

THIS CIRCULAR AND EXPLANATORY STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

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MALAYSIA BUILDING SOCIETY BERHAD
(Registration No. 197001000172 (9417-K))
(Incorporated in Malaysia)

**CIRCULAR AND EXPLANATORY STATEMENT TO THE SHAREHOLDERS OF
MALAYSIA BUILDING SOCIETY BERHAD (“MBSB” OR THE “COMPANY”)
PURSUANT TO SECTION 369 OF THE COMPANIES ACT, 2016 (“ACT”)**

IN RELATION TO THE

**PROPOSED DISPOSAL BY MBSB OF ITS RESIDUAL A&L (AS DEFINED HEREIN)
TO EMERALD UNITY SDN BHD, A SPECIAL PURPOSE VEHICLE BY WAY OF A PROPOSED
SCHEME OF ARRANGEMENT PURSUANT TO SECTION 366 AND SECTION 370 OF THE ACT**

AND

NOTICE OF COURT-CONVENED MEETING

Principal Adviser



AmInvestment Bank

AmInvestment Bank Berhad
(Registration No. 197501002220 (23742-V))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Court-Convened Meeting (“**CCM**”) of MBSB together with the respective Proxy Forms are enclosed in this Circular and Explanatory Statement. This CCM will be held on a virtual basis through live streaming via Tricor Investor & Issuing House Services Sdn Bhd (“**Tricor**”)’s digital platform, TIIH Online at <https://tiih.online>.

You are entitled to vote at the CCM. If you are unable to attend the CCM, you are entitled to appoint a proxy or proxies to attend and vote on your behalf. In such event, you should complete and deposit the relevant Proxy Form(s) at the Share Registrar’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to submit your electronic Proxy Form via TIIH Online at <https://tiih.online>, not less than 48 hours before the date and time fixed for holding the CCM, or at any adjournment thereof. Please refer to the procedure for lodgement of Proxy Form in the Administrative Guide for submission of electronic Proxy Form. The lodging of the relevant Proxy Form(s) will not preclude you from attending and voting in person at the CCM should you subsequently wish to do so.

Last date and time for lodging of the Proxy Form for the CCM : Wednesday, 22 November 2023 at 10:00 a.m.
Date and time for CCM : Friday, 24 November 2023 at 10:00 a.m.
Broadcast Venue of the CCM : Level 4, Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor (“**Broadcast Venue**”)

This Circular and Explanatory Statement is dated 30 October 2023

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and Explanatory Statement:-

88 Legacy	:	88 Legacy Sdn. Bhd. (Registration No. 201401028909 (1104995-A))
Act	:	Companies Act, 2016
Administrative Trust Deed	:	Trust Deed to be entered into between Emerald Unity and the Administrative Trustee in respect of the management and administration of Emerald Unity
Administrative Trustee	:	TMF Trustees Malaysia Berhad (Registration No. 200301008392 (610812-W))
AmlInvestment Bank or Principal Adviser	:	AmlInvestment Bank Berhad (Registration No. 197501002220 (23742-V))
Board	:	Board of Directors of MBSB
Bursa Depository	:	Bursa Malaysia Depository Sdn. Bhd.
Bursa Securities	:	Bursa Malaysia Securities Berhad
CCM	:	Court-Convened Meeting
Circular and Explanatory Statement	:	This Circular and Explanatory Statement to Shareholders dated 30 October 2023
Court	:	The High Court of Malaya
Definite Pure	:	Definite Pure Sdn. Bhd. (Registration No. 199601006810 (379156-D))
Emerald Unity	:	Emerald Unity Sdn. Bhd. (Registration No. 202301012098 (1506020-M)), the special purpose vehicle for the Proposed Scheme
Emerald Unity Shares	:	The ordinary shares of Emerald Unity
EPS	:	Earnings per share
FYE	:	Financial year(s) ended/ending
FPE	:	Financial period ended/ending
Jana Kapital	:	Jana Kapital Sdn Bhd (Registration No. 201301012769 (1042607-U))
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	3 October 2023, being the latest practicable date prior to the date of this Circular and Explanatory Statement
Main Market	:	The Main Market of Bursa Securities

DEFINITIONS (CONT'D)

Major Shareholders	: A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:- (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purpose of this definition, "interest in shares" shall have the meaning given to it in Section 8 of the Act
MBSB Bank	: MBSB Bank Berhad (Registration No. 200501033981 (716122-P))
MBSB Development	: MBSB Development Sdn Bhd (Registration No. 199201011105 (242608-P))
MBSB Group or Group	: Collectively, MBSB and its subsidiaries
MBSB or Company	: Malaysia Building Society Berhad (Registration No. 197001000172 (9417-K))
MBSB Properties	: MBSB Properties Sdn. Bhd. (Registration No. 198001001895 (55678-T))
MBSB Share(s)	: Ordinary shares in MBSB
MBSB Tower	: MBSB Tower Sdn Bhd (Registration No. 201201039931 (1024409-X))
MIDF	: Malaysian Industrial Development Finance Berhad (Registration No. 196001000082 (3755-M))
MIDF Group	: MIDF and its subsidiaries
NA	: Net assets
Non-Financial Subsidiaries and each, a Non-Financial Subsidiary	: The identified non-financial subsidiaries of MBSB under the Proposed Scheme namely:- (a) MBSB Development; (b) Definite Pure; (c) MBSB Properties; (d) 88 Legacy; and (e) Prudent Legacy
PNB	: Permodalan Nasional Berhad
Proposed Scheme	: The scheme of arrangement pursuant to Sections 366 and 370 of the Act, details of which are set out in Section 2.2 hereof and upon such terms and subject to such conditions as may be finally sanctioned by the Court
Prudent Legacy	: Prudent Legacy Sdn. Bhd. (Registration No. 199601010638 (382987-W)) (<i>in liquidation</i>)

DEFINITIONS (CONT'D)

Record of Depositors	:	Record of securities holders established by Bursa Depository pursuant to the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
Residual A&L	:	The remaining identified residual conventional financial assets and liabilities of MBSB, which comprise the Non-Financial Subsidiaries and all the Subject Loans as at the date hereof, or such of the remaining assets and liabilities, which cannot otherwise be disposed of or resolved, as at or by the respective transfer dates
RM	:	Ringgit Malaysia
Shareholders	:	Shareholders of our Company
Share Trust Deed	:	Trust Deed to be entered into between MBSB, the Share Trustee and Emerald Unity in respect of the transfer of the Emerald Unity Shares to the Share Trustee for the benefit of a nominated charity(ies) to be identified
Share Trustee	:	TMF Trustees Malaysia Berhad (Registration No. 200301008392 (610812-W))
SPA	:	Sale and purchase agreement to be entered into between MBSB and Emerald Unity for the implementation of the Proposed Scheme
Subject Loans	:	Such of the non-performing residual conventional loans forming part of the Residual A&L which remain in MBSB until the transfer to Emerald Unity
Trust Deeds	:	Collectively, the Share Trust Deed and Administrative Trust Deed

All references to “you” or “Shareholder” in this Circular and Explanatory Statement are to the Shareholders of MBSB. All references to “we”, “us”, “our” and “ourselves” are in respect of MBSB or the MBSB Group, where relevant. References to persons shall include corporations, unless otherwise specified.

Words denoting the singular shall, where applicable, include the plural and *vice versa*. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

Any reference in this Circular and Explanatory Statement to any enactment, rules or regulations is a reference to that enactment, rules or regulations as for the time being amended or re-enacted.

Any reference to a time of day in this Circular and Explanatory Statement shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancy in the figures included in this Circular and Explanatory Statement between the amounts stated and the actual amount thereof is due to rounding.

Certain statements in this Circular and Explanatory Statement may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular and Explanatory Statement should not be regarded as a representation or warranty that the MBSB Group’s plans and objectives will be achieved.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Scheme in this Circular and Explanatory Statement. You are advised to read and carefully consider the contents of this Circular and Explanatory Statement and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Scheme before voting at our forthcoming CCM.

Salient information	Description
Summary of the Proposed Scheme <i>(Section 2 of the Circular and Explanatory Statement)</i>	<p>The Proposed Scheme entails the following:-</p> <ul style="list-style-type: none">(i) the proposed transfer by MBSB of its entire shareholding in Emerald Unity to a Share Trustee, which shall hold the same for the benefit of a nominated charity(ies) to be identified; and(ii) the proposed disposal by MBSB of the Residual A&L to Emerald Unity for the following consideration:-<ul style="list-style-type: none">(a) for the shares of the direct Non-Financial Subsidiaries, based on a nominal sum of RM2.00 for each of the direct Non-Financial Subsidiaries; and(b) for the Subject Loans, at a consideration to be determined based on the net book value at the end of the month prior to the transfer of the Subject Loans subject to a maximum of the amount owed under the respective Subject Loans as at a date to be determined by our Company, <p>(collectively referred to as the “Consideration”).</p> <p>The consideration for the Subject Loans payable by Emerald Unity shall be settled in cash and on a deferred basis, as and when Emerald Unity receives proceeds arising from the settlement or recovery of the amounts and interest which remain outstanding under the respective Subject Loans. The consideration for the Subject Loans will be on a deferred basis as Emerald Unity's only source of cash flow will be from the settlement or recovery of the Subject Loans. As such, MBSB can only be paid once Emerald Unity manages to settle or recover money from the Subject Loans. The consideration for the direct Non-Financial Subsidiaries payable by Emerald Unity shall be settled in cash on the transfer date to Emerald Unity.</p> <p>The deferred payment of the consideration for the Subject Loans will be settled with compensation at the rate of 6.75% - 8.75% per annum which is the prevailing interest rate range of the respective Subject Loans, from the date of transfer of the Subject Loans to the date of settlement of the respective Subject Loans.</p> <p>For each of the Subject Loans, any remaining amount after settling the costs and expenses of disposal, the accrued compensation and the deferred cash consideration shall be paid to MBSB as additional consideration. For the avoidance of doubt, the additional consideration is not subject to compensation.</p>

EXECUTIVE SUMMARY (CONT'D)

Salient information**Description**

In the event that the amount of proceeds arising from the settlement or recovery of any indebtedness under the respective Subject Loans is lower than the deferred cash consideration and the accrued compensation, MBSB shall have the right to waive any part of the deferred cash consideration and the accrued compensation payable by Emerald Unity under the respective Subject Loans in excess of the amount of proceeds which are recovered by Emerald Unity under the respective Subject Loans. For the avoidance of doubt, waiver of any portion of the deferred cash consideration by MBSB upon settlement is to be applied first to the principal portion of the deferred cash consideration, and thereafter to the accrued compensation payable.

For each of the Subject Loans, any remaining amount shall be paid to MBSB as additional consideration after settling any outstanding costs and expenses of the successful foreclosure and/or successful sale or disposal of the charged properties under the respective Subject Loans, the accrued compensation, and the deferred cash consideration. For the avoidance of doubt, the additional consideration is not subject to compensation. MBSB shall have the right to vary and/or lower the amount of the additional consideration payable by Emerald Unity, if any, at its sole discretion.

Any excess amounts after settling all indebtedness of the customer or borrower under the relevant security documentation of the respective Subject Loans shall be paid by Emerald Unity to such customer or borrower.

Some of the Non-Financial Subsidiaries own properties which are subject to on-going sale and disposal to third parties, which has not yet been completed. Such completion shall take place either before or after the Non-Financial Subsidiaries are transferred to Emerald Unity. The proceeds from such sale will be paid by such Non-Financial Subsidiaries to MBSB or MBSB Bank, as the case may be, in consideration for the existing amounts owed to MBSB or MBSB Bank. If the sale and disposal to any third parties is aborted or terminated at any time, it is envisaged that such relevant property held by the Non-Financial Subsidiary will be transferred to MBSB Bank in consideration for the existing amount owed to MBSB or MBSB Bank, as the case may be subject to approval from relevant authorities (if required).

Rationale for the Proposed Scheme

(Section 4 of the Circular and Explanatory Statement)

The rationale of the Proposed Scheme is to enable MBSB to be an investment holding company with no loans and no direct interest in companies which are not involved in financial services.

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description
Approvals required for the Proposed Scheme <i>(Section 7 of the Circular and Explanatory Statement)</i>	The Proposed Scheme is subject to the following approvals being obtained:- (i) the MBSB Shareholders' approval for the Proposed Scheme. The Proposed Scheme requires approval of at least 75% in total value of the Shareholders, present and voting at the CCM for the Proposed Scheme; (ii) the approval of the Court for the CCM of the Shareholders pursuant to Section 366(1) of the Act to obtain the requisite approval for the Proposed Scheme; (iii) final sanction of the Court in respect of the Scheme, including the grant of a vesting order by the Court, pursuant to Section 366(2) and Section 370 of the Act; and (iv) such other relevant approvals and/or consents, if required.
Conditionality of the Proposed Scheme <i>(Section 8 of the Circular and Explanatory Statement)</i>	The Proposed Scheme is not conditional upon any other proposals undertaken or to be undertaken by MBSB.
Interests of the Directors, Major Shareholders, chief executive and/or persons connected to them <i>(Section 10 of the Circular and Explanatory Statement)</i>	As at the LPD, none of our Directors, Major Shareholders, chief executive and/or persons connected to them have any interest, direct or indirect, in the Proposed Scheme.
Directors' statement and recommendation <i>(Section 11 of the Circular and Explanatory Statement)</i>	Our Board, after having considered all aspects of the Proposed Scheme, including the basis and justification and rationale, and effects, of the Proposed Scheme, as well as the terms and conditions of the Proposed Scheme, the SPA and the Trust Deeds, respectively, is of the opinion that the Proposed Scheme is in the best interests of our Company. Accordingly, our Board recommends that YOU VOTE IN FAVOUR of the resolution pertaining to the Proposed Scheme to be tabled at the forthcoming CCM.



MALAYSIA BUILDING SOCIETY BERHAD
(Registration No. 197001000172 (9417-K))
(Incorporated in Malaysia under the Companies Act, 1965
and deemed registered under the Companies Act, 2016)

Registered Office

Level 25, Menara MBSB Bank,
PJ Sentral,
Lot 12, Persiaran Barat, Seksyen 52,
46200, Petaling Jaya,
Selangor Darul Ehsan

30 October 2023

Board of Directors

Puan Lynette Yeow Su-Yin (*Acting Chairman*)
Encik Sazaliza bin Zainuddin (*Non-Independent Executive Director*)
Ir. Moslim bin Othman (*Independent Non-Executive Director*)
Encik Mohamad Abdul Halim bin Ahmad (*Independent Non-Executive Director*)
Dr. Loh Leong Hua (*Independent Non-Executive Director*)
Datin Hoi Lai Ping (*Independent Non-Executive Director*)

To: The Shareholders of our Company

Dear Sir/Madam,

PROPOSED SCHEME

1. INTRODUCTION

On 18 September 2023, AmInvestment Bank as the Principal Adviser, on behalf of our Board, announced that MBSB is proposing to undertake a proposed members' scheme of arrangement pursuant to Sections 366 and 370 of the Act ("**Proposed Scheme**") as detailed in Section 2 of this Circular and Explanatory Statement.

On 11 October 2023, AmInvestment Bank had, on behalf of our Board, announced that the Court had, on 5 October 2023, granted an order for our Company to convene the CCM for the Shareholders to obtain their approval for the Proposed Scheme within 90 days from the date of the court order.

Further details of the Proposed Scheme are set out in the ensuing sections in this Circular and Explanatory Statement.

THE PURPOSE OF THIS CIRCULAR AND EXPLANATORY STATEMENT IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED SCHEME AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED SCHEME TO BE TABLED AT THE FORTHCOMING CCM. THE NOTICE OF CCM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR AND EXPLANATORY STATEMENT.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR AND EXPLANATORY STATEMENT BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SCHEME TO BE TABLED AT THE FORTHCOMING CCM.

2. THE PROPOSED SCHEME

2.1 Background

On 6 November 2017, MBSB had entered into a conditional share purchase agreement to acquire the entire equity interest in MBSB Bank (then known as Asian Finance Bank Berhad) for an aggregate purchase consideration of approximately RM645.0 million. The said acquisition was completed on 7 February 2018.

Pursuant to the said acquisition, MBSB had entered into a scheme of arrangement with its members in respect of the merger of our Company with MBSB Bank, which was approved by the members of our Company at a CCM held on 23 January 2018.

Under the said scheme of arrangement, MBSB obtained a vesting order dated 28 February 2018 to transfer its Shariah-compliant business, assets, and liabilities to MBSB Bank and dispose of to third parties, identified residual conventional financial assets and liabilities, which cannot be converted to Shariah-compliant assets and liabilities, and the Non-Financial Subsidiaries, within a period of three (3) years ending 1 April 2021. Our Company had further obtained an order by the Court on 21 July 2021 for an extension of time to do so by 1 April 2024.

As at the LPD, the Residual A&L comprises the Non-Financial Subsidiaries and the Subject Loans.

2.2 Details of the Proposed Scheme

The Proposed Scheme entails the following:-

2.2.1 Proposed transfer by MBSB of the Emerald Unity Shares

MBSB proposes to transfer its entire shareholding in Emerald Unity to the Share Trustee, which shall hold the same for the benefit of a nominated charity(ies) to be identified.

The Share Trustee shall be the registered owner of the Emerald Unity Shares, holding the Emerald Unity Shares on trust with power to distribute any and all distributions and entitlements to the Emerald Unity Shares to the nominated charity(ies) to be identified.

2.2.2 Proposed disposal by MBSB of the Residual A&L to Emerald Unity

After the proposed transfer by MBSB of the Emerald Unity Shares, to the Share Trustee, MBSB proposes to dispose of and transfer its Residual A&L to Emerald Unity for the following consideration:-

- (a) for the shares of the direct Non-Financial Subsidiaries, based on a nominal sum of RM2.00 for each of the direct Non-Financial Subsidiaries; and
- (b) for the Subject Loans, at a consideration to be determined based on the net book value at the end of the month prior to the transfer of the Subject Loans subject to a maximum of the amount owed under the respective Subject Loans as at a date to be determined by our Company,

(collectively referred to as the “**Consideration**”).

The consideration for the Subject Loans payable by Emerald Unity shall be settled in cash and on a deferred basis, as and when Emerald Unity receives proceeds arising from the settlement or recovery of the amounts and interest which remain outstanding under the respective Subject Loans. The consideration for the Subject Loans will be on a deferred basis as Emerald Unity's only source of cash flow will be from the settlement or recovery of the Subject Loans. As such, MBSB can only be paid once Emerald Unity manages to settle or recover money from the Subject Loans. The consideration for the direct Non-Financial Subsidiaries payable by Emerald Unity shall be settled in cash on the transfer date to Emerald Unity.

The deferred payment of the consideration for the Subject Loans will be settled with compensation at the rate of 6.75% - 8.75% per annum which is the prevailing interest rate range of the respective Subject Loans, from the date of transfer of the respective Subject Loans to the date of settlement of the respective Subject Loans.

In the event that the amount of proceeds arising from the settlement or recovery of any indebtedness under the respective Subject Loans is lower than the deferred cash consideration and the accrued compensation, MBSB shall have the right to waive any part of the deferred cash consideration and the accrued compensation payable by Emerald Unity under the respective Subject Loans in excess of the amount of proceeds which are recovered by Emerald Unity under the respective Subject Loans. For the avoidance of doubt, waiver of any portion of the deferred cash consideration by MBSB upon settlement is to be applied first to the principal portion of the deferred cash consideration, and thereafter to the accrued compensation payable.

For each of the Subject Loans, any remaining amount shall be paid to MBSB as additional consideration after settling any outstanding costs and expenses of the successful foreclosure and/or successful sale or disposal of the charged properties under the respective Subject Loans, the accrued compensation, and the deferred cash consideration. For the avoidance of doubt, the additional consideration is not subject to compensation. MBSB shall have the right to vary and/or lower the amount of the additional consideration payable by Emerald Unity, if any, at its sole discretion.

Any excess amounts after settling all indebtedness of the customer or borrower under the relevant security documentation of the respective Subject Loans shall be paid by Emerald Unity to such customer or borrower.

The Non-Financial Subsidiaries comprise the following:-

Non-Financial Subsidiary	Principal activities	Net liabilities as at FYE 31 December 2022 (RM'000)	Loss after tax and minority interest (RM'000)
MBSB Development	Property development	(81,465)	(4,305)
MBSB Properties	Letting of real property	(238,921)	(17,317)
88 Legacy	Property development	(79,271)	(5,448)
Definite Pure	Property development	(706,157)	(70,011)
<u>Subsidiary of MBSB Development</u>			
Prudent Legacy	In liquidation	-	-

The NA of each Non-Financial Subsidiary prior to the proposed disposal shall be nominal at RM2.00 after taking into consideration, *inter-alia*, disposal of properties to third parties, transfer of properties to MBSB Bank, write-off of intercompany balances and declaration of dividends by the respective Non-Financial Subsidiaries.

No financial adviser has been appointed to carry out an independent valuation on the Non-financial Subsidiaries. It is envisaged that the proforma net assets of RM2.00 will be derived as follows:-

	MBSB Development RM'000	MBSB Properties RM'000	88 Legacy RM'000	Definite Pure RM'000
Net liabilities as at 31 December 2022	(81,465)	(238,921)	(79,271)	(706,157)
Add:				
Gain on disposal of properties to 3 rd parties	-	2,529	5,666	-
Gain on disposal of properties to MBSB Bank	-	-	872	-
Intercompany balances written-off ^(a)	81,465	236,392	72,733	706,157
Adjusted Net Assets	-	-	-	-

Note:-

(a) *The intercompany balances written-off will have no effect to MBSB Group as the transactions are eliminated upon consolidation.*

As at LPD, 88 Legacy and MBSB Properties own properties which are subject to on-going sale and disposal to third parties, which has not yet been completed. Such completion shall take place either before or after the said Non-Financial Subsidiaries are transferred to Emerald Unity. The proceeds from such sale will be paid by such Non-Financial Subsidiaries to MBSB or MBSB Bank, as the case may be, in consideration for the existing amounts owed to MBSB or MBSB Bank.

If the sale and disposal to any third parties is aborted or terminated at any time, it is envisaged that such relevant property held by the Non-Financial Subsidiary will be transferred to MBSB Bank in consideration for the the existing amount owed to MBSB or MBSB Bank, as the case may be subject to approval from relevant authorities (if required). For avoidance of doubt, the proforma NA will remain as RM2.00 or less and the sale consideration for each of the direct Non-Financial Subsidiaries shall remain as RM2.00 (with or without the said property(ies)) upon their disposal to Emerald Unity.

The proposed disposal of the Residual A&L shall be implemented through the Proposed Scheme by way of a vesting order obtained from the Court. Our Company and Emerald Unity shall enter into the SPA to set out the terms and conditions relating to the proposed disposal and transfer by MBSB of its Residual A&L to Emerald Unity which will be executed after the approval of the Court is obtained.

The administrative Trustee will be appointed to manage the operations of Emerald Unity, primarily managing the proceeds that Emerald Unity receives from the settlement or recovery of the amounts and interest which remain outstanding under the Subject Loans. The trustee will, amongst other matters, manage the bank account(s) of Emerald Unity as well as the payments from the said bank account(s) to settle any outstanding costs and expenses, and the deferred cash consideration and additional consideration.

Emerald Unity may appoint a servicing agent, which may be a subsidiary of the MBSB Group, to amongst others, manage and supervise the litigation process together with the appointed solicitors and legal counsels handling such litigation matters. The agency fee, if any, is to be agreed between the parties.

Our Company agrees with Emerald Unity to satisfy any ongoing liabilities as may arise in respect of judgements or order made against Emerald Unity, in any on-going litigation, which is transferred to Emerald Unity, as part of the Residual A&L and bear the following costs and expenses of Emerald Unity and its subsidiaries:-

- (a) costs and expenses of Emerald Unity and its subsidiaries, including administration expenses incurred, directors' fees, trustees' fees, agent's fees and liquidators' fees;
- (b) costs and expenses incurred in relation to the Subject Loans, including maintenance costs, insurance costs, quit rent and assessment expenses, and fees of the receiver and managers; and
- (c) legal costs for the conduct of the litigation on the Subject Loans and for the foreclosure and/or sale or disposal of the charged properties under the respective Subject Loans;

(collectively, the "**Post-Completion Expenses**").

Emerald Unity will be liquidated and/or dissolved once the disposal by Emerald Unity of all the Residual A&L being completed and/or resolved.

The salient terms of the draft SPA and Trust Deeds are included in Appendix I and II of this Circular and Explanatory Statement respectively. The SPA and Trust Deeds will only be executed after the Court has sanctioned the Proposed Scheme.

2.3 Information on Emerald Unity

Emerald Unity was incorporated on 30 March 2023. Emerald Unity serves as a special purpose vehicle which was incorporated to hold the Residual A&L upon the implementation of the Proposed Scheme.

As at the LPD, the issued and paid-up share capital of Emerald Unity is RM1.00 comprising 1 ordinary share in Emerald Unity held by MBSB as the sole shareholder of Emerald Unity.

As at the LPD, the directors of Emerald Unity are Dato' Azlan Bin Shahrim and Jesleigh Bin Johari. The directors of Emerald Unity will change upon the implementation of the Proposed Scheme.

Upon completion of the proposed transfer of the Emerald Unity Shares to the Share Trustee, MBSB will no longer have legal or beneficial ownership in the shares of Emerald Unity.

2.4 Basis and justification for the Consideration

The Consideration is based on the following:-

Subject Loans

The Subject Loans' Consideration to be determined based on the net book value at the end of the month prior to the transfer of the Subject Loans subject to a maximum of the amount owed under the respective Subject Loans.

MBSB proposes to transfer all of the remaining eight (8) Subject Loans. As at LPD, all of the Subject Loans are non-performing conventional loans.

As the date of transfer will be in the future, the consideration of Subject Loans can only be finalised then. For information, the net book value of the Subject Loans as at 30 June 2023 is RM279 million. The amount of the final net book value will vary depending on, amongst others, the loan outstanding amount and the expected credit loss (ECL) provisioning to be made.

Non-Financial Subsidiaries

For the direct Non-Financial Subsidiaries, the sale consideration is expected to be up to RM8.00, based on the adjusted NA of each Non-Financial Subsidiary prior to the proposed disposal of RM2.00 after taking into consideration, *inter-alia*, disposing of properties to third parties, transfer of properties to MBSB Bank, write-off of intercompany balances and declaration of dividends as detailed in Section 2.2 above.

2.5 Assumption of liabilities

Save as disclosed below, there are no liabilities, including contingent liabilities and/or guarantees, to be assumed by MBSB arising from the Proposed Scheme.

The Subject Loans save and except for one are subject to litigation initiated by MBSB for recovery purposes. Countersuits have been filed for some cases. It is a term of the proposed disposal that MBSB will have an obligation to pay for certain operational costs and expenses of Emerald Unity and to satisfy any ongoing liabilities as may arise in respect of judgments or orders made against Emerald Unity, in any on-going litigation, which is transferred to Emerald Unity, as part of the Residual A&L. As at LPD, the amount of the countersuits that can be reasonably quantified is approximately RM5 million. The other counterclaims are not monetary in nature and some are also subject to Court's assessment.

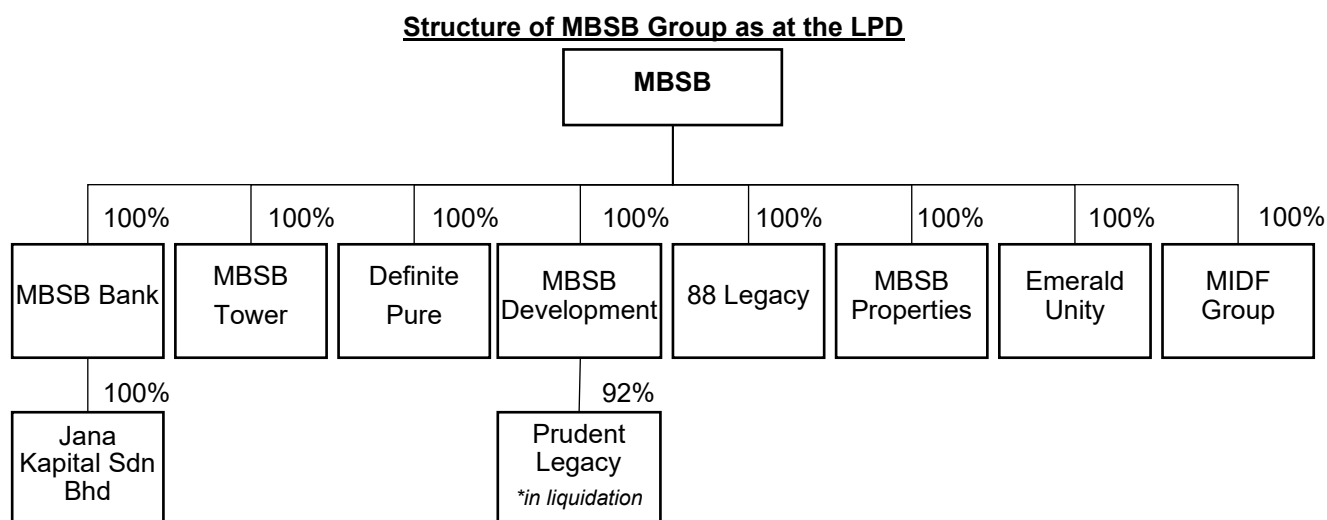
2.6 Utilisation of proceeds

MBSB intends to utilise cash proceeds if any, as and when received from the proposed disposal for the internal working capital of the MBSB Group within twelve (12) months from the date of receipt.

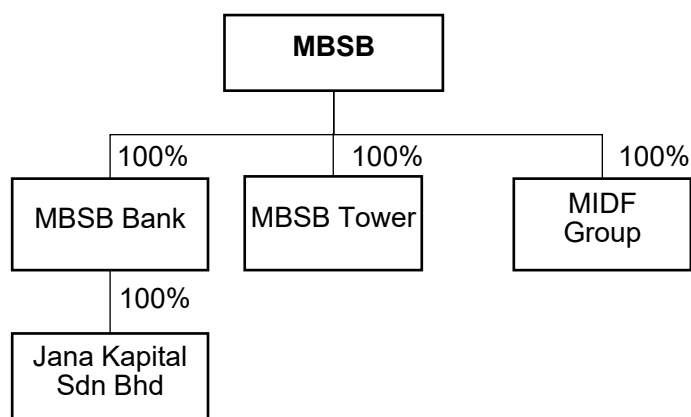
Pending utilisation, the cash proceeds from the proposed disposal will be deposited with licensed financial institutions and/or invested in money market instruments as our Board may deem fit.

3. CORPORATE STRUCTURE BEFORE AND AFTER THE PROPOSED SCHEME

The corporate structure of the MBSB Group before and after the Proposed Scheme, based on the direct shareholdings of MBSB's substantial shareholders as at the LPD, are as follows:-



Structure of MBSB Group after the implementation of the Proposed Scheme



For the avoidance of doubt, the Proposed Scheme will not have any effect on the shareholding structure of MBSB.

4. RATIONALE FOR THE PROPOSED SCHEME

The rationale of the Proposed Scheme is to enable MBSB to be an investment holding company with no loans and no direct interest in companies which are not involved in financial services.

5. RISKS RELATING TO THE PROPOSED SCHEME

5.1 Non-completion of the Proposed Scheme

The completion of the Proposed Scheme is conditional upon the approvals for the Proposed Scheme. Such approvals include obtaining the requisite Shareholders' approval and Court sanction for the Proposed Scheme.

There can be no assurance that all of the approvals for the Proposed Scheme will be fulfilled. Nevertheless, MBSB will manage such risk by engaging proactively with the relevant authorities and parties with the objective of obtaining the necessary approvals and documents required for the implementation of the Proposed Scheme.

In the event that any of the relevant regulatory approvals are not obtained, the Proposed Scheme may be delayed or terminated.

6. EFFECTS OF THE PROPOSED SCHEME

We have set out below the effects of the Proposed Scheme on MBSB's financial position as at 31 December 2022.

MBSB had on 2 October 2023 announced that the acquisition of MIDF has been completed, resulting in MIDF becoming a wholly owned subsidiary of MBSB. However, the MBSB financial effects herein have not taken into account our acquisition of MIDF.

In addition, the effects below are based on the assumption that a subsidiary of MBSB is appointed by Emerald Unity as a servicing agent to amongst others, manage and supervise the litigation process.

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Scheme is not expected to have any effect on the issued share capital and substantial shareholders' shareholdings in MBSB as it does not involve issuance of new MBSB Shares.

6.2 NA per share and gearing

The proforma effects of the Proposed Scheme on the NA and gearing of MBSB Group based on MBSB's latest audited consolidated financial statements as at 31 December 2022 are as follows:-

	Audited as at 31 December 2022	After the Proposed Scheme
	RM'million	RM'million
Ordinary share capital	7,198.1	7,198.1
Reserve	(341.4)	(341.4)
Retained earnings	2,102.5	^(a) 2,087.0
Total Equity	8,959.2	8,943.7
No. of MBSB Shares	7,171.5	7,171.5
NA per share	1.25	1.25
Borrowings ^(b)	6,813.5	6,813.5
Gearing	0.76	0.76

Notes:-

(a) After taking into account estimated expenses of RM15.5 million.

(b) Inclusive of lease liabilities and recourse obligations on financing sold for MBSB.

Notwithstanding that MBSB has sold the financial assets to Emerald Unity and Emerald Unity is the legal and beneficial owner of the disposed financial assets, the financial assets (i.e., the Subject Loans) sold to Emerald Unity will continue to be recognised in MBSB's books pursuant to Malaysian Financial Reporting Standards 9 Financial Instruments (MFRS 9) until the financial assets are sold / settled to / by external parties. MBSB's financial statements shall disclose the sale, and that Emerald Unity is the legal and beneficial owner of the disposed financial assets.

The above is due to MBSB's exposure to the variability of the disposed assets' cash flows would not change significantly as a result of the proposed disposal. MBSB is regarded as still retaining substantially all the risks and rewards of the financial assets' ownership.

Emerald Unity will also be consolidated into MBSB's consolidated financial statements pursuant to Malaysian Financial Reporting Standard 10 Consolidated Financial Statements (MFRS 10), if a subsidiary of MBSB is appointed by Emerald Unity as a servicing agent to amongst others, manage and supervise the litigation process. For clarification, MBSB will not have legal or beneficial ownership of Emerald Unity.

6.3 Earnings and EPS

For illustration purposes, based on MBSB's latest available audited consolidated income statement for FYE 31 December 2022 and assuming that the Proposed Scheme had been effected at the beginning of FYE 31 December 2022, the proforma effects on the MBSB's profitability are as follows:-

	RM'million
MBSB's consolidated profit after tax after non-controlling interest for FYE 31 December 2022	460.2
Estimated expenses ^(a)	(15.5)
After the Proposed Scheme	444.7
Existing weighted average number of MBSB Shares	7,171.5
Basic earnings per share (sen)	
- Existing	6.42
- After the Proposed Scheme	6.20

Note:-

(a) *The estimated expenses amounting to RM15.5 million comprise of, amongst others, the following:-*

- (i) *professional fees, authority fees, stamp duty provision, miscellaneous expenses; and*
- (ii) *expenses of Emerald Unity comprising, trustee fee, directors and other administrative expenses in view that MBSB has agreed to bear the expenses of Emerald Unity as well as Emerald Unity will be consolidated into MBSB's consolidated financial statements as explained in Section 6.3 above.*

For information, after the completion of the proposed disposal, MBSB will continue to bear the above Post-Completion Expenses.

7. APPROVALS REQUIRED

The Proposed Scheme is subject to the following approvals being obtained:-

- (i) the Shareholders' approval for the Proposed Scheme. The Proposed Scheme requires approval of at least 75% in total value of the Shareholders, present and voting at the CCM for the Proposed Scheme;
- (ii) the approval of the Court for the CCM of the Shareholders pursuant to Section 366(1) of the Act to obtain the requisite approval for the Proposed Scheme;
- (iii) final sanction of the Court in respect of the Scheme, including the grant of a vesting order by the Court, pursuant to Section 366(2) and Section 370 of the Act; and
- (iv) such other relevant approvals and/or consents, if required.

8. CONDITIONALITY OF THE PROPOSED SCHEME

The Proposed Scheme is not conditional upon any other proposals undertaken or to be undertaken by MBSB.

9. HIGHEST PERCENTAGE RATIO

The sale by MBSB of its loan assets is deemed to be a part of MBSB's ordinary course of business and hence does not fall within the definition of "transaction" pursuant to paragraph 10.02(l) of the Listing Requirements. The disposal of the Non-Financial Subsidiaries is deemed to be a "transaction". However, the consideration for the direct Non-financial Subsidiaries is nominal.

Even if the proposed disposal by MBSB of the loan assets and the Non-Financial Subsidiaries fall within the meaning of "transaction" under paragraph 10.02(l) of the Listing Requirements, the highest percentage ratio applicable to the said proposed disposal pursuant to paragraph 10.02(g) of the Listing Requirements is 3.11% based on the audited consolidated financial statements of MBSB for FYE 31 December 2022.

10. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

As at the LPD, none of our Directors, Major Shareholders, chief executive and/or persons connected to them have any interest, direct or indirect, in the Proposed Scheme.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Scheme, including the basis and justification and rationale and effects, of the Proposed Scheme, as well as the terms and conditions of the Proposed Scheme, the SPA and the Trust Deeds, respectively is of the opinion that the Proposed Scheme is in the best interests of our Company.

Accordingly, our Board recommends that **YOU VOTE IN FAVOUR** of the resolution pertaining to the Proposed Scheme to be tabled at the forthcoming CCM.

12. ADVISER

AmlInvestment Bank has been appointed as Principal Adviser to our Company for the Proposed Scheme.

13. CORPORATE EXERCISE/SCHEME ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Scheme, there are no other corporate exercises/schemes that have been announced but pending completion as at the LPD.

14. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals (as set out in Section 7 of this Circular and Explanatory Statement) being obtained in a timely manner, the tentative timeline for the implementation of the Proposed Scheme is as set out below:-

<u>Key milestones</u>	<u>Tentative Timeline</u>
- CCM for the Proposed Scheme	24 November 2023
- Sanction of the Scheme by the Court	Mid-February 2024
- Completion	End March 2024

15. CCM

The CCM in relation to the Proposed Scheme, the notice of which is enclosed in this Circular and Explanatory Statement, will be conducted as a virtual meeting through live streaming from the broadcast venue at Level 4, Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor ("**Broadcast Venue**") on Friday, 24 November 2023 at 10:00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing the resolution so as to give effect to the Proposed Scheme.

If you are unable to attend and vote in person at the CCM, please complete, sign and send the enclosed relevant Proxy Forms in accordance with the instructions therein as soon as possible and in any event so as to arrive at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the CCM or any adjournment thereof. Alternatively, you may also submit the Form of Proxy electronically, via TIIH Online at website <https://tiih.online>, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid. Please refer to the procedure for lodgement of Proxy Form in the Administrative Guide for submission of electronic Proxy Form. The lodging of the Proxy Forms will not preclude you from attending and voting in person at the CCM should you subsequently wish to do so.

16. FURTHER INFORMATION

You are advised to refer to the appendices to this Circular and Explanatory Statement for further information.

Yours faithfully,
For and on behalf of the Board
MALAYSIA BUILDING SOCIETY BERHAD

Puan Lynette Yeow Su-Yin
Acting Chairman

SALIENT TERMS OF THE DRAFT SPA

The following are the salient terms of the draft SPA. All capitalised terms not defined herein used under this Appendix I shall have the same meaning as assigned to them under the draft SPA:-

1. CONSIDERATION

1.1 In consideration for the disposal of and transfer of the Residual A&L by MBSB to Emerald Unity, Emerald Unity shall agree to purchase and acquire the Residual A&L for the following consideration:-

- (a) for the shares of the direct Non-Financial Subsidiaries, based on a nominal sum of Ringgit Malaysia Two (RM2.00) for each of the direct Non-Financial Subsidiaries; and
- (b) for the non-performing residual conventional loans, at a consideration to be determined based on the net book value at the end of the month prior to the transfer of the non-performing residual conventional loans subject to a maximum of the amount owed under the respective non-performing residual conventional loans as at a date to be determined by MBSB,

(collectively referred to as, the "**Consideration**"), payable in the manner stated in Clauses 1.2, 1.3, 1.4, 1.5, 1.6 and 1.7 below.

1.2 The consideration for the direct Non-Financial Subsidiaries payable by Emerald Unity shall be settled in cash on the transfer date to Emerald Unity.

1.3 The consideration for the non-performing residual conventional loans payable by Emerald Unity shall be settled in cash and on a deferred basis, as and when Emerald Unity receives proceeds arising from the settlement or recovery of the amounts and interests which remain outstanding under the respective non-performing residual conventional loans ("**DCC**"). The deferred payment of the consideration for the non-performing residual conventional loans will be settled with a compensation at the prevailing interest rate of the respective non-performing residual conventional loans per annum, from the date of transfer of the respective non-performing residual conventional loans to the date of settlement of the respective non-performing residual conventional loans. The compensation shall be calculated and/or determined on the amount of the DCC remaining unpaid after the Completion Date and on the basis of the actual number of days elapsed on a three hundred and sixty-five (365) day year, shall accrue from day to day, and shall be payable by Emerald Unity until the date of the full settlement of the respective non-performing residual conventional loans.

1.4 In the event that the amount of proceeds arising from the settlement or recovery of any indebtedness under the respective non-performing residual conventional loans is lower than the DCC and the accrued compensation, MBSB shall have the right to waive any part of the DCC and the accrued compensation payable by Emerald Unity under the respective non-performing residual conventional loans in excess of the amount of proceeds which are recovered by Emerald Unity under the respective non-performing residual conventional loans. For the avoidance of doubt, waiver of any portion of the DCC by MBSB upon settlement is to be applied first to the principal portion of the DCC, and thereafter to the accrued compensation payable.

1.5 For each of the non-performing residual conventional loans, any remaining amount shall be paid to MBSB as additional consideration after settling any outstanding costs and expenses of the successful foreclosure and/or successful sale or disposal of the charged properties under the respective non-performing residual conventional loans, the accrued compensation, and the DCC ("**Additional Consideration**"). For the avoidance of doubt, the Additional Consideration is not subject to compensation. MBSB shall have the right to vary and/or lower the amount of the Additional Consideration payable by Emerald Unity, if any, at its sole discretion.

1.6 Any excess amounts after settling all indebtedness of the customer or borrower under the relevant security documentation of the respective non-performing residual conventional loans, shall be paid by Emerald Unity to such customer or borrower.

SALIENT TERMS OF THE DRAFT SPA (CONT'D)

- 1.7 Emerald Unity and/or any person authorised by Emerald Unity shall notify MBSB of the outcome of any recovery or settlement of the non-performing residual conventional loans within five (5) Business Days from the date of any judgement entered, foreclosure order, auction, or the receipt of any cash proceeds from the resolution and/or settlement, of any litigation or negotiations in relation to the litigation proceedings on the relevant non-performing residual conventional loans. The accrued compensation, the Consideration, and the Additional Consideration or such relevant part thereof, shall be paid by Emerald Unity to MBSB within seven (7) Business Days from the date of receipt of cash resources by Emerald Unity arising from the successful recovery or settlement of the non-performing residual conventional loans (or such later time as parties may mutually agree in writing), after the deduction of any costs and expenses as may be incurred by Emerald Unity, including the costs and expenses as may be incurred under Clause 3 below.

2. CONDITIONS PRECEDENT

- 2.1 Notwithstanding anything contained herein, the Parties agree that this Agreement shall be conditional upon the following conditions having been fulfilled by the Cut-Off Date:-
- 2.1.1 MBSB obtaining the approval of its shareholders approving the disposal and transfer of the Residual A&L and the Scheme at a court-convened meeting to be held;
- 2.1.2 Emerald Unity obtaining the approval of its shareholder approving the purchase and acquisition of the Residual A&L;
- 2.1.3 MBSB obtaining the approval of the Court for:-
- (a) an order that a court-convened meeting be held by and among MBSB and its shareholders to consider, and if thought fit by the requisite majority of at least seventy-five (75%) of the total value of the shareholders of MBSB who are present and voting, to approve this Scheme; and
- (b) its sanction in respect of the Scheme, including the granting of the vesting order by the Court;
- 2.1.4 MBSB procuring the approvals, consents and/or waivers of the relevant parties and/or other parties, in relation to the disposal and/or transfer of the Residual A&L and the Scheme, as may be required under any applicable laws and/or contracts, where applicable; and
- 2.1.5 Emerald Unity procuring the approvals, consents and/or waivers of the relevant parties and/or other parties, in relation to the purchase and/or acquisition of the Residual A&L, as may be required under any applicable laws and/or contracts, where applicable.

3. COST-SHARING ARRANGEMENTS

- 3.1 The Parties hereby agree that MBSB shall:-
- 3.1.1 satisfy any ongoing liabilities as may arise in respect of judgements or order made against Emerald Unity, in any on-going litigation which is transferred to Emerald Unity as part of the Residual A&L; and
- 3.1.2 bear the following costs and expenses of Emerald Unity and its subsidiaries:-
- (a) legal costs for the conduct of the litigation on the non-performing residual conventional loans and for the foreclosure and/or sale or disposal of the charged properties under the respective non-performing residual conventional loans;

SALIENT TERMS OF THE DRAFT SPA (CONT'D)

- (b) costs and expenses incurred in relation to the non-performing residual conventional loans, including maintenance costs, insurance costs, quit rent and assessment expenses, and fees of the receiver and managers; and
 - (c) costs and expenses of Emerald Unity and its subsidiaries, including administration expenses incurred, directors' fees, trustees' fees, agent's fees and liquidators' fees.
- 3.2 The Parties further agree that any costs to be borne by MBSB under Clause 3.1 above shall be paid directly by MBSB or in the manner as may be determined by MBSB.
- 3.3 Upon notification being provided to MBSB in relation to any liabilities incurred by Emerald Unity arising from judgements or order made against Emerald Unity in any on-going litigation which is transferred to Emerald Unity as part of the Residual A&L under Clause 3.1.1 hereof, MBSB shall satisfy the same within a period of thirty (30) days, or such shorter time period as may be required under the law or any order, from the date of such judgements or orders made against Emerald Unity.

SALIENT TERMS OF THE DRAFT TRUST DEEDS

The following are the salient terms of the draft Trust Deeds. All capitalised terms not defined herein used under this Appendix II shall have the same meaning as assigned to them under the draft Trust Deeds:-

A. TRUST DEED CONSTITUTING A TRUST OVER THE SHARES OF EMERALD UNITY**1. DECLARATION OF TRUST**

- 1.1 Upon the transfer of the Emerald Unity Shares by the Settlor to the Trustee, the Trustee hereby declares a trust and shall hold the Emerald Unity Shares, including any and all rights, dividends, and entitlements in respect thereof, for the benefit of the Nominated Charity(ies). The Trustee shall take all such steps and do all such things as necessary to cause the registration of the Emerald Unity Shares in its name as registered owner and as trustee holding on trust for the benefit of the Nominated Charity(ies) upon the transfer of the Emerald Unity Shares in accordance with the Scheme.
- 1.2 The trust will subsist until the dissolution of Emerald Unity.
- 1.3 The Trustee shall:-
 - (a) to the extent it is possible to do so in its capacity as the registered holder of the Emerald Unity Shares, act in accordance with the terms of the Scheme, the Trust Deed, all applicable Malaysian laws, regulations, guidelines and directives, and all agreements to which Emerald Unity is a party;
 - (b) distribute or cause to be distributed to the Nominated Charity(ies) any proceeds received by Trustee as a registered shareholder of the Emerald Unity Shares, on behalf of the Nominated Charity(ies); and
 - (c) the Trustee shall not in any way whatsoever, deal with, sell, transfer, dispose of, pledge, charge or encumber, the Emerald Unity Shares.
- 1.4 Subject always to the provisions of this Trust Deed and in particular to Clause 1.3 above, the Trustee shall distribute any cash dividends and/or distributions accruing to the Emerald Unity Shares and/or proceeds arising from any dividend and/or distribution attached to the Emerald Unity Shares to the Nominated Charity(ies) at any time prior to or upon the dissolution of Emerald Unity.
- 1.5 For the entire duration of this Trust Deed and for so long as this trust arrangement is in place and Emerald Unity has not been dissolved, the Nominated Charity(ies) shall as beneficiaries of the trust created hereunder, have no right to compel nor authorise the Trustee to exercise any power, and without prejudice to the generality of the foregoing, no right to:-
 - (a) sell, transfer, dispose of or encumber or otherwise deal with any beneficial interest in and to the Emerald Unity Shares, nor do so in respect of any rights, title, interest, distribution, dividends and entitlements in respect thereof;
 - (b) receive any notices and circulars issued by Emerald Unity to the Trustee as the shareholder of Emerald Unity, attend any general meeting of Emerald Unity, or vote on any resolution of Emerald Unity;
 - (c) give the Trustee any directions in respect of the exercise of the votes attached to the Emerald Unity Shares in any resolution or at any general meeting of Emerald Unity;
 - (d) direct or call for a distribution of any income accruing to the Emerald Unity Shares;

SALIENT TERMS OF THE DRAFT TRUST DEEDS (CONT'D)

- (e) call for transfer or delivery of the Emerald Unity Shares to itself or as it may direct nor claim any right, title, entitlements and benefits in and to the Emerald Unity Shares;
- (f) compel or instruct the Trustee to take any steps or carry out any acts and deeds in relation to Emerald Unity or the Emerald Unity Shares, or cause Emerald Unity to issue any further shares and/or securities; and
- (g) dissolve the trust hereby created by the Settlor.

2. APPOINTMENT OF THE TRUSTEE

- 2.1 The Trustee shall continue to hold the Emerald Unity Shares until the date on which the Emerald Unity is dissolved, subject to Clause 1.4 above.
- 2.2 In addition to all other powers conferred upon it and subject to all duties and obligations imposed by the other provisions of this Trust Deed or by any statute, equity or general rule of law, the Trustee shall have and is hereby given the power and authority in its discretion at any time and from time to time to administer the Emerald Unity Shares in accordance with the Scheme in whatever manner it may determine, and shall have the right to take any action in connection with the Emerald Unity Shares and to exercise any rights, powers and privileges which may exist or arise in connection therewith to the same extent and as fully as an individual could if it were the sole owner of the Emerald Unity Shares.
- 2.3 Without in any way limiting the generality of the foregoing, the Trustee shall have the following powers and authority, provided that such powers and authority are exercised in a manner consistent with the Scheme and this Trust Deed:-
 - (a) the Trustee shall hold any distribution by Emerald Unity to the Trustee as shareholder on trust and shall have the power to distribute the same to the Nominated Charity(ies) in such manner as they may in their absolute discretion deem just and proper;
 - (b) the Trustee may exercise or concur in exercising any discretion or power hereby conferred on the Trustee by a resolution of such corporation or by a resolution of its board of directors or governing body who may delegate the right and power to exercise or concur in exercising any such discretion or power to one or more of its officers or members of its board of directors appointed from time to time by its board of directors for that purpose; and
 - (c) to institute and defend proceedings at law and to procure final judgment and determination thereof or compromise the same as the Trustee shall consider advisable.
- 2.4 Notwithstanding anything to the contrary contained in this Trust Deed, the Trustee shall at all times, retain and hold the Emerald Unity Shares, and all rights, dividends, benefits and entitlements thereto, and shall not sell, alienate, dispose of, pledge, charge, create any encumbrance over or otherwise deal with the Emerald Unity Shares and shall distribute any and all distributions and dividends on the Emerald Unity Shares in favour of the Nominated Charity(ies) in accordance with the Scheme, and otherwise in such manner and at such time as it deems fit.

SALIENT TERMS OF THE DRAFT TRUST DEEDS (CONT'D)

- 2.5 Notwithstanding anything to the contrary expressed or implied herein, the Trustee shall not:-
- (a) be bound to account to any of the Nominated Charity(ies), being the beneficiaries under the trust created hereunder, for any sum or the profit element of any sum received by it for its own account whether in connection with this Trust Deed or otherwise;
 - (b) be bound to seek the directions, approval or consent of the Nominated Charity(ies) on any matter including, without limitation, in respect of the exercise of the votes attached to the Emerald Unity Shares; or
 - (c) be under any obligations other than those for which express provision is made herein or that as may be imposed by law.
- 2.6 The powers which this Trust Deed confers on the Trustee are cumulative and without prejudice to its respective powers under the general law and may be exercised as often as the Trustee thinks appropriate. The Settlor acknowledges that the powers of the Trustee shall in no circumstances whatsoever be suspended, waived or otherwise prejudiced by anything other than a variation or amendment to the Scheme.
- 2.7 The Trustee covenants that it shall ensure that Emerald Unity continues as a going concern until its dissolution as envisaged by the Scheme.
- 2.8 The Trustee covenants that it shall not pass any resolution, which is inconsistent with the Scheme, the terms of this Trust Deed or any applicable law.
- 2.9 The Trustee hereby accepts its appointment as trustee of the Emerald Unity Shares and agrees and undertakes that the trust shall be administered, and the trustee powers exercised, in accordance with the following conditions:-
- (a) to the extent it is possible and reasonable to do so in its capacity as the registered holder of the Emerald Unity Shares, the Trustee shall do all such acts and execute all such documents in order to ensure that the obligations of Emerald Unity pursuant to the Scheme are met and fulfilled accordingly by Emerald Unity;
 - (b) to the extent it is possible and reasonable to do so in its capacity as the registered holder of the Emerald Unity Shares, the Trustee shall ensure all the applicable Malaysian laws, regulations, guidelines and directives and the terms of this Trust Deed and any other deed or agreement to which Emerald Unity is a party, are complied with by Emerald Unity at all times;
 - (c) to the extent that it is not inconsistent with the provisions of this Trust Deed, the Trustee shall apply the distribution and dividends (if any) received from Emerald Unity according to the Scheme and the terms of this Trust Deed, the Trustee shall pass all necessary resolutions approving the annual audited accounts of Emerald Unity (which include the balance sheet and profit and loss account of Emerald Unity) or any other agreements in connection with the Scheme;
 - (d) the Trustee shall pass all necessary resolutions in connection with the winding-up of Emerald Unity;

SALIENT TERMS OF THE DRAFT TRUST DEEDS (CONT'D)

- (e) the Trustee shall not, in its capacity as the registered holder of the Emerald Unity Share:-
 - (i) sell, transfer, dispose of or encumber or otherwise deal with the Emerald Unity Shares or any interest therein whether legal or equitable at any time, save and except for the transfer of the Emerald Unity Shares to another trustee upon its resignation being effective in accordance with Clause 7 of this Trust Deed;
 - (ii) take any steps or carry out any acts and deeds in relation to Emerald Unity or the Emerald Unity Shares, subscribe for further shares in Emerald Unity and/or cause Emerald Unity to issue any further shares and/or securities; or
 - (iii) enter into or allow Emerald Unity to enter into any transaction, contract or agreement which is not related to the Scheme or which would otherwise be inconsistent with the terms of the Scheme and/or this Trust Deed; and
- (f) the Trustee shall not amend the constitution of Emerald Unity in any way that would be inconsistent with the Scheme and/or the Trust Deed.

3. COSTS AND REMUNERATION OF THE TRUSTEE

- 3.1 As part of the terms of the Scheme and the Sale and Purchase Agreement, MBSB shall bear all costs of administration of the trust constituted by this Trust Deed including, but not limited to the costs of:-
 - (a) making distributions to the Nominated Charity(ies), if any; and
 - (b) employing and paying any agents, attorneys, solicitors, bankers, accountants, stockbrokers and trust companies and to transact any business or do any act required to be transacted or done in the execution of the trusts hereof including the receipt and payment of money and the execution of documents.
- 3.2 The Settlor shall, until the dissolution of this trust in accordance with the terms of this Trust Deed, pay to the Trustee remuneration for its services as trustee at such times and at such rate as agreed in the letter of engagement dated 20 June 2023 issued by the Trustee to the Settlor.

SALIENT TERMS OF THE DRAFT TRUST DEEDS (CONT'D)

B. TRUST DEED CONFERRING TRUST POWERS OVER THE MANAGEMENT AND ADMINISTRATION OF EMERALD UNITY**1. APPOINTMENT OF THE ADMINISTRATIVE TRUSTEE**

- 1.1 Emerald Unity hereby agrees to appoint and authorise the Administrative Trustee as the trustee to carry out specific roles and functions in relation to the management of Emerald Unity on the Effective Date, and the Administrative Trustee shall have the powers and authority to carry such specific roles and functions as described in the *Appendix* hereof ("**Scope of Work**"), provided that such powers and authority are exercised in a manner consistent with the Scheme, the Trust Deed in respect of the Emerald Unity Shares and this Trust Deed.
- 1.2 Notwithstanding the powers and authorisations conferred to the Administrative Trustee in Clause 2.1 hereof, Emerald Unity holds and continues to hold legal and beneficial ownership of the Residual A&L.
- 1.3 The trust will subsist until the dissolution of Emerald Unity.
- 1.4 The Administrative Trustee shall to the extent it is possible to do so in its capacity as the Administrative Trustee, act in accordance with the terms of the Scheme, the trust deed in respect of the Emerald Unity Shares, this Trust Deed, all applicable Malaysian laws, regulations, guidelines and directives, and all agreements to which Emerald Unity is a party.
- 1.5 In addition to all other powers conferred upon it and subject to all duties and obligations imposed by the other provisions of this Trust Deed or by any statute, equity or general rule of law, the Administrative Trustee shall have and is hereby given the power and authority in its discretion at any time and from time to time to carry out its Scope of Work in accordance with the Scheme and this Trust Deed in such manner as it may determine, and shall have the right to take any action as necessary to observe and fulfil its Scope of Work and to exercise any rights, powers and privileges which may exist or arise in connection therewith, subject always to the provisions of this Trust Deed.
- 1.6 The powers which this Trust Deed confers on the Administrative Trustee are cumulative and without prejudice to its respective powers under the general law and may be exercised as often as the Administrative Trustee thinks appropriate. Emerald Unity acknowledges that the powers of the Administrative Trustee shall in no circumstances whatsoever be suspended, waived or otherwise prejudiced by anything other than a variation or amendment to the Scheme and this Trust Deed.
- 1.7 The Administrative Trustee hereby accepts its appointment as the administrative trustee on behalf of Emerald Unity, and agrees and undertakes that it shall undertake the Scope of Work, and the trustees' powers are exercised in accordance with the following conditions:-
 - (a) to the extent it is possible and reasonable to do so in its capacity as the administrative trustee, the Administrative Trustee shall do all such acts and execute all such documents in order to ensure that the obligations of Emerald Unity pursuant to the Scheme, the trust deed in respect of the Emerald Unity Shares, this Trust Deed, and the Sale and Purchase Agreement are met and fulfilled accordingly by Emerald Unity; and
 - (b) to the extent it is possible and reasonable to do so in its capacity as the administrative trustee, the Administrative Trustee shall ensure all the applicable Malaysian laws, regulations, guidelines and directives and the terms of this Trust Deed and any other deed or agreement to which Emerald Unity is a party, are complied with by Emerald Unity at all times.

SALIENT TERMS OF THE DRAFT TRUST DEEDS (CONT'D)

2. COSTS AND REMUNERATION OF THE ADMINISTRATIVE TRUSTEE

- 2.1 As part of the terms of the Scheme and the Sale and Purchase Agreement, MBSB shall bear all costs and expenses in relation to the administration of the trust constituted by this Trust Deed including, but not limited to the costs of carrying out the Scope of Work, particularly:-
- (a) instructing and/or procuring all payments on behalf of Emerald Unity in accordance with the terms of this Trust Deed;
 - (b) employing and paying any liquidators, agents, attorneys, solicitors, bankers, accountants, stockbrokers, and trust companies and to transact any business or do any act required to be transacted or done in the execution of the trusts hereof including the receipt and payment of money and the execution of documents; and
 - (c) all out-of-pocket expenses of the Administrative Trustee which are necessarily and reasonably incurred in carrying out the Scope of Work.
- 2.2 MBSB or Emerald Unity, as the case may be, shall, until the dissolution of this trust in accordance with the terms of this Trust Deed, pay to the Trustee remuneration for its services as administrative trustee in accordance with the terms of this Trust Deed at such times and at such rate as agreed in the letter of engagement dated 20 June 2023 issued by the Trustee to Emerald Unity.

INFORMATION ON MBSB DEVELOPMENT**1. HISTORY AND BUSINESS**

MBSB Development was incorporated as a private limited company on 18 June 1992 under the Companies Act 1965 (and deemed registered under the Act) in Malaysia.

MBSB Development is principally engaged in property development business. As at LPD, there are no development activities carried out by MBSB Development.

2. SHARE CAPITAL

As at the LPD, the issued share capital of MBSB Development is RM250,000.00 comprising 250,000 ordinary shares.

As at the LPD, MBSB Development has not issued any convertible securities.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, MBSB Development is our wholly-owned subsidiary.

4. DIRECTORS

The particulars of the Directors of MBSB Development and their respective shareholdings in MBSB Development as at the LPD are as follows:-

Name	Nationality	←--Direct--→		←--Indirect--→	
		No. of Shares	%	No. of Shares	%
Hazim Bin Yahya	Malaysian	-	-	-	-
Jesleigh Bin Johari	Malaysian	-	-	-	-

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, the subsidiary of MBSB Development is as follows:-

Name	Place of incorporation	Effective ownership interest %	Principal activities
Prudent Legacy (<i>in liquidation</i>)	Malaysia	92.0	Property Development

MBSB Development does not have any associate company as at the LPD.

INFORMATION ON MBSB DEVELOPMENT (CONT'D)

6. FINANCIAL INFORMATION

The summary financial information of MBSB Development based on its audited consolidated financial statements for FYEs 31 December 2020 to 2022 is as follows:-

	<----- Audited FYE 31 December ----->		
	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
Revenue	-	-	-
Loss before tax	(4,140)	(3,938)	(4,304)
Loss after tax	(4,140)	(3,938)	(4,305)
Number of shares in issue (Unit)	250,000	250,000	250,000
Earnings per Share (RM)	(16.56)	(15.75)	(17.22)
Issued share capital	250	250	250
Shareholders' equity / NA	(73,222)	(77,160)	(81,465)
NA per share (RM)	(292.89)	(308.64)	(325.86)
Current ratio (times)	0.13	0.01	0.01
Borrowings ^(a)	79,292	77,295	81,718
Gearing (times)	(1.08)	(1.00)	(1.00)

Note:-

(a) *Comprising financing from related company.*

For the three (3) financial years, the loss after tax was primarily due to the interest expense on financing from related company.

INFORMATION ON PRUDENT LEGACY (IN LIQUIDATION)**1. HISTORY AND BUSINESS**

Prudent Legacy was incorporated as a private limited company on 9 April 1996 under the Companies Act 1965 (and deemed registered under the Act) in Malaysia.

Prudent Legacy was previously engaged in property development business.

2. SHARE CAPITAL

As at the LPD, the issued share capital of Prudent Legacy is RM250,000.00 comprising 250,000 shares.

As at the LPD, Prudent Legacy has not issued any convertible securities.

3. SUBSTANTIAL SHAREHOLDERS

The shareholders of Prudent Legacy and their respective shareholdings in Prudent Legacy as at the LPD are as follows:-

Substantial shareholder	Country of incorporation	←-----Direct-----→		←-----Indirect-----→	
		No. of Shares	%	No. of Shares	%
MBSB Development	Malaysia	230,000	92	-	-
JKP Sdn Bhd	Malaysia	20,000	8	-	-
MBSB	Malaysia			230,000	92

4. DIRECTORS

The particulars of the Directors of Prudent Legacy and their respective shareholdings in Prudent Legacy as at the LPD are as follows:-

Name	Nationality	←--Direct--→		←--Indirect--→	
		No. of Shares	%	No. of Shares	%
Azlina Binti Mohd Rashad	Malaysian	-	-	-	-
Asrul Hazli Bin Salleh	Malaysian	-	-	-	-

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, Prudent Legacy does not have any subsidiary or associated company.

INFORMATION ON PRUDENT LEGACY (IN LIQUIDATION) (CONT'D)**6. FINANCIAL INFORMATION**

The summary financial information of Prudent Legacy based on its audited consolidated financial statements for FYEs 31 December 2020 to 2022 is as follows:-

	<----- Audited FYE 31 December ----->		
	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
Revenue	-	-	-
Loss before tax	(646)	-	-
Loss after tax	(646)	-	-
Number of shares in issue (Unit)	250,000	-	-
Earnings per Share (RM)	(2.58)	N/A	N/A
Issued share capital	250	-	-
Shareholders' equity / NA	(11,167)	-	-
NA per share (RM)	(44.67)	N/A	N/A
Current ratio (times)	0.01	N/A	N/A
Borrowings ^(a)	11,249	-	-
Gearing (times)	(1.01)	N/A	N/A

Note:-

(a) *Comprising financing from related company.*

INFORMATION ON MBSB PROPERTIES**1. HISTORY AND BUSINESS**

MBSB Properties was incorporated as a private limited company on 29 February 1980 under the Companies Act 1965 (and deemed registered under the Act) in Malaysia.

MBSB Properties is principally engaged in business of letting of real property. As at LPD, MBSB Properties is not active and in the process of disposing its properties.

2. SHARE CAPITAL

As at the LPD, the issued share capital of MBSB Properties is RM24,400,000.00 comprising 24,400,000 shares.

As at the LPD, MBSB Properties has not issued any convertible securities.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, MBSB Properties is our wholly-owned subsidiary.

4. DIRECTORS

The particulars of the Directors of MBSB Properties and their respective shareholdings in MBSB Properties as at the LPD are as follows:-

Name	Nationality	←--Direct--→		←--Indirect--→	
		No. of Shares	%	No. of Shares	%
Hazim Bin Yahya	Malaysian	-	-	-	-
Jesleigh Bin Johari	Malaysian	-	-	-	-

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, MBSB Properties does not have any subsidiary or associated company.

INFORMATION ON MBSB PROPERTIES (CONT'D)

6. FINANCIAL INFORMATION

The summary financial information of MBSB Properties based on its audited consolidated financial statements for FYEs 31 December 2020 to 2022 is as follows:-

	<----- Audited FYE 31 December ----->		
	2020	2021	2022
	(RM'000)	(RM'000)	(RM'000)
Revenue	567	568	156
Loss before tax	(18,356)	(20,260)	(17,170)
Loss after tax	(18,356)	(20,260)	(17,317)
Number of shares in issue (Unit)	24,400,400	24,400,400	24,400,400
Earnings per Share (RM)	(0.75)	(0.83)	(0.71)
Issued share capital	24,400	24,400	24,400
Shareholders' equity / NA	(201,344)	(221,604)	(238,921)
NA per share (RM)	(8.25)	(9.08)	(9.79)
Current ratio (times)	0.06	0.06	0.04
Borrowings ^(a)	215,699	236,482	247,788
Gearing (times)	(1.07)	(1.07)	(1.04)

Note:-

(a) *Comprising financing from related company.*

For the three (3) financial years, the loss after tax was primarily due to the interest expense on financing from related company.

INFORMATION ON 88 LEGACY**1. HISTORY AND BUSINESS**

88 Legacy was incorporated as a private limited company on 15 August 2014 under the Companies Act 1965 (and deemed registered under the Act) in Malaysia.

88 Legacy is principally engaged in property development business. As at LPD, 88 Legacy is in the process of disposing its properties.

2. SHARE CAPITAL

As at the LPD, the issued share capital of 88 Legacy is RM2.00 comprising 2 shares.

As at the LPD, 88 Legacy has not issued any convertible securities.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, 88 Legacy is our wholly-owned subsidiary.

4. DIRECTORS

The particulars of the Directors of 88 Legacy and their respective shareholdings in 88 Legacy as at the LPD are as follows:-

Name	Nationality	←--Direct--→		←--Indirect--→	
		No. of Shares	%	No. of Shares	%
Hazim Bin Yahya	Malaysian	-	-	-	-
Jesleigh Bin Johari	Malaysian	-	-	-	-

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, 88 Legacy does not have any subsidiary or associated company.

INFORMATION ON 88 LEGACY (CONT'D)**6. FINANCIAL INFORMATION**

The summary financial information of 88 Legacy based on its audited consolidated financial statements for FYEs 31 December 2020 to 2022 is as follows:-

	<----- Audited FYE 31 December ----->		
	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
Revenue	31,040	-	-
Loss before tax	(8,556)	(24,101)	(5,448)
Loss after tax	(8,556)	(24,101)	(5,448)
Number of shares in issue (Unit)	2	2	2
Earnings per Share	(4,278)	(12,051)	(2,724)
Issued share capital (RM)	2	2	2
Shareholders' equity / NA	(49,723)	(73,823)	(79,271)
NA per share (RM)	(24,862)	(36,912)	(39,636)
Current ratio (times)	0.60	0.42	0.41
Borrowings ^(a)	122,948	128,065	133,545
Gearing (times)	(2.47)	(1.73)	(1.68)

Note:-

(a) *Comprising financing from related company.*

For the three (3) financial years, the loss after tax was primarily due to the profit expense on financing from related company.

INFORMATION ON DEFINITE PURE**1. HISTORY AND BUSINESS**

Definite Pure was incorporated as a private limited company on 8 March 1996 under the Companies Act 1965 (and deemed registered under the Act) in Malaysia.

Definite Pure is principally engaged in property development business. As at LPD, Definite Pure is not active.

2. SHARE CAPITAL

As at the LPD, the issued share capital of Definite Pure is RM2.00 comprising 2 shares.

As at the LPD, Definite Pure has not issued any convertible securities.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, Definite Pure is our wholly-owned subsidiary.

4. DIRECTORS

The particulars of the Directors of Definite Pure and their respective shareholdings in Definite Pure as at the LPD are as follows:-

Name	Nationality	←--Direct--→		←--Indirect--→	
		No. of Shares	%	No. of Shares	%
Hazim Bin Yahya	Malaysian	-	-	-	-
Jesleigh Bin Johari	Malaysian	-	-	-	-

5. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, Definite Pure does not have any subsidiary or associated company.

INFORMATION ON DEFINITE PURE (CONT'D)**6. FINANCIAL INFORMATION**

The summary financial information of Definite Pure based on its audited consolidated financial statements for FYEs 31 December 2020 to 2022 is as follows:-

	<----- Audited FYE 31 December ----->		
	2020 (RM'000)	2021 (RM'000)	2022 (RM'000)
Revenue	-	-	-
Loss before tax	(57,045)	(63,175)	(70,011)
Loss after tax	(57,045)	(63,175)	(70,011)
Number of shares in issue (Unit)	2	2	2
Earnings per Share	(28,523)	(31,588)	(35,006)
Issued share capital (RM)	2	2	2
Shareholders' equity / NA	(572,971)	(636,146)	(706,157)
NA per share	(286,486)	(318,073)	(353,079)
Current ratio (times)	-	-	-
Borrowings ^(a)	572,962	636,138	706,155
Gearing (times)	(1.00)	(1.00)	(1.00)

Note:-

(a) *Comprising financing from related company.*

For the three (3) financial years, the loss after tax was primarily due to the interest expense on financing from related company.

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

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AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB DEVELOPMENT SDN. BHD.
 (199201011105 / 242608-P)
 (Incorporated in Malaysia)

**Directors' report
 for the financial year ended 31 December 2022**

The Directors have pleasure in presenting their report together with the audited financial statements of MBSB Development Sdn. Bhd. ("the Company") for the financial year ended 31 December 2022.

Principal activity

The principal activity of the Company and its subsidiary is property development. No development activities have taken place during the financial year. The subsidiary of the Company is currently under voluntary winding up.

There has been no significant change in the nature of the principal activity of the Company during the financial year.

Financial results

	RM
Loss for the year	<u>(4,305)</u>

Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Reserves, provisions and allowances

There were no material transfers to or from reserves or provisions or allowances during the financial year.

Issue of shares and debentures

There were no changes to the issued and paid-up ordinary share capital of the Company during the financial year. There were no debentures issued during the year.

Directors

The Directors of the Company who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

Jesleigh bin Johari (appointed on 15 February 2022)
 Hazim bin Yahya (appointed on 15 February 2022)
 Asrul Hazli bin Salleh (resigned on 15 February 2022)
 Azlina binti Mohd Rashad (resigned on 15 February 2022)

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

Directors' interests in shares and share options

According to the register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares and options over shares of the Company and its related corporations during the financial year were as follows:

Name of Directors	Number of ordinary shares				
	← 01.01.2022	Granted	Acquired	Sold →	31.12.2022
<i>Direct interest:</i>					
Ordinary shares of MBSB					
Hazim bin Yahya	89,719	-	-	-	89,719

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the fixed salary of a full time employee of the related company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or its related corporations during the financial year.

Indemnity and Takaful costs

The Directors and Officers of the Company are covered by Directors' and Officers' Liability Takaful of Malaysia Building Society Berhad ("MBSB"). The total takaful coverage amounts to RM50,000,000 and the annual takaful cost that is payable amounts to RM153,922.

Immediate and ultimate holding company/body

The immediate holding company is Malaysia Building Society Berhad ("MBSB"), a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The ultimate holding body is Employees Provident Fund ("EPF"), a statutory body established under the Employees Provident Fund Act 1991 (Act 452).

Directors' remuneration

Directors' remuneration of the Company is RM nil.

Auditors' remuneration

Auditors' remuneration of the Company is RM14,400. Details of auditors' remuneration are set out in Note 9 to the financial statements.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated



Jesleigh bin Johari
Director

06 JUN 2023



Hazim bin Yahya
Director

Petaling Jaya, Malaysia

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**


MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)


Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Jesleigh bin Johari and Hazim bin Yahya, being two of the Directors of MBSB Development Sdn. Bhd., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 10 to 30 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of the financial performance and cash flows of the Company for the year then ended 31 December 2022, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated

06 JUN 2023


Jesleigh bin Johari
Director


Hazim bin Yahya
Director

Petaling Jaya, Malaysia.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

Statutory Declaration**Pursuant to Section 251(1)(b) of the Companies Act, 2016**

I, Ramanathan Rajoo, being the officer primarily responsible for the financial management of MBSB Development Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 30 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Ramanathan A/L Rajoo
at Petaling Jaya in the State of
Selangor Darul Ehsan on **06 JUN 2023**



Ramanathan Rajoo
MIA No. CA7012

Before me,



No. 43, Kompleks Emporium
Makan Sek 52, Jalan Sultan
46200 Petaling Jaya, Selangor



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF MBSB DEVELOPMENT SDN. BHD.**
(Incorporated in Malaysia)
Registration No. 199201011105 (242608-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of MBSB Development Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 30.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

.....
PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1
Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF MBSB DEVELOPMENT SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 199201011105 (242608-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF MBSB DEVELOPMENT SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 199201011105 (242608-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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



INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF MBSB DEVELOPMENT SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199201011105 (242608-P)

OTHER MATTERS

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'PricewaterhouseCoopers'.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

A handwritten signature in black ink, appearing to be 'William Mah Jin Chiek'.

WILLIAM MAH JIN CHIEK
03085/07/2023 J
Chartered Accountant

Kuala Lumpur
6 June 2023

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Assets			
Current asset			
Other receivables	3	-	14
Cash and cash equivalents	4	361	335
		<u>361</u>	<u>349</u>
Total assets		<u>361</u>	<u>349</u>
Liabilities			
Non-current liabilities			
Financing due to a related company	5	35,160	33,729
		<u>35,160</u>	<u>33,729</u>
Current liabilities			
Amount due to immediate holding company	6	46,558	43,566
Other payables and accruals	7	108	214
		<u>46,666</u>	<u>43,780</u>
Total liabilities		<u>81,826</u>	<u>77,509</u>
Equity			
Share capital	8	250	250
Accumulated losses		(81,715)	(77,410)
Total equity		<u>(81,465)</u>	<u>(77,160)</u>
Total liabilities and equity		<u>361</u>	<u>349</u>

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

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RM'000	2021 RM'000
Other operating income		48	-
Profit income		5	2
Other operating expenses	9	(301)	(18)
Profit expense to a related company	10	(1,432)	(1,345)
Interest expense to immediate holding company	11	(2,634)	(2,483)
Write back/(allowance) of expected credit losses		10	(94)
Loss before taxation	12	<u>(4,304)</u>	<u>(3,938)</u>
Taxation	13	(1)	-
Total comprehensive loss for the year		<u>(4,305)</u>	<u>(3,938)</u>

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

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Accumulated losses	Total
	RM'000	RM'000	RM'000
At 1 January 2021	250	(73,472)	(73,222)
Total comprehensive loss for the year	-	(3,938)	(3,938)
At 31 December 2021 / 1 January 2022	250	(77,410)	(77,160)
Total comprehensive loss for the year	-	(4,305)	(4,305)
At 31 December 2022	<u>250</u>	<u>(81,715)</u>	<u>(81,466)</u>

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

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 RM'000	2021 RM'000
Cash flows from operating activities		
Loss before taxation	(4,304)	(3,938)
Adjustment for:		
Profit expense to a related company	1,432	1,345
Interest expense to immediate holding company	2,634	2,483
Allowance for impairment expected credit losses	(10)	94
Operating loss before working capital changes	(248)	(16)
Increase in other receivables	-	(16)
Decrease in financing due to a related company	-	(5,827)
Increase in amount due to immediate holding company	359	-
(Decrease)/increase in other payables	(109)	14
Net cash generated from/(used in) operating activities	<u>2</u>	<u>(5,845)</u>
Net increase/(decrease) in cash and cash equivalents	2	(5,845)
Cash and cash equivalents at 1 January	210	6,055
Cash and cash equivalents at 31 December	<u>212</u>	<u>210</u>

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amount:

	Note	2022 RM'000	2021 RM'000
Cash and cash equivalents		361	335
Less: Deposits in sinking fund account	4(a)	(90)	(86)
Deposits in maintenance fees account	4(b)	(59)	(39)
		<u>212</u>	<u>210</u>

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

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

Corporate information

The Company is a private limited liability company, incorporated under the Companies Act, 2016 in Malaysia, and domiciled in Malaysia. The address of principal place of business and registered office of the Company is as follow:

Level 25, Menara MBSB Bank,
PJ Sentral,
Lot 12, Persiaran Barat, Seksyen 52,
46200 Petaling Jaya,
Selangor

The immediate holding company is Malaysia Building Society Berhad ("MBSB"), a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The ultimate holding body is Employees Provident Fund ("EPF"), a statutory body established under the Employees Provident Fund Act 1991 (Act 452).

The principal activity of the Company and its subsidiary is property development. No development activities have taken place during the financial year. The subsidiary of the Company is currently under voluntary winding up.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 06 JUN 2023

1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Company have been prepared on historical cost basis except as disclosed in the accounting policies below and on the assumption that the Company is a going concern.

The Company incurred a net loss of RM4,305,000 (2021: RM3,938,000) during the year ended 31 December 2022 and, as of that date, the Company's current liabilities exceeded its current assets by RM46,305,000 (2021: RM43,431,000) and the Company has a deficit in equity attributable to its owner of RM81,465,000 (2021: RM77,160,000), thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The validity of the going concern assumption is dependent upon the immediate holding company to provide continuing financial assistance to enable it to meet its obligation as and when they fall due so as to ensure the Company's existence as a going concern for the foreseeable future.

As at the date of this report, the immediate holding company continues to pledge to support the Company financially. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Company is unable to continue as going concern.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

1. Basis of preparation (cont'd)**(A) Standards, amendments to published standards and interpretation that are effective and applicable to the Company**

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Company for the financial year beginning 1 January 2022 are as follows:

- Amendments to MFRS 3 'Reference to Conceptual Framework'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities'
- Annual Improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual Improvements to MFRS 141 'Taxation in Fair Value Measurements'

The adoption of the above amendments to published standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(B) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

The Company will apply these standards and amendments to published standards from:

(i) Financial year beginning on/after 1 January 2023

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

1. Basis of preparation (cont'd)

(B) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (cont'd)

The Company will apply these standards and amendments to published standards from:
 (cont'd)

(i) Financial year beginning on/after 1 January 2023 (cont'd)

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates

Amendments on disclosure of accounting policies (Amendments to MFRS 101 and MFRS Practise Statement 2)

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments on definition of accounting estimates (Amendments to MFRS 108)

The amendments to MFRS 108, redefined accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to any material financial impact to the Company.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

2. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Functional and presentation currency

Items included in the financial statements of the Group and the Company is measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional and presentation currency and has been rounded to the nearest thousand (RM'000) except when otherwise indicated.

(b) Subsidiary

A subsidiary is an entity over which the Company has all of the following:

- power over the investee;
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power to affect those returns.

In the Company's financial statements, investment in a subsidiary are accounted for at cost less any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(d) below. On disposal of such investment, the difference between the net disposal proceeds and carrying amount is included in profit or loss. Dividend income received from subsidiary is recognised in profit or loss on the date that the Company's right to receive payment is established.

The Company does not present consolidated financial statements because:

- it is a wholly-owned subsidiary of MBSB and MBSB has been informed about, and does not object to, the Company not presenting consolidated financial statements.
- its debt or equity instruments are not traded in a public market.
- it does not intend to issue any class of instruments in a public market.
- MBSB produces consolidated financial statements available for the public use that comply with MFRS.

(c) Cash and cash equivalents

Cash at bank in the statement of financial position consist of balance with a licensed bank which have an insignificant risk of changes in fair value with original maturities of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents are presented cash in bank net of deposits in sinking fund account and deposits in maintenance fees account.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
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2. Significant accounting policies (cont'd.)**(d) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss if the carrying amount of the asset exceeds its estimated recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(e) Financial instruments**(i) Recognition and initial measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

2. Significant accounting policies (cont'd.)**(e) Financial instruments (cont'd)****(i) Recognition and initial measurement (cont'd)*****Financial assets***

Trade receivables, other receivables and cash at bank are categorised and subsequently measured at amortised cost using the effective interest method.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost. Interest income is recognised in the profit or loss.

Financial assets categorised as amortised cost are subject to impairment assessment (see Note 2(f)).

(ii) Financial instrument categories and subsequent measurement***Financial liabilities***

Financial liabilities are subsequently measured at amortised cost using the effective profit/interest method. Profit/interest expense is recognised by applying effective profit/interest rate to the gross carrying amount. Profit/interest expense is recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(f) Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

Lifetime expected credit losses are the expected credit losses that result from a significant increase in credit risk since initial recognition and all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
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2. Significant accounting policies (cont'd.)

(g) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved, where necessary.

(h) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are by the end of reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
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3. Other receivables

	2022	2021
	RM'000	RM'000
Other receivables	-	14
	<u>-</u>	<u>14</u>
	2022	2021
	RM'000	RM'000
Amount due from former partners of joint venture projects	557	567
Deposits	326	326
Sundry receivables	258	258
Amount due from unit owners	-	14
	<u>1,141</u>	<u>1,165</u>
Less: Expected credit losses	(1,141)	(1,151)
	<u>-</u>	<u>14</u>

Amount due from unit owners represents receivables from the service charges and sinking fund in relation to a housing development project.

(i) Movements of expected credit losses for amount receivable are as follows:

	2022	2021
	RM'000	RM'000
Balance as at 1 January	1,151	1,057
Allowance (written back)/made during the financial year	(10)	94
Balance as at 31 December	<u>1,141</u>	<u>1,151</u>

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Ageing analysis of other receivables is as follows:

	2022	2021
	RM'000	RM'000
Past due but not impaired	-	14
Impaired	1,141	1,151
	<u>1,141</u>	<u>1,165</u>

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

4. Cash and cash equivalents

	2022 RM'000	2021 RM'000
Cash at bank	361	335

	Note	2022 RM'000	2021 RM'000
<u>Included in cash at bank are the following:</u>			
Deposits in sinking fund account	4(a)	90	86
Deposit in maintenance fees account	4(b)	59	39

4(a) This represents the cash held pursuant to Section 11 of the Strata Management Act 2013. The accounts shall be operated by the developer until the expiry of the developer's management period. The Act restricts the fund from use in other operations.

4(b) This represents the cash held pursuant to Section 10 of the Strata Management Act 2013. The accounts shall be operated by the developer until the expiry of the developer's management period. The Act restricts the fund from use in other operations.

5. Financing due to a related company

Financing due to a related company represents a loan granted to the Company by MBSB and was transferred to MBSB Bank Berhad which has been converted to a financing facility under Shariah Principles during the financial year ended 31 December 2018. The financing due to a related company is unsecured, subject to profit rate of 5.89% (2021: 5.50%) per annum and is repayable upon demand. MBSB Bank Berhad is a wholly-owned subsidiary of MBSB.

6. Amount due to immediate holding company

Amount due to immediate holding company represents payment made on behalf of the Company by MBSB. The amount due to immediate holding company is unsecured, subject to average interest rate of 5.89% (2021: 5.50%) per annum and repayable upon demand.

7. Other payables and accruals

	2022 RM'000	2021 RM'000
Deposits in sinking fund account	72	71
Deposits received	-	3
Accruals	36	126
Amount due to management committee	-	14
	<u>108</u>	<u>214</u>

Amount due to management committee represents receivables from the unit owners of a development project which will be handed over to a management committee after being established.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
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8. Share capital

	Number of ordinary shares		Amount	
	2022 Units '000	2021 Units '000	2022 RM'000	2021 RM'000
Issued and fully paid:				
At 1 January/				
31 December	250	250	250	250

The holder of the ordinary shares is entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

9. Operating expenses

Included in operating expenses is the auditors' remuneration with the amount as follows:

	2022 RM'000	2021 RM'000
Statutory audit	8	8
Tax compliance	6	-
	14	8

10. Profit expense to a related company

Profit expense to a related company relates to the profit expense on financing due to a related company.

11. Interest expense to Immediate holding company

Interest expense to immediate holding company relates to the interest expense on amount due to immediate holding company.

12. Loss before taxation

Loss before taxation is stated after charging:

	2022 RM'000	2021 RM'000
Auditors' remuneration	14	8

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
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(Incorporated in Malaysia)

13. Taxation

	2022 RM'000	2021 RM'000
Current year tax expense	<u>1</u>	<u>-</u>

Domestic current income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2022 RM'000	2021 RM'000
Loss before taxation	<u>(4,304)</u>	<u>(3,938)</u>
Taxation at the Malaysian statutory tax rate of 24%	(1,033)	(945)
Effect of expenses not deductible for tax purposes	1,045	941
Effect of deferred tax assets not recognised	-	4
Effect of utilisation of deferred tax asset not previously recognised	(11)	-
Tax expense for the year	<u>1</u>	<u>-</u>

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2022 RM'000	2021 RM'000
Unutilised tax losses	33,743	33,795
Unabsorbed capital allowances	-	4
Other deductible temporary differences	<u>-</u>	<u>2</u>

The unutilised tax losses of the Company are available for offsetting against future taxable profits of the Company for another 10 consecutive years effective from Year of Assessment 2019. The utilisation of tax losses carried forward are also subject to no substantial change in shareholdings of the Company under Income Tax Act, 1967 and guidelines issued by the tax authority. The table below summarised the remaining unutilised tax losses by year of assessment.

	2022 RM'000	2021 RM'000
Up to year of assessment 2028	33,688	33,740
Up to year of assessment 2029	24	24
Up to year of assessment 2030	24	24
Up to year of assessment 2031	7	7
	<u>33,743</u>	<u>33,795</u>

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
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14. Financial instruments
(a) Categories of financial instruments

The table below shows the carrying amount of financial instruments as at 31 December 2022 and 31 December 2021 categorised as amortised cost:

	Carrying amount RM'000	Amortised cost RM'000
2022		
Financial assets		
Cash and cash equivalents	361	361
Other receivables	-	-
	<u>361</u>	<u>361</u>
Financial liabilities		
Financing due to a related company	35,160	35,160
Amount due to immediate holding company	46,558	46,558
Other payables and accruals	108	108
	<u>81,826</u>	<u>81,826</u>
2021		
Financial assets		
Cash and cash equivalents	335	335
Other receivables	14	14
	<u>349</u>	<u>349</u>
Financial liabilities		
Financing due to a related company	33,729	33,729
Amount due to immediate holding company	43,566	43,566
Other payables and accruals	214	214
	<u>77,509</u>	<u>77,509</u>

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

14. Financial instruments (cont'd)**(b) Net losses arising from financial instruments**

	2022 RM'000	2021 RM'000
Net gain on:		
Write back/(allowance) of expected credit losses	10	(94)
Net loss on:		
Profit expense to a related company	(1,432)	(1,345)
Interest expense to immediate holding company	(2,634)	(2,483)
Net losses arising from financial instruments	<u>(4,056)</u>	<u>(3,922)</u>

(c) Financial risk management

The Company operates within the financial risk management policies of its immediate holding company. Cash flows and liquidity requirements of the Company are monitored and controlled by the immediate holding company.

The Company has exposure to credit risk, market risk and liquidity risk from its financial instruments.

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises from cash at bank and other receivables.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Cash at bank

The cash at bank are held with a licensed bank in Malaysia which has low credit risk. In addition, some of the bank balances are insured by government agencies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Company recognised expected credit losses as disclosed in Note 3.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

14. Financial instruments (cont'd)

(e) Market risk

Market risk is the risk that changes in market prices, such as profit/interest rates that will affect the Company's financial position or cash flows. The Company is not significantly exposed to foreign currency risks.

Profit/interest rate risk

Profit/interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit/interest rates.

The Company's financing due to a related company and amount due to immediate holding company are exposed to a risk of change in cash flows due to changes in profit/interest rates. Short term receivables and payables are not significantly exposed to profit/interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Company's profit/interest rate risk is managed by the immediate holding company as a whole.

Exposure to profit/interest rate risk

The profit/interest rate profile of the Company's significant profit/interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2022	2021
	RM'000	RM'000
Floating rate instruments		
Financial liabilities	<u>(81,718)</u>	<u>(77,295)</u>

Profit/interest rate risk sensitivity analysis

a) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and fair value through other comprehensive income. Therefore, a change in interest/profit rates at the end of the reporting period would not affect profit or loss and equity.

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

14. Financial instruments (cont'd)
(e) Market risk (cont'd)

Profit/interest rate risk sensitivity analysis (cont'd.)

b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on the interest/profit rate variances that the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables remain constant.

	100 bp increase 31.12.2022 RM'000	100 bp decrease 31.12.2022 RM'000	100 bp increase 31.12.2021 RM'000	100 bp decrease 31.12.2021 RM'000
Floting rate instruments	(621)	621	(587)	587

(f) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as and when they fall due.

	On demand or within one year RM'000	Over one to five years RM'000	Total RM'000
2022			
Financing due to a related company	-	35,160	35,160
Amount due to immediate holding company	46,558	-	46,558
Other payables and accruals	108	-	108
	<u>46,666</u>	<u>35,160</u>	<u>81,826</u>

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

14. Financial instruments (cont'd)
(f) Liquidity risk (cont'd)

	On demand or within one year RM'000	Over one to five years RM'000	Total RM'000
2021			
Financing due to a related company	-	33,729	33,729
Amount due to immediate holding company	43,566	-	43,566
Other payables and accruals	214	-	214
	<u>43,780</u>	<u>33,729</u>	<u>77,509</u>

The Company relies on continuing financial support from its immediate holding company, that enables it to meet its obligations and liabilities as and when they fall due.

15. Related parties
Identity of related parties

For the purpose of the financial statements, a party is considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the Directors of the Company.

The Company has a related party relationship with its immediate holding company, related company and key management personnel.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB DEVELOPMENT SDN. BHD.
(199201011105 / 242608-P)
(Incorporated in Malaysia)

15. Related parties (cont'd)**Significant related party transactions and balances**

	2022 RM'000	2021 RM'000
Expenses		
Profit expense to a related company	1,432	1,345
Interest expense to immediate holding company	2,634	2,483
	<hr/>	<hr/>
Balances		
Financing due to a related company	35,160	33,729
Amount due to immediate holding company	46,558	43,566
	<hr/>	<hr/>

Key management personnel compensation

The key management personnel did not receive any remuneration from the Company during the financial year.

16. Fair values

The carrying amounts of the Company's financial assets and liabilities are reasonable approximations of fair values due to their short-term nature or by being floating rate instruments.

17. Capital management

The Company manages its capital by following the immediate holding company's policies and guidelines and also seeks approval from the Board of Directors of its immediate holding company with regards to all capital management matters. The Company takes into consideration equity attributable to the immediate holding company, financing due to the related company and amount due to the immediate holding company. In this respect, the Company's policies and procedures involve obtaining funding from its immediate holding company and related company to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)

MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

**MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)**

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AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB PROPERTIES SDN. BHD.
 (198001001895 / 55678-T)
 (Incorporated in Malaysia)

**Directors' report
 for the financial year ended 31 December 2022**

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2022.

Principal activity

The principal activity of the Company is letting of real property.

There has been no significant change in the nature of the principal activity of the Company during the financial year.

Financial Results

	RM'000
Loss for the year	<u>(17,317)</u>

Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Reserves, provisions and allowances

There were no material transfers to or from reserves or provisions or allowance during the financial year.

Issue of shares and debentures

There were no changes to the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the year.

Directors

The Directors of the Company who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

Jesleigh bin Johari (appointed on 15 February 2022)
 Hazim bin Yahya (appointed on 15 February 2022)
 Asrul Hazli bin Salleh (resigned on 15 February 2022)
 Azlina binti Mohd Rashad (resigned on 15 February 2022)

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)

Directors' interests in shares and share options

According to the register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares and options over shares of the Company and its related corporations during the financial year were as follows:

Name of Directors	←	Number of ordinary shares			→
	01.01.2022	Granted	Acquired	Sold	31.12.2022
<i>Direct interest:</i>					
Ordinary shares of MBSB					
Hazim bin Yahya	89,719	-	-	-	89,719

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fixed salary of a full time employee of the immediate holding company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by mean of the acquisition of shares in or debentures of the Company or its related corporations during the financial year.

Indemnity and Takaful costs

The Directors and Officers of the Company are covered by Directors' and Officers' Liability Takaful of Malaysia Building Society Berhad ("MBSB"). The total takaful coverage amounts to RM50,000,000 and the annual takaful cost that is payable amounts to RM153,922.

Immediate and ultimate holding company/body

The immediate holding company is Malaysia Building Society Berhad ("MBSB"), a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The ultimate holding body is Employees Provident Fund ("EPF"), a statutory body established under the Employees Provident Fund Act 1991 (Act 452).

Directors' remuneration

Directors' remuneration of the Company is nil.

Auditors' remuneration

Auditors' remuneration of the Company is RM13,250. Details of auditors' remuneration are set out in Note 16 to the financial statements.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)


Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated

06 JUN 2023


Jesleigh bin Johari
Director


Hazim bin Yahya
Director

Petaling Jaya, Malaysia

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**


MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)


Statement by Directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, Jesleigh bin Johari and Hazim bin Yahya being the Directors of MBSB Properties Sdn. Bhd., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 10 to 33 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of the financial performance and cash flows of the Company for the year then ended 31 December 2022, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated

06 JUN 2023


Jesleigh bin Johari
Director


Hazim bin Yahya
Director

Petaling Jaya, Malaysia


**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)

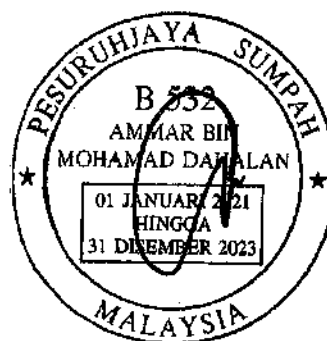
Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Ramanathan Rajoo, being the officer primarily responsible for the financial management of MBSB Properties Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 33 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Ramanathan Rajoo
at Petaling Jaya in the state of
Selangor Darul Ehsan on **06 JUN 2023**


Ramanathan Rajoo
MIA No. CA7012

Before me,



No. 43, Kompleks Emporium
Makan Sek 52, Jalan Sultan
46200 Petaling Jaya, Selangor



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF MBSB PROPERTIES SDN. BHD.**
(Incorporated in Malaysia)
Registration No. 198001001895 (55678-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of MBSB Properties Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 33.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1
Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my



INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF MBSB PROPERTIES SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 198001001895 (55678-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF MBSB PROPERTIES SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 198001601895 (55678-T)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF MBSB PROPERTIES SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 198001001895 (55678-T)

OTHER MATTERS

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A large, stylized handwritten signature in black ink, likely representing the PricewaterhouseCoopers firm.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
6 June 2023

A large, stylized handwritten signature in black ink, likely representing William Mah Jin Chiek.

WILLIAM MAH JIN CHIEK
03085/07/2023 J
Chartered Accountant

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)

MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Assets			
Non-current assets			
Property and equipment	3	213	498
Right-of-use assets	4	-	433
		<u>213</u>	<u>931</u>
Current assets			
Trade and other receivables	5	-	264
Amount due from a related company	6	-	9,910
Assets classified as held for sale	7	693	1,447
Cash and cash equivalents		8,536	2,480
		<u>9,229</u>	<u>14,101</u>
Total assets		<u>9,442</u>	<u>15,032</u>
Liabilities			
Non-current liabilities			
Financing due to a related company	8	-	11,066
Amount due to a related company		335	-
		<u>335</u>	<u>11,066</u>
Current liabilities			
Loan due to the immediate holding company	9	247,788	225,416
Other payables	10	216	154
Provision for taxation		24	-
		<u>248,028</u>	<u>225,570</u>
Total liabilities		<u>248,363</u>	<u>236,636</u>
Equity			
Share capital	11	24,400	24,400
Accumulated losses		(263,321)	(246,004)
Total equity		<u>(238,921)</u>	<u>(221,604)</u>
Total liabilities and equity		<u>9,442</u>	<u>15,032</u>

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

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RM'000	2021 RM'000
Revenue	12	156	568
Other income		111	-
Depreciation of property and equipment	3	(23)	(41)
Depreciation of rights-of-use assets	4	(2)	(10)
Depreciation of investment properties		-	(10)
Other operating expenses		(1,180)	(616)
Gain on disposal of assets classified as held for sale		6,233	188
Write off of other receivables		(57)	-
Net profit (expense)/income	13	(36)	12
Interest expense	14	(22,372)	(20,351)
Loss before taxation		(17,170)	(20,260)
Taxation	15	(147)	-
Total comprehensive loss for the year	16	(17,317)	(20,260)

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

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital RM'000	Non- distributable capital reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2022	24,400	-	(246,004)	(221,604)
Total comprehensive loss for the year	-	-	(17,317)	(17,317)
At 31 December 2022	<u>24,400</u>	<u>-</u>	<u>(263,321)</u>	<u>(238,921)</u>
At 1 January 2021	24,400	2,196	(227,940)	(201,344)
Transfer of capital reserve to accumulated losses	-	(2,196)	2,196	-
Total comprehensive loss for the year	-	-	(20,260)	(20,260)
At 31 December 2021	<u>24,400</u>	<u>-</u>	<u>(246,004)</u>	<u>(221,604)</u>

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

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	RM'000	RM'000
Cash flows from operating activities		
Loss before taxation	(17,170)	(20,260)
Adjustments for:		
Depreciation of property and equipment	23	41
Depreciation of investment properties	-	10
Depreciation of right-of-use assets	2	10
Write off of other receivables	57	-
Gain on disposal of assets classified as held for sale	(6,233)	(188)
Net profit income on amount due from a related company	(254)	-
Profit expense on financing due to a related company	290	(12)
Interest expense	22,372	20,351
Operating loss before working capital changes	(913)	(48)
Decrease/(increase) in other receivables	112	(69)
Decrease in amount due from a related company	10,164	141
Increase in amount due to a related company	335	-
Increase in other payables	62	127
Cash generated from operating activities	9,760	151
Tax paid	(26)	-
Net cash generated from operating activities	9,734	151
Cash flows from investing activity		
Proceeds from disposal of assets classified as held for sale	7,678	350
Net cash generated from investing activity	7,678	350
Cash flows from financing activities		
Drawdown in financing due to a related company	105	-
Repayment on financing	(11,461)	-
Net cash used in financing activity	(11,356)	-
Net increase in cash and cash equivalents	6,056	501
Cash and cash equivalents at 1 January	2,480	1,979
Cash and cash equivalents at 31 December	8,536	2,480

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

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022 (cont'd.)

Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

	2022	2021
	RM'000	RM'000
Cash on hand	1	1
Cash at bank	8,535	2,479
	<u>8,536</u>	<u>2,480</u>

An analysis of changes in liabilities arising from financing activities for the financial year is as follows:

	Financing	Loan due	Total
	due to a	to the	
	related	Immediate	
	company	holding	
	RM'000	company	RM'000
	RM'000	RM'000	RM'000
At 1 January 2022	11,066	225,416	236,482
Profit/interest expense during the year	290	22,372	22,662
Addition	105	-	105
Repayment and redemption	(11,461)	-	(11,461)
At 31 December 2022	<u>-</u>	<u>247,788</u>	<u>247,788</u>

	Financing	Loan due	Total
	due to a	to the	
	related	Immediate	
	company	holding	
	RM'000	company	RM'000
	RM'000	RM'000	RM'000
At 1 January 2021	10,635	205,064	215,699
Profit/interest expense during the year	431	20,352	20,783
At 31 December 2021	<u>11,066</u>	<u>225,416</u>	<u>236,482</u>

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

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
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(198001001895 / 55678-T)
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Notes to the financial statements

The Company is a private limited liability company, incorporated under the Companies Act, 2016 in Malaysia, and domiciled in Malaysia. The address of the registered office and principal place of business of the Company is as follows:

Level 25, Menara MBSB Bank,
PJ Sentral,
Lot 12, Persiaran Barat, Seksyen 52,
46200 Petaling Jaya,
Selangor

The immediate holding company is Malaysia Building Society Berhad ("MBSB"), a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The ultimate holding body is Employees Provident Fund ("EPF"), a statutory body established under the Employees Provident Fund Act 1991 (Act 452).

The principal activity of the Company is letting of real property. There has been no significant changes in the nature of the principal activity during the financial year.

The financial statements were approved by the Board of Directors on **06 JUN 2023**

1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

On 10 April 2020, the Board of Directors of immediate holding company, MBSB had resolved to approve the Company to undertake a voluntarily winding-up. As the date of this report, there was neither resolution at Company level being passed nor liquidator has been appointed by the Company for the purpose of members' voluntarily winding-up.

The financial statements of the Company have been prepared on historical cost basis except as disclosed in the accounting policies below and on the assumption that the Company is a going concern.

The Company incurred a net loss of RM17,317,000 (2021: RM20,260,000) during the year ended 31 December 2022 and, as of that date, the Company's current liabilities exceeded its current assets by RM238,799,000 (2021: RM211,469,000) and the Company has a deficit in equity attributable to its owner of RM238,921,000 (2021: RM221,604,000), thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The validity of the going concern assumption is dependent upon the immediate holding company to provide continuing financial assistance to enable it to meet its obligations as and when they fall due so as to ensure the Company's existence as a going concern for the foreseeable future.

As at the date of this report, the immediate holding company continues to pledge to support the Company financially. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Company is unable to continue as going concern.

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1. Basis of preparation (cont'd.)

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

(A) Standards, amendments to published standards and interpretation that are effective and applicable to the Company

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Company for the financial year beginning 1 January 2022 are as follows:

- Amendments to MFRS 116 'Proceeds before intended use'
- Amendments to MFRS 3 'Reference to Conceptual Framework'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities'
- Annual Improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual Improvements to MFRS 141 'Taxation in Fair Value Measurements'

The adoption of the above amendments to published standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(B) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

The Company will apply these standards and amendments to published standards from:

(i) Financial year beginning on/after 1 January 2023

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

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1. Basis of preparation (cont'd.)

(B) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (cont'd)

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates

Amendments on disclosure of accounting policies (Amendments to MFRS 101 and MFRS Practice Statement 2)

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments on definition of accounting estimates (Amendments to MFRS 108)

The amendments to MFRS 108, redefined accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to any material financial impact to the Company.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
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1. Basis of preparation (cont'd.)

(B) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (cont'd)

The Company will apply these standards and amendments to published standards from (cont'd.):

(ii) Financial year beginning on/after 1 January 2024

- Amendments to MFRS 101 'Classification of liabilities as current or non-current'

The amendments clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option that is not an equity instrument as defined in MFRS 132 'Financial Instruments: Presentation' is considered in the current or non-current classification of the convertible instrument.

The amendments shall be applied retrospectively.

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to material financial impact to the Company.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
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2. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Functional and presentation currency

Items included in the financial statements of the Group and the Company is measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional and presentation currency and has been rounded to the nearest thousand (RM'000) except when otherwise indicated.

(b) Property and equipment and depreciation

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

Subsequent to recognition, property and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses. When significant parts of property and equipment are required to be replaced, the Company recognises such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of property and equipment is provided for on a straight-line basis to write down the cost of each asset to its residual value over the estimated useful life from the date they are available for use. The estimated useful life is as follows:

Leasehold buildings	40 years
Building renovation	5 years

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

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

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2. Summary of significant accounting policies (cont'd.)

(c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position consist of cash on hand and balance with a licensed bank which have an insignificant risk of changes in fair value with original maturities of three months or less, and used by the Company in the management of their short-term commitments.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and cash at bank as defined above.

(d) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in profit or loss if the carrying amount of the asset exceeds its estimated recoverable amount.

An assessment is made at the end of each reporting period as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

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2. Summary of significant accounting policies (cont'd.)

(e) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Cash and cash equivalents, other receivables and amount due from a related company are categorised and subsequently measured at amortised cost using the effective interest method.

Financial assets categorised as amortised costs are subject to impairment assessment (see Note 2(f)).

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective profit/interest method. Profit/interest expense is recognised by applying effective profit/interest rate to the gross carrying amount. Profit/interest expense is recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(f) Impairment of financial assets

Unless specifically disclosed below, the Company generally applied the following accounting policies retrospectively.

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt instruments that are determined to have low credit risk at the reporting date, cash and bank balance and other debt instruments for which credit risk has not increased significantly since initial recognition, which are measured at 12-months expected credit losses.

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2. Summary of significant accounting policies (cont'd.)

(f) Impairment of financial assets (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(g) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved, where necessary.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Rental income is recognised on an accrual basis.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
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2. Summary of significant accounting policies (cont'd.)

(i) Current and deferred taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to the fair value re-measurement of debt instruments at fair value through other comprehensive income and equity instruments at fair value through other comprehensive income, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of income together with deferred gain or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statements of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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2. Summary of significant accounting policies (cont'd.)

(j) Leases

(i) Definition of a lease

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

(ii) Recognition and initial measurement

(a) As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(b) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(b) As a lessor

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as revenue.

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

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2. Summary of significant accounting policies (cont'd.)

(k) Non-current assets held for sale

Non-current assets comprising assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets, are measured at the lower of their carrying amount and fair value less costs of disposal. Impairment losses on initial classification as held for sale or and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property and equipment, right-of-use assets and investment properties once classified as held for sale are not depreciated.

3. Property and equipment

	Leasehold buildings RM'000	Building renovation RM'000	Total RM'000
2022			
Cost			
At 1 January 2022	1,608	964	2,572
Transfer to assets held for sale	(814)	(12)	(826)
At 31 December 2022	794	952	1,746
Accumulated depreciation			
At 1 January 2022	1,110	964	2,074
Depreciation charge for the year	23	-	23
Transfer to assets held for sale	(552)	(12)	(564)
At 31 December 2022	581	952	1,533
Net carrying amount			
At 31 December 2022	213	-	213

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3. Property and equipment (cont'd.)

	Leasehold buildings RM'000	Building renovation RM'000	Total RM'000
2021			
Cost			
At 1 January 2021	2,083	1,414	3,497
Transfer to assets held for sale	(475)	(450)	(925)
At 31 December 2021	<u>1,608</u>	<u>964</u>	<u>2,572</u>
Accumulated depreciation			
At 1 January 2021	1,376	1,414	2,790
Depreciation charge for the year	41	-	41
Transfer to assets held for sale	(307)	(450)	(757)
At 31 December 2021	<u>1,110</u>	<u>964</u>	<u>2,074</u>
Net carrying amount			
At 31 December 2021	<u>498</u>	<u>-</u>	<u>498</u>

4. Right-of-use assets

	2022 RM'000	2021 RM'000
At January	433	443
Depreciation charge for the year	(2)	(10)
Transfer to assets held for sale	(431)	-
At 31 December	<u>-</u>	<u>433</u>

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5. Trade and other receivables
(a) Trade receivables

	2022	2021
	RM'000	RM'000
Trade receivables	56	56
Less: Expected credit losses	(56)	(56)
	<u>-</u>	<u>-</u>

The trade receivables relate to rental receivable from tenants of the Company. Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

	2022	2021
	RM'000	RM'000
Other receivables	-	173
Deposit paid	-	91
	<u>-</u>	<u>264</u>

Other receivables and deposit were written off during the year.

6. Amount due from a related company

The amount due from a related company is unsecured, subject to an average profit rate of nil (2021: 5.50%) per annum and repayable upon demand.

7. Assets classified as held for sale

	2022	2021
	RM'000	RM'000
Property and equipment	262	168
Right-of-use assets	431	-
Investment properties	-	1,279
	<u>693</u>	<u>1,447</u>

8. Financing due to a related company

	2022	2021
	RM'000	RM'000
Secured financing	-	11,066
	<u>-</u>	<u>11,066</u>

During the year, the Company settled the financing due to a related company.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
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9. Loan due to the immediate holding company

	2022	2021
	RM'000	RM'000
Bridging loan	247,788	225,416

The loan is unsecured, subject to interest rate of 9.50% (2021: 9.50%) per annum and repayable upon demand.

10. Other payables

	2022	2021
	RM'000	RM'000
Deposit received	208	141
Accrued expenses	8	13
	<u>216</u>	<u>154</u>

11. Share capital

	Number of ordinary shares		Amount	
	2022	2021	2022	2021
	Unit'000	Unit'000	RM'000	RM'000
Issued and fully paid:				
At 1 January/31 December	24,400	24,400	24,400	24,400

12. Revenue

Revenue represents rental income from the letting of the Company's real properties.

13. Net profit (expense)/income

Profit expense relates to the profit expense on a financing due to a related company. Profit income relates to the profit income on amount due from a related company.

14. Interest expense

Interest expense relates to the interest expense on loan due to the immediate holding company.

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

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15. Taxation

	2022	2021
	RM'000	RM'000
Current year tax expense	50	-
Under provision in prior year	97	-
	<u>147</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2022	2021
	RM'000	RM'000
<u>Reconciliation of tax expenses</u>		
Loss before taxation	<u>(17,170)</u>	<u>(20,260)</u>
Taxation at the Malaysian statutory tax rate of 24% (2021: 24%)	(4,121)	(4,862)
Effect of expenses not deductible for tax purposes	5,653	4,896
Income not subject to tax	(1,482)	(45)
Deferred tax assets not recognised in current year	-	11
Underprovision of income tax expense in prior year	97	-
Tax expense for the year	<u>147</u>	<u>-</u>

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2022	2021
	RM'000	RM'000
Unutilised tax losses	<u>76,986</u>	<u>76,986</u>

The unutilised tax losses of the Company are available for offsetting against future taxable profits of the Company for another 10 consecutive years effective from Year of Assessment 2019. These utilisation of carry forward of tax losses are also subject to no substantial change in shareholdings of the Company under Income Tax Act, 1967 and guidelines issued by the tax authority. The table below summarised the remaining unutilised tax losses by year of assessment.

	2022	2021
	RM'000	RM'000
Up to year of assessment 2028	76,940	76,940
Up to year of assessment 2029	46	46
	<u>76,986</u>	<u>76,986</u>

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16. Loss for the year

	2022 RM'000	2021 RM'000
Loss for the year is arrived at after charging/(crediting):		
Auditors' remuneration:		
- Statutory audit	5	5
- Tax compliance	8	-
Gain on disposal of assets classified as held for sale	<u>(6,233)</u>	<u>(188)</u>

17. Financial instruments
(a) Categories of financial instruments

The table shows the carrying amount of financial instruments as at 31 December 2022 and 31 December 2021 categorised at amortised cost.

	2022 RM'000	2021 RM'000
Carrying amount		
Financial assets		
Trade and other receivables	-	264
Amount due from a related company	-	9,910
Cash and cash equivalents	<u>8,536</u>	<u>2,480</u>
	<u>8,536</u>	<u>12,654</u>
Financial liabilities		
Financing due to a related company	-	11,066
Amount due to a related company	335	-
Loan due to the immediate holding company	247,788	225,416
Other payables	<u>216</u>	<u>154</u>
	<u>248,339</u>	<u>236,636</u>

(b) Net gain and losses arising from financial instruments

	2022 RM'000	2021 RM'000
Net gain on:		
Other income	111	-
Net loss on:		
Net profit (expense)/income	(36)	12
Interest expense	<u>(22,372)</u>	<u>(20,351)</u>
Net losses arising from financial instruments	<u>(22,297)</u>	<u>(20,339)</u>

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)

17. Financial instruments (cont'd.)**(c) Financial risk management**

The Company operates within the financial risk management policies of its immediate holding company. Cash flows and liquidity requirements of the Company are monitored and controlled by the immediate holding company.

The Company has exposure to credit risk, market risk and liquidity risk from its financial instruments.

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises from trade and other receivables, amount due from a related company and cash at bank.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Trade receivables are impaired and have been fully provided for.

Cash at bank

The cash at bank are held with a licensed bank in Malaysia which has low credit risk. In addition, some of the bank balances are insured by government agencies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

(e) Market risk

Market risk is the risk that changes in market prices, such as profit/interest rates that will affect the Company's financial position or cash flows. The Company is not significantly exposed to foreign currency risk.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated in Malaysia)

17. Financial Instruments (cont'd.)
(f) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet financial obligations as and when they fall due.

	On demand or within one year RM'000	Over one to five years RM'000	Over five years RM'000	Total RM'000
2022				
Amount due to related company	-	-	335	335
Loan due to the immediate holding company	247,788	-	-	247,788
Other payables	216	-	-	216
	<u>248,004</u>	<u>-</u>	<u>335</u>	<u>248,339</u>
2021				
Financing due to a related company	-	11,066	-	11,066
Loan due to the immediate holding company	225,416	-	-	225,416
Other payables	154	-	-	154
	<u>225,570</u>	<u>11,066</u>	<u>-</u>	<u>236,636</u>

The Company relies on continuing financial support from its immediate holding company, that enable it to meet its obligations and liabilities as and when they fall due.

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

MBSB PROPERTIES SDN. BHD.
(198001001895 / 55678-T)
(Incorporated In Malaysia)

18. Related parties

For the purposes of the financial statements, a party is considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the Directors of the Company.

The Company has a related party relationship with its immediate holding company, related company and key management personnel.

Significant related party transactions and balances

	2022	2021
	RM'000	RM'000
Income/(expenses)		
Revenue	156	568
Net profit (expense)/income	(36)	12
Interest expense	<u>(22,372)</u>	<u>(20,351)</u>
Balances		
Amount due from a related company	-	9,910
Financing due to a related company	-	(11,066)
Amount due to a related company	(335)	-
Loan due to the immediate holding company	<u>(247,788)</u>	<u>(225,416)</u>

The Directors are of the opinion that the transactions above have been entered into in the normal course of business and has been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Key management personnel compensation

The key management personnel did not receive any remuneration from the Company during the financial year.

19. Fair values

The carrying amounts of the Company's financial assets and financial liabilities are reasonable approximations of fair values due to their short-term nature.

20. Capital management

The Company manages its capital by following the immediate holding company's policies and guidelines and also seeks approval from the Board of Directors of its immediate holding company with regards to all capital management matters. The Company takes into consideration equity attributable to the immediate holding company, financing/loan due to a related company/ the immediate holding company. In this respect, the Company's policies and procedures involve obtaining funding from its immediate holding company and related company to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)

88 LEGACY SDN. BHD.
(201401028909 / 1104995-A)
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

88 LEGACY SDN. BHD.
(20140101028909 / 1104995-A)
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AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

88 LEGACY SDN. BHD.
(20140101028909 / 1104995-A)
(Incorporated in Malaysia)

**Directors' report
for the financial year ended 31 December 2022**

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2022.

Principal activity

The principal activity of the Company is property investment and dealing in property. There has been no significant change in the nature of the principal activities of the Company during the financial year.

Financial results

	RM'000
Loss for the year	<u>(5,447,680)</u>

Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Reserves, provisions and allowances

There were no material transfers to or from reserves or provisions or allowances during the financial year.

Issue of shares and debentures

There were no changes to the issued and paid-up ordinary share capital of the Company during the financial year. There were no debentures issued during the year.

Directors

The Directors of the Company who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

Jesleigh bin Johari (appointed on 15 February 2022)
Hazim bin Yahya (appointed on 15 February 2022)
Asrul Hazli Bin Salleh (resigned on 15 February 2022)
Azlina binti Mohd Rashad (resigned on 15 February 2022)

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

88 LEGACY SDN. BHD.
 (20140101028909 / 1104995-A)
 (Incorporated in Malaysia)

Directors' interests in shares and share options

According to the Register of Directors' shareholdings, the interests of the Directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

Name of Directors	← Number of ordinary shares →				
	01.01.2022	Granted	Acquired	Sold	31.12.2022
<i>Direct interest:</i>					
Ordinary shares of MBSB					
Hazim bin Yahya	89,719	-	-	-	89,719

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fixed salary of a full time employee of the immediate holding company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by mean of the acquisition of shares in or debentures of the Company or its related corporations during the financial year.

Indemnity and Takaful cost

The Directors and Officers of the Company are covered by the Directors' and Officers' Liability Takaful. The total takaful coverage amount to RM50,000,000 and the annual insurance premium that is payable amounts to RM153,992 which is borne by Malaysia Building Society Berhad

Immediate and ultimate holding company/body

The immediate holding company is Malaysia Building Society Berhad ("MBSB"), a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The ultimate holding body is Employees Provident Fund ("EPF"), a statutory body established under the Employees Provident Fund Act 1991 (Act 452).

Director's remuneration

Director's remuneration of the company is nil.

Auditors' remuneration

Auditors' remuneration of the Company is RM13,400. Details of auditors' remuneration are set out in Note 10 to the financial statements.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

88 LEGACY SDN. BHD.
(20140101028909 / 1104995-A)
(Incorporated in Malaysia)


Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated

06 JUN 2023


Jesleigh bin Johari
Director


Hazim bin Yahya
Director

Petaling Jaya, Malaysia

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

88 LEGACY SDN. BHD.
(20140101028909 / 1104995-A)
(Incorporated in Malaysia)

Statement by Directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, Jesleigh bin Johari and Hazim bin Yahya being two of the Directors of 88 Legacy Sdn. Bhd., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 10 to 30 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of the financial performance and cash flows of the Company for the year then ended 31 December 2022, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated

06 JUN 2023


Jesleigh bin Johari
Director


Hazim bin Yahya
Director

Petaling Jaya, Malaysia


**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

88 LEGACY SDN. BHD.
(20140101028909 / 1104995-A)
(Incorporated in Malaysia)

Statutory Declaration**Pursuant to Section 251(1)(b) of the Companies Act, 2016**

I, Ramanathan Rajoo, being the officer primarily responsible for the financial management of 88 Legacy Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 30 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Ramanathan Rajoo
at Petaling Jaya in the state of
Selangor Darul Ehsan on **06 JUN 2023**


Ramanathan Rajoo
MIA No. CA7012

Before me,



No. 43, Kompleks Emporium
Makan Sek 52, Jalan Sultan
46200 Petaling Jaya, Selangor



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF 88 LEGACY SDN. BHD.**
(Incorporated in Malaysia)
Registration No. 20140101028909 (1104995-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of 88 Legacy Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 30.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

*PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1
Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my*



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF 88 LEGACY SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 20140101028909 (1104995-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF 88 LEGACY SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 20140101028909 (1104995-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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



INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF 88 LEGACY SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 20140101028909 (1104995-A)

OTHER MATTERS

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'PwC', is positioned above the firm's name.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

A handwritten signature in black ink, appearing to read 'William Mah Jin Chiek', is positioned above the name.

WILLIAM MAH JIN CHIEK
03085/07/2023 J
Chartered Accountant

Kuala Lumpur
6 June 2023

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

88 LEGACY SDN. BHD.
(20140101028909 / 1104995-A)
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 RM	2021 RM
Assets			
Current assets			
Trade and other receivables	3	3,769,458	3,769,458
Assets classified as held for sale	4	50,516,250	50,516,250
Cash in hand		2	2
		<u>54,285,710</u>	<u>54,285,710</u>
Total assets		<u>54,285,710</u>	<u>54,285,710</u>
Liabilities			
Current liabilities			
Financing due to a related company	5	128,147,208	123,255,564
Amount due to the immediate holding company	6	5,397,937	4,809,017
Other liabilities	7	11,705	44,589
		<u>133,556,850</u>	<u>128,109,170</u>
Total liabilities		<u>133,556,850</u>	<u>128,109,170</u>
Equity			
Share capital	8	2	2
Accumulated losses		<u>(79,271,142)</u>	<u>(73,823,462)</u>
Total equity		<u>(79,271,140)</u>	<u>(73,823,460)</u>
Total equity and liabilities		<u>54,285,710</u>	<u>54,285,710</u>

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

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

88 LEGACY SDN. BHD.
(20140101028909 / 1104995-A)
(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RM	2021 RM
Other operating income	9	(3,150)	-
Operating expenses	10	(291,185)	(289,719)
Interest expense	11	(299,779)	(246,506)
Expected credit losses on other receivables		29,150	(122,850)
Profit expense	12	(4,882,716)	(4,584,058)
Write down of inventory		-	(18,857,611)
Loss before taxation		<u>(5,447,680)</u>	<u>(24,100,744)</u>
Taxation	13	-	-
Total comprehensive loss for the year		<u><u>(5,447,680)</u></u>	<u><u>(24,100,744)</u></u>

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

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

88 LEGACY SDN. BHD.
 (20140101028909 / 1104995-A)
 (Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital RM	Accumulated losses RM	Total RM
At 1 January 2021	2	(49,722,718)	(49,722,716)
Total comprehensive loss for the year	-	(24,100,744)	(24,100,744)
At 31 December 2021/1 January 2022	2	(73,823,462)	(73,823,460)
Total comprehensive loss for the year	-	(5,447,680)	(5,447,680)
At 31 December 2022	2	(79,271,142)	(79,271,140)

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

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

88 LEGACY SDN. BHD.
(20140101028909 / 1104995-A)
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 RM	2021 RM
Cash flows from operating activities		
Loss before taxation	(5,447,680)	(24,100,744)
Adjustments for:		
Interest expense on amount due to immediate holding company	299,779	246,506
Profit expense on financing due to related company	4,882,716	4,584,058
Write-down of inventory	-	18,857,611
Expected credit losses on other receivables	(29,150)	122,850
Operating loss before working capital changes	(294,335)	(289,719)
Decrease in other receivables	29,150	-
Increase in amount due to the immediate holding company	289,141	285,823
Increase in financing due to a related company	8,928	-
(Decrease)/increase in other payables	(32,884)	3,896
Net cash generated from operating activities	<u>-</u>	<u>-</u>
Cash in hand as at 1 January/31 December	<u>2</u>	<u>2</u>

An analysis of changes in liabilities arising from financing activity is as follows :

Financing due to a related company

	2022 RM	2021 RM
At 1 January	123,255,564	118,671,506
Drawdown of financing	8,928	-
Profit expense during the year	4,882,716	4,584,058
At 31 December	<u>128,147,208</u>	<u>123,255,564</u>

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

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

88 LEGACY SDN. BHD.
(20140101028909 / 1104995-A)
(Incorporated in Malaysia)

Notes to the financial statements
For the financial year ended 31 December 2022

Corporate information

The Company is a private limited liability company, incorporated under the Companies Act, 2016 in Malaysia. The address of the principal place of business and registered office of the Company is as follows:

Level 25, Menara MBSB Bank,
PJ Sentral,
Lot 12, Persiaran Barat, Seksyen 52,
46200 Petaling Jaya,
Selangor

The immediate holding company is MBSB, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The ultimate holding body is EPF, a statutory body established under the Employees Provident Fund Act 1991 (Act 452).

The principal activity of the Company is property investment and dealing in property. There have been no significant changes in the nature of the principal activities of the Company during the financial year.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on **06 JUN 2023**

1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Company have been prepared on historical cost basis except as disclosed in the accounting policies below and on the assumption that the Company is a going concern.

The Company incurred a net loss of RM 5,447,680 (2021: RM24,100,744) during the year ended 31 December 2022 and, as of that date, the Company's current liabilities exceeded its current assets by RM 79,271,140 (2021: RM73,823,460) and the Company has a deficit in equity attributable to MBSB of RM79,271,140 (2021: 73,823,460), thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The validity of the going concern assumption is dependent upon the immediate holding company to provide continuing financial assistance to enable it to meet its obligations as and when they fall due so as to ensure the Company's existence as a going concern for the foreseeable future.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

88 LEGACY SDN. BHD.
(20140101028909 / 1104995-A)
(Incorporated in Malaysia)

1. Basis of preparation (cont'd).

As the date of this report, the immediate holding company continues to pledge to support the Company financially. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Company is unable to continue as going concern.

(A) Standards, amendments to published standards and interpretation that are effective and applicable to the Company

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Company for the financial year beginning 1 January 2022 are as follows:

- Amendments to MFRS 3 'Reference to Conceptual Framework'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities'
- Annual Improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual Improvements to MFRS 141 'Taxation in Fair Value Measurements'

The adoption of the above amendments to published standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(B) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

The Company will apply these standards and amendments to published standards from:

(i) Financial year beginning on/after 1 January 2023

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

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1. Basis of preparation (cont'd.)**(B) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (cont'd.)**

The Company will apply these standards and amendments to published standards from (cont'd.):

(i) Financial year beginning on/after 1 January 2023 (cont'd.)

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates

Amendments on disclosure of accounting policies (Amendments to MFRS 101 and MFRS Practice Statement 2)

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments on definition of accounting estimates (Amendments to MFRS 108)

The amendments to MFRS 108, redefined accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to any material financial impact to the Company.

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1. Basis of preparation (cont'd.)**(B) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (cont'd.)**

The Company will apply these standards and amendments to published standards from (cont'd.):

(ii) Financial year beginning on/after 1 January 2024

- Amendments to MFRS 101 'Classification of liabilities as current or non-current'

The amendments clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option that is not an equity instrument as defined in MFRS 132 'Financial Instruments: Presentation' is considered in the current or non-current classification of the convertible instrument.

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to material financial impact to the Company.

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2. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(A) Functional and presentation currency

Items included in the financial statements of the Company is measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(B) Financial instruments**(i) Recognition and initial measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance.

(ii) Financial instrument categories and subsequent measurement***Financial assets***

Trade and other receivables and cash on hand are categorised and subsequently measured at amortised cost using the effective interest method.

Financial Liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised by applying effective interest rate to the gross carrying amount. Interest expense is recognised in the profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

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2. Summary of significant accounting policies (cont'd.)**(C) Impairment****(i) Financial asset**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss which are the expected credit losses that result from all possible default events over the expected life of the asset, except for cash and bank balance. The credit risk of cash and cash equivalent which has not increased significantly since initial recognition are measured at 12-month expected credit loss. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

(ii) Other assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss if carrying amount of the asset exceeds its estimated recoverable amount.

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2. Summary of significant accounting policies (cont'd.)**(C) Impairment (cont'd.)****(ii) Other assets (cont'd.)**

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(D) Cash in hand

Cash on hand balances in the statement of financial position have an insignificant risk of changes in fair value and was used by the Company in the management of their short-term commitments.

(E) Inventories

Inventories of the Company comprise completed properties and parcels of vacant land. Inventories are stated at the lower of cost and net realisable value. Costs include costs associated with the acquisition of land, direct costs and appropriate development overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(F) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved, where necessary.

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2. Summary of significant accounting policies (cont'd.)**(G) Income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are by the end of reporting period.

Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(H) Revenue**(i) Rental income**

Rental income from properties held for sale as disclosed in Note 5 is recognised in profit or loss on a straight-line basis over the term of the lease as "other operating income".

(ii) Sale of land and property

The sale of land and properties to customer is recognised upon customers taking legal possession of the land and property, usually in the form of an executed sale agreement or evidence of purchase price settlement, or when the customer takes possession of the land and property.

(I) Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

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2. Summary of significant accounting policies (cont'd.)**(J) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability is an orderly transaction between market participants at the measurement date. The fair value measurement is based on presumption that the transaction to sell the asset or transfer liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based in the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Fair value information is disclosed in Note 16.

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3. Trade and other receivables

		2022 RM	2021 RM
Trade receivable	3(a)	3,769,458	3,769,458
Rental receivables	3(b)	93,700	122,850
		<u>3,863,158</u>	<u>3,892,308</u>
Less: Expected credit loss on rental receivables		<u>(93,700)</u>	<u>(122,850)</u>
		<u>3,769,458</u>	<u>3,769,458</u>

3(a) The amount represents additional sale proceeds receivable from Pentadbir Tanah Daerah Klang. The company received the amount in full in March 2023.

3(b) The amount above represents the rental income receivable for renting of vacant land as disclosed in Note 4.

4. Assets classified as held for sale

	2022 RM	2021 RM
Properties held for sale	<u>50,516,250</u>	<u>50,516,250</u>

The carrying value of the properties in assets held for sale is the same as its carrying value before it was being reclassified from inventories in the financial year 2021. The properties consist of two (2) parcels of vacant land and four (4) office units transferred from foreclosed properties in MBSB to 88 Legacy Sdn Bhd. These properties were foreclosed by MBSB arising from a settlement agreement with a borrower and were subsequently sold to the Company. The details of the properties are as follows:

- (a) PM 416 Lot 31632 (formerly known as H.S.(M) 14950, P.T 21438, Mukim Klang;
- (b) PM 417 Lot 31633 (formerly known as H.S.(M) 14950, P.T 21437, Mukim Klang; and
- (c) 4 units of Port Tech offices, identified as unit no. 13-3A, 13-5, 13-6 and 13-7, Port Tech Tower, Jalan Tiara 3/KU1, Bandar Baru Klang.

The Company classified the properties as held for sale as the Company insisted to sell the properties to a third party. On 14 April 2023, the Company entered into a sale and purchase agreement to dispose the 2 parcels of vacant land to AG Avenue Sdn Bhd for a total consideration of RM56,000,000. The company also receive a total of RM1,120,000 as a deposit in Jan 2023.

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5. Financing due to a related company

	2022 RM	2021 RM
Financing due to a related company	128,147,208	123,255,564

Financing due to a related company represents a loan granted to the Company by MBSB and was transferred to MBSB Bank Berhad which has been converted to a financing under Shariah Principles during the financial year ended 31 December 2018. The financing due to a related company is secured by the assets classified as held for sale (Note 4), subject to average profit rate of 5.89% (2021: 5.50%) per annum and is repayable upon demand. MBSB Bank Berhad is a wholly-owned subsidiary of MBSB.

6. Amount due to the immediate holding company

Amount due to the immediate holding company represents payment made on behalf of the Company by MBSB. The amount due to the immediate holding company is unsecured, subject to average interest rate of 5.89% (2021: 5.50%) per annum and repayable upon demand.

7. Other liabilities

Accrued expenses include accruals for audit fees of RM8,400 (2021: RM8,400).

8. Share capital

	Number of ordinary shares		Amount	
	2022 Units	2021 Units	2022 RM	2021 RM
Issued and fully paid:				
At 1 January/ 31 December	2	2	2	2

9. Other operating income

During the year, the company made a reversal to the previous years' rental income amounting to RM3,150.

10. Operating expenses

Included in operating expenses is the auditors' remuneration with the amount as follows:

	2022 RM	2021 RM
Statutory audit	8,400	8,400
Tax compliance	5,000	-
	<u>13,400</u>	<u>8,400</u>

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11. Interest expense

Interest expense to the immediate holding company relates to the interest expense on amount due to the immediate holding company.

12. Profit expense

Profit expense to a related company relates to the profit expense on financing due to a related company.

13. Taxation

	2022 RM	2021 RM
Current year tax expenses	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2022 RM	2021 RM
<u>Reconciliation of tax expenses</u>		
Loss before taxation	(5,447,680)	(24,100,744)
Taxation at the Malaysian statutory tax rate of 24% (2021: 24%)	(1,307,443)	(5,784,179)
Expenses not deductible for tax purposes	1,306,687	5,784,179
Deferred tax assets not recognised	756	-
Tax expense for the year	-	-

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2022 RM	2021 RM
Unutilised tax losses	3,150	-

The unutilised tax losses of the Company are available for offsetting against future taxable profits of the Company for another 10 consecutive years effective from Year of Assessment 2019. These utilisation of carry forward of tax losses are also subject to no substantial change in shareholdings of the Company under Income Tax Act, 1967 and guidelines issued by the tax authority. The table below summarised the remaining unutilised tax losses by year of assessment.

	2022 RM	2021 RM
Up to year of assessment 2032	3,150	-

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14. Financial Instruments
(a) Categories of financial instruments

The table below shows the carrying amount of financial instruments as at 31 December 2022 and 31 December 2021 categorised as amortised cost.

	Carrying amount RM	Amortised cost RM
2022		
Financial assets		
Trade and other receivables	3,769,458	3,769,458
Cash in hand	2	2
	<u>3,769,460</u>	<u>3,769,460</u>
Financial liabilities		
Amount due to the immediate holding company	5,397,937	5,397,937
Financing due to a related company	128,147,208	128,147,208
Other liabilities	11,705	11,705
	<u>133,556,850</u>	<u>133,556,850</u>
2021		
Financial assets		
Trade and other receivables	3,769,458	3,769,458
Cash in hand	2	2
	<u>3,769,460</u>	<u>3,769,460</u>
Financial liabilities		
Amount due to the immediate holding company	4,809,017	4,809,017
Financing due to a related company	123,255,564	123,255,564
Other liabilities	44,589	44,589
	<u>128,109,170</u>	<u>128,109,170</u>

(b) Net gains and losses arising from financial instrument

	2022 RM	2021 RM
Net loss on :		
Interest expense	(299,779)	(246,506)
Profit expense	(4,882,716)	(4,584,058)
ECL expenses	29,150	(122,850)
Financial liabilities at amortised cost	<u>(5,153,345)</u>	<u>(4,953,414)</u>

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15. Financial risk management

The Company operates within the financial risk management policies of its immediate holding company. Cash flows and liquidity requirements of the Company are monitored and controlled by the immediate holding company.

The Company has exposure to credit risk, market risk and liquidity risk from its financial instruments.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises from other receivables, where the maximum exposure to credit risk is as stated below:

	2022 RM	2021 RM
Trade and other receivable	3,769,458	3,769,458

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the Company's financial position or cash flows. The Company is not significantly exposed to foreign

Profit / Interest rate risk

Profit/Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit/interest rates.

The Company's financing due to a related company and amount due to the immediate holding company are exposed to a risk of change in cash flows due to changes in profit/interest rates. Short term receivables and payables are not significantly exposed to profit/interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Company's interest rate risk is managed by the immediate holding company as a whole.

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15. Financial risk management (cont'd.)
(b) Market risk (cont'd.)
Profit / Interest rate risk (cont'd.)
Exposure to interest rate risk

The profit/interest rate profile of the Company's significant profit/interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2022 RM	2021 RM
Floating rate instruments		
Financial liabilities	<u>(133,545,145)</u>	<u>(128,064,581)</u>

Profit/Interest rate risk sensitivity
a) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and fair value through other comprehensive income. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss

b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on the interest rate variances that the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other

	100 bp increase 2022 RM	100 bp decrease 2022 RM	100 bp increase 2021 RM	100 bp decrease 2021 RM
Floating rate instruments	<u>(1,014,943)</u>	<u>1,014,943</u>	<u>(973,291)</u>	<u>973,291</u>

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15. Financial risk management (cont'd.)
(c) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as and when they fall due.

The Company relies on continuing financial support from its immediate holding company, that enables it to meet its obligations as and when they fall due.

	On demand or within one year RM	Over one to five years RM	Over five years RM	Total RM
2022				
Amount due to the immediate holding company	5,397,937	-	-	5,397,937
Financing due to a related company	128,147,208	-	-	128,147,208
Other liabilities	11,705	-	-	11,705
	<u>133,556,850</u>	<u>-</u>	<u>-</u>	<u>133,556,850</u>
	On demand or within one year RM	Over one to five years RM	Over five years RM	Total RM
2021				
Amount due to the immediate holding company	4,809,017	-	-	4,809,017
Financing due to a related company	123,255,564	-	-	123,255,564
Other liabilities	44,589	-	-	44,589
	<u>128,109,170</u>	<u>-</u>	<u>-</u>	<u>128,109,170</u>

16. Fair values

The carrying amounts of the financial assets and financial liabilities are reasonable approximations of fair value due to their short-term nature.

17. Capital management

The Company manages its capital by following the immediate holding company's policies and guidelines and also seeks approval from the Board of Directors of its holding company with regards to all capital management matters. The Company takes into consideration equity attributable to immediate holding company, amount due to immediate holding company and term loan from immediate holding company. In this respect, the Company's policies and procedures involve obtaining funding from its immediate holding company to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

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18. Related parties

For the purpose of the financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the Directors of the Company.

The Company has a related party relationship with its immediate holding company, related company and key management personnel.

(a) Significant related party transactions and balances

	Note	2022 RM	2021 RM
Expense			
Interest expense	11	299,779	246,506
Profit expense	12	4,882,716	4,584,058
Balances			
Amount due to the immediate holding company	6	5,397,937	4,809,017
Amount due to a related company	5	128,147,208	123,255,564

(b) Key management personnel compensation

The key management personnel did not receive any remuneration from the Company during the financial year.

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FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
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DEFINITE PURE SDN. BHD.
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**Directors' report
for the financial year ended 31 December 2022**

The Directors hereby present their report together with the audited financial statement of the company for the financial year ended 31 December 2022.

Principal activity

The principal activity of the Company is property development with no significant change in the nature of the principal activity of the Company during the financial year. The Company has no property development projects and is currently dormant.

Financial results

	RM
Loss for the year	<u>(70,010,725)</u>

Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

Reserves, provisions and allowances

There were no material transfers to or from reserves or provisions or allowances during the financial year.

Issue of shares and debentures

There were no changes to the issued and paid-up ordinary share capital of the Company during the financial year. There were no debentures issued during the year.

Directors

The Directors of the Company who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

Jesleigh bin Johari (appointed on 15 November 2022)
Hazim bin Yahya (appointed on 15 November 2022)
Asrul Hazli Bin Salleh (resigned on 15 November 2022)
Azlina binti Mohd Rashad (resigned on 15 November 2022)

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Directors' interests in shares and share options

None of the other Directors in office at the end of the financial year had any interest in shares and options over shares of the Company or its related corporations during the financial year.

Name of Directors	Number of ordinary shares			31.12.2022
	01.01.2022	Granted	Acquired	
<i>Direct interest:</i>				
Ordinary shares of MBSB				
Hazim Bin Yahya	89,719	-	-	89,719

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fixed salary of a full time employee of the immediate holding company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by mean of the acquisition of shares in or debentures of the Company or its related corporations during the financial year.

Indemnity and Takaful cost

The Directors and Officers of the Company are covered by the Directors' and Officers' Liability Takaful of MBSB. The total takaful coverage amount to RM 50,000,000 and the annual takaful cost that is payable amount to RM153,922.

Immediate and ultimate holding company/body

The immediate holding company is Malaysian Building Society Berhad ("MBSB"), a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The ultimate holding body is Employees Provident Fund ("EPF"), a statutory body established under the Employees Provident Fund Act 1991 (Act 452).

Director's remuneration

Director's remuneration of the company is nil.

Auditors' remuneration

Auditors' remuneration of the Company is RM2,100. Details of auditors' remuneration are set out in Note 9 to the financial statements.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated in Malaysia)

Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have expressed their willingness to continue in office.

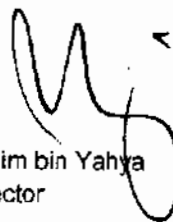
Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated

06 JUN 2023

Jesleigh bin Johari
Director



Hazim bin Yahya
Director



Petaling Jaya, Malaysia

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated in Malaysia)

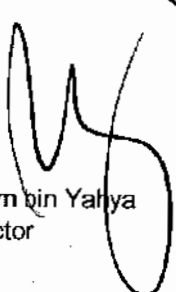
Statement by Directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, Jesleigh bin Johari and Hazim bin Yahya being two of the Directors of Definite Pure Sdn. Bhd., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 10 to 28 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of the financial performance and cash flows of the Company for the year then ended 31 December 2022, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated

06 JUN 2023


Jesleigh bin Johari
Director


Hazim bin Yahya
Director

Petaling Jaya, Malaysia


**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated in Malaysia)

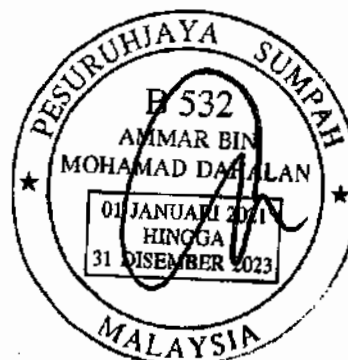
Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Ramanathan Rajoo, being the officer primarily responsible for the financial management of Definite Pure Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 28 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Ramanathan Rajoo
at Petaling Jaya in the state of
Selangor Darul Ehsan on **06 JUN 2023**


Ramanathan Rajoo
MIA No. CA7012

Before me,



No. 43, Kompleks Emporium
Makan Sek 52, Jalan Sultan
46200 Petaling Jaya, Selangor



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF DEFINITE PURE SDN. BHD.**
(Incorporated in Malaysia)
Registration No. 199601006810 (379156-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Definite Pure Sdn. Bhd. ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 28.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1
Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF DEFINITE PURE SDN. BHD. (CONTINUED)**

(Incorporated in Malaysia)

Registration No. 199601006810 (379156-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF DEFINITE PURE SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 199601006810 (379156-D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF DEFINITE PURE SDN. BHD. (CONTINUED)**
(Incorporated in Malaysia)
Registration No. 199601006810 (379156-D)

OTHER MATTERS

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'PricewaterhouseCoopers'.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

A handwritten signature in black ink, appearing to be 'William Mah Jin Chiek'.

WILLIAM MAH JIN CHIEK
03085/07/2023 J
Chartered Accountant

Kuala Lumpur
6 June 2023

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 RM	2021 RM
Assets			
Current assets			
Other receivables	3	-	-
Cash in hand	4	2	2
		<u>2</u>	<u>2</u>
Total assets		<u>2</u>	<u>2</u>
Liabilities			
Current liabilities			
Term loan from immediate holding company	5	704,246,355	634,340,138
Amount due to immediate holding company	6	1,908,339	1,797,719
Other payables	7	2,225	2,737
Amount due to a related company		-	5,600
		<u>706,156,919</u>	<u>636,146,194</u>
Total liabilities		<u>706,156,919</u>	<u>636,146,194</u>
Equity			
Share capital	8	2	2
Accumulated losses		(706,156,919)	(636,146,194)
Total equity		<u>(706,156,917)</u>	<u>(636,146,192)</u>
Total equity and liabilities		<u>2</u>	<u>2</u>

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

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated in Malaysia)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RM	2021 RM
Interest Income		-	-
Operating expenses	9	3,735	(116,711)
Interest expense	10	(70,014,460)	(63,058,655)
Loss before taxation		(70,010,725)	(63,175,366)
Taxation	11	-	-
Total comprehensive loss for the year		(70,010,725)	(63,175,366)

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

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated In Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital RM	Accumulated losses RM	Total RM
At 1 January 2021	2	(572,970,828)	(572,970,828)
Total comprehensive loss for the year	-	(63,175,366)	(63,175,366)
At 31 December 2021/1 January 2022	2	(636,146,194)	(636,146,192)
Total comprehensive loss for the year	-	(70,010,725)	(70,010,725)
At 31 December 2022	2	(706,156,919)	(706,156,917)
	<i>Note 8</i>		

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

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	RM	RM
Cash flows from operating activities		
Loss before taxation	(70,010,725)	(63,175,366)
Adjustments for:		
Allowance for impairment	-	114,070
Reversal of expenses	(5,600)	-
Interest expense	70,014,460	63,058,655
Operating loss before working capital changes	(1,865)	(2,641)
Increase in other receivables	-	(114,070)
Increase in amount due to the immediate holding company	2,377	2,787
Decrease in other payables	(512)	(146)
Net cash used in operating activities	-	(114,070)
Cash flows from financing activity		
Drawdown of term loan from immediate holding company	-	114,070
Net cash generated from financing activity	-	114,070
Net Increase in cash on hand	-	-
Cash on hand as at 1 January/31 December	2	2

An analysis of changes in liabilities arising from financing activity is as follows:

Term loan from immediate holding company	2022	2021
	RM	RM
At 1 January	634,340,138	571,263,267
Drawdown of term loan	-	114,070
Interest expense during the year	69,906,217	62,962,801
At 31 December	704,246,355	634,340,138

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

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated in Malaysia)

Notes to the financial statements

The Company is a private limited liability company, incorporated under the Companies Act, 2016 in Malaysia. The address of the principal place of business and registered office of the Company is as follows:

Level 25, Menara MBSB Bank,
PJ Sentral,
Lot 12, Persiaran Barat, Seksyen 52,
46200 Petaling Jaya,
Selangor

The immediate holding company is MBSB, a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The ultimate holding body is EPF, a statutory body established under the Employees Provident Fund Act 1991 (Act 452).

The principal activity of the Company is property development with no significant change in the nature of the principal activity of the Company during the financial year. The Company has no property development projects and is currently dormant.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on

6 JUN 2023

1. Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Company have been prepared on historical cost basis except as disclosed in the accounting policies below and on the assumption that the Company is a going concern.

The Company incurred a net loss of RM 70,010,725 (2021: RM63,175,366) during the year ended 31 December 2022 and, as of that date, the Company's current liabilities exceeded its current assets by RM706,156,917 (2021: RM636,146,192) and the Company has a deficit in equity attributable to MBSB of RM706,156,917 (2021: RM636,146,192), thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The validity of the going concern assumption is dependent upon the immediate holding company to provide continuing financial assistance to enable it to meet its obligation as and when they fall due so as to ensure the Company's existence as a going concern for the foreseeable future.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated in Malaysia)

1. Basis of preparation (cont'd.)

As the date of this report, the immediate holding company continues to pledge to support the Company financially. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Company is unable to continue as going concern.

(A) Standards, amendments to published standards and interpretation that are effective and applicable to the Company

The new accounting standards, amendments to published standards and interpretation that are effective and applicable to the Company for the financial year beginning 1 January 2022 are as follows:

- Amendments to MFRS 3 'Reference to Conceptual Framework'
- Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities'
- Annual improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual Improvements to MFRS 141 'Taxation in Fair Value Measurements'

The adoption of the above amendments to published standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(B) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

The Company will apply these standards and amendments to published standards from:

(i) Financial year beginning on/after 1 January 2023

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated in Malaysia)

1. Basis of preparation (cont'd.)

(B) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (cont'd.)

The Company will apply these standards and amendments to published standards from (cont'd.):

(l) Financial year beginning on/after 1 January 2023 (cont'd.)

- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates

Amendments on disclosure of accounting policies (Amendments to MFRS 101 and MFRS Practice Statement 2)

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments on definition of accounting estimates (Amendments to MFRS 108)

The amendments to MFRS 108, redefined accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to any material financial impact to the Company.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
(199601006810 / 379158-D)
(Incorporated in Malaysia)

1. Basis of preparation (cont'd.)

(B) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective (cont'd.)

The Company will apply these standards and amendments to published standards from (cont'd.):

(ii) Financial year beginning on/after 1 January 2024

- **Amendments to MFRS 101 'Classification of liabilities as current or non-current'**

The amendments clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

In addition, the amendments clarify that when a liability could be settled by the transfer of an entity's own equity instruments (e.g. a conversion option in a convertible bond), conversion option that is not an equity instrument as defined in MFRS 132 'Financial Instruments: Presentation' is considered in the current or non-current classification of the convertible instrument.

The adoption of the above new accounting standards, amendments to published standards and interpretations are not expected to give rise to material financial impact to the Company.

2. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(A) Functional and presentation currency

Items included in the financial statements of the Company is measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated in Malaysia)

2. Summary of significant accounting policies (Cont'd)

(B) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Other receivables and cash on hand are categorised and subsequently measured at amortised cost using the effective interest method.

Financial assets

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost. Interest income is recognised in profit or loss.

Financial Liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised by applying effective interest rate to the gross carrying amount. Interest expense is recognised in the profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(C) Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

Lifetime expected credit losses are the expected credit losses that result from a significant increase in credit risk since initial recognition and all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated in Malaysia)

2. Summary of significant accounting policies (Cont'd)**(C) Impairment of financial assets (cont'd)**

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

(D) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved, where necessary.

(E) Income tax

Income tax expense comprises current tax. Current tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(F) Interest Income

Interest income is recognised in profit or loss as it accrues using the effective interest rate method.

(G) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
(199601006810 / 379156-D)
(Incorporated In Malaysia)

2. Summary of significant accounting policies (Cont'd)**(H) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on presumption that the transaction to sell the asset or transfer liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based in the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Fair value information is disclosed in Note 14.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
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3. Other receivables

	2022	2021
	RM	RM
Amount due from KCSB Konsortium Sdn Bhd		
- Advances	-	59,551,891
- Others	-	2,161,662
- Interest	-	509,663,785
	<u>-</u>	<u>571,377,338</u>
Less: Expected credit losses	-	(571,377,338)
	<u>-</u>	<u>-</u>

Movement in expected credit losses is as follows:

	2022	2021
	RM	RM
Balance as at 1 January	571,377,338	571,263,268
Charge for the financial year (Note 9)	-	114,070
Write off	(571,377,338)	-
Balance as at 31 December	<u>-</u>	<u>571,377,338</u>

The amount represents the advances granted to KCSB Konsortium Sdn Bhd in relation to the development of an army camp in Skudai, Johor. MBSB had given a term loan to the Company (as detailed in Note 5) where the Company had, in turn, advanced the monies to KCSB Konsortium Sdn Bhd to fund the said development. The advances were written off during the year.

4. Cash in hand

	2022	2021
	RM	RM
Cash in hand	<u>2</u>	<u>2</u>

5. Term loan from immediate holding company

	2022	2021
	RM	RM
Principal outstanding	59,551,891	59,551,891
Interest payable	642,532,802	572,626,585
Others	2,161,662	2,161,662
	<u>704,246,355</u>	<u>634,340,138</u>

The term loan was granted by MBSB where the Company had, in turn, advanced the monies to KCSB Konsortium Sdn Bhd to fund the development of an army camp in Skudai, Johor (as detailed in Note 3).

The weighted average effective interest rate of the term loan is 10.50% (2021: 10.50%) per annum and is repayable upon demand.

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

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6. Amount due to immediate holding company

Amount due to immediate holding company represents payment made on behalf of the Company by MBSB. The amount due to immediate holding company is unsecured, subject to an average interest rate of 5.89% (2021: 5.50%) per annum and repayable upon demand.

7. Other payables

Other payables include accruals for audit fees of RM2,100 (2021: RM2,100).

8. Share capital

	Number of ordinary shares		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
Issued and fully paid:				
At 1 January/				
31 December	2	2	2	2

The holder of ordinary shares are entitled to receive dividend as declared from time to time, and are entitled to one vote per share at meetings of the company.

9. Operating expenses

Included in operating expenses are auditors' remuneration of RM2,100 (2021: RM2,100) and expected credit losses of nil (2021: RM114,070).

10. Interest expense

Interest expense relates to the interest expense on a term loan from immediate holding company and amount due to immediate holding company.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

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11. Taxation

	2022	2021
	RM	RM
<u>Current tax expenses</u>		
Tax expenses	-	-

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2022	2021
	RM	RM
<u>Reconciliation of tax expenses</u>		
Loss before taxation	<u>(70,010,725)</u>	<u>(63,175,366)</u>
Tax at Malaysian tax rate of 24% (2021 : 24%)	(16,802,574)	(15,162,088)
Non-deductible expenses	16,802,574	15,162,088
Tax expenses	<u>-</u>	<u>-</u>

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

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12. Financial instruments

(a) Categories of financial instruments

The table below shows the carrying amount of financial instruments as at 31 December 2022 and 31 December 2021 categorised as amortised cost.

	Carrying amount RM	Amortised cost RM
2022		
Financial assets		
Cash on hand	2	2
	<u>2</u>	<u>2</u>
Financial liabilities		
Amount due to immediate holding company	1,908,339	1,797,719
Other payables	2,225	2,737
Amount due to related company	-	5,600
Term loan from immediate holding company	704,246,355	634,340,138
	<u>706,156,919</u>	<u>636,146,194</u>
	Carrying amount RM	Amortised cost RM
2021		
Financial assets		
Cash on hand	2	2
	<u>2</u>	<u>2</u>
Financial liabilities		
Amount due to immediate holding company	1,797,719	1,797,719
Other payables	2,737	2,737
Amount due to related company	5,600	5,600
Term loan from immediate holding company	634,340,138	634,340,138
	<u>636,146,194</u>	<u>636,146,194</u>
(b) Net gains and losses arising from financial instruments		
	2,022 RM	2,021 RM
Net gain on:		
Amount due to related company	-	-
Net loss on:		
Financial liabilities at amortised cost	(70,014,460)	(63,058,655)
Net loss on impairment of financial instruments:		
Financial assets at amortised cost	-	(114,070)
	<u>(70,014,460)</u>	<u>(63,172,725)</u>

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
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13. Financial risk management

The Company operates within the financial risk management policies of its immediate holding company. Cash flows and liquidity requirements of the Company are monitored and controlled by the

The Company has exposure to credit risk, market risk and liquidity risk from its financial instruments.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises from other receivables and cash on hand.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

	2022	2021
	RM	RM
Other receivables		
Amount due from KCSB Konsortium Sdn Bhd	-	571,377,338
Less: Expected credit losses	-	(571,377,338)
	<u>-</u>	<u>-</u>

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates that will affect the Company's financial position or cash flows. The Company is not significantly exposed to foreign currency risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's amount due to immediate holding company and term loan from immediate holding company are exposed to a risk of change in cash flows due to changes in interest rates.

Risk management objectives, policies and processes for managing the risk

The Company's interest rate risk is managed by the immediate holding company as a whole.

**AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31
DECEMBER 2022 (CONT'D)**

DEFINITE PURE SDN. BHD.
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13. Financial risk management (cont'd.)**(b) Market risk (cont'd.)***Exposure to interest rate risk*

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2022	2021
	RM	RM
Floating rate instrument		
Financial liabilities	<u>(1,908,339)</u>	<u>(1,797,719)</u>

*Interest rate risk sensitivity***a) Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and fair value through other comprehensive income. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss and equity.

b) Cash flow sensitivity analysis for variable rate

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on the interest rate variances that the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all

	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	2022	2022	2021	2021
	RM	RM	RM	RM
Floating rate instrument	<u>(14,503)</u>	<u>14,503</u>	<u>(13,663)</u>	<u>13,663</u>

(c) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as and when they fall due.

The Company relies on continuing financial support from its immediate holding company, that enable it to meet its obligations and liabilities as and when they fall due.

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

DEFINITE PURE SDN. BHD.
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14. Fair values

The carrying amounts of the financial assets and financial liabilities are reasonable approximations of fair value due to their short-term nature.

15. Capital management

The Company manages its capital by following the immediate holding company's policies and guidelines and also seeks approval from the Board of Directors of its holding company with regards to all capital management matters. The Company takes into consideration equity attributable to immediate holding company, amount due to immediate holding company and term loan from immediate holding company. In this respect, the Company's policies and procedures involve obtaining funding from its immediate holding company to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

16. Related parties

For the purposes of the financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the Directors of the Company.

The Company has a related party relationship with its immediate holding company, related company and key management personnel.

Significant related party transactions and balances

	Note	2022 RM	2021 RM
Expense			
Interest expense	10	(70,014,480)	(63,058,655)
Balances			
Amount due to immediate holding company	6	1,908,339	1,797,719
Amount due to related company		-	(5,600)
Term loan from immediate holding company	5	704,246,355	634,340,138

Key management personnel compensation

The key management personnel did not receive any remuneration from the Company during the financial year.

AUDITED FINANCIAL STATEMENTS OF THE NON-FINANCIAL SUBSIDIARIES FOR FYE 31 DECEMBER 2022 (CONT'D)

DEFINITE PURE SDN. BHD.
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17. Contingent liabilities

KCSB Konsortium Sdn Bhd and Kausar Corporation Sdn Bhd (collectively referred to as "the Plaintiffs/the Appellant") have instituted a civil suit against MBSB and the Company for an alleged breach of a facility which MBSB provided funding to the Plaintiffs via the Company.

The High Court dismissed the Plaintiffs' claim with costs and allowed MBSB's counterclaim. The Plaintiffs appealed to the Court of Appeal who in November 2016, allowed the appeal with no order as to costs and sent the case back to the High Court for retrial before a different Judge on the Ground that the Judgment were wholly inadequate as they could not be certain as to the basis on which the decision was reached.

The High Court fixed the matter for full trial on 11, 12 and 15 September 2017. The parties filed Striking-Out Applications on 18 July 2017. On 8 September 2017, the Court found that both claims were time barred and struck out both the claims. Both parties have appealed to the Court of Appeal and the matter was subsequently heard on 28 August 2018. The Court of Appeal dismissed both appeals and directed the matter to be fixed for trial before a different Judge.

On 27 January 2021, the High Court decided in favour of part of the Plaintiffs' claims including a monetary claim of RM35.3 million. Both MBSB and KCSB have appealed against the decision. The parties' appeals to the Court of Appeal were heard on 6 July 2022.

In October 2022 the parties have settled the claims out of court and the matter was then closed. Arising from the settlement, in November 2022 MBSB made a payment sum of RM35.3 million to the Plaintiffs and there were no further contingent liabilities applicable to the Company.

18. Significant event

During the year, MBSB entered into a settlement agreement with the Plaintiffs on the alleged breach of facility agreement and subsequently made a payment sum of RM35.3 million to the Plaintiffs. Following the settlement agreement and payment of the settlement sum, the Company then wrote off the outstanding amount due from KCSB Konsortium Sdn Bhd amounting to RM571.4 million during the year. The write off does not have financial impact to the Company as the outstanding amount due had been fully provided.

TERMS OF THE SCHEME OF ARRANGEMENT

**MALAYSIA BUILDING SOCIETY BERHAD
MEMBERS' SCHEME OF ARRANGEMENT**

In respect of the proposed transfer of the shares of a special purpose vehicle, Emerald Unity Sdn. Bhd. ("**Emerald Unity**") on trust and the disposal of the remaining identified residual conventional financial assets and liabilities of Malaysia Building Society Berhad ("**Company**") to Emerald Unity by way of a scheme of arrangement ("**Scheme**")

Pursuant to Sections 366 and 370 of the Companies Act 2016

SCHEME BETWEEN

MALAYSIA BUILDING SOCIETY BERHAD (Registration No. 197001000172 (9417-K)) ("**Company**") having its registered address at Level 25, Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan;

AND
THE MEMBERS OF THE COMPANY
1. DEFINITIONS AND INTERPRETATIONS
1.1 Definitions

In this Scheme, the following expressions shall, unless the context otherwise requires, have the meanings set opposite each of them:-

Act	:	the Companies Act 2016;
Company	:	Malaysia Building Society Berhad (Registration No. 197001000172 (9417-K));
Court	:	the High Court of Malaya;
Emerald Unity	:	Emerald Unity Sdn Bhd (Company No. 202301012098 (1506020-M));
Emerald Unity Shares	:	the ordinary shares of Emerald Unity;
LPD	:	the latest practicable date, being 3 October 2023;
MBSB Group or Group	:	collectively, MBSB and its subsidiaries;
Nominated Charity(ies)	:	any one (1) or more trust, foundation, institution or other organisation established for charitable purposes which is registered either with the Registrar of Society or with the Companies Commission of Malaysia as the Share Trustee may deem fit;

TERMS OF THE SCHEME OF ARRANGEMENT (CONT'D)

Non-Financial Subsidiaries and each, a Non-Financial Subsidiary	: the identified non-financial subsidiaries of the Company namely:- (i) MBSB Development Sdn Bhd (Company No. 199201011105 (242608-P)); (ii) Definite Pure Sdn Bhd (Company No. 199601006810 (379156-D)); (iii) MBSB Properties Sdn Bhd (Company No. 198001001895 (55678-T)); (iv) 88 Legacy Sdn Bhd (Company No. 201401028909 (1104995-A)); and (v) Prudent Legacy Sdn Bhd (<i>in liquidation</i>) (Company No. 199601010638 (382987-W));
Registrar of Companies	: the registrar designated under subsection 20A(1) of the Companies Commission of Malaysia Act 2001;
Residual A&L	: the remaining identified residual conventional financial assets and liabilities of the Company, which comprise the Non-Financial Subsidiaries and all the non-performing residual conventional loans of the Company, as at the date hereof, or such of the remaining assets and liabilities, which cannot otherwise be disposed of or resolved, as at or by the respective transfer dates;
RM	: Ringgit Malaysia;
Scheme	: the scheme of arrangement pursuant to Sections 366 and 370 of the Act to effect the scheme, upon such terms and subject to such conditions as may be finally sanctioned by the Court, details of which are set out in Paragraph 4 hereof;
Share Trustee	: shall have the meaning ascribed to it in Paragraph 4.1(a) hereof; and
Vesting Order	: vesting order granted by the Court in relation to Scheme.

1.2 Interpretation

In this Scheme, unless a contrary intention appears:-

- (a) words or expressions importing the singular include the plural and vice versa;
- (b) where a word or expression is defined or given meaning, another grammatical form has a corresponding meaning;
- (c) any heading or title is for convenience only and does not affect the interpretation of this Scheme;
- (d) a reference to a paragraph or sub-paragraph is a reference to a paragraph or subparagraph of this Scheme;

TERMS OF THE SCHEME OF ARRANGEMENT (CONT'D)

- (e) a reference to this Scheme or another document includes that document as amended, varied, novated, supplemented or replaced from time to time;
- (f) a reference to legislation or a provision of legislation includes:-
 - (i) all regulations, orders or instruments issued under the legislation or provision; and
 - (ii) any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision;
- (g) references to “include” and “including” are to be construed without limitation to the generality of any foregoing term; and
- (h) words or expressions defined in the Act have the same meanings when used in this Scheme.

2. PRELIMINARY**2.1 Company**

The Company is a public limited company incorporated under the Companies Act 1965 (and continues under the Act), and registered in Malaysia.

Pursuant to the acquisition by the Company of MBSB Bank Berhad in 2018, the Company has entered into a scheme of arrangement with its members in respect of the merger of the Company with MBSB Bank Berhad, which was approved by the members of the Company at a court-convened meeting held on 23 January 2018.

Under the said scheme of arrangement, the Company obtained a vesting order dated 28 February 2018 to transfer its Shariah-compliant business, assets, and liabilities of the Company to MBSB Bank Berhad and dispose of all its residual conventional financial assets and liabilities, which cannot be converted to Shariah-compliant assets and liabilities, and non-financial subsidiaries to third parties, within a period of three (3) years ending 1 April 2021. The Company has further obtained an order by the Court on 21 July 2021 for an extension of time to do so by 1 April 2024.

As at LPD, the recovery or settlement of all the non-performing residual conventional loans by the Company is on-going. The Company wishes to enter into this Scheme to finally complete the proposed settlement or disposal of the Residual A&L which, at the determination of the Company, cannot otherwise be converted or disposed of by the extended time of 1 April 2024.

2.2 Emerald Unity

Emerald Unity is a private limited company incorporated under the Act and registered in Malaysia.

Emerald Unity serves as a special purpose vehicle which was incorporated to hold the Residual A&L upon the implementation of the Scheme. Upon completion of the proposed transfer of the Emerald Unity Shares to the Share Trustee, the Company will no longer have legal or beneficial ownership in the shares of Emerald Unity.

TERMS OF THE SCHEME OF ARRANGEMENT (CONT'D)

3. CONDITIONS PRECEDENT**3.1 Conditions Precedent**

The Scheme is conditional upon:-

- (a) the approval of the Court for a court-convened meeting of the shareholders of the Company pursuant to Section 366(1) of the Act to obtain the requisite approval for the Scheme;
- (b) the approval of the shareholders of the Company. The Scheme requires approval of at least seventy-five per cent (75%) in total value of the shareholders of the Company, present and voting at the court-convened meeting for the Scheme;
- (c) final sanction of the Court in respect of the Scheme, including the grant of a vesting order by the Court, pursuant to Section 366(2) and Section 370 of the Act; and
- (d) such other relevant approvals and/or consents, where applicable.

3.2 Order of the Court

The Company shall provide to the Court evidence, as the Court may request, confirming the fulfilment of the Conditions Precedent listed under sub-paragraph 3.1 hereof.

4. THE SCHEME**4.1 Terms and conditions of the Scheme**

The Scheme entails the following:-

(a) Proposed transfer by the Company of the Emerald Unity Shares

The Company proposes to transfer its entire shareholding in Emerald Unity to a corporate share trustee ("**Share Trustee**") which shall hold the same for the benefit of a Nominated Charity(ies).

The Share Trustee shall be the registered owner of the Emerald Unity Shares, holding the Emerald Unity Shares on trust with power to distribute any and all distributions and entitlements to the Emerald Unity Shares to the Nominated Charity(ies).

(b) Proposed disposal by the Company of the Residual A&L to Emerald Unity

After the proposed transfer by the Company of the Emerald Unity Shares to the Share Trustee, the Company proposes to dispose of and transfer its Residual A&L to Emerald Unity for the following consideration:-

- (i) for the shares of the direct Non-Financial Subsidiaries, based on a nominal sum of RM2.00 for each of the direct Non-Financial Subsidiaries; and
- (ii) for the non-performing residual conventional loans, at a consideration to be determined based on the net book value at the end of the month prior to the transfer of the non-performing residual conventional loans subject to a maximum of the amount owed under the respective non-performing residual conventional loans as at a date to be determined by the Company,

(collectively referred to as the "**Consideration**").

TERMS OF THE SCHEME OF ARRANGEMENT (CONT'D)

The consideration for the non-performing residual conventional loans payable by Emerald Unity shall be settled in cash and on a deferred basis, as and when Emerald Unity receives proceeds arising from the settlement or recovery of the amounts and interest which remain outstanding under the respective non-performing residual conventional loans. The consideration for the non-performing residual conventional loans will be on a deferred basis as Emerald Unity's only source of cash flow will be from the settlement or recovery of the non-performing residual conventional loans. As such, MBSB can only be paid once Emerald Unity manages to settle or recover money from the non-performing residual conventional loans. The consideration for the direct Non-Financial Subsidiaries payable by Emerald Unity shall be settled in cash on the transfer date to Emerald Unity.

The deferred payment of the consideration for the non-performing residual conventional loans will be settled with compensation at the rate range of 6.75% - 8.75% per annum, which is the prevailing interest rate of the respective non-performing residual conventional loans, from the date of transfer of the respective non-performing residual conventional loans to the date of settlement of the respective non-performing residual conventional loans.

In the event that the amount of proceeds arising from the settlement or recovery of any indebtedness under the respective non-performing residual conventional loans is lower than the deferred cash consideration and the accrued compensation, MBSB shall have the right to waive any part of the deferred cash consideration and the accrued compensation payable by Emerald Unity under the respective non-performing residual conventional loans in excess of the amount of proceeds which are recovered by Emerald Unity under the respective non-performing residual conventional loans. For the avoidance of doubt, waiver of any portion of the deferred cash consideration by MBSB upon settlement is to be applied first to the principal portion of the deferred cash consideration, and thereafter to the accrued compensation payable.

For each of the non-performing residual conventional loans, any remaining amount shall be paid to MBSB as additional consideration after settling any outstanding costs and expenses of the successful foreclosure and/or successful sale or disposal of the charged properties under the respective non-performing residual conventional loans, the accrued compensation, and the deferred cash consideration. For the avoidance of doubt, the additional consideration is not subject to compensation. MBSB shall have the right to vary and/or lower the amount of the additional consideration payable by Emerald Unity, if any, at its sole discretion.

Any excess amounts after settling all indebtedness of the customer or borrower under the relevant security documentation of the respective non-performing residual conventional loans shall be paid by Emerald Unity to such customer or borrower.

Some of the Non-Financial Subsidiaries own properties which are subject to on-going sale and disposal to third parties, which has not yet been completed. Such completion shall take place either before or after the Non-Financial Subsidiaries are transferred to Emerald Unity. The proceeds from such sale will be paid by such Non-Financial Subsidiaries to MBSB or MBSB Bank Berhad, as the case may be, in consideration for the existing amounts owed to MBSB or MBSB Bank. If the sale and disposal to any third parties is aborted or terminated at any time, it is envisaged that such relevant property held by the Non-Financial Subsidiary will be transferred to MBSB Bank Berhad in consideration for the settlement of the existing amount owing to MBSB or MBSB Bank Berhad, as the case may be subject to approval from relevant authorities (if required).

TERMS OF THE SCHEME OF ARRANGEMENT (CONT'D)

An administrative trustee will be appointed to manage the operations of Emerald Unity, primarily managing the proceeds that Emerald Unity receives from the settlement or recovery of the amounts and interest which remain outstanding under the non-performing residual conventional loans. The trustee will, amongst other matters, manage the bank account(s) of Emerald Unity as well as the payments from the said bank account(s) to settle any outstanding costs and expenses, and the deferred cash consideration and additional consideration.

In respect of the non-performing residual conventional loans, Emerald Unity may appoint a servicing agent, which may be a subsidiary of the MBSB Group, to, amongst others, manage and supervise the litigation process together with the appointed solicitors and legal counsels handling such litigation matters.

The Company agrees with Emerald Unity to satisfy any ongoing liabilities as may arise in respect of judgements or order made against Emerald Unity, in any on-going litigation, which is transferred to Emerald Unity, as part of the Residual A&L and bear the following costs and expenses of Emerald Unity and its subsidiaries:-

- (a) costs and expenses of Emerald Unity and its subsidiaries, including administration expenses incurred, directors' fees, trustees' fees, agent's fees and liquidators' fees;
- (b) costs and expenses incurred in relation to the non-performing residual conventional loans, including maintenance costs, insurance costs, quit rent and assessment expenses, and the fees of receiver and managers; and
- (c) legal costs for the conduct of the litigation on the non-performing residual conventional loans, and for the foreclosure and/or sale or disposal of the charged properties under the respective non-performing residual conventional loans.

Emerald Unity will be liquidated and/or dissolved once the disposal by Emerald Unity of all the Residual A&L being completed and/or resolved.

4.2 Lodgement of Scheme Order

Pursuant to Sections 366(5) and 370(4) of the Act, the Company shall lodge an office copy of the order of the Court approving the Scheme, including the Vesting Order, with the Registrar of Companies within seven (7) days of the making of the order.

4.3 Effective Date and Duration

The Scheme shall become effective from the date of the lodgment of the office copy of the order of the Court approving the Scheme including the Vesting Order, with the Registrar of Companies or such earlier date as the Court may determine and as specified in the order of the Court ("**Effective Date**"). The Scheme shall be implemented on or after the Effective Date.

5. GENERAL PROVISIONS**5.1 Authority to the Company**

- (a) Each of the shareholders of the Company consents to the Company and Emerald Unity doing all acts and things as may be necessary or desirable to give full effect to the Scheme and the transactions contemplated by it; and

TERMS OF THE SCHEME OF ARRANGEMENT (CONT'D)

- (b) each of the shareholders of the Company, without the need for any further act, irrevocably appoints the Company and each of its directors and officers (jointly and severally) as its agent and attorney for the purpose of executing any document or doing any other act necessary or expedient to give effect to the terms of this Scheme and the transactions contemplated by it.

5.2 Further Assurance

The Company and Emerald Unity will execute all documents and do all acts and things as may be necessary or desirable to give full effect to the Scheme and the transaction contemplated by it.

5.3 Amendments to the Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions, the Company may consent on behalf of all persons concerned, by its counsel, to those alterations or conditions to which the Company and Emerald Unity have consented in writing.

5.4 Governing Law

- (a) This Scheme is governed by the laws of Malaysia; and
- (b) each of the shareholders of the Company irrevocably and unconditionally submits, in connection with this Scheme, to the non-exclusive jurisdiction of the Court and any courts which have jurisdiction to hear appeals from the Court.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular and Explanatory Statement and they collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular and Explanatory Statement. Our Board confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular and Explanatory Statement misleading.

2. CONSENT

AmInvestment Bank, being the Principal Adviser for the Proposed Scheme, has given and has not subsequently withdrawn its written consent for the inclusion in this Circular and Explanatory Statement of its name, reports and/or letters (where applicable) and all references thereto in the form and context in which they appear in this Circular and Explanatory Statement.

AmInvestment Bank has given its written confirmation that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Adviser in respect of the Proposed Scheme.

AmInvestment Bank, its related and associated companies, as well as its holding company, AMMB Holdings Berhad and the subsidiaries and associated companies of its holding company ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses.

In the ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and/or its clients now have or in the future, may have interests or take actions that may conflict with the interests of our Company.

AmInvestment Bank is of the view that its role as the Adviser for the Proposed Scheme is not likely to result in a conflict of interest or potential conflict of interest situation for the following reasons:-

- (i) AmInvestment Bank's role in the Proposed Scheme is undertaken in the ordinary course of business; and
- (ii) AmInvestment Bank undertakes each of its roles on an arm's length basis and its conduct is regulated by Bank Negara Malaysia and the Securities Commission of Malaysia and governed under, inter alia, the Financial Services Act 2013, the Capital Markets and Services 2007, and AmBank Group's Chinese Wall policy and internal controls and checks.

Premised on the above, AmInvestment Bank confirms that it is not aware of any conflict of interest which exists or is likely to exist in its capacity as the Adviser in respect of the Proposed Scheme.

FURTHER INFORMATION (CONT'D)

3. MATERIAL CONTRACTS

Our Company and if applicable, our subsidiary(ies) propose to enter into the Trust Deeds and SPA and any other definitive documentation as necessary to give full effect to the Proposed Scheme, upon the relevant approvals being obtained.

Saved as disclosed below, there are no material contracts, being contracts not in the ordinary course of business, which have been entered into by our Group within two (2) years immediately preceding the date of this Circular and Explanatory Statement:-

Conditional Share and Purchase Agreement between MBSB and PNB in respect of the acquisition by MBSB of 100% Equity Interest in MIDF from PNB (“MIDF Acquisition”)

On 9 June 2023, MBSB has entered into a conditional share purchase agreement with PNB to acquire 100% equity interest in MIDF, comprising 480,355,627 ordinary shares in MIDF held by PNB, for a total purchase consideration of RM1,014,295,048.55. The final purchase consideration paid by MBSB was satisfied through the issuance and allotment of 1,050,828,629 new ordinary shares in MBSB (“**Final Consideration Shares**”) at the issue price of RM0.9652 (rounded to 4 decimal points for disclosure purposes) per Final Consideration Share to PNB.

MIDF is a public company limited by shares and on 23 January 1986, MIDF was declared a “prescribed corporation” by the Minister of Finance pursuant to Section 38(7)(b) of the Companies Act 1965. MIDF is principally engaged in investment holding, providing finance, leasing and industrial hire-purchase services to industries and businesses in Malaysia, whilst the principal activities of its material subsidiaries are investment banking and Islamic asset/fund management.

MIDF Acquisition has been completed on 2 October 2023, resulting in MIDF becoming a wholly-owned subsidiary of MBSB.

4. MATERIAL LITIGATION

Save for the Proposed Scheme and as disclosed below, as at the LPD, our Group is not engaged in any material litigation, proceedings, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened against our Group, or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group:-

**(i) Kuala Lumpur High Court Civil Suit No.: WA-22M-289-12/2021
Megah Berkat Sdn Bhd & 2 Ors (“Plaintiffs”) v MBSB Bank Berhad**

The Plaintiffs commenced an action against MBSB Bank for breach of contract and fiduciary duty and negligence for failure to issue the Performance Guarantee as per their request. The Plaintiffs’ claim, amongst others, is for a return of all money received from the 1st Plaintiff, special damages and other claims amounting to a total amount of approximately RM40,354,277.63.

MBSB Bank filed an application to strike out the Plaintiffs’ Writ and Statement of Claim on 2 December 2021. The striking out application was allowed by the KL High Court on 13 June 2022.

FURTHER INFORMATION (CONT'D)

The Plaintiffs filed an appeal against the Court's decision on 7 July 2022. On 5 May 2023, the Court of Appeal allowed the appeal. Accordingly, the matter is returned to the Court for full trial. The matter is fixed for case management on 23 October 2023. The Court has fixed the matter for trial on 6 to 10 May 2024.

The solicitor is of the view that MBSB Bank has a probable chance of success in its defence of the action.

(ii) **Kuala Lumpur High Court Suit No.: WA-22M-465-09/2018 consolidated with WA-22M-523-10/2018**
Amanah International Finance Sdn Bhd (“AIF”) v. Tan Sri Halim bin Saad (“TSH”) & Hektar Premier Sdn Bhd (“Hektar Premier”)

AIF filed writ of summons and statement of claim against TSH on 21 September 2018 for an outstanding amount of RM61,880,527.46 in respect of a Master Equity Secured Financing-I Facility Agreement dated 9 June 2015 of up to RM80 million granted by AIF (“**Facility**”). On 10 January 2019, the Court granted AIF's application to consolidate the suit against TSH with the suit against Hektar Premier for the outstanding amount of RM62,190,325.63 pursuant to an Assignment of Surplus Sale Proceeds dated 26 January 2018.

TSH filed his Statement of Defence & Counterclaim on 29 October 2018, but the counterclaim was dismissed by Kuala Lumpur High Court (“**KLHC**”) on 5 April 2019. TSH appealed against this decision and the Court of Appeal had allowed the said appeal on 1 September 2020. AIF subsequently proceeded to set the matter for trial.

The full trial commenced on 11 December 2020 and completed on 5 September 2022. The High Court Judge on 26 January 2023 has decided in favour of AIF on its claim against both TSH and Hektar Premier with judgment sum of RM62,013,201.48 as at 31 August 2018.

TSH and Hektar Premier filed an appeal to the Court of Appeal against the decision of the High Court on 26 January 2023. The appeal is scheduled for further case management on 8 August 2023 to update the Court of Appeal on the status of the grounds of judgment dated 26 January 2023.

TSH has also filed an application for stay of execution which was heard on 14 June 2023 with the decision deferred to 15 June 2023 whereupon the Judge ruled that TSH is to provide an explanation in writing by 14 July 2023 on how much of the USD463.7 million (equivalent to RM2,150.4 million based on the exchange rate of USD1 : RM4.6375, being the middle rate for USD to RM quoted by BNM at 5.00 p.m. as at the LPD) proceeds of the corporate exercise will go to him personally. AIF will be given an opportunity to respond to the explanation by TSH and will have to submit the same by 28 July 2023. The final decision will be delivered on 14 August 2023.

AIF's solicitors (“**the solicitors**”), are of the opinion that the corporate exercise cannot be used as a basis for the stay as it cannot be looked at as a special circumstance to deprive AIF from the fruits of its litigation. The solicitors are of the view that there is no real legal basis for the Court to grant a stay in these circumstances.

AIF had filed a winding up notice against Hektar Premier which was served to them on 28 April 2023. On the day the winding up, notice was served i.e., 28 April 2023, a copy of the unsealed application for stay of execution by Hektar Premier was served on AIF's lawyers. Hektar Premier filed an Affidavit in Support on 15 May 2023 while AIF filed its Affidavit-in-Reply on 30 May 2023.

FURTHER INFORMATION (CONT'D)

At the Case Management on 14 June 2023, the Court ordered parties to file their written submissions and submissions-in-reply by 4 July 2023 and 18 July 2023 respectively. Hearing of the application was fixed on 1 August 2023 and thereafter postponed to 9 August 2023 where the said application was dismissed by the Court with costs of RM10,000.00 granted in favour of AIF.

The solicitors are of the opinion that the pre-winding up notice issued by AIF against Hektar Premier and the issues raised by Hektar Premier do not amount to special circumstances within the principles that govern the granting of a stay of execution. Hence, there is no basis for the Court to allow a stay of execution in such instances.

The solicitors further opine that since it is a monetary judgment, both TSH and HPSB should pay the judgment sum. There is no issue of TSH and HPSB's appeal being rendered nugatory as AIF is financially sound and able to refund payments made in the event the appeal is allowed.

**(iii) Kuala Lumpur High Court Suit No. WA-22M-271-12/2016
Millennium Land Sdn Bhd ("MLSB") v. AIF**

On 28 December 2016, MLSB commenced proceedings against AIF by obtaining an injunction as a pre-emptive move to prevent AIF from calling an event of default against MLSB.

AIF filed its Statement of Defence on 13 February 2017. The KLHC, on 24 August 2017, granted AIF's application to refer parts of the proposed evidence of MLSB's Shariah Expert to the Shariah Advisory Committee of Bank Negara Malaysia ("**SAC-BNM**") for its determination. The SACBNM, vide its response dated 5 March 2018, informed the KLHC that the determination as to whether or not the facility granted to MLSB is pursuant to the Shariah principles/law will depend on the findings of facts during trial which was then scheduled to begin on 1 August 2018 and the Court should apply the principles provided by the BNM guidelines on *Tawarruq* and *Murabahah*.

Following a Court-initiated mediation, both MLSB and AIF eventually entered into a Consent Judgment on 23 August 2018 to record the following terms of settlement:-

- (a) MLSB to pay a sum of RM105 million as Settlement Sum on or before 23 August 2023; and
- (b) MLSB to pay Late Payment Charges of 5.0% from 23 August 2018 rising up to 6.0% with effect from 23 August 2021 on the Settlement Sum.

MLSB has as at 16 August 2023 made a partial settlement sum by way of redemption payment for the amount of RM87,404,960.34. As at LPD, MLSB has yet to make the balance payment of RM45,415,851.47 being the balance payment and late payment interest to AIF.

(iv) Kuala Lumpur High Court Suit No: WA-22NCvC-98-03/2023 (Matter transferred to Muamalat Court and the matter had now been registered as WA-22M-379-03/2023) (1) Vahana Offshore (M) Sdn Bhd, (2) Vahana Holdings Sdn Bhd & (3) Tan Sri Nathan A/L Elumalay ("Plaintiff") v. MIDF Amanah Investment Bank Berhad ("MAIB")

On 14 March 2023, the Plaintiffs commenced proceedings against MAIB by way of a writ of summons for an alleged breach by MAIB of its obligations, breach of its duties as an investment bank and breach of contract, in connection with the calling of an event of default by MAIB against Vahana Offshore (M) Sdn Bhd for a rescheduled Islamic Bridging Facility of up to RM55,000,000.00 granted by MAIB ("**Facility**").

FURTHER INFORMATION (CONT'D)

The Plaintiffs have sought damages for breach of contract in the sum of RM181.2 million or such other sum as deemed appropriate by the court, special damages in the sum of RM991,292.10, special damages in the sum of RM6,554,758.47, amongst other prayers for declarations.

Having perused the Writ of Summons and Statement of Claim, MAIB's solicitors are of the view that MAIB has a strong chance of success at trial in defending the Plaintiffs' suit and their claim and causes of action against MAIB as pleaded cannot stand.

The matter was fixed for Case Management on 27 March 2023 whereby the Learned High Court Civil Judge ordered for the transfer of the matter to the Muamalat Court. The Muamalat Court fixed a final case management on the pleadings on 31 May 2023 for the Court to give further pretrial directions. The Muamalat Court at the 31 May 2023 Pre-Trial Case Management fixed a Case Management on 6 June 2023 to fix trial dates for the matter. The matter is now fixed for a further Case Management on 18 October 2023 to fix trial dates.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Level 25, Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200, Petaling Jaya, Selangor Darul Ehsan, Malaysia, during normal business hours from Monday to Friday (except public holidays) from the date of this Circular and Explanatory Statement up to the date of the forthcoming CCM:-

- (i) Constitutions of our Company and Emerald Unity;
- (ii) the draft SPA;
- (iii) the draft Trust Deeds;
- (iv) Conditional Share and Purchase Agreement for MIDF Acquisition;
- (v) audited consolidated financial statements of our Group for the past two (2) FYEs 31 December 2021 and 31 December 2022 and the unaudited quarterly financial results of our Group for FPE 30 June 2023;
- (vi) the audited financial statements of the Non-Financial Subsidiaries for FYE 31 December 2022;
- (vii) the relevant cause papers in respect of the material litigation referred to in Section 4 above; and
- (viii) letter of consent referred to in Section 2 above.



MALAYSIA BUILDING SOCIETY BERHAD
(Registration No. 197001000172 (9417-K))
(Incorporated in Malaysia)

IN THE HIGH COURT OF MALAYA AT SHAH ALAM
IN THE STATE OF SELANGOR DARUL EHSAN, MALAYSIA
(COMMERCIAL DIVISION)
ORIGINATING SUMMONS NO. BA-24NCC-113-09/2023

In the matter of **MALAYSIA BUILDING SOCIETY BERHAD (REGISTRATION NO. 197001000172 (9417-K))**

And

In the matter of the Proposed Scheme of Arrangement between **MALAYSIA BUILDING SOCIETY BERHAD (REGISTRATION NO. 197001000172 (9417-K))** with its shareholders;

And

In the matter of **Sections 366 and 370 and other relevant provisions of the Companies Act, 2016;**

And

In the matter of **Order 88 of Rules of Court 2012.**

MALAYSIA BUILDING SOCIETY BERHAD
(REGISTRATION NO. 197001000172 (9417-K))

APPLICANT

NOTICE OF COURT-CONVENED MEETING

NOTICE IS HEREBY GIVEN THAT by an Order of the High Court of Malaya ("**Court**") dated 5 October 2023 ("**Order**") in respect of the above matter, the Court has directed that a court-convened meeting of the shareholders of Malaysia Building Society Berhad ("**MBSB**" or "**Company**") is to be convened on a virtual basis through live streaming from the broadcast venue at Level 4, Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor ("**Broadcast Venue**") via <https://tjih.online> on Friday, 24 November 2023 at 10:00 a.m. ("**CCM**"), for the purpose of considering and if thought fit, passing with or without any modification, a proposed scheme of arrangement between MBSB and its shareholders ("**Shareholders**") pursuant to Sections 366 and 370 of the Companies Act, 2016 ("**Act**").

The following resolution is proposed to be voted upon and approved at the CCM by way of a resolution to be passed by not less than 75% in total value of the Shareholders present and voting, in accordance with the Constitution of the Company and Section 366(3) of the Act:-

SPECIAL RESOLUTION

PROPOSED SCHEME

“THAT subject to the sanction of the Court and approval of all other relevant authorities (if any) being obtained, approval be and is hereby given for a scheme of arrangement between MBSB with its Shareholders under Sections 366 and 370 of the Act, details of which are as set out in Appendix IX of the circular and explanatory statement to the Shareholders dated 30 October 2023 (**“Circular and Explanatory Statement”**) and for its implementation, which entails, amongst others, the following:-

- (a) proposed transfer by the Company of all the ordinary share(s) of Emerald Unity Sdn Bhd (**“Emerald Unity”**) held by it to the corporate share trustee to be held on trust for the benefit of a nominated charity(ies) to be identified; and
- (b) proposed disposal and transfer by the Company of the remaining identified residual conventional financial assets and liabilities of the Company which comprise the non-financial subsidiaries of the Company as described in the Circular and Explanatory Statement and the non-performing residual conventional loans of the Company as at the date hereof, or such of the remaining assets and liabilities which cannot otherwise be disposed of or resolved, as at or by the respective transfer dates (**“Residual A&L”**), to Emerald Unity, for the following consideration:-
 - (i) for the shares of the non-financial subsidiaries directly held by the Company, based on a nominal sum of Ringgit Malaysia Two (RM2.00) for each of the said direct non-financial subsidiaries, to be settled in cash by Emerald Unity on the transfer date; and
 - (ii) for the non-performing residual conventional loans, at a consideration to be determined based on the net book value at the end of the month prior to the transfer of the non-performing residual conventional loans to Emerald Unity subject to a maximum of the amount owed under the respective non-performing residual conventional loans as at a date to be determined by the Company, to be settled in cash and on a deferred basis,

(collectively referred to as the **“Proposed Scheme”**), upon the terms and subject to the conditions of the Proposed Scheme as detailed in the Circular and Explanatory Statement and the sale and purchase agreement to be entered into by the Company and Emerald Unity in respect of the above disposal and transfer by the Company of the Residual A&L to Emerald Unity;

THAT the board of directors of the Company (the **“Board”**) be and is hereby authorised to complete and give effect to the Proposed Scheme and to do or to procure to be done, all acts, deeds and things for and on behalf of the Company, as the Board may consider necessary or expedient with full power to:-

- (a) execute, sign and deliver on behalf of the Company, the trust deed, sale and purchase agreement, any other agreements, and all such documents in relation to the Proposed Scheme and such other agreements, deeds, instruments, undertakings, declarations and/or arrangements, including any supplementary or variation of agreements and documents in connection therewith and to give full effect to and complete the Proposed Scheme; and
- (b) assent to any condition, modification, variation and/or amendment as may be permitted or as may be deemed necessary by the Board in the best interests of the Company and to take all steps and do all acts and things in any manner as they may deem necessary and/or expedient to finalise, implement, to give full effect to and complete the Proposed Scheme;

THAT authority be and is hereby given for the Common Seal of the Company to be affixed on the relevant documents or agreements to be entered into or prepared in connection with the Proposed Scheme in accordance with the Constitution of the Company;

AND THAT all previous action taken by the Board for the purpose of or in connection with the Proposed Scheme be and are hereby adopted, approved and ratified.”

A copy of the Circular and Explanatory Statement detailing the Proposed Scheme and containing the Form of Proxy required to be furnished pursuant to Section 369 of the Act is enclosed herewith ("**Document**"). Additional copies of the Document can be obtained from the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of the Document up to and including the date of the CCM for the Shareholders.

By the Order of the Court, the Court has appointed Puan Lynette Yeow Su-Yin (NRIC No.: 691001-06-5574) being the Acting Chairman of the Company or failing her, Encik Mohamad Abdul Halim Bin Ahmad (NRIC No. 600505-01-5523), being a Director of the Company, to act as the Chairman of the CCM and be directed to report the results of the CCM to the Court after the CCM.

The Scheme of Arrangement will be subject to the final sanction of the Court.

MALAYSIA BUILDING SOCIETY BERHAD

Date: 30 October, 2023

Notes:

- 1. For the purpose of determining a member who shall be entitled to attend this CCM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 61(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), to issue a General Meeting Record of Depositors as at 15 November 2023. Only a depositor whose name appears on the Record of Depositors as at 15 November 2023 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her/its behalf.*
- 2. A member shall be entitled to appoint another person as his/her/its proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to attend, participate, speak and vote at the meeting.*
- 3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of the member's holdings to be represented by each proxy.*
- 4. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
- 5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
- 6. To be valid, the duly completed instrument appointing a proxy must be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for holding the meeting. Alternatively, the instrument appointing a proxy can be submitted electronically, via TIIH Online at website <https://tiih.online>, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid. Please refer to the procedure for lodgement of Proxy Form in the Administrative Guide for submission of electronic Proxy Form.*
- 7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice of Court-Convened Meeting will be put to vote by poll.*



MALAYSIA BUILDING SOCIETY BERHAD
(Registration No. 197001000172 (9417-K))
(Incorporated in Malaysia)

**FORM OF PROXY FOR THE COURT-CONVENED MEETING
FOR THE SHAREHOLDERS**

IN THE HIGH COURT OF MALAYA AT SHAH ALAM
IN THE STATE OF SELANGOR DARUL EHSAN, MALAYSIA
(COMMERCIAL DIVISION)
ORIGINATING SUMMONS NO. WA BA-24NCC-113-09/2023

In the matter of **MALAYSIA BUILDING SOCIETY BERHAD (REGISTRATION NO. 197001000172 (9417-K))**

And

In the matter of the Proposed Scheme of Arrangement between **MALAYSIA BUILDING SOCIETY BERHAD (REGISTRATION NO. 197001000172 (9417-K))** with its shareholders;

And

In the matter of Sections 366 and 370 and other relevant provisions of the Companies Act, 2016;

And

In the matter of Order 88 of Rules of Court 2012

No. of Shares held	CDS Account No.

*I/ We *NRIC No./ Passport No./ Company No
..... Of
..... and telephone no./ email
address being a *shareholder/shareholders of Malaysia Building Society Berhad (the “**Company**”), hereby appoint

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings



*and/or

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

or failing *him/her, the Chairman of the meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Court-Convened Meeting of the Company, to be conducted as a virtual meeting through live streaming from the broadcast venue at Level 4, Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya, Selangor ("**Broadcast Venue**") on Friday, 24 November 2023 at 10.00 a.m. or at any adjournment thereof.

Please indicate with an "x" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

RESOLUTION	FOR	AGAINST
SPECIAL RESOLUTION – PROPOSED SCHEME		

Signed this _____ day of _____, 2023.

Signature of Member/Common Seal
**Strike out whichever is not applicable.*

Unless otherwise instructed, the proxy may vote as he/she thinks fit.

Notes:

1. *For the purpose of determining a member who shall be entitled to attend this CCM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 61(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), to issue a General Meeting Record of Depositors as at 15 November 2023. Only a depositor whose name appears on the Record of Depositors as at 15 November 2023 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her/its behalf.*
2. *A member shall be entitled to appoint another person as his/her/its proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to attend, participate, speak and vote at the meeting.*
3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of the member's holdings to be represented by each proxy.*
4. *Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
6. *To be valid, the duly completed instrument appointing a proxy must be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for holding the meeting. Alternatively, the instrument appointing a proxy can be submitted electronically, via TIIH Online at website <https://tiah.online>, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid. Please refer to the procedure for lodgement of Proxy Form in the Administrative Guide for submission of electronic Proxy Form.*
7. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice of Court-Convened Meeting will be put to vote by poll.*



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AFFIX
STAMP

THE SHARE REGISTRAR

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

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