

Registration No: 199001016563 (208232 - A)

APEX EQUITY HOLDINGS BERHAD
(Incorporated in Malaysia)

FINANCIAL REPORT
for the financial year ended 31 December 2023

Registration No: 199001016563 (208232 - A)

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

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APEX EQUITY HOLDINGS BERHAD

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DIRECTORS' REPORT

The directors have pleasure to submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services.

The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary company are set out in the "Subsidiaries" of this report.

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

RESULTS

	The Group RM'000	The Company RM'000
Profit/(Loss) after taxation attributable to owners of the Company	<u>7,318</u>	<u>(751)</u>

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

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DIRECTORS' REPORT

TREASURY SHARES

As at 31 December 2023, the total issued and fully paid-up shares of the Company stood at 213,563,324 ordinary shares, of which 10,923,118 ordinary shares are being held as treasury shares, as disclosed in Note 18 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Zakaria Bin Arshad (Appointed on 20.10.2023)
Norzilah Binti Mohammed (Appointed on 3.7.2023)
Datuk Wira Farhash Wafa Salvador J.P.
Lee Siow Hong
Rozana Shamsuddin
Woon Wai En
Dato' Leong Wai Leng (Retired on 5.7.2023)
Lim Kok Eng (Resigned on 20.10.2023)

In accordance with the Company's Articles of Association, Dato' Zakaria Bin Arshad and Norzilah Binti Mohammed retire pursuant to Article 109 and Lee Siow Hong retires pursuant to Article 102 at the forthcoming Annual General Meeting. The retiring directors being eligible offer themselves for re-election.

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Chang Min De
Foo Siew Yuen
Kong Ming Ming
Wong Zhen Fai
Mazlan Bin Ahmad (Appointed on 1.6.2023)
Prof. Dato' Dr. Mohd Azmi Bin Omar (Appointed on 14.12.2023)
Leong Kok Hoong (Resigned on 30.6.2023)
Zairul Azman Bin Jemaari (Resigned on 30.6.2023)

DIRECTORS' INTERESTS

None of the directors holding office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year.

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DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
 - (i) that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company;
 - (ii) which would render the values attributed to the current assets in the financial statements misleading; or
 - (iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

- (d) No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.
- (e) At the date of this report, the directors are not aware of any circumstances 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.
- (f) In the opinion of the directors:
- (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 financial year in which this report is made.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM'000	The Company RM'000
Fees	494	435
Salaries, bonuses and other benefits	1,996	1,996
Defined contribution plan	227	227
	<hr/>	<hr/>
	2,717	2,658

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM25,939.

INDEMNITY AND INSURANCE COST

The Company maintains a Directors' and Officers' Liability Insurance Policy on a group basis. During the financial year, the amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group were RM10 million and RM270,000 respectively.

There was no indemnity given to or professional indemnity insurance effected for the auditors of the Company.

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DIRECTORS' REPORT

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2023 %	2022 %	
Subsidiaries of the Company				
Apex Securities Berhad ("ASB")	Malaysia	100	100	Stock, share and futures broker, investment advisor and dealer in securities
Apex Development Sdn. Bhd.	Malaysia	100	100	Property holding
Apex Equity Capital Sdn. Bhd.	Malaysia	100	100	Money lending
Apex Equity Digital Sdn. Bhd. (formerly known as Apex Equity Management Sdn. Bhd.)	Malaysia	100	100	Dormant
Subsidiaries of ASB				
Apex Nominees (Tempatan) Sdn. Bhd.	Malaysia	100	100	Provision of nominee services
Apex Nominees (Asing) Sdn. Bhd.	Malaysia	100	100	Provision of nominee services

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 37 to the financial statements.

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DIRECTORS' REPORT

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM'000	The Company RM'000
Audit fee	203	50
Non-audit fee	7	7
	<hr/>	<hr/>
	210	57
	<hr/>	<hr/>

Signed in accordance with a resolution of the directors dated 30 April 2024.

Dato' Zakaria Bin Arshad

Norzilah Binti Mohammed

APEX EQUITY HOLDINGS BERHAD

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**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Dato' Zakaria Bin Arshad and Norzilah Binti Mohammed, being two of the directors of Apex Equity Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 15 to 88 are 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 of 31 December 2023 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 30 April 2024.

Dato' Zakaria Bin Arshad

Norzilah Binti Mohammed

**STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016**

I, Tan Cheng Han, MIA Membership Number: 11280, being the officer primarily responsible for the financial management of Apex Equity Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 15 to 88 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Tan Cheng Han, NRIC Number: 680702-10-5897
at Petaling Jaya
in the State of Selangor
on this 30 April 2024

Tan Cheng Han

Before me

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No: 199001016563 (208232 - A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the financial statements of Apex Equity Holdings Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other 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 material accounting policy information, as set out on pages 15 to 88.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their 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 Qualified Opinion

Included in Note 10 Receivables to the financial statements is an amount owing by a loan receivable amounting to RM23,800,000. Based on the directors' assessment of the recoverability of this loan receivable, the directors are of the opinion that the loan receivable is recoverable and accordingly no impairment loss has been made in the financial statements. However, there are changes in circumstances subsequent to the reporting period that caused a significant deterioration in the credit quality of this loan receivable. We are unable to obtain sufficient appropriate audit evidence to support the recoverability of this loan receivable. Had an adjustment for impairment of this loan receivable been made, the carrying amount of Receivables would have been decreased by the same amount for the Group. Similarly, profit after taxation for the financial year and retained profits of the Group would have decreased by the same amount.

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 qualified 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APEX EQUITY HOLDINGS BERHAD (CONT'D)

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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.

In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined that matters described below to be the key audit matters to be communicated in our report.

Impairment of Receivables Refer to Note 4.1(e) and Note 10 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>We focused on this area because the Group carries significant amount of receivables with credit risk exposure, and the adequacy of the impairment loss for receivables involved the use of judgements.</p>	<p>Our audit procedures included, amongst others, the following:-</p> <p><u>Trade receivables (excluding loan receivables)</u></p> <ul style="list-style-type: none"> Obtained an understanding of: <ul style="list-style-type: none"> The Group's control over the receivable collection process; How the Group identifies and assess the impairment of receivables; and How the Group makes the accounting estimates for impairment. Reviewed the ageing report and tested its reliability; Assessed the recoverability of major receivables including but not limited to, subsequent collections; Understand the methodologies and tested the model used for the computation of impairment; and Evaluated the reasonableness and the adequacy of the Group's allowance for impairment losses on receivables, in particular the expected credit losses.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
APEX EQUITY HOLDINGS BERHAD (CONT'D)**

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Key Audit Matters (Cont'd)

Impairment of Receivables (Cont'd) Refer to Note 4.1(e) and Note 10 to the financial statements	
	<p>How our audit addressed the key audit matter</p> <p>Our audit procedures included, amongst others, the following (Cont'd):-</p> <p><u>Loan receivables</u></p> <ul style="list-style-type: none"> • Obtained an understanding of: <ul style="list-style-type: none"> - The money lending policies and procedures; - The process of evaluation of loan application to ultimate approval of loan; • Inspected supporting documentations which included mainly the money lending agreement, background and credit check of borrowers and securities' agreement; • Reviewed whether the Group's ECL model on loan receivables is in accordance with MFRS 9. This includes the management assessment of significant assumptions and considerations applied by the Group in the ECL model such as criteria for significant deterioration in credit quality; • Reviewed how the Group perform assessment on the fair values of collateral pledged; and • Obtained direct confirmations from loan receivables.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
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Key Audit Matters (Cont'd)

Revenue Recognition Refer to Note 23 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>We have considered revenue recognition as a key area of our audit as it is one of the significant items in the financial statements of the Group and an important driver of the Group's operating results.</p> <p>Our focus is on two main revenue streams derived from stock and securities broking segment of the Group as follows:</p> <ul style="list-style-type: none"> - Brokerage income; and - Interest income. <p>Brokerage income and interest income involved voluminous transactions and are mainly processed automatically through the Information Technology ("IT") system of the Group.</p>	<p>Our audit procedures for revenue included, amongst others, the following:-</p> <ul style="list-style-type: none"> • 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 general control and the application control; • Performed test of details on the existence of the revenue recorded, based on amongst others the inspection on the issuance of contract notes, invoices and/or journal entries, tracing from the relevant ledger accounts; • Compared the performance of the Group especially on brokerage income earned to the overall stock market performance in Malaysia based on available published information; • Tested completeness of revenue by tracing samples of contract notes, invoices and/or related journal entries during the financial year and also subsequent to the financial year, to the relevant ledger accounts; and • Assessed the risk of management override of controls mainly through the review of journal entries testing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APEX EQUITY HOLDINGS BERHAD (CONT'D)

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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, we conclude that there is a material misstatement of this other information, we are required to report that fact. Other than the matter described in the *Basis for Qualified Opinion* section, we have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APEX EQUITY HOLDINGS BERHAD (CONT'D)

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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 for 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 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 or 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APEX EQUITY HOLDINGS BERHAD (CONT'D)

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

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.

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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

30 April 2024

Choong Kok Keong
03461/11/2025 J
Chartered Accountant

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		The Group		The Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	203,001	205,991
Property, plant and equipment	6	3,359	12,487	465	108
Investment properties	7	26,984	27,004	-	-
Right-of-use assets	8	2,290	173	1,000	-
Other assets	9	4,794	4,412	-	-
Receivables	10	15,000	56,883	-	-
Net investment in a lease	11	-	-	619	-
Deferred tax assets	12	1,508	2,000	-	-
		<u>53,935</u>	<u>102,959</u>	<u>205,085</u>	<u>206,099</u>
CURRENT ASSETS					
Marketable securities held for trading	13	4,817	4,315	-	-
Receivables	10	257,174	145,914	514	144
Net investment in a lease	11	-	-	400	-
Amount owing by subsidiaries	14	-	-	10,543	2,775
Current tax assets		238	344	65	79
Cash and short-term funds	15	47,023	104,020	107	8,919
		<u>309,252</u>	<u>254,593</u>	<u>11,629</u>	<u>11,917</u>
Non-current assets held for sale	16	10,825	-	-	-
		<u>320,077</u>	<u>254,593</u>	<u>11,629</u>	<u>11,917</u>
TOTAL ASSETS		374,012	357,552	216,714	218,016

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

		The Group		The Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	221,940	221,940	221,940	221,940
Treasury shares	18	(7,459)	(7,459)	(7,459)	(7,459)
Reserves	19	114,232	106,698	(510)	241
TOTAL EQUITY		328,713	321,179	213,971	214,722
NON-CURRENT LIABILITY					
Lease liabilities	20	1,398	8	1,303	-
CURRENT LIABILITIES					
Payables	21	38,530	31,169	709	846
Amount owing to a subsidiary	14	-	-	-	2,448
Lease liabilities	20	934	189	731	-
Bank overdraft	22	4,005	5,007	-	-
Current tax liabilities		432	-	-	-
		43,901	36,365	1,440	3,294
TOTAL LIABILITIES		45,299	36,373	2,743	3,294
TOTAL EQUITY AND LIABILITIES		374,012	357,552	216,714	218,016

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
REVENUE	23	45,623	35,942	8,242	7,836
DIRECT OPERATING COSTS	24	(10,010)	(9,261)	-	-
GROSS PROFIT		35,613	26,681	8,242	7,836
OTHER INCOME		2,058	1,858	20	35
NET (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS ON FINANCIAL ASSETS	25	(3)	489	-	-
ADMINISTRATIVE AND OTHER EXPENSES		(26,810)	(22,193)	(8,869)	(6,898)
PROFIT/(LOSS) FROM OPERATIONS		10,858	6,835	(607)	973
FINANCE COSTS		(123)	(45)	(176)	(251)
PROFIT/(LOSS) BEFORE TAXATION	26	10,735	6,790	(783)	722
INCOME TAX EXPENSE	27	(3,417)	(384)	32	(21)
PROFIT/(LOSS) AFTER TAXATION		7,318	6,406	(751)	701

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
PROFIT/(LOSS) AFTER TAXATION BROUGHT FORWARD		7,318	6,406	(751)	701
OTHER COMPREHENSIVE INCOME					
<u>Item that Will Not be Reclassified Subsequently to Profit or Loss</u>					
Fair value changes of equity investments	9	216	276	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		7,534	6,682	(751)	701
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		7,318	6,406	(751)	701
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		7,534	6,682	(751)	701
EARNINGS PER SHARE (SEN):	28				
- basic		3.61	3.16		
- diluted		3.61	3.16		

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APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

			Non- Distributable	< ----- Distributable ----- >		
	Note	Share Capital RM'000	Fair Value Reserve RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total Equity RM'000
The Group						
Balance at 1.1.2022		221,940	2,131	(7,459)	118,149	334,761
Profit after taxation for the financial year		-	-	-	6,406	6,406
Other comprehensive income for the financial year:						
- Fair value changes of equity investments	9	-	276	-	-	276
Total comprehensive income for the financial year		-	276	-	6,406	6,682
Distribution to owners of the Company:						
- Dividends	29	-	-	-	(20,264)	(20,264)
Balance at 31.12.2022/1.1.2023		221,940	2,407	(7,459)	104,291	321,179
Profit after taxation for the financial year		-	-	-	7,318	7,318
Other comprehensive income for the financial year:						
- Fair value changes of equity investments	9	-	216	-	-	216
Total comprehensive income for the financial year		-	216	-	7,318	7,534
Balance at 31.12.2023		221,940	2,623	(7,459)	111,609	328,713

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

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APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

		< ----- Distributable ----- >			
	Note	Share Capital RM'000	Treasury Shares RM'000	Retained Profits/ (Accumulated Loss) RM'000	Total Equity RM'000
The Company					
Balance at 1.1.2022		221,940	(7,459)	19,804	234,285
Profit after taxation/Total comprehensive income for the financial year		-	-	701	701
Distribution to owners of the Company: - Dividends	29	-	-	(20,264)	(20,264)
Balance at 31.12.2022/1.1.2023		221,940	(7,459)	241	214,722
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(751)	(751)
Balance at 31.12.2023		221,940	(7,459)	(510)	213,971

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	The Group		The Company	
	2023	2022	2023	2022
Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FOR OPERATING ACTIVITIES				
Profit/(Loss) before taxation	10,735	6,790	(783)	722
Adjustments for:-				
Depreciation of:				
- property, plant and equipment	932	655	101	13
- investment properties	20	7	-	-
- right-of-use assets	723	337	209	-
Interest expense	123	45	176	251
Net impairment loss/(reversal of impairment loss) on financial assets	3	(489)	-	-
Written off of:				
- property, plant and equipment	268	-	268	-
- investment properties	-	82	-	-
- right-of-use assets	-	108	-	-
Dividend income	(107)	(108)	(5,000)	(4,700)
Fair value (gain)/loss on marketable securities	(10)	11	-	-
Gain on disposal of an associate	-	(280)	-	-
Gain on disposal of property, plant and equipment	(2)	(53)	-	-
Interest income	(2,507)	(3,587)	(602)	(485)
Operating profit/(loss) before working capital changes	10,178	3,518	(5,631)	(4,199)
Changes in clearing fund	(166)	(91)	-	-
Changes in marketable securities held for trading	(492)	(2,084)	-	-
Changes in receivables	(69,380)	(66,241)	(370)	(78)
Changes in payables	7,361	(11,347)	(137)	806
CASH FOR OPERATIONS	(52,499)	(76,245)	(6,138)	(3,471)
Dividend received	107	108	3,000	3,500
Interest received	2,507	3,587	18	35
Interest paid	(19)	(13)	-	-
Income tax paid	(2,433)	(3,341)	-	(70)
Income tax refunded	46	-	46	-
NET CASH FOR OPERATING ACTIVITIES	(52,291)	(75,904)	(3,074)	(6)

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

		The Group		The Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additional investment in an existing subsidiary	5(i)	-	-	(10)	-
Interest received from a subsidiary		-	-	-	450
Net (advances to)/repayment from subsidiaries		-	-	(5,432)	8,651
Purchase of property, plant and equipment		(2,897)	(1,173)	(726)	(121)
Proceeds from redeemable non-cumulative convertible preference shares	5(ii)	-	-	-	20,000
Proceeds from disposal of an associate	16(ii)	-	5,184	-	-
Proceeds from disposal of property, plant and equipment		2	53	-	-
Receipts from net investment in a lease		-	-	221	-
Withdrawal of fixed deposits with tenure more than 3 months		-	214	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(2,895)	4,278	(5,947)	28,980
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividends paid		-	(20,264)	-	(20,264)
Interest paid on:					
- advances from a subsidiary	30(b)	-	-	(139)	-
- lease liabilities	30(b)	(104)	(32)	(37)	-
Net advances from a subsidiary	30(b)	-	-	800	100
Repayment of lease liabilities	30(b)	(705)	(362)	(415)	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(809)	(20,658)	209	(20,164)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS					
		(55,995)	(92,284)	(8,812)	8,810
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR					
		99,013	191,297	8,919	109
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR					
	30(d)	43,018	99,013	107	8,919

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office, which is also the principal place of business, is located at Level 5, Menara UAC, 12, Jalan PJU 7/5, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 30 April 2024.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

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

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

3. BASIS OF PREPARATION (CONT'D)

- 3.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any) (Cont'd):-

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company except as follows:-

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group and of the Company. However, the amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group and the Company have made updates to the accounting policies presented in Note 4 to the financial statements in line with the amendments.

- 3.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group and the Company anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) Impairment of Investments in Subsidiaries

The Company assesses whether there is any indication that the cost of investment in subsidiaries are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell and value-in-use for that asset. The carrying amount of investments in subsidiaries as at the reporting date is disclosed in Note 5 to the financial statements.

(c) Impairment of Property, Plant and Equipment and Investment Properties

The Group and the Company determine whether an item of its property, plant and equipment and investment properties is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. The carrying amounts of property, plant and equipment and investment properties as at the reporting date are disclosed in Notes 6 and 7 to the financial statements.

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Fair Value Estimates for Unquoted Financial Assets

The Group carries certain financial assets that are not traded in an active market at fair value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The amount of fair value changes would differ if the Group uses different valuation methodologies and assumptions, and eventually affect profit and/or other comprehensive income. The carrying amount of this financial asset as at the reporting date is disclosed in Note 9 to the financial statements.

(e) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables, except for loan receivables. The Group develops the expected loss rates based on the payment profiles of past sales and/or executed contract as well as the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

For loan receivables, the Group uses the three-stage general approach which reflects the change in credit quality of the financial instruments since initial recognition.

The carrying amounts of trade receivables as at the reporting date are disclosed in Note 10 to the financial statements.

(f) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables and amount owing by subsidiaries as at the reporting date are disclosed in Notes 10 and 14 to the financial statements.

APEX EQUITY HOLDINGS BERHAD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and liabilities of the Group as at the reporting date are RM238,085 (2022 - RM344,003) and RM432,142 (2022 - Nil) respectively. The carrying amount of current tax assets of the Company as at the reporting date is RM64,820 (2022 - RM78,710).

(h) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses or unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 12 to the financial statements.

(i) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group and of the Company which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Lease Terms

Some leases contain extension options exercisable by the Group and the Company before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(c) Contingent Liabilities

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, management is of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Company are remote.

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets Through Profit or Loss ("FVPL")

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

Financial Assets Through Other Comprehensive Income ("FVOCI")

The Group has elected to designate the equity instruments as financial assets through other comprehensive income at initial recognition.

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

(b) Financial Liabilities

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity (Cont'd)

Treasury Shares

Treasury shares are recorded on initial recognition at the consideration paid less directly attributable transaction costs incurred. The treasury shares are not remeasured subsequently.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the treasury shares. If such shares are issued by resale, any difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity. Where treasury shares are cancelled, their carrying amounts are shown as a movement in retained profits.

(d) Financial Guarantee Contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

4.3 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated in the separate financial statements of the Company at cost less impairment losses, if any.

4.4 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Building and apartment units	2%
Computer and office equipment	20% - 33.33%
Furniture, fixtures and fittings	10% - 20%
Motor vehicles	20%
Plant and machinery	20%
Renovation	15% - 20%

4.5 INVESTMENT PROPERTIES

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on other investment properties is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives. The principal annual depreciation periods and rates are:-

Leasehold land	Over the remaining lease period
Apartment unit	2%

4.6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Short-term Leases and Leases of Low-value Assets

The Group and the Company apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

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

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

4.7 TRUST ACTIVITIES

Certain subsidiaries act as trustees on a fiduciary capacity that result in holding or placing of assets on behalf of their clients. These assets and income arising thereon are not recognised as assets and income of the Group.

5. INVESTMENTS IN SUBSIDIARIES

		The Company	
		2023	2022
	Note	RM'000	RM'000
Unquoted shares, at cost:			
- Ordinary Shares	(i)	140,001	139,991 *
- Redeemable Non-Cumulative Convertible Preference Shares ("RNCCPS")	(ii)	63,000	66,000
		<u>203,001</u>	<u>205,991</u>

* *In the previous financial year, the addition in cost of investment in Apex Equity Management Sdn. Bhd. ("AEM") was not presented as it was less than RM1,000*

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2023 %	2022 %	
Subsidiaries of the Company				
Apex Securities Berhad ("ASB")	Malaysia	100	100	Stock, share and futures broker, investment advisor and dealer in securities
Apex Development Sdn. Bhd. ("ADSB")	Malaysia	100	100	Property holding
Apex Equity Capital Sdn. Bhd. ("AEC")	Malaysia	100	100	Money lending
Apex Equity Digital Sdn. Bhd. (formerly known as Apex Equity Management Sdn. Bhd.) ("AED")	Malaysia	100	100	Dormant
Subsidiaries of ASB				
Apex Nominees (Tempatan) Sdn. Bhd.	Malaysia	100	100	Provision of nominee services
Apex Nominees (Asing) Sdn. Bhd.	Malaysia	100	100	Provision of nominee services

APEX EQUITY HOLDINGS BERHAD

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The salient features of RNCCPS are as follows:-

- Tenure : The RNCCPS which has a 15 years tenure, were issued for cash by the following subsidiaries:
- AEC issued 58 million RNCCPS in September 2014 and RM20 million RNCCPS was redeemed in April 2022, leaving RM38 million RNCCPS to be redeemed; and
 - ADSB issued 28 million RNCCPS in March 2017 and RM3 million RNCCPS was redeemed in July 2023, leaving RM25 million RNCCPS to be redeemed.
- Redemption : The redemption is at the option of the subsidiary and may at any time apply any distributable profits or monies of the subsidiary and/or any amount standing to the credit of the share premium account which may be lawfully applied for the purpose in the redemption of RNCCPS. Any partial redemption shall be at a minimum of RM1 million.
- Dividend : The holder of the RNCCPS shall be entitled to payment of non-cumulative dividend, the rate and date of which shall be determined by the Board of Directors of the subsidiary.
- Conversion Rights : The RNCCPS is convertible to ordinary shares upon expiry of the 15th year tenure at a conversion price of RM1.00 per share and at the conversion rate of one unconverted RNCCPS for one new ordinary share.

(i) Ordinary Shares

During the current financial year, the Company subscribed for an additional 9,998 ordinary shares in AED for a cash consideration of RM9,998, representing additional investment into AED by the Company. The equity interest of AED remains unchanged at 100%.

On 19 August 2022, the Company incorporated a new wholly-owned subsidiary, AEM, comprising 2 ordinary shares for a total cash consideration of RM2.

(ii) RNCCPS

During the financial year, ADSB had redeemed 3 million of the RNCCPS at RM1.00 per RNCCPS via set-off against the amount owing to ADSB amounting to RM3 million. Consequent thereon, the total carrying amount of the RNCCPS decreased from RM66 million to RM63 million at the end of the reporting period.

In the previous financial year, AEC had redeemed 20 million of the RNCCPS at RM1.00 per RNCCPS for a total cash consideration of RM20 million. Consequent thereon, the total carrying amount of the RNCCPS decreased from RM86 million to RM66 million at the end of the previous reporting period.

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APEX EQUITY HOLDINGS BERHAD

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**NOTES TO THE FINANCIAL STATEMENTS
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6. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Building and apartment units RM'000	Computer and office equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovation RM'000	Total RM'000
The Group								
2023								
At Cost								
At 1 January	1,318	17,076	10,420	5,804	485	1,209	5,549	41,861
Additions	-	-	436	77	1,255	-	1,129	2,897
Disposal	-	-	-	-	(4)	-	-	(4)
Write off	-	-	(3,947)	(28)	(283)	-	-	(4,258)
Reclassified to non-current assets held for sale (Note 16(i))	(1,318)	(16,449)	(26)	(1,411)	-	(1,209)	(109)	(20,522)
At 31 December	-	627	6,883	4,442	1,453	-	6,569	19,974

APEX EQUITY HOLDINGS BERHAD

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**NOTES TO THE FINANCIAL STATEMENTS
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6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Building and apartment units RM'000	Computer and office equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovation RM'000	Total RM'000
The Group								
2023								
Accumulated Depreciation								
At 1 January	-	7,117	9,765	5,764	55	1,209	5,464	29,374
Charge for the financial year (Note 26)	-	295	373	18	154	-	92	932
Disposal	-	-	-	-	(4)	-	-	(4)
Write off	-	-	(3,925)	(8)	(57)	-	-	(3,990)
Reclassified to non-current assets held for sale (Note 16(i))	-	(6,942)	(26)	(1,411)	-	(1,209)	(109)	(9,697)
At 31 December	-	470	6,187	4,363	148	-	5,447	16,615
Net carrying amount at 31 December	-	157	696	79	1,305	-	1,122	3,359

APEX EQUITY HOLDINGS BERHAD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

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

	Freehold land RM'000	Building and apartment units RM'000	Computer and office equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovation RM'000	Total RM'000
The Group								
2022								
At Cost								
At 1 January	1,318	17,076	9,858	5,776	354	1,209	5,439	41,030
Additions	-	-	562	28	473	-	110	1,173
Disposal	-	-	-	-	(342)	-	-	(342)
At 31 December	1,318	17,076	10,420	5,804	485	1,209	5,549	41,861
Accumulated Depreciation								
At 1 January	-	6,781	9,546	5,750	353	1,209	5,422	29,061
Charge for the financial year (Note 26)	-	336	219	14	44	-	42	655
Disposal	-	-	-	-	(342)	-	-	(342)
At 31 December	-	7,117	9,765	5,764	55	1,209	5,464	29,374
Net carrying amount at 31 December	1,318	9,959	655	40	430	-	85	12,487

APEX EQUITY HOLDINGS BERHAD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	Computer and office equipment RM'000	Furniture, fixtures and fittings RM'000	Motor vehicle RM'000	Renovation RM'000	Total RM'000
The Company					
2023					
At Cost					
At 1 January	93	28	-	-	121
Additions	155	10	226	335	726
Write off	(29)	(28)	(226)	-	(283)
At 31 December	219	10	-	335	564
Accumulated Depreciation					
At 1 January	10	3	-	-	13
Charge for the financial year (Note 26)	56	7	-	38	101
Write off	(7)	(8)	-	-	(15)
At 31 December	59	2	-	38	99
Net carrying amount at 31 December	160	8	-	297	465
2022					
At Cost					
At 1 January	-	-	-	-	-
Additions	93	28	-	-	121
At 31 December	93	28	-	-	121
Accumulated Depreciation					
At 1 January	-	-	-	-	-
Charge for the financial year (Note 26)	10	3	-	-	13
At 31 December	10	3	-	-	13
Net carrying amount at 31 December	83	25	-	-	108

APEX EQUITY HOLDINGS BERHAD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

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

Included in the cost of property, plant and equipment are fully depreciated assets which are still in use as follows:-

	The Group	
	2023 RM'000	2022 RM'000
Computer and office equipment	5,515	9,439
Furniture, fixtures and fittings	4,205	5,572
Motor vehicles	7	11
Plant and machinery	-	1,209
Renovation	5,483	5,507
	15,210	21,738

7. INVESTMENT PROPERTIES

	Freehold land RM'000	Leasehold land RM'000	Total RM'000
The Group			
2023			
At Cost			
At 1 January/31 December	22,696	4,332	27,028
Accumulated Depreciation			
At 1 January	-	24	24
Charge for the financial year (Note 26)	-	20	20
At 31 December	-	44	44
Net carrying amount at 31 December	22,696	4,288	26,984
Fair value at 31 December	80,096	4,950	85,046

APEX EQUITY HOLDINGS BERHAD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

7. INVESTMENT PROPERTIES (CONT'D)

	Freehold land RM'000	Leasehold land RM'000	Apartment unit RM'000	Total RM'000
The Group				
2022				
At Cost				
At 1 January	22,696	4,332	156	27,184
Write off	-	-	(156)	(156)
At 31 December	22,696	4,332	-	27,028
Accumulated Depreciation				
At 1 January	-	19	72	91
Charge for the financial year (Note 26)	-	5	2	7
Write off	-	-	(74)	(74)
At 31 December	-	24	-	24
Net carrying amount at 31 December	22,696	4,308	-	27,004
Fair value at 31 December	80,096	4,950	-	85,046

The directors have maintained the existing cost model in determining the carrying amount of the investment properties.

Freehold land with a carrying value of RM22,695,670 (2022 - RM22,695,670) and the leasehold land are held for currently undetermined future use. Both the freehold and leasehold land are held vacant.

The Group acquired the leasehold land in 2015 when it had a remaining leasehold period of 890 years.

The fair value of these properties at the end of the reporting period was determined by reference to valuations carried out by certain registered independent professional valuers in 2022 and 2023.

The professional valuers have determined the valuation of the properties using comparison method. Under this method, the sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size, layout, location and condition and in respect of building their fixtures and fittings. The most significant unobservable input in this valuation approach is the price per square foot of comparable properties.

The rental income and direct operating expenses of the Group during the financial year arising from the investment properties are disclosed in Notes 23 and 24 to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

8. RIGHT-OF-USE ASSETS

	At 1.1.2023 RM'000	Additions (Note 30(a)) RM'000	Depreciation Charges (Note 26) RM'000	At 31.12.2023 RM'000
The Group				
2023				
<i>Carrying Amount</i>				
Motor vehicles	109	-	(109)	-
Office premises	64	2,840	(614)	2,290
	173	2,840	(723)	2,290

	At 1.1.2022 RM'000	Depreciation Charges (Note 26) RM'000	Write Off (Note 26) RM'000	At 31.12.2022 RM'000
2022				
<i>Carrying Amount</i>				
Motor vehicles	355	(246)	-	109
Office premises	154	(90)	-	64
Others	109	(1)	(108)	-
	618	(337)	(108)	173

	At 1.1.2023 RM'000	Addition (Note 30(a)) RM'000	Depreciation Charge (Note 26) RM'000	At 31.12.2023 RM'000
The Company				
2023				
<i>Carrying Amount</i>				
Office premise	-	1,209	(209)	1,000

APEX EQUITY HOLDINGS BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. RIGHT-OF-USE ASSETS (CONT'D)

The Group and the Company's leasing activities are summarised below:-

- (i) Motor vehicles The Group has leased motor vehicles under lease arrangements over a tenure of 5 (2022 - 5) years. The Group has no option to purchase the motor vehicles at the expiry of the lease period.
- (ii) Office premises The Group and the Company have leased some office premises between 2 to 3 (2022 - 2 to 3) years with renewal option included in the agreements. The Company currently sub-lease one of the office premises to a subsidiary (refer to Note 11).

9. OTHER ASSETS

	Note	The Group	
		2023 RM'000	2022 RM'000
Unquoted shares in Malaysia, at fair value	9.1	3,285	3,069
Contribution to clearing fund	9.2	1,509	1,343
		<u>4,794</u>	<u>4,412</u>

9.1 Unquoted shares

Investment in unquoted shares represents investment in Malaysian Rating Corporation Berhad held by a subsidiary. Upon adoption of MFRS 9, the Group considered this investment as equity instruments and designated it at FVOCI because the Group intends to hold for long-term strategic purposes. During the financial year, the Group recognised a fair value gain of RM215,890 (2022 - RM275,967) for its investment in unquoted shares.

9.2 Contribution to clearing fund

The contribution to clearing fund which was made in accordance with the Business Rules of the Bursa Malaysia Derivatives Berhad is placed with Bursa Malaysia Derivatives Clearing Berhad. The clearing fund earns an average effective interest rate of 2.35% (2022 - 1.72%) per annum.

APEX EQUITY HOLDINGS BERHAD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****10. RECEIVABLES**

		The Group		The Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Non-current portion					
Trade balances:-					
Amount owing by loan receivables	(a)	15,000	56,883	-	-
Current portion					
Trade balances:-					
Amount owing by loan receivables	(a)	53,825	-	-	-
Amount owing by brokers	(b)	5,293	9,201	-	-
Gross amount owing by clients	(b)	193,852	134,235	-	-
Less: Allowance for impairment losses	(c)	(2,286)	(2,312)	-	-
		191,566	131,923	-	-
		250,684	141,124	-	-
Non-trade balances:-					
Deposits	(d)	4,056	4,148	313	8
Other receivables		423	236	-	-
Prepayments	(e)	2,011	406	201	136
		257,174	145,914	514	144

(a) Amount Owing by Loan Receivables

The amount owing by loan receivables of the Group bear an effective interest rate ranging between 8% to 12% (2022 - 8% to 12%) per annum at the end of the reporting period and are secured by properties units and securities agreement.

Arising from the event disclosed in Note 37(ii) on a loan receivable amounting to RM23,800,000, the Group has concluded that the event stated therein, irrespective of its current state, is a non-adjusting event as defined by MFRS 110 Events After the Reporting Period that does not affect the recoverability assessment made for the financial year end. Accordingly, no impairment has been made on this loan receivable.

APEX EQUITY HOLDINGS BERHAD

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

10. RECEIVABLES (CONT'D)

(a) Amount Owing by Loan Receivables (Cont'd)

The amount owing by loan receivables can be analysed as follows:-

	The Group	
	2023	2022
	RM'000	RM'000
Total gross loan receivables	73,189	62,540
Less: Unamortised interest (Note (i))	(4,364)	(5,657)
Total net loan receivables	<u>68,825</u>	<u>56,883</u>

(i) The movements in unamortised interest is as follows:-

	The Group	
	2023	2022
	RM'000	RM'000
At 1 January	(5,657)	-
Additions	(2,520)	(14,074)
Early settlement	-	2,480
Recognised to profit or loss	6,877	2,873
Transfer (from)/to deferred income (Note 21(a))	(3,064)	3,064
At 31 December	<u>(4,364)</u>	<u>(5,657)</u>

(b) Gross Amount Owing by Brokers and Clients

The amount owing by brokers are unsecured, interest-free and are from the normal business transactions of a subsidiary.

The amount owing by clients comprises outstanding balances owing by clients for overdue or outstanding purchase contracts, margin trading accounts and contra losses incurred.

The normal credit term for the amount owing by brokers and non-margin clients is transaction day plus 2 trading days ("T+2") (2022 - T+2) in accordance with the Fixed Delivery and Settlement System trading rules of Bursa Malaysia Securities Berhad ("BMSB"). A contra interest at a flat rate of 10.75% (2022 - 10.5%) per annum is charged on outstanding amounts owing by non-margin clients after T+2 (2022 - T+2). However, clients may opt for discretionary financing which is permitted by BMSB for an extended settlement period of T+7 (2022 - T+7) at an interest rate of 8.25% (2022 - 8%) per annum. Gross amount owing by clients under this extended settlement period at the end of the reporting period amounting to RM2,206,433 (2022 - RM532,680).

APEX EQUITY HOLDINGS BERHAD

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10. RECEIVABLES (CONT'D)

(c) Movements of Impairment Losses on Amount Owing by Clients

	The Group	
	2023	2022
	RM'000	RM'000
At 1 January	(2,312)	(2,801)
Addition during the financial year (Note 25)	(11)	(514)
Reversal during the financial year (Note 25)	8	1,003
Written off during the financial year	29	-
At 31 December	<u>(2,286)</u>	<u>(2,312)</u>

(d) Deposits

Included in deposits of the Group at the end of the reporting period are the following deposits placed with Bursa Malaysia Securities Clearing Sdn. Bhd.:-

- (i) A clearing guarantee fund deposit of RM313,983 (2022 - RM305,235) which earns effective interest rates ranging from 2.63% to 3.06% (2022 - 1.27% to 2.02%) per annum, and has a maturity period of less than three (2022 - three) months.
- (ii) An equity margin deposit of RM2,199,497 (2022 - RM2,555,827) which earns an average effective interest rate of 2.60% (2022 - 1.54%) per annum.

(e) Prepayments

Included in prepayments of the Group at the end of the reporting period is an amount of RM1,650,000 (2022 - Nil) being partial payment for real property gain tax remitted to Inland Revenue Board pursuant to the disposal of properties as disclosed in Note 16(i) to the financial statements.

11. NET INVESTMENT IN A LEASE

	The Company	
	2023	2022
	RM'000	RM'000
At 1 January	-	-
Addition (Note 30(a))	1,240	-
Interest income	48	-
Lease payment	(269)	-
At 31 December	<u>1,019</u>	<u>-</u>

The Company leased an office premise to a subsidiary for a period of 3 years as disclosed in Note 8 to the financial statements. The interest income has been set-off with the interest expense to be presented as net interest expense on lease liabilities as it relates to the same right-of-use asset.

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11. NET INVESTMENT IN A LEASE (CONT'D)

The lease payments to be received are as follows:-

	The Company	
	2023	2022
	RM'000	RM'000
Less than one year	400	-
More than one but less than three years	619	-
	<u>1,019</u>	<u>-</u>
Analysed by:-		
Current assets	400	-
Non-current assets	619	-
	<u>1,019</u>	<u>-</u>

12. DEFERRED TAX ASSETS

	The Group	
	2023	2022
	RM'000	RM'000
At 1 January	2,000	-
Recognised in profit or loss (Note 27)	(492)	2,000
At 31 December	<u>1,508</u>	<u>2,000</u>

The deferred tax assets on unused tax losses have been recognised by a subsidiary to the extent that it is probable that future profits will be available against which the temporary differences can be utilised.

13. MARKETABLE SECURITIES HELD FOR TRADING

The marketable securities, which are stated at fair value, represent investments in listed equity securities in Malaysia that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of these securities is based on quoted market prices.

14. AMOUNT OWING BY/TO SUBSIDIARIES

The amount owing represents unsecured advances, which bore an effective interest rate of 8.18% (2022 - 7.18%) per annum, predetermined in accordance with existing transfer pricing policies with reference to weighted average of Base Lending Rate to selected financial institutions. The amount owing is repayable on demand and is to be settled in cash.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. CASH AND SHORT-TERM FUNDS

15.1 ACCOUNTS OF THE GROUP AND OF THE COMPANY

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	36,242	41,917	107	5,406
Money at call and deposit placements maturing within one month	10,781	62,103	-	3,513
	<u>47,023</u>	<u>104,020</u>	<u>107</u>	<u>8,919</u>

The money at call and deposit placements of the Group at the end of the reporting period earn effective interest rates ranging from 2.05% to 2.65% (2022 - 1.70% to 2.70%) per annum, and has a maturity period of 30 (2022 - 4 to 35) days.

In the previous financial year, the money at call and deposit placements of the Company earn an effective interest rate of 1.70% per annum, and had a maturity period of 7 days.

Included in the cash and short-term funds of the Group at the end of the reporting period are accounts held in trust for remisiers amounting to RM9,635,966 (2022 - RM7,296,509). The amounts held in trust are withheld to enable the Group to grant and monitor the trading limit to the remisiers' customers, refer to Note 10(b) to the financial statements.

15.2 ACCOUNTS HELD IN TRUST

The following are money held in trust for clients which are not recognised in the financial statements as the Group held them in a fiduciary capacity:-

	The Group	
	2023	2022
	RM'000	RM'000
Cash and bank balances	110,408	55,102
Money at call and deposit placements maturing within one month	3,694	90,869
Clearing house and brokers	1,877	2,078
	<u>115,979</u>	<u>148,049</u>

The money held in trust for clients are maintained by certain subsidiaries pursuant to Section 111 of the Capital Market and Services Act 2007 and accounted for in accordance with Financial Reporting Standards Implementation Committee Consensus 18 'Money Held in Trust by Participating Organisations of BMSB' ('FRSIC 18').

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16. NON-CURRENT ASSETS HELD FOR SALE

- (i) On 15 November 2023, a wholly-owned subsidiary of the Company, ADSB, entered into a Sale and Purchase Agreement ("SPA") with a third party to dispose a freehold land together with one (1) eleven (11) storey commercial building known as "Menara Apex" for a sale consideration of RM55 million as disclosed in Note 36 to the financial statements.

At the end of the current reporting period, the assets have been presented in the statements of financial position as "Non-current assets held for sale", measured at its carrying value before it was reclassified as held for sale. The disposal is expected to be completed within the next 12 months.

The assets classified as held for sale are as follows:-

	Property, plant and equipment (Note 6) RM'000
The Group	
2023	
Cost	20,522
Accumulated depreciation	(9,697)
Net carrying amount at 31 December	10,825

- (ii) In the previous financial year, the Group's disposal exercise of a former associate, Astute Fund Management Berhad for a cash consideration of RM5,183,864 was completed and the gain on disposal of RM279,534 was recognised in the statements of profit or loss and other comprehensive income.

17. SHARE CAPITAL

	The Group/The Company		
	2023	2022	2022
	Number Of Shares ('000)	2023	RM'000
Issued and Fully Paid-Up			
Ordinary Shares			
At 1 January/31 December	213,563	213,563	221,940

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. TREASURY SHARES

	The Group/The Company			
	2023	2022	2023	2022
	Number of Shares ('000)		RM'000	RM'000
At 1 January/31 December	10,923	10,923	7,459	7,459

The shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

The treasury shares have no voting rights, no dividends or participation in other distributions.

19. RESERVES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Retained profits/ (Accumulated loss)	111,609	104,291	(510)	241
Fair value reserve	2,623	2,407	-	-
	<u>114,232</u>	<u>106,698</u>	<u>(510)</u>	<u>241</u>

The fair value reserve of the Group represents the fair value changes (net of tax, where applicable) of equity instruments elected irrevocably to be designated at FVOCI. Upon disposal of these equity instruments, the related fair value changes are not subsequently reclassified to profit or loss.

20. LEASE LIABILITIES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 January	197	559	-	-
Additions (Notes 8 and 30(a))	2,840	-	2,449	-
Interest expense recognised in profit or loss (Note 26)	104	32	37	-
Repayment of principal	(705)	(362)	(415)	-
Repayment of interest expense	(104)	(32)	(37)	-
At 31 December	<u>2,332</u>	<u>197</u>	<u>2,034</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****20. LEASE LIABILITIES (CONT'D)**

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Analysed by:-				
Current liabilities	934	189	731	-
Non-current liability	1,398	8	1,303	-
	<u>2,332</u>	<u>197</u>	<u>2,034</u>	<u>-</u>

21. PAYABLES

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Trade balances:-					
Deferred income	(a)	-	3,064	-	-
Amount owing to clients	(b)	4,081	9,994	-	-
Amount owing to brokers	(b)	16,460	6,012	-	-
		<u>20,541</u>	<u>19,070</u>	<u>-</u>	<u>-</u>
Non-trade balances:-					
Deposits	(c)	11,055	7,109	163	-
Other payables		3,422	2,445	21	53
Accruals		3,512	2,545	525	793
		<u>17,989</u>	<u>12,099</u>	<u>709</u>	<u>846</u>
		<u>38,530</u>	<u>31,169</u>	<u>709</u>	<u>846</u>

(a) In the previous financial year, this represents the interest income received in advance from loan receivables of the Group, refer to Note 10(a)(i) to the financial statements.

(b) The amount owing to clients and brokers are non-interest bearing and are from the normal business transactions of a subsidiary.

The normal credit terms granted are within T+2 (2022 - T+2).

(c) Included in deposits of the Group at the end of the reporting period are remisiers' security deposits amounting to RM9,156,515 (2022 - RM7,030,080). These deposits are withheld to enable the Group to monitor the trading limit granted to the remisiers' customers. Interest on the security deposits is payable at floating rates at 2.05% to 2.30% (2022 - 2.25% to 2.35%) per annum earned from placements made by the Group with licensed financial institutions. Repayment of the security deposits and the floating rate interest payable on these deposits are subject to the terms in the remisiers' agreements.

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21. PAYABLES (CONT'D)

- (c) Also included in deposits of the Group at the end of the reporting period is an amount of RM1,650,000 (2022 - Nil) being 3% earnest deposit of the sale consideration received from the purchaser upon signing of the SPA pursuant to the disposal of properties as disclosed in Note 16(i) to the financial statements.

22. BANK OVERDRAFT

The bank overdraft facility granted to a subsidiary at the end of the reporting period bore floating interest rate of 8.39% (2022 - 8.14%) per annum and is secured by a corporate guarantee of the Company.

23. REVENUE

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue from Contract with Customers				
<u>Recognised at a point in time</u>				
Brokerage income	19,125	17,717	-	-
Fees and commission	2,677	2,281	-	-
	<u>21,802</u>	<u>19,998</u>	<u>-</u>	<u>-</u>
<u>Recognised over time</u>				
Interest income	23,565	15,649	584	450
Rental income from properties	256	295	-	-
Management fee	-	-	2,658	2,686
	<u>23,821</u>	<u>15,944</u>	<u>3,242</u>	<u>3,136</u>
	<u>45,623</u>	<u>35,942</u>	<u>3,242</u>	<u>3,136</u>
Revenue from Other Sources				
Dividend income	-	-	5,000	4,700
	<u>45,623</u>	<u>35,942</u>	<u>8,242</u>	<u>7,836</u>

The revenue is derived entirely in Malaysia.

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23. REVENUE (CONT'D)

(a) Brokerage Income

Brokerage income is measured at the fair value of the consideration received or receivable and is recognised on an accrual basis upon execution of the contract.

(b) Fees and Commission

Fees and commission are recognised on an accrual basis when services are rendered.

(c) Interest Income

Interest income is recognised on a time proportion basis using the effective interest method. When an account is classified as impaired, interest is suspended with retroactive adjustment made to the date of first default. Thereafter, interest is recognised on a cash basis or such time when the account is no longer classified as impaired.

(d) Rental Income from Properties

Rental income earned from properties is recognised on a straight-line-basis over the lease term. Lease incentives granted to tenants are recognised as reduction of rental income over the lease term on a straight-line basis.

(e) Management Fee

Management fee is recognised in the period in which the services are rendered.

(f) Dividend Income

Dividend income is recognised when the right to receive payment is established.

24. DIRECT OPERATING COSTS

	The Group	
	2023	2022
	RM'000	RM'000
Commission of remisiers, dealers and brokers	9,436	8,705
Direct operating expenses of properties	574	556
	<u>10,010</u>	<u>9,261</u>

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25. NET (IMPAIRMENT LOSS)/REVERSAL OF IMPAIRMENT LOSS ON FINANCIAL ASSETS

	The Group	
	2023	2022
	RM'000	RM'000
(Impairment loss)/Reversal of impairment loss on amount owing by clients (Note 10(c)):		
- addition during the financial year	(11)	(514)
- reversal during the financial year	8	1,003
	<u>(3)</u>	<u>489</u>

26. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- audit fee:				
- current year	203	173	50	46
- underprovision in the previous financial year	-	5	-	5
- non-audit fee	7	7	7	7
Directors' remuneration (Note 31(a))	3,486	2,989	2,684	1,869
Material Expenses/(Income)				
Depreciation of:				
- property, plant and equipment	932	655	101	13
- investment properties	20	7	-	-
- right-of-use assets	723	337	209	-
Interest expense on financial liabilities measured at amortised cost:				
- amount owing to a subsidiary	-	-	139	251
- bank overdraft	19	13	-	-
- lease liabilities	104	32	37	-

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26. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation is arrived at after charging/ (crediting) (Cont'd):-				
Material Expenses/(Income)				
Legal fees	314	1,406	158	765
Short-term lease expenses	1,699	1,916	7	195
Staff costs (including other key management personnel as disclosed in Note 31(b)):				
- short-term employee benefits	11,649	7,704	3,505	2,046
- defined contribution plan	1,119	883	429	220
- others	825	304	146	61
Written off of:				
- property, plant and equipment	268	-	268	-
- investment properties	-	82	-	-
- right-of-use assets	-	108	-	-
Dividend income from:				
- subsidiaries (Note 23)	-	-	(5,000)	(4,700)
- unquoted equity investments	(98)	(98)	-	-
- quoted equity investments	(9)	(10)	-	-
Fair value (gain)/loss on marketable securities	(10)	11	-	-
Gain on disposal of an associate	-	(280)	-	-
Interest income on financial assets measured at amortised cost:				
- amount owing by subsidiaries	-	-	(584)	(450)
- fixed and time deposits	(2,507)	(3,587)	(18)	(35)

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27. INCOME TAX EXPENSE

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- for the financial year	2,908	2,378	-	-
- under/(over)provision in the previous financial year	17	6	(32)	21
	<u>2,925</u>	<u>2,384</u>	<u>(32)</u>	<u>21</u>
Deferred tax (Note 12):				
- recognition of previously unrecognised tax losses	-	(2,000)	-	-
- reversal of temporary differences	492	-	-	-
	<u>3,417</u>	<u>384</u>	<u>(32)</u>	<u>21</u>

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation	<u>10,735</u>	<u>6,790</u>	<u>(783)</u>	<u>722</u>
Tax at the statutory tax rate of 24% (2022 - 24%)	2,576	1,630	(188)	173
Tax effects of:-				
Non-deductible expenses	692	970	240	471
Non-taxable income	(26)	(102)	(1,200)	(1,128)
Utilisation of deferred tax assets previously not recognised	(1,000)	(606)	-	-
Deferred tax assets not recognised during the financial year	1,158	486	1,148	484
Deferred tax assets recognised in respect of previously unrecognised tax losses	-	(2,000)	-	-
Under/(Over)provision of current tax in the previous financial year	17	6	(32)	21
	<u>3,417</u>	<u>384</u>	<u>(32)</u>	<u>21</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022 - 24%) of the estimated assessable profit for the financial year.

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27. INCOME TAX EXPENSE (CONT'D)

At the end of the reporting period, the approximate amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Allowance for impairment losses on receivables	2,286	2,312	-	-
Provisional expenses	-	394	-	-
Unabsorbed capital allowances	835	432	113	53
Unused tax losses:				
- Expiring within 5 years	51,331	-	-	-
- Expiring within 6 to 10 years	6,499	57,323	6,482	1,817
Others	-	-	15	-
	60,951	60,461	6,610	1,870
Accelerated capital allowances over depreciation	(324)	(491)	-	(43)
	60,627	59,970	6,610	1,827

Certain comparative figures have been restated to reflect the revised tax losses and capital allowances carry-forward available to the Group and the Company.

Based on current legislation, the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment; whereas the unabsorbed capital allowances are allowed to be carried forward indefinitely.

28. EARNINGS PER SHARE

The basic earnings per share has been calculated based on the consolidated profit after taxation of RM7.318 million (2022 - RM6.406 million) attributable to owners of the Company and on 202.640 million (2022 - 202.640 million) ordinary shares in issue during the financial year after deducting treasury shares which is calculated as follows:-

	The Group	
	2023	2022
	'000	'000
Number of ordinary shares in issue at 31 December	213,563	213,563
Less:-		
Number of treasury shares held at 31 December (Note 18)	(10,923)	(10,923)
	202,640	202,640
Basic earnings per share (sen)	3.61	3.16

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28. EARNINGS PER SHARE (CONT'D)

Diluted earnings per share

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares at end of the reporting period.

29. DIVIDENDS

	The Company	
	2023	2022
	RM'000	RM'000
Fourth interim dividend of 1 sen per ordinary share in respect of the previous financial year	-	2,026
Special dividend of 9 sen per ordinary share in respect of the previous financial year	-	18,238
	<u>-</u>	<u>20,264</u>

30. CASH FLOW INFORMATION

(a) The addition of right-of-use assets is as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cost of right-of-use assets acquired (Note 8)	2,840	-	1,209	-
Net investment in a lease (Note 11)	-	-	1,240	-
	<u>2,840</u>	<u>-</u>	<u>2,449</u>	<u>-</u>
Less: Additions of new lease liabilities (Note 30(b))	(2,840)	-	(2,449)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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(b) The reconciliations of liabilities arising from financing activities are as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Lease Liabilities				
At 1 January	197	559	-	-
<u>Changes in Financing Cash Flows</u>				
Repayment of principal	(705)	(362)	(415)	-
Repayment of interest	(104)	(32)	(37)	-
	(809)	(394)	(452)	-
<u>Other Changes</u>				
Acquisition of new leases (Notes 20 and 30(a))	2,840	-	2,449	-
Interest expense recognised in profit or loss (Note 26)	104	32	37	-
	2,944	32	2,486	-
At 31 December	2,332	197	2,034	-

	The Company	
	2023	2022
	RM'000	RM'000
Amount Owing to A Subsidiary		
At 1 January	2,448	3,342
<u>Changes in Financing Cash Flows</u>		
Advances received	800	100
Repayment of interest	(139)	-
	661	100
<u>Other Changes</u>		
Interest expense recognised in profit or loss (Note 26)	139	251
Dividend income	-	(1,200)
Management fee	(384)	(45)
Redemption of RNCCPS	(3,000)	-
Others (presented as part of investing activities)	136	-
	(3,109)	(994)
At 31 December	-	2,448

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30. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Payment of short-term leases	1,699	1,916	7	195
Interest paid on lease liabilities	104	32	37	-
Payment of lease liabilities	705	362	415	-
	<u>2,508</u>	<u>2,310</u>	<u>459</u>	<u>195</u>

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash and short-term funds	47,023	104,020	107	8,919
Less: Bank overdraft	(4,005)	(5,007)	-	-
	<u>43,018</u>	<u>99,013</u>	<u>107</u>	<u>8,919</u>

31. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company includes directors of the Company and its subsidiaries as well as certain members of senior management who holds regulatory positions including the officer primarily responsible for the financial management.

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**NOTES TO THE FINANCIAL STATEMENTS
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The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(a) Directors:-				
(i) <u>Directors of the Company</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- salaries, bonuses and others				
benefits	1,946	1,750	1,946	1,410
- benefits-in-kind	26	33	26	23
Defined contribution plan	227	209	227	168
	<u>2,199</u>	<u>1,992</u>	<u>2,199</u>	<u>1,601</u>
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- fees	494	230	435	230
- other benefits	50	38	50	38
	<u>544</u>	<u>268</u>	<u>485</u>	<u>268</u>
(ii) <u>Directors of the Subsidiaries</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	38	41	-	-
- salaries, bonuses and other				
benefits	613	602	-	-
- benefits-in-kind	9	7	-	-
Defined contribution plan	83	79	-	-
	<u>743</u>	<u>729</u>	<u>-</u>	<u>-</u>
Total directors' remuneration (Note 26)	<u>3,486</u>	<u>2,989</u>	<u>2,684</u>	<u>1,869</u>

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31. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(b) Other Key Management Personnel:-				
Short-term employee benefits:				
- salaries, bonuses and others				
benefits	927	974	-	-
- benefits-in-kind	18	18	-	-
Defined contribution plan	121	124	-	-
	<u>1,066</u>	<u>1,116</u>	<u>-</u>	<u>-</u>

32. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The subsidiaries are disclosed in Note 5 to the financial statements.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the subsidiaries during the financial year:-

	The Company	
	2023 RM'000	2022 RM'000
Advances:		
- from a subsidiary	800	100
- to a subsidiary	(7,300)	(11,000)
Dividend received/receivable from	5,000	4,700
Interest charged:		
- to a subsidiary	(584)	(450)
- by a subsidiary	139	251
Management fee charged to	(2,658)	(2,686)
Repayment of advances:		
- from subsidiaries	3,406	25,920
Transfer of motor vehicle from a subsidiary	226	-
	<u>226</u>	<u>-</u>

The significant outstanding balances with the subsidiaries, as the related parties, together with their terms and conditions are disclosed in Note 14 to the financial statements.

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32. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation Paid to Key Management Personnel

The key management personnel compensation paid during the financial year is as disclosed in Note 31 to the financial statements.

33. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 4 main reportable segments as follows:-

- (i) Investment holdings and others
- (ii) Stock and securities broking
- (iii) Property holding
- (iv) Money lending

The directors assesses the performance of the reportable segments based on their operating profit or loss which is measured in accordance with operating segment which are disclosed in the consolidated financial statements.

Each reportable segment assets is measured based on all assets of the segment other than tax-related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

Group financing (including finance costs) is managed and allocated to operating segments while income tax is managed at group level.

Inter-segment income and expenses are eliminated to arrive at the Group's profit before taxation.

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33. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	Investment Holdings and Others RM'000	Stock and Securities Broking RM'000	Property Holding RM'000	Money Lending RM'000	The Group RM'000
2023					
Revenue					
External revenue	35	38,455	256	6,877	45,623
Inter-segment revenue	8,242	-	1,402	-	9,644
Total revenue	8,277	38,455	1,658	6,877	55,267
Adjustments and eliminations					(9,644)
Consolidated revenue					45,623
Results					
Segment results	(6,277)	9,984	682	5,640	10,029
Interest income	25	2,477	5	-	2,507
Depreciation of:					
- property, plant and equipment	(101)	(436)	(305)	(90)	(932)
- investment properties	-	-	(20)	-	(20)
- right-of-use assets	(209)	(445)	(69)	-	(723)
Net impairment loss on financial assets	-	(3)	-	-	(3)
Interest expense	(36)	(85)	(2)	-	(123)
(Loss)/Profit before taxation after eliminations	(6,598)	11,492	291	5,550	10,735
Income tax expense					(3,417)
Consolidated profit after taxation					7,318

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33. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Investment Holdings and Others RM'000	Stock and Securities Broking RM'000	Property Holding RM'000	Money Lending RM'000	The Group RM'000
2023					
Assets					
Segment assets	216,760	259,503	40,547	70,029	586,839
Deferred tax assets	-	-	-	1,508	1,508
Current tax assets	66	-	32	140	238
Eliminations/Adjustments	(214,562)	(11)	-	-	(214,573)
Consolidated total assets	2,264	259,492	40,579	71,677	374,012
Liabilities					
Segment liabilities	3,249	42,552	1,928	8,711	56,440
Current tax liabilities	-	432	-	-	432
Eliminations/Adjustments	(1,413)	(1,350)	(119)	(8,691)	(11,573)
Consolidated total liabilities	1,836	41,634	1,809	20	45,299
Other segment items					
Additions to non-current assets other than financial instruments:					
- property, plant and equipment	500	1,483	619	295	2,897
- right-of-use assets	1,209	1,631	-	-	2,840

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33. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Investment Holdings and Others RM'000	Stock and Securities Broking RM'000	Property Holding RM'000	Money Lending RM'000	The Group RM'000
2022					
Revenue					
External revenue	36	32,738	295	2,873	35,942
Inter-segment revenue	7,836	-	1,396	-	9,232
Total revenue	7,872	32,738	1,691	2,873	45,174
Adjustments and eliminations					(9,232)
Consolidated revenue					35,942
Results					
Segment results	(3,981)	5,080	993	1,666	3,758
Interest income	41	2,811	1	734	3,587
Depreciation of:					
- property, plant and equipment	(13)	(273)	(340)	(29)	(655)
- investment properties	-	-	(7)	-	(7)
- right-of-use assets	-	(170)	(167)	-	(337)
Net reversal of impairment loss on financial assets	-	489	-	-	489
Interest expense	-	(30)	(15)	-	(45)
(Loss)/Profit before taxation after eliminations	(3,953)	7,907	465	2,371	6,790
Income tax expense					(384)
Consolidated profit after taxation					6,406

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33. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Investment Holdings and Others RM'000	Stock and Securities Broking RM'000	Property Holding RM'000	Money Lending RM'000	The Group RM'000
2022					
Assets					
Segment assets	218,369	244,274	41,723	62,542	566,908
Deferred tax assets	-	-	-	2,000	2,000
Current tax assets	79	171	22	72	344
Eliminations/Adjustments	(208,765)	-	(2,935)	-	(211,700)
Consolidated total assets	9,683	244,445	38,810	64,614	357,552
Liabilities					
Segment liabilities	3,307	33,896	178	4,706	42,087
Eliminations/Adjustments	(2,453)	(1,632)	-	(1,629)	(5,714)
Consolidated total liabilities	854	32,264	178	3,077	36,373
Other segment items					
Additions to non-current assets other than financial instruments: - property, plant and equipment	121	759	-	293	1,173

GEOGRAPHICAL INFORMATION

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segments is not presented.

MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

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34. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

34.1 FINANCIAL RISK MANAGEMENT POLICIES

The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The exposure to foreign currency risk is limited as its foreign currency balances at the end of the reporting period are not significant.

(ii) 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 exposure to interest rate risk arises mainly from investments in fixed rate debt securities and long-term borrowings with variable rates. The Group adopts a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group and of the Company are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period are disclosed in Notes 14 and 22 to the financial statements.

Interest Rate Risk Sensitivity Analysis

A 100 (2022 - 100) basis points strengthening or weakening in the interest rates of floating rate bank overdraft and amount owing by/to subsidiaries at the end of the reporting period does not have a material impact on profit after taxation and equity of the Group and of the Company. This assumes that all other variables remain constant. Hence, no sensitivity analysis is presented.

The sensitivity analysis for fixed rate instruments at the end of the reporting period is not presented as change in interest rate would not have impact to the profit or loss and equity.

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The exposure to equity price risk arises mainly from changes in quoted investment prices of the Group.

Any reasonably possible change in the prices of quoted investments classified as FVPL at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

(b) Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and short-term funds), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group has credit policies in place to manage the credit risk exposure. The risk is managed through the application of the Group's credit management procedures which includes the application of credit approvals, ensure clients have deposited sufficient assets as collaterals for trading purposes, adherence to credit limits within the fair values of assets placed as collaterals, daily monitoring and follow up procedures on client account positions.

A major subsidiary of the Group adheres strictly to the BMSB guidelines on accounting for receivables. This enables the subsidiary to monitor its major client account positions continuously to minimise any potential exposure to credit risk.

Also, the Company's exposure to credit risk includes loans and advances to subsidiaries and corporate guarantee given to financial institutions for credit facilities granted to a subsidiary. The Company monitors the results of the subsidiary regularly and repayment made by the subsidiary.

(i) Credit Risk Concentration Profile

The Group and the Company do not have any major concentration of credit risk related to any individual customer or counterparty.

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

The maximum exposure to credit risk from amount owing by brokers and clients is as follows:-

	The Group	
	2023	2022
	RM'000	RM'000
Trade receivables (Note 10)	196,859	141,124
Less: Collateral held	(134,137)	(98,300)
Net exposure to credit risk	<u>62,722</u>	<u>42,824</u>

The net exposure to credit risk has been substantially collected within T+2.

In addition, the Company's maximum exposure to credit risk also includes corporate guarantee provided to its subsidiary of RM4,004,743 (2022 - RM5,006,624), representing the outstanding banking facilities of the subsidiary at the end of the reporting period. The corporate guarantee has not been recognised in the Company's financial statements since its fair value on initial recognition was not material.

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group and the Company evaluate whether any of the financial assets at amortised cost are credit impaired.

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 30 days past due unless the Group has reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables, which include amount owing by clients and brokers as disclosed in Note 10 to the financial statements and excluding amount owing by loan receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

The expected loss rates are based on the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts. The Group has identified the unemployment rate and non-performing loans rate as the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

	Gross Amount RM'000	Lifetime Individual Allowance RM'000	Carrying Amount RM'000
The Group			
2023			
Current (not past due)	196,859	-	196,859
Credit impaired	2,286	(2,286)	-
	199,145	(2,286)	196,859
2022			
Current (not past due)	141,124	-	141,124
Credit impaired	2,312	(2,312)	-
	143,436	(2,312)	141,124

The movements in the loss allowances in respect of amount owing by clients is disclosed in Note 10(c) to the financial statements.

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing by Loan Receivables and Other Receivables

The Group applies the 3-stage general approach to measure expected credit losses for its amount owing by loan receivables and other receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Group assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group uses 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

<u>Category</u>	<u>Definition of Category</u>	<u>Loss Allowance</u>
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing:	There is evidence indicating the receivable is credit impaired or more than 90 days past due	Lifetime expected credit losses

The Group measures the expected credit losses of receivables having significant balances and receivables with a high risk of default on individual basis. Other receivables are grouped based on shared credit risk characteristics and assessed on collective basis.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing by Loan Receivables and Other Receivables (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Cash and Short-term Funds

The Group and the Company consider the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measure expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

At the end of the reporting period, there was no indication that the amount owing is not recoverable.

Financial Guarantee Contracts

Corporate guarantees for borrowing facilities granted to subsidiaries are financial guarantee contract.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company closely monitors the subsidiaries' financial strength to reduce the risk of loss.

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Financial Guarantee Contracts (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

The Company considers there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

- The subsidiary is unlikely to repay its obligation to the bank in full; or
- The subsidiary is having a deficit in equity and is continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

The Group seeks to ensure all its business units manage their liquidity requirements efficiently by maintaining sufficient cash for their investing and operational activities at all time to earn maximum returns for the Group.

The Group's management has to mainly deal with the day to day demands and supplies within the stock market and futures market, thus an effective working capital management is paramount to its operations.

Due to the nature of its operations, the Group maintains large amounts of liquid assets and ensures sufficient credit lines are available at all times to meet its liquidity requirements, while maintaining efficient working capital management within its business units.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****34. FINANCIAL INSTRUMENTS (CONT'D)****34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)***Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000
The Group					
2023					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Amount owing to clients	-	4,081	4,081	4,081	-
Amount owing to brokers	-	16,460	16,460	16,460	-
Other payables and accruals	-	6,934	6,934	6,934	-
Bank overdraft	8.39	4,005	4,005	4,005	-
Lease liabilities	8.18	2,332	2,640	1,136	1,504
		33,812	34,120	32,616	1,504
2022					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Amount owing to clients	-	9,994	9,994	9,994	-
Amount owing to brokers	-	6,012	6,012	6,012	-
Other payables and accruals	-	4,990	4,990	4,990	-
Bank overdraft	8.14	5,007	5,007	5,007	-
Lease liabilities	8.08	197	203	195	8
		26,200	26,206	26,198	8

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****34. FINANCIAL INSTRUMENTS (CONT'D)****34.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000
The Company					
2023					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Other payables and accruals	-	546	546	546	-
Lease liabilities	8.18	2,034	2,232	857	1,375
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	4,005	4,005	-
		2,580	6,783	5,408	1,375
2022					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Other payables and accruals	-	846	846	846	-
Amount owing to a subsidiary	7.18	2,448	2,448	2,448	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	5,007	5,007	-
		3,294	8,301	8,301	-

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**NOTES TO THE FINANCIAL STATEMENTS
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34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 CAPITAL RISK MANAGEMENT

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio that complies with debt covenant and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. As the Group has insignificant external borrowings, the debt-to-equity ratio is not presented as it may not provide a meaningful indicator of the risk of borrowings.

A major subsidiary, ASB, is required to comply with the BMSB guidelines on capital adequacy, which requires the subsidiary to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations.

The subsidiary manages its capital based on the capital adequacy ratio. The subsidiary's strategies were unchanged from the previous financial year. The capital adequacy ratio is calculated as the subsidiary's liquid capital divided by its total risk requirement. Liquid capital represents its financial resources or liquid capital maintained in a readily realisable form to meet its total risk requirement, as calculated in accordance with Chapter 13 Rule 13.02 of BMSB ("Bursa Rules"). Total risk requirement means the sum of operational risk requirement, position risk requirement, counterparty risk requirement, large exposure risk requirement subject always to Bursa Rules.

The capital adequacy ratio of the subsidiary at the end of the reporting period was as follows:-

	2023 RM'000	2022 RM'000
Liquid capital	204,658	200,645
Total risk requirement	6,193	6,148
Capital adequacy ratio	33.05	32.64

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.2 CAPITAL RISK MANAGEMENT (CONT'D)

The liquid capital of the subsidiary is as follows:-

	2023 RM'000	2022 RM'000
Total non-current assets *	6,657	4,208
Total current assets #	437,522	425,929
Less:-		
Total current liabilities #	(227,660)	(219,583)
	216,519	210,554
Less:-		
Assets not ranked for liquid capital	(11,861)	(9,909)
Liquid capital	204,658	200,645

* This represents property, plant and equipment, right-of-use assets and unquoted investment.

These represent assets and liabilities classified as current for capital adequacy requirement reporting purposes and are presented on a gross basis, and include money held in trust for clients.

The following table presents the components of total risk requirement of the subsidiary:-

	2023 RM'000	2022 RM'000
Operational risk requirement	5,000	5,000
Position risk requirement	1,174	1,134
Counterparty risk requirement	19	14
	6,193	6,148

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
<u>Equity Instruments at FVOCI</u>				
Unquoted investment (Note 9.1)	3,285	3,069	-	-
<u>Equity Instruments at FVPL</u>				
Marketable securities held for trading	4,817	4,315	-	-
<u>Amortised Cost</u>				
Net investment in a lease (Note 11)	-	-	1,019	-
Contribution to clearing fund (Note 9.2)	1,509	1,343	-	-
Trade receivables (Note 10)	265,684	198,007	-	-
Other receivables (Note 10)	423	236	-	-
Amount owing by a subsidiary	-	-	10,543	2,775
Cash and short-term funds	47,023	104,020	107	8,919
	314,639	303,606	11,669	11,694

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial Liabilities				
<u>Amortised Cost</u>				
Amount owing to clients (Note 21)	4,081	9,994	-	-
Amount owing to brokers (Note 21)	16,460	6,012	-	-
Other payables and accruals (Note 21)	6,934	4,990	546	846
Amount owing to a subsidiary	-	-	-	2,448
Bank overdraft	4,005	5,007	-	-
	<u>31,480</u>	<u>26,003</u>	<u>546</u>	<u>3,294</u>

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
<u>Equity Instruments at FVOCI</u>				
Gain recognised in profit or loss	98	98	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Mandatorily at FVPL</u>				
Net gains/(loss) recognised in profit or loss	19	(1)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	2,504	4,076	602	485
	<hr/>	<hr/>	<hr/>	<hr/>
Financial Liabilities				
<u>Amortised Cost</u>				
Losses recognised in profit or loss	(19)	(13)	(139)	(251)
	<hr/>	<hr/>	<hr/>	<hr/>

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
The Group								
2023								
<u>Financial Assets</u>								
Marketable securities held for trading	4,817	-	-	-	-	-	4,817	4,817
Other assets: - unquoted shares in Malaysia	-	-	3,285	-	-	-	3,285	3,285
2022								
<u>Financial Assets</u>								
Marketable securities held for trading	4,315	-	-	-	-	-	4,315	4,315
Other assets: - unquoted shares in Malaysia	-	-	3,069	-	-	-	3,069	3,069

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34. FINANCIAL INSTRUMENTS (CONT'D)

34.5 FAIR VALUE INFORMATION (CONT'D)

Fair Value of Financial Instruments Carried at Fair Value

The fair values above have been determined using the following basis:-

- (i) The fair value of marketable securities held for trading are determined at their quoted closing bid prices at the end of the reporting period.
- (ii) The fair value of the unquoted shares in Malaysia is determined based on input and the information applicable to level 3 fair value measurement, i.e. the net asset value of the investee.
- (iii) There were no transfer between level 1 and level 2 during the financial year.

The fair value of loan receivables that carry fixed interest rate approximated its carrying amount as the impact of discounting is not material.

35. MATERIAL LITIGATIONS

35.1 ORIGINATING SUMMONS ("OS56") / COURT OF APPEAL CIVIL APPEAL NO. W-02(IM)(NCC)-1551-08/2019 ("APPEAL 1551") / FEDERAL COURT CIVIL APPLICATION NO. 08(F)-399-09/2021(W) ("APPEAL 80")

On 21 September 2018, the Company entered into a Heads of Agreement ("HOA") with Mercury Securities Sdn. Bhd. ("Mercury") and subsequently on 18 December 2018 signed a Business Merger Agreement ("BMA") with Mercury for the proposed merger of businesses of Apex Securities Berhad, a wholly-owned subsidiary of the Company and Mercury via the transfer by Mercury to ASB of its stockbroking, corporate advisory and other related businesses together with the requisite business assets and business liabilities for a consideration of RM140 million ('the Proposed Merger').

Subsequently, the Company received the necessary approvals from the relevant authorities and shareholders of the Company.

On 25 February 2019, Concrete Parade Sdn. Bhd. ("Concrete Parade"), a corporate shareholder of the Company filed an oppression suit vide OS56 against amongst others, the Company and ASB to declare that the HOA and the BMA related to the Proposed Merger, as illegal and/or unlawful and/or null and void.

On 7 August 2019, the High Court dismissed OS56. Concrete Parade subsequently appealed to the Court of Appeal against the dismissal of OS56 vide Appeal 1551. The hearing of Appeal 1551 concluded on 18 February 2021 with decision reserved to 18 August 2021.

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35. MATERIAL LITIGATIONS (CONT'D)

35.1 ORIGINATING SUMMONS ("OS56") / COURT OF APPEAL CIVIL APPEAL NO. W-02(IM)(NCC)-1551-08/2019 ("APPEAL 1551") / FEDERAL COURT CIVIL APPLICATION NO. 08(F)-399-09/2021(W) ("APPEAL 80") (CONT'D)

Meanwhile, Mercury had vide its letter dated 15 April 2021 informed the Company that it was not seeking a further extension of the Conditions Fulfilment Period for the BMA which had been mutually extended for 10 times over a period of more than 2 years. As a result, the BMA had lapsed, and the Proposed Merger has been discontinued.

In light that the BMA had lapsed, the Company had through its solicitors informed the Court of Appeal of this development.

Despite that, on 18 August 2021, the Court of Appeal allowed Appeal 1551 with costs. Effectively, it requires the Company and its directors to sell the Company's treasury shares in the open market within a period of 6 months from the date of Court of Appeal's Order.

On 17 September 2021, the Company filed an application for leave to appeal to the Federal Court ("Leave Application") against the entire decision of the Court of Appeal.

On 7 February 2022, the Company obtained an order from the Court of Appeal to stay part of the Court of Appeal's order issued on pending the disposal of its application for leave to appeal to the Federal Court.

On 10 August 2022, the Federal Court unanimously allowed the Leave Application by the Company with costs in the cause.

On 21 October 2022, the Company filed a Notice of Motion in the Federal Court to remove the 5th, 8th - 14th Respondents as parties in the matter ("the Amendment Application").

During the hearing of the Amendment Application on 2 February 2023, the Federal Court allowed the Company's Notice of Motion. As such, the 5th, 8th - 14th Respondents are no longer parties in Appeal.

The Federal Court granted leave to the Company to appeal to the Federal Court and the Federal Court had on 8 May 2023, 1 August 2023 and 2 August 2023 heard the appeal.

On 26 March 2024, the Federal Court has overturned the Court of Appeal's decision issued on 18 August 2021. Therefore, the decision of the High Court is upheld and reinstated. The Federal Court ruled that there was no oppression and ordered the Respondent to pay costs of RM150,000.00 to the Company and ASB respectively. The Federal Court also ruled that the costs that were paid by the Company and ASB in High Court and Court of Appeal be refunded back to the Company and ASB. As such, the above matter has been concluded accordingly.

APEX EQUITY HOLDINGS BERHAD

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35. MATERIAL LITIGATIONS (CONT'D)

35.2 KUALA LUMPUR HIGH COURT APPLICATION FOR JUDICIAL REVIEW NO.: WA-25-540-10/2022

ASB filed an Application to seek Leave for Judicial Review dated 19 October 2022 (the "Application for JR") against the Securities Commission Malaysia ("SC") in respect of the additional conditions imposed by the SC on ASB pursuant to Section 62 Capital Markets and Services Act 2007 (the "Impugned Decision").

The Application for JR seeks a declaration from the High Court that the Impugned Decision be declared null and void, the Impugned Decision and its incidental and related decision be quashed, an order to compel SC to lift and/or remove the Impugned Decision and its incidental and related decision and a prohibition order to restrain and/or prohibit SC from acting on and/or enforce the Impugned Decision.

Pending the disposal of the Application for JR, ASB sought a stay order from the Court in respect of the Impugned Decision and its incidental and related decision.

The above-mentioned application for leave has been heard on 22 June 2023. After hearing the submissions and considering all cause papers of parties including the affidavits and written submissions, the Learned High Court Judge allowed the Applicant's Leave Application as the Learned High Court Judge had agreed with the submissions put forth by the Applicant's counsels and further the Court found that the leave application by the Applicant is not frivolous and has merits.

The Applicant had sought for a stay of the additional conditions imposed and, in this respect, the Learned High Court Judge has given directions on the filing of affidavits and written legal submissions by both parties.

Pursuant to the Consent Judgement ("CJ") recorded at the High Court for the Writ of Summons and Statement of Claim on 23 November 2023, the JR Application filed by ASB against SC has been successfully withdrawn on 7 December 2023. SC had, vide a letter issued to ASB dated 7 December 2023, withdrawn all additional conditions and reporting requirements imposed on ASB earlier with immediate effect.

Accordingly, both parties have jointly executed a Notice of Discontinuance which has been filed to the High Court and the matter has been concluded accordingly.

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35. MATERIAL LITIGATIONS (CONT'D)

35.3 KUALA LUMPUR HIGH COURT CIVIL SUIT NO. WA-22NCC-620-11/2022

The SC had on 30 November 2022 filed a Writ of Summons and Statement of Claim dated 29 November 2022 against, inter alia, the Company to seek declaratory and specific reliefs from the High Court.

The reliefs sought include a declaration that ASB had contravened securities laws by having the Company's former substantial shareholder, ACE Holdings Bhd through ACE Credit (M) Sdn. Bhd. ("ACE") as the controller of ASB when ACE is not fit and proper, the removal of certain members of the Board of Directors and Senior Management of the Company and injunctive reliefs which include ACE to restrain from causing the appointment of the members of the Board of Directors and any management personnel of the Company.

The Company and ASB have filed its Statements of Defence on 26 January 2023 and have subsequently filed an application to strike out the case.

During the Case Management hearing on 27 June 2023, the legal counsel acting for ACE, now an unrelated party to the Company, informed the High Court that ACE had filed a judicial management application earlier. In that connection, all proceedings in relation to this suit are by law stayed pending an order for leave.

A CJ entered between the SC, the Company and ASB had been recorded at the High Court on 23 November 2023. The litigation against the Company and ASB is hereby concluded. Accordingly, the respective Notices of Discontinuance had been filed in the High Court.

36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 15 November 2023, a wholly-owned subsidiary of the Company, ADSB, entered into a Sale and Purchase Agreement ("SPA") with a third party to dispose a freehold land together with one (1) eleven (11) storey commercial building known as "Menara Apex" bearing postal address of No. 1, Jalan Semenyih, Kajang, 43000 Selangor for a sale consideration of RM55 million.

The above disposal is expected to be completed within 6 months from the Unconditional date, which is the date where all conditions precedent of the SPA are being fulfilled. The disposal exercise is expected to be completed within 12 months.

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37. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (i) Subsequent to the financial year, the Company subscribed for 15,000,000 units of Redeemable Non-Cumulative Convertible Preference Shares ("RNCCPS") of RM1 each in AEC for a total cash consideration of RM15,000,000 for a period of 15 years. The RNCCPS are convertible to ordinary shares upon expiry of the 15th year tenure at a conversion price of RM1 per share and at a ratio of 1:1.

The RNCCPS are redeemable at any time after allotment at a redemption price of RM1 per RM1 RNCCPS. The redemption is at the option of AEC and partial redemption (minimum of RM1 million) is allowable. The RNCCPS not redeemed will be converted to ordinary shares at the end of the tenure. The preference shareholder is entitled to a discretionary, non-cumulative dividend rate to be determined by AEC.

- (ii) In the second quarter of 2024, the Group has become aware of a potential discontinuance of an on-going project awarded to a loan receivable ("Development") in which the Group had financed an amount of RM23,800,000. The outcome of this Development, which is unascertainable at this juncture, may or may not cause a change in the credit quality of the said loan receivable in the future. The Group, after considering the evidence and inputs presented, has also concluded that this Development, irrespective of its current state, is a non-adjusting event as defined by MFRS 110 Events After the Reporting Period that does not affect the recoverability assessment made for the financial year end. Accordingly, no impairment has been made on this loan receivable.

The Group is actively monitoring the matter and shall continuously assess the Development for any financial impact and reporting which will be reflected in the subsequent relevant financial periods, if any.