



MERCURY SECURITIES GROUP BERHAD
Registration No.202101018329 (1418629-A)

**STEP INTO THE FUTURE,
WHERE POSSIBILITIES THRIVE.**

ANNUAL REPORT **2023**

COVER RATIONALE



We committed to cultivating a future where possibilities flourish. By strategically navigating diverse markets, we aim to optimise returns for our stakeholders. With a forward-thinking approach, we identify and capitalise on emerging opportunities, ensuring sustained growth and prosperity. Our tagline, “Step into the future, where possibilities thrive”, encapsulates our dedication to pioneering investments that shape tomorrow’s success stories.

This report includes certain forward-looking statements concerning future directions, strategies, potential risks or opportunities, and performance. These statements and forecasts are subject to uncertainties as they pertain to future events and may not be definitive. Actual implementation and results could differ due to various risk factors and market uncertainties. The inclusion of forward-looking statements in this report should not be regarded as a representation or a warranty that our plans and objectives will be achieved. Readers should not place undue reliance on these forward-looking statements, and we do not undertake any obligation to publicly update or revise them.



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Inside this Report

Corporate Information	02
Corporate Structure	03
Directors’ Profile	04
Senior Management Profile	07
2-Year Group Financial Summary and Highlights	10
Chairman’s Statement	12
Management Discussion and Analysis	15
Sustainability Statement	22
Corporate Governance Overview Statement	35
Audit and Risk Management Committee Report	51
Nomination Committee Report	53
Remuneration Committee Report	54
Statement on Risk Management and Internal Control	55
Statement on Directors’ Responsibility	61
Additional Compliance Information	62
Financial Statements	63
List of Properties	138
Analysis of Shareholdings	139
Notice of Third Annual General Meeting	141
Statement Accompanying the Notice of Third Annual General Meeting	148
Administrative Guide	149
Proxy Form	



Corporate Information

BOARD OF DIRECTORS

Dato' Baharon Bin Talib
Independent Non-Executive
Chairman

Dato' A. Rahman Bin Safar
Non-Independent Non-Executive
Director

Datin Chua Suat Khim
Independent Non-Executive
Director

Chew Sing Guan
Non-Independent Executive
Director/Managing Director

Chan Kim Hing
Independent Non-Executive
Director

**Himahlini A/P M. Ramalingam@
Yalumallai**
Independent Non-Executive
Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chan Kim Hing
Chairman

Datin Chua Suat Khim
Member

**Himahlini A/P M. Ramalingam@
Yalumallai**
Member

NOMINATION COMMITTEE

**Himahlini A/P M. Ramalingam@
Yalumallai**
Chairman

Chan Kim Hing
Member

Datin Chua Suat Khim
Member

REMUNERATION COMMITTEE

Datin Chua Suat Khim
Chairman

Chan Kim Hing
Member

**Himahlini A/P M. Ramalingam@
Yalumallai**
Member

COMPANY SECRETARIES

Tan Bee Hwee
MAICSA 7021024
SSM PC NO. 202008001497

Soo Siew Peng
MAICSA 7063110
SSM PC NO. 202008001646

EXTERNAL AUDITORS

Grant Thornton Malaysia PLT
201906003682 (LLP0022494-LCA) & AF
0737

Level 5, Menara BHL,
51, Jalan Sultan Ahmad Shah,
10050 Georgetown, Pulau Pinang
Tel No. : 04-228 7828
Fax No. : 04-227 9828

SPONSOR

Public Investment Bank Berhad
(197401002880 (20027-W))
Level 27, Menara Public Bank 2
No. 78, Jalan Raja Chulan
50200 Kuala Lumpur
Tel No. : 03-2036 2800
Fax No. : 03-2036 2860

SOLICITORS

Syed Ibrahim & Co
Skrine
Ben & Partners

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad
CIMB Bank Berhad

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3,
Bangsar South No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : 03-2783 9191
Fax No. : 03-2783 9111
Email : info@my.tricorglobal.com

HEAD OFFICE

L-7-2, No. 2 Jalan Solaris,
Solaris Mont' Kiara,
50480 Kuala Lumpur
Tel No. : 03-6203 7227
Fax No. : 03-6203 7117
Corporate website:
www.mercurysecurities.com.my

STOCK EXCHANGE LISTING

**ACE Market of Bursa Malaysia
Securities Berhad**
Stock name : MERSEC
Stock code : 0285

SHARE REGISTRAR

**Tricor Investor & Issuing House
Services Sdn Bhd**
(197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : 03-2783 9299
Fax No. : 03-2783 9222
Email : is.enquiry@my.tricorglobal.com

Corporate Structure



MERCURY SECURITIES GROUP BERHAD
Registration No.202101018329 (1418629-A)

MERCURY SECURITIES GROUP BERHAD

100.00%

MERCURY SECURITIES SDN BHD

100.00%

**MERCSEC NOMINEES
(TEMPATAN) SDN BHD**

**MERCSEC NOMINEES
(ASING) SDN BHD**



Directors' Profile

Dato' Baharon Bin Talib

**Independent
Non-Executive Chairman**



Aged/71



Gender/Male



Nationality/Malaysian

Dato' Baharon Bin Talib was appointed to the Board on 8 March 2022 as the Independent Non-Executive Chairman.

He graduated with a Bachelor of Arts (Hons) from University of Malaya in 1975.

In October 1975, he began his career as an Assistant District Officer in Kuala Pilah, Negeri Sembilan where he was tasked to assist the district officer to administer the office. In October 1980, he was then posted to State Administrative Secretary Office in Negeri Sembilan as an Assistant Director of EPU to assist the Director of EPU.

In May 1981, he was transferred to Ministry of Home Affairs as Assistant Secretary of Registration, Immigration and Publication Department. During his tenure as an Assistant Secretary in Ministry of Home Affairs, he was involved in handling matters relating to national registration and immigration. In August 1985, he was seconded to Immigration Department as a Director Immigration of Kelantan where he oversaw the issuance of passport, matters related to border and checkpoint. Thereafter, he was transferred back to the Ministry of Home Affairs as Principal Assistant Secretary of Foreign Worker Task Force in February 1998 where he took on responsibilities to assist to formulate policy for foreign workers.

In June 2003, he was seconded again to Department of Immigration as a Director of Immigration in Sabah. Between 2006 and 2012, he was Chairman of Koperasi Imigresen Malaysia Berhad. In 2009, he received Excellence Service Award by Ministry of Home Affairs and in 2010, he retired from government service.

Save for the Company and Annum Berhad, Dato' Baharon does not sit on the board of directors of any other listed company and public company. He is also a director of several private limited companies. Dato' Baharon does not have any family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Group and has not been convicted of any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Chew Sing Guan

**Non-Independent Executive Director/
Managing Director**



Aged/74



Gender/Male



Nationality/Malaysian

Chew Sing Guan was appointed to the Board on 18 May 2021 as an Non-Independent Executive Director/Managing Director.

He graduated with a Bachelor of Business Administration in Finance from the University of Hawaii in 1973.

He started his career with Malaysian International Merchant Bankers Berhad in 1973 and was promoted to a Corporate Finance Officer in 1974.

In 1975, he joined his family book publishing business, Sharikat United Book Sdn Bhd, where he was responsible for day-to-day business operations.

From 1982 to 1987, he acquired a substantial interest in Larut Tin Fields Bhd and Temerloh Rubber Estates Bhd, both listed on the Kuala Lumpur Stock Exchange. During that period, he was appointed as the Managing Director of Larut Tin Fields Berhad, where he was responsible for managing the company's business operations. In 1983, he was appointed as the director of Hidong Estate PLC, a company listed on the main board of the London Stock Exchange, a position he still holds.

In 1992, after restructuring the financially distressed Seberang Securities Sdn Bhd (now known as Mercury Securities Sdn Bhd ("Mercury")), he emerged as a substantial shareholder and a director of Mercury. Since then, he has been overseeing all aspects of the business of Mercury.

As an active promoter of the Malaysian stockbroking industry, he is currently the President of the Association of Stockbroking Companies Malaysia ("ASCM"), a position which he has assumed for the 12th consecutive term. He is also a member of the Bursa's Market Participants Committee as well as Securities Market Participants Committee. He also represents Mercury as a council member in the Malaysian Investment Banking Association.

Save for the Company and Hidong Estate PLC where Mr. Chew is presently the Executive Director and Chairman, he does not sit on the board of directors of any other listed company and public company. Mr. Chew also sits on the board of various subsidiary companies of the Company as well as a director of several private limited companies.

Mr. Chew is a major shareholder of the Company and he does not have any family relationship with any directors or major shareholders of the Company. He has no other conflict of interest with the Group except for those transactions as disclosed in Note 23 to the Audited Financial Statements for the FYE 31 October 2023. He has not been convicted of any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Dato' A. Rahman Bin Safar

Non-Independent Non-Executive Director



Aged/69



Gender/Male



Nationality/Malaysian

Dato' A. Rahman Bin Safar was appointed to the Board on 18 May 2021 as an Non-Independent Non-Executive Director.

He graduated with a Bachelor of Economics (Hons) from University of Malaya in 1977, Diploma in Accounting from University of Malaya in 1979 and a Master of Business Administration from Universiti Kebangsaan Malaysia in 1990. He has been a member of the Malaysian Institute of Accountants since 1983.

He joined Accountant General's Department of Malaysia in October 1979 as a Treasury Accountant where he was involved in accounting function such as monitoring cash-flow, maintaining financial records and providing financial advice. During his 17 years of tenure in Accountant General's Department of Malaysia, he was placed in various governmental bodies including Finance Division of the Ministry of Finance where he was responsible for developing policies for securities industries including policies in relation to merger and takeover.

In July 1996, he was seconded from the Ministry of Finance to the Ministry of Defence and later in 1996, to Kuala Lumpur International Airport Berhad to serve as a Financial Controller where he was responsible for the financial management, financial accounting and reporting, as well as financial operations of Kuala Lumpur International Airport Berhad. Subsequently, he left Kuala Lumpur International Airport Berhad to join KLIA Consultancy Services Sdn Bhd as a Vice President under Corporate Services Division in January 2001 where he was responsible for overseeing financial related matters. In January 2008, he was seconded from KLIA Consultancy Services Sdn Bhd to KLIA Premier Holdings Sdn Bhd to serve as a Vice President under Corporate Services Division, a role he presently holds. He is responsible for overseeing financial related matters of the company.

Save for the Company, he does not sit on the board of directors of any other listed company and public company. He sits on the board of various subsidiary companies of the Company and in several private limited companies.

Dato' A. Rahman is a substantial shareholder of the Company. He does not have any family relationship with any directors of the Company. He is also a director of Enrogetz Sdn Bhd (a major shareholder of the Company). He has no conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Chan Kim Hing

Independent Non-Executive Director



Aged/57



Gender/Male



Nationality/Malaysian

Chan Kim Hing was appointed to the Board on 8 March 2022 as an Independent Non-Executive Director. He is also the Chairman of the Audit and Risk Management Committee, and a member of Nomination Committee and the Remuneration Committee.

He graduated with a Bachelor of Science (Hons) from Monash University, Australia in 1991, majoring in Computer Science and Accounting. He is a member of CPA Australia since 1992 and a fellow member since 2015. He is also a Chartered Accountant member of the Malaysian Institute of Accountant since 1994.

He started his career with a reputable public accounting firm in Malaysia in 1991, specialising in financial, management, computer risk management and due diligence audits as well as internal control & compliance review, merger & acquisition, restructuring & reorganisation of front & back office's operation and trading activities, information technology system's automation and migration for companies in Malaysia.

In 1994, he left the firm to join M&A Securities Sdn Bhd ("M&A") as an Accountant overseeing the Accounting & Treasury Department. He was promoted to the Executive Director of Operations in 2001 and Executive Director cum Head of Operations in 2007 overseeing the Accounting, Treasury, Corporate Finance, Operations and Business Development activities. He was elected to serve on the Management Committee of the Association of Stockbroking Companies Malaysia from 2009 to 2012.

He left M&A in 2016 to focus on his private interest in Made In Ipoh, which he founded to undertake conservation of heritage buildings, curation and establishment of museum-gallery activities.

Aside from the Company, he is also an Independent Non-Executive Director of Imaspro Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad as well as a director of other private limited companies. Save for the aforesaid, he does not sit on the board of directors of any other listed company and public company.

Mr. Chan does not have any family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



Directors' Profile

Datin Chua Suat Khim

Independent Non-Executive Director



Aged/65



Gender/Female



Nationality/Malaysian

Datin Chua Suat Khim was appointed to the Board on 8 March 2022 as an Independent Non-Executive Director. She is the Chairman of the Remuneration Committee, and a member of the Audit and Risk Management Committee and the Nomination Committee.

She obtained her Master of Business at The University of Newcastle, Australia in June 2006. She has been a member of Malaysian Institute of Accountants since September 1989 and a fellow member of Chartered Institute of Management Accountants since August 2001. She is also an ASEAN Chartered Professional Accountant since October 2017. She joined the Institute of Corporate Directors Malaysia as an affiliate member in 2019, obtained the affiliate board-ready status in 2020 and became an ordinary member in August 2022.

Datin Chua has more than 30 years of experience in the operation and management functions in the professional accounting bodies and private education industry particularly in strategic planning, finance reporting, formulation of human resources policies and manpower planning and implementation of management information systems and IT infrastructure. Datin Chua is also an advisor to the boards of non-profit social services organisations on finance management and corporate governance areas.

Aside from the Company, Datin Chua is also an Independent Non-Executive Director of CB Industrial Product Holding Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. She does not sit on the board of directors of any other listed company, public company and private company.

Datin Chua does not have any family relationship with any directors and/or major shareholders of the Company. She has no conflict of interest with the Group. She has not been convicted of any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Himahlini A/P M. Ramalingam @ Yalumallai

Independent Non-Executive Director



Aged/43



Gender/Female



Nationality/Malaysian

Himahlini Ramalingam was appointed to the Board on 8 March 2022 as an Independent Non-Executive Director. She is the Chairman of the Nomination Committee, and a member of the Audit and Risk Management Committee and the Remuneration Committee.

She graduated with a Bachelor of Laws (Hons) from University of Malaya, Malaysia in 2004 and was admitted as an advocate and solicitor of the High Court of Malaya in May 2005.

She is a partner of Messrs Himahlini & Co., where she specialises in corporate and commercial litigation, corporate restructuring, corporate insolvency and defamation.

Save for the Company, she does not sit on the board of directors of any other listed company, public company and private company.

She does not have any family relationship with any directors and/or major shareholders of the Company. She has no conflict of interest with the Group. She has not been convicted of any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Senior Management Profile

Teoh Wee Tong

Chief Financial Officer



Aged/43



Gender/Male



Nationality/Malaysian

Teoh Wee Tong is our Chief Financial Officer. He is responsible for overseeing and managing the overall financial matters of the Group including accounting, financial reporting, taxation, and treasury.

He graduated with a Bachelor of Accountancy from the Universiti Utara Malaysia in September 2005. He is a member of the Malaysian Institute of Certified Public Accountants since 2021 and also a member of the Malaysian Institute of Accountants since 2022.

He joined Mercury Securities Sdn Bhd as an Assistant Manager in February 2011 and in July 2014, he was promoted as the Head of Finance and Accounts. In July 2021, he was re-designated as our Chief Financial Officer, a position which he presently holds.

Prior to joining Mercury Securities Sdn Bhd, he has gained a total of 6 years' experience in accounting and finance, financial reporting, external auditing gained when he was with KPMG PLT and a subsidiary of a listed company, Southern Steel Berhad.

He does not have any family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not sit on the board of directors of any public company and listed company.

Chris Lai Ther Wei

Head of Capital Markets



Aged/41



Gender/Male



Nationality/Malaysian

Chris Lai Ther Wei is our Head of Capital Markets. He is responsible for overseeing the Group's corporate finance functions and development of equities capital market.

He obtained a Diploma in Business Studies (Accounting) from Kolej Tunku Abdul Rahman in 2002 and a Bachelor of Science in Applied Accounting from Oxford Brookes University in 2006. He was admitted as a member of the Association of Chartered Certified Accountants (UK) since 30 June 2008 and became a fellow member since 30 June 2013.

He joined Mercury Securities Sdn Bhd in 2019 where he was principally responsible to originate and structure of corporate finance proposals that meets the expectations of clients beside ensuring compliance with the relevant rules, guidelines and other regulatory requirements. He had then headed a team of corporate finance personnel whereby he is also responsible for training and development of his team to enhance their capabilities and competencies beside leading and supervising them to achieve the outcome and deliverables of the corporate proposals mandated by clients. In November 2021, he was re-designated as our Head of Capital Markets, a position which he presently holds.

He has 20 years of experience in the field of external auditing and corporate finance advisory gained from his employment with an audit firm, and various investment banks and stockbrokers in various capacities specialising in the provision of the corporate finance advisory services. In addition to overseeing the Group's corporate finance functions and development of equities capital market, he also advised clients on initial public offering (IPO), fund raising, mergers and acquisitions, privatisation and other corporate exercises.

He does not have any family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not sit on the board of directors of any public company and listed company.



Senior Management Profile

Foong Kee Yan

Head of Credit and Risk Management



Aged/67



Gender/Male



Nationality/Malaysian

Foong Kee Yan is our Head of Credit and Risk Management. He is responsible for supervising the overall credit control and risk management functions of the Group.

He is a member of Malaysian Institute of Accountants since 1984 as well as a fellow member the Association of Chartered Certified Accountants (UK) since 1987.

He joined Mercury Securities Sdn Bhd as the Operation Manager in September 1992, where he was responsible for the daily operations and financial accounting functions. Subsequently, he was promoted to Senior Manager-Operation in June 2005 where he was mainly responsible for overseeing the daily operations of the principal office and branches, dealing with remisiers and supervising the overall credit control functions. In July 2021, he was re-designated to Head of Credit and Risk Management, a position which he presently holds.

Prior to joining Mercury Securities Sdn Bhd, he gained a total 14 years' experience in external auditing, accounting and finance, financial reporting, company secretarial and treasury functions.

He does not have any family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not sit on the board of directors of any public company and listed company.

Vijaya Kumar A/L Muniandy

Head of Dealing



Aged/55



Gender/Male



Nationality/Malaysian

Vijaya Kumar A/L Muniandy is our Head of Dealing. He is responsible for overseeing the trading operation and supervising the execution of trades by other dealers in the team, as well as co-ordinates with local and foreign based institutional clients for orders received.

He obtained the Sijil Tinggi Persekolahan Malaysia in 1988 and he is a holder of the CMSRL for dealing in securities.

In August 2007, he joined Mercury Securities Sdn Bhd as a salaried dealer's representative and he was promoted to Head of Dealing in January 2022, a position which he presently holds.

Prior to joining Mercury Securities Sdn Bhd, he has gained a total of 18 years' experience in dealing of securities when he was employed by 2 stockbroking companies as a central buyer and a salaried dealer's representative.

He does not have any family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not sit on the board of directors of any public company and listed company.

Senior Management Profile

Siew Kwong Cheong

Head of Operation



Aged/56



Gender/Male



Nationality/Malaysian

Siew Kwong Cheong is our Head of Operation. He is primarily responsible to oversee, monitor and manage the back office and administrative functions of all the branch offices.

In 1994, he obtained his certificate of membership with the Association of International Accountants, United Kingdom and has been a fellow member since 1996. He is a Certified Financial Planner with the Financial Planning Association of Malaysia since 2002.

He joined Mercury Securities Sdn Bhd in October 2006 as a Senior Accounts Manager (Operation) and was subsequently promoted to the Head of Operation (Kuala Lumpur Branch) in July 2008 where he was responsible for supervising the back-office, branch accounting and administrative functions of the branch. In July 2021, he was re-designated as the Head of Operation, a position which he presently holds.

Prior to joining Mercury Securities Sdn Bhd, he has gained a total of 20 years' experience in the field of external auditing, finance and accounting, tax, treasury functions, with 2 external audit firms and an engineering company and overseeing the stockbroking back-office functions whilst employed by 2 stockbroking companies.

He does not have any family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not sit on the board of directors of any public company and listed company.

Heong Ah Fong

Head of IT



Aged/61



Gender/Male



Nationality/Malaysian

Heong Ah Fong is our Head of IT. He is responsible for overseeing the overall functions of our Group's Information Technology Department.

In 1989, he obtained the Diploma in Computer Studies and in 1991, Advanced Diploma in Computer Studies from Informatics Computer School, Singapore. In 2005, he obtained his Master of Information Technology from the University of Newcastle, Australia.

He joined Mercury Securities Sdn Bhd initially as the Information Technology Manager in November 1998, promoted to Senior Manager of Information Technology Department in September 2008 and in July 2021, he was re-designated to Head of IT of our Group, a position which he presently holds.

Prior to joining Mercury Securities Sdn Bhd, he has gained a total of 14 years' working experience in several capacities the IT field mainly in technical support, analysis and programming, software development and system support gained from his employment with a software development company specialising in stockbroking solutions and subsequently with 2 stockbroking companies.

He does not have any family relationship with any directors and/or major shareholders of the Company. He has no conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not sit on the board of directors of any public company and listed company.



2-Year Group Financial Summary and Highlights

Financial Year Ended 31 October	2023⁽¹⁾	2022⁽¹⁾
	RM'000	RM'000
Results		
Revenue	27,405	43,382
Profit before tax ("PBT") and excluding listing expense ("Adjusted PBT")(2)	16,395	23,201
PBT	12,463	23,201
Profit attributable to owners of the Company excluding listing expense ("Adjusted PAT")(2)	12,320	17,663
Profit attributable to owners of the Company	8,388	17,663
PBT to Revenue	(%) 45.47	53.48
Adjusted PBT to Revenue	(%) 59.82	53.48
Statement of Financial Position		
Total cash and cash equivalents	82,504	46,063
Total trade receivables	72,977	68,757
Total assets	185,473	145,599
Total bank borrowings	-	-
Total liabilities	14,878	21,067
Total equity	170,595	124,532
Net assets per ordinary share ("Share(s)")(3)	(sen) 19.10	13.95
Weighted average number of Shares	(no. of Shares) 753,981,065 ⁽⁴⁾	735,904,300
Current ratio	(times) 11.76	6.18
Gearing ratio	(times) -	-
Earnings per Share-Basic/Diluted(4)	(sen) 1.11	2.40
Dividend per Share (net)(5)	(sen) -	-

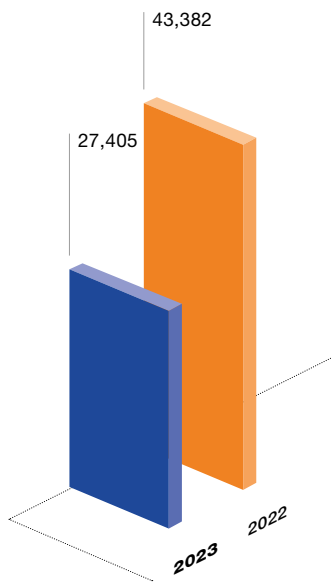
Notes:

- (1) The comparative figures for the FYE 2022 in particular the weighted average number of Shares are presented as if the acquisition of Mercury Securities Sdn Bhd and its 2 wholly-owned subsidiaries has occurred for the FYE 2022 but in reality, it was only issued on 26 June 2023 when the issued shares was increased to 735,904,300 Shares from 300 Shares.
- (2) Adjusted PBT and Adjusted PAT were derived after adjusting for the one-time non-recurring expense of RM3.93 million incurred for the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad on 19 September 2023.
- (3) Net assets per Share is calculated based on total net assets divided by the Company's enlarged issued share capital of 893,000,000 ordinary shares upon listing on 19 September 2023.
- (4) Basic earnings per Share is calculated based on the weighted average number of Shares in issue during the respective financial year. Diluted earnings per Share is equivalent to the basic earnings per Share as the Company does not have any dilutive instruments at the end of the reporting period. The weighted average number of Shares for the FYE 2023 are presented as if the acquisition of Mercury Securities Sdn Bhd and its 2 wholly-owned subsidiaries has occurred for the FYE 2023 but in reality, it was only issued on 26 June 2023 when the issued shares was increased to 735,904,300 Shares from 300 Shares.
- (5) Subsequent to the FYE 2023, the Company declared and paid a single-tier interim dividend of 0.5 sen per Share to entitled shareholders on 2 February 2024 for the financial year ending 31 October 2024.

2-Year Group Financial Summary and Highlights

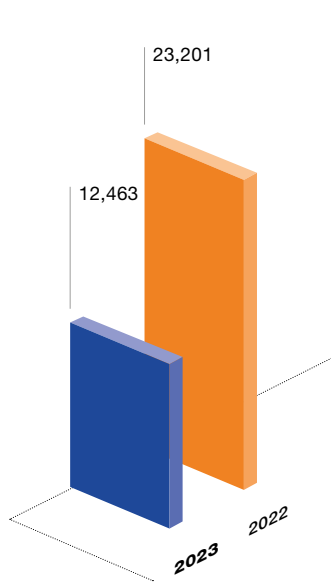
REVENUE

RM'000



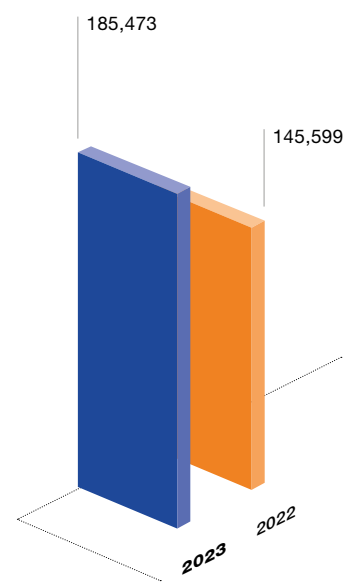
PROFIT BEFORE TAX ("PBT")

RM'000



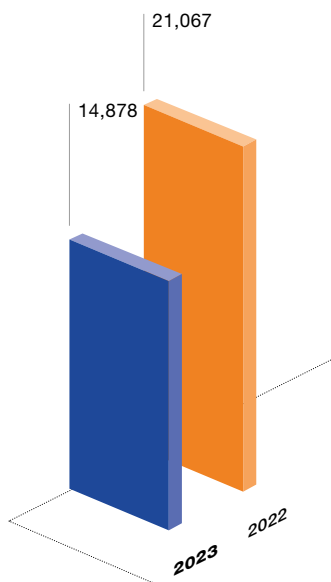
TOTAL ASSETS

RM'000



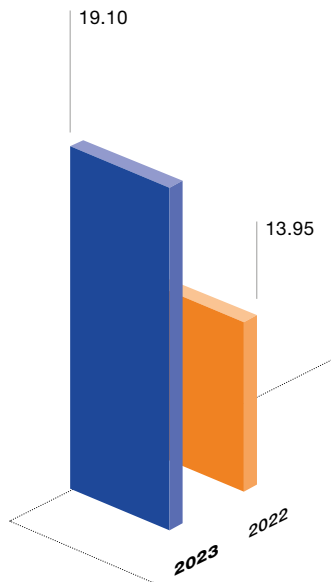
TOTAL LIABILITIES

RM'000



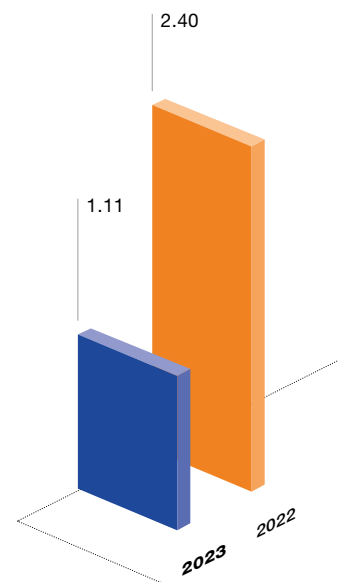
NET ASSETS PER SHARE

SEN



EARNINGS PER SHARE- BASIC/DILUTED

SEN





Chairman's Statement

DEAR VALUED SHAREHOLDERS

On behalf of the Board of Directors (“Board”), I am pleased to present this inaugural Annual Report of Mercury Securities Group Berhad (“Company”) and its subsidiaries (collectively, “Group”) for the financial year ended 31 October 2023 (“FYE 2023”).

REVIEW OF FYE 2023

Initial Public Offering

On 19 September 2023, the Company achieved yet another milestone in the Group's corporate history when it was listed and debuted on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Board is extremely grateful for the overwhelming interest, confidence and trust demonstrated by investors as the public portion of our IPO was oversubscribed by 45.45 times.

It had been an eventful journey since Mr. Chew Sing Guan and his partners first emerged in 1992, when they assumed control of then financially distressed, Seberang Securities Sdn Bhd which was later renamed to Mercury Securities Sdn Bhd. Under the leadership and driven by Mr. Chew Sing Guan, our Managing Director and a major shareholder and ably supported by a dedicated and competent management team, Mercury Securities Sdn Bhd has grown from a single branch stockbroking operations to seven (7) branches today and also expanded its suite of product and service offerings to include, trading in securities via online trading platform, trading in securities listed on major stock exchanges (such as, NASDAQ, NYSE, SGX and HKSE), share margin financing, advising on corporate finance and provision of investment advice. Moving forward, the Group is determined to expand its product and service offerings to remain relevant and competitive against the backdrop of the evolving and changing landscape such as, technologies, competition and investors' demographics.

Economic Review

Despite escalating uncertainties in the global landscape, Malaysia's economy remains resilient. The GDP is forecast to expand by between 4% and 5% in 2024, which will be achieved through robust domestic demand, effectively offsetting the challenges posed by the moderate global growth, supported by the implementation of measures in the new National Energy Transition Roadmap (NETR), New Industrial Master Plan 2030 (NIMP 2030), and the Mid-Term Review of the Twelfth Malaysia Plan (MTR of the Twelfth Plan).

The current monetary policy stance remains accommodative and supportive of the economy in tandem with the assessment of the inflation and growth prospects. The financial sector is envisaged to remain resilient and stable, driven by a robust banking system which continues to support financial intermediation activities, benefitting from positive growth projections and an improving labour market. Simultaneously, the capital market remains vibrant in fostering Malaysia's prosperity, inclusivity, and sustainability by leveraging thought leadership, intensifying innovation, and diversifying the market's range of products to remain competitive. Going forward, the Malaysia's Capital Market Masterplan 2021-2025 and Financial Sector Blueprint 2022-2026 will continue to serve as invaluable guiding documents, setting forth the visions and strategies for the development of the capital market and financial sector.

(Source: Economic Outlook 2024, Ministry of Finance, Malaysia)

PERFORMANCE REVIEW OF FYE 2023

Despite the decline in total trading value recorded by Bursa Securities in the 12-month period from November 2022 to October 2023 by 9.68%, the Group performed satisfactorily, with PBT of RM12.46 million on the back of revenue of RM27.40 million in the FYE 2023. The Group would have recorded an adjusted PBT of RM16.39 million after excluding the one-off non-recurring expense incurred for our listing of RM3.93 million.

Further details of the performance review of the Group for the FYE 2023 are further discussed in the Management Discussion and Analysis section on pages 15 to 21 of this Annual Report.

POISED FOR INCREMENTAL GROWTH

Our listing on the ACE Market of Bursa Securities signified the start of a fresh chapter in our corporate journey to drive our agenda for sustainable growth and delivering long-term value to our shareholders and other stakeholders.

Drawing upon our established track record and substantial experience in stockbroking, corporate finance advisory and other related businesses, we are well positioned to harness our strengths while maintaining agility to tap on opportunities yet remaining steadfast and resilient to face the challenging and competitive market place.

TRANSFORMATIVE STRATEGIES

Our commitment involves implementing forward-looking transformative strategies to foster progressive growth where, we have pinpointed five pivotal areas of action plan to support such efforts, which encompass:



Strategy

We set goals that are aligned with our organisation's mission to ensure a harmonious synergy between objectives and core purposes for continuing to deliver sustainable growth and value creation in the long term.



Compliance and Governance

We commit to conducting our businesses, operations, and activities in accordance with relevant laws and regulations, whilst upholding best practices in corporate governance and ethical conduct.



Robust Risk Management and Internal Control

We are committed to ensure a robust risk management and internal control system that will safeguard the Group's businesses and assets and provide accurate, complete, and reliable financial statements.



Solution-Based Service Deliveries

We are committed to expand our product and service offerings to cater for the diverse needs of our customers delivered in a responsive and reliable manner.



Optimising Operations

We are committed to achieving operational effectiveness and efficiencies by carefully deploying and optimising the utilisation of resources including further enhancing our digitisation agenda and fortifying our capacities and competencies.



Chairman's Statement

OUTLOOK FOR 2024

Given the expectations that ongoing global macroeconomic headwinds, the subdued outlook in the economies of Malaysia's major trading partners coupled with the ongoing geopolitical conflicts in Ukraine, the Middle East and other regions which will likely to persist, the operating environment may remain challenging in 2024.

Notwithstanding, the Group shall remain steadfast to enhance our corporate governance and sustainability practices and continue to stay vigilant and responsive on risk management, while further developing our capabilities and agilities to tap on new opportunities. In 2024, the Group will continue with its digitalisation agenda to improve service deliveries and customers' experience, expand the share margin financing portfolio, expand products and services offerings and listing more companies on Bursa Securities from the pipeline of IPO projects currently being undertaken by our corporate finance teams.

APPRECIATION

I would like to thank my fellow Board members for their patience, invaluable contributions, and guidance as they steered the Group forward following our debut on the ACE Market of Bursa Securities. To the key management team and all other employees of the Group, your hardwork, unwavering dedication and commitment have been integral in scaling and grew the Group to where we are today.

Finally, on behalf of the Board of Directors and management of the Company, I would like to extend my sincere appreciation to the Securities Commission Malaysia and Bursa Securities for their valuable guidance and counsel and to all other stakeholders, including but not limited to our valued shareholders, advisers, customers, and business partners for their continued confidence and trust in the Group.

Terima Kasih

Dato' Baharon Bin Talib

Independent Non-Executive Chairman

Management Discussion and Analysis



On behalf of the Board of Directors (“Board”) of Mercury Securities Group Berhad, it is my pleasure to present to you the Management Discussion and Analysis (“MD&A”) of the Company, and its subsidiaries (“Group”) for the financial year ended 31 October 2023 (“FYE 2023”).



The following MD&A of the operating performance and financial condition of the Group for the FYE 2023 should be read in conjunction with the Audited Financial Statements for the FYE 2023 and related notes thereto in pages 63 to 137 of this Annual Report.

As this is the 1st Annual Report of the Company since our listing on 19 September 2023, the comparative figures for the FYE 2022 in particular the weighted average number of shares have been included and presented in the Audited Financial Statements as if the acquisition of Mercury Securities Sdn Bhd and its 2 wholly-owned subsidiaries has occurred for the FYE 2022 but in reality, it was only issued on 26 June 2023 when the issued shares was increased to 735,904,300 shares from 300 shares.

The information presented in the MD&A is presented in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), unless otherwise stated.

CORPORATE PROFILE AND INITIAL PUBLIC OFFERING

The Company was incorporated in Malaysia under the Companies Act 2016 on 18 May 2021 as a private limited company under the name of Mercury Securities Group Sdn Bhd and was subsequently converted into a public limited company on 28 February 2022 in conjunction with our listing.

Our Group was only formed following the completion of the acquisition of Mercury Securities Sdn Bhd (“Mercury Securities”), representing its net assets for the issuance of 735,904,000 new ordinary shares. In conjunction with our listing, the Company issued 157,095,700 new ordinary shares and offered 71,512,300 existing ordinary shares at an issue/offer price of RM0.25 per share to the public, selected investors and Bumiputera investors approved by the Ministry of Investment, Trade and Industry Malaysia. Following completion of the public issue and offer for sale, the Company’s enlarged issued share capital of 893,000,000 ordinary shares was subsequently listed and quoted on the ACE Market of Bursa Securities on 19 September 2023.



Management Discussion and Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The Company is an investment holding company and via its wholly-owned subsidiary, Mercury Securities, a holder of the Capital Markets and Services License (CMSL) approved by the Securities Commission Malaysia under the Capital Markets and Services Act 2007 for dealing in securities, advising on corporate finance and investment advice. Such accreditations enable Mercury Securities to provide a full range of stockbroking and related businesses such as margin financing facilities services, underwriting and placement services, research and investment advisory, custodian and nominee services. Mercury Securities is also a Participating Organisation of Bursa Malaysia Securities Berhad, an Authorised Depository Agent of Bursa Malaysia Depository Sdn Bhd, and a Trading Clearing Participant of Bursa Malaysia Securities Clearing Sdn Bhd.

Mercury Securities operates from 7 branches strategically located in Penang, Kuala Lumpur, Johor Bharu, Melaka and Sarikei in Sarawak and for clients' convenience,

also provide online trading platform (MST) for trading in securities listed on Bursa Securities which is accessible via <https://mst.mercurysecurities.com.my/>

In addition, being a CMSL holder for advising on corporate finance, a Recognised Principal Adviser by the Securities Commission Malaysia and Principal Adviser, Sponsor and Approved Adviser accredited by Bursa Malaysia Securities Berhad, Mercury Securities provides a full range of corporate finance advisory services such as initial public offerings on the Main Market, ACE Market and LEAP Market of Bursa Malaysia Securities Berhad, secondary fund raising exercises by listed issuers such as rights issue and private placement, take-overs, mergers and acquisitions, independent advice, reverse take-over and corporate restructuring undertaken by listed and unlisted companies.

For more information, visit our Company's website at: <https://www.mercurysecurities.com.my/>

OVERVIEW OF THE MALAYSIAN ECONOMY IN 2023

Global growth is projected to moderate in 2023 following slow growth in advanced economies; volatile financial market due to tightening monetary policy; prolonged geopolitical tensions; and increasing climatic changes. Nevertheless, inflation continues to soften as markets head towards supply chain stabilisation. In addition, world trade is projected to moderate in 2023 in line with weaker global demand.

In the case of Malaysia, the economy continued to expand amid these persistent challenges in the external environment. During the first half of 2023, GDP posted a growth of 4.2% supported by resilient domestic demand, in particular private expenditure. The services sector, the largest contributor to the economy, continued to lead growth following higher tourist arrivals and improved consumer spending. The construction sector continued to expand in tandem with the acceleration of infrastructure projects and realisation of investment in non-residential and residential developments. These developments helped to cushion the negative impact from the external sector following slow external demand, particularly from Malaysia's major trading partners.

The Consumer Price Index (CPI) grew by 2.8% from January to August 2023, attributed to moderating trend in global commodity prices; easing supply-related disruptions;

existing price controls and provision of subsidies for selected items; as well as the lagged impact from the normalisation of OPR. Inflation is expected to moderate in the remaining months, while core inflation is expected to remain elevated relative to the long-term average. For the year, inflation is estimated to range between 2.5% to 3%.

The Producer Price Index (PPI) by local production decreased by 2.4% during the first eight months of 2023, attributed to moderate global commodity prices, particularly crude oil.

The increased external uncertainties will pose risks to the economic growth. Notwithstanding these challenges, the economy continues reaping the benefit from policies and initiatives undertaken over the years to enhance resilience and competitiveness.

Overall, the economy is projected to expand moderately in the second half of the year as external demand is expected to remain low and high base effect from the previous year. Nevertheless, domestic demand will continue to drive growth. Hence, the GDP is anticipated to register a growth of approximately 4% in 2023.

(Source: Economic Outlook 2024, Ministry of Finance, Malaysia)

Management Discussion and Analysis

OVERVIEW OF THE PERFORMANCE OF BURSA SECURITIES IN 2023

In 2022, the benchmark FBMKLCI index closed at 1,495.49 points (2021: 1,567.53 points) with total market capitalisation at RM1,736 billion from 972 listed companies (2021: RM1,789 billion from 949 listed companies).

During the 12-month period from 1 November 2022 to 31 October 2023, the benchmark FBMKLCI index started at 1,445.92 points on 1 November 2022 but declined by 0.47% to close at 1,439.20 points on 31 October 2023. In 2023, the benchmark FBMKLCI index declined by 2.7% to close at 1,454.66 points on 31 December 2023 (2022: 1,495.49 points).

In 12-month period from November 2022 to October 2023, total trading volume increased by 11.39% to 1,691 billion units of securities but total trading value declined by 9.68% to RM1,054 billion as compared with 1,518 billion units of securities with total trading value of RM1,167 billion in the corresponding 12-month period from November 2021 to October 2022.

In 12-month period from November 2022 to October 2023, there was a total of 31 new listings as compared with 36 new listings in the corresponding 12-month period from November 2021 to October 2022.

In 2022, RM26.0 billion was raised in the securities market from IPOs and secondary issues, an increase of 52.04% as compared with RM17.1 billion raised in 2021. In 2023, total funds raised from IPOs and secondary issues decreased by 71.6% to RM9.42 billion as compared with RM26.0 billion raised in 2022.

REVIEW OF THE GROUP'S FINANCIAL RESULTS AND PERFORMANCE IN THE FYE 2023

Review of Financial Results for the FYE 2023

In the FYE 2023, the Group recorded adjusted PBT of RM16.39 million (without the one-time non-recurring expense of RM3.93 million incurred for our listing) as compared with PBT of RM23.20 million in the FYE 2022. The decrease in PBT by RM6.81 million (29.35%) was mainly attributed to lower revenue in the FYE 2023 which dropped to RM27.40 million (36.83%) from RM43.38 million in the FYE 2022. The drop in revenue was mainly attributable to lower underwriting, placement and advisory fees which declined by RM11.96 million or 56.95% coupled with lower brokerage fees and margin income.

The lower brokerage fees in the FYE 2023 was attributed to lower trading activities by clients as the total trading value recorded by Bursa Malaysia Securities Berhad declined by 9.68% to RM1,054 billion in the FYE 2023 as compared with RM1,167 billion in the corresponding 12-month period from November 2021 to October 2022. The lower underwriting, placement and advisory fees in the FYE 2023 was due to an IPO in the FYE 2022 which contributed RM7.30 million (16.84%) of the revenue in FYE 2022.

The lower revenue in the FYE 2023 was partially offset by higher interest income of RM3.02 million recorded in the FYE 2023 as compared with RM1.30 million in the FYE 2022 mainly due to higher interest earned from higher placement of funds with licensed financial institutions on repo basis.

Despite the lower revenue in the FYE 2023, the Group recorded gross profit margin of 65.18% as compared with 54.15% in the corresponding financial year. The improved gross profit margin by 11.03% in FYE 2023 was mainly due to lower cost of services incurred by the corporate finance segment in the FYE 2023.

In the FYE 2023, without the one-time non-recurring expense of RM3.93 million incurred for our listing, the Group would have recorded PBT margin 59.82% as compared to 53.48% in the FYE 2022. The improved PBT margin was due mainly to higher interest income with recurring administrative and other operating expenses in the FYE 2023 in line with management's expectation.

The Group recorded higher effective tax rate of 32.71% in the FYE 2023 as compared with statutory tax rate of 24.0% was mainly due to expenses incurred for our listing of RM3.93 million being non-deductible for tax purposes.



Management Discussion and Analysis

REVIEW OF FINANCIAL POSITION

Total Assets

As at 31 October 2023, the Group's total assets stood at RM185.47 million, an increase of RM39.87 million as compared with RM145.60 million as at 31 October 2022. The increase in total assets was due to the following:

- (i) property, plant and equipment increased by RM0.60 million. During the FYE 2023, the Group incurred RM1.23 million for the purchase of property, plant and equipment used for the Group's businesses;
- (ii) investment properties increased by RM0.30 million due to surplus on revaluation. The Group's investment properties comprise one unit of 3-storey shophouse held for rental purposes, 3 units of shop office and one unit of 3-storey shophouse used to accommodate the Group's operations;
- (iii) trade and other receivables increased by RM4.29 million to RM73.74 million; and
- (iv) cash and cash equivalents increased by RM36.44 million mainly from the proceeds raised via the issuance of 157,095,700 new ordinary shares at RM0.25 per share raising gross proceeds of RM39.27 million which accounted for the increase in cash and cash equivalents to RM82.50 million as at the end of the financial year.

Total Liabilities

As at 31 October 2023, the Group's total liabilities stood at RM14.88 million, a decrease of RM6.19 million as compared with RM21.07 million as at 31 October 2022. The decrease in total liabilities was due to the following:

- (i) trade and other payables decreased by RM5.35 million to RM13.21 million mainly due to decrease in accrued expenses of RM5.34 million;
- (ii) tax liabilities decreased by RM0.60 million; and
- (iii) lease liabilities decreased by RM0.25 million as there was no renewal or new tenancy agreement entered by the Group for the rental of offices used for the Group's operations.

Total Equity

As at 31 October 2023, the Group's total equity stood at RM170.60 million, an increase of RM46.07 million as

compared with RM124.53 million as at 31 October 2022. The increase was due to the following:

- (i) issued share capital increased by RM134.64 million to RM154.64 million comprising 893,000,000 ordinary shares.
- (ii) retained earnings increased by RM8.45 million mainly from the profit after tax RM8.39 million in the FYE 2023 to RM110.68 million and the entire amount is fully distributable; and
- (iii) the Group's total equity was offset by RM97.01 million, being merger reserve arising from the acquisition of Mercury Securities Sdn Bhd during the FYE 2023 which was accounted under merger accounting principal in accordance with the provision of MFRS 3 (Business Combinations) as the combining entities were under common control by virtue of common controlling shareholders.

Current Ratio

The Group's current ratio stood at 11.76 times as at 31 October 2023 (31 October 2022 - 6.18 times), reflects the Group's strong liquidity position with current assets of RM160.46 million comprising mainly cash and cash equivalents of RM82.50 million and trade receivables of RM72.98 million against current liabilities of RM13.64 million.

Gearing

The Group has zero bank borrowings and its working capital and other funding requirements are sourced from its shareholders' funds and internally generated funds from the operations supplemented with the gross proceeds of RM39.27 million raised from our listing.

Net Assets per Share

Net assets per share increased by 5.15 sen from 13.95 sen as at 31 October 2022 to 19.10 sen as at 31 October 2023. The net assets per share of 19.10 sen is backed by RM82.50 million in cash and bank balances with zero bank borrowings.

Dividend

Subsequent to the FYE 2023, the Company declared and paid its maiden single-tier interim dividend of 0.5 sen per share totaling RM4,465,000 to our entitled shareholders on 2 February 2024.

Management Discussion and Analysis

ANTICIPATED OR KNOWN RISK AND MITIGATING MEASURES

As the Group pursues its strategy to improve performance for the sustained growth to deliver long-term value to our shareholders and other stakeholders, several anticipated or known risks have been identified and mitigating measures implemented the Group are set out in the table below:

Risk category	Risk definition	Mitigating measures
Regulatory non-compliance risk	The risk of loss or imposition of penalties, fines, or other liabilities arising from breaches of applicable laws, regulations, or contractual obligations.	<ul style="list-style-type: none"> Monitoring of regulatory requirements and landscape changes. Implement compliance programmes to ensure adherence to regulatory requirements.
Economic, regulatory and political risk	The risk of loss in the event of any unfavourable changes in the economic, regulatory and political developments that have an adverse impact on the Group.	<ul style="list-style-type: none"> Continuously monitors the development of international and domestic economic, regulatory and political conditions. Review and align business strategies to address challenges faced. Implement policies and procedures to address additional regulatory requirements.
Credit risk	The risk of loss due to failure by customers/counterparties to fulfill their financial or contractual obligations.	<ul style="list-style-type: none"> Credit risk management policies & procedures. Counterparty limits for remisiers and clients. Risk Acceptance Criteria. Credit and securities concentration limits. Credit authorisation. Close monitoring of customers under Watch Lists.
Market risk	The risk of loss arising from volatile changes in market variables such as interest rates, foreign exchange rates and securities prices.	<ul style="list-style-type: none"> Market risk management policies. Risk measurement/valuation tools. Single securities and single client limit. Timely mark-to-market stress testing.
Liquidity risk	<ul style="list-style-type: none"> The risk of loss resulting from the Group's inability to meet its financial obligations, when due. Risk of incurring losses when attempting to liquidate securities held as collaterals, due to market disruptions and/or illiquid market situations. 	<ul style="list-style-type: none"> Liquidity risk management policies. Single security limit and price capping of securities. Liquidity stress testing & simulations. Contingency funding plan. Monitoring & reporting of significant outstanding buy positions.



Management Discussion and Analysis

Risk category	Risk definition	Mitigating measures
Technology and cybersecurity risk	<p>The risk of loss from the usage of Information Technology platforms, systems, applications, and infrastructure.</p> <p>Cyber security refers to the ability or process of protecting information against cyber threats and recovering from them.</p>	<ul style="list-style-type: none"> Continuously strengthen cyber security defences, including network segmentation, and security tools or mechanisms. Implementation of detective, protective, response and recovery cyber security controls. Annual testing of cyber security controls or defences e.g. penetration testing.
Operational risk	<p>The risk of loss resulting from failures of processes, people and systems; or from external events.</p>	<ul style="list-style-type: none"> Conduct robust risk assessments at corporate and department levels. Implement a comprehensive Business Continuity Plan (“BCP”). Annual review of BCP to ensure the critical business functions and technology operations. Set up incident response measures. Establish and review policies and procedures according to regulatory guidelines and standards; to ensure relevancy, adequacy and efficacy.
Strategic risk	<p>The risk of loss arising from adopting the wrong business strategy, failure to properly execute business strategies, or failure to effectively respond to changes in the industry/economy.</p>	<ul style="list-style-type: none"> Regularly monitor competition, geopolitical and macroeconomic risks. Track and deliberate on changes in business performance criteria, with proactive actions taken to mitigate adverse changes. Management of potential market disruptors and economic or investment trends. Continued engagements with business partners. Innovation in products and services.
Reputational risk	<p>The risk of loss arising from negative perception by customers, counterparties, shareholders and other relevant key stakeholders.</p>	<ul style="list-style-type: none"> Employees’ Code of Conduct and Ethics policy. Anti-bribery Anti-corruption Policy and Guidelines. Whistleblowing Policy and Procedures. Customer profiling, due diligence & risk rating and monitoring. Managing investors and other stakeholders’ relations. Corporate Social Responsibility programmes.

Management Discussion and Analysis

KEY INITIATIVES PLANNED FOR THE FINANCIAL YEAR ENDING 2024

On the business and operations front, the Group will remain steadfast and continue to drive revenue growth whilst continue to optimise operating costs through a combination of:

(i). enhancing our online trading platform to facilitate client acquisition efforts and improve clients' experience to increase our market share;

(ii). increasing the proprietary trading teams and set out an algorithmic trading desk to support trading;

(iii). upscaling our share margin financing portfolio based on prudent and acceptable credit criteria, when the IPO proceeds earmarked for this purpose is being fully utilised, thus increasing margin income and brokerage fees;

(iv). focusing on origination efforts to secure more mandates beside executing and completing the pipeline of IPO mandates and other corporate finance proposals already secured to enhance corporate advisory and other fees growth; and

(v). to introduce more products and services to enhance revenue growth.

(vi). enhancing the digitalisation programme for the stockbroking business and operations.

Yours sincerely

Chew Sing Guan
Managing Director



Sustainability Statement

INTRODUCTION

Mercury Securities Group Berhad (“Company”) and its subsidiaries (“Group”) is committed towards value creation for long-term sustainability for shareholders and other stakeholders. To this end, the Company is in the process of transitioning to embed economic, environmental, and social (“EES”) factors in the core of the Group’s business operations. Practices adopted, focus on building sustainability throughout the Group’s business operations for the continued success of the Group in the competitive marketplace.

The Sustainability Statement (“this Statement”) communicates the Group’s journey towards embedding sustainability in the business and daily operations whilst considering the interests of stakeholders and business growth. This Statement also sets out the Company’s approach towards sustainable development and management of EES risks and opportunities, after considering the impact of our business endeavours on the EES facets the Group interacts with.

This Statement contains certain forward-looking statements relating to future performance where such statements are premised on current assumptions and circumstances, which could change, hence it necessarily involves uncertainties. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

REPORTING STANDARDS

The Group has considered key sustainability matters as guided and defined by the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) in the preparation of this Statement.

REPORTING SCOPE AND BOUNDARIES

This Statement describes the Group’s sustainability activities covering both financial and non-financial aspects for the financial year ended 31 October 2023 (“FYE 2023”) based on material topics that the Company has identified. The focus for the FYE 2023 was on reviewing our sustainability approaches which covers economic, environmental, social and governance factors. The scope and boundaries cover the entire Group’s operations.

APPROACH TO DRIVING SUSTAINABILITY

The Group’s approach to sustainability is based on our core values of excellence, integrity, humility and building relationship, supported by policies and procedures. We consistently embed sustainability into the core of our business, and seek to continuously improve upon all aspects of our sustainability journey, including our approach, processes and performance.

Sustainability Statement

SUSTAINABILITY STRATEGY

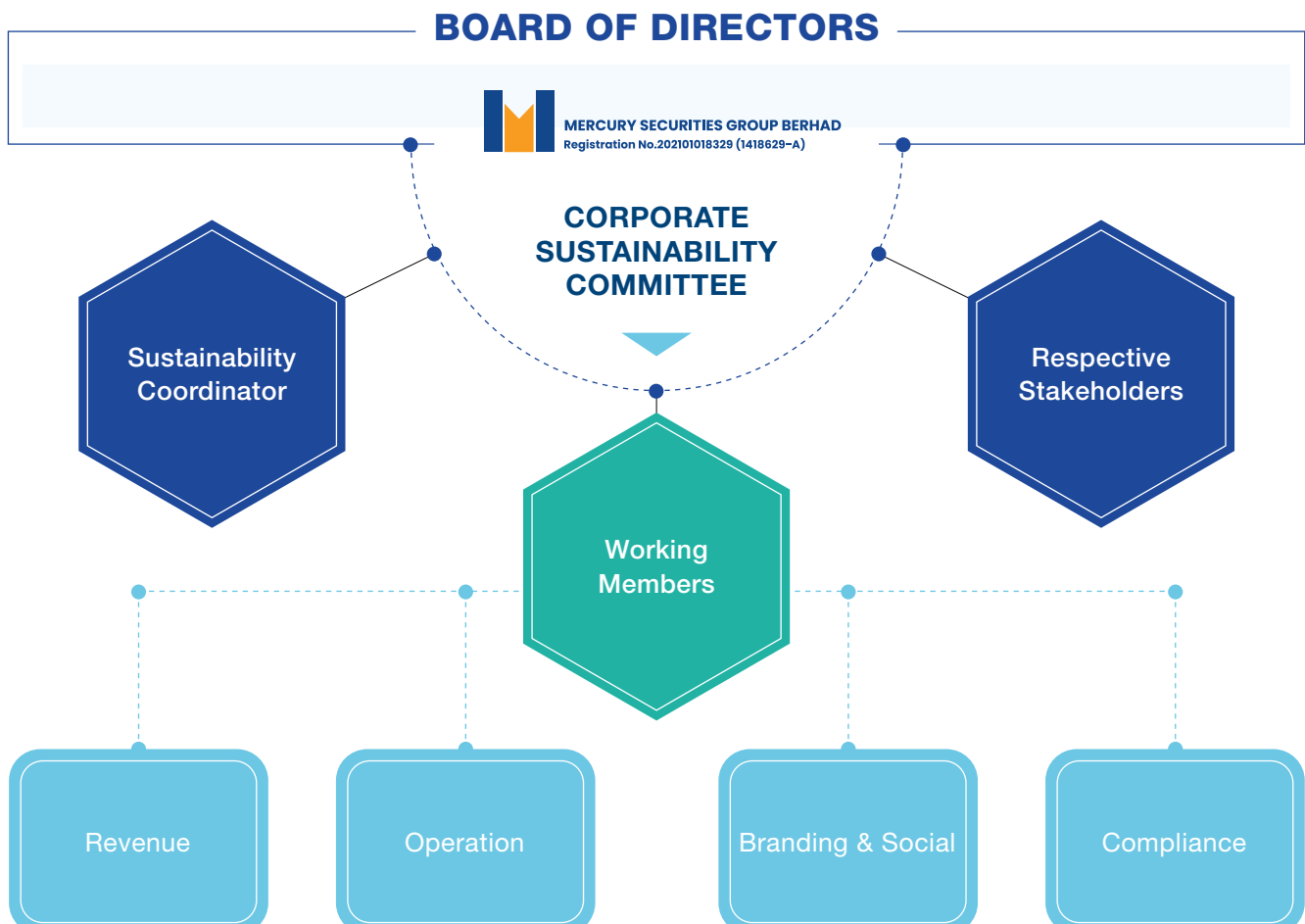
- To assess long term sustainability of the Group, through direct board oversight and delegation to Corporate Sustainability Committee (“CSC”) which will assess major business and operating strategies, including the EES issues.
- To conduct analysis on sustainability challenges affecting key stakeholders including employees, investors, clients, service providers and suppliers and the communities.
- To conduct systematic performance review and identify areas for improvements.
- To provide reliable and quality services to all the Group’s clients, being our most valuable stakeholders.

SUSTAINABILITY GOVERNANCE

The Company strives to maintain high standards of corporate governance (“CG”) best suited to the needs and interests of the Group. The Board has the ultimate responsibility and works together with the Key Senior Management team to steer the Group’s sustainability efforts and performance.

In line with sustainability, the Company ensures that the sustainability efforts are embedded in the strategic direction of the Group by involving all the pertinent working members. The CSC was led by the Managing Director (“MD”). The working members comprise all departments and operational units responsible for implementing the initiatives within the Group.

The Company’s CSC structure is set out as follows:





Sustainability Statement

Roles and Responsibilities of the CSC

- To deliberate matters pertaining to EES by involving relevant working members.
- To assist in the sustainability reporting enhancement and to support comprehensive sustainability efforts.
- To enhance the materiality factors, metrics and targets to measure issues that are material to the business and move towards bench-marking the progress against international standards of sustainability reporting.
- To strengthen the approaches on sustainability in terms of strategy, governance, materiality, economic, environmental and social.

Roles and Responsibilities of the Working Members

- To plan, coordinate and implement sustainability initiatives.
- To recommend milestone and timeline, deliverables and outcome of initiatives to the CSC.
- To monitor and track departmental or business unit's initiatives aligning to sustainability.
- To assemble input from the relevant departments and functions of the overall operational management of the sustainability matters.
- To involve in the identification of material matters and material assessment process.

The following policies adopted by the Group serves to embed our commitment towards responsible CG across the Group's operations:

- Sustainability Framework
- Enterprise Risk Management Policy & Procedures
- Directors' Code of Conduct and Ethics
- Employees' Code of Conduct and Ethics
- Directors and Senior Management Remuneration Policy
- Related Party Transactions Policy
- Anti-Bribery and Anti-Corruption Policy and Guidelines
- Whistleblowing Policy and Procedures
- Fit and Proper Policy to comply with the obligations under the Rule 15.01A of the ACE Market Listing Requirements of Bursa Securities
- Internal Audit Charter
- External Auditors Assessment Policy

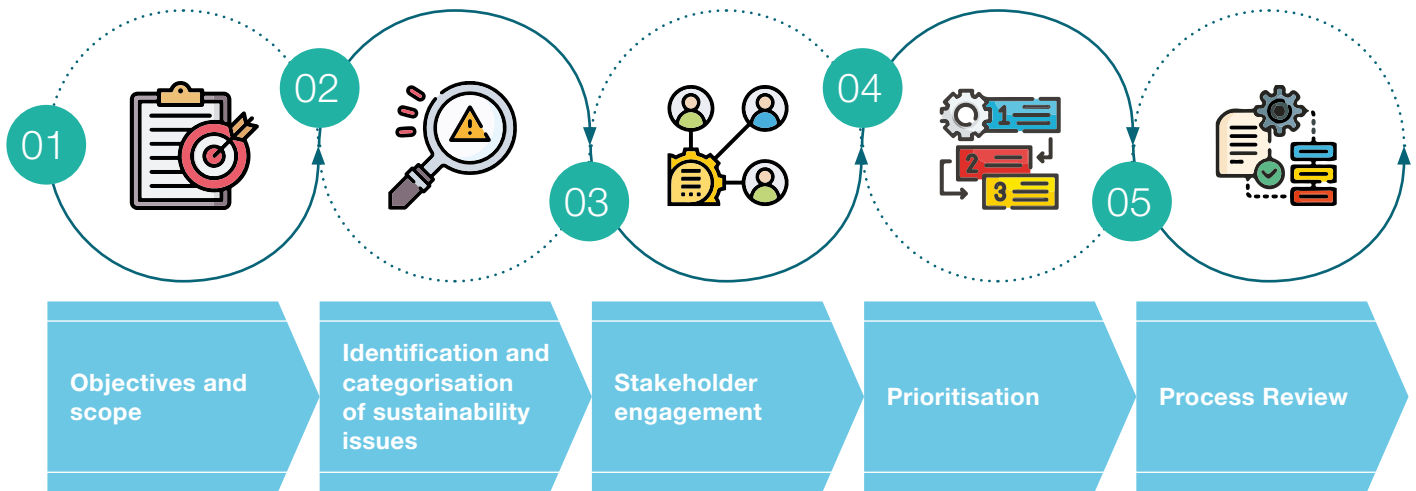
To facilitate awareness, the above policies are available in the Company's website at www.mercurysecurities.com.my to facilitate communication to the Group's employees and to the wider stakeholders such as shareholders, clients, service providers and suppliers, business partners and associates.

The Group requires all employees to abide by these policies and the ethical standards as stipulated in the Employee Handbook. In encouraging high standards of honesty and integrity in decision-making and behaviour, the Group encourages employees to consider the ethical implications and all other aspects of the Employees' Code of Conduct and Ethics in their dealings with clients, service providers and other stakeholders.

Sustainability Statement

OUR MATERIALITY ASSESSMENT PROCESS

The process of identifying materiality matters is depicted below:



Objectives and Scope

The objective of the CSC is to build a sustainable business for the long term, and to further embed sustainability practices on the Group's businesses and operations to improve the overall sustainability performance.

The Company undertakes continuous materiality study within the top and middle management to determine the objectives and scope of the sustainability reporting covering all our subsidiaries will remain relevant.

Identification of Relevant Sustainability Matters

The process initiated aims to address sustainability issues relevant to the Group and its stakeholders by identifying relevant material factors and managing the associated risks. In generating the material factors, the Group assesses the operating environment and emerging trends affecting the financial services sector. We then engaged with the internal stakeholders, the various working members, to derive the sustainability matters drawing reference from the Sustainability Reporting Guide and Toolkits.

Material factors and sustainability matters are reviewed in order to have an understanding of both the current and future risks and opportunities facing the Group's business is adequately addressed, as well as to gather stakeholders' perspectives and ensure that we are responding to their needs. Material factors are updated to be addressed in a holistic and integrated manner, which may involve developing new policies and procedures, implementing various initiatives, measures and action plans, setting indicators as well as to establish a proper mechanism to capture, analyse and report sustainability data and information.



Sustainability Statement

OUR MATERIAL FACTORS

The materiality process involved several steps including:

- Identification of potential material topics, benchmarking against key corporate peers and analysing past reports, which reflects the feedback from shareholders, clients, community representatives and employees generally.
- Inventory of material aspects and topics most important to external stakeholders, clients and their supply chain vendors, based upon requests, surveys and on-going engagement during the reporting period.

The prioritisation of the material issues is listed in the table below:

Key Materiality Factors

Material Factor	Description	What is the Risk	What are the Opportunities
Competition	The Group is exposed to competition within the industry	Lesser chance to secure new and retain existing business will impact the Group's financial performance and sustainability	<ul style="list-style-type: none">• Niche market products could be offered• Strategic alliance with partners• Improved services and delivery process leveraging on technology and relationship management
Market Stability	An effective and balanced regulatory framework for clients' protection while facilitating business efficacies and innovation	Any breach in regulation, lack of effective risk management and internal control and CG that undermines integrity or stability will influence stakeholders' confidence	<ul style="list-style-type: none">• Having a robust approach to engender reliability, trust and confidence to encourage participation and sustain growth• Fostering a strong CG culture will enhance confidence from stakeholders

The prioritisation of the material factors was based on the impact it has on the operating environment. The Group has taken the necessary measurements and actions to manage the sustainable materiality in order to be in line with its corporate strategies.

Sustainability Statement

Material Factors - Significant Impact

No. Factor	Why Material	Managing Materiality
1. Market conditions and the Group's position	Market condition affects all businesses in every industry. Knowing the Group's position will enable appropriate informed business decisions	Conducting assessment of the Group's strengths and weaknesses will enable the Group to capitalise on opportunities and avoid or mitigate threats
2. Liberalisation of the regulatory framework	Direct impact on the revenue and business	Keeping abreast with the regulatory changes will allow the Group to adjust to changes to remain competitive in the market place
3. Optimisation of resources	To enable the operations/business processes to be efficient and effective	Taking the necessary measures to optimise the resources, leveraging on automation, digitalisation, and integration, coupled with adequate human resources via talent development and retention
4. Compliance with regulatory requirements and the Group's policies and procedures	Compliance with rules, regulations, guidelines, laws and regulations is of upmost importance in the conduct of the Group's business and operations	The Group shall ensure a sufficient staff force (including staff responsible for Compliance and Internal Audit functions) who are knowledgeable and adequately trained to discharge their respective responsibilities in accordance with the Group's policies and procedures to meet compliance obligations
5. Cyber security	Cyber threats and data breach could devastate the entire operations, business continuity and clients' confidence	Continuing to enhance cyber security measures
6. Service quality and delivery	In the competitive market place, acceptable service quality and delivery standards are demanded by clients. Ability to satisfy clients' needs would ensure clients' retention for the sustainability of the Group's business	Obtaining clients' feedback to gauge service quality and delivery standards. Complaint received are investigated and inadequacies addressed promptly
7. Corporate governance	Practising sound corporate governance will instil trust and confidence by stakeholders including the relevant regulators towards the Company. The business and services offered by the Group's subsidiaries are regulated by the Securities Commission Malaysia and Bursa Securities	Formulating and implementing policies and procedures including <i>inter-alia</i> , the Board Charter, Directors' Code of Conduct and Ethics, Employees' Code of Conduct and Ethics, Whistleblowing Policy and Procedures, Anti-Bribery and Anti-Corruption Policy and Guidelines to enable sound CG practices are practised throughout the Group's business. The Board, Board Committees and management committees with its Terms of Reference will be discharging their responsibilities in a structured and transparent manner
8. Integrity and Anti-Bribery/Corruption	Corruption and failure in upholding integrity will tarnish corporate image and disrupt business activities due to trust deficit. The Group is exposed corporate liability risk as provided in the anti-corruption laws	To inculcate a corporate culture of integrity through top-down briefings and training to educate staff on the need to maintain high integrity values and the adverse consequences of corruption and other misconduct on an organisation and personal basis. The Whistleblowing Policy and Procedures, Anti-Bribery and Anti-Corruption Policy and Guidelines provides an avenue for complainant to report any breach in the employees' conduct including allegation of corruption



Sustainability Statement

Stakeholders Engagement

The Group acknowledges the need for regular communications with the relevant stakeholders in a timely, effective, and transparent manner is essential to the Group's sustainability. Stakeholders' perspectives are important to our business strategies and approach. Interaction with stakeholders enables the Group to identify, prioritise, address and align material matters and concerns on the Group's business practices and strategies towards addressing material sustainability matters.

All issues raised by stakeholders are brought to the attention of the CSC by the respective business and functional units.

As such, we cultivate good relationships with key stakeholders which enables us to make better business decisions and manage their expectations through regular engagement sessions. The key stakeholders are outlined in the table below, along with the forms of engagement and key topics of interest that the Group seeks to address.

Stakeholder Group	Areas of Interest	Engagement Focus & Objectives
Shareholders and investors	<ul style="list-style-type: none"> • Business performance • Business strategies and directions • Regulatory compliance • Corporate governance • Risk management • Corporate announcement 	<ul style="list-style-type: none"> • Quarterly financial reports • Annual reports • Bursa Securities' announcement • Press release • Information on the Company's website: www.mercurysecurities.com.my • General meetings
Customers	<ul style="list-style-type: none"> • Quality of customers' service and delivery • Sound advice, acceptable solutions and timely execution of corporate finance advisory mandates • Online trading platform • Market Updates & Strategy campaigns • Research coverage and accessibility 	<ul style="list-style-type: none"> • Regular meetings • Customers' feedback improves our service and delivery • Improve customers' experience for online trading • Research accessible online, and stock picks • Customer complaint management • Continuous training and development to improve capability and competencies of servicing teams
Employees	<ul style="list-style-type: none"> • Career development and training • Compensation, welfare and benefits • Working environment • Job performance evaluation • Career progression opportunities • Communication and engagement 	<ul style="list-style-type: none"> • Induction and orientation • Internal and external training • Meetings and discussion • Employees' engagement activities • Assess employees' ability • Provide work life balance • Performance evaluation and reward • Whistleblowing channel • Employees' Code of Conduct and Ethics
Business partners/suppliers	<ul style="list-style-type: none"> • Remisiers' engagement • Business conduct, integrity and ethics • Product and service quality • Procurement process, payment terms and lead time • Sustain long term relationship 	<ul style="list-style-type: none"> • Regular meetings • Emails and other form of communication • Understanding and supporting remisiers' needs • Suppliers' assessment and review • Procurement process improvement

Sustainability Statement

Stakeholder Group	Areas of Interest	Engagement Focus & Objectives
Government and regulators	<ul style="list-style-type: none"> Compliance with rules and regulations of Bursa Securities and Securities Commission Malaysia, and other governmental or regulatory bodies Consistent fact finding and fact sharing communication with regulators Accurate and timely disclosure and reporting 	<ul style="list-style-type: none"> Participation in regulators' & government events, briefings, and industry consultations Continuous communication to obtain updates on relevant information and issues of concern Obtain and keep abreast of latest regulatory updates, pronouncements, or announcements Regulatory compliances and submissions under the oversight of Compliance and Internal Audit functions Monitoring of any incident of non-compliance by customers, remisiers, service providers or suppliers by consistently engaging with regulators
Community	<ul style="list-style-type: none"> Social responsibility Sponsorship and donation Environment awareness and education Community development and support 	<ul style="list-style-type: none"> Financial assistance and donations Corporate Social Responsibility ("CSR") events Community engagement Corporate website

Assessment and Prioritisation of Material Sustainability Matters

The Group has undertaken a stakeholder prioritisation and engagement process to engage with key stakeholders. These include on-going efforts to engage with key stakeholders in the usual course of business through the day-to-day operations, as well as specific engagements carried out to seek their feedback. The outcome of these engagements was considered during the Group's materiality assessment.

The applicability and relevance of the identified sustainability matters were reviewed by the CSC through internal meetings with members of the Senior Management, in accordance with research findings, peer companies benchmarking and the management's evaluation.

Process Review

The Senior Management constantly reviews and improves the processes and outcome of the process including managing the material sustainability matters in our business and operations.



Sustainability Statement



ECONOMIC

Business Environment

Economic scenario remains as our core element based on market conditions and global uncertainties such as the ongoing wars in the Middle East and Ukraine, challenging economic outlook in certain major economies, global inflation, interest rate hikes by central banks around the world, risk of recession and unfavourable domestic factors, such as weaker currency and slowing consumers' spending and changes in certain policies by the government, which overshadow our country's post-pandemic economic rebound and corporate earnings recovery.

The Group will continue to strive to identify changes and critical risk areas which influence the strategy of its businesses and operations. The Group will continue to focus on sound corporate governance practices and prudent management given the uncertainties in the internal and external environment.

Despite the uncertain and challenging times ahead and competitive landscape in the financial services industry, the Group will constantly strive to achieve its targeted business growth. The Group will also remain committed in expanding its business, building capacities and strengthened competencies, expand product and service offerings, and leveraging on any growth opportunities. On cost optimisation, the Senior Management will explore opportunities to leverage on digitalisation and automation to achieve greater productivity and operational efficiencies in order to remain competitive in the financial services industry.

Data Protection and Security

The Group processes significant quantity of personal and sensitive data due to the nature of the Group's business. The Group is committed to provide privacy-compliant services through responsible data security management to preserve privacy rights. Sensitive and personal information is handled strictly in accordance with the provision of the Personal Data Protection Act 2010 that serves as an integral guidance to the Group. To maintain the integrity of the Group's data, the IT Access Control and User Access Management Policies list clear guidelines for safeguarding access to IT systems and applications. Access to all sensitive information is protected by access controls to ensure it is not improperly disclosed, modified, or rendered. To strengthen our system, the Group enhanced the IT security features which include firewall and antivirus to protect against viruses, malware exploits.

Regulatory Compliances

The Group recognises that any actual or potential regulatory non-compliances may affect the Group's reputation and operations. As such, the Group continues to commit to high standards of governance by ensuring the Group's policies and procedures are continuously adhered to and are updated regularly at appropriate intervals. In instilling awareness among employees, the Group has instituted adequate checks and balances to preserve and maintain compliances with relevant guidelines, regulations and industry practices to safeguard the Group's interest.

The Group through the Compliance and Internal Audit functions conduct scheduled activities to ensure adoption and adherence to policies and procedures and compliance with all relevant rules, guidelines, laws and regulations across the Group's operations to mitigate regulatory risks.

Ethics and Integrity

The Group adopts a zero-tolerance stance against fraud, bribery and corruption. Apart from the Employees' Code of Ethics and Conduct, the Group is guided by a set of robust corporate policies that address anti-bribery and corruption, anti-money laundering and whistleblowing. The Anti-Bribery and Anti-Corruption Policy and Guidelines ("ABAC") and Whistleblowing Policy and Procedures are communicated to employees, suppliers and service providers, including our Group's corporate website.

Employees are expected to conduct themselves professionally and with integrity and shall not engage in any form of corrupt or illegal acts. Any allegation or suspicion of corruption or illegality is taken seriously, and every employee is to uphold its promulgated business ethics when carrying out their tasks and responsibilities.

In the FYE 2023, there was no bribery and corruption case reported and the Group aims to maintain this record by promoting a positive culture of compliance. None of our employees was disciplined or dismissed due to non-compliance with the ABAC policy.



ENVIRONMENTAL

The Group's nature of operation does not have significant impact on the environment. However, the Group considers the direct and indirect impact of the business on the environment and manage ecological footprint as the Group expand and grow. The Group will endeavour to inculcate a culture of responsible management in energy use, waste management, pollution, and greenhouse gas emissions across the Group's business operations, including adhering to all applicable laws, regulations and standards related to the environmental protection.

The Group will continue to embrace technology to communicate with customers to adopt e-contract notes and e-statements.

Electricity Management & Consumption

The Group encourages employees to conserve electricity and takes a holistic view towards energy reduction by promoting eco-friendly practices in the workplace. These includes installing energy saving LED light bulbs in the office, promoting e-statements, e-contract notes, paperless environment and recycling papers in the work place to reduce the use of paper for communication purposes both internally and externally.

The Group is mindful that energy management is essential for combating climate change and for lowering an organisation's overall environmental footprint. The electricity supply is from the local supply and the Group aims to minimise the energy usage in all offices by implementing the following efforts:

- A lighting schedule across key areas in all office to switch off lights during certain hours of least use.
- Maintenance and replacement of electrical equipment and light fittings to maximise energy efficiency.
- Educate staff to switch off lights, water dispenser, air conditioning, or other electrical appliances in the office and pantry when they are not required.

Waste Management

The Group's business activities and operations do not generate hazardous waste. However, the Group acknowledges that the environmental impact of paper usage is significant. The Group's approach to waste management is to avoid unnecessary plastics and paper consumption and waste generation, where possible and appropriate, to reduce the wastage. The Group will looked at ways including the following paper management:

- Avoiding printing and photocopying and emphasising on paperless via electronic mode. In addition to this, practise of double-sided printing or reducing the size to have the best economical usage of papers.
- Reusing – by printing on the other side of the printed papers.
- Recycle – recycle the used and shredded papers by having proper recycling bins.

Recycling of Resources

The Group promotes the principles of reduce, reuse, and recycle to extend product life, where applicable, to drive organisational green behavioural change and inculcate green minded employees in the workplace. All employees are encouraged to go paperless in carrying out their daily work and only print physical copies of documents as necessary (double-sided and in black and white, if practicable). Additionally, we have adopted the practice of circulating e-meeting papers whereby documents and files are transmitted via soft copies.



Sustainability Statement



CORPORATE SOCIAL RESPONSIBILITY

The Importance of Community

The Group is committed to promote CSR initiatives whilst pursuing business growth and will continue to uphold values for safety, quality, integrity, diversity, innovation and sustainability have shaped the on-going commitment to CSR to be a responsible corporate citizen.

A strong commitment to social responsibility can protect and enhance a company's brand. As the word gets out about a company's CSR initiatives, it can help create a positive image to attract potential employee and customers with a strong commitment to CSR programmes.

To maximise productivity, the basic substance is to have the right people for the right tasks. To achieve optimum productivity, the Group:

- Provides a clear career path to all employees;
- Endeavours to enhance their skills and competencies through training & development programmes; and
- All employees are provided with a comfortable and functional workplace.

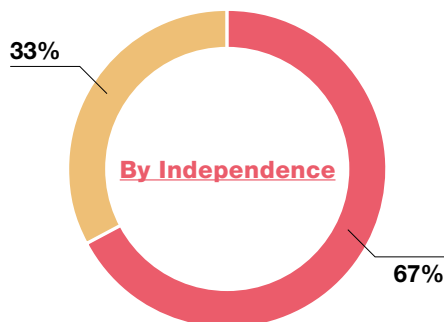
Recognising the importance of a healthy and positive lifestyle, the Group promotes team activities as one of the CSR principles to cultivate teamwork as well as promoting a sense of belonging among employees through recreation events and sports activities.

The Group recognises and values the benefits of diversity in people, ideas and cultures. The Group does not tolerate unlawful discrimination such as age, gender, race, ethnic background, sexual orientation, gender identity, national origin or religious beliefs. This applies to interactions with employees and any other stakeholders including customers and suppliers.

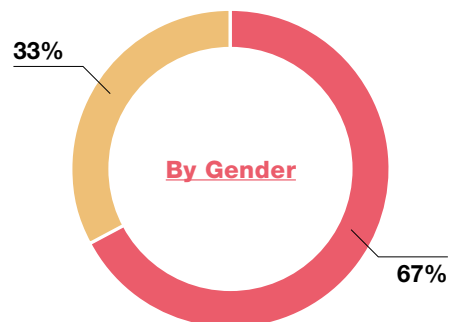
The Employees' Code of Conduct and Ethics and other human resources practices support its belief in workplace diversity. The Group strives to provide equal employment opportunities by adhering to guidelines on recruiting, training and promoting employees at all levels fairly.

The following sustainability diagrams are illustrated to depict the Board and employees composition of the Group.

Board Composition and Diversity



● Independent Directors ● Non-independent Directors

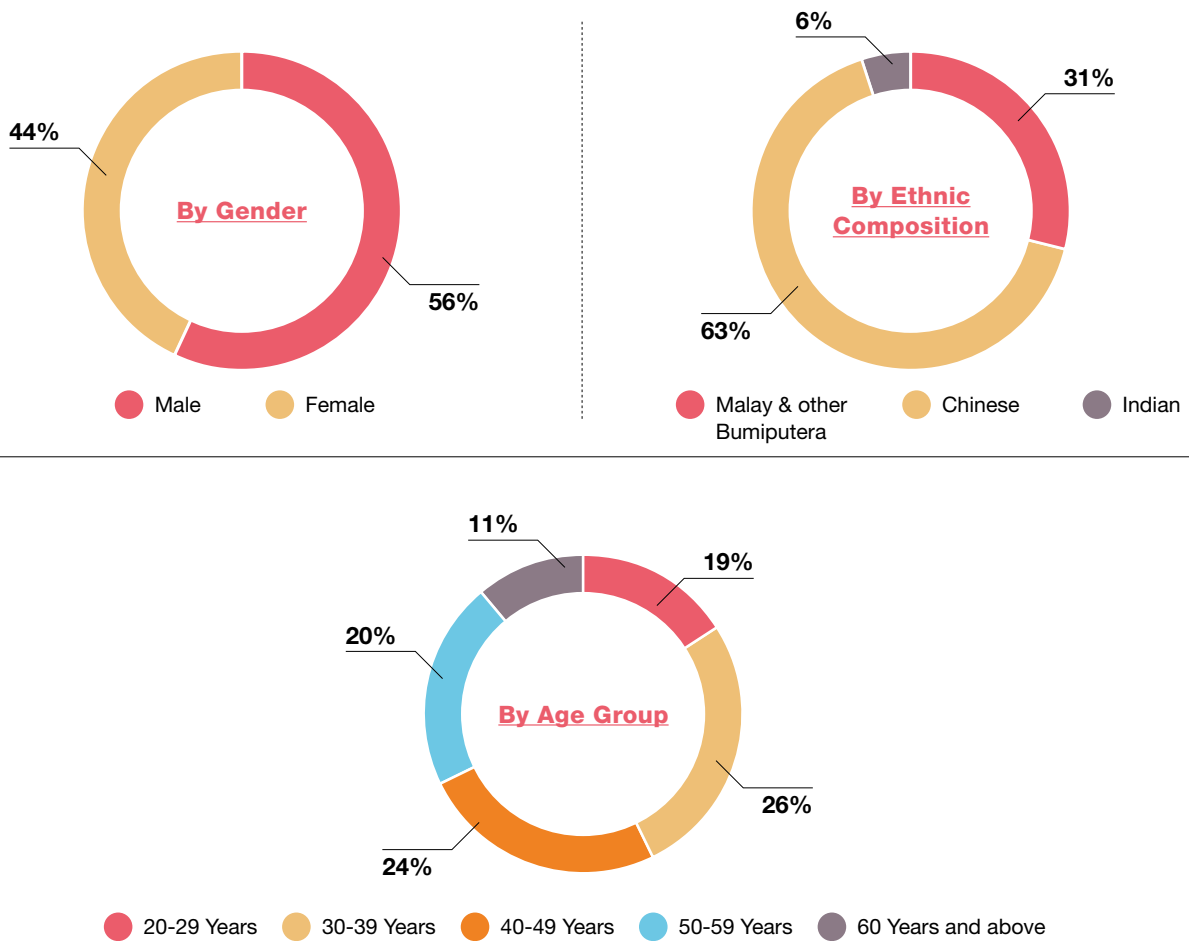


● Male Directors ● Female Directors

Diversity of Employees

TOTAL NUMBER OF EMPLOYEES AS AT 31 JANUARY 2024

105



Training and Development

The Group strives to promote a continuous learning culture through providing training for its employees to become industry experts. This also serves to provide the expertise in servicing our clients and also efficiently performing in the workplace. The Group endeavours to focus on talent development by offering employees learning opportunities through in-house as well as external training programmes. The Group is committed to integrate best practices through training and providing relevant circulars/guidelines to employees to promote awareness on corporate governance and risks issues involving the industry and inculcate and adopt new measures to prevent fraudulent practices. We also sponsor employees in pursuing self-improvement in terms of courses and examination fees in relevant fields.



Sustainability Statement

Talent Retention and Succession Planning

The Group believes that employees are the most valuable assets. By creating an inclusive working environment, this would help the Group in retaining talents through enhancing their sense of belonging. Aligning with the human capital management strategies, the Group strives to improve employee satisfaction through provision of career advancement, competitive remuneration and structured development in both functional and leadership areas. Succession plans are put in place for key positions to ensure sustainability in terms of continuous effective and efficient operations within the Group, in addition to cultivating a healthy leadership pipeline. Employees' benefits comply fully with the Employment Act 1955 and beyond, including various allowances, medical and insurance coverage. Employee benefits and reward programmes are periodically reviewed to retain and attract new talents.

Society/Communities

Our sustainability commitment extends to the society/communities. The Group is committed to enrich their lives and create a better shared future for these communities we live and work in through social investments and corporate giving, focusing on education, healthcare and community enrichment programmes. We shall continuously encourage people who may not have the resources to make monetary contributions or the time and skills to be involved in voluntary programmes, to make a difference.

In the coming financial years, the Company will disclose and elaborate the societal community programmes planned and undertaken to achieve the above objectives.

CONCLUSION

The above activities and initiatives continue to demonstrate the Group's commitment towards sustainability and for the betterment of the economy, environment and social aspects of the ecosystem we operate in.

The Group will continually keep abreast of developments in financial services industry, actively and regularly engage key stakeholders, build upon and fortify the existing sustainability framework, and seek to further embed sustainable practices within the Group's businesses so as to improve overall sustainability performance.

The journey towards attaining sustainable growth is a long and continuous one and with the principles on sustainability being embedded into the Group's culture, value system and way of doing business, long-term value can be created further for the benefits of key stakeholders.

Corporate Governance Overview Statement

The Board of Directors (“Board”) of Mercury Securities Group Berhad (“Company”) is pleased to present this Corporate Governance Overview Statement (“CG Statement”) to provide shareholders and investors with an overview of the corporate governance practices of the Company during the financial year ended 31 October 2023 (“FYE 2023”).

This CG Statement is also presented in compliance with Rule 15.25(1) of the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board is committed to uphold and strengthen the corporate governance policies and practices within the Group to strategically aligned and ensure the Group’s resilience and long-term sustainability in the dynamic changes in market conditions and evolving business landscape. The Group’s ongoing efforts aimed at enhancing and strengthening the Group’s governance practices and processes are detailed in this CG Statement which is based on the following three (3) key principles as set out in the Malaysian Code on Corporate Governance 2021 published by the Securities Commission Malaysia (“MCCG”):

PRINCIPLE A

BOARD LEADERSHIP
AND EFFECTIVENESS

PRINCIPLE B

EFFECTIVE
AUDIT AND RISK
MANAGEMENT

PRINCIPLE C

INTEGRITY IN
CORPORATE
REPORTING AND
MEANINGFUL
RELATIONSHIP WITH
STAKEHOLDERS

This CG Statement is augmented with the Corporate Governance Report (“CG Report”) which provides a detailed articulation of the application of the Company and its subsidiaries’ (“Group”) corporate governance practices as set out in the MCCG throughout the FYE 2023 and up to date. The CG Report is available on the Company’s website at www.mercurysecurities.com.my, as well as via an announcement on the website of Bursa Securities.



Corporate Governance Overview Statement

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1.1 Board and Board Committees

The Board's main roles are to govern, set the strategic directions and exercising oversight function on the Management. The Board is primarily responsible for the Group's overall strategic plans and directions to ensure continued sustainability and long-term success of the Group's businesses, overseeing the conduct of the businesses, effective and adequate risk management and internal controls, succession planning, effective shareholders' communications and ultimately creating shareholders' value.

In discharging its fiduciary duties, stewardship and leadership functions, the Board is guided by the Board Charter which outlines the duties and responsibilities of the Board. The Board has delegates certain responsibilities to the following Board Committees to assist in the execution of its duties and responsibilities within their respective Terms of Reference:

- (i) Audit and Risk Management Committee ("ARMC");
- (ii) Nomination Committee ("NC"); and
- (iii) Remuneration Committee ("RC").

Each Board Committee operates in accordance with its respective Terms of Reference as approved by the Board. These Board Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their respective Terms of Reference and report to the Board on their proceedings and deliberations together with their recommendations to the Board for approval. The Board Committees' Terms of Reference can be accessed via the Company's website at www.mercurysecurities.com.my.

Apart from the responsibilities of the Board Committees, the Managing Director ("MD") and other Management members are also delegated certain authorities to enable them to effectively discharge their responsibilities on the day-to-day operations of the Group.

1.2 Chairman of the Board

The Board is chaired by Dato' Baharon Bin Talib ("Dato' Baharon"), an Independent Non-Executive Chairman, who plays a crucial role in overseeing and ensuring the efficient functioning of the Board. Dato' Baharon is dedicated to upholding high standards of corporate governance and has been instrumental in fostering a high-performing culture within the Board.

The Chairman is responsible for providing leadership to the Board and ensuring the Board fulfils its stewardship and fiduciary duties effectively. The Chairman plays a crucial role in facilitating effective decision-making within the Board and upholding good conduct and best practices during general meetings.

Dato' Baharon is not a member of any Board Committees to ensure there is proper check and balance as well as objective review by the Board. The Board acknowledges that having the same person assume the positions of Chairman of the Board, and Chairman of each Board Committees gives rise to the risk of self-review and may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees.

In summary, Dato' Baharon, as the Independent Non-Executive Chairman, plays an important role in ensuring that the Board fulfils its duties and that the Company adheres to the best corporate governance practices.

Corporate Governance Overview Statement

1.3 Chairman and Managing Director

In line with good corporate practices, there is a clear distinction between the role of the Chairman of the Board under the chairmanship of Dato' Baharon and the MD, Mr. Chew Sing Guan. This is to ensure that there is a balance of power and authority to promote accountability and unfettered powers in decision making. The duties and responsibilities of the Chairman and the MD are available in the Board Charter accessible in the Company's website at www.mercurysecurities.com.my.

1.4 Qualified and Competent Company Secretary

The Board is supported by two (2) qualified and experienced Company Secretaries, who are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 ("CA 2016") and are also registered holders of the Practising Certificate issued by the Companies Commission of Malaysia.

The Company Secretaries provide advisory services, particularly on applicable governance best practices, corporate administration and Board practices and processes to facilitate overall compliance with the Listing Requirements, MCGG, CA 2016 and other applicable laws and regulations.

The Company Secretaries assist the Board and Board Committees in fulfilling their duties effectively while adhering to established Board policies and procedures and best practices.

To discharge their roles, the Company Secretaries regularly attend relevant training programmes, conferences, seminars and forums to stay current with the latest developments in corporate governance and regulatory requirements relevant to their profession. This ongoing education enables the Company Secretaries to provide the necessary advice to the Board and ensure that the Company remains compliant.

The Board and each Director has direct access to the professional advice and services of the Company Secretaries to assist them in performing their duties and discharging their responsibilities effectively. The Company Secretaries' role in facilitating compliance and ensuring the smooth functioning of the Board is critical to the Company's success.

Overall, the Board is satisfied with the service and support rendered by the Company Secretaries and their team to the Board in the discharge of their duties and functions.

1.5 Meeting of Board and Board Committees

To facilitate the Directors' time planning, an annual meeting calendar is prepared in advance of each new financial year by the Company Secretaries. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting of the Company ("AGM"). The closed periods for dealings in the Company's securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also furnished by the Company Secretaries for their guidance.

The notices of Board and Board Committees meetings together with the meeting papers are generally furnished to the members of the Board and Board Committees, at least five (5) business days prior to the dates of meetings. This is to accord sufficient time for the Directors to peruse the Board papers and to seek any clarification or further details that they may need from the Management or to consult independent advisers (if necessary), to facilitate and enable them to make an informed decision at each Board meeting.

The deliberations and conclusions of matters discussed in the Board and Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board and Board Committees members' review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.

All the records of proceedings and resolutions passed are kept at the registered office of the Company.

For matters which require the Board's decision on an urgent basis outside the scheduled Board's meetings, relevant supporting documents along with the Directors' Written Resolution will be circulated for the Board's consideration and approval. All written resolutions approved by the Board will be tabled for notation at the next Board meeting.



Corporate Governance Overview Statement

1.6 Board Charter

The Company has formalised and adopted the Board Charter which sets out the functions, authority, roles and responsibilities of the Board as well as the various internal processes and principles governing the Board. The Board Charter also serves as a source of reference and primary induction literature, providing insights to new Board members.

The Board Charter provides a clear delineation of relevant matters and applicable limits, including those reserved for the Board's approval and those which the Board may delegate to the Board Committees, the MD, and the Management. This delineation ensures that all parties involved understand their respective roles and responsibilities, thus promoting effective decision-making, risk management, and compliance.

The Board Charter would be reviewed as and when necessary to ensure that it remains aligned with the Board's objectives and responsibilities, as well as the latest compliance requirements resulting from changes in the Listing Requirements, MCGG and other regulatory framework which will ensure that the Board Charter remains relevant and up-to-date.

The Board Charter is published on the Company's website at www.mercurysecurities.com.my.

1.7 Code of Conduct and Ethics

The Board has adopted the Directors' Code of Conduct and Ethics and Employees' Code of Conduct and Ethics ("Code") which summarises what the Company must endeavour to do proactively in order to maintain an ethical and responsible corporate culture and to enhance the standard of corporate governance and corporate behaviour across the Group. The Code sets out the general principles and guidance regarding ethical behaviour and professional conduct for the Directors, Management and employees of the Group in addressing their duties and obligations during the appointment and *inter-alia*, includes the expectation of professionalism and trustworthiness from the Directors, Management and employees of the Group.

The Code is published on the Company's website at www.mercurysecurities.com.my.

The Board will review the Code from time to time to ensure that it continues to remain relevant and appropriate with the prescribed requirements and best corporate governance practices.

1.8 Whistleblowing Policy and Procedures ("Whistleblowing Policy")

The Board has adopted the Whistleblowing Policy to promote good business conduct and maintain business integrity. It recognises the whistleblowing as an important mechanism in the prevention and detection of improper conduct, bribery or corruption in the conduct of the Group's businesses and operations by the Directors, Management and employees of the Group.

The Whistleblowing Policy provides an avenue for employees and other stakeholders to report any misconduct, breach or suspected breach of any law or regulation, including business principles and the Group's standard operating policies and guidelines, in a safe and confidential manner.

The Whistleblowing Policy including how to make a report by any complainant is published on the Company's website at www.mercurysecurities.com.my.

The Board will review and update the Whistleblowing Policy as and when necessary to ensure that it remains relevant to the Group's changing business circumstances and/or comply with applicable laws and regulations.

Corporate Governance Overview Statement

1.9 Anti-Bribery and Anti-Corruption Policy and Guidelines (“ABAC Policy”)

In line with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“MACC Act 2018”), the Company has put in place the ABAC Policy to promote a culture of integrity and transparency in all the Group’s activities and the Company’s commitment against all forms of bribery and corruption. This policy which adheres to the Listing Requirements and the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act 2018, generally set out the responsibilities of the Company, and all individuals who work for/with the Group, in observing and upholding the Group’s position on bribery and corruption and provides key anti-bribery and anti-corruption principles that apply to all interactions with the Group’s customers, business partners, and other third parties, as well as guidelines for the prevention, management, and remediation of bribery and corruption related risks.

The ABAC Policy including how to make a report by any complainant is available on the Company’s website at www.mercurysecurities.com.my.

The ABAC Policy will be reviewed from time to time in accordance with the needs of the Group to ensure that it continues to remain relevant and appropriate.

1.10 Directors’ Fit and Proper Policy

In line with Rule 15.01A of the Listing Requirements, the Board has adopted the Directors’ Fit and Proper Policy which serves as a guide of the Company and its subsidiaries to the NC and the Board in their review and assessment of the potential candidates for appointment to the Board as well as the retiring Directors who are seeking re-election at the AGM.

This policy serves to ensure that the person to be appointed or re-elected as a Director possesses the necessary character and integrity, experience and competence as well as the ability to discharge and give appropriate commitment, participation and contribution to the Board and the Company.

The Directors’ Fit and Proper Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary to ensure that they remain consistent with the Board’s objectives and changes in the Listing Requirements and best practices.

The Directors’ Fit and Proper Policy is available on the Company’s website at www.mercurysecurities.com.my.

1.11 Sustainability Governance

The Board recognises the fundamental importance of sustainable business practices in creating long-term value and believes that operating the business in a responsible manner is closely linked to achieving operational excellence.

The Board holds the primary responsibility for overseeing sustainability-related matters, including the development of strategies, setting priorities, and establishing targets. Operational execution pertaining to economic, sustainability and social (ESS) factors, as part of the Group’s corporate strategies, falls within the purview of the Management.

The Board is committed to upholding exemplary corporate governance practices that prioritise ethics, integrity, and corporate responsibility. Moreover, the Board ensures that both internal and external stakeholders are well-informed about the Group’s sustainability strategies, priorities, targets, and overall performance. A comprehensive account of these efforts can be found in the Sustainability Statement included pages 22 to 34 in this Annual Report.

The Board also incorporated the assessment of the Board’s understanding of sustainability issues in the annual performance evaluation process. This is critical to the Company’s performance and reflects the Board’s ongoing commitment to sustainability.



Corporate Governance Overview Statement

PART II - BOARD COMPOSITION

2.1 Board Composition

The composition of the Board complies with Rule 15.02(1)(a) of the Listing Requirements, which stipulates that the Company must ensure that at least two (2) Directors or 1/3 of the Board members, whichever is the higher, are Independent Directors. Currently, the Board has six (6) members with four (4) members being Independent Non-Executive Directors.

The Directors in office during the FYE 2023 are as follows:

No.	Name of Director	Designation
1	Dato' Baharon Bin Talib	Independent Non-Executive Chairman
2	Mr. Chew Sing Guan	Non-Independent Executive Director/Managing Director
3	Dato' A. Rahman Bin Safar	Non-Independent Non-Executive Director
4	Mr. Chan Kim Hing	Independent Non-Executive Director
5	Datin Chua Suat Khim	Independent Non-Executive Director
6	Ms. Himahlini A/P M. Ramalingam @ Yalumallai	Independent Non-Executive Director

The Board composition is also in line with:

- Practice 5.2 of the MCCG of having at least half of the Board members comprising Independent Non-Executive Director; and
- Practice 5.9 of the MCCG of having at least 30% women Directors in the Board.

This Board composition is able to provide independent and objective judgement as well as provide an effective oversight, check and balance to safeguard the interest of the minority shareholders and other stakeholders, beside to ensure high standards of conduct, ethics and integrity are maintained.

The Board members have diverse backgrounds and experiences in various fields. Collectively, the Directors bring a wide range of skills, expertise, experience and knowledge to manage the Group's businesses. The profiles of the Directors are provided on pages 4 to 6 in this Annual Report.

2.2 New Appointment of Board and Senior Management

The Board appoints its members through a formal and transparent selection process. New candidate will be considered and evaluated by the NC, and the NC will then recommend the suitable candidate to be approved and appointed by the Board. In making the recommendation to the Board on the suitable candidate for directorship, the NC will consider and nominate the suitable candidate based on the objective criteria, including:

- skills, knowledge, expertise and experience;
- professionalism and integrity;
- fit and proper assessment;
- time commitment to the Company based on the number of directorships held; and
- in the case of candidate for the position of Independent Non-Executive Director, the NC will also evaluate the candidate's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Director.

In identifying for and shortlisting of suitable candidate, the NC may receive suggestions from existing Board members, Management and major shareholders. The NC is also open to referrals from external sources available or independent search firms.

All the existing six (6) Directors do not hold more than five (5) directorships in other listed issuers as required under Rule 15.06 of the Listing Requirements.

The new appointment of Senior Management would be reviewed by the NC based on objective criteria, merit and with due regard for diversity in skills, track records, experience, age, cultural background and gender as well as fit and proper assessment.

The role of the NC is detailed in its Terms of Reference, which is accessible on the Company's website at www.mercurysecurities.com.my.

Corporate Governance Overview Statement

2.3 Diversity of Board and Senior Management

The Company has a gender diversity policy at the boardroom in compliance with Practice 5.9 of the MCCG and Rule 15.02(1)(b) of the Listing Requirements. The Board has two (2) female members, namely Datin Chua Suat Khim and Ms. Himahlini A/P M. Ramalingam @Yalumallai out of six (6) existing Directors on the Board.

Whilst acknowledging the recommendation of the MCCG on gender diversity at the Senior Management level, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy for Senior Management as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.

The Group recognises the importance of diversity to enhance decision-making capability and performance of the Company by bringing diverse perspectives. It adheres to the practice of non-discrimination with regards to gender in selection of candidate for employment. The evaluation of the suitability of candidates is always based on the candidates' competency, skill, character, time commitment, integrity, performance, knowledge and experience to bring value and expertise to the Senior Management team.

The issue of diversity has been discussed and given prominence during deliberations by the NC and the Board. The Company does not set any specific target for gender diversity at Senior Management level but will continuously strive to have a balance in terms of gender diversity and will actively take the necessary measures towards promoting a corporate culture that embraces the aforesaid gender diversity.

2.4 Tenure of Independent Non-Executive Directors

The Board is cognisant that the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years as recommended under Practice 5.3 of the MCCG.

The Company has not adopted a policy that limits the tenure of its Independent Directors to nine (9) years. However, if the Board intends to retain an Independent Non-Executive Director who has served for a cumulative term of more than nine (9) years, the Board must justify its decision and seek annual shareholders' approval through a two-tier voting process at a general meeting.

Currently, none of the four (4) existing Independent Non-Executive Directors of the Company has exceeded the tenure of a cumulative term of nine (9) years.

Based on the assessment carried out during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

2.5 Board Committees

The Board Committees are set up to manage specific tasks for which the Board is responsible within clearly defined Terms of Reference. This ensures that the Board members can deploy their time more efficiently while the Board Committees are entrusted with the authority to examine particular issues with their Terms of Reference.

The Board has established three (3) Board Committees and the membership of each Board Committee during the FYE 2023 is set out in the table below:

Composition	ARMC	NC	RC
Mr. Chan Kim Hing <i>(Independent Non-Executive Director)</i>	Chairman	Member	Member
Datin Chua Suat Khim <i>(Independent Non-Executive Director)</i>	Member	Member	Chairman
Ms. Himahlini A/P M. Ramalingam @Yalumallai <i>(Independent Non-Executive Director)</i>	Member	Chairman	Member

The Terms of Reference of the respective Board Committees are published on the Company's website at www.mercurysecurities.com.my.



Corporate Governance Overview Statement

2.6 Nomination Committee

The NC is chaired by Ms. Himahlini A/P M. Ramalingam @Yalumallai, an Independent Non-Executive Director of the Company.

The NC is to assist the Board and is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Board, Board Committees and Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment of the Directors and recommending retiring Director seeking re-election for annual shareholders' approval.

The NC's Terms of Reference including dealing with its authority, duties and responsibilities is published on the Company's website at www.mercurysecurities.com.my.

2.7 Audit and Risk Management Committee

The ARMC is chaired by Mr. Chan Kim Hing, an Independent Non-Executive Director of the Company.

The ARMC is to assist the Board and is responsible for providing additional assurance to the Board by giving an objective and independent review of financial reporting, internal audit functions, external audit, risk management and internal controls system and other operational and administrative controls and procedures.

The ARMC's Terms of Reference including dealing with its authority, duties and responsibilities is published on the Company's website at www.mercurysecurities.com.my.

2.8 Remuneration Committee

The RC is chaired by Datin Chua Suat Khim, an Independent Non-Executive Director of the Company.

The RC is to assist the Board and is responsible to implement the remuneration policy and procedures including reviewing and recommending matters relating to the remuneration of the Board and Senior Management.

The RC's Terms of Reference including dealing with its authority, duties and responsibilities is published on the Company's website at www.mercurysecurities.com.my.

2.9 Board Appointment and Re-appointment Process

The NC is tasked by the Board to make independent recommendations for appointments to the Board. In evaluating the suitability of candidates, the NC considers, *inter-alia*, the character, experience, integrity, commitment, competency, qualification, and track record of the proposed new nominee for appointment to the Board. In the case of a nominee for the position of Independent Non-Executive Director, the NC evaluates the nominee's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Director. The Board has in the review the skills of Directors, including information technology, legal, accounting and finance, taxation, general and business management, risk management and experience in the financial services industry as the matrix of skills of Directors that would be prioritised when selecting candidates for appointment to the Board.

In accordance with the Listing Requirements and the Company's Constitution, one third (1/3) of the Directors of the Company for the time being shall retire at the AGM of the Company provided always that all Directors, shall retire from office at least once in every three (3) years but shall be eligible for re-election at the AGM. Additionally, the Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the conclusion of the next AGM and shall be eligible for re-election.

In assessing the Directors' eligibility for re-election, the NC considers their competencies, commitment, contribution, performance based on their respective performance evaluation to the Board and their ability to act in the best interest of the Company. The Board makes recommendations concerning the re-election, re-appointment, and continuation in office of any Director for shareholders' approval at the AGM.

The NC and the Board has reviewed the suitability as well as fit and proper of the following Directors retiring pursuant to Clause 76(3) of the Company's Constitution and being eligible, are seeking re-election and the Board recommends that shareholders approve their re-election at the forthcoming AGM:

No.	Name of Director	Directorship
1.	Dato' A. Rahman Bin Safar	Non-Independent Non-Executive Director
2.	Mr. Chan Kim Hing	Independent Non-Executive Director

Corporate Governance Overview Statement

2.10 Annual Evaluation of the Directors, Board and Board Committees as a whole

The Board has, through the NC, undertaken a formal and objective annual evaluation to assess the effectiveness of the Board and the Board Committees as a whole and the contribution of each Director, including the independence of the Independent Non-Executive Director, referring to the guides available and the good corporate governance compliance.

The assessment of the Board and Board Committees is performed on a Board review whilst the assessment of the individual Directors is performed on a peer-review basis. Each Director is provided with the assessment forms for their completion prior to the meeting. The results of all assessments and comments by the Directors are deliberated at the NC meeting and thereafter the NC's Chairman will report the results and deliberation to the Board.

In evaluating the performance of Non-Executive Directors, the assessment comprises amongst others, the attendance at Board or Board Committee meetings, adequate preparation for Board and/or Board Committees' meetings, regular contribution to Board or Board Committees' meetings, personal input to the role and other contributions to the Board or Board Committees as a whole.

In evaluating the performance of the MD, the assessment was carried out against diverse key performance indicators including amongst others, financial, strategic and sustainability, conformance and compliance, business acumen or increase shareholders' value, succession planning and personal input to the role.

Following the Listing and subsequent to the FYE 2023, the NC and the Board carried out the annual assessment of the Board and Board Committees as a whole as well as the individual Director's performance in December 2023.

2.11 Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. In view that the Company was listed on the ACE Market of Bursa Securities on 19 September 2023, the Board had only conducted two (2) Board meetings during the FYE 2023 where it has deliberated and approved various reports and matters, including the quarterly financial results of the Group for the announcement to Bursa Securities.

The number of meetings held and attended by each member of the Board and Board Committees during the FYE 2023 are as follows:

Name of Director	Board	ARMC	NC**	RC**
Dato' Baharon Bin Talib	2/2	-	-	-
Mr. Chew Sing Guan	2/2	-	-	-
Dato' A. Rahman Bin Safar	2/2	-	-	-
Mr. Chan Kim Hing	2/2	1/1	-	-
Datin Chua Suat Khim	2/2	1/1	-	-
Ms. Himahlini A/P M. Ramalingam @Yalumallai	2/2	1/1	-	-

** There were no NC and RC meeting held during the FYE 2023 since the Company was listed on 19 September 2023. Nevertheless, the first NC and RC meetings were held on 22 December 2023.

Based on the attendance by Directors who held office during the FYE 2023, the Board is satisfied with the level of time commitment of the Directors towards fulfilling their roles and responsibilities as Directors.



Corporate Governance Overview Statement

2.12 Directors' Training

Relevant guidelines on statutory and regulatory requirements were circulated to the Board from time to time for Board's reference. During the FYE 2023, the Directors have attended the following training programmes in compliance with Rule 15.08 of the Listing Requirements:

Name of Director	Date	Programme
Dato' Baharon Bin Talib	-	Please refer to ensuing paragraph below on his training
Mr. Chew Sing Guan	10 March 2023	SRI Taxonomy: Insights and Implementation by Securities Commission Malaysia and Securities Industry Development Corporation
	31 May 2023	Grow Fintech Conference 2023 by Securities Commission Malaysia
	3 August 2023	Bursa 2023 Market Intermediaries and Advocacy Programme: Governance and Risk Management by Bursa Malaysia Securities Berhad
	7 September 2023	Surveillance Workshop by Nasdaq in partnership with Association of Stockbroking Companies Malaysia
	26 September 2023	Market Surveillance Industry Dialogue 2023 by Bursa Malaysia Securities Berhad
Dato' A. Rahman Bin Safar	-	Please refer to ensuing paragraph below on his training
Mr. Chan Kim Hing	5 July 2023	DE Rantau - Digital Nomad Hub by Perak State Government/Malaysia Digital Economy Corporation
	7 September 2023	Growing Your Business With Digital Transformation by Perak Chinese Chamber of Commerce and Industry/ Brand360.
Datin Chua Suat Khim	16 February 2023	Board's At-A-Glance – Bursa Malaysia's Enhanced Sustainability Reporting Framework/ICDM
	28 February 2023	(Re)Building the Board for Innovation/ICDM
	6 June 2023	MIA Webinar Series: Pre & Post IPO Rules
	13-14 June 2023	Virtual MIA International Conference 2023
	22 June 2023	MIA Webinar Series: Sustainability Management and Reporting
	10 July 2023	Board Sustainability Committee Dialogue & Networking: ABC Soup of ESG and You (Boards)/ICDM
Ms. Himahlini A/P M. Ramalingam @Yalumallai	5-7 December 2022	Bursa Malaysia Mandatory Accreditation Programme (MAP)

During the FYE 2023, all Directors of the Company participated in the following briefing session facilitated by the Company Secretary before the Company's listing:

- Pre-IPO Dialogue on some of the challenges that directors may face in discharging their duties and responsibilities as directors of a public listed company conducted by Bursa Securities on 18 September 2023.

Although Dato' Baharon Bin Talib and Dato' A. Rahman Bin Safar did not attend any structured training programme during the FYE 2023, they have continuously kept themselves abreast of the relevant changes and developments in the regulatory requirements, laws and accounting standards through the periodic updates from the Company Secretaries (including the briefing session as mentioned above), as well as briefings by the External Auditors respectively.

In order to effectively carry out their roles and duties, the Directors are committed to participating in professional development programmes as necessary. This ongoing commitment to professional development ensures that the Directors stay up-to-date with best practices and emerging trends in their respective areas of expertise. The Company encourages and supports the Directors' participation in such programmes, recognising the importance of maintaining a skilled and knowledgeable Board.

Corporate Governance Overview Statement

PART III – REMUNERATION

3.1 Remuneration Policy

The Board had, through the RC, established a formal and transparent remuneration policy to attract and retain Directors and Senior Management of the Company and the Group. The Remuneration Policy for Directors and Senior Management is available on the Company's website at www.mercurysecurities.com.my.

The Remuneration Policy for Directors and Senior Management aims to:

- determine the level of remuneration of Directors and Senior Management;
- attract, retain and reward high performing, experienced and qualified Directors and Senior Management by providing remuneration commensurate with their responsibilities and contributions, and being competitive with the industry; and
- encourage value creation for the Company by aligning the interests of Directors with the long-term interests of shareholders.

The RC assists the Board in implementing its policies and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company.

The RC is also responsible to ensure that the remuneration packages are commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Company. The Board will determine the remuneration package of the MD, taking into consideration the recommendations of the RC for the MD. The remuneration package for the MD is structured in such a way that it links rewards to both corporate and individual performance.

Independent Non-Executive Directors of the Company will be paid a basic fee as ordinary remuneration based on their responsibilities in Committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover. Apart from Directors' fees, all Independent Non-Executive Directors and Non-Independent Non-Executive Director are entitled to meeting allowances for attending Board and Board Committee meetings.

Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.

3.2 Remuneration of Directors

The remuneration payable to the Directors on the Company and the Group basis for the FYE 2023 are as follows:

	Directors' fees	Salary	Bonus	Contributions to EPF, Socso and EIS	Allowances	Benefits-in-kind	Total
	RM'000						
Company							
Non-Executive Director							
Dato' Baharon Bin Talib	8	-	-	-	1	-	9
Dato' A. Rahman Bin Safar	4	-	-	-	1	-	5
Mr. Chan Kim Hing	4	-	-	-	1	-	5
Datin Chua Suat Khim	4	-	-	-	1	-	5
Ms. Himahlini A/P M. Ramalingam @ Yalumalai	4	-	-	-	1	-	5
Group							
Executive Director							
Mr. Chew Sing Guan	-	300	-	13	-	16	329
Non-Executive Director							
Dato' A. Rahman Bin Safar	24	-	-	-	-	-	24



Corporate Governance Overview Statement

3.3 Remuneration of Senior Management

The Board has determined that disclosing the Senior Management's remuneration components on a named basis would not be in the best interest of the Company. Doing so may have a negative impact on the Company's ability to attract and retain talent within the competitive financial services industry.

The Board also took into consideration of sensitivity and security of the remuneration package of the Senior Management and therefore opted not to disclose on a named basis the remuneration or in bands of RM50,000.00. Instead, the Board is of the view that disclosing the Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000.00 in this Annual Report is adequate.

The aggregate remuneration and benefits paid to the Senior Management of the Group for the FYE 2023 are as follows:

Range of Remuneration	Number of Senior Management
RM100,001-RM150,000	2
RM150,001-RM200,000	3
RM500,001-RM550,000	1

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE

4.1 Effective and Independent ARMC

The ARMC is relied upon by the Board to, amongst others, provide advice and oversee in the areas of financial reporting, external audit, internal control systems and risk management, compliance and internal audit processes, review of related party transactions and/or recurrent related party transaction of a revenue or trading nature as well as conflict of interest situations.

The ARMC is chaired by Mr. Chan Kim Hing, whereas the Board is chaired by Dato' Baharon Bin Talib, both are Independent Non-Executive Directors of the Company. The positions of Board Chairman and ARMC Chairman are assumed by different individuals to ensure that the Board's review of the ARMC's findings and recommendations are not impaired but objectively deliberated.

The ARMC comprises three (3) members who are all Independent Non-Executive Directors. The composition of the ARMC complies with Rules 15.09 and 15.10 of the Listing Requirements and the recommendation of the MCCG whereby all three (3) ARMC members are Independent Non-Executive Directors. None of the Independent Directors have appointed alternate Directors. Currently, none of the members of the ARMC were former key audit partners of the present External Auditors of the Group, Messrs Grant Thornton Malaysia PLT.

The term of office and performance of the ARMC and its members are reviewed by the NC annually to determine whether such ARMC and members have carried out their duties in accordance with its Terms of Reference.

Corporate Governance Overview Statement

4.2 External Auditors

The Group has established a transparent and appropriate relationship with the External Auditors which has been accorded the authority to communicate directly with the External Auditors. The External Auditors in turn are able to highlight matters which require the attention of the Board to the ARMC in terms of compliance with the Malaysian Financial Reporting Standards, Companies Act 2016 and applicable accounting standards promulgated by the Malaysian Accounting Standards Board, financial reporting requirements, system of risk management and internal control and other related regulatory requirements.

The Board had also established the External Auditors Assessment Policy together with an annual performance evaluation form. This Policy is to outline the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the External Auditors.

The ARMC had reviewed the nature and extent of non-audit services rendered by the External Auditors during the financial year and concluded that the provision of these services did not compromise their independence and objectivity. In addition, the ARMC had received assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the By-Laws of the Malaysian Institute of Accountants and terms of all other relevant professional and regulatory requirements.

The ARMC had carried out an annual performance assessment of the External Auditors and requested the Managing Director, Chief Financial Officer and certain members of the Management team to join the assessment.

The ARMC is satisfied with the suitability and independence of the External Auditors, Messrs Grant Thornton Malaysia PLT and accordingly, based on the recommendation of the ARMC, the Board had recommended their re-appointment as the External Auditors for the financial year ending 2024 to the shareholders for approval at the forthcoming AGM.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5.1 Risk Management and Internal Control Framework

The Board has put in place a structured risk management and internal control framework within the Group as an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives and compliance with applicable rules, directives, laws and regulations of relevant authorities such as the Securities Commission Malaysia and Bursa Securities.

The Board acknowledges its overall responsibilities in establishing a sound risk management framework and internal control system within the Group. The risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It provides reasonable assurance against material misstatement of financial information and records or against financial losses or fraud.

Details of the Group's risk management and internal control framework are disclosed in the Statement on Risk Management and Internal Control on pages 55 to 60 of this Annual Report.



Corporate Governance Overview Statement

5.2 Internal Audit Function

The Group has an in-house internal audit function that is independent of the activities and operations it audits. The internal audit function reports directly to the ARMC on a quarterly basis.

The principal role of the internal audit function is to undertake independent, regular and systematic reviews of the internal control system to provide reasonable assurance on the adequacy and integrity of the risk management system, internal control and governance of the Group to safeguard, amongst others, the Group's assets and resources. It is also the responsibility of the internal audit function to provide the ARMC with independent and objective reports on the state of internal controls and risk management of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The ARMC reviews and approves the Internal Audit Plan annually and ensures that adequate resources are in place to facilitate the discharge of duties by the internal audit function. The internal audit team adopts a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system.

The Board had established and approved the Internal Audit Charter which serves to define and establish the mission, objectives, scope of work, status, authority, accountability and responsibilities of the Group's internal audit function. The Internal Audit Charter is available on the Company's website at www.mercurysecurities.com.my.

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – COMMUNICATION WITH STAKEHOLDERS

6.1 Continuous Communication with Stakeholders

The Board recognises the importance of providing effective communication platforms to provide accurate, timely, transparent and valuable insights on the Company's performance and financial position to the shareholders and other stakeholders. As such, the Board shall consistently ensure prompt and timely dissemination of information to the shareholders and other stakeholders, for them to make informed investment decisions whilst the Board shall be mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Quarterly results, annual reports and other announcements serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's business performance, progress and developments. The Company's corporate website, www.mercurysecurities.com.my serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, Board Charter and policies, announcements, news and events relating to the Group.

The Company's general meetings remain an informative platform for the shareholders to engage directly with the Company's Directors. Shareholders are encouraged to attend the general meetings and they are given sufficient time and opportunity to participate in the proceedings, raise concerns on the resolutions being proposed and the operations of the Group and to communicate their views and expectations relating to the Group and the resolution(s) tabled for their approval at general meetings. All Directors will attend and participate at the Company's general meetings and are available to provide meaningful response if there is any question addressed to them.

Corporate Governance Overview Statement

6.2 Corporate Disclosure Policy

The Board believes that a robust and interactive stakeholder engagement and management are important components of sound corporate governance and promotes a better appreciation of the Company's and the Group's long-term strategies and vision.

The Board is committed to provide effective communication to shareholders and the general public regarding the business, operations and financial performance of the Group and where necessary, that information filed with regulators is in accordance with the Listing Requirements and all other applicable legal and regulatory requirements.

The Board observes the Corporate Disclosure Guide as issued by Bursa Securities which is calibrated in line with the disclosure requirements as stipulated in the Listing Requirements, and also setting out the protocols for disclosing material information to shareholders and the investing public.

6.3 Integrated Reporting

The Board is of the view that the existing Annual Report provides a holistic overview of the Group's business and operational activities as non-financial information are disclosed through the Sustainability Statement, Management Discussion & Analysis and the Audit and Risk Management Committee Report to complement the financial information available from the Audited Financial Statements.

PART II – CONDUCT OF GENERAL MEETINGS

7.1 Conduct of General Meetings

The AGM remains the principal forum for dialogue with shareholders where they may seek clarification on the Company's financial performance, businesses and reports.

In line with Practice 13.1 of the MCCG, the notice convening the Third AGM ("3rd AGM") of the Company to be held on 29 March 2024 was issued to the shareholders at least 28 days before the 3rd AGM date, which gives shareholders sufficient time to prepare themselves to attend the 3rd AGM or to appoint a proxy or proxies to attend and vote on their behalf.

In addition, the Company included explanatory notes to the ordinary and special business of the 3rd AGM, to facilitate shareholders' full understanding and evaluation of issues involved in the proposed resolutions.

The Board believes that the participation of shareholders in the Company's general meeting is the more appropriate platform where shareholders' views, queries and concerns may be conveyed to the Board for clarification. At the AGM and any other general meetings, the shareholders are encouraged to participate in discussing the resolutions proposed or future developments of the Group's operations in general. The Board will ensure that all Board members, Senior Management, External Auditors and Company Secretaries are present to respond to shareholders' views and queries and provide clarification during the forthcoming 3rd AGM and any other general meetings.

All resolutions set out in the notice of the 3rd AGM will be put to vote by poll and the votes cast will be validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the 3rd AGM and any other general meetings will be announced to Bursa Securities at the end of the meeting day.



Corporate Governance Overview Statement

7.2 Effective Communication and Proactive Engagement

From the Company's perspective, the AGM serves as a forum for Directors to engage with the shareholders personally to understand their needs and seek their feedback. The Board encourages the shareholders to raise their questions and feedback during the shareholders' meetings and ensures their queries are responded to properly and systematically.

The Board ensures that a reasonable time is provided to the shareholders for discussion at the 3rd AGM before each resolution is proposed. The summary of the key matters discussed at the 3rd AGM will be published on the Company's website at www.mercurysecurities.com.my for the shareholders' information.

7.3 Leveraging on Technology for Voting in Absentia and Remote Shareholders' Participation

The Company's Constitution provides for the use of any available technology or method that allows all shareholders of the Company to participate and to exercise shareholders' rights to speak and vote at general meetings or any adjournment thereof subject to applicable rules, regulations and laws.

Based on an analysis of the shareholders, the Company does not have a large number of shareholders and, a large majority of shareholders are Malaysians. Further, all general meetings are held at a location which is easily accessible to all shareholders. As such, the concern over voting in absentia and/or remote shareholders' participation at AGM or other general meeting are not applicable. As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings.

However, in the event that physical attendance at any of the Company's general meeting is curtailed and/or not permitted arising from unforeseen circumstances, the use of available technology is prioritised to allow shareholders' full participation including the right to attend, speak (via text messages) and vote at such general meeting.

STATEMENT BY THE BOARD ON CG STATEMENT

The Board will continue to strive for sound standards of corporate governance throughout the Group. The Board considers and is satisfied that to the best of its knowledge, the Company has in all material aspects, satisfactorily fulfilled its obligations with the principles and practices set out in the MCCG and the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance throughout the FYE 2023, except for the departures set out in the Corporate Governance Report.

The CG Statement is issued in accordance with a resolution of the Board of Directors dated 2 February 2024.

Audit and Risk Management Committee Report

The Audit and Risk Management Committee (“ARMC”) is pleased to present the ARMC Report for the financial year ended 31 October 2023 (“FYE 2023”).

COMPOSITION OF THE ARMC

At present, the ARMC comprises of 3 members as follows:

ARMC Members	Designation	Directorship
Mr. Chan Kim Hing	Chairman	Independent Non-Executive Director
Datin Chua Suat Khim	Member	Independent Non-Executive Director
Ms. Himahlini A/P M. Ramalingam @Yalumallai	Member	Independent Non-Executive Director

The Chairman, Mr. Chan Kim Hing and a member, Datin Chua Suat Khim are qualified accountant and are member of the Malaysian Institute of Accountants. In this respect, the composition of the ARMC complies with Rules 15.09 and 15.10 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

The Company complies with Rule 15.09 of the Listing Requirements as well as Practice 9.1 and Practice 9.4 of the Malaysian Code on Corporate Governance 2021, where all members of the ARMC fulfil the requirements as prescribed.

TERMS OF REFERENCE

The ARMC assists the Board to inter alia, fulfilling its oversight responsibilities relating to the corporate accounting, system of internal controls and risk management, management and financial reporting practices, reviewing the Group’s quarterly financial results and annual audited financial statements.

The Terms of Reference of the ARMC is available on the Company’s website at www.mercurysecurities.com.my.

MEETINGS AND ATTENDANCE

The ARMC convened two (2) meetings during the financial year and up to the date of this report. Details of attendance of each member of the ARMC who held office during FYE 2023 are as follows:

ARMC Members	Attendance
Mr. Chan Kim Hing	2/2
Datin Chua Suat Khim	2/2
Ms. Himahlini A/P M. Ramalingam @Yalumallai	2/2

The meetings were appropriately structured through the use of agendas, which were distributed to members prior to the meeting. The Managing Director, Chief Financial Officer, Internal Auditor, Compliance Officer, Head of Credit and Risk Management, the representatives of the External Auditors, Messrs Grant Thornton Malaysia PLT, other members of the management and employees of the Group were present as and when invited.

The ARMC Chairman reported the proceedings of the ARMC meetings to the Board after every ARMC meeting. Minutes of the ARMC meetings are circulated to all members of the Board and significant issues were brought up and discussed at Board meetings.



Audit and Risk Management Committee Report

SUMMARY OF ACTIVITIES

The Company was listed on the ACE Market of Bursa Securities on 19 September 2023 (“Listing”) and hence, the activities undertaken by the ARMC during the FYE 2023 after the Listing and up to the date of this ARMC Report were as follows:

Matters relating to Financial Reporting

- (i) Reviewed the unaudited quarterly results for the financial quarters ended 31 July 2023 and 31 October 2023 before they were presented to the Board for approval.
- (ii) Reviewed the audited financial statements for the FYE 2023, Directors’ Reports and other significant accounting issues arising from the audit for the financial year ended 31 October 2023 with the External Auditors before they were presented to the Board for approval.
- (iii) Reviewed and recommended all the reports and statements for inclusion in this Annual Report to the Board for approval.
- (iv) Reviewed and took note of all related party transactions reported for the FYE 2023 to ensure that the transactions were at arm’s length basis and on normal commercial terms.

Matters relating to External Audit

- (i) Reviewed and approved the audit planning memorandum and final audit findings for the FYE 2023 prepared by the External Auditors.
- (ii) Reviewed with the External Auditors, the results of the audit, audit report and recommendations. The ARMC discussed with the Senior Management and the External Auditors, amongst others, the accounting policies and standards that were applied and their exercise of judgment on the items that may affect the financial results and the financial statements before recommending the quarterly financial results and annual audited financial statements for approval by the Board.
- (iii) The ARMC confirmed with the External Auditors that the annual financial statements of the Group have been prepared in compliance with applicable Malaysian Financial Reporting Standards. New financial reporting standards and amendments that are effective for the financial year were discussed. The impact of the adoption of these new standards and amendments on the Group’s reported financial position, financial performance and cash flows are disclosed in the quarterly consolidated financial statements and annual audited financial statements.
- (iv) Conducted two (2) private meetings with the External Auditors without the presence of Senior Management so as to provide the External Auditors with an avenue to express any concerns they may have.
- (v) Reviewed and assessed the performance, suitability, and independence of the External Auditors. After carrying out the evaluation, recommended to the Board to propose to shareholders the re-appointment of the External Auditors at the forthcoming AGM of the Company.

- (vi) Reviewed the audit services and non-audit services provided by the External Auditors and their corresponding fees incurred. The ARMC had concluded that the External Auditors had remained independent during the FYE 2023.

Matters relating to Internal Audit

- (i) Reviewed and approved the internal audit annual plan which included the risk-based methodology, resources requirements and proposed internal audit planned activities for financial year 2023/2024.
- (ii) ARMC took note of the Internal Audit Charter which was reviewed as part of the regular exercise and the Internal Audit Charter was guided by the International Professional Practices Framework (IPPF) requirements issued by Institute Internal Auditors.
- (iii) Reviewed and deliberated the internal audit reports that highlighted audit issues, root causes, recommendations as well as Senior Management’s responses and recommendations are implemented.
- (iv) Reviewed the adequacy of the Senior Management’s responses to audit findings and unresolved outstanding issues.
- (v) Assessed and evaluated the performance and effectiveness of the internal audit after the FYE 2023, which includes the scope, functions, competency and resources as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency.

Summary of Activities of the Internal Audit Function

In accordance to Rule 15.27 of the Listing Requirements, a listed issuer must establish an internal audit function which is independent of the activities it audits and must ensure its internal audit function report directly to audit committee. In furtherance thereof, the internal audit activities in the FYE 2023 were performed in-house by the Internal Audit Department. The Internal Auditor assists the ARMC and the Board by providing an independent objective assessment on the adequacy and effectiveness of Company’s risk management and internal control system and processes.

The Internal Auditor reports directly to the ARMC and internal audit plans are tabled to the ARMC for review and approval to ensure adequate coverage. The total cost incurred for the internal audit function for the FYE 2023 amounted to RM0.08 million.

During the FYE 2023, the ARMC approved the internal audit plan for the FYE 2024 tabled by the Internal Auditor.

Subsequent to the FYE 2023, the Internal Auditor tabled the following internal audit reports to the ARMC for deliberations:

- (i) Effectiveness and Efficiency of Credit Control and Risk Management for the Principal Office - Butterworth;
- (ii) Assessment of Effectiveness and Efficiency of Corporate Finance Department for the Branch Office - Kuala Lumpur; and
- (iii) Appraisal on the Management Performance - ARMADA system for the Principal Office - Butterworth.

Nomination Committee Report

The Nomination Committee (“NC”) is pleased to present the NC Report for the financial year ended 31 October 2023 (“FYE 2023”).

COMPOSITION OF THE NC

At present, the NC comprises of 3 members as follows:

NC Members	Designation	Directorship
Ms. Himahlini A/P M. Ramalingam @Yalumallai	Chairman	Independent Non-Executive Director
Datin Chua Suat Khim	Member	Independent Non-Executive Director
Mr. Chan Kim Hing	Member	Independent Non-Executive Director

The Company complies with Rule 15.08A(1) of the Listing Requirements as well as Practice 5.2 of the MCCG, where all members fulfil the requirements as prescribed.

TERMS OF REFERENCE

The NC assists the Board to, *inter-alia*, review the composition of the Board and Board Committee, assess the performance of the Board, Board Committees, and its members, making recommendation for appointment of new Directors and re-re-election of retiring Directors.

The Terms of Reference of the NC is available on the Company’s website at www.mercurysecurities.com.my.

MEETINGS AND ATTENDANCE

The NC convened one (1) meeting after the financial year. Details of attendance of each member of the NC who held office during FYE 2023 are as follows:

NC Members	Attendance
Ms. Himahlini A/P M. Ramalingam @Yalumallai	1/1
Datin Chua Suat Khim	1/1
Mr. Chan Kim Hing	1/1

The NC Chairman reported the proceedings of the NC meetings to the Board after every NC meeting. Minutes of the NC meetings are circulated to all members of the Board and significant issues were brought up and discussed at Board meetings.

SUMMARY OF ACTIVITIES

The Company was listed on the ACE Market of Bursa Securities on 19 September 2023 (“Listing”) and hence, the activities undertaken by the NC during the FYE 2023 after the Listing and up to the date of this NC Report were as follows:

- Evaluated the balance of skills, knowledge, and experience of the Board.
- Carried out the assessment and rating of each Director’s performances against the criteria as set out in the annual assessment form. The performance of Non-Executive Directors was also carefully considered, including whether he/she could devote sufficient time to the role.
- Undertaken an effectiveness evaluation exercise of the Board and Board Committees as a whole with the objective of assessing its effectiveness.
- Reviewed and assessed the independence of the Independent Directors of the Company.
- Reviewed and assessed the performance of the ARMC and the RC.
- Reviewed and recommended to the Board for consideration, the re-election of the Directors who were due to retire at the forthcoming Annual General Meeting.



Remuneration Committee Report

The Remuneration Committee (“RC”) is pleased to present the RC Report for the financial year ended 31 October 2023 (“FYE 2023”).

COMPOSITION OF THE RC

At present, the RC comprises of 3 members as follows:

RC Members	Designation	Directorship
Datin Chua Suat Khim	Chairman	Independent Non-Executive Director
Ms. Himahlini A/P M. Ramalingam @Yalumallai	Member	Independent Non-Executive Director
Mr. Chan Kim Hing	Member	Independent Non-Executive Director

The Company complies with Practice 7.2 of the MCGG, where all members fulfil the requirements as prescribed.

TERMS OF REFERENCE

The RC is responsible to assist the Board *inter-alia*, to implement the remuneration policies and procedures including reviewing and recommending matters relating to the remuneration of Board and Senior Management.

The Terms of Reference of the RC is available on the Company’s website at www.mercurysecurities.com.my.

MEETINGS AND ATTENDANCE

The RC convened one (1) meeting after the financial year. Details of attendance of each member of the RC who held office during FYE 2023 are as follows:

RC Members	Attendance
Datin Chua Suat Khim	1/1
Ms. Himahlini A/P M. Ramalingam @Yalumallai	1/1
Mr. Chan Kim Hing	1/1

The RC Chairman reported the proceedings of the RC meetings to the Board after every RC meeting. Minutes of the RC meetings are circulated to all members of the Board and significant issues were brought up and discussed at Board meetings.

SUMMARY OF ACTIVITIES

The Company was listed on the ACE Market of Bursa Securities on 19 September 2023 (“Listing”) and hence, the activities undertaken by the RC during the FYE 2023 after the Listing and up to the date of this RC Report were as follows:

- Reviewed the annual remuneration package of the Directors and key management; and
- Reviewed the Directors’ fees, allowances, and benefits-in-kind.

The details of the remuneration, fees, allowances and benefits paid to the Directors of the Company and the Group for services rendered in all capacities for financial year ended 31 October 2023 are tabulated under Practice 8.1 of the Corporate Governance Report.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors of Mercury Securities Group Berhad (“the Company”) (“Board”) is pleased to present the Statement on Risk Management and Internal Control (“this Statement”) pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”).

The Board is committed to the effective management of risk and the maintenance of a sound system of internal control of the Company and its subsidiaries (“the Group”). The Board believes that effective risk management and internal control are essential to the achievement of the Company’s objectives and the protection of the Group’s assets and businesses.

RESPONSIBILITY

The Board recognises that it is responsible for the Group’s system of risk management and internal control and for reviewing its adequacy and integrity. The Board’s responsibility in relation to the system of risk management and internal control extends to the Group. The Group’s system of risk management and internal control is designed to manage the principal business risks that may impede the Group from achieving its business objectives. However, due to the limitations that are inherent in any system of risk management and internal control, the Group’s risk management and internal control system may not be able to completely eliminate the risk of failure to achieve the Group’s business objectives and the protection of the Group’s assets and businesses. The system can only provide reasonable assurance against material misstatement or loss.

The Board has undertaken a review of the adequacy and effectiveness of the risk management and internal control system and concluded that the system is adequate and effective. Further, the Board has obtained assurance from the Managing Director, the Chief Financial Officer and the Internal Auditor that the Group’s risk management and internal control system is operating adequately and effectively in all material aspects.

ASSURANCE MECHANISM

The Board has assigned the Audit and Risk Management Committee (“ARMC”) with the duty of reviewing and monitoring the adequacy and effectiveness of the Group’s system of risk management and internal control. The Internal Auditor and the Compliance Officer furnish the ARMC with reports on their respective findings, including the recommended corrective actions, potential risks, implications and Management’s responses. The External Auditors update the ARMC on areas for improvement identified during the course of their statutory audit. The Board also reviews the minutes of the meetings of the ARMC. The Report of the ARMC is set out on pages 51 to 52 of this Annual Report.



Statement on Risk Management and Internal Control

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

In carry out their respective responsibilities, all key management staff are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business and decision-making processes. On a quarterly basis, the Risk Management Committee (“RMC”) will update and report to the ARMC and the Board on the status of risk management activities. Changes to risk profiles and emerging risks are also identified and promptly brought to the attention of Board and the ARMC.

The Group has an extensive system of internal control that enables the Management to ensure that established policies, guidelines and procedures are followed and complied with. The key features of the Group’s system of internal control include the following:

(1) Regular Management Meeting

At Senior Management level, management level committees have been established to assist the Board to holistically manage the risks and business of the Group. These management level committees coupled with the ARMC, NC and RC, to meet regularly and address all classes of risk within the Board delegated mandates.

(2) Organisation Structure

Formal organisational structure in place to clearly define the accountability, reporting lines and approving authorities to build an appropriate system of checks and balances, corresponding to the needs of the business and operations activities.

(3) Internal Policies and Procedures

Internal policies, procedures and practices including authority limit on key activities that lay down the objective, scope, policies and operating procedures for the Group, are made available to appropriate staff in the Group. The policies and procedures are reviewed regularly to ensure its appropriateness and in alignment with applicable regulatory requirements and in consideration of changing risks profile or new products or services that are made available.

(4) Employees’ training

Training is provided to employees of the Group on relevant regulatory requirements, and guidance on implementation of internal controls to manage compliance and regulatory risks. As prescribed in the SC’s Licensing Handbook, all licensed representatives holding Capital Markets Services Representative’s Licence (“CMSRL”) for a regulated activity are required to obtain the requisite continuing professional education hours by attending approved courses to enable their CMSRL to be renewed by the Securities Commission Malaysia annually.

(5) Business Continuity Management

Business continuity plans established for Group’s core businesses to ensure business operations continue to keep running even in the event of disaster or disruption. The Management is responsible to ensure that the Group can expeditiously respond to and recover from significant unexpected events to limit disruption and impact to the operations. Regular testing or drills are conducted for the purpose of staff preparedness, readiness of disaster recovery site and effectiveness of communication.

Statement on Risk Management and Internal Control

(6) Internal Audit

The Internal Audit function provides an independent assurance on the system of risk management and internal control from the performance scheduled Internal Audit activities in accordance with the annual Internal Audit plan approved by the ARMC or unscheduled internal audit arising from circumstances.

(7) Compliance

The Compliance function provides an independent assurance on the compliance with regulatory requirements from the performance of scheduled compliance activities in accordance with regulatory requirements and the Compliance plan is approved by the ARMC or other unscheduled activities arising from circumstances.

(8) Whistleblowing Policy and Procedures (“Whistleblowing Policy”)

The Group has adopted the Whistleblowing Policy, which provides an avenue for employees, clients, third party service providers, vendors and suppliers and members of the public to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct on a confidential basis without fear of any form of victimisation, harassment, retribution or retaliation.

The Whistleblowing Policy and how to make a report by a complainant is published on the Company’s website at www.mercurysecurities.com.my.

(9) Anti-Bribery Anti-Corruption Policy and Guidelines (“ABAC Policy”)

In response to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Group has established the ABAC Policy. The Group adopts a zero-tolerance policy approach against all forms of bribery and corruption in its daily operations, and take all reasonable and appropriate measures to ensure that all the Directors, Management, and employees are committed to act professionally and with integrity in all their business dealings and not participate in any corruption activities for their advantage or benefit.

The ABAC Policy and how to make a report by a complainant is published on the Company’s website at www.mercurysecurities.com.my.

RISK MANAGEMENT

In line with the Malaysian Code on Corporate Governance 2021, the Company has established an enterprise risk management system. The Board entrusts the ARMC with the overall responsibility to regularly review and monitor the risk management activities of the Group, and to approve appropriate risk management procedures and measurement methodologies.

BOARD RESPONSIBILITIES

The Board is responsible for:

- (a) Reviewing and approving the Group’s overall risk strategy, including the risk appetite, and overseeing its implementation to support the sustainability of the Group.
- (b) Ensuring that the Group establishes comprehensive risk management frameworks, policies, processes and infrastructure to manage risks arising from the Group’s business activities.

The Board has established the ARMC together with its Terms of Reference and also delegated to Senior Management to oversee and review major functional areas and ensure critical issues and relevant matters are appropriately addressed in a timely and strategic manner.



Statement on Risk Management and Internal Control

SENIOR MANAGEMENT RESPONSIBILITIES

Key responsibilities of the Senior Management are as follows:

- (a) Formulating and implementing risk framework, risk strategy, risk appetite and risk management policies.
- (b) Ensuring that business operations are aligned with the Group's strategies and risk strategy.
- (c) Ensuring that all relevant material risks and emerging risks are adequately identified, assessed and subsequently reported to the ARMC and the Board.

RISK STRATEGY

The Group establishes appropriate risk governance, processes and controls in order to pursue its strategic business objectives with confidence, to protect its financial position and stakeholders' interest; and to deliver sustainable profitability. While it may not be possible or feasible to eliminate all inherent risks within the Group, a set of risk mitigation techniques have been established to reduce the impact of these risks.

The Group seeks to accomplish its risk strategy by:

- ensuring that all identified material risks are adequately managed;
- establishing risk appetite parameters to manage the Group's risk-taking activities;
- identifying and allocating clear roles and responsibilities for the control of risks within the Group;
- avoiding unjustified risk concentrations; and
- inculcating a prudent risk and compliance culture.

RISK APPETITE

The Group strives for a balanced, sustainable growth by performing business activities in accordance with approved policies and limits; balancing between risks and rewards; and protecting the interest of our various stakeholders. These are supported by ensuring strong risk management practices, active liquidity management and a healthy capital position.

RISK MANAGEMENT PROCESS

The key aspects of the risk management process are as follows:

- The business units are required to identify the risks relevant to the conduct of their day-to day businesses.
- The level of residual risk is determined after evaluating the effectiveness of controls and mitigating measures.
- The business units are required to update their risk profiles and review their processes in monitoring the risks periodically.
- The risks are then assessed based on the probability of their occurrence and are evaluated as low, medium or high.
- The business units develop control procedures or action plans to either prevent the occurrence or reduce the impact upon its occurrence.
- The RMC will meet to discuss with the business units on the risk profiles and evaluate the measures taken to mitigate the risks identified.
- As and when needed, the business units and the RMC are required to prepare a report summarising the significant risks and status of action plan. Selected reports will be submitted to the ARMC for review and deliberation.

For the financial year ended 31 October 2023, the ARMC held one (1) meeting where it reviewed and evaluated the adequacy of risk management activities of a major subsidiary of the Company, Mercury Securities Sdn Bhd and recommended certain measures to be adopted to mitigate its business risk exposures.

The abovementioned process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in this Annual Report.

Statement on Risk Management and Internal Control

ANTICIPATED OR KNOWN RISK AND MITIGATING MEASURES

The key identified risks and mitigating measures implemented the Group are set out in the table below:

Risk category	Risk definition	Mitigating measures
Regulatory non-compliance risk	The risk of loss or imposition of penalties, fines, or other liabilities arising from breaches of applicable laws, regulations, or contractual obligations.	<ul style="list-style-type: none"> Monitoring of regulatory requirements and landscape changes. Implement compliance programmes to ensure adherence to regulatory requirements.
Economic, regulatory and political risk	The risk of loss in the event of any unfavourable changes in the economic, regulatory and political developments that have an adverse impact on the Group.	<ul style="list-style-type: none"> Continuously monitors the development of international and domestic economic, regulatory and political conditions. Review and align business strategies to address challenges faced. Implement policies and procedures to address additional regulatory requirements.
Credit risk	The risk of loss due to failure by customers/counterparties to fulfill their financial or contractual obligations.	<ul style="list-style-type: none"> Credit risk management policies and procedures. Counterparty limits for remisiers and clients. Risk Acceptance Criteria. Credit and securities concentration limits. Credit authorisation. Close monitoring of customers under Watch Lists.
Market risk	The risk of loss arising from volatile changes in market variables such as interest rates, foreign exchange rates and securities prices.	<ul style="list-style-type: none"> Market risk management policies. Risk measurement/valuation tools. Single securities and single client limit. Timely mark-to-market stress testing.
Liquidity risk	<ul style="list-style-type: none"> The risk of loss resulting from the Group's inability to meet its financial obligations, when due. Risk of incurring losses when attempting to liquidate securities held as collaterals, due to market disruptions and/or illiquid market situations. 	<ul style="list-style-type: none"> Liquidity risk management policies. Single security limit and price capping of securities. Liquidity stress testing and simulations. Contingency funding plan. Monitoring & reporting of significant outstanding buy positions.
Technology and cybersecurity risk	<p>The risk of loss from the usage of Information Technology platforms, systems, applications, and infrastructure.</p> <p>Cyber security refers to the ability or process of protecting information against cyber threats and recovering from them.</p>	<ul style="list-style-type: none"> Continuously strengthen cyber security defences, including network segmentation, and security tools or mechanisms. Implementation of detective, protective, response and recovery cyber security controls. Annual testing of cyber security controls or defences e.g. penetration testing.
Operational risk	The risk of loss resulting from failures of processes, people and systems; or from external events.	<ul style="list-style-type: none"> Conduct robust risk assessments at corporate and department levels. Implement a comprehensive Business Continuity Plan ("BCP"). Annual review of BCP to ensure the critical business functions and technology operations. Set up incident response measures. Establish and review policies and procedures according to regulatory guidelines and standards; to ensure relevancy, adequacy and efficacy.



Statement on Risk Management and Internal Control

Risk category	Risk definition	Mitigating measures
Strategic risk	The risk of loss arising from adopting the wrong business strategy, failure to properly execute business strategies, or failure to effectively respond to changes in the industry/economy.	<ul style="list-style-type: none"> • Regularly monitor competition, geopolitical and macroeconomic risks. • Track and deliberate on changes in business performance criteria, with proactive actions taken to mitigate adverse changes. • Management of potential market disruptors and economic or investment trends. • Continued engagements with business partners. • Innovation in products and services.
Reputational risk	The risk of loss arising from negative perception by customers, counterparties, shareholders and other relevant key stakeholders.	<ul style="list-style-type: none"> • Employees' Code of Conduct and Ethics policy. • Anti-bribery Anti-corruption Policy and Guidelines. • Whistleblowing Policy and Procedures. • Customer profiling, due diligence & risk rating and monitoring. • Managing investors and other stakeholders' relations. • Corporate Social Responsibility programmes.

INTERNAL AUDIT FUNCTION

The Group has an established Internal Audit Department ("IAD"), whose primary function is to assist the ARMC in providing independent assessment of the adequacy, efficiency and effectiveness of the established risk management and internal control system.

To ensure independence and objectivity, the IAD reports directly to the ARMC and internal audit plans are tabled to the ARMC for review and approval to ensure adequate coverage.

On a quarterly basis, the results of the internal audit reviews and the recommendations for improvement are presented to the ARMC. In addition, the status of implementation of corrective actions to address control weaknesses is also followed up by the Internal Auditor to ensure that these unresolved outstanding issues have been resolved and satisfactorily implemented. Senior Management will continue to ensure appropriate actions are taken to enhance and strengthen the internal control environment.

Further activities of the IAD are set out in the ARMC Report on page 52 of this Annual Report.

REVIEW BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements, the Company's External Auditors have reviewed this Statement for inclusion in this Annual Report, and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control. The External Auditors do not assume responsibility to any person other than the Board in respect of any aspect of this Statement.

Their review was performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"), a guidance issued by the Malaysian Institute of Accountants for auditors on engagements to report on this Statement to be included in Annual Report. Based on the review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control system within the Group. AAPG 3 does not require the External Auditors to consider whether this Statement covers all the risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon.

CONCLUSION

The Board is of the view that the Company's risk management and internal control system is adequate and effective to safeguard the Group's assets and businesses, as well as the shareholders' investments. The Board will continue to monitor and review the framework on an ongoing basis to ensure that it remains relevant and effective. The risk management and internal control system was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Company's Annual Report. This Statement is made in accordance with a resolution of the Board of Directors dated 2 February 2024.

Statement on Directors' Responsibility

in Relation to the Financial Statements

The Directors of Mercury Securities Group Berhad are required by the Companies Act 2016 ("CA 2016") to prepare financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries ("Group") at the end of each financial year and of their results and cash flows for the financial year then ended in accordance with the applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs), the provisions of the CA 2016 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended 2023, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable;
- ensured that applicable accounting standards have been complied with; and
- applied the going concern basis, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors are also responsible for ensuring that the Company maintains proper accounting records and other records that disclose with reasonable accuracy the financial position of the Group and of the Company, and that the financial statements comply with the regulatory requirements. The Directors have general responsibility for taking reasonably steps to safeguard the assets of the Group and of the Company, and to take all necessary measures to prevent fraud and other irregularities.

In undertaking the responsibilities placed upon them by the law, the Directors have relied upon the Group's system of internal control and the independent functioning of the internal audit function to provide them with assurance that the Group's accounting records and other relevant records have been maintained by the Group in a manner that enables them to sufficiently explain the transactions and financial position of the Group, and to ensure that true and fair financial statements and documents required by the CA 2016 are prepared for the financial year to which these financial statements relate.

This Statement is made in accordance with a resolution of the Board of Directors dated 2 February 2024.



Additional Compliance Information

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

Mercury Securities Group Berhad was listed on the ACE Market of Bursa Malaysia Securities Berhad on 19 September 2023 (“Listing”). In conjunction with the Listing, the Company undertook a public issue of 157,095,700 new ordinary shares at an issue price of RM0.25 per share, raising total gross proceeds of RM39.27 million (“IPO Proceeds”). As at 31 January 2024, the status of the utilisation of the IPO Proceeds are as follows:

Details of use of proceeds	Proposed Utilisation (RM'000)	Amount Utilised (RM'000)	Balance Unutilised (RM'000)	Estimated timeframe for use from the date of Listing
Margin financing facility services	26,860	8,942	17,918	Within 24 months
Enhancement of digitalisation programme and marketing activities for the stockbroking business and operations of the Group	2,880	318	2,562	Within 18 months
Working capital	4,634	4,634	-	Within 12 months
Listing expenses	4,900	4,900	-	Within 3 months
Total	39,274	18,794	20,480	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 August 2023.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors, Messrs Grant Thornton Malaysia PLT by the Company and its subsidiaries (collectively, the “Group”) respectively for the financial year ended 31 October 2023 (“FYE 2023”) were as follows:

	Group RM	Company RM
Audit fees	140,000	35,000
Non-audit fees (services as Reporting Accountants for our IPO)	510,000	510,000

MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND/OR MAJOR SHAREHOLDERS' INTEREST

Other than the recurrent related party transactions entered into in the ordinary course of business as disclosed in Note 23 to the Audited Financial Statements for the FYE 2023, there are no other material contracts entered into by the Group involving the interest of Directors, chief executive and/ or major shareholders, either subsisting at the end of the FYE 2023 or entered into since the end of the previous financial year.

RELATED PARTY TRANSACTIONS (“RPT”) AND/OR RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”)

There was no RRPT or RPT entered into by the Group which involves the interest of Directors, chief executive and/or major shareholders during the FYE 2023 save for the RRPT as disclosed in Note 23 to the Audited Financial Statements for the FYE 2023.

Financial Statements

Directors' Report	64
Directors' Statement	69
Statutory Declaration	69
Independent Auditors' Report to the Members	70
Statements of Financial Position	75
Statements of Comprehensive Income	76
Consolidated Statement of Changes in Equity	77
Statement of Changes in Equity	79
Statements of Cash Flows	80
Notes to the Financial Statements	83



Directors' Report

for the Financial Year ended 31 October 2023

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **31 October 2023**.

PRINCIPAL ACTIVITY

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) for the financial year	8,387,709	(3,903,158)

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 October 2023** have not been substantially affected by any item, transaction or event of a material and unusual nature except for the one-time non-recurring Initial Public Offering expenses amounting to RM3,931,652 incurred for the listing of the Company which has been deducted from the Group's profit to arrive at the final Group's profit of RM8,387,709 during the financial year as disclosed in Note 19 to the financial statements.

DIVIDENDS

The directors do not recommend any dividend payment for the current financial year.

On 26 December 2023, the Company had declared a single tier interim dividend of 0.5 sen per ordinary share amounting to RM4,465,000 in respect of the financial year ending 31 October 2024 which will be paid on 2 February 2024 to entitled shareholders as at 12 January 2024. The current financial year statements do not reflect this declared dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 October 2024.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the notes to the financial statements.

Directors' Report

for the Financial Year ended 31 October 2023

SHARES CAPITAL AND DEBENTURE

During the financial year, the Company had increased its issued and paid-up ordinary share capital from RM3 to RM154,640,574 by way of issuance of:

- (i) 735,904,000 new ordinary shares in the Company amounting to RM117,008,736 to satisfy the purchase consideration for the acquisition of Mercury Securities Sdn. Bhd. and its wholly-owned subsidiaries; and
- (ii) 157,095,700 new ordinary shares in conjunction with the Initial Public Offering exercise of the Company as disclosed in Note 28 to the financial statements.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing ordinary shares of the Company.

Other than the foregoing, the Company did not issue any other share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

DIRECTORS

The directors of the Company in office since the beginning of the financial year to the date of this report are:

Directors of the Company:

Dato' Baharon Bin Talib

* **Chew Sing Guan**

* **Dato' A. Rahman Bin Safar**

Chan Kim Hing

Datin Chua Suat Khim

Himahlini A/P M. Ramalingam @ Yalumallai

Directors of the subsidiaries:

The directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report, not including those directors listed above, are:

Chew Yoke Lin

Loke Hooi Pheng

Lim Eng Ean

* Also directors of subsidiaries.



Directors' Report

for the Financial Year ended 31 October 2023

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings as required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares in the Company during the financial year are as follows:

	←----- Number of ordinary shares -----→			Balance at 31.10.2023
	Balance at 1.11.2022	Allotment/ Subscribe	Sold	
The Company				
Direct Interest:				
Dato' Baharon Bin Talib	-	250,000	-	250,000
Chew Sing Guan	100	331,156,800	-	331,156,900
Dato' A. Rahman Bin Safar	100	73,590,400	-	73,590,500
Chan Kim Hing	-	650,000	-	650,000
Datin Chua Suat Khim	-	150,000	-	150,000
Himahlini A/P M. Ramalingam @ Yalumallai	-	150,000	-	150,000
Deemed Interest:				
Chew Sing Guan *	-	110,000	-	110,000
Dato' A. Rahman Bin Safar *	-	25,000	-	25,000

* Deemed interest pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by their children.

By virtue of his shareholdings in the Company, Mr. Chew Sing Guan is also deemed interested in the shares of all the subsidiaries of the Company, to the extent that the Company has interests.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Company are as follow:

	COMPANY RM	SUBSIDIARIES RM	GROUP RM
Directors' fees	24,000	24,000	48,000
Salaries, allowances and bonus	5,000	300,000	305,000
EPF	-	12,000	12,000
SOCSSO	-	743	743
Other short-term employee benefits (including estimated monetary value and benefits-in-kind)	-	15,500	15,500
	29,000	352,243	381,243

Directors' Report

for the Financial Year ended 31 October 2023

DIRECTORS' REMUNERATION AND BENEFITS (CONT'D)

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown above) by reason of a contract made by the Company or a related corporation with a director or with a firm in which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS OR OFFICERS

The amount of insurance premium paid for professional indemnity for the directors and officers of the Group during the financial year is RM60,613.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off; and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (i) which would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) that have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.



Directors' Report

for the Financial Year ended 31 October 2023

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENT

The details of the significant event during the financial year are disclosed in Note 28 to the financial statements.

AUDITORS

The auditors, **Grant Thornton Malaysia PLT**, have expressed their willingness to continue in office.

The total amount of fees paid to or receivable by the auditors as remuneration for their services to the Group and the Company for the financial year ended 31 October 2023 are as follows:

	GROUP RM	COMPANY RM
Statutory audit	140,000	35,000
Assurance related and non-audit services	510,000	510,000
Total	650,000	545,000

The Company has agreed to indemnify the auditors to the extent permissible under the provisions of the Companies Act 2016 in Malaysia. However, no payment has been made under this indemnity for the financial year.

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

.....
Dato' A. Rahman Bin Safar

.....
Chew Sing Guan

Penang,

Date: 26 January 2024

Directors' Statement

In our opinion of the directors, the financial statements set out on pages 75 to 137 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 October 2023** and of their financial performance and cash flows for the financial year ended.

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

.....
Dato' A. Rahman Bin Safar

.....
Chew Sing Guan

Date: 26 January 2024

Statutory Declaration

I, **Teoh Wee Tong**, the officer primarily responsible for the financial management of **Mercury Securities Group Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 75 to 137 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the above named at Penang, this **26th**)
day of **January 2024**.)

.....
Teoh Wee Tong
(MIA NO: CA 49481)

Before me,

.....
Commissioner for Oaths
Liew Juan Leng (P162)



Independent Auditors' Report

to the Members of Mercury Securities Group Berhad

Registration No. 202101018329 (1418629-A)

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Mercury Securities Group Berhad**, which comprise the statements of financial position as at **31 October 2023** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of accounting policies, as set out on pages 75 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 October 2023**, and of their financial performance and 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.

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 Group and 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

to the Members of Mercury Securities Group Berhad

Registration No. 202101018329 (1418629-A)

(Incorporated in Malaysia)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Impairment assessment on amount due from clients under the stockbroking segment (Note 10 to the financial statements)</p> <p>As at 31 October 2023, the Group has significant amount due from clients under the stockbroking segment. The Group offers margin financing facility services to extend credit facilities to the Group's clients to fund their purchase of quoted securities.</p> <p>We focus on this area because the Group carries significant amount of receivables with credit risk exposure, and the adequacy of the impairment loss for receivables involves management judgement and estimation uncertainty.</p>	<p>Our audit procedures in relation to the impairment assessment on amount due from clients under the stockbroking segment included, amongst others, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of: <ul style="list-style-type: none"> - the regulations in place for credit management practices and assessed the Group's credit provision policy; and - how the Group evaluates credit margin facilities application to approval. • Inspected supporting documents which include the margin agreement, background and credit check of the margin customers. • In respect of margin receivables, checked the margin of finance of individual margin clients on a sampling basis by comparing the individual accounts receivable to the fair value of collaterals held by the Group. • Assessed the recoverability of balances and the adequacy of impairment loss for significant outstanding balances based on the expected credit loss model such as criteria for significant deterioration in credit quality.
<p>Revenue recognition in respect of the stockbroking segment (Note 17 to the financial statements)</p> <p>Revenue recognised from the stockbroking segment amounted to RM19.9 million during the financial year which represented 73% of the Group's total revenue during the financial year.</p> <p>The Group relies on its Information Technology ("IT") system to account for revenue from its stockbroking segment. This process is highly reliant on the IT application of the Group.</p> <p>We focus on this area as the magnitude and voluminous transactions may give rise to a higher risk of material misstatements in respect of the timing and amount of revenue recognised.</p>	<p>Our audit procedures in relation to the revenue recognition in respect of stockbroking segment included, amongst others, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Group's revenue recognition process under the stockbroking segment and application surrounding the occurrence of revenue and thereafter tested the effectiveness of the key controls. • Tested the Group's control over the IT system that is critical to the revenue recognition and financial reporting through a combination of tests over the IT general and application controls. • Performed substantive testing on a sampling basis to verify that revenue recognition criteria was properly applied by checking to contract notes issued to the customers and facilities agreement. • Compared the performance of the Group's stockbroking segment especially on brokerage income earned to the overall stock market performance in Malaysia based on available published information. • Reviewed the sales ledger to identify any sales transactions that were entered using journals or non-sales invoices and evaluated the nature of the transactions to determine whether they are <i>bona fide</i>.

There are no key audit matters to be communicated in respect of the audit of the financial statements of the Company.



Independent Auditors' Report

to the Members of Mercury Securities Group Berhad

Registration No. 202101018329 (1418629-A)

(Incorporated in Malaysia)

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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors report thereon.

Our opinion on the financial statements of the Group and 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 Group and 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 Group and 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 on the other information that we obtained prior to the date of this auditors' report, 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.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company so as to 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 the financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and 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 Group or 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 Group and 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 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 Members of Mercury Securities Group Berhad
Registration No. 202101018329 (1418629-A)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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 from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 Group and 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 Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent Auditors' Report

to the Members of Mercury Securities Group Berhad
Registration No. 202101018329 (1418629-A)
(Incorporated in Malaysia)

Other Matter

This report is made solely to the members 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.

Grant Thornton Malaysia PLT
AF: 0737
201906003682 (LLP0022494-LCA)
Chartered Accountants

Terence Lau Han Wen
No. 03298/04/2025 J
Chartered Accountant

Penang

Date: 26 January 2024

Statements of Financial Position

as at 31 October 2023

	NOTE	GROUP		COMPANY	
		2023 RM	2022 ^(*) RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	11,777,672	11,184,638	-	-
Investment properties	5	4,500,000	4,200,000	-	-
Right-of-use assets	6	308,137	546,909	-	-
Intangible assets	7	7,891,722	7,891,722	-	-
Investment in subsidiaries	8	-	-	117,008,736	-
Other investments	9	536,895	492,585	-	-
		25,014,426	24,315,854	117,008,736	-
Current assets					
Trade and other receivables	10	73,743,157	69,457,687	-	-
Deposits and prepayments	11	3,100,382	5,272,345	-	117,501
Other investments	9	1,111,418	489,845	-	-
Cash and cash equivalents	12	82,503,757	46,063,268	38,435,618	3
		160,458,714	121,283,145	38,435,618	117,504
TOTAL ASSETS		185,473,140	145,598,999	155,444,354	117,504
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	154,640,574	3	154,640,574	3
Invested equity	13	-	20,000,000	-	-
Reserves	14	15,954,985	104,531,702	(3,915,592)	(12,434)
Total equity		170,595,559	124,531,705	150,724,982	(12,431)
Non-current liabilities					
Lease liabilities	6	139,876	341,447	-	-
Deferred tax liabilities	15	1,100,160	1,086,880	-	-
		1,240,036	1,428,327	-	-
Current liabilities					
Trade and other payables	16	13,211,770	18,565,457	4,719,372	129,935
Lease liabilities	6	201,571	246,465	-	-
Current tax liabilities		224,204	827,045	-	-
		13,637,545	19,638,967	4,719,372	129,935
Total liabilities		14,877,581	21,067,294	4,719,372	129,935
TOTAL EQUITY AND LIABILITIES		185,473,140	145,598,999	155,444,354	117,504

Note:

(*) As disclosed in Note 28 to the financial statements, the comparative figures in the Group's financial statements are presented as if the combination of entities under common control had occurred before the start of the earliest period presented, i.e. 1 November 2021 for the financial year ended 31 October 2022.

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



Statements of Comprehensive Income

for the Financial Year ended 31 October 2023

	NOTE	GROUP		COMPANY	
		2023 RM	2022 ⁽²⁾ RM	2023 RM	2022 RM
Revenue	17	27,404,754	43,381,759	-	-
Cost of services		(9,541,215)	(19,886,328)	-	-
Gross profit		17,863,539	23,495,431	-	-
Other income		1,596,270	1,647,508	-	-
Trading gains on financial assets at fair value through profit or loss		1,326,515	3,948,909	-	-
Administrative and other operating expenses (1)		(11,227,760)	(7,142,911)	(4,052,447)	(10,434)
Allowance for expected credit losses on trade receivables, net		(84,471)	-	-	-
Operating profit/(loss)		9,474,093	21,948,937	(4,052,447)	(10,434)
Interest income		3,016,963	1,299,825	149,289	-
Finance costs	18	(27,733)	(47,424)	-	-
Profit/(Loss) before tax	19	12,463,323	23,201,338	(3,903,158)	(10,434)
Income tax expense	20	(4,075,614)	(5,538,701)	-	-
Profit/(Loss) for the financial year		8,387,709	17,662,637	(3,903,158)	(10,434)
Other comprehensive income/ (loss) for the financial year, net of income tax					
Items that will not be reclassified subsequently to profit or loss:					
Fair value adjustment on other investments		44,310	(139,668)	-	-
Realisation of fair value reserve upon depreciation		(62,448)	(62,448)	-	-
Transfer of revaluation surplus to retained earnings		62,448	62,448	-	-
Total comprehensive income/(loss) for the financial year, net of income tax		8,432,019	17,522,969	(3,903,158)	(10,434)
Earnings per share attributable to the owners of the Company (sen)					
- Basic and diluted	21	1.11	2.40		

Notes:

- (1) Included herein is a one-time non-recurring Initial Public Offering ("IPO") expenses amounting to **RM3,931,652** (2022: RM Nil) incurred for the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad during the financial year.
- (2) As disclosed in Note 28 to the financial statements, the comparative figures in the Group's financial statements are presented as if the combination of entities under common control had occurred before the start of the earliest period presented, i.e. 1 November 2021 for the financial year ended 31 October 2022.

Consolidated Statement of Changes in Equity

for the Financial Year ended 31 October 2023

GROUP	NOTE	Non-distributable			Distributable			Total Equity RM
		Share Capital RM	Invested Equity RM	Merger Reserve RM	Revaluation Reserve RM	Fair Value Reserve RM	Retained Earnings RM	
2023		3	20,000,000	-	2,425,286	(122,509)	102,228,925	124,531,705
Balance at beginning		-	-	-	-	-	8,387,709	8,387,709
Profit for the financial year		-	-	-	(62,448)	44,310	62,448	44,310
Other comprehensive income for the financial year, net of income tax		-	-	-	(62,448)	44,310	62,448	44,310
Total comprehensive income for the financial year		-	-	-	(62,448)	44,310	8,450,157	8,432,019
<i>Transactions with owners of the Company:</i>								
Adjustment on the acquisition of subsidiaries		-	(20,000,000)	20,000,000	-	-	-	-
Issuance of shares pursuant to:								
- acquisition of subsidiaries	13		-	(117,008,736)	-	-	-	-
- IPO	13		-	-	-	-	-	39,273,925
Shares issuance expenses	13		(1,642,090)	-	-	-	-	(1,642,090)
Total transaction with owners			(20,000,000)	(97,008,736)	-	-	-	37,631,835
Balance at end			154,640,574	(97,008,736)	2,362,838	(78,199)	110,679,082	170,595,559

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



Consolidated Statement of Changes in Equity

for the Financial Year ended 31 October 2023

NOTE	←----- Non-distributable -----→			Distributable		Total Equity RM
	Share Capital RM	Invested Equity RM	Revaluation Reserve RM	Fair Value Reserve RM	Retained Earnings RM	
2022 (*)						
Balance at beginning	3	20,000,000	2,487,734	17,159	94,503,840	117,008,736
Profit for the financial year	-	-	-	-	17,662,637	17,662,637
Other comprehensive loss for the financial period, net of income tax	-	-	(62,448)	(139,668)	62,448	(139,668)
Total comprehensive income for the financial year	-	-	(62,448)	(139,668)	17,725,085	17,522,969
<i>Transaction with owners of the Company:</i>						
Dividends	-	-	-	-	(10,000,000)	(10,000,000)
Balance at end	3	20,000,000	2,425,286	(122,509)	102,228,925	124,531,705

Note:

(*) As disclosed in Note 28 to the financial statements, the comparative figures in the Group's financial statements are presented as if the combination of entities under common control had occurred before the start of the earliest period presented, i.e. 1 November 2021 for the financial year ended 31 October 2022.

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

Statement of Changes in Equity

for the Financial Year ended 31 October 2023

	NOTE	Share Capital RM	Accumulated Losses RM	Total RM
COMPANY				
2023				
Balance at beginning		3	(12,434)	(12,431)
Total comprehensive loss for the financial year		-	(3,903,158)	(3,903,158)
<i>Transactions with owners of the Company:</i>				
Issuance of shares pursuant to:				
- acquisition of subsidiaries	13	117,008,736	-	117,008,736
- IPO	13	39,273,925	-	39,273,925
Shares issuance expenses	13	(1,642,090)	-	(1,642,090)
Total transaction with owners		154,640,571	-	154,640,571
Balance at end		154,640,574	(3,915,592)	150,724,982
2022				
Balance at beginning		3	(2,000)	(1,997)
Total comprehensive loss for the financial year		-	(10,434)	(10,434)
Balance at end		3	(12,434)	(12,431)

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



Statements of Cash Flows

for the Financial Year ended 31 October 2023

	GROUP		COMPANY	
	2023 RM	2022 ^(*) RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	12,463,323	23,201,338	(3,903,158)	(10,434)
Adjustments for:				
Accretion of lease interest	27,733	47,424	-	-
Allowance for expected credit losses on trade receivables, net	84,471	-	-	-
Change in fair value of investment properties	(300,000)	(200,000)	-	-
Depreciation of:				
- property, plant and equipment	636,507	642,041	-	-
- right-of-use assets	238,772	340,821	-	-
Dividend income	(56,128)	(57,175)	-	-
Interest income	(3,016,963)	(1,299,825)	(149,289)	-
IPO expenses	3,931,652	-	3,931,652	-
Loss/(Gain) on disposal of property, plant and equipment	1,636	(11,799)	-	-
Property, plant and equipment written off	85	-	-	-
Unrealised gain on foreign exchange	(7,462)	-	-	-
Operating profit/(loss) before working capital changes	14,003,626	22,662,825	(120,795)	(10,434)
Movement in working capital:				
Trade and other receivables	(4,369,941)	(6,012,838)	-	-
Deposits and prepayments	2,171,963	(1,605,395)	117,501	(111,671)
Trade and other payables	(5,353,687)	2,696,300	346,919	122,105
Cash generated from operations	6,451,961	17,740,892	343,625	-
Income tax paid	(4,665,175)	(6,324,832)	-	-
Net cash from operating activities carried forward	1,786,786	11,416,060	343,625	-

Statements of Cash Flows

for the Financial Year ended 31 October 2023

	NOTE	GROUP		COMPANY	
		2023 RM	2022 ^(*) RM	2023 RM	2022 RM
Net cash from operating activities brought forward		1,786,786	11,416,060	343,625	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		3,016,963	1,299,825	149,289	-
Dividend received		56,128	57,175	-	-
Addition in other investments carried at fair value through profit or loss		(621,573)	(489,845)	-	-
Proceeds from disposal of other investments carried at fair value through other comprehensive income		-	1,601	-	-
Proceed from disposal of property plant and equipment		200	11,800	-	-
Purchase of property, plant and equipment		(1,231,462)	(201,101)	-	-
Net cash from investing activities		1,220,256	679,455	149,289	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Net changes in subsidiaries' balances		-	-	4,242,518	-
Proceeds from issuance of shares		39,273,925	-	39,273,925	-
IPO expenses		(5,573,742)	-	(5,573,742)	-
Repayment of lease liabilities	A	(274,198)	(388,387)	-	-
Dividend paid		-	(10,000,000)	-	-
Net cash from/(used in) financing activities		33,425,985	(10,388,387)	37,942,701	-
NET INCREASE IN CASH AND CASH EQUIVALENTS CARRIED FORWARD		36,433,027	1,707,128	38,435,615	-

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



Statements of Cash Flows

for the Financial Year ended 31 October 2023

	NOTE	GROUP		COMPANY	
		2023 RM	2022 ^(*) RM	2023 RM	2022 RM
NET INCREASE IN CASH AND CASH EQUIVALENTS BROUGHT FORWARD		36,433,027	1,707,128	38,435,615	-
EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATE		7,462	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING		46,063,268	44,356,140	3	3
CASH AND CASH EQUIVALENTS AT END	12	82,503,757	46,063,268	38,435,618	3

A. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Cash flows RM	Accretion of lease interest RM	Balance at end RM
GROUP				
2023				
Lease liabilities, representing total liabilities from financing activities	587,912	(274,198)	27,733	341,447
2022 (*)				
Lease liabilities, representing total liabilities from financing activities	928,875	(388,387)	47,424	587,912

Note:

(*) As disclosed in Note 28 to the financial statements, the comparative figures in the Group's financial statements are presented as if the combination of entities under common control had occurred before the start of the earliest period presented, i.e. 1 November 2021 for the financial year ended 31 October 2022.

Notes to the Financial Statements

31 October 2023

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3 Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at L-7-2, No. 2, Jalan Solaris, Solaris Mont’ Kiara, 50480 Kuala Lumpur, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 26 January 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out in Note 3 to the financial statements.

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

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 the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.



Notes to the Financial Statements

31 October 2023

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (cont'd)

Fair Value Measurement (cont'd)

The fair value of an asset or a liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

Ringgit Malaysia ("RM") is the presentation currency of the Group and of the Company.

RM is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates.

Notes to the Financial Statements

31 October 2023

2. BASIS OF PREPARATION (CONT'D)

2.4 Adoption of Amendments/Improvements to MFRSs

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Effective for annual period beginning on or after 1 January 2022

Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

Initial application of the above amendments/improvements to MFRSs did not have any material impact to the financial statements of the Group and of the Company.

2.5 Standards Issued But Not Yet Effective

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Effective for annual period beginning on or after 1 January 2023

MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112 Income Taxes: International Tax Reform - Pillar Two Model Rules

Effective for annual period beginning on or after 1 January 2024

Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 Presentation of Financial Statements: Non-Current Liabilities with Covenants

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

Effective for annual period beginning on or after 1 January 2025

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standard and amendments to MFRSs is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption.



Notes to the Financial Statements

31 October 2023

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements 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 estimate is revised and in any future periods affected.

2.6.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.6.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Valuation of investment properties

The fair value of the Group's investment properties is based on valuation carried out by an independent professional firm of valuers. The valuation was determined based on the comparison method. In estimating the fair values of the investment properties, the highest and best use of the investment properties is considered and this requires judgement. Further disclosures relevant in deriving the fair value of the investment properties are disclosed in Note 5 to the financial statements.

(ii) Impairment of trade and other receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments as well as the relevant rules and guidelines of Bursa Securities.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience as well as current and forward looking factors for assets with similar credit risk characteristics. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade receivables in the period in which such estimate has been changed.

To determine whether there is an objective evidence of impairment for non-trade receivables, the Group will apply the general approach in considering if there has been a significant increase in credit risk (measured using the lifetime probability of default) since initial recognition of the financial asset.

Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial year unless otherwise indicated below.

3.1 Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entity, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Upon disposal of an investment in a subsidiary, the difference between the net disposal proceed and its carrying amount is recognised in profit or loss.

(ii) Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.13 to the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.



Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(iii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iv) Combination through merger

The acquisition of Mercury Securities Sdn. Bhd. and its wholly-owned subsidiaries is accounted for using the merger accounting principle. Accordingly, the results of the subsidiary is presented as if the merger had been effected throughout the years under review. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of merger. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit difference is adjusted against the merger reserve. Any other reserves which are attributable to share capital of the merged entity, to the extent that it has not been capitalised by a debit difference, is reclassified and presented as movement in other capital reserves.

Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or at fair value through other comprehensive income depending on the level of influence retained.

(vi) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

3.2 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant 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 Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment, except for buildings, are measured at cost less any accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Buildings are measured at fair value less any accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, to ensure that the carrying amount does not differ materially from the fair value of the buildings at the end of the reporting period.

At the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of buildings are recognised in other comprehensive income and credited to the "revaluation reserve" in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	38 to 50 years
Furniture, fittings, office equipment and computers	12%
Motor vehicles	20%



Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.2 Property, Plant and Equipment (cont'd)

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

An item of property, plant 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.

3.3 Investment Properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the asset immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

3.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. It is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

3.4.1 As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities for lease payments made and/or to be made, and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Premises	40 to 79 months
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If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, lease liabilities are recognised and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

3.4.1 As a lessee (cont'd)

(iii) Short term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of premises and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statements of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

3.5 Intangible Assets

This represents cost of the business license of a local stockbroking company acquired by the Group and is stated at cost less impairment loss, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3.6 Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets and intangible assets, except for financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generated units for which a reasonable and consistent allocation basis can be identified.

Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.6 Impairment of Non-Financial Assets (cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.7 Financial Instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group and the Company become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.7.1 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(a) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- (i) the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.1 Financial Assets (cont'd)

(a) Classification of financial assets (cont'd)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- (i) the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- (ii) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

(b) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

(c) Financial assets designated at FVTOCI (equity instrument not held for trading)

The Group elected to irrevocably classify its certain investment in quoted shares not held for trading under this category. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statements of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVTOCI are not subject to impairment assessment.

Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.1 Financial Assets (cont'd)

(d) Financial assets designated at FVTPL

This category includes certain investment in quoted shares which the Group had not irrevocably elected to classify at FVTOCI. Financial assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions. Dividends are recognised as other income in the statements of comprehensive income when the right of payment has been established.

(e) Impairment of financial assets

For trade receivables, the expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For non-trade receivables, a loss allowance for lifetime expected credit losses using a general approach is recognised for financial instrument if there has been a significant increase in credit risk (measured using the lifetime probability of default) since initial recognition of the financial asset. If, at the reporting date, the credit risk on financial instrument has not increased significantly since initial recognition, a loss allowance for 12-month expected credit losses is recognised.

(f) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- (i) an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- (ii) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;



Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.1 Financial Assets (cont'd)

(f) Significant increase in credit risk (cont'd)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition: (cont'd)

- (iii) an actual or expected significant deterioration in the operating results of the debtor;
- (iv) significant increases in credit risk on other financial instruments of the same debtor; or
- (v) an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revise them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(g) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

- (i) when there is a breach of financial covenants by the counterparty; or
- (ii) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group presumes that default has occurred when a financial asset is more than 30 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.1 Financial Assets (cont'd)

(h) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (i) significant financial difficulty of the issuer or the borrower;
- (ii) a breach of contract, such as a default or past due event;
- (iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (iv) it is becoming probable that the borrower will enter bankruptcy or liquidation or other financial reorganisation; or
- (v) the disappearance of an active market for that financial asset because of financial difficulties.

(i) Write-off policy

The Group write offs a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made are recognised in the statements of comprehensive income.

(j) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and reward of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.



Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.7 Financial Instruments (cont'd)

3.7.2 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group and the Company, and commitments issued by the Group and the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

The Group and the Company have not designated any financial liabilities at FVTPL.

(a) Financial liabilities subsequently measured at amortised cost

The Group's and the Company's financial liabilities comprise of trade and other payables and are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(b) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.7.3 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when the Group and the Company have a legally enforceable right to set off the recognised amounts; and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available immediately rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdrafts balances, if any, are deducted.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.10 Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

3.11 Revenue

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customers. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised services to a customer.

The Group recognises revenue when or as it transfers control over a service to customer. An asset is transferred when or as the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Brokerage fees

Brokerage fees are recognised on an accrual basis upon the completion of the trading contract.



Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.11 Revenue (cont'd)

(ii) Placement fees and underwriting fees

Placement fees and underwriting fees are recognised as income when all conditions precedent are fulfilled.

(iii) Margin income

Margin income comprises margin interest income, processing fees, commitment fees and rollover fees.

Margin interest income is recognised on an accrual basis except where such a margin account is considered impaired in accordance with Rule 12.04 of the Rules of Bursa Securities, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised upon receipt until all arrears have been paid.

Processing fees are recognised on an accrual basis upon the initial drawdown of the margin facilities accommodated to customers by the Group.

Commitment fees are recognised on an accrual basis based on a time proportion basis using the effective commitment fee rate method where the fee is charged on the unutilised amount of the margin facility limit.

Rollover fees are recognised on an accrual basis. Rollover fees from impaired margin accounts will be suspended until the accounts are reclassified as non-impaired margin accounts.

(iv) Nominee fees

Revenue from nominee fees is recognised as and when services are rendered.

(v) Advisory fees

Advisory fees are recognised over time, based on the various performance obligations stated in the individual contracts.

(vi) Interest income

Interest income is recognised on time proportion basis using the applicable effective interest rate.

Interest income from trading financial instruments is recognised on an accrual basis except where such trading account is considered non-performing in accordance with Rule 12.04 of the Rules of Bursa Securities, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised upon receipt until all arrears have been paid.

Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.11 Revenue (cont'd)

(vii) Rental income

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(viii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

3.12 Employee Benefits

Short term benefits

Wages, salaries, bonuses, social security contributions ("SOCSO") and employment insurance ("EIS") are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

3.13 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or 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.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.



Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.13 Income Tax (cont'd)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to MFRS 112 is not rebutted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.14 Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currency of the Group and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation on non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.15 Share Capital, Share Issuance Costs and Dividends

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings and recognised as a liability in the period in which they are declared or approved.

3.16 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.17 Earnings Per Ordinary Share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year, adjusted for own shares held.

3.18 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the operating segment and to assess its performance, and for which discrete financial information is available.



Notes to the Financial Statements

31 October 2023

3. ACCOUNTING POLICIES (CONT'D)

3.19 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) Has control or joint control over the Group;
 - (ii) Has significant influence over the Group; or
 - (iii) Is a member of the key management personnel of the Group.

- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity.
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) A person identified in (a) (i) above has significant influence over the Group or is a member of the key management personnel of the entity.
 - (viii) The entity, or any member of a group of which it is a party, provides key management personnel services to the Group.

Notes to the Financial Statements

31 October 2023

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	At valuation	←----- At cost -----→		
	Buildings RM	Furniture, fittings, office equipment and computers RM	Motor vehicles RM	Total RM
2023				
At valuation/cost				
Balance at beginning	10,388,375	10,392,911	2,881,675	23,662,961
Additions	-	1,133,422	98,040	1,231,462
Disposal	-	(2,740)	-	(2,740)
Written off	-	(6,560)	-	(6,560)
Balance at end	10,388,375	11,517,033	2,979,715	24,885,123
Accumulated depreciation				
Balance at beginning	270,713	9,829,901	2,377,709	12,478,323
Current charge	207,767	212,738	216,002	636,507
Disposal	-	(904)	-	(904)
Written off	-	(6,475)	-	(6,475)
Balance at end	478,480	10,035,260	2,593,711	13,107,451
Carrying amount	9,909,895	1,481,773	386,004	11,777,672
2022				
At valuation/cost				
Balance at beginning	10,388,375	10,310,938	2,907,547	23,606,860
Additions	-	81,973	119,128	201,101
Disposal	-	-	(145,000)	(145,000)
Balance at end	10,388,375	10,392,911	2,881,675	23,662,961
Accumulated depreciation				
Balance at beginning	-	9,660,643	2,320,638	11,981,281
Current charge	270,713	169,258	202,070	642,041
Disposal	-	-	(144,999)	(144,999)
Balance at end	270,713	9,829,901	2,377,709	12,478,323
Carrying amount	10,117,662	563,010	503,966	11,184,638



Notes to the Financial Statements

31 October 2023

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The fair value of the buildings of the Group were revalued using the market comparison approach performed by independent professional valuers on 31 October 2021. Had the buildings been carried under the cost model, the total carrying amount that would have been recognised in the financial statements are as follows:

	GROUP	
	2023 RM	2022 RM
Buildings	6,768,234	6,941,637

The fair value measurement of the buildings which were derived from the valuation carried out on 31 October 2021 were categorised as Level 3.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair values of buildings have been generally derived using the market comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

5. INVESTMENT PROPERTIES

	GROUP	
	2023 RM	2022 RM
At fair value:		
Balance at beginning	4,200,000	4,000,000
Change in fair value recognised in profit or loss (Note 19)	300,000	200,000
Balance at end	4,500,000	4,200,000

Notes to the Financial Statements

31 October 2023

5. INVESTMENT PROPERTIES (CONT'D)

- (i) The investment properties are represented by:

	GROUP	
	2023	2022
	RM	RM
Leasehold land with unexpired lease period of more than 50 years	3,200,000	3,100,000
Buildings	1,300,000	1,100,000
	4,500,000	4,200,000

- (ii) Group as lessor

The Group has entered into operating leases on its investment properties. These leases have terms of between one to two years.

The following are recognised in profit or loss in respect of investment properties:

	GROUP	
	2023	2022
	RM	RM
Rental income	160,100	137,900
Direct operating expenses:		
Income generating investment properties	13,497	11,262

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	GROUP	
	2023	2022
	RM	RM
Within one year	142,500	107,700
More than one year but less than five years	98,700	173,600
	241,200	281,300

The fair value of the Group's investment properties has been arrived on the basis of the valuation carried out by an independent professional valuer.



Notes to the Financial Statements

31 October 2023

5. INVESTMENT PROPERTIES (CONT'D)

(ii) Group as lessor (cont'd)

Detail of the Group's investment properties and information about their categorisation in the fair value hierarchy are as follows:

	Fair Value			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
GROUP				
2023				
Land	-	-	3,200,000	3,200,000
Buildings	-	-	1,300,000	1,300,000
	-	-	4,500,000	4,500,000
2022				
Land	-	-	3,100,000	3,100,000
Buildings	-	-	1,100,000	1,100,000
	-	-	4,200,000	4,200,000

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair values of leasehold land and buildings have been generally derived using the comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Notes to the Financial Statements

31 October 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for premises used in its operations. At the commencement of the lease, the Group has assessed that it is reasonably certain to exercise the extension option and include the extension option period as part of the lease term for the leases of premises in view that alternative premise is not readily available.

The Group also has certain leases of premises and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

GROUP

	Premises	
	2023 RM	2022 RM
Balance at beginning	546,909	887,730
Depreciation	(238,772)	(340,821)
Balance at end	308,137	546,909

Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year:

GROUP

	2023 RM	2022 RM
Balance at beginning	587,912	928,875
Accretion of lease interest	27,733	47,424
Payments	(274,198)	(388,387)
Balance at end	341,447	587,912
Analysed as:		
Non-current	139,876	341,447
Current	201,571	246,465
	341,447	587,912

The maturity analysis of lease liabilities is disclosed in Note 25.2.2 to the financial statements.



Notes to the Financial Statements

31 October 2023

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The following are the amounts recognised in profit or loss:

	GROUP	
	2023 RM	2022 RM
Accretion on lease interest	27,733	47,424
Depreciation expense of right-of-use assets	238,772	340,821
Expense relating to short-term leases	533,299	405,481
Expense relating to lease of low value assets	6,000	6,000
Total amount recognised in profit or loss	805,804	799,726

Total cash outflows for leases is amounting to **RM813,497** (2022: RM799,868).

7. INTANGIBLE ASSETS

	GROUP	
	2023 RM	2022 RM
Balance at beginning/end	7,891,722	7,891,722

The amount represents the cost of a business license of a local stockbroking company acquired by the Group, which is deemed to have an indefinite useful life. The recoverable amount of the intangible assets have been assessed using the value-in-use method, by discounting the estimated cash flows from their Cash Generating Units ("CGU"). Impairment is recognised in profit or loss when the carrying amount of the CGUs exceeds their recoverable amounts.

The value in use calculation uses cash flow projections from its various branches, based on financial budgets approved by the directors of the subsidiary covering a five-year period and a discount rate of **7.34%** (2022: 7.57%) per annum. A terminal value is assigned at the end of 5-year cash flow projections with no growth rate factored. As a result of the analysis, there was sufficient headroom and management did not identify any impairment for this CGU.

The calculation of value in use for the intangible asset is most sensitive to the following key assumptions:

- i. Profit before tax
- ii. Discount rates (pre-tax)
- iii. Growth rates

The management believes that any reasonably possible change in the key assumption on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

Notes to the Financial Statements

31 October 2023

8. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2023 RM	2022 RM
Unquoted shares, at cost	117,008,736	-

The details of the subsidiaries, which the principal place of business are all in Malaysia, are as follows:

Name of entities	Effective equity interest held		Principal activities
	2023 %	2022 %	
Mercury Securities Sdn. Bhd. ("Mercury Securities")	100	100	Stockbroking, corporate finance advisory and other related businesses.
Indirect - held through Mercury Securities			
Mercsec Nominees (Asing) Sdn. Bhd.	100	100	Nominees and custodian services
Mercsec Nominees (Tempatan) Sdn. Bhd.	100	100	Nominees and custodian services

All of the above subsidiaries are audited by Grant Thornton Malaysia PLT.

8.1 Acquisition of subsidiaries

On 26 June 2023, the Company acquired the entire issued share capital of Mercury Securities and its wholly-owned subsidiaries for a purchase consideration of RM117,008,736 which was fully satisfied by the issuance of 735,904,000 new ordinary shares in the Company at RM0.159 per ordinary share.

9. OTHER INVESTMENTS

	GROUP	
	2023 RM	2022 RM
Financial assets:		
FVTOCI:		
Quoted shares in Malaysia	406,623	386,789
Quoted shares outside Malaysia	130,272	105,796
	536,895	492,585
FVTPL:		
Quoted shares in Malaysia	1,111,418	489,845

Other investments carried at FVTOCI represents an investment that the Group intends to hold for long-term investment gain and for strategic business purposes.



Notes to the Financial Statements

31 October 2023

10. TRADE AND OTHER RECEIVABLES

	GROUP	
	2023	2022
	RM	RM
Trade:		
Trade receivables	1,683,933	1,944,040
Amount due from clients (including margin receivables)	71,293,539	65,944,616
Amount due from brokers	-	868,041
	72,977,472	68,756,697
Non-trade:		
Other receivables	765,685	700,990
	73,743,157	69,457,687

(i) Trade receivables

	GROUP	
	2023	2022
	RM	RM
Gross amount	2,275,974	2,301,610
Less: Allowance for expected credit losses ("ECL")	(592,041)	(357,570)
	1,683,933	1,944,040

The trade receivables are solely from corporate finance segment and the normal credit term granted is 14 days. Other credit terms are assessed and approved on a case-by-case basis.

(ii) Amount due from clients (including margin receivables) and brokers

	GROUP	
	2023	2022
	RM	RM
Amount due from clients (including margin receivables)	83,281,384	78,026,120
Less: Allowance for ECL	(8,920,753)	(9,095,753)
	74,360,631	68,930,367
Less: Provision for interest in-suspense	(3,067,092)	(2,985,751)
	71,293,539	65,944,616
Amount due from brokers	-	868,041

Notes to the Financial Statements

31 October 2023

10. TRADE AND OTHER RECEIVABLES (CONT'D)

- (ii) Amount due from clients (including margin receivables) and brokers (cont'd)

The amount due from clients comprises outstanding amount receivables from clients on contra losses incurred, overdue and/or outstanding purchase contracts and margin receivables, while the amount due from brokers represents the excess amount of sales less purchases of securities transacted by clients on each market day.

The normal credit term for the amount due from non-margin clients is **T+2 days** (2022: T+2 days) in accordance with the Fixed Delivery Settlement System rules of Bursa Malaysia Securities Clearing Sdn. Bhd.

The Group charges contra interest at a flat rate of **10%** (2022: 10%) per annum on outstanding contra loss amount due from non-margin clients which have been outstanding for 5 market days after the transaction date ("T+5 days"). Such contra interest when charged will not be recognised immediately in profit or loss. Instead, it is deferred under an interest-in-suspense account until settlement by the non-margin clients in accordance with the Rule 12.04 of the Rules of Bursa Securities.

However, non-margin clients may opt for discretionary financing which is permitted under the Rules of Bursa Securities from the initial settlement period of T+2 days to an extended settlement period of up to T+7 days at a discretionary fee and interest at a rate mutually agreed.

- (iii) Movement of provision for interest-in-suspense

	GROUP	
	2023	2022
	RM	RM
Balance at beginning	2,985,751	2,847,718
Interest income recognised	(619,135)	(263,532)
Interest suspended	700,476	401,565
Balance at end	3,067,092	2,985,751

- (iv) Movement of allowance for ECL

	GROUP	
	2023	2022
	RM	RM
Balance at beginning	9,453,323	9,453,323
Current year	234,471	-
Reversal	(150,000)	-
Written off	(25,000)	-
Balance at end	9,512,794	9,453,323



Notes to the Financial Statements

31 October 2023

10. TRADE AND OTHER RECEIVABLES (CONT'D)

- (iv) Movement of allowance for ECL (cont'd)

The allowance for ECL can be further analysed as follows:

	GROUP	
	2023 RM	2022 RM
Trade receivables	592,041	357,570
Amount due from clients (including margin receivables)	8,920,753	9,095,753
	9,512,794	9,453,323

- (v) Collateral and other credit enhancements

The Group holds the following quoted securities held as collateral for margin receivables as at the end of the reporting period and are permitted to sell the collateral in the event of default by the margin clients according to the terms of the margin agreements:

	GROUP	
	2023 RM	2022 RM
Mark-to-market value of quoted securities	274,752,439	254,233,917

11. DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Deposits	3,083,447	3,017,162	-	-
Prepayments	16,935	2,255,183	-	117,501
	3,100,382	5,272,345	-	117,501

GROUP

Included in deposits is an amount of **RM2,857,650** (2022: RM2,792,335) equity margin deposit placed with Bursa Malaysia Securities Clearing Sdn. Bhd. which earns effective interest rates at **3.04%** (2022: 2.37%) per annum.

Notes to the Financial Statements

31 October 2023

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	20,079,138	9,131,639	2,923	3
Short-term deposits with licensed banks	59,036,484	33,550,238	38,432,695	-
Fixed deposits with licensed banks	3,388,135	3,381,391	-	-
	82,503,757	46,063,268	38,435,618	3

The Group maintains the trust accounts for its clients pursuant to Section 111 of the Capital Markets and Services Act 2007. Such clients' trust monies held in fiduciary capacity which are not recognised as assets of the Group.

The short-term deposits with licensed banks and cash and bank balances of the Group has been presented net of the Group's clients' trust monies held in trust accounts of **RM61,225,460** (2022: RM35,279,042) in accordance with Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 18 'Money Held in Trust by Participating Organisation of Bursa Securities.

The short-term deposits with licensed banks of the Group and of the Company represent investment in money market financial instruments under repurchase agreement ("Repo") with licensed banks and earns effective interest rate from **2.00% to 2.90%** (2022: 2.00% to 2.30%) per annum.

The effective interest rates per annum and maturity of the fixed deposits with licensed banks of the Group as at the end of the reporting period ranged from **2.50% to 2.75%** (2022: 2.05% to 2.25%) per annum and **21 days to 23 days** (2022: 21 days to 23 days) respectively.

The currency profile of cash and cash equivalents is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	80,219,612	43,782,477	38,435,618	3
United States Dollar	1,238,190	1,245,764	-	-
Pounds sterling	1,038,455	1,027,527	-	-
Others	7,500	7,500	-	-
	82,503,757	46,063,268	38,435,618	3



Notes to the Financial Statements

31 October 2023

13. SHARE CAPITAL

(i) Share capital

	Number of ordinary shares		Amount	
	2023	2022	2023 RM	2022 RM
Issued and fully paid with no par value:				
Balance at beginning	300	3	3	3
Subdivision of shares	-	297	-	-
Issuance of shares pursuant to:				
- acquisition of subsidiaries	735,904,000	-	117,008,736	-
- IPO	157,095,700	-	39,273,925	-
Shares issuance expenses	-	-	(1,642,090)	-
	893,000,000	300	154,640,574	3

During the financial year, the Company had increased its issued and paid-up ordinary share capital from RM3 to RM154,640,074 by way of issuance of:

- 735,904,000 new ordinary shares in the Company amounting to RM117,008,736 to satisfy the purchase consideration for the acquisition of Mercury Securities and its wholly-owned subsidiaries; and
- 157,095,700 new ordinary shares in conjunction with the IPO exercise of the Company as disclosed in Note 28 to the financial statements.

In the prior financial year, the Company had subdivided its ordinary shares. Subsequent to the subdivision of ordinary shares, the existing issued and paid-up ordinary shares of the Company remain at RM3 and comprise of 300 ordinary shares.

(ii) Invested equity

	GROUP			
	Number of ordinary shares		Amount	
	2023	2022	2023 RM	2022 RM
Issued and fully paid with no par value:				
Balance at beginning	20,000,000	-	20,000,000	-
Effects of acquisition of subsidiaries	(20,000,000)	20,000,000	(20,000,000)	20,000,000
Balance at end	-	20,000,000	-	20,000,000

Notes to the Financial Statements

31 October 2023

14. RESERVES

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Distributable:				
Retained earnings/(Accumulated losses)	110,679,082	102,228,925	(3,915,592)	(12,434)
Non-distributable:				
Merger reserve	(97,008,736)	-	-	-
Revaluation reserve	2,362,838	2,425,286	-	-
Fair value reserve	(78,199)	(122,509)	-	-
	15,954,985	104,531,702	(3,915,592)	(12,434)

Merger reserve

The merger reserve arose from the difference between the carrying value of the investment and the nominal value of the shares of subsidiaries upon consolidation under the merger accounting principles.

Revaluation reserve

This is in respect of revaluation surplus net of deferred tax arising from the revaluation of the Group's buildings and is non-distributable.

Fair value reserve

The fair value reserve comprises of the cumulative net change in the fair value of FVTOCI until the financial assets are derecognised or impaired.

15. DEFERRED TAX LIABILITIES

	GROUP	
	2023 RM	2022 RM
Balance at beginning	1,086,880	1,153,600
Recognised in profit or loss	13,280	(9,720)
	1,100,160	1,143,880
Over provision in prior year	-	(57,000)
	1,100,160	1,086,880



Notes to the Financial Statements

31 October 2023

15. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax liabilities as at the end of the reporting period are made up of the temporary differences arising from:

	GROUP	
	2023 RM	2022 RM
Investment properties	304,000	274,000
Property, plant and equipment	117,000	47,000
Revaluation reserve	746,160	765,880
Provision	(67,000)	-
	1,100,160	1,086,880

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade:				
Amount due to clients	484,372	2,868,369	-	-
Amount due to brokers	2,176,591	-	-	-
	2,660,963	2,868,369	-	-
Non-trade:				
Amount due to remisiers	6,626,505	6,461,078	-	-
Amount due to a subsidiary	-	-	4,370,453	127,935
Other payables	1,942,043	1,911,314	242,530	-
Accrued expenses	1,982,259	7,324,696	106,389	2,000
	10,550,807	15,697,088	4,719,372	129,935
	13,211,770	18,565,457	4,719,372	129,935

(i) Amount due to brokers and clients

The amount due to brokers represents the excess amount of purchases less sales of securities transacted by clients on each market days, while the amount due to clients comprises outstanding sales contracts and contra gains.

Amount due to brokers and clients of the Group are non-interest bearing and normally settled on 2 days after the transaction date (“**T+2**”) (2022: T+2) terms in accordance with the Fixed Delivery Settlement System rules of Bursa Malaysia Securities Clearing Sdn. Bhd.

The amount due to clients of the Group have been presented net of the Group’s clients’ trust monies held in trust accounts of **RM61,225,460** (2022: RM35,279,042) in accordance with FRSIC Consensus 18 ‘Money Held in Trust by Participating Organisation of Bursa Securities.

Notes to the Financial Statements

31 October 2023

16. TRADE AND OTHER PAYABLES (CONT'D)

(ii) Amount due to remisiers

The amount due to remisiers are mainly cash deposit placed by remisiers as collateral for their clients' trading limit and the rest being current commission payable but not due.

(iii) Amount due to a subsidiary

The amount due to a subsidiary is unsecured, non-trade related, non-interest bearing and repayable on demand.

17. REVENUE

	GROUP	
	2023 RM	2022 RM
Revenue from contracts with customers - at a point in time		
Brokerage fees	11,389,134	13,277,856
Margin income	6,962,323	9,084,425
Nominee fees	14,694	23,979
Underwriting fees	661,108	1,011,653
Placement fees	876,398	6,853,317
	19,903,657	30,251,230
Revenue from contracts with customers - over time		
Advisory fees	7,501,097	13,130,529
Total revenue from contracts with customers	27,404,754	43,381,759

The performance obligation are spelt out in Note 3.11 to the financial statements.

18. FINANCE COSTS

	GROUP	
	2023 RM	2022 RM
Accretion of lease interest	27,733	47,424



Notes to the Financial Statements

31 October 2023

19. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Auditors' remuneration:				
- Statutory audit fee:				
- Grant Thornton Malaysia PLT	140,000	95,000	35,000	2,000
Assurance related and non-audit services				
- Grant Thornton Malaysia PLT	510,000	-	510,000	-
Commission paid/payable to:				
- remisiers	3,625,783	3,711,238	-	-
- dealers	226,357	174,774	-	-
Depreciation of:				
- property, plant and equipment	636,507	642,041	-	-
- right-of-use assets	238,772	340,821	-	-
IPO expenses	3,931,652	-	3,931,652	-
Loss on disposal of property, plant and equipment	1,636	-	-	-
Property, plant and equipment written off	85	-	-	-
* Staff costs	8,716,323	17,944,383	29,000	-
And crediting:				
Changes in fair value of investment properties	300,000	200,000	-	-
Gain on disposal of property, plant and equipment	-	11,799	-	-
Gross dividend income from other investments carried at FVTOCI:				
- Quoted shares in Malaysia	55,653	56,731	-	-
- Quoted shares outside Malaysia	475	444	-	-
Interest income	3,016,963	1,299,825	149,289	-
Unrealised gain on foreign exchange	7,462	-	-	-
Realised gain on foreign exchange	594,026	490,250	-	-

Notes to the Financial Statements

31 October 2023

19. PROFIT/(LOSS) BEFORE TAX (CONT'D)

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
* Staff costs				
Salaries, allowance, bonus and other emoluments	7,731,184	15,501,110	5,000	-
EPF	843,611	2,269,975	-	-
SOCSSO	64,847	70,267	-	-
EIS	7,081	7,431	-	-
Directors' fees	69,600	95,600	24,000	-
	8,716,323	17,944,383	29,000	-

Directors' remuneration

The aggregate amount of remuneration received and receivable by directors of the Company and its subsidiaries are as shown below:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive director of Company				
Directors' fees	-	50,000	-	-
Salaries, allowances and bonus	300,000	250,000	-	-
EPF	12,000	10,000	-	-
SOCSSO	743	519	-	-
Other short-term employee benefits (including estimated monetary value and benefits-in-kind)	15,500	15,500	-	-
	328,243	326,019	-	-
Executive directors of the subsidiaries				
Directors' fees	21,600	21,600	-	-
Salaries, allowances and bonus	48,195	48,195	-	-
EPF	1,941	1,940	-	-
SOCSSO	533	533	-	-
	72,269	72,268	-	-
Non-executive directors of the Company				
Directors' fee	48,000	24,000	24,000	-
Allowances	5,000	-	5,000	-
	53,000	24,000	29,000	-
Total directors' remuneration	453,512	422,287	29,000	-



Notes to the Financial Statements

31 October 2023

20. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense:				
- Current year	(3,964,343)	(5,625,100)	-	-
- (Under)/Over provision in prior year	(97,991)	19,679	-	-
	(4,062,334)	(5,605,421)	-	-
Deferred tax (Note 15):				
- Current year	(13,280)	9,720	-	-
- Over provision in prior year	-	57,000	-	-
	(13,280)	66,720	-	-
	(4,075,614)	(5,538,701)	-	-

The reconciliation of income tax expense of the Group and the Company are as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	12,463,323	23,201,338	(3,903,158)	(10,434)
Income tax calculated using income tax rate of 24%	(2,991,197)	(5,568,321)	936,758	2,504
Income not subject tax	85,471	22,946	35,829	-
Effects of expenses that are not deductible in determining taxable profit				
- other expenses	(148,021)	(89,725)	(28,991)	(2,504)
- IPO expenses	(943,596)	-	(943,596)	-
Annual crystallisation of deferred tax on revaluation reserve	19,720	19,720	-	-
	(3,977,623)	(5,615,380)	-	-
Adjustment recognised in the current year in relation to prior year:				
Current tax	(97,991)	19,679	-	-
Deferred tax	-	57,000	-	-
	(4,075,614)	(5,538,701)	-	-

Notes to the Financial Statements

31 October 2023

21. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the Group's profit for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2023	2022
Profit for the financial year (RM)	8,387,709	17,662,637
Weighted average number of ordinary shares in issue	753,981,065	735,904,300
Basic earnings per ordinary share (sen)	1.11	2.40

In the calculation of earnings per ordinary share for the financial year ended 31 October 2022, it is assumed that the acquisition of Mercury Securities had taken place. Whilst the weighted average number of ordinary shares for the financial year ended 31 October 2023 took into consideration that the acquisition Mercury Securities and the completion of the IPO.

There is no diluted earnings per share of the Company has not issued or granted any convertible financial instruments as at the end of the reporting period.

22. DIVIDENDS

	GROUP	
	2023	2022
	RM	RM
In respect of financial year ended 31 October 2022:		
- single tier interim dividend of RM0.50 per ordinary share ^(*)	-	10,000,000

(*) Mercury Securities has paid the dividend to its former shareholders on 31 October 2022.

On 26 December 2023, the Company had declared a single tier interim dividend of 0.5 sen per ordinary share amounting to RM4,465,000 in respect of the financial year ending 31 October 2024 which will be paid on 2 February 2024 to entitled shareholders as at 12 January 2024. The current financial year statements do not reflect this declared dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 October 2024.



Notes to the Financial Statements

31 October 2023

23. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Group has related party relationship with its subsidiaries, key management personnel and the following parties:

Related parties	Relationship
Mercury Direct Sdn. Bhd. and Sepang Asas Sdn. Bhd.	Companies in which a director of the Company, Mr Chew Sing Guan, has substantial financial interests.

(ii) Related party transactions

Related party transactions have been enter into at terms agreed between the parties during the financial year. The significant related party transactions of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Advances from Mercury Securities	-	-	4,242,518	-
Rental expense paid to Sepang Asas Sdn. Bhd.	78,000	78,000	-	-
Rental income from Mercury Direct Sdn. Bhd.	6,000	6,000	-	-

(iii) Compensation of key management personnel

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

Notes to the Financial Statements

31 October 2023

23. RELATED PARTY DISCLOSURES (CONT'D)

(iii) Compensation of key management personnel (cont'd)

The remuneration of the directors and members of key management during the financial year is as follows:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, allowance, bonus and other emoluments	1,504,045	1,431,535	5,000	-
EPF	150,098	146,476	-	-
SOCSSO	6,905	5,939	-	-
EIS	544	474	-	-
Directors' fees	69,600	95,600	24,000	-
Other short-term employee benefits (including estimated monetary value and benefits-in-kind)	15,500	15,500	-	-
	1,746,692	1,695,524	29,000	-
Analyse as:				
- Directors	453,512	422,287	29,000	-
- Other key management personnel	1,293,180	1,273,237	-	-
	1,746,692	1,695,524	29,000	-

24. OPERATING SEGMENT

Segmental information is presented in respect of the Group's business and geographical segments.

Business Segments

Operating segment	Description of activities/services
• Stockbroking	- execution of trades of securities listed on Bursa Securities and foreign stock exchanges mainly in Singapore, Hong Kong and the United States of America; - margin financing facility services, nominees and custodian and related services; and - underwriting and placement of securities where the Group underwrites and places out securities from equity fundraising offerings mainly from initial public offering, rights issue and private placement.
• Corporate finance	- corporate finance advisory focusing mainly on primary equity fundraising offering through initial public offerings, secondary equity fundraising offerings such as rights issue and private placement, take overs, mergers and acquisitions, other corporate proposals which include bonus issue of shares and warrants, share issuance scheme, transfer of listing from ACE Market of Bursa Securities to the Main Market of Bursa Securities and corporate restructuring.



Notes to the Financial Statements

31 October 2023

24. OPERATING SEGMENT (CONT'D)

Business Segments (cont'd)

Performance is reviewed by the Chief Operating Decision Maker (“CODM”), i.e. the Group’s managing director, up to gross profit level as management believes that such information is appropriate and relevant in evaluating and comparing the results of two operating segments relative to other entities that operate within these industries segments. For all other income and cost incurred after gross profit level, there is no segmental information provided since these information are viewed on a collective basis by the CODM.

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the CODM as it mainly comprises assets and liabilities of Mercury Securities and management does not distinguish assets and liabilities into the two operating segments. Hence, no disclosure is made on segment assets and liabilities.

	GROUP	
	2023	2022
	RM	RM
Revenue		
Stockbroking	19,903,657	30,251,230
Corporate finance	7,501,097	13,130,529
Total revenue	27,404,754	43,381,759
Cost of services *		
Stockbroking	6,197,995	8,554,852
Corporate finance	3,343,220	11,331,476
Total cost	9,541,215	19,886,328
Gross profit		
Stockbroking	13,705,662	21,696,378
Corporate finance	4,157,877	1,799,053
Total gross profit	17,863,539	23,495,431

* Cost of services includes cost directly attributable to the performance of revenue.

Geographical segments and location of assets

The Group’s revenue and non-current assets are maintained in Malaysia.

Information of major customers

The Group does not have any major customers which individually contributed to more than 10% of the Group’s total revenue during the financial year.

Notes to the Financial Statements

31 October 2023

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost (“AC”), FVTPL and FVTOCI.

	Carrying amount RM	AC RM	FVTOCI RM	FVTPL RM
GROUP				
2023				
Financial Assets				
Other investments	1,648,313	-	536,895	1,111,418
Trade and other receivables	73,743,157	73,743,157	-	-
Deposits	3,083,447	3,083,447	-	-
Cash and cash equivalents	82,503,757	82,503,757	-	-
	160,978,674	159,330,361	536,895	1,111,418
Financial Liabilities				
Trade and other payables	13,211,770	13,211,770	-	-
2022				
Financial Assets				
Other investments	982,430	-	492,585	489,845
Trade and other receivables	69,457,687	69,457,687	-	-
Deposits	3,017,162	3,017,162	-	-
Cash and cash equivalents	46,063,268	46,063,268	-	-
	119,520,547	118,538,117	492,585	489,845
Financial Liabilities				
Trade and other payables	18,565,457	18,565,457	-	-



Notes to the Financial Statements

31 October 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 Categories of financial instruments (cont'd)

The table below provides an analysis of financial instruments categorised as amortised cost ("AC"), FVTPL and FVTOCI. (cont'd)

	Carrying amount RM	AC RM	FVTOCI RM	FVTPL RM
COMPANY				
2023				
Financial Assets				
Cash and cash equivalents	38,435,618	38,435,618	-	-
Financial Liabilities				
Trade and other payables	4,719,372	4,719,372	-	-
2022				
Financial Assets				
Cash and cash equivalents	3	3	-	-
Financial Liabilities				
Trade and other payables	129,935	129,935	-	-

25.2 Financial risk management objectives and policies

The Group's and the Company's financial risk management objectives and policies is to optimise the value creation for their shareholders and seeks to minimise potential adverse effects on the Group's and the Company's financial performance and position. The Group and the Company have exposure to the following risks from their use of financial instruments:

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk

25.2.1 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and brokers.

Notes to the Financial Statements

31 October 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial risk management objectives and policies (cont'd)

25.2.1 Credit risk (cont'd)

25.2.1.1 Trade receivables

The Group manages its exposure to credit risk by amongst others, application of credit approvals, credit limits and monitoring procedures on an ongoing basis. Trade receivables and amount due from clients and brokers are monitored on an ongoing basis via periodic review and management reporting.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The Group applies the simplified approach in *MFRS 9* to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The information about the exposure to credit risk and the loss allowances calculated under *MFRS 9* for trade receivables are summarised below:

	Gross RM	Allowance for ECL RM	Interest-in- suspense RM	Net RM
GROUP				
2023				
Not past due	68,114,687	-	-	68,114,687
Past due 1 to 30 days	499,081	-	(5,187)	493,894
Past due 31 to 60 days	499,979	(85,349)	(3,192)	411,438
Past due 61 to 90 days	183,168	(16,820)	(849)	165,499
Past due 91 to 120 days	433,254	(7,037)	(2,217)	424,000
Past due more than 120 days	15,827,189	(9,403,588)	(3,055,647)	3,367,954*
	85,557,358	(9,512,794)	(3,067,092)	72,977,472
2022				
Not past due	64,101,352	-	-	64,101,352
Past due 1 to 30 days	549,784	-	(6,856)	542,928
Past due 31 to 60 days	79,185	(38,965)	(2,755)	37,465
Past due 61 to 90 days	259,470	(54,704)	(7,395)	197,371
Past due 91 to 120 days	228,851	(16,105)	(2,865)	209,881
Past due more than 120 days	15,977,129	(9,343,549)	(2,965,880)	3,667,700*
	81,195,771	(9,453,323)	(2,985,751)	68,756,697

* The net amount classified under past due more than 120 days as at the end of the reporting period is secured by quoted securities and cash deposit received from clients as well as deposit of the clients' remisiers.



Notes to the Financial Statements

31 October 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial risk management objectives and policies (cont'd)

25.2.1 Credit risk (cont'd)

25.2.1.1 Trade receivables (cont'd)

The Group has significant concentration of credit risk from **Nil** (2022: 1) customer (with amount from each of them representing 10% or more of total trade receivables as at the end of the reporting period) which represent **Nil** (2022: 14%) of the total receivables.

In order to manage the credit risk arising from clients (including margin receivables), individual credit evaluation are performed on all clients. Generally, the amount due from non-margin clients is settled within T+2 market days, hence exposure to credit risk is for a relatively short period and based on historical credit loss experience is not significant.

For amount due from margin clients, the Group enters into commitment to extend margin facility to margin client depending on the assessment of the credit risk of the respective client. The Group requires margin clients to pledge their quoted securities as collateral based on the margin requirements. The margin requirements include, amongst others, valuing the securities pledged based on the Group's internal price cap that is periodically reviewed and is lower than the prevailing market price, imposing a margin of financing of up between 50% to 60% of the value of the securities pledged, selected securities are non-marginable as well as the strategic nature and size of the securities pledged, all of these cushioning measures will mitigate credit loss. The margin and the outstanding amount are closely monitored on a daily basis.

In addition, the Group reviews the recoverable amount of each individual receivable at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Given the above risk management processes, the directors consider that the credit risk arising from amount due from client (including margin receivables) is adequately managed and risk of credit loss is significantly reduced. Market conditions and adequacy of quoted securities held as collateral of each margin receivable are monitored by management on a daily basis. Margin calls and forced selling are made where necessary to reduce risk of loss.

In respect of the amount due from brokers, credit risk is considered low as the Group enters into transactions with brokers which are registered and licensed with regulatory bodies. In respect of the securities listed on Bursa Securities, brokers are required to comply with the Fixed Delivery Settlement System rules of Bursa Malaysia Securities Clearing Sdn. Bhd.

Notes to the Financial Statements

31 October 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial risk management objectives and policies (cont'd)

25.2.1 Credit risk (cont'd)

25.2.1.1 Trade receivables (cont'd)

Trade receivables under corporate finance segment and other receivables are usually collectible and the Group does not have much historical bad debts written off or impairment of such receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to administrative matter. No expected credit losses is provided during the financial year as the impact to the Group's financial statements is not material since all known doubtful debts have already been provided for impairment.

Management believes that there is no other credit risk beyond the amount of allowance for expected credit loss made in the Group's trade receivables.

25.2.2 Liquidity risk

Liquidity risk is the risk of loss as a result of the Group and the Company inability to meet cash flows and other financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its payables. Liquidity risks attributable to trading of securities is manage through the Group's and the Company's compliance with requirements under the Capital Adequacy Requirement framework of Bursa Securities and cash deposit placed with Bursa Malaysia Securities Clearing Sdn. Bhd. under its equity margining system.

As part of the overall liquidity management, the Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities as and when they fall due.



Notes to the Financial Statements

31 October 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial risk management objectives and policies (cont'd)

25.2.2 Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year and less than 2 years RM	More than 2 years and less than 5 years RM
GROUP					
2023					
<i>Non-derivative financial liabilities</i>					
Lease liabilities	341,447	363,788	217,104	101,184	45,500
Trade and other payables	13,211,770	13,211,770	13,211,770	-	-
	13,553,217	13,575,558	13,428,874	101,184	45,500
2022					
<i>Non-derivative financial liabilities</i>					
Lease liabilities	587,912	637,986	274,198	217,104	146,684
Trade and other payables	18,565,457	18,565,457	18,565,457	-	-
	19,153,369	19,203,443	18,839,655	217,104	146,684
COMPANY					
2023					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	4,719,372	4,719,372	4,719,372	-	-
2022					
<i>Non-derivative financial liabilities</i>					
Trade and other payables	129,935	129,935	129,935	-	-

Notes to the Financial Statements

31 October 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial risk management objectives and policies (cont'd)

25.2.3 Market risk

Market risk is the risk of loss arising from changes in prices of equity instruments and other financial instruments, such as interest rates, foreign currency and equity price will affect the Group's and the Company's financial position or cash flows.

25.2.3.1 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 Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing financial assets.

The Group's and the Company's fixed rate instruments comprising of margin receivables and short-term deposits with licensed banks and fixed deposit with licensed banks are exposed to risk of change in their fair value due to changes in interest rates. Since the Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

25.2.3.2 Foreign currency risk

Foreign currency risks is the risk of loss arising from changes in the foreign exchange rate of assets and liabilities denominated in foreign currency and transactions requiring the Group to settle with the counterparty in foreign currency.

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of risk controls to mitigate unnecessary risks not denominated in the Group's functional currency.

The Group is exposed to foreign currency risk mainly on:

- (i) buying and selling of securities denominated in foreign currency on behalf of customers; and
- (ii) cash and bank balances held by the Group which are denominated mainly in United States Dollar ("USD") and Pounds Sterling ("GBP") held for settlement of the Group's obligations in foreign securities denominated in these currencies with the counterparty.

For settlement of obligations from the buying or selling of foreign currency denominated securities, the Group will settle in the transactional foreign currency equivalent based on prevailing major banks' buying or selling foreign exchange rate, thus mitigating undue fluctuations in foreign exchange.



Notes to the Financial Statements

31 October 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial risk management objectives and policies (cont'd)

25.2.3 Market risk (cont'd)

25.2.3.2 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table illustrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax and equity. A 10% strengthening of RM against the following currencies at the end of the reporting period would have decreased profit before tax by the amount shown below and a corresponding 10% weakening would have an equal but opposite effect.

This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	GROUP	
	2023 RM	2022 RM
USD	123,819	124,576
GBP	103,846	102,753
Decrease in profit before tax	227,665	227,329
Decrease in equity	173,025	172,770

25.2.4 Equity price risk

Equity price risk arises mainly from changes in equity prices of the quoted equity securities held as investment by the Group. Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis by competent personnel.

Sensitivity analysis for equity price risk

As at the end of the reporting period, if the share price of the quoted equity securities had been 5% higher/lower, with all other variables held constant, the Group's profit before tax and equity would have been **RM55,571** (2022: RM24,492) higher/lower, and a decrease would have an equal but opposite effect, arising as a result of higher/lower fair value gain on other investments carried at FVTPL.

Notes to the Financial Statements

31 October 2023

25. FINANCIAL INSTRUMENTS (CONT'D)

25.3 Fair value information

The carrying amounts of the Group's and Company's cash and cash equivalents, receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Carrying amount RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
GROUP					
2023					
Fair value of financial instruments carried at fair value					
Financial assets					
Quoted shares	1,648,313	1,648,313	1,648,313	-	-
2022					
Fair value of financial instruments carried at fair value					
Financial assets					
Quoted shares	982,430	982,430	982,430	-	-

The fair value of the quoted shares is determined at their quoted closing bid prices of the shares at the end of the reporting period.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and Level 2 fair values during the financial year.



Notes to the Financial Statements

31 October 2023

26. CAPITAL COMMITMENT

	GROUP	
	2023	2022
	RM	RM
Contracted but not provided for:		
- Computer equipment and software	231,663	781,325

27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure with strong credit rating and healthy capital ratios in order to support its businesses and maximise shareholders' value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and/or other types of securities. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

In addition, a subsidiary, Mercury Securities, is required to comply with Rule 13.03 (minimum paid-up capital and minimum shareholders' funds unimpaired by losses of Participating Organisation) and Rule 13.04 (Capital Adequacy Requirement) of Bursa Securities as well as Chapter 4.04 of the Licensing Handbook issued by the Securities Commission Malaysia ("Handbook") (minimum paid-up capital and minimum shareholders' funds), which they have duly complied. The particulars of Rule 13.03 and 13.04 are as follows:

Rule 13.03

The paid-up capital and minimum shareholders' funds unimpaired by losses of the Mercury Securities shall not be less than RM20,000,000 or such other amount as the Minister of Finance may from time to time determine. The Minister of Finance may exempt any Participating Organisation from the provisions of this Rule 13.03 for such period and on such terms and conditions as he deems fit.

Rule 13.04

On a daily basis, Mercury Securities monitors capital using Capital Adequacy Ratio ("CAR") requirements. CAR is computed based on its liquid capital divided by its total risk requirement. Mercury Securities must ensure that its CAR is at all times more than 1.2. Liquid capital represents its financial resources or liquid capital maintained in a readily realisable form to meet its total risk requirement. Mercury Securities computes liquid capital by deducting non-core capital, property, plant and equipment and current assets from total capital employed. Total risk requirement represents the sum of operational risk requirement, position risk requirement, counterparty risk requirement, underwriting risk requirement and large exposure risk requirement. Mercury Securities submits the required schedules to Bursa Securities on a daily and monthly basis. The CAR of Mercury Securities as at the end of the reporting period is **19.8 times** (2022: 15.9 times).

Notes to the Financial Statements

31 October 2023

27. CAPITAL MANAGEMENT (CONT'D)

Chapter 4.04 of the Handbook

Mercury Securities is a Capital Markets Services Licence holder and is permitted to conduct regulated activities comprising of dealing in securities, investment advice and advising on corporate finance. In accordance with Chapter 4.04 (3) of the Handbook, the minimum paid-up capital and shareholders' funds of Mercury Securities shall not be less than RM20,000,000 and RM100,000,000 respectively and Mercury Securities shall maintain a CAR of at least 1.2 times or any other financial requirements as determined by the Securities Commission Malaysia from time to time.

28. SIGNIFICANT EVENT

On 22 February 2022, the Company had entered into a conditional sale and purchase of shares agreement for the acquisition of 20,000,000 ordinary shares in Mercury Securities, representing the entire equity interest of Mercury Securities, for a total purchase consideration of RM117,008,736 to be fully satisfied by the issuance of 735,904,000 new ordinary shares in the Company at an issue price of RM0.159 per share ("Acquisition"). The conditions precedent period for the conditional sale and purchase of shares agreement was extended to 22 April 2023 via a supplemental letter dated 15 December 2022 and further extended to 22 June 2023 via a second supplemental letter dated 17 April 2023.

The total purchase consideration of RM117,008,736 was arrived at on a "willing-buyer-willing-seller" basis after taking into consideration of the audited consolidated net assets of Mercury Securities as at 31 October 2021 of RM117,008,733. The Acquisition was completed on 26 June 2023 and Mercury Securities became a wholly-owned subsidiary of the Company.

Following the Acquisition, the Company had on 28 August 2023 launched its IPO prospectus in conjunction with its listing on the ACE Market of Bursa Securities which comprises of a Public Issue of 157,095,700 new ordinary shares in the Company at an issue price of RM0.25 per ordinary share and an offer for sale of 71,512,300 existing ordinary shares at an offer price of RM0.25 per ordinary share.

On 19 September 2023, the Company was successfully admitted to the Official List of Bursa Securities and the Company's entire enlarged issued shares of 893,000,000 ordinary share was listed and quoted on the ACE Market of Bursa Securities.



List of Properties

The Group's properties, all owned by Mercury Securities Sdn Bhd are as follows:

Property address	Description of property/ Existing use	Tenure	Year of expiry	Land area/ Built-up area	Acquisition date/ Last revaluation date	Approximate age of building	Audited net book value as at 31 October 2023 (RM'000)
No. 1 (Ground floor, 1 st floor, 2 nd floor and 3 rd floor), Jalan Todak, 5, Pusat Bandar Seberang Jaya, 13700 Prai, Puala Pinang	4-storey shophouses held as investment property for rental purposes	Leasehold for 99 years	2092	Land area 3,261.46 sq. ft Built-up area 13,002.80 sq. ft.	October 2023	29 years	4,500
L-7-2, No. 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur	Office unit in the 7 th floor of a 10-storey building. Used as office for Head Office and Kuala Lumpur Branch	Freehold	n/a	Built-up area 9,564 sq. ft.	October 2021	16 years	7,200
K-3A-5, No.2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur	Office unit in the 4 th floor of a 10-storey building. Used as office for Head Office and Kuala Lumpur Branch	Freehold	n/a	Built-up area 1,636.11 sq. ft.	August 2021	16 years	997
K-3A-6, No. 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur	Office unit in the 4 th floor of a 10-storey building. Used as office for Head Office and Kuala Lumpur Branch	Freehold	n/a	Built-up area 1,237.85 sq. ft.	August 2021	16 years	753
81, 81A & 81B, Jalan Merdeka, Taman Melaka Raya, 75000 Melaka	3-storey shophouse. Used as office for Melaka Branch	Leasehold for 99 years	2093	Land area 1,539.24 sq. ft Built-up area 4,620 sq. ft.	October 2021	30 years	960

Analysis of Shareholdings

as at 15 February 2024

Total Issued Shares : 893,000,000 Ordinary Shares
Types of Shares : Ordinary Share
Voting Rights : One per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS AS AT 15 FEBRUARY 2024

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders (%)	No. of Shares	Percentage of Shareholdings (%)
Less than 100	-	-	-	-
100 to 1,000	218	9.25	123,800	0.01
1,001 to 10,000	1,049	44.52	6,495,700	0.73
10,001 to 100,000	915	38.84	32,532,000	3.64
100,001 to 44,649,999 ⁽¹⁾	171	7.26	189,181,500	21.19
44,650,000 and above ⁽²⁾	3	0.13	664,667,000	74.43
Total	2,356	100.00	893,000,000	100.00

Notes:

(1) Less than 5% of total issued shares.

(2) 5% and above of total issued shares.

DIRECTORS' SHAREHOLDINGS AS AT 15 FEBRUARY 2024

Name	Direct Interest		Indirect Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1. Dato' Baharon Bin Talib	250,000	0.03	-	-
2. Chew Sing Guan	331,431,900	37.11	110,000 ⁽¹⁾	0.01
3. Dato' A. Rahman Bin Safar	73,590,500	8.24	25,000 ⁽¹⁾	0.00 ⁽³⁾
4. Chan Kim Hing	650,000	0.07	-	-
5. Datin Chan Suat Khim	150,000	0.02	-	-
6. Himahlini A/P M. Ramalingam @ Yalumallai	150,000	0.02	-	-

SUBSTANTIAL SHAREHOLDERS AS AT 15 FEBRUARY 2024

Name	Direct Interest		Indirect Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1. Chew Sing Guan	331,431,900	37.11	110,000 ⁽¹⁾	0.01
2. Enrogetz Sdn Bhd	259,644,600	29.08	-	-
3. Faizal Bin Mat Zuki	-	-	259,644,600 ⁽²⁾	29.08
4. Dato' A. Rahman Bin Safar	73,590,500	8.24	25,000 ⁽¹⁾	0.00 ⁽³⁾

Notes:

(1) Deemed interested by virtue of their children's shareholdings pursuant to Section 59(1)(c) of the Companies Act 2016.

(2) Deemed interested by virtue of his shareholdings in Enrogetz Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

(3) Negligible.

CHIEF FINANCIAL OFFICER'S SHAREHOLDING AS AT 15 FEBRUARY 2024

Name	Direct Interest		Indirect Interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1. Teoh Wee Tong	150,000	0.02	-	-



Analysis of Shareholdings

as at 15 February 2024

LIST OF TOP 30 SHAREHOLDERS AS AT 15 FEBRUARY 2024

(Without aggregating securities from different Securities Account(s) belonging to the same Registered Holder)

Name	No. of Shares	Percentage of Shareholdings (%)
1. Chew Sing Guan	331,431,900	37.11
2. Enrogetz Sdn Bhd	259,644,600	29.08
3. Mercsec Nominees (Tempatan) Sdn Bhd A. Rahman Bin Safar	73,590,500	8.24
4. Shaik Othman Bin Hussain	15,370,900	1.72
5. Ong Chin Kok	13,990,300	1.57
6. Chew Beow Soon	12,509,500	1.40
7. Poh Choo Beng	8,165,000	0.91
8. HSBC Nominees (Asing) Sdn Bhd Exempt AN For Morgan Stanley & Co. International PLC (IPB Client Acct)	7,500,000	0.84
9. Mercsec Nominees (Asing) Sdn Bhd General Reserve of Digital Assets Limited	6,000,000	0.67
10. Chou Sing Hoan	5,685,000	0.64
11. Yeo Wee Sun	5,500,000	0.62
12. Low Chin Kwee	5,409,900	0.61
13. Tan Sim Yee	4,405,000	0.49
14. Lembaga Tabung Amanah Warisan Negeri Terengganu	4,367,700	0.49
15. Adrian Alfian Bin Zuraini Ismail	4,076,600	0.46
16. Mariam Prudence Binti Yusof	4,000,000	0.45
17. Mariam Prudence Binti Yusof	4,000,000	0.45
18. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Ibrahim Bin Mohd Zain	4,000,000	0.45
19. Cartaban Nominees (Asing) Sdn Bhd Exempt AN For Barclays Capital Securities Ltd (SBL/PB)	3,936,900	0.44
20. Mercsec Nominees (Tempatan) Sdn Bhd Pintarisma Sdn Bhd	3,346,500	0.37
21. Mercsec Nominees (Tempatan) Sdn Bhd Win Radius Sdn Bhd	3,094,000	0.35
22. Gerald Nicholas Tan Eng Hoe	2,877,000	0.32
23. Lim Seat Hoe	2,700,000	0.30
24. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Law Kok Thye	2,530,000	0.28
25. Mercsec Nominees (Tempatan) Sdn Bhd We Twenty Two Sdn Bhd	2,384,600	0.27
26. Yap Lee Ken	2,331,400	0.26
27. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chai Chan Tong	2,250,000	0.25
28. Citigroup Nominees (Asing) Sdn Bhd UBS AG	2,241,500	0.25
29. Cheng T-Shern	2,200,000	0.25
30. Tai Hin & Son (PG) Sdn Bhd	1,513,000	0.17
Total	801,051,800	89.70

Notice of Third Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting (“**3rd AGM**”) of the Company will be held at **Concorde Hotel Kuala Lumpur, Concorde Ballroom, Lobby Level, 2, Jalan Sultan Ismail, 50250 Kuala Lumpur** on **Friday, 29 March 2024** at **10.00 a.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 October 2023 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)
2. To approve the payment of Director’s fee to Dato’ Baharon Bin Talib of RM8,000.00 per month for the period from 1 October 2023 until the next Annual General Meeting of the Company to be held in 2025. **Ordinary Resolution 1**
(Please refer to Explanatory Note 2)
3. To approve the payment of Director’s fee to Mr. Chan Kim Hing of RM4,000.00 per month for the period from 1 October 2023 until the next Annual General Meeting of the Company to be held in 2025. **Ordinary Resolution 2**
(Please refer to Explanatory Note 2)
4. To approve the payment of Director’s fee to Datin Chua Suat Khim of RM4,000.00 per month for the period from 1 October 2023 until the next Annual General Meeting of the Company to be held in 2025. **Ordinary Resolution 3**
(Please refer to Explanatory Note 2)
5. To approve the payment of Director’s fee to Ms. Himahlini A/P M. Ramalingam @ Yalumallai of RM4,000.00 per month for the period from 1 October 2023 until the next Annual General Meeting of the Company to be held in 2025. **Ordinary Resolution 4**
(Please refer to Explanatory Note 2)
6. To approve the payment of Director’s fee to Dato’ A. Rahman Bin Safar of RM6,000.00 per month for the period from 19 September 2023 until the next Annual General Meeting of the Company to be held in 2025. **Ordinary Resolution 5**
(Please refer to Explanatory Note 2)
7. To approve the payment of Directors’ benefits up to RM50,000.00 for the period from 1 October 2023 until the next Annual General Meeting of the Company to be held in 2025. **Ordinary Resolution 6**
(Please refer to Explanatory Note 2)
8. To re-elect the following Directors who are retiring by rotation in accordance with Clause 76(3) of the Constitution of the Company and, who being eligible, offer themselves for re-election:
(Please refer to Explanatory Note 3)
 - (a) Mr. Chan Kim Hing
 - (b) Dato’ A. Rahman Bin Safar**Ordinary Resolution 7**
Ordinary Resolution 8
9. To re-appoint Messrs. Grant Thornton Malaysia PLT as External Auditors of the Company for the financial year ending 31 October 2024 and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 9**
(Please refer to Explanatory Note 4)



Notice of Third Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolution, with or without modifications:

10. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT 2016

Ordinary Resolution 10

(Please refer to Explanatory Note 5)

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 (“**the Act**”), the Constitution of the Company, and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approvals of the relevant governmental/regulatory authorities, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (“**New Shares**”) from time to time, at such issue price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such New Shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being (“**Proposed General Mandate**”).

THAT such approval of the Proposed General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting (“**AGM**”) of the Company held after the approval was given;
- b. the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT pursuant to Section 85 of the Act, read together with Clause 12(3) of the Constitution of the Company, approval be and is given to waive the Company’s shareholders’ statutory pre-emptive rights of the shareholders of the Company to be offered the New Shares in the Company ranking equally to the existing issued shares of the Company arising from issuance of the New Shares in the Company to the allottees.

THAT the Directors be and are hereby authorised to issue any New Shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine.

Notice of Third Annual General Meeting

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

BY ORDER OF THE BOARD

TAN BEE HWEE (SSM PC NO. 202008001497) (MAICSA 7021024)

SOO SIEW PENG (SSM PC NO. 202008001646) (MAICSA 7063110)

Company Secretaries

Kuala Lumpur
28 February 2024

NOTES:-

1. For the purpose of determining who shall be entitled to attend and vote at the 3rd AGM of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 March 2024. Only a member whose name appears on the Record of Depositors as at 21 March 2024 shall be entitled to attend the 3rd AGM or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at the 3rd AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at the 3rd AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the 3rd AGM.
4. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“**Central Depositories Act**”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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 Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.



Notice of Third Annual General Meeting

6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The appointment of a proxy may be made in a hard copy form or by electronics means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 3rd AGM or adjourned 3rd AGM at which the person named in the appointment proposes to vote:
 - (i) In hard copy form

In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (ii) In electronic form

In the case of an appointment made via online lodgement facility, please lodge the Proxy Form electronically via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the 3rd AGM on the procedures for electronic lodgement of Proxy Form.
8. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
9. Last date and time for lodging the Proxy Form is on **Wednesday, 27 March 2024 at 10.00 a.m.**
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, 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 appointed for holding the 3rd AGM or adjourned 3rd AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. A corporate member who has appointed a representative, please deposit the **ORIGINAL** or **DULY CERTIFIED** certificate of appointment with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - (i) Identity card (NRIC) (Malaysian); or
 - (ii) Police report (for loss of NRIC)/Temporary NRIC (Malaysian); or
 - (iii) Passport (Foreigner).

Notice of Third Annual General Meeting

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. **Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 October 2023**

The Audited Financial Statements is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 (“**the Act**”) does not require a formal approval from the shareholders. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

2. **Ordinary Resolutions 1 to 6 – Payment of Directors’ Fees and Benefits**

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

On 22 December 2023, the Remuneration Committee had reviewed the Directors’ fees and benefits for the Non-Executive Directors for the following period, taking into consideration the market trends for similar positions, time commitment and responsibilities of the respective Directors.

The payment of the Directors’ fees and benefits from the period as stated in the proposed Ordinary Resolutions 1 to 6 until the next Annual General Meeting (“**AGM**”) of the Company to be held in 2025 will only be made if the relevant proposed Ordinary Resolutions 1 to 6 are passed at the 3rd AGM.

The proposed Ordinary Resolutions 1 to 4, if passed, will give authority to the Company to pay the Directors’ fees from 1 October 2023 until the next AGM of the Company to be held in 2025 to Non-Executive Directors as and when their services are rendered.

The proposed Ordinary Resolution 5 comprising the Director’s fee amounting to RM6,000.00 per month payable to Dato’ A Rahman Bin Safar for the period from 19 September 2023 until the next AGM of the Company to be held in 2025 as and when his services are rendered as follows:

- (a) RM4,000.00 per month in his capacity as Non-Executive Director of the Company; and
- (b) RM2,000.00 per month in his capacity as Non-Executive Director of the Company’s subsidiary, Mercury Securities Sdn Bhd.

The proposed Ordinary Resolution 6 is to facilitate the payment of Directors’ benefits to Non-Executive Directors for the period from 1 October 2023 until the next AGM of the Company to be held in 2025.

The proposed structure of the Directors’ benefits to Non-Executive Directors for the period from 1 October 2023 until the next AGM of the Company to be held in 2025 are as follows:

Type of Benefits	Description	Amount
Meeting Attendance Allowance		
Board Committees and Board Meeting Allowances	Chairman of the Board Non-Executive Directors of the Board	RM500.00 per meeting day

Payment of the Directors’ benefits will be made by the Company to the respective Directors as and when incurred if the proposed Ordinary Resolution 6 is passed by the shareholders at the 3rd AGM.

In the event the Directors’ fees and benefits proposed are insufficient, approval will be sought at the next AGM for additional fees to meet the shortfall.



Notice of Third Annual General Meeting

3. Ordinary Resolutions 7 – 8 – Re-election of Directors who retire in accordance with Clause 76(3) of the Constitution of the Company

The following Directors are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 3rd AGM:

- (a) Mr. Chan Kim Hing
- (b) Dato' A. Rahman Bin Safar

Pursuant to Practice 5.7 of the Malaysian Code on Corporate Governance 2021 (“**MCCG**”), the profiles of the aforementioned Directors are set out in the Directors’ profile on page 5 of the Annual Report 2023. For the purpose of determining the eligibility of the Directors to stand for re-election at the 3rd AGM, the Board has, through the Nomination Committee (“**NC**”), considered the assessment on the fit and proper of the retiring Directors and agreed that they meet the criteria as prescribed by Rule 2.20A of the ACE Market Listing Requirements (“ACE Listing Requirements”) of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. Based on the recommendation of NC, the Board (save for the retiring Directors who had abstained from participating in the deliberation and voting by the Board regarding his re-election) supports the re-election of the abovementioned Directors with the following justifications:

Ordinary Resolution 7: Re-election of Mr. Chan Kim Hing as Director of the Company

Mr. Chan Kim Hing fulfills the requirements of independence as set out in Guidance Note 9 of the ACE Listing Requirements. He remains objective and independent in expressing his view and participating in Board deliberations and decision-making.

He has exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Director of the Company.

Ordinary Resolution 8: Re-election of Dato’ A. Rahman Bin Safar as Director of the Company

Dato’ A. Rahman Bin Safar has vast experience in accounting, financial and treasury management. He provides guidance for the overall internal control and risk management framework of the Group.

Based on the above, the Board of Directors (“**Board**”) (save for the retiring Directors who had abstained from participating in the deliberation and voting by the Board regarding his re-election), collectively agreed and recommended the said Directors be re-elected as Directors of the Company at the 3rd AGM. The Board was also satisfied with the fit and proper assessment completed by the retiring Directors.

4. Ordinary Resolution 9 – Re-appointment of Auditors

The Audit and Risk Management Committee (“**ARMC**”) had at its meeting held on 22 December 2023 assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs. Grant Thornton Malaysia PLT as External Auditors of the Company for the financial year ending 31 October 2024.

The Board has reviewed the recommendation of the ARMC and recommended the same to be tabled to the shareholders for approval at the 3rd AGM.

Notice of Third Annual General Meeting

EXPLANATORY NOTES ON SPECIAL BUSINESS

5. Ordinary Resolution 10 - Authority to issue and allot shares pursuant to Sections 75 and 76 of the Act and Waiver of Pre-emptive Rights pursuant to Section 85 of the Act

The proposed Ordinary Resolution 10, if passed, would empower the Directors of the Company to allot and issue new shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of the issued shares of the Company (excluding treasury shares) for the time being ("**Proposed General Mandate**").

The authority for the Proposed General Mandate will, unless revoked by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The proposed Ordinary Resolution 10 is proposed to seek for a renewal of the general mandate. The general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The Company has not issued any new shares pursuant to the general mandate to the Directors for issuance of shares pursuant to the Act, obtained at the 2nd AGM held on 10 February 2023 and which will lapse at the conclusion of the 3rd AGM. Hence, no proceeds were raised from the previous general mandate.

The purpose of the Proposed General Mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the Proposed General Mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

Pursuant to Section 85(1) of the Companies Act 2016 be read together with Clause 12(3) of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other securities convertible into new shares. By voting in favour of this resolution, the shareholders of the Company would be waiving their statutory pre-emptive rights. The resolution, if passed, would allow the Directors to issue new shares to any person without having to offer the new shares in the Company to be issued equally to all existing shareholders of the Company prior to issuance.



Statement Accompanying the Notice of Third Annual General Meeting (“3rd AGM”)

(pursuant to Rule 8.29 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

The profile of the Directors (Mr. Chan Kim Hing and Dato’ A. Rahman Bin Safar) who are standing for re-election (as per Ordinary Resolution No. 7 and 8 as stated above) at the forthcoming 3rd AGM of Mercury Securities Group Berhad can be found on page 5 – Directors’ Profile of the Company’s Annual Report 2023.

The information relating to the shareholding of the above two (2) Directors in the Company and its related corporation are set out on page 139 of the Company’s Annual Report 2023.

Please refer to item 3 of the Explanatory Notes on Ordinary Business to the Notice of the Third Annual General Meeting on page 146 of this Annual Report for further background and justification of the Board of Directors to recommend their re-election as Director at the forthcoming 3rd AGM.

Administrative Guide

for the Third Annual General Meeting (“3rd AGM”)

Meeting Date : Friday, 29 March 2024

Time : 10.00 a.m.

**Venue : Concorde Hotel Kuala Lumpur, Concorde Ballroom, Lobby Level,
2, Jalan Sultan Ismail, 50250 Kuala Lumpur**

CORPORATE MEMBERS

- Corporate members who wish to appoint corporate representatives instead of a proxy, must deposit their original or duly certified certificate of appointment of corporate representative to Tricor Investor & Issuing House Services Sdn. Bhd. (“TIIH”) on or before the Annual General Meeting.
- Attorneys appointed by power of attorney are required to deposit their power of attorney with TIIH not later than Wednesday, 27 March 2024 at 10.00 a.m. to attend and vote at the 3rd AGM.

GENERAL MEETING RECORD OF DEPOSITORS (“ROD”)

- Only a depositor whose name appears on the ROD as at **21 March 2024** shall be entitled to attend, participate, speak and vote at the 3rd AGM or appoint proxies to attend and/or vote on his/her behalf.

REGISTRATION ON THE DAY OF THE 3RD AGM

- Registration will commence at 9.00 a.m. on Friday, 29 March 2024 and will remain open until the conclusion of the 3rd AGM or such time as may be determined by the Chairman of the meeting.
- Please present your original National Registration Identity Card (NRIC) or Passport (for non-Malaysian) to the registration staff for verification.
- Upon verification, an identification wristband for voting purposes will be given to you thereafter. No one will be allowed to enter the meeting room without an identification wristband. There will be no replacement for the identification wristband if it is lost or misplaced.
- Registration must be done in person. No person is allowed to register on behalf of another even with the original NRIC or passport of the other person.
- The registration counter will handle verification of identity, registration and revocation of proxy/proxies.

NO RECORDING OR PHOTOGRAPHY

- Strictly **NO** authorised recording or photography of the proceedings of the 3rd AGM is allowed.

NO DOOR GIFT OR FOOD VOUCHER

- There will be **no distribution** of door gift or food voucher at the 3rd AGM.

REFRESHMENTS

- Refreshments will be served at the 3rd AGM.



Administrative Guide

for the Third Annual General Meeting (“3rd AGM”)

PROXY

The appointment of proxy may be made in hard copy form or by electronic form in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the 3rd AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid:-

In hard copy form

In case of an appointment made in hard copy form, the Proxy Form must be deposited with the Company’s Share Registrar, TIIH at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively 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 appointed for holding the 3rd AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

In electronic form

You may also submit the Proxy Form electronically via **TIIH Online** website at <https://tiih.online> no later than Wednesday, 27 March 2024 at 10.00 a.m. Please do read and follow the procedures below to submit Proxy Form electronically.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your Proxy Form electronically via Tricor’s **TIIH Online** website are summarised below:

	Procedure	Action
i. Steps for Individual Shareholders		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the “e-Services”. Select the “Sign Up” button and followed by “Create Account by Individual Holder”. Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. Select the corporate event: “MERCURY SECURITIES GROUP BERHAD 3RD AGM – SUBMISSION OF PROXY FORM”. Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your vote. Review and confirm your proxy(ies) appointment. Print the Proxy Form for your record.

Administrative Guide

for the Third Annual General Meeting (“3rd AGM”)

Procedure	Action
ii. Steps for Corporation or Institutional Shareholders	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the “Sign Up” button and followed by “Create Account by Representative of Corporate Holder”. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p style="margin-top: 10px;">Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online • Select the corporate event: “MERCURY SECURITIES GROUP BERHAD 3RD AGM – SUBMISSION OF PROXY FORM”. • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: “MERCURY SECURITIES GROUP BERHAD 3RD AGM – SUBMISSION OF PROXY FORM”. • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for your record.

POLL VOTING

- The voting at the 3rd AGM will be conducted by poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed TIIH as a Poll Administrator to conduct the poll and Quantegic Services Sdn Bhd as Scrutineers to verify the poll results.
- Upon completion of the voting session for the 3rd AGM, the Scrutineers will verify and announce the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.



Administrative Guide

for the Third Annual General Meeting (“3rd AGM”)

ANNUAL REPORT 2023

- The Company’s Annual Report 2023 is available at the Company’s website at <https://www.mercurysecurities.com.my/annual-reports> and Bursa Malaysia’s website at www.bursamalaysia.com under Company’s announcements.
- You may request for a printed copy of the Annual Report 2023 at <https://tjih.online> by selecting “Request for Annual Report” under the “Investor Services”.
- Kindly consider the environment before you decide to request for the printed copy of the Annual Report. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

COMMUNICATION GUIDANCE

Shareholders are advised to check the Company’s website at <https://www.mercurysecurities.com.my> and announcements from time to time for any changes to the administration of the 3rd AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

ENQUIRY

If you have any enquiries on the above, please contact the Share Registrar during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603 2783 9299

Email : is.enquiry@my.tricorglobal.com

Contact Person : Ms. Nur Shafikah

+603 2783 9293 (nur.shafikah@my.tricorglobal.com)

: Mr. Ashvinder Singh

+603 2783 7962 (ashvinder.singh@my.tricorglobal.com)

**MERCURY SECURITIES GROUP BERHAD**

Registration No.202101018329 (1418629-A)

(Incorporated in Malaysia)

Proxy Form

CDS Account No.	No. of Shares held

I/We _____ Tel: _____

[Full name in block, NRIC/Passport/Company No.]

of _____

being member(s) of **Mercury Securities Group Berhad**, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or* (*delete as appropriate)

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting, as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the 3rd Annual General Meeting (“3rd AGM”) of the Company to be held at **Concorde Hotel Kuala Lumpur, Concorde Ballroom, Lobby Level, 2, Jalan Sultan Ismail, 50250 Kuala Lumpur** on **Friday, 29 March 2024 at 10.00 a.m.**, or any adjournment thereof, and to vote as indicated below:

	Resolution	For	Against
1.	Ordinary Resolution 1 – To approve the payment of Director’s fee to Dato’ Baharon Bin Talib of RM8,000.00 per month for the period from 1 October 2023 until the next Annual General Meeting of the Company to be held in 2025		
2.	Ordinary Resolution 2 – To approve the payment of Director’s fee to Mr. Chan Kim Hing of RM4,000.00 per month for the period from 1 October 2023 until the next AGM of the Company to be held in 2025		
3.	Ordinary Resolution 3 – To approve the payment of Director’s fee to Datin Chua Suat Khim of RM4,000.00 per month for the period from 1 October 2023 until the next AGM of the Company to be held in 2025		
4.	Ordinary Resolution 4 – To approve the payment of Director’s fee to Ms. Himahlini A/P M. Ramalingam @ Yalumallai of RM4,000.00 per month for the period from 1 October 2023 until the next AGM of the Company to be held in 2025		
5.	Ordinary Resolution 5 – To approve the payment of Director’s fee to Dato’ A. Rahman Bin Safar of RM6,000.00 per month for the period from 19 September 2023 until the next Annual General Meeting of the Company to be held in 2025.		
6.	Ordinary Resolution 6 – To approve the payment of Directors’ benefits up to RM50,000.00 for the period from 1 October 2023 until the the next Annual General Meeting of the Company to be held in 2025		
7.	Ordinary Resolution 7 – To re-elect Mr. Chan Kim Hing as Director of the Company		
8.	Ordinary Resolution 8 – To re-elect Dato’ A. Rahman Bin Safar as Director of the Company		
9.	Ordinary Resolution 9 – To re-appoint Messrs. Grant Thornton Malaysia PLT as External Auditors of the Company for the financial year ending 31 October 2024 and to authorise the Board of Directors to fix their remuneration.		
10.	Ordinary Resolution 10 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 and Waiver of Pre-emptive Rights pursuant to Section 85 of the Companies Act 2016		

Please indicate with an “X” in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____ 2024

* Manner of execution:

- (a) If you are an individual member, please sign where indicated.
 (b) If you are a corporate member which has a common seal, this Proxy Form should be executed under seal in accordance with the constitution of your corporation.
 (c) If you are a corporate member which does not have a common seal, this Proxy Form should be affixed with the rubber stamp of your corporation (if any) and executed by:
 (i) at least two (2) authorised officers, of whom one shall be a director; or
 (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Signature*
Member

NOTES:-

1. For the purpose of determining who shall be entitled to attend and vote at the 3rd AGM of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 March 2024. Only a member whose name appears on the Record of Depositors as at 21 March 2024 shall be entitled to attend the 3rd AGM or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at the 3rd AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at the 3rd AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the 3rd AGM.
4. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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 Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The appointment of a proxy may be made in a hard copy form or by electronics means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 3rd AGM or adjourned 3rd AGM at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, the Proxy Form must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
 - (ii) In electronic form
In the case of an appointment made via online lodgement facility, please lodge the Proxy Form electronically via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the 3rd AGM on the procedures for electronic lodgement of Proxy Form.
8. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
9. Last date and time for lodging the Proxy Form is on **Wednesday, 27 March 2024 at 10.00 a.m.**
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, 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 appointed for holding the 3rd AGM or adjourned 3rd AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. A corporate member who has appointed a representative, please deposit the **ORIGINAL** or **DULY CERTIFIED** certificate of appointment with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - (i) Identity card (NRIC) (Malaysian); or
 - (ii) Police report (for loss of NRIC)/Temporary NRIC (Malaysian); or
 - (iii) Passport (Foreigner).

PERSONAL DATA PRIVACY

By submitting the duly executed Proxy Form, the member (i) consents to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting, including any adjournment thereof and (ii) warrants that where the member discloses the personal data of the member's proxy(ies), attorney(s) and/or representative(s) to the Company (and/or its agents/service providers), the member has obtained the prior consent of such persons for the collection, use and disclosure by the Company (and/ or its agents/service providers) of the personal data of such persons for the purpose of the Annual General Meeting, including any adjournment thereof, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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AFFIX
STAMP

The Share Registrar of
MERCURY SECURITIES GROUP BERHAD
Registration No. 202101018329 (1418629-A)

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

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