

TOYO VENTURES HOLDINGS BERHAD

(Company No.202001001322 (1357641-P))

(Incorporated in Malaysia)

**QUARTERLY REPORT
FOR THE FIRST FINANCIAL QUARTER ENDED
31 DECEMBER 2021**

This Report is dated 28 February 2022.

TOYO VENTURES HOLDINGS BERHAD
(Company No.202001001322 (1357641-P))
(Incorporated in Malaysia)

QUARTERLY REPORT

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TOYO VENTURES HOLDINGS BERHAD

(Company No.202001001322 (1357641-P))

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
		31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Continuing operations					
Revenue		27,993	-	27,993	-
Cost of sales		(23,056)	-	(23,056)	-
Gross profit		<u>4,937</u>	<u>-</u>	<u>4,937</u>	<u>-</u>
Operating expenses		(4,225)	-	(4,225)	-
Other operating income		638	-	638	-
Finance cost		(49)	-	(49)	-
Share of results in associate		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit before taxation	B13	1,301	-	1,301	-
Taxation	B 6	<u>(515)</u>	<u>-</u>	<u>(515)</u>	<u>-</u>
Profit for the period		<u><u>786</u></u>	<u><u>-</u></u>	<u><u>786</u></u>	<u><u>-</u></u>
Profit Attributable to:					
Owners of the parent		786	-	786	-
Non-controlling interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u><u>786</u></u>	<u><u>-</u></u>	<u><u>786</u></u>	<u><u>-</u></u>
Basic earnings/(loss) per ordinary share (sen)					
	B14	<u>0.67</u>	<u>-</u>	<u>0.67</u>	<u>-</u>
Diluted earnings/(loss) per ordinary share (sen)					
	B14	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

- 1) The financial year end of the Group has been changed from 30 June to 30 September. As such, there will be no comparative financial information available for the preceding year corresponding period.
- 2) The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial period ended 30 September 2021

TOYO VENTURES HOLDINGS BERHAD
(Company No.202001001322 (1357641-P))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		As At 31/12/2021 RM'000	As At 30/09/2021 RM'000 (Audited)
ASSETS	Note		
Non Current Assets			
Property, plant and equipment	A 9	19,107	18,842
Right-of-use-assets		610	720
Power plant development project		299,654	296,142
Lease receivables		-	4
Other investment		690	690
		<u>320,061</u>	<u>316,398</u>
Current Assets			
Inventories		17,763	15,490
Trade and other receivables		125,797	99,589
Lease receivables		14	24
Tax recoverable		588	826
Fixed deposits with licensed banks		9,176	19,423
Cash and bank balances		3,660	9,210
		<u>156,998</u>	<u>144,562</u>
TOTAL ASSETS		<u>477,059</u>	<u>460,960</u>
EQUITY AND LIABILITIES			
Share capital		125,720	125,720
Warrant reserve		5,885	5,885
Other reserve		1,842	2,761
Retained profits		1,203	417
TOTAL EQUITY		<u>134,650</u>	<u>134,783</u>
Non Current Liabilities			
Finance lease liabilities		315	279
Lease liabilities		557	629
Borrowings	B8	1,584	-
Other payables		314,164	303,702
Deferred tax liabilities		1,851	1,851
		<u>318,471</u>	<u>306,461</u>
Current Liabilities			
Trade and other payables		19,131	16,276
Amount owing to directors		113	109
Finance lease liabilities		162	263
Right-of-use lease liabilities		123	164
Short term borrowings	B8	4,123	2,800
Tax liabilities		286	104
		<u>23,938</u>	<u>19,716</u>
TOTAL CURRENT LIABILITIES		<u>23,938</u>	<u>19,716</u>
TOTAL LIABILITIES		<u>342,409</u>	<u>326,177</u>
TOTAL EQUITY AND LIABILITIES		<u>477,059</u>	<u>460,960</u>
Net Assets Per Share Attributable to Owners of the Parent (RM)		<u>1.14</u>	<u>1.15</u>

Note:

- 1) The comparative figures in the consolidated statement of financial position are presented as if the reorganisation had been affected from the beginning of the earliest period presented. Please refer to Note 1 Basis of Preparation.
- 2) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial period ended 30 September 2021.

TOYO VENTURES HOLDINGS BERHAD
 (Company No.202001001322 (1357641-P))
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE FIRST FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

(The figures have not been audited)

	<----Attributable to Shareholders of the Company--->					Total Equity RM '000
	<---Non-Distributable Reserves----->			Distributable Reserve		
	Share Capital RM '000	Warrant reserve RM '000	Translation reserve RM'000	Retained profits RM '000	Non- Controlling Interest RM'000	
Balance as at 1 October 2020	-	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	-		-		-
Dividend Paid				-		-
Balance as at 31 December 2020	-	-	-	-	-	-
Balance as at 1 October 2021	125,720	5,885	2,761	417	-	134,783
Total comprehensive income/(expense) for the period	-	-	(919)	786	-	(133)
Dividend Paid				-		-
Balance as at 31 December 2021	125,720	5,885	1,842	1,203	-	134,650

Notes:

- 1) The financial year end of the Group has been changed from 30 June to 30 September. As such, there will be no comparative financial information available for the preceding period corresponding period.
- 2) The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial period ended 30 September 2021.

TOYO VENTURES HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FIRST FINANCIAL QUARTER ENDED 31 DECEMBER 2021**

(The figures have not been audited)

	Current period to date ended 31/12/2021 RM'000	Corresponding period to date ended 31/12/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,301	-
Adjustments for:		
Non-cash items	394	-
Interest expense	49	-
Operating profit before working capital changes	<u>1,744</u>	<u>-</u>
Changes in working capital:		
Net changes in current assets	(22,029)	-
Net changes in current liabilities	(3,590)	-
Cash used in operations	<u>(23,875)</u>	<u>-</u>
Tax refunded	229	-
Tax paid	(325)	-
Interest paid	(49)	-
Translation reserve	(922)	-
Net cash used in operating activities	<u>(24,942)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment *	(534)	-
Development expenditure	(3,512)	-
Net cash used in investing activities	<u>(4,046)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional / (Repayment) of borrowings	473	-
Drawdown of term loans	2,086	-
Advances from other payables	10,463	-
Addition/(Payment) from/(to) lease liabilities	(180)	-
Net cash generated from financing activities	<u>12,842</u>	<u>-</u>
Net decrease in cash and cash equivalents	<u>(16,146)</u>	<u>-</u>
Cash and cash equivalents at beginning of financial year	<u>28,633</u>	<u>-</u>
Cash and cash equivalents at end of financial quarter	<u><u>12,487</u></u>	<u><u>-</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	3,660	-
Fixed deposits with licensed banks	9,176	-
Bank overdraft	(349)	-
	<u>12,487</u>	<u>-</u>
* Acquisition of property,plant and equipment during the financial quarter are financed by:		
	31/12/2021	31/12/2020
	RM'000	RM'000
Mode of payments:		
Cash	534	-
Hire Purchase	-	-
	<u>534</u>	<u>-</u>

Notes:

- The financial year end of the Group has been changed from 30 June to 30 September. As such, there will be no comparative financial information available for the preceding year corresponding period.
- The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the period ended 30 September 2021.

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QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 (INTERIM FINANCIAL REPORTING)

A1. **Basic of Preparation**

The unaudited interim financial statements, for the period ended 31 December 2021, have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the financial period ended 30 September 2021. For the periods up to and including the period ended 30 September 2021, the Group prepared its financial statement in accordance with the Malaysian Financial Reporting Standards (“MFRS”).

The 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 period ended 30 September 2021.

A2. **Changes in Accounting Policies**

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”). The significant accounting policies adopted in preparing the interim financial statement are consistent with those of the audited financial statement for the period ended 30 September 2021.

The following are the accounting standards, amendments and interpretations of the MFRS that have been issued by the Malaysian Accounting Standards Board (“MASB”).

- | | |
|--------------------------|--|
| • Amendments to MFRS 3 | Business Combinations – Definition of a Business |
| • Amendments to MFRS 101 | Presentation of Financial Statements |
| • Amendments to MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material |
| • Amendments to MFRS 9 | Financial Instruments |
| • Amendments to MFRS 139 | Financial Instruments: Recognition and Measurements |
| • Amendments to MFRS 7 | Financial Instruments: Disclosure – Interest Rate Benchmark Reform* |
| • Amendments to MFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 |

The adoption of the above amendments to published standards and interpretations does not give rise to any material effects to the Group.

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A3. Auditors' Report

The auditors' report for the preceding financial statements ended 30 September 2021 was subject to qualification as disclosed in Note B15.

A4. Seasonal or Cyclical Factors

The Group's operations were not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

A6. Changes in Estimates

There were no changes in estimates of amounts reported in prior interim period which have a material effect on the current interim period.

A7. Issuance or Repayment of Debts and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current quarter under review.

A8. Dividend Paid

No dividend was paid in the current quarter.

A9. Valuation of Property, Plant and Equipment

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

The Group did not carry out any valuation on its property, plant and equipment during the current interim period.

A10. Segmental Reporting

Current Year To Date 31 December 2021

	Manufacturing RM'000	Trading and investment holding RM'000	Energy RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	19,530	8,463	-	-	27,993
Inter-segment	(302)	405	-	(103)	-
Total revenue	19,228	8,868	-	(103)	27,993
Results					
Segment results	(1,754)	3,413	(309)	-	1,350
Finance costs	(53)	4	-	-	(49)
Share of results in associate					-
Taxation					(515)
Non-controlling interest					-
Net profit for the financial period					786
Other Information					
Segment assets	47,412	129,405	-		176,817
Associate					-
Unallocated corporate assets					300,242
Consolidated total assets					477,059
Segment liabilities	11,416	6,185	-		17,601
Unallocated corporate liabilities					324,808
Consolidated total liabilities					342,409
Capital expenditure	337	197	-	-	534
Depreciation/ amortization	222	47	-	-	269

A10. Segmental Reporting (continued)

Corresponding Year To Date 31 December 2020

	Manufacturing RM'000	Trading and investment holding RM'000	Energy RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	-	-	-	-	-
Inter-segment	-	-	-	-	-
Total revenue	-	-	-	-	-
Results					
Segment results	-	-	-	-	-
Finance costs	-	-	-	-	-
Share of results in associate					-
Taxation					-
Non-controlling interest					-
Net profit for the financial period					-

Geographical Segments

The Group's continuing operations are mainly production and sale of products in two principal geographical areas, Malaysia and Indonesia.

	Revenue from external customers by location of customers		Segment assets by location of assets		Capital expenditure by location of assets	
	YTD 31 Dec 2021 RM'000	YTD 31 Dec 2020 RM'000	YTD 31 Dec 2021 RM'000	YTD 31 Dec 2020 RM'000	YTD 31 Dec 2021 RM'000	YTD 31 Dec 2020 RM'000
	Continuing operations					
Malaysia	27,993	-	177,405	-	534	-
Vietnam	-	-	299,654	-	-	-
	27,993	-	477,059	-	534	-

A11. Subsequent Material Events

There were no material events that have arisen between the end of the reporting period and the date of issuance of this quarterly report, which will substantially affect the results of the Group.

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A12. Changes in the Composition of the Group

There were no material changes in the composition of the Group in the current financial quarter under review.

A13. Contingent Liabilities or Contingent Assets

Save as disclosed below, there were no changes in contingent liabilities since the last annual reporting date and there were no contingent assets as at the end of the current quarter.

The contingent liabilities pertaining to the corporate guarantees given by the Company to financial institutions for banking facilities granted to subsidiaries amounted to RM20,891,000 as at 31 December 2021 (31 December 2020 : RM13,480,000).

A14. Capital Commitments

	3 months ended 31 Dec 2021 RM'000	3 months ended 31 Dec 2020 RM'000
Approved and contracted but not provided for:		
- Investment Property	-	-
- Property, Plant & Machinery	-	-
Total	<u>-</u>	<u>-</u>

B. ADDITIONAL DISCLOSURES PURSUANT TO APPENDIX 9B, PART A OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1. Review of Performance**

For the current quarter ended 31 December 2021, the Group registered revenue and profit before tax of RM27.99 million and RM1.29 million respectively.

The Group's manufacturing segment contributed RM19.23 million in revenue which is approx. 68.7% of the total revenue for the current quarter ended 31 December 2021. The revenue from manufacturing segment is derived mainly from the sales of ink products and EDM wires.

The Group's trading segment contributed RM8.87 million in revenue which accounted for approx. 31.3% of the total revenue. This is derived from EDM engineering and consumables products and trading of component automotive refinish system.

There were no prior year comparisons for the quarter and full year due to the change of financial year end from 30 June to 30 September.

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B2. Comparison with Preceding Quarter's Results**Quarter ended 31 December 2021 vs 30 September 2021**

	3 months ended 31 December 2021 RM'000	3 months ended 30 September 2021 RM'000
Revenue	<u>27,993</u>	<u>18,288</u>
Profit/(Loss) before tax	<u>1,301</u>	<u>(13,061)</u>

For the current quarter ended 31 December 2021 ("1Q 2022"), the Group posted revenue of RM27.99 million compared to RM18.29 million in the preceding quarter ended 30 September 2021 ("5Q 2021") mainly due to higher sales in EDM-Tools division.

Profit before tax was RM1.30 million for 1Q 2022 compared to loss of RM 13.06 million for 5Q 2021. The loss in 5Q 2021 was mainly due to costs related to the power plant project in Vietnam being expensed off.

B3. Prospects

In view of the on-going Covid-19 situation and the uncertain market conditions, the Board of Directors expect the Group's prospect to be challenging but remain confident of achieving encouraging performance for the financial year ending 30 September 2022.

B4. Statement of the Board of Directors' Opinion

Not applicable as the Group did not announce or publish any revenue or profit estimate, forecast, projection or internal target for the financial year.

B5. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document.

B6. Taxation

	INDIVIDUAL Current quarter ended 31/12/2021 RM'000	QUARTER Corresponding quarter ended 31/12/2020 RM'000	CUMULATIVE Current year to date ended 31/12/2021 RM'000	QUARTER Corresponding year to date ended 31/12/2020 RM'000
Malaysia Income Tax				
-Provision for the period	(515)	-	(515)	-
Deferred Taxation				
-Provision for the period	-	-	-	-
	<u>(515)</u>	<u>-</u>	<u>(515)</u>	<u>-</u>

B7. Status of Corporate Proposals and utilisation of proceeds

Private Placement Proceeds

On 9 April 2021, the Company completed the issuance of the first tranche of the private placement comprised of 6,450,000 new ordinary shares at an issue price of RM2.35 per share.

On 16 April 2021, the Company completed the issuance of the second and final tranche of the private placement comprised of 4,250,000 new ordinary shares at an issue price of RM2.35 per share.

The total gross proceeds raised from the above private placement amounted to RM25.15 million.

Utilisation of proceeds

The details and status of the utilisation of Proceeds from Private Placements are as follow:

Purpose	Proposed Utilization RM'000	Actual Utilization RM'000	Intended Time Frame
Investment in Power Plant Project	24,500	21,700	Within one (1) year
Estimated expenses in relation to the Private Placements	<u>650</u>	<u>545</u>	Completed
	<u>25,150</u>	<u>22,245</u>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Announcement of the Company dated 5 February 2021.

Status of corporate proposals announced

TVHB had, on 8 December 2021, entered into a settlement agreement with its non-current other payables related to a substantial shareholder (“**Creditors**”) for the proposed settlement of RM250,449,600 out of the total outstanding debts as at 30 June 2020 of RM276,163,600 owing to the Creditors through the issuance of RM250,449,600 nominal value of five (5)-year, zero coupon irredeemable convertible unsecured loan stocks in TVHB at 100% of its nominal value (“**Settlement Agreement**” or “**Proposed Settlement**”).

Subsequently, the Settlement Agreement was mutually terminated by TVHB and the Creditors on 22 February 2022 (“**Termination**”) on the premise that TVHB is required to revisit and propose a comprehensive plan to resolve the Proposed Settlement in a holistic manner in light of the total outstanding debts owing to the Creditors which had since increased from RM276.16 million (as per the audited consolidated financial statements of TVHB for the financial period ended 30 June 2020) to RM303.70 million based on the latest audited consolidated financial statements of TVHB for the financial period ended 30 September 2021 and thereafter, the Creditors have extended further advances to TVHB.

Following the Termination, the Settlement Agreement shall be treated as being terminated and shall be null and void with no legal force and effect whatsoever, and neither party to the Settlement Agreement shall have any further rights or duties thereunder.

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B8. Borrowings

The Group's borrowings as at the end of the reporting quarter are as follows:

	31/12/2021	30/9/2021
	RM'000	RM'000
Long term borrowings		
Secured		
Term loan	1,584	-
Short term borrowings		
Secured		
Bankers' acceptances	3,273	2,800
Bank overdrafts	349	-
Term loan	501	-
	<u>4,123</u>	<u>2,800</u>
Total	<u>5,707</u>	<u>2,800</u>

B9. Material Litigations

There were no material litigations as at the date of this quarterly report.

B10. Dividend

The Board does not recommend any dividend for the current quarter under review.

B11. Disclosures of derivatives

There were no outstanding derivatives as at 31 December 2021.

B12. Gain/Losses Arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of the financial liabilities for the current quarter ended 31 December 2021.

B13. Notes to the Condensed Consolidated Income Statement

Profit before taxation is arrived at after crediting/(charging) the following items:

	Individual	Cumulative
	quarter ended	quarter ended
	31/12/2021	31/12/2021
	RM'000	RM'000
Other income	638	638
Interest expense	(49)	(49)
Depreciation of property, plant and equipment	(269)	(269)
Foreign exchange gain	5	5
	<u>5</u>	<u>5</u>

TOYO VENTURES HOLDINGS BERHAD

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B14. Earnings Per Share

- i. Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

	INDIVIDUAL Current quarter ended 31/12/2021 RM'000	QUARTER Corresponding quarter ended 31/12/2020 RM'000	CUMULATIVE Current year to date ended 31/12/2021 RM'000	QUARTER Corresponding year to date ended 31/12/2020 RM'000
Profit attributable to shareholders	786	-	786	-
Weighted average number of ordinary shares in issue	117,703	-	117,703	-
Basic earnings per share (sen)	0.67	-	0.67	-

B14. Earnings Per Share (continued)

- ii. The Company does not have any dilutive potential ordinary shares as the fair value of the ordinary shares during the period is less than the exercise price. Accordingly, the diluted earnings per share were not presented.

B15. Annual Audited Report

The Company's external auditors had issued a qualified audit opinion on the financial statements of the Group for the preceding financial period ended 30 September 2021 on the following issues and matters, of which they were unable to determine the effect of adjustments, if any, that might have been found to be necessary on the financial position of the Group as at 30 September 2021, or on its performance and cash flows of the Group for the financial period then ended:

- Uncertainty of power plant development project of a subsidiary due to inadequate evidence available and recent changes in circumstances

The Board and the management of the Group have been working closely with the funder, intended investors and relevant authorities to ensure the continuity of the power plant project by getting the Share Sale Agreement with the intended investor to be executed and the financial package for the power plant project in place, within the stipulated time frame.

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B15. Annual Audited Report (cont'd)

2. Audited financial statements of the Vietnamese subsidiary were not available for consolidation purposes

Due to time constraint, the Company managed to obtain the audited financial statements from the said Vietnamese subsidiary, which were prepared in accordance with the Vietnamese Financial Reporting Standards after the report date.

The Board will do the needful to ensure that the audited financial statements for the said Vietnamese subsidiary will be available for consolidation purpose in the future, in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia adopted by the Group.

3. Payments of RM344,202,100 made to the Vietnamese consultant were not supported with adequate documents

These payments have been verified and approved by the Project Committee and the Board is aware of such payments.

Nevertheless, the Group has reinforced the internal control procedures for such payments by maintaining proper documentation and ensure strict adherence to the policies and procedures for approving such payments in the future.

By Order of the Board,

Andrea Huong Jia Mei
Company Secretary

Dated 28 February 2022