SYF shares to be issued pursuant to the Proposed Acquisition, Proposed Rights Issue and Proposed Restricted Issue will take place two (2) market days after the receipt of the application for quotation of the new SYF shares by Bursa Malaysia as specified under Part C of Annexure PN28-B (where applicable).

On 3 January 2023, the Company announced that the Company and Insas had on 3 January 2023, mutually agreed to further extend the 1st Extended Conditional Period from 4 January 2023 until 14 June 2023 to fulfill the Conditions Precedent pursuant to the SSPA.

On 19 January 2023, the Company announced that all the resolutions as set out in the Notice of the Extraordinary General Meeting ("EGM") dated 28 December 2022 were duly passed by the shareholders of the Company by way of poll through live streaming and remote participation and voting Facility via its website at www.bronollsolutions.com.my at the EGM held on 19 January 2023.

The results were validated by Symphony Corporate Services Sdn. Bhd., the Independent Scrutineer appointed by the Company.

On 30 January 2023, the Company 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 High Court of Malaya in Kuala Lumpur ("Court") had on 30 January 2023 granted the following orders confirming the reduction of share capital of SYF under Section 116 of the Companies Act 2016 ("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 31 January 2023, the Company announced that the Company and Mico had vide letters dated 31 January 2023 mutually agreed to further extend the 3rd Extended Conditional Period of SSA for an additional three (3) months from 5 February 2023 until 5 May 2023 to fulfil the Conditions Precedent pursuant to the SSA ("4th Extended Conditional Period of SSA").

On 3 March 2023, the Company announced that SYF has been informed by Insas 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 Proposed Exemption under subparagraph 4.08(1)(a) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions.

On 10 March 2023, the Company 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 even date.

On 14 March 2023, the Company announced that the SSA has been completed.

On 17 March 2023, the Company announced capital repayment exercise pursuant to Section 116 of the Companies Act 2016 by way of cash distribution of RM0.07 per SYF Share upon completion of the Disposal of Furniture Business.

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17.11 Earnings Per Share Attributable to Equity Holders of the Company

	<u>FY 2023</u> Current Quarter Ended 31/01/2023 RM'000	<u>FY 2022</u> Comparative Quarter Ended 31/01/2022 RM'000	<u>FY 2023</u> 6 Months Cumulative To Date RM'000	<u>FY 2022</u> 6 Months Cumulative To Date RM'000
Net profit/ (loss) attributable to equity holders of the Company				
- from continuing operations	(1,883)	(797)	(3,090)	(324)
- from discontinued operation	-	-	-	(24,311)
	<u>(1,883)</u>	<u>(797)</u>	<u>(3,090)</u>	<u>(24,635)</u>
Weighted average number of ordinary shares ('000)	568,873	568,873	568,873	568,873
Basic earnings/ (loss) per share (sen)				
- from continuing operations	(0.33)	(0.14)	(0.54)	(0.06)
- from discontinued operation	-	-	-	(4.27)
	<u>(0.33)</u>	<u>(0.14)</u>	<u>(0.54)</u>	<u>(4.33)</u>

17.12 Disposal Group Classified as Held for Sale and Discontinued Operation

On 6 October 2021, the Company has entered into a share sale agreement with Mieco for the disposal of its entire equity interest in Seng Yip, comprising its entire rubberwood furniture segment for a total disposal consideration of RM50.00 million. The disposal of Seng Yip is pending completion as at 31 January 2023, and thus the assets and liabilities of Seng Yip under rubberwood furniture segment have been presented separately in the statements of financial position as a disposal group classified as held for sale and the financial results of Seng Yip for current and previous financial period is presented separately in the statements of profit or loss and other comprehensive income as discontinued operation.