

**MERCURY SECURITIES GROUP BERHAD**  
Registration No. 202101018329 (1418629-A)  
(Incorporated in Malaysia)

**WRITTEN QUESTIONS FROM A SHAREHOLDER AND REPLIES BY MR. WOON SEE SOON,  
SENIOR GENERAL MANAGER AT THE FIFTH ANNUAL GENERAL MEETING (“5TH AGM”)  
OF MERCURY SECURITIES GROUP BERHAD (“THE COMPANY”) HELD ON TUESDAY, 31  
MARCH 2026, AT 10.00 A.M.**

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Question 1

In recent weeks, several trading platforms in Malaysia experienced prolonged service disruptions. Was the Company Straight Thru online trading platform affected? How robust are its cybersecurity defences, and what actions has Management taken in response to such incidents that affecting other platforms?

Reply

The Company’s online trading platform has not experienced any prolonged service disruption, unlike some other participating organisations as reported in the news. The Company has enhanced the cybersecurity defence through the implementation of multi-factor authentication measures and other measures, including compliance with Bursa Malaysia Securities Berhad’s recommended requirements and performed periodic penetration testing. The Company will continue to enhance its cybersecurity defence to ensure the online trading platform performs without any major disruptions.

Question 2

What is the Company’s current progress in preparing for sustainability reporting in accordance with International Financial Reporting Standards (“IFRS”) S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosure), given that these standards will become mandatory for ACE Market listed issuers such as the Company for financial years ending on or after 31 December 2027?

Reply

The compliance for the sustainability reporting under IFRS S1 and IFRS S2 are not mandatory to the Company until the financial year ending 31 October 2028. Nevertheless, the Company is in the midst of preparation to get ready to incorporate IFRS S1 and IFRS S2 requirements into the sustainability report by the timeline.

Question 3

Has user acceptance testing for the foreign share trading online platform been completed? When is this service expected to be rolled out to customers, and what revenue growth is anticipated following its introduction?

Reply

In light of recent disruptions in the online platform of some participating organisations, the Company’s Information Technology team has requested the service provider for additional information on the cybersecurity defence to ascertain and perform user testing to ensure it meet required standards. Tentative project roll-out may take a longer time now. The Company does not anticipate a major contribution to the revenue during the initial stage of rolling out the platform.

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Question 4

For the Utilisation of Proceeds, has the remaining unutilised balance of RM1.82 million earmarked for the enhancement of digitalisation programmes and marketing activities in the Group’s stockbroking business been utilised to date, given that the extension of the timeframe runs until 18 March 2026?

Reply

An enhancement to the back-office system is ongoing and involve extensive modifications by the vendor, following feedback on user specification requirements and observations from user testing. Recent cybersecurity concerns have further delayed the rollout, as the Company needed to ensure that cybersecurity defence meet required standards. Accordingly, the Company is not obligated to make full payment until the user acceptance testing is completed to the Company’s satisfaction. As such, the balance of RM1.82 million remains unutilised and the Board of Directors had resolved to extend the utilisation timeframe by an additional 12 months, up to 18 March 2027.

Question 5

Why did administrative and other operating expenses increased further by RM1.01 million (12.3%) in Financial Year (“FY”) 2025, following a 10.2% increase in FY2024? Is this increase directly correlated with the 11.1% growth in revenue?

Reply

Yes, the increase in administrative and other operating expenses is correlated with the growth in revenue.

Question 6

In the statement of cash flows, RM51 million of working capital was utilised for trade and other receivables, deployed to finance share margin receivables. As the Group intends to continue scaling its share margin financing portfolio, does the Group have sufficient funding to execute this initiative?

Reply

The Group currently has sufficient internally generated funds to scale the margin portfolio. In the event that the Company requires more funds to finance the increased in margin portfolio, the Company can explore other fund-raising options e.g. bank borrowings as our current gearing is zero.

Question 7

Based on the Note 7 to the Intangible Assets, what revenue growth rate was used as the key assumption in calculating the value in use of the intangible asset?

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Reply

As disclosed in Note 7 of the Audited Financial Statements, being conservative, no growth rate has been factored into the calculation of the value in use of the intangible asset which has been agreed by the Company’s External Auditors.

Question 8

Based on the Note 11 (iii) to the Trade and Other Receivables, why was there a current year allowance for expected credit losses (ECL) of RM169,336, and an equivalent reversal of the same amount during the year?

Reply

The recognition and subsequent reversal of the ECL allowance of RM169,336 during the year arose from the reclassification of account from “amounts due from clients” to “trade receivables,” in line with the current year’s presentation in the Audited Financial Statements.

Question 9

Staff costs increased by approximately 28% (RM3.1 million year-on-year), while headcount decreased from 99 in FY2024 to 90 in FY2025. What factors contributed to higher staff costs despite the reduction in headcount?

Reply

For information, the number of staff are based on the closing of the FY i.e., as at 31 October 2025 and 31 October 2024. The reduction in the number of staff take place over the course of the financial year.

The increase in staff costs was primarily attributable to salary increment and performance bonus. The Company remains committed to maintain optimal number of headcounts as part of its cost management as salary and associated costs (e.g. Employees Provident Fund, Employment Insurance System) forms a substantial amount of its operating costs.

Question 10

Based on the Note 24 to the Related Party Transactions, the Company advanced RM29.3 million to its subsidiary, Mercury Securities Sdn. Bhd. How were these advances utilised by the subsidiary?

Reply

The advances amounting to RM29.3 million to the Company’s wholly-owned subsidiary, Mercury Securities Sdn. Bhd., were utilised to support the expansion of its margin financing portfolio.

Question 11

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Based on the Note 25 to the Operating Segment, for the segment of Corporate Finance, why did the cost of services increase by RM437,000.00, despite the revenue decline by approximately RM2.8 million?

Reply

The decline in revenue of Corporate Finance segment as highlighted was not fully accurate as underwriting fee and placement fee derived from Corporate Finance activities are classified under the Stockbroking segment, in accordance with the External Auditors' recommended presentation.

For the FY2025, total advisory fee, underwriting fee and placement fees amounted to RM12.06 million as compared with RM11.23 million in the FY2024, as disclosed on page 114 of the audited financial statements which explained for the increase of cost of services in the Corporate Finance segment.

Question 12

How much of the trade receivables have been collected subsequent to the end of FY2025 to date, particularly the RM14.6 million of receivables that were past due?

Reply

Out of the gross amount of RM14.6 million, the Company has provided ECL allowance and Interest-in-suspense of total amount of RM8.1 million, leaving a balance of RM6.4 million. Subsequent to the financial year ended 2025, the Company has collected approximately about RM1.4 million. The remaining outstanding balances of RM5.0 million are substantially collateralised.