

TOYO VENTURES HOLDINGS BERHAD

(Company No.202001001322 (1357641-P))

(Incorporated in Malaysia)

**QUARTERLY REPORT
FOR THE THIRD FINANCIAL QUARTER ENDED
30 JUNE 2022**

This Report is dated 30 August 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 THIRD FINANCIAL QUARTER ENDED 30 JUNE 2022**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current quarter ended	Corresponding quarter ended	Current year ended	Corresponding year ended
		30/6/2022 RM'000	30/6/2021 RM'000	30/6/2022 RM'000	30/6/2021 RM'000
Continuing operations					
Revenue		25,669	-	79,890	-
Cost of sales		(22,714)	-	(67,796)	-
Gross profit		<u>2,955</u>	<u>-</u>	<u>12,094</u>	<u>-</u>
Interest income		14	-	87	-
Other operating income		1,756	-	2,536	-
Operating expenses		(3,614)	-	(13,059)	-
Finance cost		(132)	-	(292)	-
Profit before taxation	B13	<u>979</u>	<u>-</u>	<u>1,366</u>	<u>-</u>
Taxation	B 6	<u>(567)</u>	<u>-</u>	<u>(1,174)</u>	<u>-</u>
Profit from continuing operations		<u>412</u>	<u>-</u>	<u>192</u>	<u>-</u>
Profit for the period		<u>412</u>	<u>-</u>	<u>192</u>	<u>-</u>
Profit Attributable to:					
Owners of the parent		<u>412</u>	<u>-</u>	<u>192</u>	<u>-</u>
Basic earnings					
per ordinary share (sen)	B14	<u>0.35</u>	<u>-</u>	<u>0.16</u>	<u>-</u>
Diluted earnings					
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 30 JUNE 2022

	Note	As At 30/6/2022 RM'000	As At 30/09/2021 RM'000 (Audited)
ASSETS			
Non Current Assets			
Property, plant and equipment	A9	22,135	18,842
Right-of-use-assets		541	720
Power plant development project		297,110	296,142
Lease receivables		-	4
Other investment		690	690
		<u>320,476</u>	<u>316,398</u>
Current Assets			
Inventories		19,744	15,490
Trade and other receivables		152,007	99,589
Lease receivables		4	24
Tax recoverable		593	826
Fixed deposits with licensed banks		4,071	19,423
Cash and bank balances		8,214	9,210
		<u>184,633</u>	<u>144,562</u>
TOTAL ASSETS		<u>505,109</u>	<u>460,960</u>
EQUITY AND LIABILITIES			
Share capital		125,720	125,720
Warrant reserve		5,885	5,885
Other reserve		5,889	2,761
Retained profits		609	417
TOTAL EQUITY		<u>138,103</u>	<u>134,783</u>
Non Current Liabilities			
Finance lease liabilities		121	279
Lease liabilities		503	629
Bank borrowings	B8	2,720	-
Other payables		326,565	303,702
Deferred tax liabilities		1,793	1,851
		<u>331,702</u>	<u>306,461</u>
Current Liabilities			
Trade and other payables		29,807	16,276
Amount owing to directors		56	109
Finance lease liabilities		218	263
Lease liabilities		114	164
Bank borrowings	B8	4,908	2,800
Tax payables		201	104
		<u>35,304</u>	<u>19,716</u>
TOTAL LIABILITIES		<u>367,006</u>	<u>326,177</u>
TOTAL EQUITY AND LIABILITIES		<u>505,109</u>	<u>460,960</u>
Net Assets Per Share Attributable to Owners of the Parent (RM)		<u>1.17</u>	<u>1.15</u>

Note:

- The comparative figures in the consolidated statement of financial position are presented as if the reorganisation had been effected from the beginning of the earliest period presented. Please refer to Note A1 Basis of Preparation.
- 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 THIRD FINANCIAL QUARTER ENDED 30 JUNE 2022
(The figures have not been audited)

	<---Attributable to Shareholders of the Company--->					Total Equity RM '000
	Share Capital RM '000	Warrant reserve RM '000	Translation reserve RM'000	Retained profits RM '000	Distributable Reserve	
					Non- Controlling Interest RM'000	
Balance as at 1 October 2020	-	-	-	-	-	-
Total comprehensive income/(expense) for the period	-	-	-	-	-	-
Balance as at 30 June 2021	-	-	-	-	-	-
Balance as at 1 October 2021	125,720	5,885	2,761	417	-	134,783
Total comprehensive income/(expense) for the period	-	-	3,128	192	-	3,320
Balance as at 30 June 2022	125,720	5,885	5,889	609	-	138,103

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
(Company No.202001001322 (1357641-P))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 JUNE 2022**

(The figures have not been audited)

	Current period to date ended 30/6/2022 RM'000	Corresponding period to date ended 30/6/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,366	-
Adjustments for:		
Bad debts written off	181	
Depreciation of property, plant and equipment	1,060	-
Gain on disposal of property, plant and equipment	(10)	
Interest income	(87)	
Interest expense	292	
Property, plant and equipment written off	155	
Unrealised gain on foreign exchange	(1,753)	-
Operating profit before working capital changes	1,204	-
Changes in working capital:		
Increase in inventories	(4,254)	
Increase in receivables	(48,314)	
Increase in payables	33,741	-
Cash used in operations	(17,623)	-
Tax paid, net of refunds	(937)	-
Net cash used in operating activities	(18,560)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(2,388)	-
Finance income received from lease receivables	21	
Net proceeds from disposal of property, plant and equipment	2	
Net cash used in investing activities	(2,365)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net changes in banker's acceptance	1,522	-
Repayment of finance lease liabilities	(203)	
Repayment of lease liabilities	(109)	
Repayment of term loans	(153)	
Repayment to directors	(53)	-
Drawdown of term loans	3,459	-
Net cash generated from financing activities	4,463	-
Net decrease in cash and cash equivalents	(16,462)	-
Cash and cash equivalents at beginning of financial year	28,633	-
Effect of exchange rate changes	114	
Cash and cash equivalents at end of financial quarter	12,285	-
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	8,214	-
Fixed deposits with licensed banks	4,071	-
	12,285	-

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 Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the period ended 30 September 2021.

**QUARTERLY REPORT
FOR THE THIRD FINANCIAL QUARTER ENDED 30 JUNE 2022**

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 30 June 2022, 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 Period To Date 30 June 2022

	Manufacturing RM'000	Trading and investment holding RM'000	Energy RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	52,188	28,059	-	(357)	79,890
Inter-segment	-	439	-	(439)	-
Total revenue	52,188	28,498	-	(796)	79,890
Results					
Segment results	(845)	6,462	(389)	(3,657)	1,571
Interest income	61	26	-	-	87
Finance cost	(129)	(163)	-	-	(292)
Taxation	(423)	(751)	-	-	(1,174)
Net profit/(loss) for the financial period	(1,336)	5,574	(389)	(3,657)	192
Other Information					
Segment assets	62,548	623,924	160,706	(359,727)	487,451
Unallocated corporate assets					17,658
Consolidated total assets					505,109
Segment liabilities	33,205	365,479	67,391	(105,590)	360,485
Unallocated corporate liabilities					6,521
Consolidated total liabilities					367,006
Capital expenditure	3,300	1,950	-	(980)	4,270
Depreciation/ amortization	590	469	1	-	1,060

A10. Segmental Reporting (continued)

Corresponding Period To Date 30 June 2021

	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	-	-	-	-	-
Interest income	-	-	-	-	-
Finance cost	-	-	-	-	-
Taxation	-	-	-	-	-
Net profit/(loss) 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 Vietnam.

	Revenue from external customers by location of customers		Segment assets by location of assets		Capital expenditure by location of assets	
	YTD	YTD	YTD	YTD	YTD	YTD
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Continuing operations						
Malaysia	79,890	-	344,403	-	4,270	-
Vietnam	-	-	160,706	-	-	-
	79,890	-	505,109	-	4,270	-

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

During the current financial quarter under review, Song Hau 2 Financing Pte Ltd was incorporated in Singapore which is a wholly owned subsidiary of Toyo Ink Group Berhad.

A13. Contingent Liabilities or Contingent Assets

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.

A14. Capital Commitments

	9 months ended 30 June 2022 RM'000	9 months ended 30 June 2021 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 third financial quarter ended 30 June 2022 (“3Q 2022”), the Group registered profit before tax (“PBT”) of RM1.37 million against revenue of RM79.9 million.

Revenue derived from Manufacturing segment is RM52.2 million while Trading and Investment Holding segment is RM27.7 million. Although the revenue from Manufacturing segment formed 65% of the total group revenue, it incurred loss before tax (“LBT”) of RM0.9 million. Trading and Investment Holding segment contributed to PBT of RM2.67 million. The Energy sector has no revenue and incurred LBT of RM0.4 million arising from expenses related to maintaining the subsidiary office and a representative office in Vietnam.

Revenue from the Manufacturing segment of RM52.2 million was derived from Toyo Ink Sdn Bhd (“TISB”) of RM27.9 million, EDM-Tools (M) Sdn Bhd (“ETSB”) of RM20.5 million and EDM Machining Solutions (M) Sdn Bhd (“EMSSB”) of RM3.8 million. The LBT of RM0.9 million suffered by this segment was due TISB’s LBT of RM1.9 million offsetting the PBT of ETSB and EMSSB of RM0.4 million and RM0.6 million respectively.

The Trading and Investment Holding segment’s revenue made up of 35% of the total group revenue with RM27.7 million and contributed by TISB of RM6.7 million, ETSB of RM9.7 million and EMSSB of RM11.3 million. The resulting PBT of 2.67 million was due to positive results posted by all the three companies.

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B1. Review of Performance (cont'd)

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.

B2. Comparison with Preceding Quarter's Results**Quarter ended 30 June 2022 vs 31 March 2022**

	3 months ended 30 June 2022 RM'000	3 months ended 31 March 2022 RM'000
Revenue	<u>25,669</u>	<u>26,228</u>
Profit/(Loss) before tax	<u>979</u>	<u>(914)</u>

For the current quarter ended 30 June 2022 ("3Q 2022"), the Group posted revenue of RM25.67 million compared to RM26.22 million in the preceding quarter ended 31 March 2022 ("2Q 2022").

Although the revenue during the 3Q 2022 was lower compared to 2Q 2022, the Group recorded PBT of RM0.98 million, a turnaround from the previous quarter LBT of RM0.91 million. One of the contributing factors is the improved performance of the ink division in TIBS whereby the exercise of selling price increase was implemented towards the end of June 2022, thereby narrowing its losses. Another major contributing factor is by EMSSB where its gross margin increased from 28.7% to 31.8%.

The loss in 2Q 2022 was mainly due to higher material cost and the compensation paid to the ex-managing director and a senior manager respectively.

B3. Prospects

In view of the lifting of the Covid-19 movement restriction and thus, anticipated improvement of the market conditions, the Board of Directors expect the Group's prospect to improve, except for the Energy segment and 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.

TOYO VENTURES HOLDINGS BERHAD

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B6. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter ended 30/6/2022 RM'000	Corresponding quarter ended 30/6/2021 RM'000	Current year to date ended 30/6/2022 RM'000	Corresponding year to date ended 30/6/2021 RM'000
Malaysia Income Tax				
-Provision for the period	(567)	-	(1,174)	-
Deferred Taxation				
-Provision for the period	-	-	-	-
	(567)	-	(1,174)	-

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 follows:

Purpose	Proposed Utilization RM'000	Actual Utilization RM'000	Intended Time Frame
Investment in Power Plant Project	24,500	24,605	Completed in 2Q 2022
Estimated expenses in relation to the Private Placements	650	545	Completed in 4Q 2021
	<u>25,150</u>	<u>25,150</u>	

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

B7. Status of Corporate Proposals and utilisation of proceeds (cont'd)

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.

B8. Borrowings

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

	30/6/2022	30/9/2021
	RM’000	RM’000
Long term borrowings		
Secured		
Term loans	2,720	-
Short term borrowings		
Secured		
Bankers’ acceptance	4,264	2,800
Term loans	644	-
	<u>4,908</u>	<u>2,800</u>
Total	<u>7,628</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 30 June 2022.

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 30 June 2022.

B13. Notes to the Condensed Consolidated Income Statement

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

	Current quarter ended 30/6/2022 RM'000	Cumulative quarter ended 30/6/2022 RM'000
Interest income	14	87
Interest expense	(132)	(292)
Depreciation of property, plant and equipment	(399)	(1,060)
Unrealised gain on foreign exchange	1,840	1,753

B14. Basic Earnings/(Loss) Per Share

- i. Basic earnings/(loss) 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 QUARTER		CUMULATIVE QUARTER	
	Current quarter ended 30/6/2022 RM'000	Corresponding quarter ended 30/6/2021 RM'000	Current year to date ended 30/6/2022 RM'000	Corresponding year to date ended 30/6/2021 RM'000
Profit attributable to shareholders	412	-	192	-
Weighted average number of ordinary shares in issue	117,703	-	117,703	-
Basic profit per share (sen)	0.35	-	0.16	-

- 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.

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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:

1. 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.

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 30 August 2022