

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF MST GOLF GROUP BERHAD (FORMERLY KNOWN AS M S T GOLF (ASIA) SDN BHD) ("MST GOLF" OR THE "COMPANY") DATED 28 JUNE 2023 ("ELECTRONIC PROSPECTUS")

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Electronic Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com ("**Website**").

Availability and Location of Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, RHB Investment Bank or the Issuing House. Alternatively, the applicant may obtain a paper/printed copy of the Electronic Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective applicants should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

The IPO and the distribution of the Electronic Prospectus are subject to Malaysian law. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sole Underwriter and Sole Placement Agent named in the Prospectus have not authorised anyone and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for the subscription or purchase of, or an invitation to subscribe for or purchase, the IPO Shares to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves, and to observe such restrictions.

Close of Application

Applications for the IPO Shares offered under the Retail Offering will open at **10.00 a.m. on 28 June 2023** and will close at **5.00 p.m. on 7 July 2023**. In the event there is any change to the timetable, the Company will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and make an announcement on the Website.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



MST GOLF®

Specialty Retailer and Wholesaler of Golf Equipment



MST GOLFARENA

Indoor Golf Centre with Food and Beverages



Golf Learning and Club Fitting



MST GOLF® Events

Golf Event Management and Planning



Loyalty Membership Programme

MST GOLF GROUP BERHAD 199301009307 (264044-M)

📍 MST GOLF Plaza, No. 8, Jalan SS 13/5, Subang Jaya, 47500 Selangor, Malaysia

☎ +603 5566 8666

🌐 mstgolfgroup.com

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P R O S P E C T U S

THIS PROSPECTUS IS DATED 28 JUNE 2023

MST GOLF®

MST GOLF GROUP BERHAD

(Registration No. 199301009307 (264044-M))
(formerly known as M S T Golf (Asia) Sdn Bhd)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

INITIAL PUBLIC OFFERING ("IPO") OF 228,000,000 ORDINARY SHARES IN MST GOLF GROUP BERHAD (FORMERLY KNOWN AS M S T GOLF (ASIA) SDN BHD) ("MST GOLF") ("SHARES") IN CONJUNCTION WITH THE LISTING AND QUOTATION OF THE ENTIRE ENLARGED ISSUED SHARES OF MST GOLF ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

(I) PUBLIC ISSUE OF 160,000,000 NEW ORDINARY SHARES ("ISSUE SHARES") IN THE FOLLOWING MANNER:

- 41,500,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 76,000,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INSTITUTIONAL AND SELECTED INVESTORS;
- 7,900,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND
- 34,600,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY, MALAYSIA (FORMERLY KNOWN AS MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, MALAYSIA) ("MITI");

AND

(II) OFFER FOR SALE OF UP TO 68,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MITI;

AT AN IPO PRICE OF RM0.81 PER SHARE, PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AS SET OUT IN THIS PROSPECTUS.

Principal Adviser, Sole Underwriter and Sole Placement Agent



RHB Investment Bank Berhad
(Registration No.: 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION FOR THE OFFERING UNDER SECTION 214(1) OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 (THE "APPROVAL"). THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC.

THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED, OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING THE RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 42.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

All defined terms used in this Prospectus are defined under "Presentation of Financial and Other Information", "Definitions" and "Glossary of Technical Terms" commencing on pages viii, xii and xx of this Prospectus, respectively.

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

RHB Investment Bank, being the Principal Adviser, Sole Underwriter and Sole Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

Our Company has obtained the approval of Bursa Securities for our Listing. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

This Prospectus, together with the Application Forms, have also been lodged with the Registrar of Companies Malaysia, who takes no responsibility for its contents.

You should rely on your own evaluation to assess the merits and risks of your investment in our Shares. If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

OTHER STATEMENTS

Investors should note that they may seek recourse under sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in section 236 of the CMSA, is responsible.

Our Shares are classified as Shariah-compliant by the SAC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.

Investors should not take the agreement by the Sole Underwriter named in this Prospectus to underwrite our IPO Shares as an indication of the merits of our Shares being offered.

This Prospectus is published solely in connection with our IPO. Our Shares are being offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sole Underwriter and Sole Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sole Underwriter and Sole Placement Agent, or any of their respective directors, or any other persons involved in our IPO.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sole Underwriter and Sole Placement Agent have not authorised and take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sole Underwriter and Sole Placement Agent have not authorised anyone to provide you with information or to make any representation not contained in this Prospectus. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of our Shares in certain other jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability whether or not any enquiry or investigation is made in connection to it.

It will be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subject to the laws of Malaysia in connection to it.

However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

IT WILL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH OUR IPO OR YOU ARE OR MIGHT BE SUBJECTED TO. NEITHER WE NOR OUR PROMOTERS, SELLING SHAREHOLDERS, DIRECTORS, PRINCIPAL ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT NOR ANY OTHER ADVISERS IN RELATION TO OUR IPO WILL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, AVOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

ELECTRONIC PROSPECTUS/INTERNET SHARE APPLICATION

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

The internet is not a fully secure medium. Your Internet Share Application may be subject to risks of data transmission, computer security threats including viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC will prevail.

In relation to any reference in this Prospectus to third-party internet sites ("**Third-Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third-Party Internet Sites, you acknowledge and agree that:

- (i) we do not endorse and are not affiliated in any way to the Third-Party Internet Sites. Accordingly, we are not responsible for the availability of or the content or any data, file or other material provided on the Third-Party Internet Sites. You shall bear all risks associated with the access to or use of the Third-Party Internet Sites;

- (ii) we are not responsible for the quality of products or services in the Third-Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third-Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third-Party Internet Sites or the use of or reliance on any data, information, file or other material provided by such parties; and
- (iii) any data, information, file or other material downloaded from the Third-Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution, you are advised that:

- (i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web server of the Internet Participating Financial Institution which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the Electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties;
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium; and
- (iii) the Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	Time and/or date
Issuance of the Prospectus/Opening of application for our IPO Shares	10.00 a.m., 28 June 2023
Closing of application for our IPO Shares	5.00 p.m., 7 July 2023
Balloting of applications for our IPO Shares	11 July 2023
Allotment/Transfer of our IPO Shares to successful applicants	18 July 2023
Listing	20 July 2023

Late applications will not be accepted. In the event there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and make an announcement on Bursa Securities' website.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "our Company" or "MST Golf" are to MST Golf Group Berhad (*formerly known as M S T Golf (Asia) Sdn Bhd*). All references to "MST Golf Group" or "our Group" are to our Company and our subsidiaries taken as a whole. All references to "we", "us", "our" and "ourselves" are to our Company and where the context otherwise requires, our Group. All references to "you" are to our prospective investors.

All references to "Government" are to the Government of Malaysia. All references to the "Selling Shareholders" are to Ng Yap Sio, Low Kok Poh, Ng Lian Chun, Dato' Ng Lian Heng, Ng Kong Hook and Ng Lian Lu. All references to the "Promoters" are to All Sportz, Ng Yap Sio, Low Kok Poh, Ng Lian Chun, Dato' Ng Lian Heng, Ng Kong Hook and Ng Lian Lu.

The words "approximately" used in this Prospectus is to indicate that the number is not an exact one, but that number is usually rounded off to the nearest thousandth or 2 decimal place. Any discrepancies in the tables between the amounts listed and the total amount in this Prospectus are due to rounding adjustments. Other abbreviations and acronyms used in this Prospectus are defined in the "Definitions" section and technical terms used in this Prospectus are defined in the "Glossary of Technical Terms" section. Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and *vice versa*. References to persons shall, where applicable, include companies and corporations.

Any reference in this Prospectus to any provisions of the statutes, rules, regulations, enactments or rules of the stock exchange shall (where the context admits), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of the stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of the stock exchange for the time being in force.

Any reference to a date and time shall be a reference to a date and time in Malaysia, unless otherwise stated.

All references to the LPD in this Prospectus are to 31 May 2023, being the latest practicable date prior to the registration of this Prospectus with the SC.

The information on our website or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on those information for the purposes of your decision whether or not to invest in our Shares. If there is any discrepancy between the contents of such website relating to our Group and the Prospectus, the information contained in this Prospectus shall prevail.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding the growth and performance of the industry in which we operate and our estimated market share. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the IMR Report included in Section 8 of this Prospectus. We have appointed Vital Factor Consulting Sdn Bhd to provide an independent market research and industry review. In compiling its data for the review, Vital Factor Consulting Sdn Bhd relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry.

Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION (CONT'D)

EBITDA and the related ratios presented in this Prospectus are supplemental measures of our performance and liquidity that are not required by or presented in accordance with the IFRS and MFRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under the IFRS and MFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with the IFRS or MFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure.

We believe that EBITDA may facilitate comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expenses). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-IFRS and non-MFRS financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and prospective investors should not consider it in isolation from or as a substitute for analysis of our financial condition or results of operations, as reported under the IFRS and MFRS. Due to these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements, other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements, or industry results expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminologies including the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions, and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our products and services and general industry environment;
- (ii) our strategies and competitive position;
- (iii) our financial performance and financing plan including earnings, cash flows and liquidity;
- (iv) potential growth opportunities; and
- (v) regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) finance costs, interest rates, tax rates and foreign exchange rates;
- (ii) future regulatory or government policy changes affecting us or the markets in which we operate or may operate;
- (iii) delays, cost overruns, shortages in labour or problems with the execution of our expansion plans;
- (iv) competitive environment of the industry in which we operate;
- (v) the activities and financial health of our customers, suppliers and other business partners;
- (vi) reliance on certificates, licences, permits and approvals;
- (vii) general economic, business, social, political and investment environment in countries where we operate or may operate;
- (viii) continued availability of capital and financing;
- (ix) significant capital expenditure requirements;
- (x) cost and availability of adequate insurance coverage;
- (xi) fixed or contingent obligations and commitments;
- (xii) changes in accounting standards and policies; and
- (xiii) other factors beyond our control.

FORWARD-LOOKING STATEMENTS (CONT'D)

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 5 of this Prospectus on "Risk Factors" and Section 12.3 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

In light of these uncertainties, the inclusion of such forward-looking statements should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved. Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines.

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DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

COMPANIES WITHIN OUR GROUP

MST Golf or Company	:	MST Golf Group Berhad (<i>formerly known as M S T Golf (Asia) Sdn Bhd</i>) (Registration No.: 199301009307 (264044-M))
MST Golf Group or Group	:	Collectively, MST Golf and its wholly-owned subsidiaries, namely MST Golf Malaysia, MST Golf Management, MST Golf Arena and MST Golf Singapore
MST Golf Malaysia	:	MST Golf Sdn Bhd (<i>formerly known as M S T Golf Sdn Bhd</i>) (Registration No.: 198901011987 (189294-P))
MST Golf Management	:	MST Golf Management Sdn Bhd (<i>formerly known as M S T Golf Management Sdn Bhd</i>) (Registration No.: 200101013452 (549209-A))
MST Golf Arena	:	MST Golf Arena Sdn Bhd (Registration No.: 199801015399 (471528-D))
MST Golf Singapore	:	MST Golf (Singapore) Pte Ltd (Registration No.: 200002124N)

COMPANIES NOT WITHIN OUR GROUP

All Sportz	:	All Sportz Sdn Bhd (Registration No.: 200901004247 (847180-P)), our Promoter and substantial shareholder
All Sportz Properties	:	All Sportz Properties Sdn Bhd (Registration No.: 200501022282 (704412-H)), which had ceased business operations and remained dormant since 1 August 2012
Frasers Group Asia	:	Frasers Group Asia Sdn Bhd (Registration No.: 201901040821 (1350151-U)), which has yet to commence business operations and remained dormant since its date of incorporation, 12 November 2019
Heritage Links Asia	:	Heritage Links Asia Sdn Bhd (<i>formerly known as Heritage Links MST Sdn Bhd</i>) (Registration No.: 201501030070 (1155393-V)), which had ceased business operations and remained dormant since 7 March 2018
My EGames	:	My EGames Sdn Bhd (<i>formerly known as My Golf Shop Sdn Bhd</i>) (Registration No.: 200001001156 (503761-W)), which had ceased business operations and remained dormant since 31 May 2013
My Sports International	:	My Sports International Company Limited (<i>formerly known as MST Golf International Co., Ltd</i>) (Registration No.: 0125544009146), which had ceased business operations and remained dormant since 2013
My Sports (Thailand)	:	My Sports (Thailand) Company Limited (<i>formerly known as MST Golf (Thailand) Co., Ltd</i>) (Registration No.: 0105544058392), which had ceased business operations and remained dormant since 2013
MySports Venture	:	MySports Venture Sdn Bhd (<i>formerly known as M S T Sports Sdn Bhd</i>) (Registration No.: 201001041239 (925167-H))
MySports Vietnam	:	Mysports Vietnam Sdn Bhd (<i>formerly known as M S T Golf Vietnam Sdn Bhd</i>) (Registration No.: 200501017993 (700106-W)), which had ceased business operations and remained dormant since 31 December 2019

DEFINITIONS (CONT'D)

Sports Direct Malaysia	: Sports Direct Malaysia Sdn Bhd (<i>formerly known as Sports Direct MST Sdn Bhd</i>) (Registration No.: 201001041238 (925166-M))
Sports Direct Singapore	: Sports Direct (Singapore) Pte Ltd (Registration No.: 202004542Z), which has yet to commence business operations and remained dormant since its date of incorporation, 7 February 2020

GENERAL

Acquisitions	: Collectively, the Acquisition of MST Golf Management and the Acquisition of MST Golf Singapore, details of which are set out in Section 6.1.2.4 of this Prospectus
Acquisition of MST Golf Management	: Acquisition by MST Golf of the remaining 30,000 ordinary shares, representing 30.00% equity interest in MST Golf Management from Paul Edward Gibbons for a total purchase consideration of RM277,201, fully satisfied via the issuance of 676,100 new MST Golf Shares at an issue price of RM0.41 per MST Golf Share, which was completed on 30 November 2022
Acquisition of MST Golf Singapore	: Acquisition by MST Golf of the remaining 312,000 ordinary shares, representing 24.00% equity interest in MST Golf Singapore from James Pang Yun Ming for a total purchase consideration of RM7,458,925, fully satisfied via the issuance of 18,192,500 new MST Golf Shares at an issue price of RM0.41 per MST Golf Share, which was completed on 30 November 2022
Act	: Companies Act, 2016
ADA	: Authorised Depository Agent
Admission	: Admission of our Shares to the Official List of the Main Market of Bursa Securities
AGM	: Annual general meeting
Application	: Application of our IPO Shares under the Retail Offering by way of Application Form, Electronic Share Application or Internet Share Application
Application Form(s)	: Application form(s) for the application of our IPO Shares under the Retail Offering accompanying this Prospectus
ATM	: Automated teller machine
Auditors and Reporting Accountants	: Grant Thornton Malaysia PLT (Registration No.: 201906003682 & LLP0022494-LCA)
Authorised Financial Institution	: Authorised financial institution participating in the Internet Share Application in respect of the payment for our IPO Shares
BNM	: Bank Negara Malaysia
BO 1994	: Buildings Ordinance, 1994
Board or Board of Directors	: Board of Directors of our Company

DEFINITIONS (CONT'D)

Bumiputera	: In the context of:
	(i) individuals – Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia;
	(ii) companies – a company which fulfils, among others, the following criteria or such other criteria as may be imposed by the MITI:
	(a) registered under the Act as a private company;
	(b) its shareholders are 100.00% Bumiputera; and
	(c) its board of directors (including its staff) are at least 51.00% Bumiputera; and
	(iii) cooperatives – a cooperative whose shareholders or cooperative members are at least 95.00% Bumiputera or such other criteria as may be imposed by the MITI
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
CAGR	: Compound annual growth rate
Capitalisation	: Capitalisation of the amount owing by our Company to All Sportz of RM32,000,000 via the issuance of 32,000,000 new MST Golf Shares, which was completed on 21 October 2022
CCC or CF	: Certificate of completion and compliance or certificate of fitness for occupation or occupancy permit or such certificate by any other name or permit issued by the relevant authority in Malaysia under the relevant legislation applicable at the material time
CDS	: Central Depository System
CMCO	: Conditional MCO issued by the Government under the Prevention and Control of Infectious Disease Act, 1988 and the Police Act, 1967 as a preventive measure to curb the spread of COVID-19 in Malaysia
CMSA	: Capital Markets and Services Act, 2007
Constitution	: Constitution of our Company
COVID-19	: Coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019 and was declared as pandemic affecting many countries globally by the World Health Organisation in 2020. Subsequently in May 2023, the World Health Organisation has declared an end to this global health emergency
Depositor	: A holder of a Securities Account
Director(s)	: Director(s) of our Company
Distribution	: Distribution carried out by All Sportz by way of dividend-in-specie of approximately 33.33% of All Sportz's equity interest in MST Golf to the individual Promoters, details of which are set out in Section 6.1.2.3 of this Prospectus

DEFINITIONS (CONT'D)

Distribution Shares	: 214,000,000 MST Golf Shares distributed by All Sportz pursuant to the Distribution
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	: Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium including, but not limited to compact disc read only memory (CD-ROMs)
Electronic Share Application	: Application for our IPO Shares under the Retail Offering through a Participating Financial Institution's ATM
Eligible Persons	: Collectively, our Independent Non-Executive Directors, employees of our Group and persons who have contributed to the success of our Group, who are eligible to participate in the Public Issue
EMCO	: Enhanced MCO issued by the Government under the Prevention and Control of Infectious Diseases Act, 1988 and the Police Act, 1967 as a preventive measure to curb the spread of COVID-19 in Malaysia
EPF	: Employees' Provident Fund Board
EPS	: Earnings per Share
Equity Guidelines	: Equity Guidelines issued by the SC
ERP	: Enterprise resource planning
Executive Directors	: Collectively, Low Kok Poh, Ng Yap Sio and Ng Lian Chun, the executive Directors of our Company
Federal Territory(ies)	: The territories of Kuala Lumpur, Putrajaya and Labuan governed directly by the Government
Financial Years Under Review	: Collectively, FYE 2019, FYE 2020, FYE 2021 and FYE 2022
FMCO	: Full MCO issued by the Government under the Prevention and Control of Infectious Diseases Act, 1988 and the Police Act, 1967 as a preventive measure to curb the spread of COVID-19 in Malaysia
FYE	: Financial year ended or where the context otherwise requires, financial year ending 31 December
GDP	: Gross domestic product
GFA	: Gross floor area
Government	: The Government of Malaysia
GP	: Gross profit
ICT	: Information and communications technology
IFRS	: International Financial Reporting Standards as issued by the International Accounting Standards Board
IMR Report	: Independent market research report on the Independent Assessment of the Golf Equipment Industry prepared by Vital Factor as set out in Section 8 of this Prospectus

DEFINITIONS (CONT'D)

Initial Public Offering or IPO	: Initial public offering, collectively, the Public Issue and the Offer for Sale
Institutional Offering	: Offering of up to 178,600,000 IPO Shares at the IPO Price, subject to the clawback and reallocation provisions, to identified institutional and selected investors as well as Bumiputera investors approved by the MITI
Internet Participating Financial Institution(s)	: Participating financial institution(s) for the Internet Share Application
Internet Share Application(s)	: Application(s) for our IPO Shares under the Retail Offering through an Internet Participating Financial Institution
IPO Price	: Issue/offer price of RM0.81 for each IPO Share
IPO Shares	: Collectively, the Issue Shares and the Offer Shares
IRB	: Inland Revenue Board of Malaysia
Issue Shares	: 160,000,000 new MST Golf Shares to be issued by our Company pursuant to the Public Issue
Issuing House	: Malaysian Issuing House Sdn Bhd (Registration No.: 199301003608 (258345-X))
IT	: Information technology
KLGCC	: Kuala Lumpur Golf & Country Club
Legal Advisers	: Cheang & Ariff, being the legal adviser to our Company as to Malaysian law and Infinitus Law Corporation, being the legal adviser to our Company as to Singaporean law
Listing	: Admission to the Official List and the listing and quotation of our entire enlarged issued share capital on the Main Market of Bursa Securities
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 31 May 2023, being the latest practicable date prior to the registration of this Prospectus with the SC
Malaysian Public	: Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	: A day on which Bursa Securities is open for trading in securities, which may include a Surprise Holiday
MBSJ	: Majlis Bandaraya Subang Jaya
MCCG	: Malaysian Code on Corporate Governance issued by the SC
MCO	: Movement Control Order issued by the Government under the Prevention and Control of Infectious Disease Act, 1988 and the Police Act, 1967 as a preventive measure to curb the spread of COVID-19 in Malaysia effective from 18 March 2020

DEFINITIONS (CONT'D)

MFRS	: Malaysian Financial Reporting Standards issued by the International Accounting Standards Board
MIA	: Malaysian Institute of Accountants
MITI	: Ministry of Investment, Trade and Industry, Malaysia (<i>formerly known as Ministry of International Trade and Industry, Malaysia</i>)
MST Golf Management Share Sale Agreement	: Share sale agreement entered into between our Company and Paul Edward Gibbons dated 4 November 2022 (as supplemented by a supplemental letter dated 14 December 2022) for the Acquisition of MST Golf Management
MST Golf Plaza	: A property owned by MST Golf Malaysia located at No. 8, Jalan SS 13/5, Subang Jaya, 47500 Selangor housing our Group's head office, warehouse, MST Golf specialty store, and a Sports Direct retail outlet (rented to Sports Direct Malaysia)
MST Golf Shares or Shares	: Ordinary shares of our Company
MST Golf Singapore Share Sale Agreement	: Share sale agreement entered into between our Company and James Pang Yun Ming dated 4 November 2022 (as supplemented by a supplemental letter dated 14 December 2022) for the Acquisition of MST Golf Singapore
NA	: Net assets
NBV	: Net book value
NLC	: National Land Code, 1965
NRIC	: Malaysian National Registration Identity Card
NRP	: National recovery plan, a 4-phase exit strategy from the COVID-19 pandemic issued by the Government
Offer for Sale	: Offer for sale of up to 68,000,000 Offer Shares at the IPO Price by our Selling Shareholders
Offer Shares	: Up to 68,000,000 existing MST Golf Shares to be offered for sale by the Selling Shareholders pursuant to the Offer for Sale
Official List	: A list specifying all securities listed on Bursa Securities
Participating Financial Institution(s)	: Participating financial institution(s) for the Electronic Share Application(s)
PAT	: Profit after taxation
PATMI	: Profit after taxation and non-controlling interest
PBT	: Profit before taxation
PER	: Price-to-earnings ratio
PGM	: Professional Golf of Malaysia
Pink Application Form(s)	: Application form(s) for the application of our IPO Shares under the Public Issue by the Eligible Persons accompanying this Prospectus

DEFINITIONS (CONT'D)

Pink Form Allocations	: The allocation of 7,900,000 Issue Shares to the Eligible Persons pursuant to the Public Issue
Pre-IPO Reorganisation Exercise	: Collectively, the Capitalisation, the Subdivision of Shares, the Distribution of Shares and the Acquisitions, details of which are set out in Section 6.1.2 of this Prospectus
Promoters	: Collectively, All Sportz, Ng Yap Sio, Low Kok Poh, Ng Lian Chun, Dato' Ng Lian Heng, Ng Kong Hook and Ng Lian Lu
Prospectus	: This Prospectus dated 28 June 2023 issued by our Company
Prospectus Guidelines	: Prospectus Guidelines issued by the SC
Public Issue	: Public issue of 160,000,000 Issue Shares at the IPO Price by our Company
Record of Depositors	: A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Retail Offering	: Offering of 49,400,000 Issue Shares at the IPO Price, subject to the clawback and reallocation provisions, to the Malaysian Public and Eligible Persons
RHB Investment Bank or Principal Adviser or Sole Underwriter or Sole Placement Agent	: RHB Investment Bank Berhad (Registration No.: 197401002639 (19663-P))
RMCO	: Recovery MCO issued by the Government under the Prevention and Control of Infectious Disease Act, 1988 and Police Act, 1967 as a preventive measure to curb the spread of COVID-19 in Malaysia
ROC	: Registrar of Companies
Rules of Bursa Depository	: The rules of Bursa Depository as issued under the SICDA
SAC	: Shariah Advisory Council of the SC
SC	: Securities Commission Malaysia
SDBA 1974	: Street Drainage and Building Act, 1974
Selling Shareholders	: Collectively, Ng Yap Sio, Low Kok Poh, Ng Lian Chun, Dato' Ng Lian Heng, Ng Kong Hook and Ng Lian Lu
Share Registrar	: Boardroom Share Registrars Sdn Bhd (Registration No.: 199601006647 (378993-D))
SICDA	: Securities Industry (Central Depositories) Act, 1991
SOCESO	: Social Security Organisation, also known as PERKESO (Pertubuhan Keselamatan Sosial)
SOP	: Standard operating procedure(s)

DEFINITIONS (CONT'D)

Specified Shareholders	: Shareholders whose shares are subject to moratorium, namely All Sportz, Ng Yap Sio, Low Kok Poh, Ng Lian Chun, Dato' Ng Lian Heng, Ng Kong Hook, Ng Lian Lu, James Pang Yun Ming and Paul Edward Gibbons
sq. ft.	: Square feet
SST	: Sales tax and service tax
Subdivision of Shares	: Subdivision of 32,100,000 existing MST Golf Shares (after the completion of the Capitalisation) into 642,000,000 MST Golf Shares, which was completed on 21 October 2022
Subsidiaries	: Collectively, MST Golf Malaysia, MST Golf Management, MST Golf Arena and MST Golf Singapore
Surprise Holiday	: A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
Tax Advisers	: Grant Thornton Taxation Sdn Bhd (Registration No.: 201501006389 (1131721-X))
TCPA 1976	: Town and Country Planning Act, 1976
TNB	: Tenaga Nasional Berhad (Registration No.: 199001009294 (200866-W))
UBBL 1984	: Uniform Building By-Laws, 1984
UK	: United Kingdom of Great Britain and Northern Ireland
Underwriting Agreement	: Underwriting agreement dated 7 June 2023 entered into between our Company, and the Sole Underwriter for the underwriting of 41,500,000 Issue Shares for the Malaysian Public under the Retail Offering
USA	: United States of America
Vital Factor or IMR	: Vital Factor Consulting Sdn Bhd (Registration No.: 199301012059 (266797-T)), the independent business and market research consultants

CURRENCY

EUR	: Euro
JPY	: Japanese Yen
RM and sen	: Ringgit Malaysia and sen, respectively
SGD	: Singapore Dollar
USD	: United States Dollar

GLOSSARY OF TECHNICAL TERMS

The following technical terms used in this Prospectus shall have the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Appointed distributor	:	An entity that is given the right by a brand owner and/or principal to sell its specified products and brand(s) in specified territories/countries to the appointed distributor's customers for the purpose of resale as stipulated in an agreement
Appointed retailer	:	An entity that is given the right by a brand owner and/or principal to sell its specified products and/or brand/s in specified territories/countries directly to the appointed retailer's end-user customers as stipulated in an agreement
Brand equity	:	In the context of this Prospectus, it refers to the inherent value of a brand name arising from awareness of the brand, loyalty to the brand, image of the brand as well as the perceived quality of the products represented by the brand. A high brand equity would imply high recognition of the brand, repeat purchases from customers, positive image and association, and good product quality
Club fitting	:	A process to fit the golf club to the player's physique, swing profile and preferences by customising the specifications of the golf club such as clubhead, shaft and grip
Clubhead	:	Clubhead is a device attached to one end of a golf club and is designed to come into direct contact with the golf ball when hitting the golf ball
		
Departmental counter	:	In the context of this Prospectus, it refers to a designated retail space within a departmental store
Direct distribution channel	:	A marketing term to describe the sales of products and services directly to end-users, without going through an intermediary. In the context of this Prospectus, direct distribution channel mainly refers to the retail sales of products and services through physical retail outlets and online platform directly to end-users or corporate customers
Driver	:	A type of golf club designed to drive the ball through long distances down the fairway towards a hole in a green. It is the longest golf club in a set, typically ranging between 45 or 46 inches with a large clubhead and volume between 440 cubic centimetres and 460 cubic centimetres
Driving range	:	It refers to a designated area or facility equipped with distance markers for golf players to practice their golf shots, swings or drives while in a fixed allocated space
Fairway wood	:	A type of golf club designed to drive the ball through long distances. It has a smaller clubhead compared to a driver
Golf	:	A type of sports played on a large tract of land referred to as a golf course
Golf accessory	:	In the context of this Prospectus, it mainly refers to items and devices used by golf players when playing golf, but not including golf clubs, golf balls and golf apparel. Among others it includes golf footwear, gloves, tees, bags, trolley, GPS devices, umbrellas, towels and markers
Golf apparel	:	In the context of this Prospectus, it refers to men's, women's, junior's shirts, pants, shorts, innerwear, outerwear, headwear, arm gloves, casual shoes, socks, belts and eyewear used by players when playing golf

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Golf club	:	The general term referring to the equipment used to hit the golf ball. It includes drivers, fairways, hybrids/utilities, irons, putters and wedges
Golf course	:	A large tract of land used for playing golf
Golf equipment	:	In the context of this Prospectus, it refers to golf clubs, golf balls and accessories and golf apparel
Golf simulation bay	:	A golf simulation bay refers to an area equipped with a simulator system comprising launch monitor, tracking devices, hitting screen, projector and computer that enables user to play and practice golf indoors in a simulated golf environment. A golf simulator bay is able to simulate playing of golf in selected golf courses programmed into the simulation computer 
GPS	:	Global positioning system
Grip	:	In the context of this Prospectus, it refers to the top part of a golf club for players to hold on to the club
Hybrid club	:	A type of golf club that is a cross between a fairway wood and an iron. It is designed to replace long and medium range irons as well as some woods
Indirect distribution channel	:	A marketing term to describe the sales of products and services to intermediaries or resellers, who would subsequently resell the purchased products and services without transformation to other resellers or end-users. In the context of this Prospectus, these intermediaries are commonly trading companies, wholesalers or retailers
Indoor golf centre	:	In the context of this Prospectus, it is an indoor area equipped with facilities including golf simulation bays, simulation putting greens as well as dining areas serving food, and alcoholic and non-alcoholic beverages
Iron	:	A type of golf club used to propel the ball towards a hole in the putting green. It is mostly for hitting the ball for shorter distances compared to a driver. The iron features shorter shafts and smaller clubheads compared to the driver. The clubhead is flat with an angled face and is made from solid iron or steel. A complete set of irons includes 3, 4, 5, 6, 7, 8 and 9 irons
Pro shop	:	It refers to a physical golf retail outlet located within a golf and country club or driving range
Putter	:	A type of golf club designed to putt or "roll" the golf ball into a hole in the putting green
Range ball	:	It refers to golf ball used at driving range
Reach truck	:	A type of forklift designed to be used for storage and retrieval of goods in the warehouse
Shaft	:	In the context of this Prospectus, it refers to the part of a golf club between the grip and clubhead
SKU	:	Stock keeping unit which refers to a unique identifier for each distinct product that can be purchased

GLOSSARY OF TECHNICAL TERMS (CONT'D)

- Stock pickers : A type of forklift designed to take the forklift operator up to the rack to pick goods in the warehouse
- Wedge : A type of golf club that is designed for short shots near the green or for getting the golf ball out of sand bunkers or other hazards. The wedge is designed to achieve a high loft to get the golf ball towards the hole in the putting green

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Gender	Designation	Nationality	Address
Low Kok Poh	Male	Executive Chairman	Malaysian	No. 12, Jalan SS19/3C, Subang Jaya, 47500 Selangor
Ng Yap Sio	Male	Executive Director/ Group Chief Executive Officer	Malaysian	No. 5, Jalan RU 7/1, Petaling Jaya, 46050 Selangor
Ng Lian Chun	Male	Executive Director	Malaysian	No. 35, Jalan 7/149K, Sri Petaling, 57000 Kuala Lumpur
Poh Ying Loo	Male	Independent Non-Executive Director	Malaysian	No. 15, Jalan Jernai 8, Medan Idaman, Gombak, 53100 Kuala Lumpur
Datin Suryani Binti Ahmad Sarji	Female	Independent Non-Executive Director	Malaysian	No. 6, Jalan PJU 3/11, Tropicana Indah Resort Homes, Petaling Jaya, 47410 Selangor
Alice Lee Chia Yee	Female	Independent Non-Executive Director	Malaysian	No. 25, Jalan Bukit Desa 3, Taman Bukit Desa, 58100 Kuala Lumpur

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Poh Ying Loo	Chairperson	Independent Non-Executive Director
Datin Suryani Binti Ahmad Sarji	Member	Independent Non-Executive Director
Alice Lee Chia Yee	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Datin Suryani Binti Ahmad Sarji	Chairperson	Independent Non-Executive Director
Alice Lee Chia Yee	Member	Independent Non-Executive Director
Poh Ying Loo	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Alice Lee Chia Yee	Chairperson	Independent Non-Executive Director
Poh Ying Loo	Member	Independent Non-Executive Director
Datin Suryani Binti Ahmad Sarji	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARIES** : Tai Yuen Ling
Professional qualification : Company Secretary
(LS0008513)
(CCM Practising Certificate 202008001075)
- No. 30, Jalan Sepah Puteri 5/7
PJU 5, Seri Utama
Kota Damansara, Petaling Jaya
47810 Selangor
- Tel. No. : +603-7890 4800
- Queck Wai Fong
Professional qualification : Chartered Secretary, Malaysian Institute of
Chartered Secretaries and Administrators
("MAICSA")
(MAICSA membership no. 7023051)
(CCM Practising Certificate 202208000287)
- No. 20, Jalan Wawasan 2/9
Pusat Bandar Puchong
Puchong
47100 Selangor
- Tel. No. : +603-7890 4929
- REGISTERED OFFICE** : 12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
Petaling Jaya
46200 Selangor
- Tel. No. : +603-7890 4800
- HEAD/MANAGEMENT OFFICE** : MST Golf Plaza
No. 8, Jalan SS 13/5
Subang Jaya
47500 Selangor
- Tel. No. : +603-5566 8666
Corporate website : www.mstgolfgroup.com
E-mail : investorrelations@mstgolfgroup.com
- SELLING SHAREHOLDERS** : **Ng Yap Sio**
No. 5, Jalan RU 7/1
Petaling Jaya
46050 Selangor
- Low Kok Poh**
No. 12, Jalan SS19/3C
Subang Jaya
47500 Selangor
- Ng Lian Chun**
No. 35, Jalan 7/149K
Sri Petaling
57000 Kuala Lumpur

1. CORPORATE DIRECTORY (CONT'D)**Dato' Ng Lian Heng**

No. 228, Jalan Pekan
Sekinchan
45400 Selangor

Ng Kong Hook

PT 3098, Jalan Aman Jaya 1
Taman Aman Jaya
Sekinchan
45400 Selangor

Ng Lian Lu

No. 32 Jalan 3/14
Puncak Templer
Batu Caves
68100 Selangor

**PRINCIPAL ADVISER,
SOLE UNDERWRITER AND
SOLE PLACEMENT AGENT****: RHB Investment Bank Berhad**

Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel. No. : +603-9287 3888

LEGAL ADVISERS

: To our Company as to Malaysian law

Cheang & Ariff

Loke Mansion
273A Jalan Medan Tuanku
50300 Kuala Lumpur

Tel. No. : +603-2691 0803

To our Company as to Singaporean law

Infinitus Law Corporation

77 Robinson Road
#16-00 Robinson 77
Singapore 068896

Tel. No. : +65-6221 2233 / +65-6323 6388

**AUDITORS AND
REPORTING
ACCOUNTANTS****: Grant Thornton Malaysia PLT**

Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel. No. : +603-2692 4022

Partner-in-charge : Lian Tian Kwee

Licence No. : 02943/05/2025 J

Professional qualification :

- Chartered Accountant
- Malaysia Institute of Accountants (MIA Membership No. CA23224)
- Member of Malaysian Institute of Certified Public Accountants (MICPA Membership No. 4120)

1. CORPORATE DIRECTORY (CONT'D)

TAX ADVISERS	:	Grant Thornton Taxation Sdn Bhd Level 15, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No. : +603-2692 4022 Person-in-charge : Alan Chung Ch'ung Yit Professional qualification : - Chartered Accountant - Malaysia Institute of Accountants (MIA Membership No. 14957) - Fellow Member of Certified Public Accountant Australia (CPA Australia Membership No. 2030286) - Fellow Member of Chartered Tax Institute of Malaysia (CTIM Membership No. 3647)
INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS	:	Vital Factor Consulting Sdn Bhd V Square @ PJ City Centre (VSQ) Block 6, Level 6, Jalan Utara Petaling Jaya 46200 Selangor Tel. No. : +603-7931 3188 Person-in-charge : Wooi Tan Professional qualification : - Master of Business Administration from the New South Wales Institute of Technology (now known as University of Technology Sydney), Australia - Bachelor of Science from the University of New South Wales, Australia - Fellow of the Australian Marketing Institute and Institute of Managers and Leaders, Australia (formerly known as the Australian Institute of Management)
		Please refer to Section 8 of this Prospectus for the profile of the firm and person-in-charge
GOVERNANCE, RISK AND INTERNAL CONTROL CONSULTANT	:	Sterling Business Alignment Consulting Sdn Bhd Unit C3A02, Level 3A, Lobby 1, Block C Damansara Intan No. 1, Jalan SS20/27 Petaling Jaya 47400 Selangor Tel. No. : +603-7662 8010

1. CORPORATE DIRECTORY (CONT'D)

SHARE REGISTRAR	:	Boardroom Share Registrars Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 Petaling Jaya 46200 Selangor Tel. No. : +603-7890 4700
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 Petaling Jaya 46200 Selangor Tel. No. : +603-7890 4700
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by the SAC

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 SC

The SC had, via its letter dated 10 January 2023, approved the relief sought by us from having to comply with a requirement under the Equity Guidelines. The details of the relief sought are set out below:

Reference	Details of relief granted	Condition imposed
Paragraph 2(a) of Appendix 4, Part IV of the Equity Guidelines	Relief from having to comply with the requirement in respect of placement of our IPO Shares to be offered under the private placement to: (i) RHB Asset Management Sdn Bhd; and (ii) RHB Islamic International Asset Management Berhad	-

The SC had, via its letter dated 18 April 2023, approved our IPO and our Listing under Section 214(1) of the CMA, subject to compliance with the following conditions:

No.	Details of condition imposed	Status of compliance
(i)	RHB Investment Bank and MST Golf to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of our Listing.	To be complied

The SC had, via the same letter dated 18 April 2023, approved our resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies.

The effects of our Listing on the equity structure of our Company are set out below:

Category of shareholders	<----As at 1 December 2022---->		<-----After our Listing----->	
	No. of Shares	%	No. of Shares	%
Bumiputera				
Bumiputera investors to be approved by the MITI	-	-	⁽¹⁾ 102,600,000	12.5
Bumiputera public investors via balloting	-	-	⁽¹⁾ 20,750,000	2.5
Total Bumiputera	-	-	123,350,000	15.0
Non-Bumiputera	660,192,500	99.9	696,842,500	84.9
Total Malaysian	660,192,500	99.9	820,192,500	99.9
Foreigner	676,100	0.1	676,100	0.1
Total	660,868,600	100.0	820,868,600	100.0

2. APPROVALS AND CONDITIONS (CONT'D)

Note:

- (1) Assuming all the Shares allocated to the Bumiputera investors to be approved by the MITI under the Institutional Offering and Bumiputera public investors via balloting under the Retail Offering are fully subscribed.

2.1.2 MITI

The MITI had, via its letter dated 23 February 2023, stated that it has taken note of our Listing and has no objection to our Listing.

2.1.3 Bursa Securities

Bursa Securities had, via its letter dated 8 May 2023, approved our Admission and Listing, subject to compliance with the following conditions:

No.	Details of condition imposed	Status of compliance
(i)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements. In this respect, MST Golf is advised to include the Stock Code, Stock Short Name and ISIN Code upon making the announcement on Timetable for IPO; and	To be complied
(ii)	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance to the public security holding spread requirements based on the entire issued share capital of MST Golf on the first day of listing.	To be complied

2.1.4 SAC

The SAC had, via its letter dated 16 January 2023, classified our Shares as Shariah-compliant securities based on our audited consolidated financial statements for the FYE 2021.

In addition, the SAC had, via its letter dated 16 May 2023, classified our Shares as Shariah-compliant securities based on our latest audited consolidated financial statements for the FYE 2022.

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2. APPROVALS AND CONDITIONS (CONT'D)

2.2 MORATORIUM ON OUR SHARES

Pursuant to paragraphs 5.29(a) and 5.30, Part II of the Equity Guidelines, our Shares directly held by our Specified Shareholders at the date of our Listing are subject to moratorium for a period of 6 months from the date of our Listing as set out below:

Name of Specified Shareholders	<-----No. of Shares to be held under moratorium----->			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
All Sportz	428,000,000	52.14	-	-
Ng Yap Sio	58,400,000	7.11	428,000,000 ⁽²⁾	52.14 ⁽²⁾
Low Kok Poh	29,200,000	3.56	428,000,000 ⁽²⁾	52.14 ⁽²⁾
Ng Lian Chun	17,520,000	2.13	-	-
Dato' Ng Lian Heng	17,520,000	2.13	-	-
Ng Kong Hook	11,680,000	1.42	-	-
Ng Lian Lu	11,680,000	1.42	-	-
James Pang Yun Ming	18,192,500	2.22	-	-
Paul Edward Gibbons	676,100	0.08	-	-
Total	592,868,600	72.22		

Notes:

- (1) Computed based on our enlarged number of issued Shares of 820,868,600 Shares after our IPO.
- (2) Deemed interested by virtue of his shareholdings in All Sportz pursuant to Section 8(4) of the Act.

The Specified Shareholders have fully accepted the moratorium. They have respectively provided their undertaking letters to the SC that they will not sell, transfer or assign any of their respective holdings in our Shares as at the date of our Listing for a period of 6 months from the date of our Listing.

The shareholders of All Sportz, namely, Ng Yap Sio, Low Kok Poh, Ng Lian Chun, Dato' Ng Lian Heng, Ng Kong Hook and Ng Lian Lu, have also provided their respective undertaking letters to the SC that they will not sell, transfer or assign their respective shareholdings in All Sportz as at the date of our Listing, for a period of 6 months from the date of our Listing.

The above moratorium restrictions are specifically endorsed on the share certificate representing our Shares held by the Specified Shareholders which are under moratorium to ensure that our Share Registrar does not register any transfer and sale that are not in compliance with the moratorium restrictions.

In compliance with the moratorium restrictions, Bursa Depository will, on our Share Registrar's instructions in the prescribed forms, ensure that the trading of these Shares is not permitted during the moratorium period.

3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS OF OUR IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

	No. of Shares	%
New Shares to be issued under the Public Issue	160,000,000	19.49
<u>Retail Offering</u>		
• Malaysian Public	41,500,000	5.06
• Eligible Persons	7,900,000	0.96
<u>Institutional Offering</u>		
• Private placement to identified institutional and selected investors	76,000,000	9.26
• Private placement to Bumiputera investors approved by the MITI	34,600,000	4.22
Existing Shares to be offered under the Offer for Sale	68,000,000	8.28
<u>Institutional Offering</u>		
• Private placement to Bumiputera investors approved by the MITI		
Enlarged number of issued Shares	820,868,600	100.00
IPO Price	RM0.81	
Market capitalisation upon the Listing	RM664,903,566	

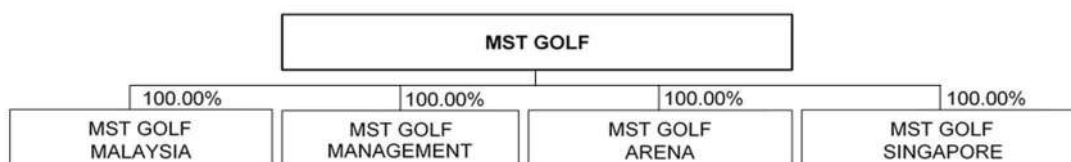
Please refer to Section 4 of this Prospectus for further details of our IPO.

The Shares directly held by our Specified Shareholders as at the date of our Listing amounting to an aggregate of 592,868,600 Shares (representing approximately 72.22% of our enlarged number of issued Shares after our IPO) are subject to moratorium for a period of 6 months from the date of our Listing.

Please refer to Section 2.2 of this Prospectus for further details of the moratorium on our Shares.

3.2 BUSINESS OVERVIEW

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 13 May 1993 as a private limited company under the name of Adat Semarak Sdn Bhd and is deemed registered under the Act. On 31 December 1998, we changed our name to Planet Golf Sdn Bhd and subsequently on 2 May 2001, we further changed our name to M S T Golf (Asia) Sdn Bhd. On 4 November 2022, we changed our name to MST Golf Group Sdn Bhd. On 23 November 2022, we were converted into a public limited company and assumed our present name.

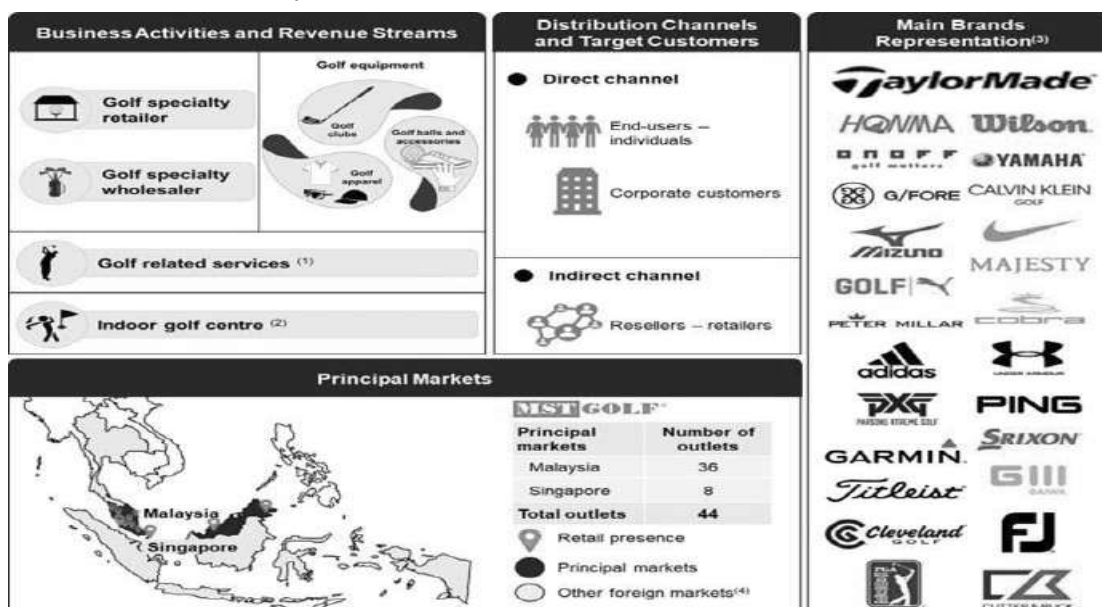


MST Golf is principally an investment holding company whilst our Subsidiaries are principally engaged in the specialty retail and wholesale of golf equipment comprising golf clubs, golf balls and accessories and golf apparel in Malaysia and Singapore. In addition, we also offer golf related services including golf coaching, rental of golf equipment mainly golf clubs and golf accessories at our pro shops at golf and country clubs and supply of range balls for use at the driving range that we operate, event management and planning for golf tournament-related events as well as operating indoor golf centres.

Please refer to Sections 6.1 and 6.3 of this Prospectus for further details of our Company and our Subsidiaries.

3. PROSPECTUS SUMMARY (CONT'D)

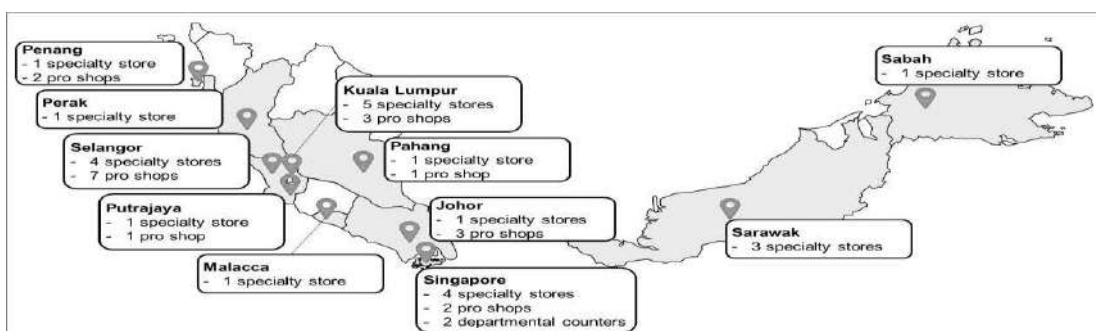
An overview of our Group's business model is set out below:



Notes:

- (1) Golf related services include golf coaching, rental of golf equipment mainly golf clubs and golf accessories at our pro shops at golf and country clubs and supply of range balls for use at the driving range that we operate, and event management and planning for golf tournament-related events.
- (2) In February 2022, we opened our first indoor golf centre comprising golf simulation bays, simulation putting greens as well as dining areas. Further, in August 2022, we opened our second indoor golf centre.
- (3) Refers to the top 25 brands based on revenue contribution for the FYE 2021 and FYE 2022.
- (4) Refers to sales to resellers in other foreign countries, mainly Indonesia which accounted for 4.60%, 3.89%, 12.29% and 10.33% of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. The remaining foreign countries include Japan, South Korea, Thailand, Philippines, Myanmar, India, Hong Kong, Cambodia, Italy, Vietnam, USA, UK, Belgium, Brunei, Dubai, United Arab Emirates, Taiwan, China, Austria, Australia, France, Portugal, Switzerland, Spain, New Zealand, Canada, South Africa, Germany, Sri Lanka and Netherlands.

Our principal markets as well as our operational bases are in Malaysia and Singapore. As at the LPD, we operate a total of 44 retail outlets comprising 36 outlets in Malaysia across 8 states and 2 federal territories, and 8 outlets in Singapore. The locations and types of retail outlets are set out below:



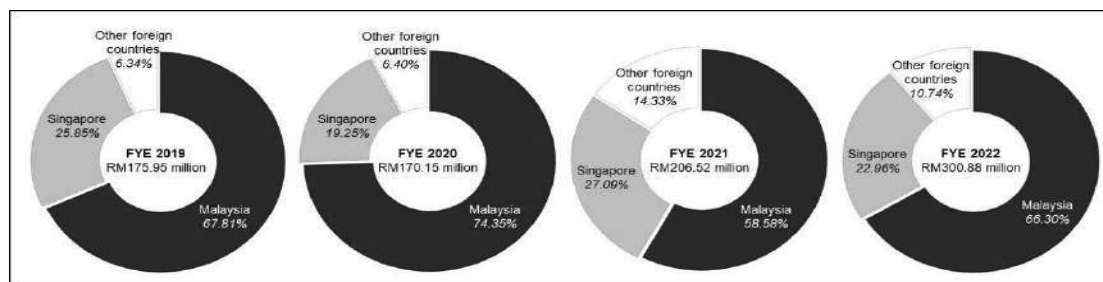
Notes:

- (1) Specialty stores are retail outlets located in standalone buildings, commercial buildings, shop lots and shopping malls.
- (2) Pro shops are retail outlets located within golf and country clubs and driving range.

3. PROSPECTUS SUMMARY (CONT'D)

(3) Departmental counters are retail spaces within departmental stores.

Our Group's revenue contribution by business activities for the Financial Years Under Review are set out below:



Please refer to Section 7.3 of this Prospectus for further details of the revenue contribution by business activities and products and services as well as our principal markets and distribution channels.

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are summarised as follows:

- (i) **We are a golf specialty retailer providing a wide variety of golf equipment comprising golf clubs, golf balls and accessories and golf apparel, and notable brands which help sustain and grow our business**

We are a multi-brand specialised retailer of golf equipment where we sell approximately 12,000 SKU and approximately 97 brands of golf equipment at the LPD.

We carry a large range of notable brands of golf equipment comprising golf clubs, golf balls and accessories and golf apparel, including, among others, *adidas*, *Calvin Klein Golf*, *Cleveland GOLF*, *Cobra*, *Cutter & Buck*, *Footjoy*, *Garmin*, *G/FORE*, *GIII*, *Honma*, *Majesty*, *Mizuno*, *Nike Golf*, *ONOFF*, *Peter Millar*, *PGA Tour*, *PING*, *Puma Golf*, *PXG*, *Srixon*, *TaylorMade*, *Titleist*, *Under Armour*, *Wilson* and *Yamaha*.

- (ii) **We have a long operating track record with an established retail brand and wide market coverage through our retail outlets in Malaysia and Singapore to sustain and grow our business**

Our "MST GOLF" brand has been operating in Malaysia and Singapore since 1991 and 2000 respectively. Since then, we have expanded our retail of golf equipment to a total of 36 retail outlets in Malaysia and 8 retail outlets in Singapore as at the LPD. Additionally, our *ilovegolf* loyalty membership programme launched in 2005, has an established base of approximately 93,995 active members as at the LPD, providing us with a base of loyal customers. The sales generated from our *ilovegolf* members contributed approximately 57.34%, 73.20%, 72.12% and 75.68% of our total retail revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

- (iii) **We have subsisting agreements to sell several global brands of golf equipment comprising golf clubs, golf balls and accessories and golf apparel in Malaysia and Singapore as well as other foreign countries, mainly Indonesia**

We have subsisting agreements for 19 brands out of the top 25 brands which allow us to sell golf equipment in Malaysia and/or Singapore and/or other countries, some agreements of which allow us to sell to other resellers including retailers.

We are the Appointed distributor for *Calvin Klein Golf*, *Cutter & Buck*, *G/FORE*, *GIII*, *Honma*, *Majesty*, *Mizuno*, *ONOFF*, *Peter Millar*, *PGA Tour*, *PXG*, *TaylorMade*, *Wilson* and *Yamaha*. In addition, we are the Appointed retailer for *adidas*, *Cobra*, *Nike Golf*, *Puma Golf* and *Under Armour*.

- (iv) **We are the market leader in the sales of golf equipment comprising golf clubs, golf balls and accessories and golf apparel in Malaysia.**

In 2022, our Group had a market share of 51.00% of golf equipment imported into Malaysia. In addition, our Group is the largest chain of golf specialty retailer with a total of 36 retail outlets in Malaysia (*Source: IMR Report*).

3. PROSPECTUS SUMMARY (CONT'D)

(v) We have experienced Executive Directors and key senior management to sustain and grow our business

We have an experienced management team headed by our Executive Directors, including Low Kok Poh (Executive Chairman) and Ng Yap Sio (Group Chief Executive Officer) who both respectively bring with them more than 31 years of experience in the golf equipment industry as well as Ng Lian Chun (Executive Director) who brings with him more than 43 years of experience in accounting and finance. They are supported by a team of experienced key senior management with 21 to 35 years of experience respectively in retailing, golf, accounting and finance.

Please refer to Section 7.4 of this Prospectus for further details of our competitive strengths.

3.4 BUSINESS STRATEGIES AND PLANS

Our key business strategies and plans are to leverage our core competency in the operations of golf retail outlets and indoor golf centres to grow our business in our existing markets as well as expansion into new geographic markets. Our key business strategies and plans are summarised as follows:

(i) Expansion into our existing market in Malaysia and Singapore

(a) Setting up new golf retail outlets and retail outlets with indoor golf centres in Malaysia and Singapore

Part of our business strategy is to expand our market access and coverage in Malaysia and Singapore by setting up new retail outlets to grow our business and revenue. The objective is to provide better accessibility and convenience to mainly target new customers. In addition, we also plan to expand the number of indoor golf centres in Malaysia and Singapore to address a new target customer group of non-golfers as well as provide new experiences to golfers.

We plan to establish an additional 15 retail outlets including 10 retail outlets and 5 retail outlets with indoor golf centres between 2023 and 2025 in the states as depicted below:



The total cost of setting up the 15 retail outlets, which includes 10 retail outlets and 5 retail outlets with indoor golf centres is estimated at RM59.76 million and will be funded using the IPO proceeds.

(b) Upgrading and refurbishing selected existing retail outlets

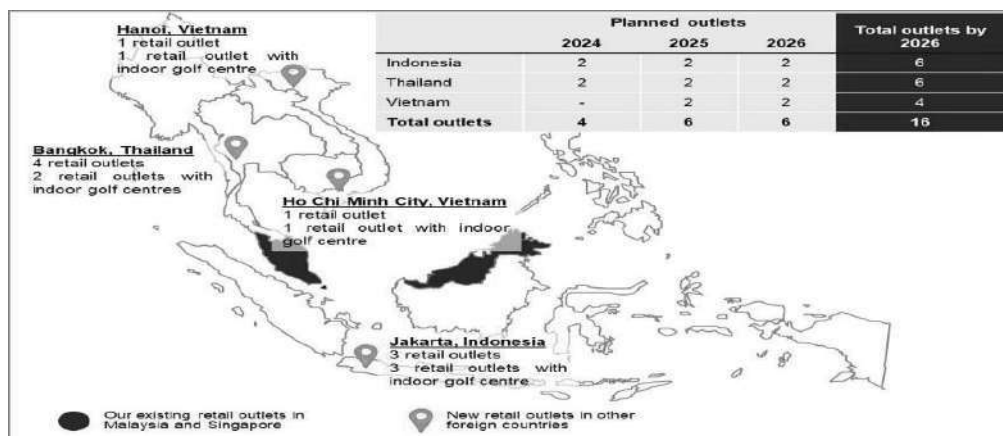
We also intend to upgrade and refurbish our existing golf retail outlets to improve the overall image of our brand and outlet, attract new customers and improve our revenue.

We plan to commence upgrading and refurbishing activities starting from the 3rd quarter of 2023 to 2025 in stages, which include renovation as well as replacement of furniture and fittings in 10 retail outlets in Malaysia as well as our head office and warehouse at Subang Jaya, Selangor. We intend to utilise RM3.00 million from the IPO proceeds to fund the upgrade and refurbishment activities.

3. PROSPECTUS SUMMARY (CONT'D)

(ii) Expansion into new geographical markets

We plan to grow our business geographically and to increase our market presence in foreign countries namely Indonesia, Thailand and Vietnam. The expansion into these new foreign countries to establish golf retail outlets and indoor golf centres will be through joint venture arrangements with local partners in the respective countries to tap into their resources and network. We plan to set up a total of 9 new retail outlets and 7 new retail outlets with indoor golf centres in the following foreign countries at the locations below progressively between 2024 and 2026:



The total cost of our geographical market expansion in setting up the new retail outlets and indoor golf centres as well as the setting up of a branch office in each geographical market is estimated at RM100.00 million. As such, we intend to utilise RM53.55 million of the IPO proceeds for this purpose while the remaining balance of RM46.45 million will be funded by the local partners in the respective countries.

(iii) Upgrading of digital technology facilities

We also plan to invest in upgrading our digital technology facilities including ERP and IT related systems to keep up with the Group's business expansion. The planned upgrade of our digital technology facilities will focus on areas including mobile and web portal applications for golf related services, expansion of ERP system in tandem with our business expansion, as well as enhancement of operational features incorporating new data analytics.

The total cost for the upgrade of our digital technology facilities including ERP and IT related systems is estimated to be approximately RM5.00 million, of which RM3.00 million will be funded through the IPO proceeds and the remaining RM2.00 million through internally generated funds.

Please refer to Section 7.19 of this Prospectus for further details of our business strategies and plans.

3.5 RISK FACTORS

An investment in our Shares involves a number of risks, many of which are beyond our control. You should carefully consider all of the information contained in this Prospectus, including all the risk factors, before deciding to invest in our Shares. The following is a summary of the key risks that we face in our business operations:

3.5.1 Risks relating to the business and operations of our Group

(i) Our agreements to distribute and/or sell third party products may not be renewed or could be terminated, and consequently affect our financial performance

We have subsisting agreements with brand owners as the Appointed distributor and Appointed retailer to sell golf equipment in Malaysia and/or Singapore and/or other countries for 19 out of our top 25 brands for FYE 2021 and FYE 2022. There is no assurance that we would be able to maintain our business relationships or renew our subsisting agreements with brand owners even if we meet the requirements and/or obligations as renewal is at the respective brand owners or their representatives' discretion.

3. PROSPECTUS SUMMARY (CONT'D)

In the event that we are unable to renew our agreements, it will affect our financial performance. For the Financial Years Under Review and up to the LPD, we did not encounter any withdrawal or termination of our distribution or sales agreements by brand owners or their representatives.

(ii) Our operations may be affected by changes in the conditions of the places where our outlets are located

As at the LPD, save for 2 of our retail outlets operated on our own premises, all of our retail outlets as well as indoor golf centres are operated on rented premises including shop lots, commercial buildings, shopping malls, departmental stores (on consignment basis) as well as golf and country clubs and a driving range. There is a risk that the shopping malls, departmental stores and golf and country clubs where we have retail presence may cease operation. As a result, we may be required to cease operation or to relocate our retail outlets. In the event of any unfavourable changes in the conditions of the places where our outlets are located, this may affect the results of our operations and financial performance. During the Financial Years Under Review and up to the LPD, none of the places where our outlets are located have ceased operations.

(iii) Our business is subject to the risk of foreign exchange fluctuations where we rely on the imports of golf equipment which exposes us to the risk of foreign exchange fluctuations as well as revenue transacted in foreign currencies arising from export sales and sales transacted for our Singapore operations

As a specialty golf retailer and wholesaler, the range of golf equipment which we carry are mainly imported goods. As such, our purchases of input materials and services are transacted in foreign currencies, mainly USD. Whilst all the sales transacted through our retail operations in Malaysia are in RM, the sales transacted through our retail operations in Singapore as well as exports of golf equipment to other foreign countries are mainly in SGD. Thus, any unfavourable and adverse changes in exchange rates between RM and foreign currencies such as USD and SGD would have a negative impact on our financial performance.

(iv) Our business operations are subject to risks of security breaches or malfunction of IT and network systems or unintended human errors or careless actions

Our business operations depend on our IT and network systems including our ERP system, online platform and the telecommunications infrastructure that connects our retail outlets, our head office in Malaysia, office in Singapore, our warehouses and devices. In this respect, we are exposed to the risk of security breaches, malfunction, unavailability of third party services and wilful or otherwise damage to our IT and network systems and infrastructure, properties or assets.

In June 2022, we encountered a ransomware attack that prevented us from accessing our server which housed our warehouse and inventory management systems. The recovery process was completed in mid-August of 2022. Our retail operations were not impacted and the retail point-of-sale terminals were operating as normal. In addition, our business operations and financial performance were not materially affected.

(v) We are exposed to negative publicity

As we are principally a specialty retailer of consumer products, we are susceptible to any negative publicity regarding the quality of our services, and golf equipment that we retail, as well as the food and beverage that we offer at our indoor golf centres, as well as negative publicity arising from any disruption to our business operations such as relocation of outlets due to failure to obtain or maintain the required approvals, licences and permits, or if we are fined or convicted for non-compliance with applicable licensing requirements. Any change resulting in the unfavourable perception of our customers or any adverse publicity towards our brand names will affect our brand equity, hamper customers' confidence in our products and quality of services resulting in a reduction of patronage to our retail outlets and therefore, possibly adversely affecting our business operations and financial performance. We have not encountered any negative publicity which affects our business operations.

3. PROSPECTUS SUMMARY (CONT'D)

(vi) We are subject to risks of legal, employment, consumer claims and other disputes arising from our business operations

As we are principally a specialty retailer of consumer products, we may be subject to consumer claims in the case of sale of substandard or defective products to such extent we are unable to resolve the defect with our supplier. We may also be subject to consumer claims arising from unsatisfactory quality of our services.

As a result of the abovementioned claims, we may also be exposed to the risk of revocation, suspension or non-renewal of our business licences by the authorities. As such, these claims may materially and adversely affect our reputation, business, future growth and expansion, and financial performance. For the Financial Years Under Review and up to the LPD, our Group has not been subject to such claims which resulted in a material adverse impact to our business operations and financial performance.

3.5.2 Risks relating to our industry

(i) Competition from the used and/or counterfeit golf equipment market

Our business is involved in the sales of new golf equipment comprising golf clubs, golf balls and accessories and golf apparel. We face risk of competition from the used and/or counterfeit golf equipment market mainly from used golf clubs and golf balls mainly due to their lower prices. In the event of any unfavourable economic conditions, decline in disposable income or changes in consumer behaviour, potential buyers may be encouraged to look for used and/or counterfeit golf equipment, which is priced lower than new golf equipment.

(ii) Consumer preferences and spending habits

Golf equipment is not deemed as an essential product and is generally a consumer product and recreational that are subject to consumers' discretionary purchases. In this respect, the purchases of golf equipment are subject to consumer behaviour, preferences, trends and style and spending habits which may be affected by economic conditions, changes in the level of disposable income, spending alternatives, as well as product substitutions and differentiation including branding, quality and pricing.

(iii) The demand for golf equipment is affected by golf participation levels pertaining to the number of golfers and how active they are

The demand for golf equipment as a consumer product is affected by the number of people taking up the sports and actively playing the sports. These are influenced by the ease and cost of accessing golfing facilities such as golf and country clubs and golf courses. In addition, relative to other sports, golf is relatively expensive from the perspective of equipment ownership to play the sports. All these impacts on the number of participants in golf related activities which affects the sustainability of operators and growth in the industry.

Please refer to Section 5 of this Prospectus for the full list of risk factors which should be considered before investing in our Shares.

3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Directors and key senior management are set out below:

No.	Name	Designation
(i) Directors		
	Low Kok Poh	Executive Chairman
	Ng Yap Sio	Executive Director/Group Chief Executive Officer
	Ng Lian Chun	Executive Director
	Poh Ying Loo	Independent Non-Executive Director
	Datin Suryani Binti Ahmad Sarji	Independent Non-Executive Director
	Alice Lee Chia Yee	Independent Non-Executive Director

3. PROSPECTUS SUMMARY (CONT'D)

No.	Name	Designation
(ii)	Key senior management	
	Yong Wai Chien	Chief Operating Officer
	Heng Kok Wee	Chief Financial Officer
	Tan Chia Loon	Senior Manager - Marketing
	James Pang Yun Ming	Executive Director of MST Golf Singapore

Please refer to Sections 9.2 and 9.4 of this Prospectus for further details of our Directors and key senior management.

3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The following tables set out the direct and indirect shareholding of our Promoters and substantial shareholders before and after our IPO:

Name	Nationality/ Country of incorporation	After the Pre-IPO Reorganisation Exercise but before our IPO				After our IPO			
		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Promoters and substantial shareholders									
All Sportz	Malaysia	428,000,000	64.76	-	-	428,000,000	52.14	-	-
Ng Yap Sio	Malaysian	85,600,000	12.95	428,000,000 ⁽³⁾	64.76 ⁽³⁾	58,400,000	7.11	428,000,000 ⁽³⁾	52.14 ⁽³⁾
Low Kok Poh	Malaysian	42,800,000	6.48	428,000,000 ⁽³⁾	64.76 ⁽³⁾	29,200,000	3.56	428,000,000 ⁽³⁾	52.14 ⁽³⁾
Promoters									
Ng Lian Chun	Malaysian	25,680,000	3.89	-	-	17,520,000	2.13	-	-
Dato' Ng Lian Heng	Malaysian	25,680,000	3.89	-	-	17,520,000	2.13	-	-
Ng Kong Hook	Malaysian	17,120,000	2.59	-	-	11,680,000	1.42	-	-
Ng Lian Lu	Malaysian	17,120,000	2.59	-	-	11,680,000	1.42	-	-

Notes:

- (1) Computed based on our number of issued Shares of 660,868,600 Shares after the Pre-IPO Reorganisation Exercise but before our IPO.
- (2) Computed based on our enlarged number of issued Shares of 820,868,600 Shares after our IPO.
- (3) Deemed interested by virtue of his shareholdings in All Sportz pursuant to Section 8(4) of the Act.

Please refer to Section 9.1 of this Prospectus for further details of our Promoters and substantial shareholders.

3. PROSPECTUS SUMMARY (CONT'D)

3.8 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM129.60 million in the following manner:

Details	RM'000	%	Estimated timeframe for use of proceeds from the date of Listing
Expansion in Malaysia and Singapore	62,755	48.42	Within 36 months
Expansion into new geographical markets	53,550	41.32	Within 36 months
Upgrade of digital technology facilities	3,000	2.32	Within 36 months
Working capital requirements	3,259	2.51	Within 24 months
Estimated listing expense	7,036	5.43	Within 1 month
Total	129,600	100.00	

There is no minimum subscription to be raised from our IPO. The Offer for Sale will raise gross proceeds of RM55.08 million, which will accrue entirely to the Selling Shareholders.

Please refer to Section 4.6 of this Prospectus for further details of the use of proceeds arising from the Public Issue.

3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The table below sets out the historical financial information based on the audited consolidated financial statements for the Financial Years Under Review:

	<-----Audited----->			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Profit or loss				
Revenue	175,950	170,152	206,519	300,875
GP	70,726	69,457	84,031	129,195
PBT	13,488	18,304	26,259	38,840
PAT	10,216	13,689	20,092	29,115
Other selected financial information				
GP margin (%)	40.20	40.82	40.69	42.94
PBT margin (%)	7.67	10.76	12.72	12.91
PAT margin (%)	5.81	8.05	9.73	9.68
Current ratio (times)	1.07	1.28	1.26	1.54
Gearing ratio (times)	1.49	0.87	0.82	0.64
Same store sales growth (%)				
(i) Malaysia	(2.87)	4.93	(6.82)	34.81
(ii) Singapore	21.85	(30.36)	82.07	29.20
Total assets	129,786	148,542	177,788	259,085
NA	19,684	32,542	37,343	95,971
Total interest-bearing bank borrowings (including lease liabilities under hire purchase)	36,774	33,389	37,107	61,192

3. PROSPECTUS SUMMARY (CONT'D)

	<-----Audited----->			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Cash flows				
Net cash from operating activities	8,886	51,456	7,116	8,953
Net cash used in investing activities	(6,755)	(2,043)	(3,278)	(24,846)
Net cash used in financing activities	(7,562)	(9,034)	(7,949)	(4,565)

Please refer to Section 12 of this Prospectus for further details of our financial information.

3.10 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group. We target a payout ratio of 30% of our PAT attributable to owners of our Company for each financial year on a consolidated basis after taking into account our Group's working capital requirements, subject to any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board.

Notwithstanding the above, our Group's ability to distribute dividends to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business and is subject to the discretion of our Board.

The dividends declared and paid by our Group for the Financial Years Under Review are set out below:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	-	13,500	12,500
Dividends paid	-	-	2,000	11,500
PAT	10,216	13,689	20,092	29,115
Dividend payout ratio	-	-	9.95%	39.50%

The dividends declared in FYE 2021 totalling RM13.50 million were paid in 2 tranches, i.e. RM2.00 million was paid in FYE 2021 and the remaining RM11.50 million was paid in FYE 2022.

Prior to our Listing, we declared an interim dividend amounting to RM12.50 million for the FYE 2022. The said dividend was paid in February 2023 and was funded via our internally generated funds.

Please refer to Section 12.7 of this Prospectus for further details of our dividend policy.

4. DETAILS OF OUR IPO

4.1 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative time and/or date:

Event	Time and/or date
Issuance of the Prospectus/Opening of application for our IPO Shares	10.00 a.m., 28 June 2023
Closing of application for our IPO Shares	5.00 p.m., 7 July 2023
Balloting of application for our IPO Shares	11 July 2023
Allotment/transfer of our IPO Shares to successful applicants	18 July 2023
Listing	20 July 2023

Late applications will not be accepted. In the event there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and make an announcement on Bursa Securities' website.

4.2 PARTICULARS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus. Upon acceptance, our IPO Shares are expected to be allocated or transferred in the manner described below, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus.

Our IPO consists of the Public Issue and the Offer for Sale, totalling up to 228,000,000 IPO Shares, representing approximately 27.78% of our enlarged total number of 820,868,600 Shares after our IPO.

4.2.1 Public Issue

Our Public Issue involves the offering of 160,000,000 Issue Shares, representing approximately 19.49% of our enlarged number of issued Shares after our IPO, at the IPO Price and will be allocated in the following manner:

4.2.1.1 Malaysian Public via balloting

41,500,000 Issue Shares, representing approximately 5.06% of our enlarged number of issued Shares, will be made available for application by the Malaysian Public through a balloting process, of which 20,750,000 Issue Shares representing approximately 2.53% of our enlarged number of issued Shares are allocated to Bumiputera investors, which include individuals, companies, societies, co-operatives and/or institutions. Any Issue Shares not subscribed by the Bumiputera investors will be made available for application by other Malaysian Public.

4.2.1.2 Selected investors via private placement

76,000,000 Issue Shares, representing approximately 9.26% of our enlarged number of issued Shares, will be made available for application via private placement to identified institutional and selected investors.

4. DETAILS OF OUR IPO (CONT'D)

4.2.1.3 Eligible Persons via Pink Form Allocations

7,900,000 Issue Shares, representing approximately 0.96% of our enlarged number of issued Shares, will be reserved for application by the Eligible Persons in the following manner:

Eligible Persons	No. of Eligible Persons	Aggregate no. of Issue Shares allocated under Pink Form Allocations
Our Directors ⁽¹⁾	3	900,000
Eligible employees of our Group ⁽²⁾	Up to 600	5,000,000
Persons who have contributed to the success of our Group ⁽³⁾	Up to 120	2,000,000
Total	Up to 723	7,900,000

Notes:

- (1) The criteria of allocation to our eligible Directors are based on among others, their respective roles and responsibilities in our Group.

The number of Issue Shares under the Pink Form Allocations to be allocated to our eligible Directors is set out below:

Name	Designation	Aggregate no. of Issue Shares allocated under Pink Form Allocations
Poh Ying Loo	Independent Non-Executive Director	300,000
Datin Suryani Binti Ahmad Sarji	Independent Non-Executive Director	300,000
Alice Lee Chia Yee	Independent Non-Executive Director	300,000
Total		900,000

Our Executive Directors have opted not to participate in the Pink Form Allocations as they are also Promoters and shareholders of our Company. Please refer to Sections 9.1.1. and 9.2.3 of this Prospectus for further details of our Executive Directors' shareholdings in our Company before and after our IPO.

- (2) The criteria of allocation to our eligible employees (as approved by our Board) are based on among others, the following factors:
- (i) the employee must be a confirmed full time employee and on the payroll of our Group; and
 - (ii) the number of Issue Shares allocated to our eligible employees is based on their seniority, position, length of service, past performance and respective contribution made to our Group as well as other factors deemed relevant by our Board.

4. DETAILS OF OUR IPO (CONT'D)

The number of Issue Shares allocated under this category is inclusive of the allocation to our key senior management and persons connected to our Promoters, substantial shareholders and Executive Directors who are also employees of our Group.

The number of Issue Shares to be allocated to our key senior management under the Pink Form Allocations is set out below:

Name	Designation	Aggregate no. of Issue Shares allocated under Pink Form Allocations
Yong Wai Chien	Chief Operating Officer	300,000
Heng Kok Wee	Chief Financial Officer	200,000
Tan Chia Loon	Senior Manager – Marketing	200,000
Total		700,000

James Pang Yun Ming, one of our key senior management, has opted not to participate in the Pink Form Allocations as he is also a shareholder of our Company. Please refer to Section 9.4.3 of this Prospectus for further details of our key senior management's shareholdings in our Company before and after our IPO.

In addition, the number of Issue Shares to be allocated to the persons connected to our Promoters, substantial shareholders and Executive Directors who are also employees of our Group is set out below:

Name	Designation	Nature of relationship	Aggregate no. of Issue Shares allocated under Pink Form Allocations
Ten Siew Lin	Retail outlet manager	Spouse of Low Kok Poh, our Executive Chairman	21,000
Sean Ng De Zhen	Manager, Corporate Communications	Son of Ng Yap Sio, our Executive Director/Group Chief Executive Officer	14,000
Samuel Ng De Jing	Manager, Business Development	Son of Ng Yap Sio, our Executive Director/Group Chief Executive Officer	14,000
Rebecca Ng Sing Zi	Manager, Corporate Finance	Daughter of Ng Lian Chun, our Executive Director	14,000
Total			63,000

4. DETAILS OF OUR IPO (CONT'D)

- (3) The number of Pink Form Allocations to the persons who have contributed to the success of our Group comprising our business contacts, suppliers and customers, shall be based on their length of business relationship with our Group, and the level of their current and past contribution and support to our Group and as approved by our Board.

4.2.1.4 Bumiputera investors approved by the MITI via private placement

34,600,000 Issue Shares, representing approximately 4.22% of our enlarged number of issued Shares, will be allocated for application via private placement to identified Bumiputera investors approved by the MITI.

4.2.2 Offer for Sale

The Selling Shareholders will offer for sale up to 68,000,000 Offer Shares, representing approximately 8.28% of our enlarged number of issued Shares, at the IPO Price by way of private placement to identified Bumiputera investors approved by the MITI. The gross proceeds from the Offer for Sale will accrue entirely to the Selling Shareholders in their respective portions for their personal commitments.

Details of the breakdown on the Offer Shares under the Offer for Sale committed by each Selling Shareholder are set out in Section 4.3 of this Prospectus.

In summary, our IPO Shares will be allocated subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus in the following manner:

Category	<-----Public Issue----->		<-----Offer for Sale----->		<-----Total----->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Retail Offering						
Malaysian Public via balloting:						
• Bumiputera	20,750,000	2.53	-	-	20,750,000	2.53
• Non-Bumiputera	20,750,000	2.53	-	-	20,750,000	2.53
Eligible Persons via Pink Form Allocations:						
• Our Directors	900,000	0.11	-	-	900,000	0.11
• Eligible employees of our Group	5,000,000	0.61	-	-	5,000,000	0.61
• Persons who have contributed to the success of our Group	2,000,000	0.24	-	-	2,000,000	0.24
Institutional Offering						
Selected investors via private placement:						
• Identified institutional and selected investors	76,000,000	9.26	-	-	76,000,000	9.26
• Bumiputera investors approved by the MITI	34,600,000	4.22	68,000,000	8.28	102,600,000	12.50
Total	160,000,000	19.49	68,000,000	8.28	228,000,000	27.78

Note:

- (1) Computed based on our enlarged number of issued Shares of 820,868,600 Shares after our IPO.

4. DETAILS OF OUR IPO (CONT'D)

The IPO Shares to be made available for application by the Malaysian Public have been fully underwritten, while the IPO Shares to be made available for application by our Eligible Persons, the identified institutional and selected investors and identified Bumiputera investors approved by the MITI are not underwritten. Irrevocable undertakings have been or will be obtained from our Eligible Persons, the identified institutional and selected investors and identified Bumiputera investors approved by the MITI.

Applicants who subscribe for the IPO Shares allocated under the Pink Form Allocations may also apply by way of balloting for the IPO Shares available under the Malaysian Public.

Our IPO is also subject to the public shareholding spread requirement under the Listing Requirements as set out in Section 4.2.7 of this Prospectus.

The number of IPO Shares will not increase via any over-allotment or "greenshoe" option.

4.2.3 Clawback and reallocation

The Retail Offering and Institutional Offering shall be subject to the following clawback and reallocation provisions:

- (i) if our IPO Shares allocated to identified Bumiputera investors approved by the MITI ("**MITI Tranche**") are not fully taken up by such identified Bumiputera investors, such IPO Shares will be made available for subscription by the identified Malaysian institutional investors under the Institutional Offering. After such reallocation, if the MITI Tranche is still not fully taken up by the identified Malaysian institutional investors under the Institutional Offering, and there is a corresponding over-subscription for our IPO Shares by identified Bumiputera investors under the Retail Offering, our IPO Shares will be clawed back from the remaining MITI Tranche and allocated to the Bumiputera investors under the Retail Offering;
- (ii) subject to item (i) above, if there is an under-subscription of our IPO Shares under the Institutional Offering and there is an over-subscription by the Malaysian Public under the Retail Offering, our IPO Shares not taken up may be clawed back from the Institutional Offering and reallocated to the Malaysian Public under the Retail Offering;
- (iii) if there is an under-subscription for our IPO Shares by the Malaysian Public under the Retail Offering and there is an over-subscription by the Institutional Offering, our IPO Shares not taken up may be clawed back from the Malaysian Public under the Retail Offering and reallocated to the Institutional Offering. However, if there is an under-subscription by the Malaysian Public under the Retail Offering but no over-subscription by the Institutional Offering, such remaining IPO Shares available to the Malaysian Public under the Retail Offering will be underwritten by the Sole Underwriter; and
- (iv) any IPO Shares not taken up by the respective Eligible Persons based on their pre-determined allocations shall be made available for application by the other Eligible Persons who have applied for excess IPO Shares in addition to their pre-determined allocation ("**Excess IPO Shares**"). Such Excess IPO Shares will be allocated to these other Eligible Persons on a fair and equitable basis in the following priority:
 - (a) firstly, allocation on a pro-rata basis to the Eligible Persons who have applied for Excess IPO Shares based on the number of Excess IPO Shares applied for; and
 - (b) secondly, to minimise odd lots.

4. DETAILS OF OUR IPO (CONT'D)

Any IPO Shares not fully taken up by Eligible Persons (after reallocation of the Excess IPO Shares to other Eligible Persons) will be made available for application by the Malaysian Public. Any IPO Shares allocated to the Malaysian Public under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by the Sole Underwriter. The clawback and reallocation provisions will not apply in the event there is an over-subscription or under-subscription in all of the allocations of our IPO Shares at the closing date of our IPO.

Notwithstanding the above, in the event there is an under-subscription for our IPO Shares, the subscriptions received for our IPO Shares will first be applied towards subscribing in full the Issue Shares under the Public Issue. Thereafter, any additional subscription for our IPO Shares will be allocated from the Offer Shares offered by the Selling Shareholders under the Offer for Sale and any remaining Offer Shares not subscribed for after the aforementioned allocation will be retained by the Selling Shareholders. For the avoidance of doubt, the Public Issue will take priority over the Offer for Sale in the event of an undersubscription of our IPO Shares.

Our IPO Shares will be allocated in a fair and equitable manner and the basis of allocation for such IPO Shares shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares. As at the LPD, to the best of our knowledge and belief:

- (i) there are no substantial shareholders, Directors or key senior management who have indicated that they intend to subscribe for the IPO Shares, save for the IPO Shares made available for application under the Pink Form Allocations; and
- (ii) there is no person who intends to subscribe for more than 5.00% of our IPO Shares.

4.2.4 Classes of shares and ranking

As at the date of this Prospectus, we only have one class of shares, being ordinary shares.

Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

Our Offer Shares rank equally in all respects with our other existing issued Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares we may issue in the future, our shareholders shall, in proportion to the amount paid on our Shares held by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At every general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy or by attorney or by other duly authorised representative. Any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented. A proxy may but need not be a member of our Company.

4. DETAILS OF OUR IPO (CONT'D)

4.2.5 Share capital

Upon completion of our IPO, our share capital will be as follows:

	No. of Shares	RM
Issued share capital after the Pre-IPO Reorganisation Exercise	660,868,600	39,836,126
New Shares to be issued under our Public Issue	160,000,000	126,107,433 ⁽¹⁾
Enlarged issued share capital upon Listing	820,868,600	165,943,559
Existing Shares to be offered under the Offer for Sale	68,000,000	55,080,000
IPO Price per IPO Share		0.81
Market capitalisation upon Listing (based on the IPO Price and enlarged number of issued Shares after our IPO)		664,903,566
Pro forma NA per Share (based on the pro forma consolidated statements of financial position as at 31 December 2022)		0.27 ⁽²⁾

Notes:

- (1) After deducting the estimated listing expenses of approximately RM3.49 million which is directly attributable to the issuance of our IPO Shares and offset against our share capital.
- (2) Computed based on the pro forma NA after our IPO and adjusting for the use of proceeds from our Public Issue and our enlarged number of issued Shares of 820,868,600 Shares after our IPO.

4.2.6 Minimum requirements

The basis of allocating the IPO Shares shall take into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities as well as to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Board.

4.2.7 Minimum subscription level

There is no minimum subscription level in terms of proceeds to be raised under our IPO. However, in order to comply with the public shareholding spread requirement under the Listing Requirements, the minimum subscription level in terms of the number of IPO Shares will be the number of Shares required to be held by the public shareholders of our Company.

Under the Listing Requirements, we are required to have a minimum of 25.00% of our Shares held by at least 1,000 public shareholders, each holding not less than 100 Shares at the point of our Listing.

If the above requirement is not met, we may not be able to proceed with our Listing. Please refer to Section 5.3.4 of this Prospectus for further details in the event there is a delay in or cancellation of our Listing.

4.2.8 Price stabilisation mechanism

We will not be employing any price stabilisation mechanism (which is in accordance with the Capital Markets and Services (Price Stabilisation Mechanism) Regulations 2008) for our IPO.

4. DETAILS OF OUR IPO (CONT'D)

4.3 OFFER FOR SALE

The Selling Shareholders will offer up to 68,000,000 existing Shares for sale, representing up to approximately 8.28% of our enlarged number of issued Shares, at the IPO Price via private placement to identified Bumiputera investors approved by the MITI. The Offer Shares to be offered by the Selling Shareholders and their direct shareholdings in our Company before and after our IPO and their material relationship with our Group within the Financial Years Under Review and up to the LPD are set out below:

Name	Material relationship with our Group	Shareholdings after the Pre-IPO Reorganisation Exercise and as at the LPD		Shares to be offered pursuant to the Offer for Sale			Shareholdings immediately after our IPO	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	% ⁽²⁾	No. of Shares	% ⁽²⁾
All Sportz	Promoter and substantial shareholder	428,000,000	64.76	-	-	-	428,000,000	52.14
Ng Yap Sio	Promoter, substantial shareholder and Executive Director/Group Chief Executive Officer	85,600,000	12.95	27,200,000	4.12	3.31	58,400,000	7.11
Low Kok Poh	Promoter, substantial shareholder and Executive Director/Executive Chairman	42,800,000	6.48	13,600,000	2.06	1.66	29,200,000	3.56
Ng Lian Chun	Promoter, shareholder and Executive Director	25,680,000	3.89	8,160,000	1.23	0.99	17,520,000	2.13
Dato' Ng Lian Heng	Promoter and shareholder	25,680,000	3.89	8,160,000	1.23	0.99	17,520,000	2.13
Ng Kong Hook	Promoter and shareholder	17,120,000	2.59	5,440,000	0.82	0.66	11,680,000	1.42
Ng Lian Lu	Promoter and shareholder	17,120,000	2.59	5,440,000	0.82	0.66	11,680,000	1.42
Total		642,000,000	97.15	68,000,000	10.28	8.27	574,000,000	69.91

4. DETAILS OF OUR IPO (CONT'D)

Notes:

- (1) Computed based on our number of issued Shares of 660,868,600 Shares after the Pre-IPO Reorganisation Exercise and as at the LPD.
- (2) Computed based on our enlarged number of issued Shares of 820,868,600 Shares after our IPO.

4.4 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price was determined and agreed upon between our Directors, Promoters and the Selling Shareholders in consultation with our Principal Adviser, Sole Underwriter and Sole Placement Agent after taking into consideration the following factors:

- (i) PER of approximately 27.00 times based on our Group's EPS of RM0.03 after taking into account our PATMI of RM26.65 million for the FYE 2022 and our enlarged number of issued Shares of 820,868,600 Shares upon Listing;
- (ii) our pro forma consolidated NA per Share of RM0.27 as at 31 December 2022, after adjusting for the use of proceeds from our Public Issue and based on our enlarged number of issued Shares of 820,868,600 Shares upon Listing;
- (iii) our operating history and financial performance as set out in Sections 7 and 12 of this Prospectus respectively;
- (iv) our competitive strengths as set out below:
 - (a) our Group is a golf specialty retailer providing a wide variety of golf equipment comprising golf clubs, golf balls and accessories and golf apparel, and notable brands which help sustain and grow our business;
 - (b) our Group has a long operating track record with an established retail brand and wide market coverage through our retail outlets in Malaysia and Singapore;
 - (c) our Group has subsisting agreements to sell several global brands of golf equipment comprising golf clubs, golf balls and accessories and golf apparel in Malaysia and Singapore as well as other foreign countries, mainly Indonesia;
 - (d) our Group has 2 operating trade models comprising retail and wholesale to provide our Group with the platform for business growth;
 - (e) our Group is the market leader in the sales of golf equipment comprising golf clubs, golf balls and accessories and golf apparel in Malaysia. In 2022, our Group had a market share of 51.00% of golf equipment imported into Malaysia. In addition, our Group is the largest chain of golf specialty retailer with a total of 36 retail outlets in Malaysia (*Source: IMR Report*); and
 - (f) our Group has experienced Executive Directors and key senior management to sustain and grow our business;
- (v) our strategies and future plans as set out below:
 - (a) expanding our market access and coverage in Malaysia and Singapore by:
 - (1) setting up new golf retail outlets to grow the business and revenue as our Group plans to establish additional retail outlets in Malaysia and Singapore;

4. DETAILS OF OUR IPO (CONT'D)

- (2) expanding the number of indoor golf centres in Malaysia and Singapore to address a new target customer group of non-golfers as well as provide new experiences to golfers; and
- (3) upgrading and refurbishing our existing golf retail outlets to improve the overall image of our Group's brand and outlet, attract new customers and thereby improve our Group's revenue;
- (b) expanding into new geographical markets namely, Indonesia, Thailand and Vietnam as our Group plans to establish new golf retail outlets and indoor golf centres;
- (c) investing in upgrading our Group's digital technology facilities including the ERP system and e-commerce applications to keep up with the Group's business expansion.

You should also note that the market price of our Shares upon our Listing is subject to the vagaries of market forces and other uncertainties. You should form your own views on the valuation of our IPO Shares before deciding to invest in our Shares. You are reminded to carefully consider the risk factors as set out in Section 5 of this Prospectus before deciding to invest in our Shares.

4.5 DILUTION

4.5.1 NA per Share

Dilution is the amount by which the IPO Price paid by the investors for our IPO Shares exceeds our pro forma consolidated NA per Share after our IPO. Our pro forma consolidated NA per Share as at 31 December 2022 after the Pre-IPO Reorganisation and before adjusting for our IPO was RM0.15 per Share, based on our number of issued Shares of 660,868,600 following the Pre-IPO Reorganisation.

The following table illustrates such dilution on a per Share basis:

		RM
IPO Price	(A)	0.81
Pro forma consolidated NA per Share as at 31 December 2022 after the Pre-IPO Reorganisation Exercise and before adjusting for our IPO	(B)	0.15
Pro forma consolidated NA per Share as at 31 December 2022, after the Pre-IPO Reorganisation Exercise, our Public Issue and after adjusting for the use of proceeds from our Public Issue	(C)	0.27
Increase in consolidated NA per Share to our existing shareholders	(C – B)	0.12
Dilution in pro forma consolidated NA per Share to new investors	(A – C)	0.54
Dilution in pro forma consolidated NA per Share to new investors as a percentage of the IPO Price	(A – C)/(A)	66.67%

4. DETAILS OF OUR IPO (CONT'D)

4.5.2 Effective cost per Share

Save as disclosed below, none of our Promoters, substantial shareholders, Directors, key senior management or persons connected to them as well as the Specified Shareholders had acquired, obtained the right to acquire and/or subscribe for our Shares in the Financial Years Under Review and up to the LPD:

Name	No. of Shares allotted/ transferred before our IPO	No. of Shares allotted/ transferred from our IPO	Total consideration RM	Effective cash cost per Share RM
Promoters, substantial shareholders and Directors				
Ng Yap Sio	85,600,000 ⁽¹⁾	-	4,280,000	0.05
Low Kok Poh	42,800,000 ⁽¹⁾	-	2,140,000	0.05
Promoter and Director				
Ng Lian Chun	25,680,000 ⁽¹⁾	-	1,284,000	0.05
Promoters				
All Sportz	642,000,000 ⁽²⁾	-	32,000,000	0.05
Dato' Ng Lian Heng	25,680,000 ⁽¹⁾	-	1,284,000	0.05
Ng Kong Hook	17,120,000 ⁽¹⁾	-	856,000	0.05
Ng Lian Lu	17,120,000 ⁽¹⁾	-	856,000	0.05
Specified Shareholders				
James Pang Yun Ming	18,192,500 ⁽³⁾	-	7,458,925	0.41
Paul Edward Gibbons	676,100 ⁽⁴⁾	-	277,201	0.41

Notes:

- (1) Transferred pursuant to the Distribution, further details of which are set out in Section 6.1.2.3 of this Prospectus.
- (2) Allotted pursuant to the Capitalisation and the Subdivision of Shares, further details of which are set out in Sections 6.1.2.1 and 6.1.2.2 of this Prospectus.
- (3) Allotted pursuant to the Acquisition of MST Golf Singapore, further details of which are set out in Section 6.1.2.4(i) of this Prospectus.
- (4) Allotted pursuant to the Acquisition of MST Golf Management, further details of which are set out in Section 6.1.2.4(ii) of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)

4.6 USE OF PROCEEDS

We expect to use the gross proceeds from our Public Issue amounting to RM129,600,000 in the following manner:

Details	RM'000	%	Estimated timeframe for use of proceeds from the date of Listing
Expansion in Malaysia and Singapore	62,755	48.42	Within 36 months
Expansion into new geographical markets	53,550	41.32	Within 36 months
Upgrade of digital technology facilities	3,000	2.32	Within 36 months
Working capital requirements	3,259	2.51	Within 24 months
Estimated listing expenses	7,036	5.43	Within 1 month
Total	129,600	100.00	

Further details on the use of the gross proceeds from our Public Issue are set out below:

4.6.1 Expansion in Malaysia and Singapore

Our Group intends to utilise approximately RM62.76 million, representing approximately 48.42% of the gross proceeds to be raised from the Public Issue, to fund our Group's expansion in Malaysia and Singapore, and to upgrade and refurbish our Group's existing golf retail outlets in Malaysia as well as our head office and warehouse at Subang Jaya, Selangor. As at the LPD, our Malaysian business development team has 2 personnel led by our Group Chief Executive Officer, Ng Yap Sio whereas our Singapore business development team has 2 personnel led by our Executive Director of MST Golf Singapore, James Pang Yun Ming.

Our process in identifying new retail outlet locations takes into consideration the factors as set out below:

- (i) identifying the golfer catchment areas including new areas for potential growth opportunities and areas that are underserved by us;
- (ii) urban and major suburban locations with golf courses in the surrounding areas;
- (iii) premises including shopping malls, commercial buildings as well as golf and country clubs and driving ranges; and
- (iv) number of golf courses in the respective countries, where Malaysia has 243 golf courses and Singapore has 28 golf courses in 2020 (based on the latest available data) (*Source: IMR Report*), as the number of golf courses is potentially a driver of demand for golf equipment.

During the process of identifying the golfer catchment areas to secure desired locations, we commonly carry out a site visit and also approach the landlord to obtain information on space availability and rental for our financial feasibility study, as well as study the demographic data from our *ilovegolf* member base. Upon securing the desired location, the opening of retail outlets will involve a variety of planning and execution tasks including interior design works, preparation and submission of relevant permits, renovation and fit-out works, as well as preparation of the inventory.

4. DETAILS OF OUR IPO (CONT'D)

Our Group intends to utilise RM59.76 million out of RM62.76 million to set up an additional 10 retail outlets and 5 retail outlets with indoor golf centres by 2025. The details of the planned additional retail outlets are set out below:

	No. of retail outlets as at the LPD	<----Planned additional retail outlets---->			Total retail outlets by 2025
		2023	2024	2025	
Malaysia	36	4	4	5	49
Singapore	8	1	1	-	10
Total	44	5	5	5	59

The expansion in Malaysia and Singapore is part of our business strategy to expand our market access and coverage in Malaysia and Singapore by setting up new golf retail outlets to grow our business and revenue. Our objective is to provide better accessibility and convenience to mainly target new customers. In this respect, our business development team will look for new locations taking into consideration factors including demographics of catchment area such as high household income and population density, urban or suburban areas, distance from our existing retail outlets and rental rates.

Our planned indoor golf centres will be similar to our existing indoor golf centres which will have adjoining specialty retail outlets for the sale of our golf equipment. Some of the competitive advantages of our indoor golf centres include a range of golfing facilities such as golf simulation bays and simulation putting green as well as food and beverage facilities where we can also host corporate and social functions such as product launches, team building and birthday celebrations. Further, our indoor golf centre with direct access to our retail outlet serves as a one-stop centre for golf equipment and golf related services to new and existing golfers.

The total cost of setting up the 10 retail outlets and 5 retail outlets with indoor golf centres is estimated at approximately RM59.76 million, details of which is set out below:

Type of outlets and location	<-----Number of outlets----->				Total cost RM'000	Expected timing to commence operations
	2023	2024	2025	Total		
Retail outlets⁽¹⁾	4	3	3	10	28,660	
• Malaysia	3	3	3	9 ⁽²⁾	24,960	Q3 2023 to Q4 2025
• Singapore	1	-	-	1	3,700	Q4 2023
Retail outlet with indoor golf centre	1	2	2	5	31,095	
• Malaysia	1	1	2	4 ⁽³⁾	25,545	Q3 2023 to Q4 2025
• Singapore	-	1	-	1	5,550	Q4 2024
Total	5	5	5	15	59,755	

Notes:

- (1) The retail format for our new retail outlets will be mainly specialty stores which enables us to carry a wider range of products compared to our other retail formats, such as pro shops and departmental counters. However, this is subject to negotiation on securing desired locations.

4. DETAILS OF OUR IPO (CONT'D)

- (2) Includes the retail outlets at Seremban Gateway, Negeri Sembilan and Plaza Shah Alam, Selangor which we have entered into letters of offer with the respective landlords. Please refer to Section 7.7 of this Prospectus for further details of these retail outlets.
- (3) Includes the retail outlet at Gurney Paragon, Penang which we have entered into a tenancy agreement in March 2023 with the landlord. Please refer to Section 7.7 of this Prospectus for further details of this retail outlet.

Based on the above, our Group estimates the total cost of setting up the additional retail outlets and indoor golf centres, which includes among others, cost of renovation, fit-out-work and inventory to be approximately RM59.76 million, which will be fully funded using the IPO proceeds. Our Group anticipates that the total cost will be allocated in the proportions as set out below:

Details	%
Cost of renovation and fit-out-work	49.00
Inventory ⁽¹⁾	51.00
Total	100.00

Note:

- (1) This is mainly for golf clubs, golf balls and accessories as well as golf apparel. On average, each new retail outlet will house approximately 2,000 pieces of golf clubs, 6,500 pieces of golf balls and accessories and 3,500 pieces of golf apparel.

In the event the allocated proceeds are insufficient for this purpose, our Group will fund any shortfall via internally generated funds and/or bank borrowings.

The average staff costs required is estimated at RM0.55 million per year for an additional retail outlet and RM1.50 million per year for an additional retail outlet with indoor golf centre in Malaysia. For the outlets in Singapore, the average staff costs required is estimated at RM1.77 million per year for an additional retail outlet and RM3.60 million per year for an additional retail outlet with indoor golf centre. The staff costs for the additional outlets will be funded via internally generated funds.

In addition, our Group intends to utilise RM3.00 million out of RM62.76 million to upgrade and refurbish our existing retail outlets in Malaysia to improve the overall image of our brand and outlet, attract new customers and improve our revenue. We plan to commence upgrading and refurbishing activities in the 3rd quarter of 2023, which includes renovation as well as replacement of furniture and fittings in 10 retail outlets in Malaysia, which includes 3 retail outlets in Kuala Lumpur, 2 retail outlets in Selangor and 1 retail outlet each in Perak, Penang, Pahang, Johor and Sarawak, as well as our head office and warehouse at Subang Jaya, Selangor. The furniture and fittings include, among others, posters, signage, shelving and lighting.

The upgrading and refurbishing activities are to be carried out in stages with details set out below:

	<--No. of existing outlets to be upgraded and refurbished-->			Total cost RM'000
	2023	2024	2025	
Specialty stores	2	2	4	1,700
Pro shops	-	1	1	500
Head office	-	1	-	500
Warehouse	1	-	-	300
Total	3	4	5	3,000

4. DETAILS OF OUR IPO (CONT'D)

Our Group estimates the total cost to upgrade and refurbish our existing retail outlets to be approximately RM3.00 million. In the event the allocated proceeds are insufficient for this purpose, our Group will fund any shortfall via internally generated funds and/or bank borrowings.

Please refer to Section 7.19.1 of this Prospectus for further details of our plans to expand in Malaysia and Singapore as well as to upgrade and refurbish our Group's existing golf retail outlets.

4.6.2 Expansion into new geographical markets

Our Group intends to utilise RM53.55 million, representing approximately 41.32% of the gross proceeds to be raised from the Public Issue, to fund our Group's expansion into new geographical markets to establish golf retail outlets and retail outlets with indoor golf centres, namely in Indonesia, Thailand and Vietnam. Our Group plans to establish new retail outlets within the region through joint venture arrangements with the local partners in the respective countries. The rationale for expansion into new geographical markets via joint venture arrangements with local partners is to tap into their business track record, financial strengths, resources and their existing network within the retail industry in the respective geographical markets.

On 18 April 2023, we entered into a memorandum of understanding with PT Sinar Eka Selaras for a proposed joint venture to establish golf retail outlets and indoor golf centres in Indonesia. PT Sinar Eka Selaras is a subsidiary of PT Erajaya Swasembada Tbk which is a public company listed on the Indonesia Stock Exchange and is involved in the distribution and trading of telecommunication equipment, computer and other electronic devices. PT Erajaya Swasembada Tbk is also involved in the distribution and retailing of fashion products for brands such as *ASICS*, *Garmin* and *JD Sports*. As at the LPD, we have not identified our joint venture partners nor entered into any such joint venture arrangements for our expansion into Thailand and Vietnam.

In the event we are unable to identify suitable joint venture partners, we may delay the implementation of opening new outlets in the new geographical markets which may affect our future business operations and financial performance. Please refer to Section 5.1.5 of this Prospectus for further details on the risks associated with joint venture arrangements in foreign countries.

For Indonesia, our Group mainly sold golf equipment to resellers in Indonesia during the Financial Years Under Review. Through the personal experience of our Promoters, they had previously been involved in the supply of golf equipment to Thailand and Vietnam prior to 2013 and 2019 respectively. The Promoters' involvement in the supply of golf equipment to the respective countries were insignificant as they were the minority shareholder for the company (My Sports International) and they were not directly involved in the day-to-day operations in Thailand. For Vietnam, their involvement was also insignificant as they were not directly involved in the day-to-day operations and were only involved in the supply of golf equipment to the customers in Vietnam, which was previously undertaken through MySports Vietnam.

Part of our expansion strategy is to grow our business geographically and to increase our market presence in foreign countries namely Indonesia, Thailand and Vietnam. Our Group intends to pursue this expansion strategy in setting up new retail outlets by leveraging on our experience of expanding into our existing foreign retail operations in Singapore.

The basis for expanding into Indonesia, Thailand and Vietnam has taken into consideration the following key factors in assessing the opening of new retail outlets and indoor golf centres:

- (i) location focusing on the major cities (such as Jakarta in Indonesia, Bangkok in Thailand and Ho Chi Minh City in Vietnam) in areas that have golf course facilities;
- (ii) premises including shopping malls, departmental stores, commercial buildings and golf and country clubs; and

4. DETAILS OF OUR IPO (CONT'D)

- (iii) industry observations such as the number of golf courses in the respective countries where Thailand has 317 golf courses in comparison to 243 golf courses in Malaysia in 2020 (based on the latest available data). In addition, Indonesia has 170 golf courses and Vietnam has 86 courses in 2020 (based on the latest available data). The number of golf courses is potentially a driver of demand for golf equipment. Golf is often perceived to be an expensive sport compared to other sports, partly due to its exclusive nature, cost of equipment, as well as fees for golf club membership or fees to play on public and private golf courses. As such, growth in the economies, population, household income and consumer sentiment index (CSI) are factors of demand for golf equipment. Growing economies will serve as the platform for sustainability and growth for the golf industry.
- In 2022, the real GDP of Indonesia's economy grew by 5.3%. In the 1st quarter of 2023, Indonesia's real GDP grew by 5.0% compared to the 1st quarter of 2022.
 - In 2022, the real GDP of Thailand's economy grew by 2.6% and is projected to expand between 2.7% and 3.7% in 2023.
 - In 2022, the real GDP of Vietnam's economy grew by 8.0%. In the 1st quarter of 2023, Vietnam's real GDP grew by 3.3% compared to the 1st quarter of 2022.

(Source: IMR Report)

In addition to the industry observations, we have also taken into consideration the growth of our wholesale of golf equipment to Indonesia, which increased by 283.69% to RM25.38 million in FYE 2021 (FYE 2020: RM6.61 million) and continued to grow by 22.53% to RM31.10 million in FYE 2022.

Generally, we will carry out financial feasibility studies targeting a payback period of approximately 1 year for each new retail outlet and approximately 2 years for each new retail outlet with an indoor golf centre that we open. For the purposes of our expansion into Indonesia, Thailand and Vietnam, we have carried out the financial feasibility studies targeting the said payback periods.

The basis of the payback period of 1 year for a new retail outlet takes into consideration the set-up costs for outlet renovation. As for a new retail outlet with an indoor golf centre, the basis of the payback period of 2 years takes into consideration the purchase and installation of golf simulators and kitchen equipment as well as outlet renovation. In this respect, our expansion plans into these foreign countries have taken into consideration the abovementioned financial feasibility studies.

As at the LPD, our Group has 44 retail outlets in Malaysia and Singapore. As part of our Group's key business strategies and plans, our Group intends to expand into new geographical markets by setting up a total of 9 retail outlets and 7 retail outlets with indoor golf centres.

The locations of our planned retail outlets are set out below:

Locations	<-----Planned retail outlets----->			Total outlets by 2026
	2024	2025	2026	
Indonesia	2	2	2	6
• Retail outlets	2	1	-	3
• Retail outlet with indoor golf centre	-	1	2	3
Thailand	2	2	2	6
• Retail outlets	2	1	1	4
• Retail outlet with indoor golf centre	-	1	1	2

4. DETAILS OF OUR IPO (CONT'D)

Locations	<-----Planned retail outlets----->			Total outlets by 2026
	2024	2025	2026	
Vietnam	-	2	2	4
• Retail outlets	-	2	-	2
• Retail outlet with indoor golf centre	-	-	2	2
Total	4	6	6	16

The total cost of our geographical market expansion in setting up new retail outlets and indoor golf centres as well as setting up a branch office in the geographical markets is estimated at RM100.00 million. As such, we intend to utilise RM53.55 million of the IPO proceeds for this purpose while the remaining balance of approximately RM46.45 million will be funded by the local partners in the respective countries. The details on the utilisation of the RM53.55 million from the IPO proceeds for the expansion into new geographical markets are set out below:

	IPO proceeds RM'000	Total no. of outlets	Expected timing to commence operation
Indonesia	19,930		
• Retail outlets	6,860	3	Q1 2024 to Q1 2025
• Retail outlet with indoor golf centre	12,570	3	Q3 2025 to Q3 2026
• Branch office	500	1	2023
Thailand	18,620		
• Retail outlets	9,180	4	Q2 2024 to Q3 2026
• Retail outlet with indoor golf centre	8,940	2	Q3 2025 to Q1 2026
• Branch office	500	1	2024
Vietnam	15,000		
• Retail outlets	5,550	2	Q1 2025 to Q3 2025
• Retail outlet with indoor golf centre	8,950	2	Q1 2026 to Q3 2026
• Branch office	500	1	2024
Total	53,550		

Please refer to Section 7.19.2 of this Prospectus for further details of our plans to expand into new geographical markets to establish retail outlets and indoor golf centres.

4.6.3 Upgrade of digital technology facilities

Our Group intends to utilise RM3.00 million, representing approximately 2.32% of the gross proceeds to be raised from the Public Issue, to upgrade our digital technology facilities including ERP and IT related systems. This includes the development of mobile and web portal applications, expansion of ERP systems such as retail point of sales and accounting system as well as integration of operations enhancement features such as data analytics to keep up with our Group's business expansion mainly to support our retail business expansion in Malaysia and Singapore as well as the new foreign countries including Indonesia, Thailand and Vietnam.

The upgrade of our digital technology facilities will focus on the following areas:

- (i) mobile and web portal applications with the incorporation of new applications for golf related services such as tee-time booking, golf coaching lessons, and corporate and wholesale sales, as well as online expansion in Singapore and the new foreign countries;
- (ii) expansion of ERP system including additional point-of-sales terminals and accounting system as part of our retail management system for our expansion in Malaysia and Singapore as well as the new foreign countries; and

4. DETAILS OF OUR IPO (CONT'D)

(iii) enhancement of operational features incorporating new data analytics.

Our Group estimates the total cost for this upgrade to be approximately RM5.00 million, of which RM3.00 million to be funded through the IPO proceeds and the remaining RM2.00 million through internally generated funds.

As at the LPD, we have embarked on identifying and shortlisting vendors for the upgrading of our digital technology facilities after our Listing.

We anticipate that this project will be carried out in stages over a period of 3 years from our Listing which is in line with our expansion plans in the existing and new geographical markets.

The IPO proceeds will be allocated in the proportions as set out below:

FYE	RM'000	%	Main areas
2023	840	28.00	Mainly for mobile and web applications
2024	1,050	35.00	Mainly for expansion of ERP system in line with our business expansion in Malaysia and Singapore as well as expansion into new geographical markets and enhancement of our operational features
2025	1,020	34.00	Mainly for expansion of ERP system in line with our business expansion in Malaysia and Singapore as well as expansion into new geographical markets and enhancement of our operational features
2026	90	3.00	Mainly for the enhancement of our operational features
Total	3,000	100.00	

Please refer to Section 7.19.3 of this Prospectus for further details on our plans to upgrade our digital technology facilities.

4.6.4 Working capital requirements

We anticipate the need for more inventory to support our existing and future growth. Pursuant thereto and in tandem with the anticipated growth in line with our business expansion, we have earmarked approximately RM3.26 million, representing approximately 2.51% of the gross proceeds to be raised from the Public Issue, for our working capital requirement purposes.

We plan to allocate approximately RM3.26 million to finance the inventory required for our existing retail outlets in Malaysia and Singapore.

The purchases of finished goods including golf clubs, golf balls and accessories, and golf apparel for the Financial Years Under Review are set out below:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Purchases of finished goods	105,411	79,880	138,121	175,864
• <i>Golf clubs</i>	49,961	44,109	78,220	99,811
• <i>Golf balls and accessories</i>	33,306	25,005	41,486	44,724
• <i>Golf apparel</i>	22,144	10,766	18,415	31,329

4. DETAILS OF OUR IPO (CONT'D)

On average, each retail outlet houses approximately 1,600 pieces of golf clubs, 5,000 pieces of golf balls and accessories and 2,600 pieces of golf apparel.

4.6.5 Estimated listing expenses

The estimated fees and expenses for our IPO and Listing to be borne by us are estimated to be approximately RM7.04 million, comprising the following:

	RM'000
Professional fees ⁽¹⁾	3,275
Regulatory fees	539
Underwriting commission, placement fees and brokerage fees	2,800
Miscellaneous expenses and contingencies ⁽²⁾	422
Total	7,036

Notes:

- (1) Includes advisory fees for, among others, our Principal Adviser, Legal Advisers, Reporting Accountants, Tax Advisers, IMR, Governance, Risk and Internal Control Consultant, and Issuing House.
- (2) Includes any other incidental charges or related expenses in connection with our IPO, such as translation services, printing and advertising expenses, applicable service tax and IPO event expenses.

If the actual listing expenses are higher than anticipated, the deficit will be funded from proceeds allocated for working capital and vice versa.

Pending the eventual use of the gross proceeds from the Public Issue for the above intended purposes, the funds will be placed in short-term deposits with licensed financial institutions or short-term money market instruments.

Our Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale of up to RM55.08 million will accrue entirely to the Selling Shareholders. The Selling Shareholders will bear their own expenses including placement fee in relation to the Offer for Sale which is estimated to be approximately RM1.10 million.

4.7 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.7.1 Brokerage fee

We will pay brokerage in respect of 41,500,000 Issue Shares under the Public Issue at the rate of 1.00% (exclusive of applicable tax) of the IPO Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Sole Placement Agent is entitled to charge brokerage commission to successful Malaysian and institutional and selected investors. For the avoidance of doubt, such brokerage commission will be paid by successful applicants under the private placement and will not be borne by us or the Selling Shareholders.

4. DETAILS OF OUR IPO (CONT'D)

4.7.2 Underwriting commission

As stipulated in the Underwriting Agreement, the Sole Underwriter has agreed to underwrite 41,500,000 Issue Shares under the Public Issue for an underwriting commission of 2.00% (exclusive of applicable tax) of the IPO Price multiplied by the total number of Issue Shares underwritten under the IPO in accordance with the terms of the Underwriting Agreement.

4.7.3 Placement fee

The Selling Shareholders for the Offer Shares and us for the Issue Shares will pay the Sole Placement Agent a placement fee and selling commission of up to 2.00% (exclusive of applicable tax) and may pay a discretionary incentive fee of up to 0.75% (exclusive of applicable tax) of the IPO Price multiplied by the number of IPO Shares successfully placed out to the identified institutional and selected investors as well as identified Bumiputera investors approved by the MITI under the Institutional Offering.

4.8 DETAILS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with our Sole Underwriter to underwrite 41,500,000 IPO Shares ("**Underwritten Shares**"), subject to the clawback and reallocation provisions as set out in Section 4.2.3 of this Prospectus and upon the terms and conditions of the Underwriting Agreement.

- (i) the obligation of the Sole Underwriter to underwrite the Underwritten Shares is conditional on certain condition precedents being satisfied or fulfilled, which includes, among others:
 - (a) all necessary approvals remaining in full force and effect and all conditions to the approvals (except for any which can only be complied with after our IPO has been completed) have been complied with;
 - (b) the Sole Underwriter being satisfied that our Company will, following completion of our IPO, be admitted to the Official List and our enlarged issued share capital listed and quoted on the Main Market of Bursa Securities no later than 3 months from the date of the Underwriting Agreement, unless mutually agreed to in writing by the parties;
 - (c) the placement mandate not having been terminated or rescinded pursuant to the provisions thereof;
 - (d) there being no occurrence of any event which occurs after the date of the Underwriting Agreement and on or prior to the closing date (being the last date for acceptance, application for and payment of subscription monies in respect of the application for our IPO Shares in accordance with this Prospectus and Application Forms, which shall not be more than 3 months from the date of the Underwriting Agreement) ("**Closing Date**") which if it had occurred before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings in the Underwriting Agreement untrue or inaccurate;
 - (e) there not having occurred on or prior to the Closing Date any breach and/or failure to perform any of the undertakings by our Company contained in the Underwriting Agreement;
 - (f) there not being any investigation, directions or actions by any judicial, governmental or regulatory authority in relation to our Listing or in connection with our Group which is still subsisting or unresolved, to the satisfaction of the Sole Underwriter; and
 - (g) there having been, as at Closing Date, no registration or lodgement of any amendment, supplement or replacement to this Prospectus with the SC or the ROC without the prior written approval of the Sole Underwriter.

4. DETAILS OF OUR IPO (CONT'D)

- (ii) the Sole Underwriter may terminate the Underwriting Agreement and withdraw its underwriting commitment upon the occurrence of any of the following events:
- (a) there is any material breach by our Company of any of our representations, warranties or undertakings in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement; or
 - (b) there is material failure on the part of our Company to perform any of our obligations contained in the Underwriting Agreement and such failure is not rectified by our Company within 7 Market Days from our Company's receipt of the Sole Underwriter's written notice requesting rectification of such non-performance; or
 - (c) there is wilful withholding of information from the Sole Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a Material Adverse Effect on the business or operations of our Group, the success of our IPO, or the distribution or sale of our IPO Shares; or
 - (d) there shall have occurred, or happened any Material Adverse Effect on the business or financial condition of our Group; or
 - (e) the Closing Date does not occur within 3 months from the date of the Underwriting Agreement, subject to the extension of Closing Date which is approved by the Sole Underwriter; or
 - (f) our Listing does not take place by 7 October 2023 or such other extended date as may be agreed in writing by the Sole Underwriter; or
 - (g) the occurrence of any *force majeure* event including, but not limited to any event or series of events beyond the reasonable control of the Sole Underwriter including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to our IPO or pursuant to the underwriting of the Underwritten Shares; or
 - (h) any material adverse change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or currency exchange rates or the occurrence of any combination of any of the foregoing which would materially prejudice our IPO; or
 - (i) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have Material Adverse Effect on our Group and/or materially prejudice the business or the operations of our Group, the success of our IPO or our listing on the Main Market of Bursa Securities or the conditions generally or which has or is likely to have the effect of making the Underwriting Agreement incapable of performance in accordance with its terms; or
 - (j) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise; or

4. DETAILS OF OUR IPO (CONT'D)

- (k) any material adverse change in financial conditions to include stock market conditions and interest rates. For this purpose, a material adverse change in the stock market condition shall mean the FTSE Bursa Malaysia KLCI ("**Index**") has dropped 15.00% between the Index level on the date of the Underwriting Agreement and the Closing Date (both dates inclusive) at any point in time during the date of the Underwriting Agreement and the Closing Date; or
- (l) any government requisition or occurrence of any other nature which materially and adversely affect or will materially or adversely affect the business, operations and/or financial position or prospects of our Group or the success of our IPO; or
- (m) in the event that our Listing is withdrawn or not procured or procured but subject to conditions not acceptable to the Sole Underwriter; or
- (n) any of the resolutions or approvals in the Underwriting Agreement is revoked, suspended or ceased to have any effect whatsoever, or is varied or supplemented upon terms that would have or is reasonably likely to have a Material Adverse Effect; or
- (o) any commencement of legal proceedings or action against any member of our Group or any of our Directors, which in the opinion of the Sole Underwriter, would have or is reasonably likely to have a Material Adverse Effect or make it impracticable to market our IPO or to enforce contracts to allot and/or transfer our IPO Shares; or
- (p) any one of the Prospectus and the Application Forms (i) having terminated or rescinded in accordance with its terms; (ii) ceased to have any effects whatsoever, or (iii) varies or supplemented upon terms and such variation or supplementation would have or likely to have a Material Adverse Effect; or

which in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a Material Adverse Effect on, and/or materially prejudice the business or the operations of our Group, the success of our IPO, or our Listing or market conditions generally or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

For the avoidance of doubt, Material Adverse Effect shall mean any material adverse effect, whether individually or in the aggregate, and whether or not arising in the ordinary course of business, on any of the following:

- (a) the condition (financial or otherwise), contractual commitments, general affairs, management, business, assets, liquidity, liabilities, prospects, earnings, shareholders' equity, business undertakings, properties or results of operations of our Company and/or our Group;
- (b) the ability of our Company and/or Selling Shareholders to perform in any respect its obligations under or with respect to, or to consummate the transactions contemplated by the Prospectus, the placement mandate or the Underwriting Agreement;
- (c) the ability of our Company and/or our Group to conduct our businesses as described in this Prospectus; or
- (d) our IPO.

4. DETAILS OF OUR IPO (CONT'D)

4.9 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, we will not deliver share certificates to subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS accounts, either directly in their names or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective securities accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS account being debited with the number of Shares sold and the buyer's CDS account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

Shares held in CDS accounts may not be withdrawn from the CDS except in the following instances:

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of debt securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances determined by Bursa Depository from time to time, after consultation with the SC.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares are required to trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the 2nd Market Day following the transaction date, and payment for the securities is generally settled on the 2nd Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities approximately 8 Market Days after the close of our IPO. Subscribers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of book-entry transfer to other CDS accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

5. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY OCCUR EITHER INDIVIDUALLY OR IN COMBINATION, AT THE SAME TIME OR AROUND THE SAME TIME) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

5.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

5.1.1 Our agreements to distribute and/or sell third party products are subject to risk that the agreements may not be renewed or could be terminated which may affect our financial performance

As at the LPD, we have subsisting agreements with brand owners as the Appointed distributor and Appointed retailer to sell golf equipment in Malaysia and/or Singapore and/or other countries for 19 out of our top 25 brands for FYE 2021 and FYE 2022. These brands include:

<-----Appointed distributor----->		<-----Appointed retailer----->
• Calvin Klein Golf	• ONOFF	• Adidas
• Cutter & Buck	• Peter Millar	• Cobra
• G/FORE	• PGA Tour	• Nike Golf
• GIII	• PXG	• Puma Golf
• Honma	• TaylorMade	• Under Armour
• Majesty	• Wilson	
• Mizuno	• Yamaha	

Our distribution and/or retail rights for the abovementioned brands of products are secured through agreements entered into between our Group and the respective brand owners or their representatives for the sales and/or distribution of golf equipment in the countries and/or territories that are stipulated in the agreement. In this respect, we are obligated to meet certain commitments including, among others, minimum purchase requirements or annual sales targets, as well as comply with various conditions regarding our sales and distribution activities. In the event that we are unable to renew our agreement, it will affect our financial performance.

Furthermore, there is no assurance that these agreements will be renewed even if we meet the requirements and/or obligations as renewal is at the respective brand owners or their representatives' discretion. In the event our agreements are not renewed, we may not be able to retail or distribute the said products or we will need to source the said products from other Appointed distributors or resellers. If we source the said products from other Appointed distributors or resellers, we may not be able to secure terms that are comparable to those under our existing agreements which may adversely affect our business and financial performance. For the Financial Years Under Review and up to the LPD, we have not experienced any occurrence of our subsisting agreements with the brand owners not being renewed by the respective brand owners or their representatives, other than in cases where the lapse of the agreements is based on mutual agreement. As at the LPD, we sell 97 brands of golf equipment including golf clubs, golf balls and accessories and golf apparel.

Our revenue arising from the abovementioned 19 brands of golf equipment which we have subsisting agreements accounted for 59.56% (RM104.79 million), 60.78% (RM103.42 million), 71.86% (RM148.41 million) and 71.65% (RM215.58 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. As such, any disruptions or termination of the business relationships with the brand owners or their representatives, or any revocation of the rights for distribution/sales of the products may negatively affect our business operations and financial performance.

5. RISK FACTORS (CONT'D)

In addition, as an Appointed distributor and/or Appointed retailer, we are obligated to carry out the sales of goods in a specific market and/or territory that is stipulated in the agreement. If we fail to meet the obligations that are stipulated in the agreement, this may negatively impact our reputation, business operations and financial performance. During the Financial Years Under Review, we have exported golf equipment to customers outside of the territories defined in our agreements with the brand owners or their representatives. This was mainly arising from customers' sales orders that were previously placed with the sales team at our Singapore operations due to management oversight. These sales orders include one-off and recurring sales of various brands during the Financial Years Under Review. The revenue contribution from the said export sales collectively accounted for less than 5% during the Financial Years Under Review. There were no such sales orders placed with our Malaysia operations.

Pursuant to this, we have directed our Singapore sales personnel to cease all wholesale product sales outside of the regions covered by our agreements. In addition, we have also implemented measures to prevent re-occurrences of such sales in the future, such as requesting for management approval for any requests or sales made to clients outside of Singapore, and regularly briefing the Singapore sales team about such requests. Although we have informed our brand owners or their representatives of some of these past transactions and have been requested by them to discontinue such transactions, we may be exposed to potential liability and legal risks or any consequential events such as withdrawal of the rights for distribution or sales by the brand owners or their representatives.

We continue to maintain our business relationships with our brand owners and representatives and also continued to source the products from them up to the LPD. In the event of withdrawal or termination of agreements by the said brand owners and representatives, we will need to source the said products from other appointed distributors or resellers. If we source the said products from other appointed distributors or resellers, we may not be able to secure terms that are comparable to those under our existing agreements which may have an impact on our business operations and financial performance mainly our profitability.

There is no assurance that we would be able to maintain our business relationships if we are unable to fulfil our obligations or requirements as an Appointed distributor and/or Appointed retailer. For the Financial Years Under Review and up to the LPD, we did not encounter any withdrawal or termination of our distribution or sales agreements by brand owners or their representatives.

5.1.2 Our operations may be affected by changes in the conditions of the places where our outlets are located

The changes in conditions and factors affecting our Group's retail outlet operations include among others, ceasing of operations of the shopping malls, departmental stores, and golf and country clubs, changes in the tenancy mix and poor maintenance of the shopping malls and departmental stores which may lead to reduced patronage, and/or changes that may lead to unfavourable rental terms and conditions. In the event of any unfavourable changes in the conditions of the places where our outlets are located, this may affect the results of our business operations and financial performance.

As at the LPD, we have a total of 44 retail outlets in Malaysia and Singapore comprising 23 specialty stores, 19 pro shops and 2 departmental counters. In addition, we also have 2 indoor golf centres. Save for 2 of our retail outlets that we operate on our own premises, all of our other 42 retail outlets as well as 2 indoor golf centres are operated on rented premises including shop lots, commercial buildings, shopping malls, departmental stores (on consignment basis) as well as golf and country clubs and a driving range. Out of the 23 specialty stores, 16 outlets are located in shopping malls, 4 outlets are located in commercial buildings, 2 outlets are located in standalone shops and 1 outlet is located in a shop lot. In addition, our 2 indoor golf centres are located in shopping malls.

5. RISK FACTORS (CONT'D)

There is a risk that the shopping malls, departmental stores and golf and country clubs where we have retail presence may cease operation. As a result, we may be required to cease operation or to relocate our retail outlets which poses a risk that we may not find suitable alternative locations leading to loss of income. Furthermore, any compensation received may not be sufficient to cover our loss of income and this, in turn, may affect our earnings. During the Financial Years Under Review and up to the LPD, none of the places where our outlets are located have ceased operations. We may also be affected by changes in the tenancy mix and poor maintenance of the shopping malls, departmental stores and golf and country clubs which may lead to reduced patronage, therefore affecting our business.

As we rent most of our retail outlets and indoor golf centres, we are dependent on the respective landlords and we are subjected to rental terms and conditions, rental rates and tenancy periods imposed by the respective landlords. Upon expiry of the tenancy agreement, the landlords have the right to change the terms and conditions of the rental agreement including an increase in rental rates, requiring changes to the interior designs of the outlets or even decide not to renew the tenancy agreement. For the Financial Years Under Review, the revenue contribution per outlet of those operated from rented premises ranged from approximately 1% up to 13% of our total retail segment revenue.

With the exception of MST Golf – Suntec City and MST Golf – KLGCC Pro Shop with revenue contribution per outlet exceeding 10% of our total retail segment revenue during the Financial Years Under Review, the revenue contribution from all our other retail outlets at rented premises were immaterial as their respective revenue contributions were lower than 10% during the Financial Years Under Review.

The revenue contribution from MST Golf – Suntec City and MST Golf – KLGCC Pro Shop which operates from rented premises exceeds 10% of our total retail segment revenue during the Financial Years Under Review. In this respect, our Group is dependent on the landlords for the rented premises and we are exposed to the risks relating to non-renewal of the rental agreement, increases in rental rates, relocation of retail outlet within the same shopping mall, or the imposition of conditions which are unfavourable to us which in turn may have an adverse effect on our financial performance. As at the LPD, we have not encountered any adverse increase in rental rates or imposition of unfavourable conditions by the landlords of MST Golf – Suntec City and MST Golf – KLGCC Pro Shop since the commencement of the tenancy with the respective landlords.

5.1.3 **Our business is subject to the risk of foreign exchange fluctuations where we rely on the imports of golf equipment which exposes us to the risk of foreign exchange fluctuations or supply chain disruptions as well as revenue transacted in foreign currencies arising from export sales and sales transacted for our Singapore operations**

As a specialty golf retailer and wholesaler, we offer a wide range of golf clubs, golf balls and accessories, and golf apparel which are mainly imported goods. As a result of our reliance on imports of finished goods, we are exposed to the risk of foreign exchange fluctuations where 62.30%, 62.82%, 74.87% and 67.41% of our total purchases of input materials and services for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively were transacted in foreign currencies, mainly USD. These imported goods are mainly for our retail and wholesale operations in Malaysia and Singapore where all the sales transacted through our retail operations in Malaysia are in RM, while the sales transacted through our retail operations in Singapore as well as exports of golf equipment to other foreign countries are mainly in SGD.

We regularly review the prices of our products which takes into consideration fluctuations in foreign exchange rates that may affect our purchase prices. We have experienced increase in costs arising from foreign exchange fluctuations. However, we commonly pass on to customers the increased purchase costs arising from any negative impact of foreign exchange rate movements. Nevertheless, there can be no assurance that we are able to pass all increases in costs to customers in a timely manner which may have an impact on our financial performance.

5. RISK FACTORS (CONT'D)

For the Financial Years Under Review, 32.11%, 25.42%, 41.15% and 33.61% of our revenue respectively were transacted in foreign currencies mainly SGD and USD. In addition, the functional currency translated in MST Golf Singapore's accounting system and financial statements are denominated in SGD. As such, any unfavourable and adverse changes in exchange rates between RM and foreign currencies such as SGD and USD would have a negative impact on our financial performance. The recent depreciation of RM against foreign currencies have resulted in the increase in product cost that we purchased. We continue to review the prices of our products due to the prevailing foreign exchange conditions including adjusting the selling prices to factor in the increase in product costs. In the event of sustained and significant depreciation of RM against foreign currencies where we are unable to pass on the increased product cost timely, this would have a negative impact on our financial performance.

For the FYE 2019 and FYE 2020, we had net gains on foreign currency exchange while we recorded a net loss in FYE 2021 and FYE 2022. Details of our foreign currency exchange gains and losses are set out below:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Unrealised gain/(loss) on foreign exchange	101	224	(237)	312
Realised gain/(loss) on foreign exchange	270	112	(310)	(970)
Net gain/(loss) on foreign exchange	371	336	(547)	(658)

Please refer to Section 12.3.2(v) of this Prospectus for further details of the impact of foreign exchange.

In addition, any disruptions in supply chain of the golf equipment including golf clubs, golf balls and accessories, and golf apparel from imports such as disruptions in global supply chain arising from the COVID-19 pandemic may negatively affect our business operations. Please refer to Section 7.14.2 of this Prospectus for further details of the disruptions to supply chain. In the event of depletion of our inventory of imported golf equipment, it may affect our sales at retail outlets or for wholesale. Our reliance on imported golf equipment may expose us to the risks of sustained high shipping rates and other supply chain disruptions such as lockdown, closure of operations and port congestion of the country of origin of our suppliers.

5.1.4 We are dependent on a major supplier who is also a brand owner of golf equipment

For the Financial Years Under Review, we are dependent on Supplier A for our purchases which accounted for 20.15% (RM21.30 million), 23.61% (RM18.87 million), 33.72% (RM46.61 million) and 32.46% (RM57.15 million) of our total purchases of input materials and services for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

Supplier A is a private company in the USA. We have been dealing with Supplier A's own brand of products for approximately 24 years since 1999 through the previous supplier before we were appointed as a distributor for the brand directly in 2018. We are the Appointed exclusive distributor of Supplier A's own brand of golf equipment comprising golf clubs, golf balls and accessories and golf apparel covering Malaysia and Singapore since 2018 and Indonesia since 2021. We have subsisting distributorship agreements with Supplier A which are valid till December 2023 and our dealings with Supplier A are based on these subsisting distributorship agreements. As at the LPD, there has not been any occurrence of breach by our Group or defaults claimed against our Group based on the terms and conditions of our subsisting distributorship agreements with Supplier A which may result in disruption or termination of our business relationship with Supplier A.

5. RISK FACTORS (CONT'D)

Supplier A's own brand is one of our top 25 brands with revenue contribution which ranges between approximately 16.26% and 29.19% for the Financial Years Under Review. In the event of any disruptions or termination of our business relationship with Supplier A, our business operations and financial performance may be adversely affected.

5.1.5 Our growth prospects may be limited if we are unable to effectively execute some of our business strategies and plans including risks associated with joint venture arrangements in foreign countries

Our business strategies and plans are focused on leveraging our key strengths and capitalising on our core competencies in retail operations of golf equipment in Malaysia and Singapore. Part of our strategy is to set up additional retail outlets and retail outlets with indoor golf centres in Malaysia and Singapore and expand into new geographical markets including Indonesia, Thailand and Vietnam to establish new golf retail outlets and indoor golf centres through joint venture arrangements with the respective local partners. Please refer to Section 7.19 of this Prospectus for further details of our business strategies and plans.

In this respect, we are subject to the risks associated with the joint venture arrangements for our expansion plans in foreign countries, among many others, including delays in finalisation of joint venture arrangements or cessation or termination of joint venture arrangements, or we may not be able or may need to delay implementation of this part of our business strategies and plans to open new outlets in new geographical markets, which may adversely affect our future business operations and financial performance.

The prospects and future growth of our business are dependent on our ability to implement and execute our strategies and plans effectively and promptly. There is a risk that we may not be able to achieve the timing and objectives of our business strategies and plans due to factors including, among others, if we are not able to secure desired locations for the outlets, or if we are not able to secure sufficient funding and/or bank borrowings in addition to the IPO proceeds, limitations in human resources or experience, regulatory changes, and delays due to reintroduction of COVID-19 pandemic containment measures or other epidemics or pandemics in the future.

We cannot provide any assurance that any of our business strategies and plans will be commercially successful or that we will be able to anticipate and mitigate the business and operational risks associated with our strategies and plans. In the event of any delays or failures in executing our business strategies or plans effectively, our future business growth or expected financial prospects or returns may be adversely affected.

5.1.6 Our business operations are subject to risks of security breaches or malfunction of IT and network systems or unintended human errors or careless actions

Our business operations depend on our IT and network systems including our ERP system, online platform and the telecommunications infrastructure that connects our retail outlets, our head office in Malaysia, office in Singapore, our warehouses and devices. Our ERP system is used for, among others, sales order processing, finance and accounting, inventory management, warehouse management, delivery system, retail outlet management and customer relationship management. Our online platform incorporating electronic payment facilitates online retail sales for our products. Our communications infrastructure includes our local area networks as well as third party wide area network and the internet.

In this respect, we are exposed to the risk of security breaches, malfunction, unavailability of third party services and wilful or otherwise damage to our IT and network systems and infrastructure, properties or assets. In addition, security breaches including, among others, eavesdropping, cyber-attacks, malicious codes, ransomware or other destructive or disruptive actions relating to our software, hardware, processing, communications and data, and our online platform may adversely affect our business operations and financial performance.

5. RISK FACTORS (CONT'D)

In the event of any occurrence of security breaches or malfunction of our IT and network systems, it may render our systems to be inoperable for some time or result in violation of applicable privacy laws, which could subject us to significant liabilities, losses or actions by regulators and legal suit, and could also harm our reputation and adversely affect our business operations and financial performance.

In June 2022, we encountered a ransomware attack that prevented us from accessing our server which housed our warehouse and inventory management systems. We immediately engaged third-party IT service providers to carry out the recovery process including applications reconfiguration and data restoration. The recovery process was completed in mid-August of 2022. The recovery process that took approximately 2 and a half months is not common for us as this was the first time that we encountered a ransomware attack.

Our retail operations were not impacted and the retail point-of-sale terminals were operating as normal. The cost incurred for services rendered by the third-party IT service providers was approximately RM31,000 to address the ransomware issue. In addition, our business operations and financial performance were not materially affected. Pursuant to the said incident, we have incorporated security measures including firewall protection and anti-virus features to prevent any similar ransomware attack in the future. We also have a data backup facility and disaster recovery site located at a third-party data centre in Kuala Lumpur, as well as a secondary disaster recovery site at a third-party data centre located in Cyberjaya, Selangor. In addition, we utilise third-party cloud services for data storage and connectivity between our head office and all our retail outlets in Malaysia and Singapore.

There can be no assurance that we are able to anticipate or implement adequate preventive measures against all security breaches, malfunction to our systems, human errors and/or careless actions, any of which would adversely impact our reputation, business operations and financial performance.

5.1.7 We are exposed to negative publicity

As we are principally a specialty retailer of consumer products, we are susceptible to any negative publicity regarding the quality of our services, and golf equipment that we retail, as well as the food and beverage that we offer at our indoor golf centres, as well as negative publicity arising from any disruption to our business operations such as relocation of outlets due to failure to obtain or maintain the required approvals, licences and permits, or if we are fined or convicted for non-compliance with applicable licensing requirements. Any change resulting in the unfavourable perception of our customers or any adverse publicity towards our brand names will affect our brand equity, hamper customers' confidence in our products and quality of services resulting in a reduction of patronage to our retail outlets and therefore, possibly adversely affecting our business operations and financial performance. During the Financial Years Under Review and up to the LPD, we have not encountered any negative publicity which affects our business operations.

5.1.8 We are exposed to the risk of theft, robbery or pilferage from our golf retail outlets, indoor golf centres as well as from our warehouse

We are primarily a specialty golf retailer where a considerable portion of our transactions are based on cash payment. In addition, our golf equipment comprises many high value items in particular, golf clubs where we may be subjected to pilferage and theft. As such, there is a risk of theft, robbery and/or pilferage of our cash and products which may materially affect our financial performance.

We also run the risk of theft, robbery or pilferage from our warehouse which contain a significantly higher volume of golf equipment compared to any one of our retail outlets.

5. RISK FACTORS (CONT'D)

While we have insurance to cover for theft, robbery and pilferage from all our retail outlets including specialty stores, pro shops and departmental counters, indoor golf centres as well as warehouse, there is no assurance that our insurance coverage will be sufficient to compensate us for the loss which may affect our financial performance. In the event that we make multiple insurance claims, it may increase our insurance premium which will affect our financial performance. During the Financial Years Under Review and up to the LPD, we have not encountered any theft, robbery or pilferage from our golf retail outlets, indoor golf centres as well as from our warehouse.

5.1.9 Our business operations are dependent on our Executive Directors and key senior management

Our business operations are dependent on the experience, knowledge and skills of our Executive Directors as well as key senior management for our specialty retail and wholesale golf equipment business. Our Executive Directors include Low Kok Poh (Executive Chairman) who is responsible for managing our Group's public relations and business development via establishing business and marketing networking, and maintaining our Group's business relationships with the brands, customers and suppliers, Ng Yap Sio (Executive Director/Group Chief Executive Officer) who is responsible for the overall performance, management, business strategies and growth of our Group, and Ng Lian Chun (Executive Director) who is responsible for corporate affairs and development of our Group.

Our Executive Directors are supported by our key senior management team including Yong Wai Chien (Chief Operating Officer), Heng Kok Wee (Chief Financial Officer), Tan Chia Loon (Senior Manager - Marketing), and James Pang Yun Ming (Executive Director of MST Golf Singapore). The loss of services from any of our Executive Directors or key senior management without any suitable and timely replacement may adversely affect our business operations and financial performance. Please refer to Sections 9.1.2, 9.2.2 and 9.4.4 of this Prospectus for the profiles of our Executive Directors and key senior management.

5.1.10 We may face risks of non-compliance with land laws, rules and regulations for our owned properties and our tenanted properties

In the course of our business operations, we are required to ensure that the properties owned or rented by our Group for our business operations comply with the NLC, TCPA 1976, SDBA 1974, UBBL 1984, BO 1994 and the relevant by-laws issued pursuant thereto which regulate among others, the occupation of buildings and uniformity of local government matters relating to street, drainage and buildings. Please refer to Section 7.25.1(v) of this Prospectus for a description of the relevant land laws, rules and regulations relating to the properties which we own, rent and occupy.

Tenanted properties

In respect to our tenanted properties, we are not in a position to ascertain if our landlords have complied with all applicable land laws, regulations and rules. As such, we are susceptible to the risks of fines and penalties of any non-compliance of applicable land laws, regulations and rules to such extent it affects us as occupiers of the tenanted properties.

Save for 2 of our retail outlets, all of our retail outlets as well as indoor golf centres are operated on rented premises. As at the LPD, all of our Group's rented properties have been issued with the required CF or CCC and the Singapore equivalent Certificate of Statutory Completion, save for 1 rented property in Malaysia as a copy of the CF or CCC has not been made available to us by the landlord of the property. Please refer to Section 7.23.3 of this Prospectus for further details of the status of compliance of our rented properties with the CF or CCC requirements.

5. RISK FACTORS (CONT'D)

Although our Group has not experienced any penalties or enforcement action from the relevant authorities for occupying the abovementioned rented property without a CF or CCC, there is no assurance that we will not be subject to any enforcement action in the future. Therefore, there can be no assurance that we will not be subject to any penalties or fines as an occupier of such properties or spaces. Even if the fines and penalties for any breach of laws in respect of the properties are incurred and paid for by our landlords, we may be required to indemnify the landlords against such fines and penalties to the extent such breach is caused by us as tenants in accordance with the tenancy agreements that we entered into in respect of such properties. These fines, penalties and any indemnification may materially and adversely affect our business, financial condition and results of operations.

For non-compliances, though we may request our landlords, in our capacity as tenants, to procure the CF or CCC, or rectify any non-compliance of the category of land use and/or express condition or approved use of land on which the tenanted properties are located, we are unable to guarantee that we will succeed in doing so or that the non-compliances may be rectified in a timely manner. As such, if there is any disruption to the operations and business of the affected retail outlets, indoor golf centres or golf academy, or in the event we need to relocate the affected retail outlet, indoor golf centre or golf academy, our business operations, sales and financial performance may be materially and adversely affected.

Owned properties

In relation to the properties which we own, as the property owner, similarly we are required to maintain and upkeep compliance of our properties and our use of properties with the NLC, TCPA 1976, SDBA 1974, UBBL 1984 and the applicable by-laws. As at the LPD, MST Golf Malaysia is carrying out an ongoing regularisation exercise for MST Golf Plaza (a property owned by MST Golf Malaysia which houses our head office, warehouse, and retail outlets) to comply with the applicable land laws, building regulations and by-laws. The ongoing regularisation exercise involves applications to MBSJ for among others, a planning permission to allow for use of a warehouse space as retail space, which is now rented out to Sports Direct Malaysia. Subsequent to the LPD, MST Golf Malaysia has on 7 June 2023 received the planning permission from MBSJ, which is effective from 23 February 2023 to 31 December 2025. MST Golf Malaysia is required to renew the planning permission 3 months prior to the expiry date. The approval allows the Sports Direct retail outlet area to be used for purposes of showroom and retail space for sports equipment. In addition to the planning permission application, a building plan application was also submitted to MBSJ as part of the ongoing regularisation exercise and is still in the midst of processing as at the LPD. The estimated timeframe for issuance of the building plan approval is July 2023, subject to the approval being granted by MBSJ. Please refer to Section 7.23.1 of this Prospectus for further details of the status of compliance of our MST Golf Plaza with the land laws, rules and regulations.

As at the LPD, the estimated costs for the regularisation exercise anticipated to be incurred is approximately RM0.30 million. If we are unable to renew the planning permission approval obtained (valid from 23 February 2023 to 31 December 2025), we would not be able to continue to rent out the space as retail space and this would result in a loss of rental income for our Group.

For the Financial Years Under Review and up to the LPD, the rental amounts are set out below:

Details	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	1 January 2023 up to the LPD RM'000
Rental received from the rented area	648	429	464	648	270
	(6.34% of our Group's PAT for the FYE 2019)	(3.13% of our Group's PAT for the FYE 2020)	(2.31% of our Group's PAT for the FYE 2021)	(2.23% of our Group's PAT for the FYE 2022)	

5. RISK FACTORS (CONT'D)

We do not expect the abovementioned non-compliance to materially and adversely affect our Group's business operations and financial condition as:

- (i) the contribution from the rental of the Sports Direct retail outlet to Sports Direct Malaysia to our Group's PAT for the Financial Years Under Review is minimal;
- (ii) our Group has taken remedial actions by obtaining the planning permission and submitting the updated building plan of MST Golf Plaza to the relevant authorities to rectify the non-compliances; and
- (iii) save for a compound of RM5,000 due to the contravention of section 70(11) of the SDBA 1974 arising from alterations made to the building without the prior written permission of MBSJ and the aggregate additional application fees of RM28,281 for the building plan and planning permission application imposed by MBSJ, which has been fully paid as at the LPD, our Group has not been subject to any penalties or enforcement action from the relevant authorities in relation to non-compliances arising from the use of the land and premises as retail outlets located at MST Golf Plaza. Please refer to sub-paragraph (iii) of Note (1) of Section 7.23.1 of this Prospectus for further details of the compound and additional application fees imposed by MBSJ.

Notwithstanding the above, we are unable to assure you that we will not be subject to any enforcement action in the future and if there is any such enforcement action, that we will not experience any adverse impact on our financial condition or business operations.

In the event that MST Golf Malaysia is subject to enforcement notices, penalties or enforcement actions, the potential maximum monetary penalties applicable for the non-compliance in relation to MST Golf Plaza would be not less than RM500 and in the case of continuing breach, a further fine of not less than RM100 each day during which the non-compliance continues pursuant to the NLC, not exceeding RM500,000 and subject to additional daily fines which may extend to RM5,000 for each day during which the offence continues after the first conviction for the offence pursuant to the SDBA 1974, not exceeding RM25,000 and additional daily fines not exceeding RM500 for continuing offences after conviction pursuant to the TCPA 1976.

Please refer to Section 7.25.1(v) of this Prospectus for a description of the relevant land laws, rules and regulations relating to the properties which we own, rent and occupy; Section 7.23.3 of this Prospectus for further details of the status of compliance of our rented properties with the CF or CCC requirements; and Section 7.23.1 of this Prospectus for further details of the status of compliance of our MST Golf Plaza with the land laws, rules and regulations.

5.1.11 We are subject to risks of legal, employment, consumer claims and other disputes arising from our business operations

We are subject to risks of legal, employment, consumer claims, public liability claims and other disputes arising from our business operations. As we are principally a specialty retailer of consumer products, we may be subject to consumer claims in the case of sale of substandard or defective products to such extent we are unable to resolve the defect with our supplier such as in instances where the defect is unable to be resolved via repairs or replacement or one-to-one exchange products are not able to be secured for the consumer. We may also be subject to consumer claims arising from unsatisfactory quality of our services. We also offer food and beverages at our indoor golf centres. As such, we are subject to risks of food contamination and deterioration, which are inherent risks to food and beverage outlet operators.

Litigation or dispute resolution processes arising from these claims may be costly and time consuming. Due to the vagaries of litigation and dispute resolution proceedings, we are also unable to guarantee that the outcome of any such dispute resolution will be in our favour. If the outcome of dispute resolution is against us, we cannot assure you that we will have sufficient funds or be in a position to make sufficient provisions for such liabilities. We are also unable to assure you that our insurance coverage taken up would be adequate to mitigate any adverse impact to our financial condition arising from such liabilities.

5. RISK FACTORS (CONT'D)

As a result of the abovementioned claims, we may also be exposed to the risk of revocation, suspension or non-renewal of our business licences by the authorities. As such, these claims may materially and adversely affect our reputation, business, future growth and expansion, and financial performance.

Hence, any legal, employment, consumer, public liability claims and other disputes arising from our business operations may have a material adverse effect on our business, financial performance and results of operations. For the Financial Years Under Review and up to the LPD, our Group has not been subject to such claims which resulted in a material adverse effect on our business operations and financial performance.

5.1.12 Our business is subject to inventory risks associated with obsolescence or inventory accumulation arising from the minimum purchase requirements from our suppliers

We are subject to inventory risks associated with obsolescence in relation to changes in consumer preference in product designs, specifications and/or colour, or inventory accumulation arising from the minimum purchase requirements from our suppliers. In general, we maintain a certain level of inventory as part of our inventory management to ensure stock availability at our warehouse to replenish stocks at our retail outlets as well as for wholesale purposes. For pre-seasonal procurement of golf equipment, the brand owners commonly launch new products twice a year and we commonly place orders 6 to 10 months ahead. In addition, there is a minimum order quantity required when we place orders with brand owners. During the Financial Years Under Review, our average inventory turnover period ranged between 182 days and 203 days.

As at 31 December 2022, our total inventories were RM113.57 million, mainly comprising golf clubs (54.73%, RM62.16 million), golf balls and accessories (27.93%, RM31.72 million), golf apparel (17.17%, RM19.50 million) of our total inventory.

As the value of our inventory is high, we are exposed to the risks of write-down or higher holding costs of inventory if our stocks remain unsold for an extended period of time. This could adversely affect our financial performance and working capital arising from write-down and higher inventory holding costs. For the Financial Years Under Review, the allowance for slow moving inventories (also known as inventory written down) accounted for 0.33% (RM0.21 million), 0.19% (RM0.09 million), 0.37% (RM0.27 million) and 1.25% (RM1.42 million) of our total inventories for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. Further, there was no inventory written off for the Financial Years Under Review.

As at the LPD, we have subsisting agreements for 19 out of the top 25 brands for the FYE 2021 and FYE 2022 and we have a minimum purchase value per brand ranging from approximately RM0.20 million to RM50.00 million per year for 12 brands, and a minimum purchase quantity of 200 pieces of golf accessories and 120 pieces of golf apparel per year for 1 brand. The remaining 6 brands do not have any minimum purchase requirements. Generally, the minimum purchase requirement is a commercial term in the agreement where the purchase value is discussed from time-to-time in consultation with the brand owners or their representatives. Depending on the commercial terms entered into, we may be entitled to additional rebate or discounts if the minimum purchase requirement is met. In the event we do not meet the minimum purchase requirement and fail to agree with the brand owners or their representatives on the lower purchase value, we are subject to the risk that the brand owners may revoke the rights for distribution such as withdrawing the exclusive nature of the distributorship or terminate the agreement. As at the LPD, we have not encountered any dispute with our suppliers on the minimum purchase requirements stipulated in the agreements. Please refer to Section 5.1.1 of this Prospectus for further details of the risks of non-renewal or termination that our agreements.

Although we have recorded a positive operating cash flow for the Financial Years Under Review, there can be no assurance that stock obsolescence and accumulation would not adversely affect our financial performance in the future.

5. RISK FACTORS (CONT'D)

5.1.13 There is no assurance that our insurance coverage would be adequate

We maintain general insurance policies where practicable, covering both our assets and employees in line with general business practices as well as public liabilities, with policy specifications and insured limits which we believe are reasonable. As at the LPD, our Group's material insurance coverage are set out below:

Material insurance coverage	Aggregate coverage amount RM'000
Fire and fire consequential loss	220,467
Public liability	47,524
Contractors' all risks and workmen's compensation	25,345
Burglary	6,470
Product liability	2,000
Directors and officers liability	2,000
Money insurance	2,931
Motor vehicles	976
Others ⁽¹⁾	1,082

Note:

- (1) Including all risks, equipment all risks, plate glass insurance and fidelity guarantee insurance.

However, if the amount of such claims exceeds the coverage of general insurance policies which we have taken up, we may be liable for shortfalls in the amounts claimed. In such events, our financial position will be adversely and materially affected. For the Financial Years Under Review and up to the LPD, there has not been any claim which has exceeded the coverage of our general insurance policies.

Although we have taken the necessary steps to ensure that our assets are adequately insured, there can be no assurance that our insurance coverage would be adequate to compensate for the replacement costs of the assets or any consequential losses arising thereof.

5.1.14 Our business operations and financial performance may be affected by a prolonged or resurgence of COVID-19 pandemic or emergence of other epidemics or pandemics

We face risks of any prolonged epidemics or pandemics that affect our retail, wholesale, golf related services and indoor golf centre operations. These risks may include temporary closure of our business operations and drop in the patronage of our retail outlets, inability to operate at full capacity for our golf related services and indoor golf centre operations, and delays in receiving shipments as well as delivering goods. All these may negatively affect our business and financial performance.

Malaysia operations

The outbreak of COVID-19 had affected our business operations. Between March 2020 and 2021, there were several MCO measures implemented including full and partial lockdown containment measures and restrictions imposed. Generally, our business was impacted due to the containment measures where we temporary closed all our operational facilities including our office and warehouse, as well as our retail outlets for 47 days during the MCO period between 18 March 2020 and 3 May 2020, as well as during the various MCO periods in FYE 2020 and FYE 2021. Our business operations including retail and wholesale operations in Malaysia were either suspended or were operating below full capacity. The interruptions in business operations adversely affected our business operations and financial performance in Malaysia where our revenue from our Malaysia operations declined by 33.43% in the 2nd quarter of FYE 2020, where revenue declined from RM25.69 million in the 1st quarter of FYE 2020 to RM17.10 million in the 2nd quarter of FYE 2020 during the MCO period in FYE 2020. In FYE 2021, our revenue declined by 4.14% from RM127.39 million in FYE 2020 to RM122.11 million in FYE 2021. Please refer to Section 7.14.3 of this Prospectus for further details of the impact of COVID-19 on our financial performance.

5. RISK FACTORS (CONT'D)

Singapore operations

The Singapore government implemented the Circuit Breaker Measures from 7 April 2020 to 1 June 2020 where only "essential services" were allowed to operate. Subsequently, the country embarked on a 3-phased approach to gradually resume economic activities commencing 2 June 2020. During the circuit breaker period, we were required to temporarily close all our operational facilities including our office and warehouse, as well as our retail outlets. Subsequently, we resumed operations and reopened our retail outlets on 19 June 2020 under phase 2 of the reopening where retail businesses were allowed to resume operations. The interruptions in business operations adversely affected our business operations and financial performance in Singapore where our revenue from our Singapore operations declined by 80.92% in the 2nd quarter of FYE 2020, where revenue declined from RM11.29 million in the 1st quarter of FYE 2020 to RM2.16 million in the 2nd quarter of FYE 2020 during the circuit breaker period. Please refer to Section 7.14.3 of this Prospectus for further details of the impact of COVID-19 on our financial performance.

5.2 RISKS RELATING TO OUR INDUSTRY

5.2.1 Competition from the used and/or counterfeit golf equipment market

Our business is involved in the sales of new golf equipment comprising golf clubs, golf balls and accessories and golf apparel. We face risk of competition from the used and/or counterfeit golf equipment market mainly from used golf clubs and golf balls mainly due to their lower prices. In the event of any unfavourable economic conditions, decline in disposable income or changes in consumer behaviour, potential buyers may be encouraged to look for used and/or counterfeit golf equipment, which is priced lower than new golf equipment. In this respect, competition from used and/or counterfeit golf equipment may affect demand for new golf equipment which in turn would affect operators including retailers and wholesalers of new golf equipment.

5.2.2 Consumer preferences and spending habits

Golf equipment is not deemed as an essential product and is generally a consumer product and recreational that are subject to consumers' discretionary purchases. In this respect, the purchases of golf equipment are subject to consumer behaviour, preferences, trends and style and spending habits which may be affected by economic conditions, changes in the level of disposable income, spending alternatives, as well as product substitutions and differentiation including branding, quality and pricing. As such, our business operations and financial performance may be affected by the unpredictable nature of consumer spending, depending on, among others, our ability to meet customers' preferences and tastes, and understand customers' spending behaviour. In the event of any unfavourable or uncertain economic conditions such as adverse foreign exchange rates for the RM that may result in increases in the prices of golf equipment that are mainly imported and denominated in USD, inflation and unemployment rate, this may affect consumer spending habits where consumers may reduce or postpone purchases which will affect the performance of the golf equipment industry. This could in turn affect the business operations and financial performance of operators within the industry including retailers and wholesalers of golf equipment.

As a specialty golf retailer and wholesaler, our revenue is generated mainly from the sales of golf clubs and golf balls and accessories which accounted for 73.18% (RM128.76 million), 78.27% (RM133.17 million), 79.48% (RM164.14 million) and 75.54% (RM227.29 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. Meanwhile, the sales of golf apparel accounted for 21.77% (RM38.30 million), 17.70% (RM30.13 million), 17.91% (RM36.99 million) and 20.41% (RM61.40 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

5. RISK FACTORS (CONT'D)

In addition, we experience higher sales during our promotion events such as mid-year sales, year-end stock clearance sales, annual golf festival "Golfest" and member rewards week. Thus, if consumers make more purchases during our promotional period and subsequently reduce their purchases during non-promotional periods, this could have an impact on our financial performance.

We are a multi-brand specialist retailer of golf equipment where we sell approximately 12,000 SKU and approximately 97 brands of golf equipment with different price points. If consumers choose brands and products with lower margins, this might cannibalise our higher margin brands and products, which could have an impact on our financial performance including the sustainability of our profit level.

As such, our business operations and financial performance may be affected by the unpredictable and changing nature of consumer spending which is dependent on, among others, our ability to meet consumer preferences and tastes, and social and economic factors.

5.2.3 The demand for golf equipment is affected by golf participation levels pertaining to the number of golfers and how active they are

The demand for golf equipment as a consumer product is affected by the number of people taking up the sports and actively playing the sports. These are influenced by the ease and cost of accessing golfing facilities such as golf and country clubs and golf courses. In addition, relative to other sports, golf is relatively expensive from the perspective of equipment ownership to play the sports. All these impacts on the number of participants in golf related activities which affects the sustainability of operators and growth in the industry.

5.2.4 We are subject to economic, social, political and regulatory risks in the countries that we operate including Malaysia and Singapore, as well as other foreign countries we intend to set up retail operations

Any adverse changes in the political, social, economic and regulatory conditions in Malaysia and Singapore and other foreign countries we may set up operations could have a negative impact on our business operations and financial performance. We are also susceptible to the risk of local epidemics or pandemics where we may face business interruptions including, among others, temporary suspension of our retail and wholesale activities. Please refer to Section 7.14 of this Prospectus for further details of the impact of the COVID-19 pandemic to our Group.

Changes in the political, social, economic, fiscal and regulatory conditions could arise from, among others, changes in political leadership, risks of war or civil unrest, changes in import tariffs and related duties, and conditions governing licensing, registrations and permits to conduct business. Similarly, any local, regional or global economic downturn would also affect overall business conditions, consumer confidence, as well as investments, which would subsequently affect the demand for our golf equipment. As such, there can be no assurance that any adverse political, social, economic, fiscal and regulatory developments or outbreak of diseases which are beyond our control, will not materially affect our business operations and financial performance.

5. RISK FACTORS (CONT'D)

5.3 RISKS RELATING TO INVESTING IN OUR SHARES

5.3.1 There has been no prior market for our Shares

Prior to the IPO, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop, or, if developed, that such market can be sustained. The IPO Price was determined after taking into consideration various factors including but not limited to our business strategies and our financial and operating history.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the Main Market of Bursa Securities upon our Listing and the market price of our Shares will not decline below the IPO Price.

5.3.2 Our Share price and trading volume may be volatile

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

- (i) variations in our results and operations;
- (ii) success or failure in our management team in implementing business and growth strategies;
- (iii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iv) changes in conditions affecting the industry, the prevailing local and global economic conditions or stock market sentiments or other events or factors;
- (v) additions or departures of key senior management;
- (vi) fluctuations in stock market prices and volumes; or
- (vii) involvement in litigation.

5.3.3 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after the IPO

As disclosed in Section 9.1.1 of this Prospectus, our Promoters, both directly and indirectly will collectively hold in aggregate 69.91% of our enlarged number of issued Shares upon Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations.

For instance, if our Promoters vote in favour of ordinary resolutions which require a simple majority approval, their vote will result in the ordinary resolutions being passed. If our Promoters vote in favour of special resolutions which require a majority of at least 75% shareholders' approval, they will be able to influence the passing and approval of these resolutions at a general meeting. Conversely, if our Promoters vote against such resolutions, such resolutions would not be able to be passed.

5. RISK FACTORS (CONT'D)

5.3.4 There may be a potential delay in or cancellation of our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:

- (i) our Sole Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from its obligations thereunder;
- (ii) the revocation of approvals from the relevant authorities for our Listing and/or Admission for whatever reason; or
- (iii) we are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25.00% of our enlarged number of issued Shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing.

Where prior to the issuance and allotment of our IPO Shares:

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company and the Selling Shareholders, shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which the Company and Selling Shareholders shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment and transfer of our IPO Shares:

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue or transfer of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, the Company and Selling Shareholders shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:
 - (a) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
 - (b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our directors.

6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

6.1.1 History and background

Our Company was incorporated in Malaysia under the Companies Act, 1965 on 13 May 1993 as a private limited company under the name of Adat Semarak Sdn Bhd and is deemed registered under the Act. On 31 December 1998, we changed our name to Planet Golf Sdn Bhd and subsequently on 2 May 2001, we further changed our name to M S T Golf (Asia) Sdn Bhd. On 4 November 2022, we changed our name to MST Golf Group Sdn Bhd. On 23 November 2022, we were converted into a public limited company and assumed our present name.

Our Company is principally an investment holding company.

Please refer to Section 6.3 of this Prospectus for further details of the principal activities of our Subsidiaries.

6.1.2 Pre-IPO Reorganisation Exercise

In conjunction with, and as an integral part of our Listing, our Company has undertaken the Pre-IPO Reorganisation Exercise prior to our IPO and Listing, details of which are set out below:

6.1.2.1 Capitalisation of amount owing to All Sportz

As at 30 June 2022, our Company had an outstanding amount of RM40,327,091 owing to our holding company, All Sportz. On 21 October 2022, our Company had implemented the capitalisation of RM32,000,000 of the outstanding amount via the issuance of 32,000,000 new Shares and the remaining balance of RM8,327,091 was settled in cash on 22 December 2022.

The Capitalisation was completed on 21 October 2022 and the issued share capital of our Company increased from RM100,000 comprising 100,000 Shares to RM32,100,000 comprising 32,100,000 Shares.

The shareholdings of All Sportz in our Company before and after the Capitalisation is set out below:

	<-----Before Capitalisation----->				<-----After Capitalisation----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
All Sportz	100,000	100.00	-	-	32,100,000	100.00	-	-

6.1.2.2 Subdivision of Shares

Our Company had on, 21 October 2022, after the Capitalisation, implemented a subdivision of shares of every 1 existing Share into 20 subdivided Shares.

The Subdivision of Shares was completed on 21 October 2022 and the issued share capital of our Company was RM32,100,000 comprising 642,000,000 Shares.

The shareholdings of All Sportz in our Company before and after the Subdivision of Shares is set out below:

	<----Before Subdivision of Shares---->				<----After Subdivision of Shares---->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
All Sportz	32,100,000	100.00	-	-	642,000,000	100.00	-	-

6. INFORMATION ON OUR GROUP (CONT'D)

6.1.2.3 Distribution of our Company's shares by way of dividend-in-specie to shareholders of All Sportz

All Sportz had on, 15 November 2022, after the Subdivision of Shares, implemented the distribution of 214,000,000 Shares by way of dividend-in-specie to shareholders of All Sportz. The Distribution represents approximately 33.33% of the total Shares held by All Sportz in our Company.

The shareholders of All Sportz and their respective shareholdings in our Company after the Distribution is set out below:

	<-----Before Distribution----->				<-----After Distribution----->			
	<-----Direct----->		<--Indirect-->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
All Sportz	642,000,000	100.00	-	-	428,000,000	66.67	-	-
Ng Yap Sio	-	-	-	-	85,600,000	13.33	428,000,000 ⁽²⁾	66.67
Low Kok Poh	-	-	-	-	42,800,000	6.67	428,000,000 ⁽²⁾	66.67
Ng Lian Chun	-	-	-	-	25,680,000	4.00	-	-
Dato' Ng Lian Heng	-	-	-	-	25,680,000	4.00	-	-
Ng Kong Hook	-	-	-	-	17,120,000	2.67	-	-
Ng Lian Lu	-	-	-	-	17,120,000	2.67	-	-
Total	642,000,000	100.00			642,000,000	100.00		

Notes:

- (1) Computed based on our number of issued Shares of 642,000,000 Shares after the Subdivision of Shares.
- (2) Deemed interested by virtue of his shareholdings in All Sportz pursuant to Section 8(4) of the Act.

6.1.2.4 Acquisitions

Our Company had entered into the MST Golf Singapore Share Sale Agreement and the MST Golf Management Share Sale Agreement for the Acquisition of MST Golf Singapore and Acquisition of MST Golf Management. The details of the Acquisitions are set out below:

(i) Acquisition of MST Golf Singapore

Our Company had on 4 November 2022, entered into the MST Golf Singapore Share Sale Agreement with James Pang Yun Ming (as supplemented by a supplemental letter dated 14 December 2022) for the acquisition of 312,000 ordinary shares in MST Golf Singapore, representing the remaining 24.00% equity interest in MST Golf Singapore for a total purchase consideration of RM7,458,925, fully satisfied via the issuance of 18,192,500 new Shares at an issue price of RM0.41 per Share.

The purchase consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NA of MST Golf Singapore as at 31 December 2021 of RM31,078,773. The Acquisition of MST Golf Singapore was completed on 30 November 2022.

6. INFORMATION ON OUR GROUP (CONT'D)

The effects of the Acquisition of MST Golf Singapore on the shareholdings in our Company are set out below:

Shareholders	<--Prior to the Acquisition of MST Golf Singapore-->		<----After the Acquisition of MST Golf Singapore-->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
All Sportz	428,000,000	66.67	428,000,000	64.83
Ng Yap Sio	85,600,000	13.33	85,600,000	12.97
Low Kok Poh	42,800,000	6.67	42,800,000	6.48
Ng Lian Chun	25,680,000	4.00	25,680,000	3.89
Dato' Ng Lian Heng	25,680,000	4.00	25,680,000	3.89
Ng Kong Hook	17,120,000	2.67	17,120,000	2.59
Ng Lian Lu	17,120,000	2.67	17,120,000	2.59
James Pang Yun Ming	-	-	18,192,500	2.76
Total	642,000,000	100.00	660,192,500	100.00

Notes:

- (1) Computed based on our total number of issued Shares of 642,000,000 Shares after the Subdivision of Shares.
- (2) Computed based on our total number of issued Shares of 660,192,500 Shares after the Acquisition of MST Golf Singapore.

(ii) Acquisition of MST Golf Management

Our Company had, on 4 November 2022, entered into the MST Golf Management Share Sale Agreement with Paul Edward Gibbons (as supplemented by a supplemental letter dated 14 December 2022) for the acquisition of 30,000 ordinary shares in MST Golf Management, representing the remaining 30.00% equity interest in MST Golf Management for a total purchase consideration of RM277,201, fully satisfied via the issuance of 676,100 new Shares at an issue price of RM0.41 per Share.

The purchase consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NA of MST Golf Management as at 31 December 2021 of approximately RM923,957. The Acquisition of MST Golf Management was completed on 30 November 2022.

The effects of the Acquisition of MST Golf Management on the shareholdings in our Company are set out below:

Shareholders	<-----Prior to the Acquisition of MST Golf Management----->		<----After the Acquisition of MST Golf Management----->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
All Sportz	428,000,000	64.83	428,000,000	64.76
Ng Yap Sio	85,600,000	12.97	85,600,000	12.95
Low Kok Poh	42,800,000	6.48	42,800,000	6.48
Ng Lian Chun	25,680,000	3.89	25,680,000	3.89
Dato' Ng Lian Heng	25,680,000	3.89	25,680,000	3.89
Ng Kong Hook	17,120,000	2.59	17,120,000	2.59
Ng Lian Lu	17,120,000	2.59	17,120,000	2.59
James Pang Yun Ming	18,192,500	2.76	18,192,500	2.75
Paul Edward Gibbons	-	-	676,100	0.10
Total	660,192,500	100.00	660,868,600	100.00

6. INFORMATION ON OUR GROUP (CONT'D)**Notes:**

- (1) Computed based on our total number of issued Shares of 660,192,500 Shares after the Acquisition of MST Golf Singapore.
- (2) Computed based on our total number of issued Shares of 660,868,600 Shares after the Acquisition of MST Golf Management.

Upon completion of the Pre-IPO Reorganisation Exercise, the issued share capital of our Company increased from RM32,100,000 comprising 642,000,000 Shares to RM39,836,126 comprising 660,868,600 Shares.

6.1.3 Share capital

As at the LPD, our issued share capital is RM39,836,126 comprising 660,868,600 MST Golf Shares.

Our Company does not have any treasury shares as at the LPD.

The changes in the issued share capital of our Company for the Financial Years Under Review and up to the LPD are set out below:

Date of allotment	No. of Shares allotted	Consideration	Cumulative no. of Shares	Cumulative issued share capital RM
21 October 2022	32,000,000 ⁽¹⁾	Otherwise than cash	32,100,000	32,100,000
21 October 2022	609,900,000 ⁽²⁾	-	642,000,000	32,100,000
30 November 2022	18,868,600 ⁽³⁾	Otherwise than cash	660,868,600	39,836,126

Notes:

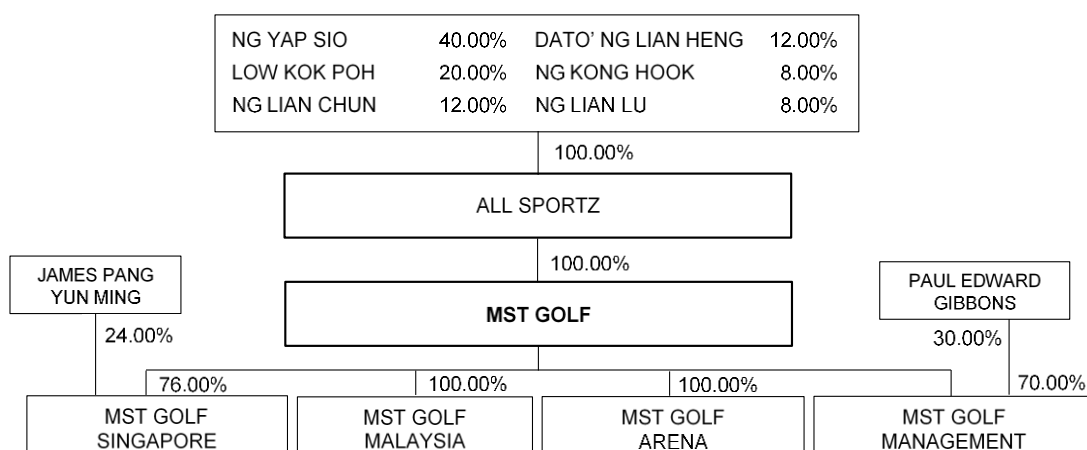
- (1) Issued pursuant to the Capitalisation.
- (2) Issued pursuant to the Subdivision of Shares.
- (3) Issued pursuant to the Acquisition of MST Golf Singapore and Acquisition of MST Golf Management.

6.2 OUR GROUP STRUCTURE

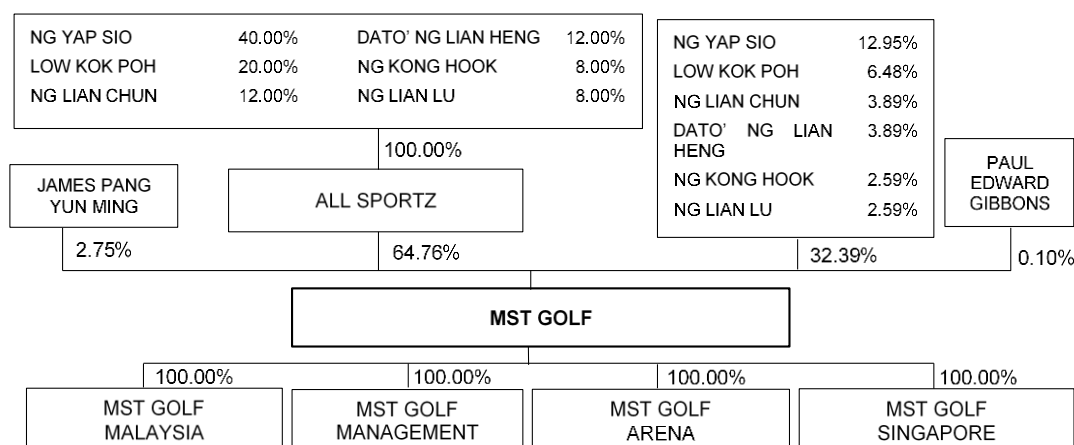
Our corporate group structure before and after the Pre-IPO Reorganisation Exercise and after our IPO is set out in the following page.

6. INFORMATION ON OUR GROUP (CONT'D)

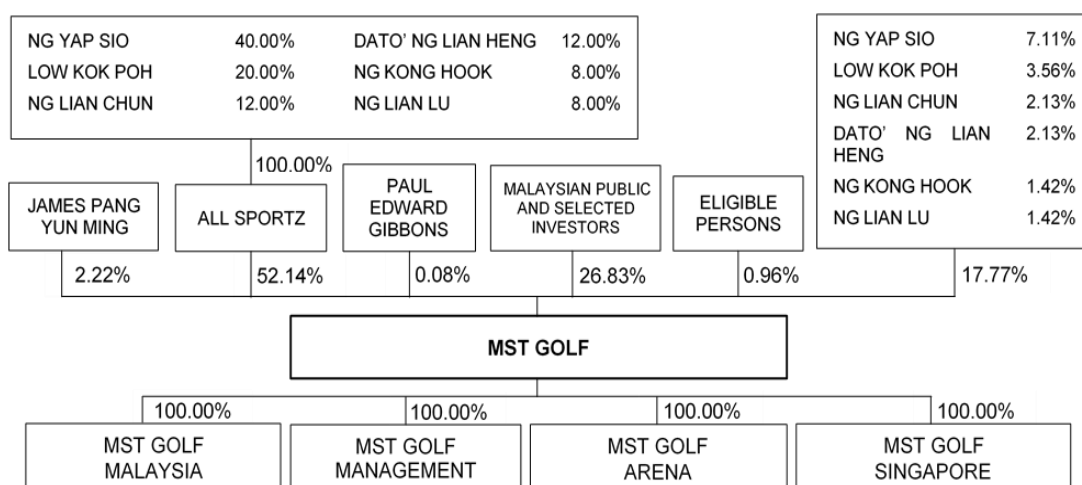
6.2.1 Before our Pre-IPO Reorganisation Exercise



6.2.2 After our Pre-IPO Reorganisation Exercise but prior to the IPO



6.2.3 After our IPO



6. INFORMATION ON OUR GROUP (CONT'D)

6.3 OUR SUBSIDIARIES

Our Subsidiaries as at the LPD are set out below:

Name and registration no.	Date and country of incorporation	Issued share capital	Our effective equity interest %	Principal activities
MST Golf Malaysia (Registration No.: 198901011987 (189294-P))	13 November 1989 (Malaysia)	RM4,000,000	100.00	Specialty retailer and wholesaler of golf equipment comprising golf clubs, golf balls and accessories and golf apparel
MST Golf Management (Registration No.: 200101013452 (549209-A))	1 June 2001 (Malaysia)	RM1,000,000	100.00	Provision of golf related services
MST Golf Arena (Registration No.: 199801015399 (471528-D))	6 November 1998 (Malaysia)	RM2,000,000	100.00	Operation of indoor golf centres
MST Golf Singapore (Registration No.: 200002124N)	14 March 2000 (Singapore)	SGD1,300,000	100.00	Specialty retailer and wholesaler of golf equipment comprising golf clubs, golf balls and accessories and golf apparel

As at the LPD, our Company does not have any joint ventures or associated companies. Please refer to Sections 6.3.1 to 6.3.4 of this Prospectus for further details of our Subsidiaries.

6.3.1 Information on MST Golf Malaysia

MST Golf Malaysia was incorporated on 13 November 1989 in Malaysia under the Companies Act, 1965 as a private limited company under the name of Masinthal Marketing Sdn Bhd and is deemed registered under the Act. On 27 April 1992, it changed its name to M S T Golf Sdn Bhd. On 17 August 2022, it further changed and assumed its present name of MST Golf Sdn Bhd.

MST Golf Malaysia is principally involved in the business of specialty retailer and wholesaler of golf equipment comprising golf clubs, golf balls and accessories and golf apparel. The principal place of business of MST Golf Malaysia is in Malaysia. The directors of MST Golf Malaysia as at the LPD are Ng Yap Sio, Low Kok Poh and Ng Lian Chun.

As at the LPD, the issued share capital of MST Golf Malaysia is RM4,000,000 comprising 4,000,000 ordinary shares. There has been no change in the issued share capital of MST Golf Malaysia for the Financial Years Under Review and up to the LPD.

MST Golf Malaysia is our wholly-owned subsidiary. As at the LPD, MST Golf Malaysia does not have any subsidiaries, joint ventures or associated companies.

6. INFORMATION ON OUR GROUP (CONT'D)

6.3.2 Information on MST Golf Management

MST Golf Management was incorporated on 1 June 2001 in Malaysia under the Companies Act, 1965 as a private limited company under the name of M S T Golf Management Sdn Bhd and is deemed registered under the Act. On 25 August 2022, it changed and assumed its present name of MST Golf Management Sdn Bhd.

MST Golf Management is principally involved in the provision of golf related services. The principal place of business of MST Golf Management is in Malaysia. The directors of MST Golf Management as at the LPD are Ng Yap Sio and Low Kok Poh.

As at the LPD, the issued share capital of MST Golf Management is RM1,000,000 comprising 1,000,000 ordinary shares. The changes in the issued share capital of MST Golf Management for the Financial Years Under Review and up to the LPD is set out below:

Date of allotment	No. of shares allotted	Consideration	Cumulative no. of shares	Cumulative issued share capital RM
30 November 2022	900,000	Cash	1,000,000	1,000,000

MST Golf Management is our wholly-owned subsidiary. As at the LPD, MST Golf Management does not have any subsidiaries, joint ventures or associated companies.

6.3.3 Information on MST Golf Arena

MST Golf Arena was incorporated on 6 November 1998 in Malaysia under the Companies Act, 1965 as a private limited company under the name of PGA Tour Shop Sdn Bhd and is deemed registered under the Act. On 24 October 2005, it changed its name to PT Lifestyle Sdn Bhd. On 11 August 2009, it changed its name to M S T Golf Vacation Sdn Bhd and further changed its name to M S T Golf Vacations Sdn Bhd on 1 September 2009 and MST Golf Xperience Sdn Bhd on 28 July 2021. On 24 August 2021, it changed and assumed its present name of MST Golf Arena Sdn Bhd.

MST Golf Arena is principally involved in the operation of indoor golf centres. The principal place of business of MST Golf Arena is in Malaysia. The directors of MST Golf Arena as at the LPD are Ng Yap Sio and Low Kok Poh.

As at the LPD, the issued share capital of MST Golf Arena is RM2,000,000 comprising 2,000,000 ordinary shares. The changes in the issued share capital of MST Golf Arena for the Financial Years Under Review and up to the LPD is set out below:

Date of allotment	No. of shares allotted	Consideration	Cumulative no. of shares	Cumulative issued share capital RM
1 June 2021	50,000	Cash	250,000	250,000
2 November 2022	1,750,000	Cash	2,000,000	2,000,000

MST Golf Arena is our wholly-owned subsidiary. As at the LPD, MST Golf Arena does not have any subsidiaries, joint ventures or associated companies.

6. INFORMATION ON OUR GROUP (CONT'D)

6.3.4 Information on MST Golf Singapore

MST Golf Singapore was incorporated on 14 March 2000 in Singapore under the Companies Act, 1967 of Singapore as a private company limited by shares under its present name.

MST Golf Singapore is principally involved in the business of specialty retailer and wholesaler of golf equipment comprising golf clubs, golf balls and accessories and golf apparel. The principal place of business of MST Golf Singapore is in Singapore. The directors of MST Golf Singapore as at the LPD are Ng Yap Sio, Low Kok Poh, Dato' Loh Ah Joo and James Pang Yun Ming. Dato' Loh Ah Joo contributes his experience in the golf equipment industry to the company.

As at the LPD, the issued share capital of MST Golf Singapore is SGD1,300,000 comprising 1,300,000 ordinary shares. There is no change in the issued share capital of MST Golf Singapore for the Financial Years Under Review and up to the LPD.

MST Golf Singapore is our wholly-owned subsidiary. As at the LPD, MST Golf Singapore does not have any subsidiaries, joint ventures or associated companies.

As at the LPD:

- (i) neither our Company nor our Subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital;
- (ii) none of our Shares and share capital in our Subsidiaries were issued and allotted at a discount or have any special terms or any instalment payment terms. Our issued Shares and the issued shares of our Subsidiaries are fully paid-up; and
- (iii) neither our Company nor our Subsidiaries are involved in any bankruptcy, receivership or similar proceedings.

6.4 PUBLIC TAKE-OVERS

During the last financial year up to the LPD, there were no:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Company in respect of other companies' securities.

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6. INFORMATION ON OUR GROUP (CONT'D)

6.5 MATERIAL INVESTMENTS AND DIVESTITURES

Save as disclosed below and the Acquisitions as disclosed in Section 6.1.2.4 above, our Group does not have any other material investments and divestitures for the Financial Years Under Review and up to the LPD:

Description	<-----Transaction value----->				
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	1 January 2023 up to the LPD RM'000
Acquisition by our Company of 325,000 ordinary shares in MST Golf Singapore, representing 25.00% equity interest in MST Golf Singapore ⁽¹⁾	3,634	-	-	-	-
	(18.46% of our Group's NA for the FYE 2019)				
Disposal by our Company of 500,000 ordinary shares in My EGames, representing 100.00% equity interest in My EGames to All Sportz ⁽²⁾	-	-	1,000	-	-
			(2.68% of our Group's NA for the FYE 2021)		
Total	3,634	-	1,000	-	-

Notes:

- (1) Our Company had on 16 May 2018 entered into a share sale agreement with Dato' Loh Ah Joo, a director and was a substantial shareholder of MST Golf Singapore, for the acquisition of 325,000 ordinary shares in MST Golf Singapore, representing 25.00% equity interest in MST Golf Singapore, for a total purchase consideration of SGD1,202,750 (equivalent to approximately RM3,634,109) which was fully satisfied via cash and was funded via internally generated funds. The purchase consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NA of MST Golf Singapore. The acquisition was completed on 22 January 2019.
- (2) Please refer to Section 10.1.1 of this Prospectus for further details of the disposal of My EGames.

7. BUSINESS OVERVIEW

7.1 HISTORY AND MILESTONES

Our Company was incorporated under the Companies Act, 1965 in Malaysia on 13 May 1993 as a private limited company under the name of Adat Semarak Sdn Bhd and is deemed registered under the Act. On 31 December 1998, we changed our name to Planet Golf Sdn Bhd and subsequently to M S T Golf (Asia) Sdn Bhd on 2 May 2001. We later changed our name to MST Golf Group Sdn Bhd on 4 November 2022 and converted to a public limited company under the name MST Golf Group Berhad on 23 November 2022 as an investment holding company.

The history of our business can be traced back to 1989 when our subsidiary, MST Golf Malaysia was incorporated under the initial name of Masinthal Marketing Sdn Bhd before it changed its name to M S T Golf Sdn Bhd in 1992. It assumed its present name of MST Golf Sdn Bhd in 2022. MST Golf Malaysia was incorporated by our Promoter and Executive Chairman, Low Kok Poh and our Promoter, Dato' Ng Lian Heng, each of whom held a 50.00% equity interest in the company. Subsequently, in 1991, MST Golf Malaysia increased its share capital and our Promoter and Executive Director/Group Chief Executive Officer, Ng Yap Sio together with our Promoter and Executive Director, Ng Lian Chun, our Promoter, Ng Lian Lu, our Promoter, Ng Kong Hook and the late Ng Yock Kim became shareholders of MST Golf Malaysia with 14.00%, 14.00%, 14.00%, 14.00% and 10.00% equity interest respectively. Low Kok Poh and Dato' Ng Lian Heng held the remaining equity interest of 20.00% and 14.00% respectively.

In 2014, MST Golf Malaysia had undertaken a restructuring exercise involving the transfer of the individual shareholders' equity interest to our Company. As at the LPD, MST Golf Malaysia is our wholly-owned subsidiary. Please refer to Section 6.2 of this Prospectus for further details of our Group's structure.

The key events and milestones in the history and development of our business are set out below:

Year	Key events and milestones
1989 to 1994	- In 1989, MST Golf Malaysia commenced operations in general trading and we started trading used golf clubs in 1990 from our rented premises in Subang Jaya. - In March 1991, we opened our first golf retail outlet in Taman Tun Dr Ismail, Kuala Lumpur selling used golf clubs which was also our head office and warehouse. - In 1994, we ventured into the operation of a third party driving range mainly for the supply of range balls and to upkeep and maintain the driving range facilities in Sri Damansara, Selangor.
1996 to 2000	- In 1996, we moved our head office and warehouse to Kepong, Kuala Lumpur. - In 1998, we expanded our retail presence to East Malaysia by opening our first retail outlet in Kota Kinabalu, Sabah. - In 1999, we opened our retail outlet at UOA Kuala Lumpur which was our biggest outlet in Malaysia then with a GFA of 7,140 sq. ft. - In 1999, we secured the distributorship of notable brands, namely DAIWA (now known as <i>ONOFF</i> and <i>GIII</i>) brands of golf equipment in Malaysia. - In 2000, we opened our first pro shop at Bukit Jalil Golf & Country Resort, Kuala Lumpur with a GFA of 1,600 sq. ft.

7. BUSINESS OVERVIEW (CONT'D)

Year	Key events and milestones
2001 to 2005	- We expanded our geographical market coverage when we incorporated MST Golf Singapore in 2000 and opened our first retail outlet in Far East Shopping Centre, Singapore. - In 2001, we incorporated our subsidiary, MST Golf Management and started providing golf coaching. - In 2002, through MST Golf Management, we started to provide event management and planning services mainly for golf tournament-related events. - In 2005, we commenced sales to corporate customers which involved product customisation such as printing or engraving corporate logos or names onto the golf equipment mainly for corporate events. - In 2005, we launched our <i>ilovegolf</i> loyalty membership programme where our members can enjoy benefits and privileges. Please refer to Section 7.15 of this Prospectus for further details of our loyalty membership programme. - In the same year in 2005, we expanded our value-added services to provide customised club fitting when we opened our first golf tech shop specialising in customised club fitting services in Taman Tun Dr Ismail. In 2012, the club fitting services were transferred and carried out by MST Golf Malaysia. Customised club fitting services is mainly to fit the golf club to the player's physique, swing profile and preferences by customising the specifications such as clubhead, shaft and grip. - In 2005, we expanded our retail presence to Sarawak by opening our first retail outlet in Kuching, Sarawak.
2006 to 2010	- In 2007, we opened a pro shop at the KLGCC with a GFA of 4,421 sq. ft. Subsequently in 2015, we moved to our current location, which is a bigger space within the KLGCC with a GFA of 10,198 sq. ft., our largest pro shop as at the LPD. - In 2007, we organised our first golf festival namely "GolFest" at the KLGCC, including product demonstrations of various brands of golf clubs, as well as exclusive promotions and offers. - In 2008, we were the official golf equipment supplier for the Maybank Malaysian Open 2008. Subsequently, we were appointed as sponsors for professional golf tournaments including CIMB Classic, Sime Darby Ladies Professional Golf Association (LPGA), EurAsia Cup, Maybank Championship and SMBC Singapore Open. - In 2009, we opened a golf academy through our subsidiary, MST Golf Management at the KLGCC. Over the years, we were engaged to facilitate various programmes including: - the National Junior Training Programme by The Malaysian Golf Association and KLGCC, a 1-year training programme for 12 golfers under age of 14; - the LPGA Player Development Programme by Yayasan Sime Darby, a 10-week training programme for women golfers to prepare them for Sime Darby LPGA; - the PGM Peak Performance Development Programme by PGM, a 24-week training programme for male golfers;

7. BUSINESS OVERVIEW (CONT'D)

Year	Key events and milestones
	- the Rising Star Juniors Programme by Yayasan Sime Darby and KLGCC, a 3-phase training programme for youths from disadvantaged backgrounds; and - the KLGCC Peak Performance Junior Programme by KLGCC, a training programme for golfers under age of 14.
	In 2010, we moved our head office from Kepong, Kuala Lumpur to MST Golf Plaza in Subang Jaya, Selangor, which has an attached specialty store with a GFA of 11,023 sq. ft. as well as a warehouse.
2011 to 2015	- Between 2011 and 2015, we secured several agreements with notable brand owners for us to sell their brands of golf equipment including <i>Yamaha</i>, <i>Under Armour</i> and <i>Cutter & Buck</i>. - In 2015, we entered into a tripartite agreement with PGM and UMW Corporation Sdn Bhd for the PGM-UMW Road to Olympics 2016 programme where we carried out the training programme to qualify golfers for the 2016 Olympic Games held in Brazil. Through this programme, 4 golfers were qualified to compete in the 2016 Olympics.
2016 to 2020	- Between 2016 and 2019, we continued to expand our portfolio of notable brands by securing agreements with the brand owners for us to sell their brands of golf equipment including <i>Honma</i>, <i>PXG</i>, <i>TaylorMade</i>, <i>Calvin Klein Golf</i>, <i>Peter Millar</i> and <i>G/Fore</i>. - In 2017, we launched our online platform, https://mstgolf.com as part of our strategy to extend our sales reach. - In the same year of 2017, we opened a retail outlet in Singapore located at Suntec City Mall which was our biggest retail outlet in Singapore then with a GFA of 4,892 sq. ft. which was subsequently expanded to 7,025 sq. ft. in 2020.
2021 and up to the LPD	- In 2022, through MST Golf Arena, we ventured into the operation of an indoor golf centre located at The Gardens Mall, Kuala Lumpur. The indoor golf centre has a GFA of approximately 27,140 sq. ft. which houses 20 golf simulation bays, a simulation putting green as well as dining areas. - In 2022, we also obtained the licence of "THE GOLF LAB" brand from Canada to offer golf coaching lessons under its licenced training programme and customised club fitting services. The golf coaching lessons under "THE GOLF LAB" is performed based on a fixed training programme using various technologies to capture data and analyse golf swings while the golf coaching lessons under the golf academy is dependent on the golf instructors' prescribed lessons. - In 2022, we launched the MST Golf Super App which allows our customers to browse and shop for our products, view their membership details as well as make bookings for our indoor golf centres. - In January 2023, we opened a retail outlet at The Starhill, Kuala Lumpur and this outlet operated under the "MST GOLF PREMIUM" brand which is aimed to focus on the premium range of golf equipment. "MST GOLF PREMIUM" focuses on selected golf equipment including golf clubs, golf balls and accessories and golf apparel which are mainly priced above the average price range of golf equipment that we retail.

7. BUSINESS OVERVIEW (CONT'D)

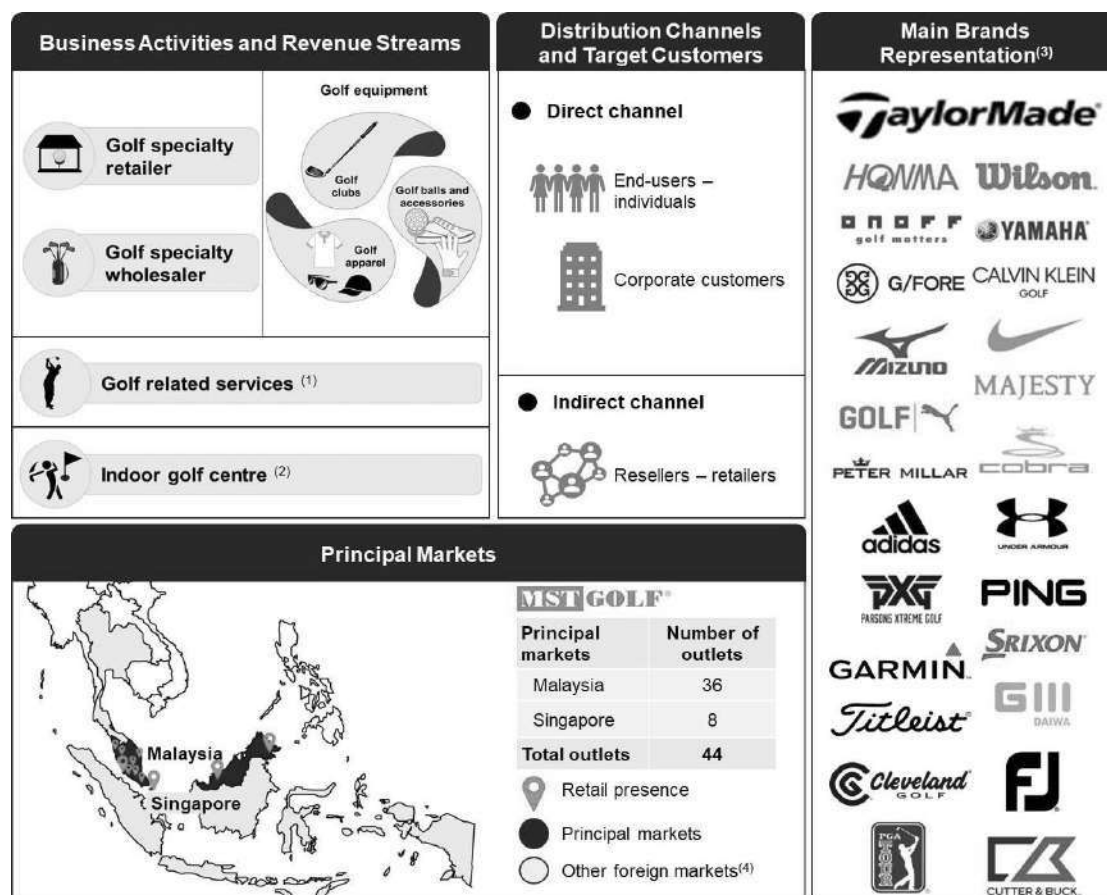
7.2 AWARDS AND RECOGNITIONS

For the Financial Years Under Review and up to the LPD we obtained the following awards:

Year	Key awards	Awarding party
2019	Best Pro Shop in Asia Pacific – First Runner Up	Asia Pacific Golf Group
2019	Best Golf Academy in Asia Pacific – First Runner Up	Asia Pacific Golf Group
2019	SE Asia Distributor Award	TaylorMade
2020	Putra Brand Awards – Bronze	Association of Accredited Advertising Agents Malaysia
2022	Best Golf Retailer in Asia Pacific	Asia Pacific Golf Group
2022	Sin Chew Business Excellence Awards 2022 in Retail Excellence Awards category	Sin Chew Media Corporation Berhad
2022	Putra Brand Awards – Silver	Association of Accredited Advertising Agents Malaysia

7.3 OVERVIEW OF OUR BUSINESS

7.3.1 Our business model



7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) Golf related services include golf coaching, rental of golf equipment mainly golf clubs and golf accessories at our pro shops at golf and country clubs and supply of range balls for use at the driving range that we operate, and event management and planning for golf tournament-related events.
- (2) In February 2022, we opened our first indoor golf centre comprising golf simulation bays, simulation putting greens as well as dining areas. Further, in August 2022, we opened our second indoor golf centre.
- (3) Refers to the top 25 brands based on revenue contribution for the FYE 2021 and FYE 2022.
- (4) Refers to sales to resellers in other foreign countries, mainly Indonesia which accounted for 4.60%, 3.89% 12.29% and 10.33% of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. The remaining foreign countries include Japan, South Korea, Thailand, Philippines, Myanmar, India, Hong Kong, Cambodia, Italy, Vietnam, USA, UK, Belgium, Brunei, Dubai, United Arab Emirates, Taiwan, China, Austria, Australia, France, Portugal, Switzerland, Spain, New Zealand, Canada, South Africa, Germany, Sri Lanka and Netherlands.

7.3.2 Business activities and revenue streams

We are a specialty retailer and wholesaler of golf equipment comprising golf clubs, golf balls and accessories and golf apparel in Malaysia and Singapore. We are a multi-brand operator covering approximately 97 brands of golf equipment as at the LPD. For the FYE 2021 and FYE 2022, the top 25 brands accounted for 87.96% and 87.48% of our total revenue of RM206.52 million and RM300.88 million respectively, which include, among others, *adidas, Calvin Klein Golf, Cleveland GOLF, Cobra, Cutter & Buck, Footjoy, Garmin, G/FORE, GIII, Honma, Majesty, Mizuno, Nike Golf, ONOFF, Peter Millar, PGA Tour, PING, Puma Golf, PXG, Srixon, TaylorMade, Titleist, Under Armour, Wilson and Yamaha*.

7.3.2.1 Retailer

As at the LPD, we have a total of 44 retail outlets in Malaysia and Singapore comprising 23 specialty stores, 19 pro shops and 2 departmental counters. In Malaysia, we operate 30 retail outlets under the "MST GOLF" brand and 6 retail outlets under the "MST GOLF" and "MST ATHLEISURE WEAR" (for golf apparel) brands. In Singapore, we operate 5 retail outlets under the "MST GOLF" brand and 3 retail outlets under the "MST GOLF" and "MST ATHLEISURE WEAR" (for golf apparel) brands. The retail outlets under the "MST GOLF" brand comprise the retail of all golf equipment including golf clubs, golf balls and accessories and golf apparel, while the "MST ATHLEISURE WEAR" brand focuses on the retail sales of golf apparel. For retail outlets with long frontage, we will have both "MST GOLF" and "MST ATHLEISURE WEAR" brands.

The details of our retail outlets as at the LPD are set out below:

Type of retail format	<-----Malaysia----->		<---Singapore--->		<-----Total----->	
	No. of outlets	Total GFA sq. ft.	No. of outlets	Total GFA sq. ft.	No. of outlets	Total GFA sq. ft.
Specialty stores ⁽¹⁾	19	145,566	4	32,567	23	178,133
Pro shops ⁽²⁾	17	33,699	2	1,729	19	35,428
Departmental counters ⁽³⁾	-	-	2	2,434	2	2,434
Total	36	179,265	8	36,730	44	215,995

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) Specialty stores are retail outlets located in standalone buildings, commercial buildings, shop lots and shopping malls. The GFA of our specialty stores in Malaysia range from approximately 2,600 sq. ft. up to 15,000 sq. ft., while for Singapore they range from approximately 700 sq. ft. up to 16,000 sq. ft.
- (2) Pro shops are retail outlets located within golf and country clubs and driving range. The GFA of our pro shops in Malaysia range from approximately 630 sq. ft. up to 2,100 sq. ft. (with the exception of the pro shops at the KLGCC and Pelangi Golf Driving Range, Johor Bahru with a GFA of 10,198 sq. ft. and 4,445 sq. ft. respectively), while for Singapore they range from approximately 760 sq. ft. up to 1,000 sq. ft.
- (3) Departmental counters are retail spaces within departmental stores. The GFA of our 2 departmental counters are approximately 1,000 sq. ft. and 1,500 sq. ft. respectively.

In addition, we have an online platform to provide customers convenient access to shop online for a wide range of golf equipment including golf clubs, golf balls and accessories and golf apparel, and have the goods delivered to their doorsteps.

We have our *ilovegolf* loyalty membership programme to build customer loyalty where our members are entitled to various benefits including cash voucher redemption from their reward points earned from purchases made, special rates for golfing at certain golf and country club during a specific promotional period, exclusive preview of new product launches and exclusive promotions for members for purchases at our retail outlets. Our *ilovegolf* loyalty programme has an established base of approximately 93,995 active members as at the LPD.

We also offer value-added services including the provision of customised club fitting services and repair of golf clubs services. These value-added services are available at 6 of our "MST GOLF" retail outlets located in Kuala Lumpur, Selangor and Johor, as well as 2 of our "MST GOLF" retail outlets in Singapore, which are equipped with repair equipment and tools and taking into consideration the space availability of the retail outlet.

Our total retail business accounted for 86.02% (RM151.35 million), 85.72% (RM145.86 million), 79.24% (RM163.65 million) and 80.20% (RM241.31million) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

7.3.2.2 Wholesaler

We are also a wholesaler of golf equipment comprising golf clubs, golf balls and accessories and golf apparel to retailers operating in Malaysia and Singapore, as well as selling to other foreign countries, mainly Indonesia.

Our wholesale business accounted for 8.93% (RM15.72 million), 10.25% (RM17.43 million), 18.15% (RM37.48 million) and 15.75% (RM47.37 million) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

7.3.2.3 Golf related services

We offer golf related services including providing golf coaching at our golf academy to general public located at the KLGCC, rental of golf equipment mainly golf clubs and golf accessories at our pro shops at the golf and country clubs and supply of range balls for use at driving range that we operate, as well as event management and planning mainly for golf tournament-related events. In addition, we provide golf coaching lessons to the members of The Royal Selangor Golf Club in Kuala Lumpur and we also offer golf coaching lessons under the licenced training programme by "THE GOLF LAB" in our retail outlets located at The Gardens Mall in Kuala Lumpur, Tropicana Gardens Mall in Selangor and City Square in Singapore.

Revenue from golf related services accounted for 5.05% (RM8.88 million), 4.03% (RM6.86 million), 2.61% (RM5.39 million) and 2.78% (RM8.36 million) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

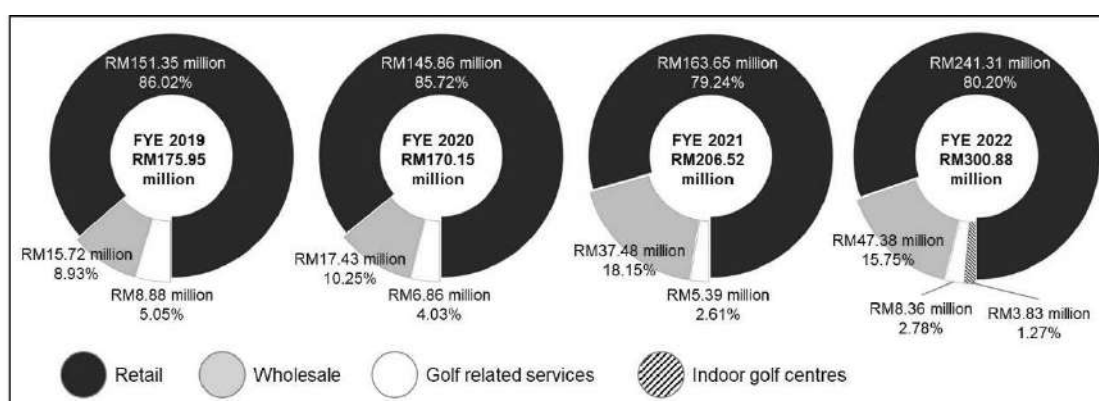
7. BUSINESS OVERVIEW (CONT'D)

7.3.2.4 Indoor golf centre

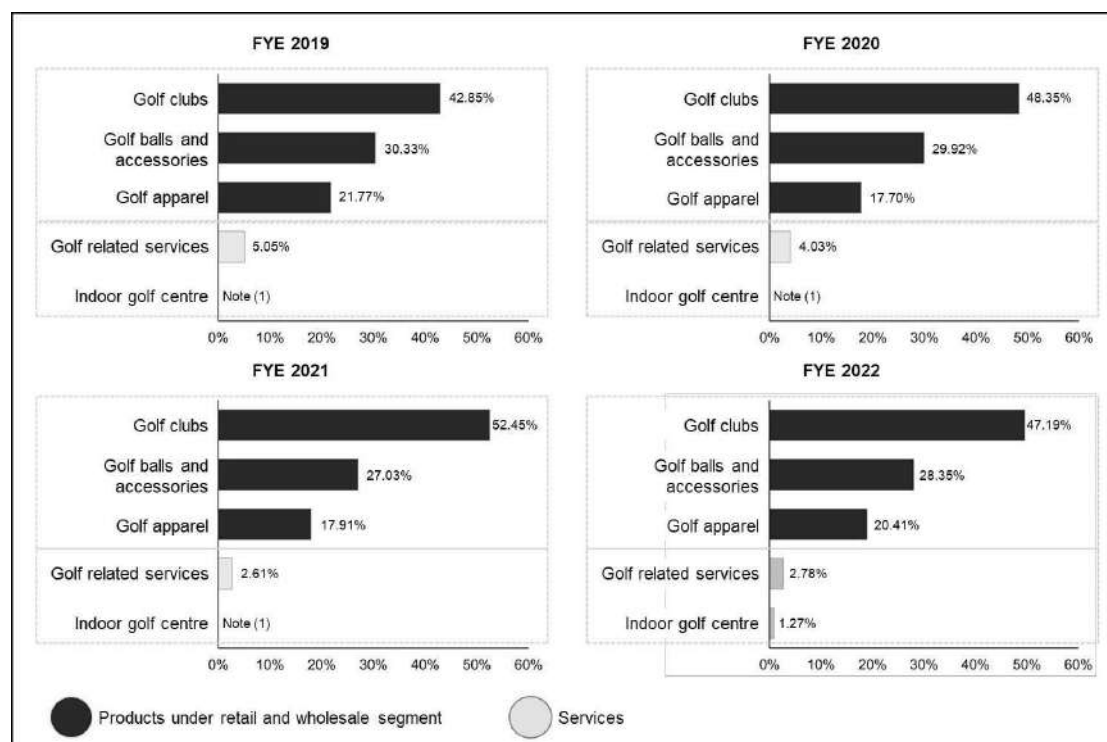
In February 2022, we opened our first indoor golf centre under the "MST GOLF ARENA" brand located at The Gardens Mall in Kuala Lumpur with a GFA of approximately 27,140 sq. ft. which houses 20 golf simulation bays, a simulation putting green as well as dining areas serving food, and alcoholic and non-alcoholic beverages. As at the LPD, we have another indoor golf centre under the "MST GOLF ARENA" brand located at Tropicana Gardens Mall in Selangor with a GFA of approximately 25,732 sq. ft., which houses 18 simulation bays, a putting green and dining areas serving food, and alcoholic and non-alcoholic beverages. The revenue from operation of indoor golf centre accounted for 1.27% (RM3.83 million) of our total revenue for FYE 2022.

7.3.2.5 Revenue contribution by business activities

Our revenue contributions by business activities for the Financial Years Under Review are set out below:



Our revenue breakdown by products and services for the Financial Years Under Review is set out below:



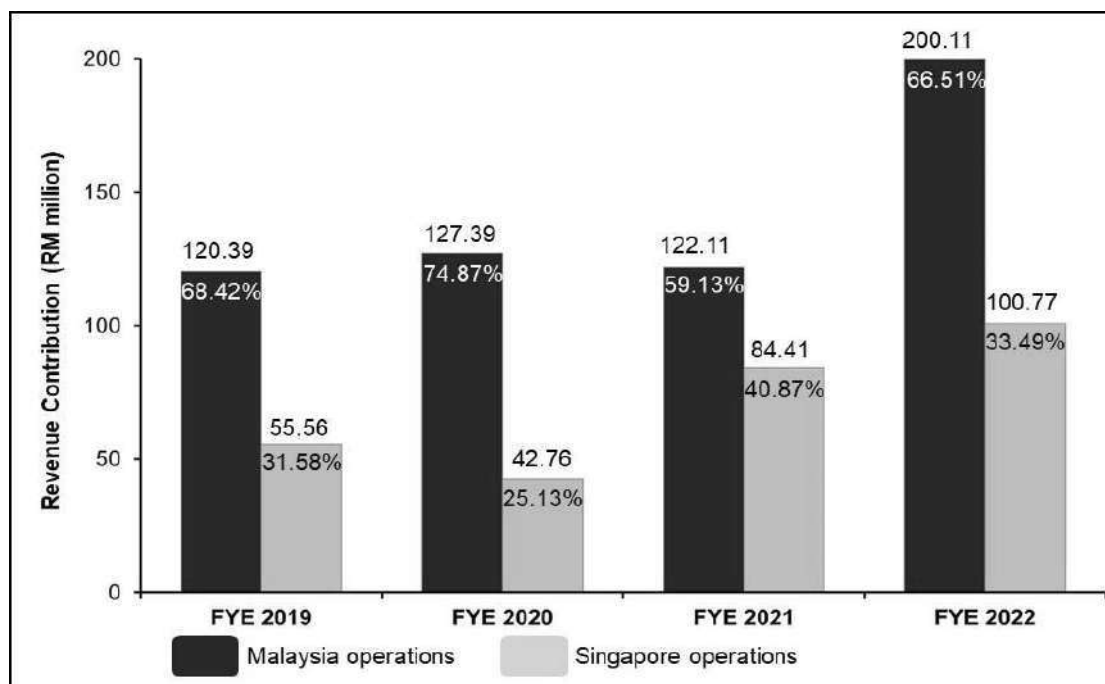
7. BUSINESS OVERVIEW (CONT'D)

Note:

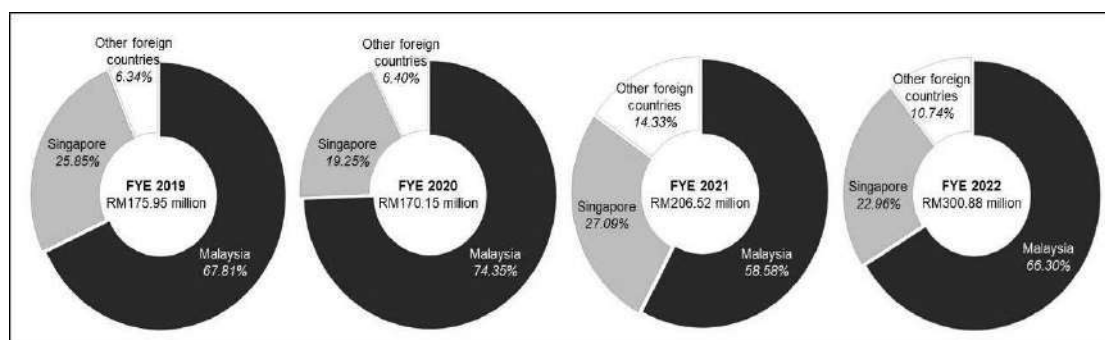
- (1) In February 2022, we opened our first indoor golf centre comprising golf simulation bays, simulation putting greens as well as dining areas. Further, in August 2022, we opened our second indoor golf centre.

7.3.3 Principal markets

Our principal markets as well as our operational bases are in Malaysia and Singapore. Our revenue by the geographical location of our business operations for the Financial Years Under Review is set out below:



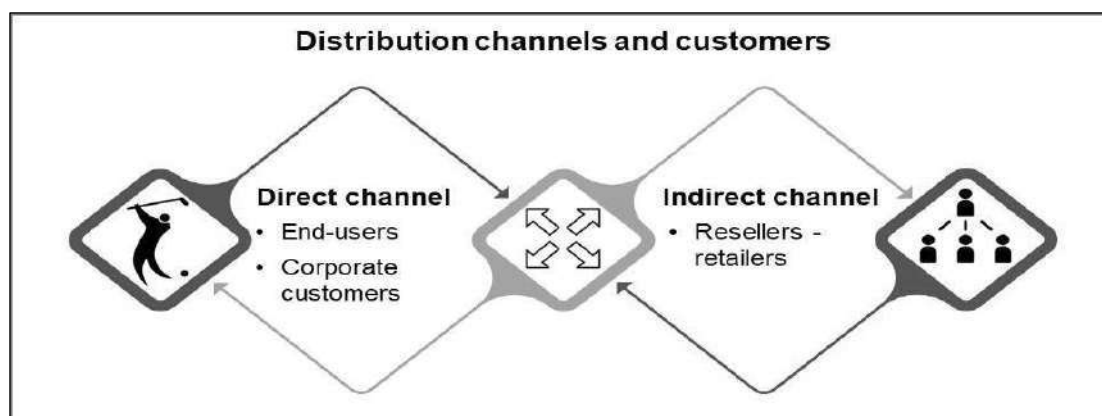
Our operational bases are in Malaysia and Singapore and we also sell our products to resellers in other foreign countries, mainly Indonesia during the Financial Years Under Review. Our revenue breakdown by sales made to various countries for the Financial Years Under Review is set out below:



7. BUSINESS OVERVIEW (CONT'D)

7.3.4 Distribution channels and target customers

We utilise both direct and indirect distribution channels as follows:



We mainly adopt a direct distribution channel strategy where we sell products to customers who are users of our products including end-users who are individuals and corporate customers. Our direct distribution channel sales are mainly made through our retail outlets in Malaysia and Singapore, and online platform. Our customers for the golf related services and indoor golf centres are mainly end-users who are individuals that procure the golf related services including golf coaching, rental of golf equipment mainly golf clubs and golf accessories at our pro shops at golf and country clubs and supply of range balls for use at the driving range that we operate. In addition, our Group also serves corporate customers for event management and planning mainly for golf tournament-related events. Our direct distribution channel represented 91.07%, 89.75%, 81.85% and 84.25% of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

Our indirect distribution channel is where we carry out wholesale of our products to resellers who are retailers in Malaysia, Singapore as well as other foreign countries, mainly Indonesia. The strategy of using indirect distribution channel will enable us to gain access to a wider market, especially in foreign countries. Our indirect distribution channel represented 8.93%, 10.25%, 18.15% and 15.75% of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

The revenue contribution by distribution channels and types of customers for the Financial Years Under Review is set out below:

	<--FYE 2019-->		<----FYE 2020---->		<---FYE 2021--->		<---FYE 2022--->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Direct distribution	160,234	91.07	152,715	89.75	169,043	81.85	253,501	84.25
• End-users ⁽¹⁾	146,184	83.08	145,745	85.65	159,984	77.46	240,822	80.04
• Corporate customers ⁽²⁾	14,050	7.99	6,970	4.10	9,059	4.39	12,679	4.21
Indirect distribution	15,716	8.93	17,437	10.25	37,476	18.15	47,374	15.75
• Resellers - retailers	15,716	8.93	17,437	10.25	37,476	18.15	47,374	15.75
Total revenue	175,950	100.00	170,152	100.00	206,519	100.00	300,875	100.00

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) Includes retail customers as well as individuals who are enrolled in our golf coaching and rental of golf equipment mainly golf clubs and golf accessories at our pro shops at golf and country clubs and supply of range balls for use at driving range that we operate, as well as customers for indoor golf centres who are individuals.
- (2) Includes sales of golf equipment as well as the organisation of golf-related events such as golf tournaments.

7.4 OUR COMPETITIVE STRENGTHS

7.4.1 We are a golf specialty retailer providing a wide variety of golf equipment comprising golf clubs, golf balls and accessories and golf apparel, and notable brands which will help sustain and grow our business

We are a multi-brand specialised retailer of golf equipment where we sell approximately 12,000 SKU and approximately 97 brands of golf equipment as at the LPD. Our retail sales accounted for 86.02% (RM151.35 million), 85.72% (RM145.86 million), 79.24% (RM163.65 million) and 80.20% (RM241.31 million) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

One of our key strengths is that we carry a large range of notable brands of golf equipment including, among others, *adidas*, *Calvin Klein Golf*, *Cleveland GOLF*, *Cobra*, *Cutter & Buck*, *Footjoy*, *Garmin*, *G/FORE*, *GIII*, *Honma*, *Majesty*, *Mizuno*, *Nike Golf*, *ONOFF*, *Peter Millar*, *PGA Tour*, *PING*, *Puma Golf*, *PXG*, *Srixon*, *TaylorMade*, *Titleist*, *Under Armour*, *Wilson* and *Yamaha*. For the FYE 2021 and FYE 2022, the revenue from these top 25 notable brands accounted for 87.96% and 87.48% of our total revenue of RM206.52 million and RM300.88 million respectively.

Golf equipment was our main revenue contributor through retail and wholesale sales which represented 94.95% (RM167.07 million), 95.97% (RM163.29 million), 97.39% (RM201.13 million) and 95.95% (RM288.68 million) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively, which recorded a CAGR of 20.00% between FYE 2019 and FYE 2022.

The main benefit of carrying an extensive range of golf equipment and notable brands is to provide a one-stop golf equipment retail environment to suit the needs of different target groups of consumers. Our wide range of notable branded golf equipment appeals to a wide cross section of golf players including new, amateur, experienced and professional golfers who have their respective preferred brands and/or price point of golf equipment. In addition, we provide repair and customisation services of golf clubs in 6 of our retail outlets located in Kuala Lumpur, Selangor and Johor, as well as 2 of our retail outlets in Singapore, and golf coaching at our golf academy at the KLGCC. All these are aimed at creating customer loyalty and at the same time creating brand awareness to attract new customers to sustain and grow our business.

Our wide range of products and notable brands will encourage retail sales and facilitating customer loyalty by being their retail outlet of choice to sustain our business and at the same time grow our business with new customers.

7. BUSINESS OVERVIEW (CONT'D)

7.4.2 We have a long operating track record with an established retail brand and wide market coverage through our retail outlets in Malaysia and Singapore to sustain and grow our business

Our "MST GOLF" brand has been operating in Malaysia and Singapore since we established our first golf retail outlet in Malaysia and Singapore in 1991 and 2000 respectively. Since then, we have expanded our retail of golf equipment to a total of 36 retail outlets in Malaysia and 8 retail outlets in Singapore as at the LPD. In Malaysia, we have retail outlets in 8 states and 2 federal territories covering the west coast of Peninsular Malaysia, Sarawak and Sabah in East Malaysia. Our wide retail presence enables us to address a relatively large potential market size in Malaysia and Singapore to sustain and grow our business.

Our presence as a chain of golf retail outlets has enabled us to increase our profile and market awareness of our "MST GOLF" brand in Malaysia and Singapore. Our established brand name and market presence provide us with a distinct competitive advantage, especially in the consumer market, to assist in creating brand awareness and loyalty, which are key to business sustainability and growth.

In addition, we have our *ilovegolf* loyalty membership programme launched in 2005 as part of our marketing to promote our products and services, as well as to build customer loyalty where our members are entitled to various benefits including cash voucher redemption from their reward points earned from purchases made, special rates for golfing at certain golf and country club during a specific promotional period, exclusive preview of new product launches and exclusive promotions for members for purchases at our retail outlets. Our *ilovegolf* loyalty programme has an established base of approximately 93,995 active members as at the LPD, which provides us with a base of loyal customers. The sales generated from our *ilovegolf* members contributed approximately 57.34%, 73.20%, 72.12% and 75.68% of our total retail revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. Our established track record as a specialty retailer of golf equipment will continue to serve as a platform for our business growth and sustainability.

7.4.3 We have subsisting agreements to sell several global brands of golf equipment comprising golf clubs, golf balls and accessories and golf apparel in Malaysia and Singapore as well as other foreign countries, mainly Indonesia

We are a multi-brand operator covering approximately 97 brands of golf equipment as at the LPD. For the FYE 2021 and FYE 2022, the top 25 brands accounted for 87.96% (RM181.66 million) and 87.48% (RM263.22 million) of our total revenue respectively, which include, among others, *adidas*, *Calvin Klein Golf*, *Cleveland GOLF*, *Cobra*, *Cutter & Buck*, *Footjoy*, *Garmin*, *G/FORE*, *GIII*, *Honma*, *Majesty*, *Mizuno*, *Nike Golf*, *ONOFF*, *Peter Millar*, *PGA Tour*, *PING*, *Puma Golf*, *PXG*, *Srixon*, *TaylorMade*, *Titleist*, *Under Armour*, *Wilson* and *Yamaha*.

Out of the top 25 brands, we have subsisting agreements for 19 brands which allow us to sell golf equipment in Malaysia and/or Singapore and/or other countries. These 19 brands accounted for 59.56% (RM104.79 million), 60.78% (RM103.42 million), 71.86% (RM148.41 million) and 71.65% (RM215.58 million) of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. This enables us to offer a wide range of brand and product choices to meet the needs of different target customers.

7. BUSINESS OVERVIEW (CONT'D)

These brands and a summary of the key information is set out below:

Brands	<-----Exclusivity----->		Product category	Renewable	Territory	Validity period
	Exclusive	Non-exclusive				
Appointed distributor						
Calvin Klein Golf	✓		Golf balls and accessories and golf apparel	✓	Malaysia and Singapore	14 Nov 2022 - 31 Dec 2025
Cutter & Buck	✓		Golf balls and accessories and golf apparel	✓	Malaysia, Singapore, Thailand and Vietnam	1 Oct 2020 – 31 Dec 2024
G/FORE		✓	Golf balls and accessories and golf apparel	✓	Malaysia, Singapore and Indonesia	1 Apr 2019 – 1 Apr 2025
GIII	✓ ⁽³⁾	✓ ⁽³⁾	Golf clubs, golf balls and accessories	✓	Malaysia, Singapore, Indonesia, Thailand, Vietnam and Myanmar	1 Jan 2022 – 31 Dec 2024
Honma	✓		Golf clubs, golf balls and accessories	✓	Malaysia	1 Apr 2023 – 31 Mar 2025
Majesty	✓		Golf clubs, golf balls and accessories	✓	Malaysia, Singapore and Indonesia	1 Dec 2018 – 31 Dec 2023
Mizuno	✓ ⁽⁴⁾	✓ ⁽⁴⁾	Golf clubs, golf balls and accessories	⁽²⁾	Malaysia and Singapore	1 Jan 2022 – 31 Dec 2024
ONOFF	✓ ⁽³⁾	✓ ⁽³⁾	Golf clubs, golf balls and accessories	✓	Malaysia, Singapore, Indonesia, Thailand, Vietnam and Myanmar	1 Jan 2022 – 31 Dec 2024

7. BUSINESS OVERVIEW (CONT'D)

Brands	<-----Exclusivity----->		Product category	Renewable	Territory	Validity period
	Exclusive	Non-exclusive				
<i>Peter Millar</i>		✓	Golf balls and accessories and golf apparel	✓	Malaysia, Singapore and Indonesia	1 Apr 2019 – 1 Apr 2025
<i>PGA Tour</i>	✓ ⁽⁵⁾	✓ ⁽⁵⁾	Golf balls and accessories and golf apparel	⁽²⁾	Malaysia and Singapore	8 Mar 2012 – 31 Dec 2023
<i>PXG</i>		✓	Golf equipment	⁽¹⁾	Malaysia and Singapore	Commenced 16 Jul 2022 ⁽¹⁾
<i>TaylorMade</i>	✓		Golf equipment	✓	Malaysia, Singapore and Indonesia	1 Oct 2018 – 31 Dec 2023
<i>Wilson</i>	✓ ⁽⁶⁾	✓ ⁽⁶⁾	Golf clubs, golf balls and accessories	⁽²⁾	Malaysia and Singapore	1 Jan 2023 – 31 Dec 2025
<i>Yamaha</i>	✓		Golf clubs, golf balls and accessories	⁽¹⁾	Malaysia, Singapore, Indonesia and Vietnam	Commenced 1 Apr 2011 ⁽¹⁾
Appointed retailer						
<i>adidas</i>		✓	Golf balls and accessories and golf apparel	⁽²⁾	Malaysia Singapore	1 Jan 2023 – 31 Dec 2023 1 Jan 2023 – 31 Dec 2023
<i>Cobra</i>		✓	Golf clubs, golf balls and accessories	⁽²⁾	Malaysia and Singapore	1 Jan 2023 – 31 Dec 2023
<i>Nike Golf</i>		✓	Golf balls and accessories and golf apparel	✓	Malaysia and Singapore	1 Jun 2023 – 31 May 2026

7. BUSINESS OVERVIEW (CONT'D)

Brands	<-----Exclusivity----->		Product category	Renewable	Territory	Validity period
	Exclusive	Non-exclusive				
<i>Puma Golf</i>		✓	Golf balls and accessories and golf apparel	(2)	Malaysia Singapore	1 Jan 2023 – 31 Dec 2024 1 Jan 2023 – 31 Dec 2023
<i>Under Armour</i>		✓	Golf balls and accessories and golf apparel	✓	Malaysia	1 Jan 2022 – 31 Dec 2024

Notes:

- (1) There is no express expiry date stated in the agreement.
- (2) There is no express renewal clause stated in the agreement.
- (3) We are the Appointed exclusive distributor in Malaysia, Singapore, Indonesia and Myanmar and are the Appointed non-exclusive distributor in Thailand and Vietnam.
- (4) We are the Appointed exclusive distributor in Malaysia and are the Appointed non-exclusive distributor in Singapore.
- (5) We have been granted the exclusive right and licence to use the "PGA TOUR" name and logo when used in a private label programme and the non-exclusive right and licence to use the tournament collection name and logo.
- (6) We have been granted the exclusive right to sell and distribute all "Wilson" branded products covering golf sports which the brand principal determines as appropriate for sale and distribution with the exception of golf apparels, and the non-exclusive right to sell and distribute golf apparels.

7. BUSINESS OVERVIEW (CONT'D)

In addition, we have agreements with some of these global brands which allow us to sell golf equipment to other resellers including retailers, which enlarges our addressable market size to provide us with business sustainability and growth. For the remaining 6 of the top 25 brands without agreements namely *Cleveland GOLF*, *Footjoy*, *Garmin*, *PING*, *Srixon* and *Titleist*, we commonly purchase the golf equipment from the brand owners or local suppliers based on confirmed purchase orders as and when required, and we ensure payments are made based on the credit term granted by these suppliers to ensure continuity in our business relationship with them.

As at the LPD, our Group's business or profitability is not materially dependent on the above 19 subsisting agreements or arrangement with the brand owners and/or their representatives. Save for FYE 2022, notwithstanding the increasing trend in revenue contribution from these 19 brands for FYE 2019 to FYE 2021, our Group is not materially dependent on any one of these 19 brands in view of the following:

- (i) as we are a multi-brand operator covering approximately 97 brands of golf equipment, we are able to shift our retail and/or wholesale focus to other brands if our Group loses our distributorship with any one of the 19 brand owners or their representatives;
- (ii) in the event of non-renewal, withdrawal or termination of agreements by any of these 19 brand owners and/or their representatives, we will source the said products from other appointed distributors or resellers of the said brand of products. However, if we source the said brand of products from other appointed distributors or resellers, we may not be able to secure terms that are comparable to those under our existing agreements which may have an impact on our business operations and financial performance mainly our profitability; and
- (iii) we have a market share of 51.00% of the import of golf equipment into Malaysia and are the largest chain of golf specialty retailer with a total of 36 retail outlets in Malaysia in FYE 2022 (*Source: IMR Report*). As such, given our Group's position in the market, brand owners or their representatives would be more inclined to work with our Group to distribute/resell their products.

In view of the above, the loss of any one of these 19 brands is not expected to have any adverse material impact on our Group's business operations and financial performance.

In 2021, we enlarged our addressable market in foreign countries when we secured the distributorship of Supplier A's brand of golf equipment in Indonesia. This was demonstrated in the increase in our revenue for the sales of golf equipment to retailers in Indonesia, which increased from RM8.09 million in FYE 2019 to RM31.10 million in FYE 2022.

7.4.4 We have 2 operating trade models comprising retail and wholesale to provide us with the platform for business growth

We have 2 key pillars of revenue streams, namely retail and wholesale. Our retail operations allow us to engage directly with our customers through our network of golf retail outlets, while our wholesale operations enlarge our market coverage through third party resellers.

For the Financial Years Under Review, our retail segment contributed 86.02%, 85.72%, 79.24% and 80.20%, while our wholesale segment contributed 8.93%, 10.25%, 18.15% and 15.75% of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

As at the LPD, our retail operations are supported by our chain of 36 retail outlets located in the urban areas in Malaysia, and 8 retail outlets in Singapore. For the FYE 2019, FYE 2020, FYE 2021 and FYE 2022, we have 63, 65, 90 and 89 wholesale customers respectively who are mainly resellers located in Malaysia, Singapore as well as other countries mainly Indonesia.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, our wholesale customers mainly include resellers in Malaysia, Singapore and Indonesia. There are an estimated 243, 28 and 170 golf courses in Malaysia, Singapore and Indonesia in 2020 (based on the latest available data) (*Source: IMR Report*). Out of all these golf courses, we have 17 and 2 pro shops in Malaysia and Singapore respectively, and none in Indonesia as at the LPD. In this respect, our wholesale operations enable us to address potential customers that are not well served by us to contribute to our business sustainability and growth.

Our 2 key pillars of retail and wholesale operations provide us with a wide market coverage to reach out to target customers to sustain and grow our business in Malaysia and Singapore.

7.4.5 We are the market leader in the sales of golf equipment comprising golf clubs, golf balls and accessories and golf apparel in Malaysia

In 2022, we had a market share of 51.00% of golf equipment imported into Malaysia. In addition, the Group is the largest chain of golf specialty retailer with a total of 36 retail outlets in Malaysia (*Source: IMR Report*). Our market leadership demonstrates our ability to provide golf equipment to appeal to a large customer base to help sustain and grow our business.

Our market leadership position in Malaysia will also provide us with the platform to grow our other areas of business including our indoor golf centre, golf academy and organisation of corporate and international golf tournaments and events.

7.4.6 We have experienced Executive Directors and key senior management to sustain and grow our business

We have an experienced management team headed by our Executive Directors, including Low Kok Poh (Executive Chairman) who is responsible for managing our Group's public relations and business development via establishing business and marketing networking, and maintaining our Group's business relationships with the brands, customers and suppliers and Ng Yap Sio (Group Chief Executive Officer) who is responsible for the overall performance, management, business strategies and growth of our Group. Each of them brings more than 31 years of experience in the golf equipment industry. They are supported by Ng Lian Chun (Executive Director) who is responsible for corporate affairs and brings with him more than 43 years of experience in accounting and finance.

Our Executive Directors are supported by our key senior management team including:

- Yong Wai Chien, our Chief Operating Officer, brings with her 29 years of experience in relation to the golf retail business;
- Heng Kok Wee, our Chief Financial Officer, brings with him 21 years of experience in accounting and finance related matters;
- Tan Chia Loon, our Senior Manager - Marketing, brings with him 22 years of experience in relation to golf; and
- James Pang Yun Ming, our Executive Director of MST Golf Singapore, brings with him 35 years of experience in relation to golf.

We believe our experienced management team will help to sustain and grow our business. Please refer to Section 9 of this Prospectus for the profile of our Executive Directors and key senior management.

7. BUSINESS OVERVIEW (CONT'D)

7.5 MODE OF OPERATIONS

7.5.1 Retail operations

Our mode of operation for our retailing activities is mainly based on cash, credit card, debit card and e-wallet. For credit cards, debit cards and e-wallet, we will receive the money from the issuing credit card or debit card company or e-wallet operator between 1 to 3 days following the transaction date.

We have an exchange policy of one-to-one exchange for golf equipment including golf clubs, golf balls and accessories and golf apparel purchased through our retail outlets including our specialty stores, pro shops and departmental stores in Malaysia and Singapore within 14 days from the date of purchase subject to the terms and conditions stipulated in the receipt.

For online purchase, we have a return policy for golf equipment including golf clubs, golf balls and accessories and golf apparel purchased via our online platform within 30 days from the receiving date subject to the terms and condition.

For sales to corporate customers, typically we will collect a deposit upon confirmation of purchase orders which is usually 30% to 50% of the purchase order, and the remaining payment is to be made upon delivery, with credit terms between 30 to 60 days. We commonly do not have a return or exchange policy for the corporate sales of customised products.

Generally, we provide product warranty against manufacturers' defects for golf clubs and certain golf accessories such as golf bags and golf shoes as well as golf apparel where we have back-to-back warranty arrangements with the brand owners or suppliers. For golf balls and other golf accessories such as tees and markers, we do not provide product warranty.

7.5.2 Wholesale operations

Our mode of operation for wholesale trade is that our customers will place purchase orders, which we will fulfil within a week. We would normally invoice our wholesale customers upon delivery with cash terms or credit terms of up to 60 days. We do not have a return or exchange policy for our wholesale trade.

Generally, we provide product warranty against manufacturers' defects for golf clubs and certain golf accessories such as golf bags and golf shoes as well as golf apparel, and we have back-to-back warranty arrangements with the brand owners or suppliers. For golf balls and other accessories, we do not provide product warranty.

7.5.3 Golf related services

Our golf related services include golf coaching where customers pay per lesson or purchase a voucher for golf lessons which has a validity period of 6 months. There is no refund policy for customers who do not use the voucher within the validity period. These are paid for in cash, credit card, debit card and e-wallet. For credit cards, debit cards and e-wallet, we will receive the money from the issuing credit card or debit card company or e-wallet operator between 1 to 3 days following the transaction date.

We also rent golf equipment such as golf clubs at our pro shops for customers to use at golf and country clubs and supply range balls for use at driving range we operate. These are paid for in cash, credit card, debit card or e-wallet. For credit cards, debit cards and e-wallet, we will receive the money from the issuing credit card or debit card company or e-wallet operator between 1 to 3 days following the transaction date. We do not have a refund policy for the rental of golf equipment for use at golf and country clubs and a supply of range balls for use at the driving range.

Our mode of operation for event management and planning is that our customers will place purchase orders which sets out the scope of work and delivery dates. Invoices will be issued to our customers based on the services rendered and generally with credit terms between 30 to 60 days.

7. BUSINESS OVERVIEW (CONT'D)

7.5.4 Indoor golf centre

We operate indoor golf centres mainly based on cash, credit card, debit card and e-wallet. For credit cards, debit cards and e-wallet, we will receive the money from the issuing credit card or debit card company or e-wallet operator between 1 to 3 days following the transaction date.

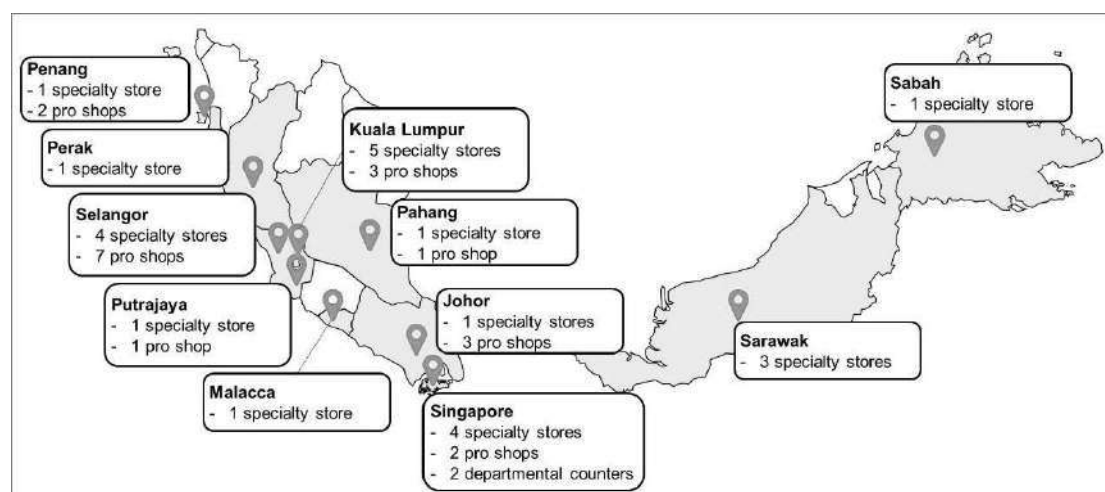
7.6 PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

7.6.1 Retail

Revenue from our retail segment accounted for 86.02% (RM151.35 million), 85.72% (RM145.86 million), 79.24% (RM163.65 million) and 80.20% (RM241.31 million) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

As a specialty golf retailer, we specialise in retailing golf equipment comprising golf clubs, golf balls and accessories and golf apparel. Our retail operations are supported by a chain of retail outlets located in Malaysia and Singapore, as well as an online platform. In addition, we provide value-added services to our retail customers including the provision of customised club fitting and repair of golf clubs services at our retail outlets.

As at the LPD, we operate a total of 44 retail outlets comprising 36 outlets in Malaysia across 8 states and 2 federal territories, and 8 outlets in Singapore. The locations and types of retail outlets are set out below:



7.6.1.1 Our retail outlets

We operate the following 3 retail outlet formats listed in descending order of size of GFA:

- specialty stores;
- pro shops; and
- departmental counters.

(i) Specialty stores

As at the LPD, we have 23 specialty stores operating under the "MST GOLF" brand located in standalone buildings, commercial buildings, shop lots and shopping malls. Of the total 23 specialty stores, we have 19 specialty stores in Malaysia with GFA ranging from approximately 2,600 sq. ft. up to 15,000 sq. ft. and 4 specialty stores in Singapore with GFA ranging from approximately 700 sq. ft. up to 16,000 sq. ft.

7. BUSINESS OVERVIEW (CONT'D)

Our specialty stores are dedicated mainly to golf equipment comprising golf clubs, golf balls and accessories and golf apparel. In addition to retailing golf equipment, some of our specialty stores also provide customised club fitting and repair of golf clubs services. Typically, our specialty stores carry a wider range of products compared to our other retail formats.

Our standalone specialty stores in Malaysia



Top: Our specialty store and head office at our owned MST Golf Plaza in Subang Jaya, Selangor; Bottom: Our specialty store at PJ Federal Highway in Selangor on third party owned property

Our specialty stores in shopping malls in Malaysia



Left: Our specialty store at The Gardens Mall in Kuala Lumpur; Right: Our specialty store at IOI City Mall in Putrajaya

7. BUSINESS OVERVIEW (CONT'D)

Our specialty stores in commercial building and shoplot in Malaysia



* The above are third party owned properties.

Top left: Our specialty store at Wisma UOA 2, Kuala Lumpur; Bottom left: Our specialty store at Plaza Shell, Sabah; Right: Our specialty store at Ipoh, Perak

(ii) Pro shops

Pro shops refer to golf retail outlets located within golf and country clubs mainly targeting club members and their guests, as well as driving range. As at the LPD, we have 17 pro shops with GFA ranging from approximately 630 sq. ft. up to 2,100 sq. ft. in Malaysia (with the exception of the pro shops located at the KLGCC and Pelangi Golf Driving Range, Johor Bahru with GFA of 10,198 sq. ft. and 4,445 sq. ft. respectively), and 2 pro shops with GFA ranging from approximately 760 sq. ft. up to 1,000 sq. ft. in Singapore.

Our pro shops retail golf equipment including golf clubs, golf balls and accessories and golf apparel. We also provide rental of golf equipment mainly golf clubs and golf accessories such as golf shoes, bags and trolleys.

Our pro shops in Malaysia



Left: Our pro shop at Templer Park Country Club, Selangor; Right: Our pro shop at the KLGCC, Kuala Lumpur.

7. BUSINESS OVERVIEW (CONT'D)

(iii) Departmental counters

Departmental counters refer to retail spaces within departmental stores with dedicated space for us to retail our golf equipment comprising golf clubs, golf balls and accessories and golf apparel. We have our retail sales personnel at the departmental counters to promote, offer assistance and sell our products. We currently operate 2 departmental counters in Singapore with GFA of approximately 1,000 sq. ft. and 1,500 sq. ft. respectively.

Departmental counters provide convenience to customers as they can shop for golf equipment as well as other consumer items. Additionally, departmental counters also benefit from impulse buying where customers may originally have no intention to visit a golf retail outlet. We also benefit from brand awareness among shoppers of the departmental stores.

Our departmental counters in Singapore



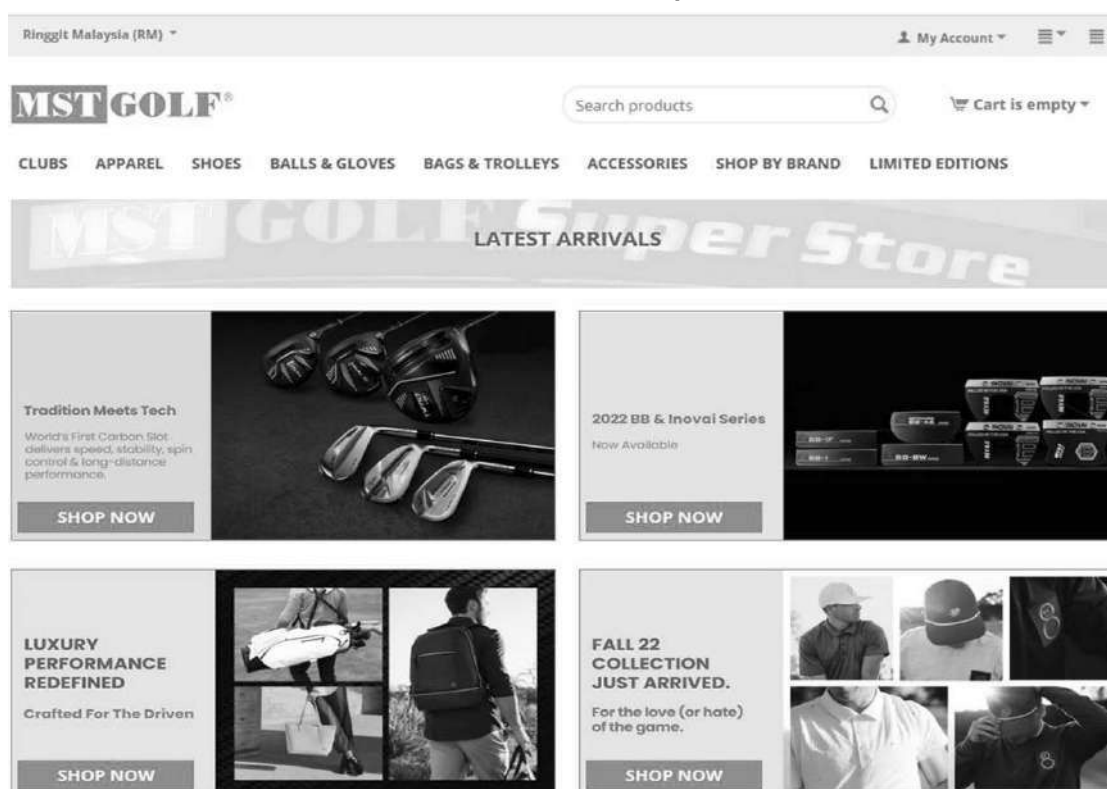
Top: Our departmental counter at Takashimaya Singapore; Bottom: Our departmental counter at ISETAN Singapore

7.6.1.2 Our online platform

In 2017, we launched our online platform, <https://mstgolf.com> to extend our reach to a wider group of customers mainly in Malaysia. Our online platform mainly provides our customers convenient access to shop online for our wide range of golf equipment including golf clubs, golf balls and accessories and golf apparel, and have the goods delivered to their doorsteps. All goods are delivered from our warehouse located at MST Golf Plaza in Subang Jaya, Selangor and the delivery of goods is fulfilled using third-party delivery service providers.

7. BUSINESS OVERVIEW (CONT'D)

Screenshot of our online platform



Our online platform provides shopping convenience 24 hours a day, 7 days a week in the comfort of homes or anywhere with an internet connection. It expands our market coverage to states and places in Malaysia where we do not have physical outlets. At the same time, our online presence serves as one of our marketing efforts to create awareness, carry out regular promotions and introduce new and limited editions of golf equipment.

7.6.1.3 Provision of customised club fitting and repair services

As part of our value-added services to our retail customers, we provide customised club fitting and repair of golf clubs services. Customised club fitting service is mainly to fit the golf club to the player's physique, swing profile and preferences by customising the specifications such as clubhead, shaft and grip. Our repair of golf club services includes shaft replacement, regripping, adjustment of golf clubs, extension and shortening of shaft.

As at the LPD, we have 13 fitters based in 6 of our retail outlets located in Kuala Lumpur, Selangor and Johor, as well as 2 fitters in 2 of our retail outlets in Singapore to provide club fitting services for our customers. As at the LPD, we have club fitting facility that operates under "THE GOLF LAB" in the retail outlets at The Gardens Mall in Kuala Lumpur, Tropicana Gardens Mall in Selangor and City Square in Singapore.

Our value-added services are our efforts to provide comprehensive products and services to our customers to create brand loyalty and brand image of a one-stop centre for golf equipment and services.

7. BUSINESS OVERVIEW (CONT'D)

7.6.1.4 Corporate sales

We also make sales to corporate customers where they purchase our products mainly golf balls and accessories, as well as golf clubs and golf apparel for corporate golf tournaments. Based on our customers' orders, we provide product customisation such as printing or embroidery corporate logos or names onto the golf equipment. The customised logo merchandise is commonly for corporate tournament use.

Customised golf equipment



7.6.2 Wholesale

Revenue from our wholesale segment accounted for 8.93% (RM15.72 million), 10.25% (RM17.43 million), 18.15% (RM37.48 million) and 15.75% (RM47.37 million) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

Under our wholesale segment, we distribute golf equipment including golf clubs, golf balls and accessories and golf apparel to resellers in Malaysia, Singapore and other foreign countries mainly Indonesia. These resellers will subsequently resell the products in their original form through their existing network, mainly comprising retail outlets.

As at the LPD, we have subsisting distribution agreements that allow us to sell wholesale for 14 out of our top 25 brands for FYE 2021 and FYE 2022. These brands include, among others, *Calvin Klein Golf, Cutter & Buck, G/FORE, GIII, Honma, Majesty, Mizuno, ONOFF, Peter Millar, PGA Tour, PXXG, TaylorMade, Wilson and Yamaha*.

Our wholesale business enables us to extend our market coverage through the sales and retailing network of our customers who are mainly retailers.

7.6.3 Golf related services

Revenue from golf related services accounted for 5.05% (RM8.88 million), 4.03% (RM6.86 million), 2.61% (RM5.39 million) and 2.78% (RM8.36 million) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

7. BUSINESS OVERVIEW (CONT'D)

7.6.3.1 Golf coaching

We provide golf coaching including individual and group lessons for all ages and skill levels. The lessons are carried out at our golf academy located at the KLGCC for the general public and we also provide golf coaching lessons to the members of The Royal Selangor Golf Club in Kuala Lumpur. In addition, we also provide golf lessons under the licenced training programme by "THE GOLF LAB" in the retail outlets at The Gardens Mall in Kuala Lumpur, Tropicana Gardens Mall in Selangor and City Square in Singapore. The licence of "THE GOLF LAB" brand was obtained from Mucklow Golf Inc, Canada which allows us to carry out the licenced training programme. This licenced training programme is a private training programme and is not governed by any authorities.

As at the LPD, we have 21 instructors of which 10 are our employees and 11 are contract instructors. All the instructors are based in Malaysia, save for 1 instructor who is based in Singapore. 19 instructors are professional golfers who are members of the professional golfers' associations in Malaysia, South Africa, UK, China, Canada or Australia. 4 instructors are "THE GOLF LAB" certified instructors.

Golf coaching – individual lessons



** The above are third party owned properties.*

7.6.3.2 Golf event management and planning services

We provide golf event management and planning services mainly for corporate golf tournaments. We provide end-to-end services from planning, coordinating with external vendors, selecting and booking venues, event design and set-up as well as running golf tournaments. We often make corporate sales of our products when carrying our golf event management and planning.

7. BUSINESS OVERVIEW (CONT'D)

From the FYE 2022 and up to the LPD, we were engaged as event management organiser for corporate golf tournament events as set out below:

Year	Event name	Country
2022	MercedesTrophy 2022	Malaysia
	Standard Chartered Golf Tournament	Malaysia
	PDRM FC Golf Challenge	Malaysia
	MST Golf Honma ilovegolf Tournament	Malaysia
	Make-A-Wish Charity Golf Tournament	Malaysia
	UA Golf Day	Malaysia
	CIMB Golf Invitational	Malaysia
	Taylormade ilovegolf Tournament	Malaysia
	Omega Trophy	Malaysia
	adidas Golf Day	Malaysia
	HSBC Road to Champions	Malaysia
	Alliance Bank Golf Tournament	Malaysia
	Coca-Cola Charity Golf Day	Malaysia
	MST Golf Srixon ilovegolf Tournament	Malaysia
	Time Roll To The Holes 3.0	Thailand
	APGCE Golf Tournament	Malaysia
2023	Toyota Tour	Malaysia
	Mercedes Trophy 2023	Malaysia
	Make-A-Wish Charity Golf Tournament	Malaysia

7.6.3.3 Others

We also provide rental services of golf equipment mainly golf clubs and golf accessories such as shoes and trolleys, as well as a supply of range balls for use at the driving range we operate. The supply of range balls is to facilitate practising on the driving range, while the rental of golf clubs, shoes and trolleys is for tourists or guests that do not have their golf equipment with them. Our rental services are provided by our pro shops at the golf and country clubs while the supply of range balls is at the driving range that we operate.

As at the LPD, we are operating 1 third party driving range mainly for the supply of range balls and upkeep and maintenance of the driving range facilities at the Bukit Jelutong Golf Centre in Shah Alam, Selangor.

The driving range we operate in Shah Alam, Selangor*



* The above are third party owned properties.

7. BUSINESS OVERVIEW (CONT'D)

7.6.4 Operation of indoor golf centres

In February 2022, we commenced the operation of our flagship indoor golf centre under the "MST GOLF ARENA" brand located at The Gardens Mall in Kuala Lumpur. Our indoor golf centre is equipped with facilities comprising golf simulation bays, simulation putting greens as well as dining areas serving food, and alcoholic and non-alcoholic beverages.

With our golf simulation bays, we can simulate plays on world renown as well as prestigious golf courses such as, among others, Congressional Country Club in Maryland, USA, Blue Monster Course at Trump National Doral in Florida, USA, Pebble Beach Golf Links in California, USA, St Andrews Link in Scotland, UK and Wentworth Country Club (West Course) in Surrey, UK.

Our MST Golf Arena is targeted at new, casual, amateur as well as experienced and professional golfers to practice their swings and putting where club and ball data are captured, and play golf and other digital games individually or as a group. We serve individuals, families, groups as well as corporations. In addition to the facilities provided, we can host corporate events and social functions such as product launches, team building and birthday celebrations.

Our venture into the provision of indoor golf centres is to provide technology-based golfing at MST GOLF ARENA combined with in-store retail shopping at MST GOLF in the same location. Some of the benefits include the following:

- (i) tap on the opportunity for a new and potentially viable revenue stream as evidenced in some foreign countries such as USA, UK, Canada and Australia that have introduced such facilities;
- (ii) enlarge our addressable market by extending our services to golfers as well as non-golfers;
- (iii) promote sales of golf equipment from our retail outlets with direct access from our indoor golf centre; and
- (iv) encourage more people to take up golf to increase the potential customer base of golfers.

As at the LPD, we have 2 indoor golf centres in Kuala Lumpur and Selangor, and both are located within shopping malls. The details of the main facilities in our indoor golf centres are set out below:

MST Golf Arena	At The Gardens Mall	At Tropicana Gardens Mall	Total
Commencement date	February 2022	August 2022	-
GFA (sq. ft.)	27,140	25,732	52,872
Number of golf simulation bays	20	18	38
Other facilities	Simulation putting greens and dining areas	Simulation putting greens and dining areas	-

7. BUSINESS OVERVIEW (CONT'D)

Our indoor golf centre at The Gardens Mall in Kuala Lumpur



Our indoor golf centre at Tropicana Gardens Mall in Selangor



7. BUSINESS OVERVIEW (CONT'D)

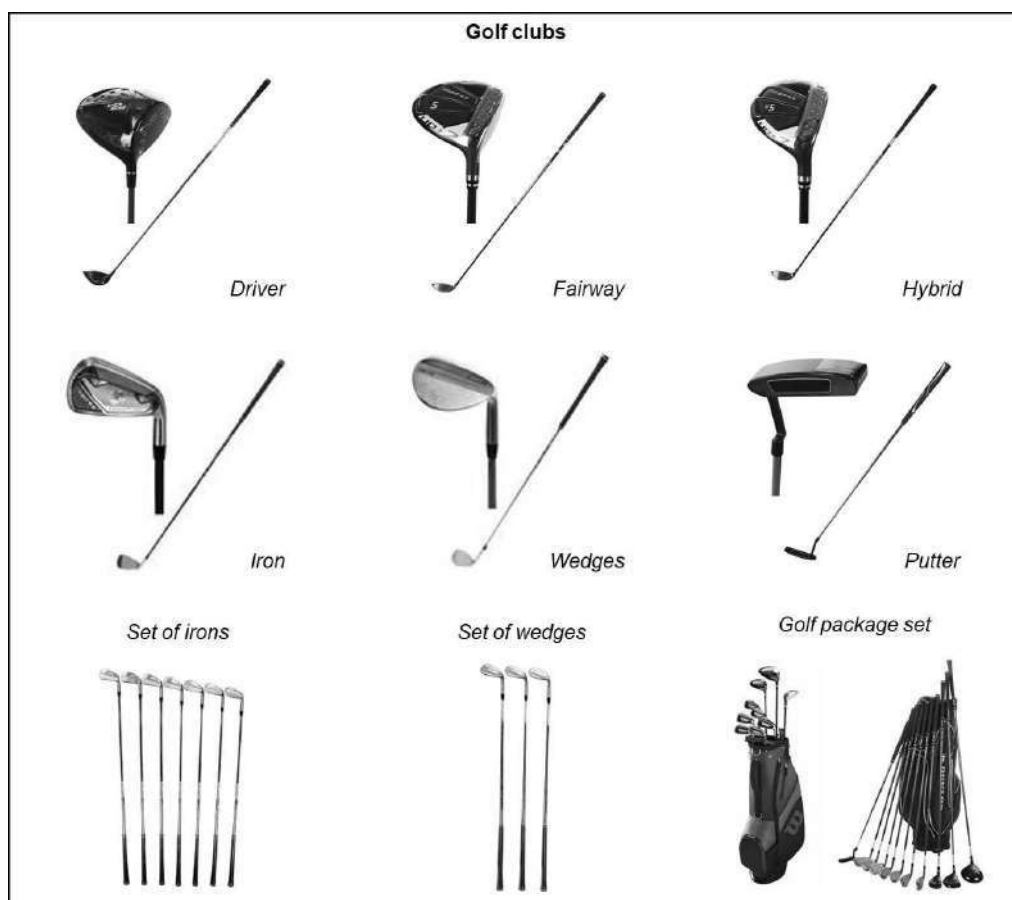
7.6.5 Our products

We are a multi-brand retailer and wholesaler of golf equipment where we sell approximately 97 brands of golf equipment. We market ourselves as a one-stop golf specialty retailer as we offer a wide range of golf equipment and brands to suit the needs of different customers with different preferences and price points.

Our range of golf equipment is generally categorised as follows:

(i) Golf clubs

We sell all types of golf clubs such as drivers, fairway, hybrids/utilities, irons, wedges and putters. They are sold individually as well as in half or full sets comprising at least a driver, some irons, a wedge and a putter.



7. BUSINESS OVERVIEW (CONT'D)

(ii) Golf balls and accessories

We also sell a comprehensive range of golf balls and accessories comprising, among others, golf footwear, gloves, tees, bags, trolleys, GPS, umbrellas, towels and markers.



(iii) Golf apparel

We sell a wide range of golf apparel including men's, women's and junior's shirts, pants, shorts, innerwear, outerwear, headwear, arm gloves, casual shoe, socks, belts and eyewear.



(iv) Third party brand licensed products

We also sell certain golf accessories such as bags and golf apparel under license. For these products, we carry out the design in-house and outsource the manufacturing to external manufacturers. As at the LPD, we engage with 52 manufacturers for the manufacture of these third party brand licensed products. We have agreements for the sales of these third party licensed products including distribution of the products designed and manufactured by the brand owner, as well as the sales of products we design under the said licensed brand name. As at the LPD, these brands include Cutter & Buck and PGA Tour and the products sold include golf accessories such as bags and golf apparel.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review, the sales of third party brand licensed products amounted to 4.99% (RM8.78 million), 3.46% (RM5.88 million), 2.43% (RM5.01 million) and 2.74% (RM8.25 million) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

As at the LPD, some of the main products and brands that we carry are set out below:

Product category	Main products	Main brands
Golf clubs	Drivers, fairway, hybrids/utilities, irons, wedges, putters and golf package sets	<i>Cleveland GOLF, Cobra, GIII, Honma, Majesty, Mizuno, ONOFF, PING, PXG, Srixon, TaylorMade, Titleist, Wilson and Yamaha</i>
Golf balls and accessories	Golf balls, footwear, gloves, tees, bags, trolleys, GPS, umbrellas, towels and markers	<i>adidas, Cobra, Cutter & Buck, Footjoy, Garmin, G/FORE, Honma, Mizuno, Nike Golf, ONOFF, PGA Tour, PING, Puma Golf, PXG, Srixon, TaylorMade, Titleist, Under Armour, Wilson and Yamaha</i>
Golf apparel	Shirts, pants, shorts, innerwear, outerwear, headwear, arm gloves, casual shoes, socks, belts and eyewear	<i>adidas, Calvin Klein Golf, Cutter & Buck, FootJoy, G/FORE, Nike Golf, Peter Millar, PGA Tour, PING, Puma Golf, PXG, TaylorMade, Titleist, Under Armour</i>

7.7 OPERATIONAL FACILITIES AND RETAIL OUTLETS

The details our head office and operational facilities as well as retail outlets in Malaysia and Singapore are set out below:

- (i) As at the LPD, our Group's head office and operational facilities are set out below:

Company	Main function	Location	Built-up area sq. ft.
MST Golf Malaysia	Head office and warehouse	MST Golf Plaza, 8, Jalan SS 13/5, Subang Jaya, 47500 Selangor	66,045
MST Golf Singapore	Office and warehouse	Blk 8, Kaki Bukit Avenue 1, #03-01/02, #03-03/04, #04-01/02/03, Singapore 417941	36,425

- (ii) As at the LPD, we operate a total of 44 retail outlets under the "MST GOLF" brand, out of which 36 outlets are in Malaysia and the remaining 8 outlets are in Singapore. The details of these retail outlets are set out below:

Malaysia

Outlets	Location	GFA sq. ft.
Specialty stores		
MST Golf - PJ Federal Highway ⁽¹⁾	No. 11, Jalan 219, Section 51A, Petaling Jaya, 46100 Selangor	15,149

7. BUSINESS OVERVIEW (CONT'D)

Outlets	Location	GFA sq. ft.
MST Golf - The Gardens Mall ⁽¹⁾⁽²⁾⁽³⁾	S-214, Second Floor, The Gardens, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	11,783
MST Golf - Subang Jaya	MST Golf Plaza, 8, Jalan SS13/5, Subang Jaya, 47500 Selangor	11,023
MST Golf - Tropicana Gardens ⁽¹⁾⁽²⁾⁽³⁾	Lot G-01A, 02 & 03, Tropicana Gardens Mall, No. 2A, Persiaran Surian, Tropicana Indah, Petaling Jaya, 47810 Selangor	11,000
MST Golf - Intermark Mall ⁽³⁾	Lot No. 1.01, Level 1, Intermark Mall, 348 Jalan Tun Razak, 50400 Kuala Lumpur	10,927
MST Golf - IOI City Mall ⁽³⁾	LG-28, Lower Ground Floor, IOI City Mall, Lebuhr IRC, IOI Resort City, 62502 Putrajaya	10,890
MST Golf - Avenue K ⁽¹⁾⁽²⁾⁽³⁾	M-1 Level Mezzanine, Avenue K, 156, Jalan Ampang, 50450 Kuala Lumpur	10,024
MST Golf - UOA	M-7 & M-8, Mezzanine Floor, Wisma UOA 2, No.21, Jalan Pinang, 50450 Kuala Lumpur	7,140
MST Golf - The Starhill ⁽²⁾⁽³⁾⁽⁴⁾	UG06 – UG10, Upper Ground Floor, Starhill Gallery, 181, Jalan Bukit Bintang, 55100 Kuala Lumpur	5,758
MST Golf - Kelana Parkview	Unit OTTG-1, Ground Floor, Kelana Jaya Parkview Office Tower, Jalan SS 6/2, Petaling Jaya, 47301 Selangor	4,110
MST Golf - Mid Valley Southkey ⁽¹⁾⁽³⁾	Lot F043 & 043A, The Mall, Mid Valley Southkey No 1, Persiaran Southkey 1, Johor Bahru, 80150 Johor	12,583
MST Golf - Hatten Square Melaka ⁽²⁾⁽³⁾	Lot No G-001, G-001A, G-002, G-003, Ground Floor Hatten Square, Jalan Merdeka, Bandar Hilir, 75000 Melaka	2,638
MST Golf - Udini ⁽³⁾	B2-1-03, B2-01-04, B2-01-05 & B2-01-06, Udini Square, Lebuhr Tunku Kudin 3, 11700 Gelugor, Penang	4,580
MST Golf - Ipoh	No. 155 E, Jalan Raja Dr Nazrin Shah, Ipoh, 30250 Perak	2,608
MST Golf - Menara Zenith	Lot G1, Ground Floor, Menara Zenith, Jalan Putra Square 6, Kuantan, 25200 Pahang	3,555
MST Golf - Riverside Mall ⁽³⁾	Shops FF101, FF102 & FF103, Jalan Tunku Abdul Rahman, Kuching, 93100 Sarawak	5,348

7. BUSINESS OVERVIEW (CONT'D)

Outlets	Location	GFA sq. ft.
MST Golf - Viva City ⁽²⁾	Lot 1-001,002,003, Level 1, Vivacity Megamall, Jalan Wan Alwi, Kuching, 93350 Sarawak	5,246
MST Golf - Permaisuri Imperial Mall ⁽³⁾	Shops SF6, SF7, SF8, 2nd Floor, Permaisuri Imperial City Mall, 98000 Miri, Sarawak	4,279
MST Golf - Plaza Shell	Lot L.09 (b) & Lot 1.10 1st Floor, Plaza Shell, 29, Jalan Tunku Abdul Rahman, Pusat Bandar Kota Kinabalu, Kota Kinabalu, 88000 Sabah	6,925
Pro shops		
MST Golf – KLGCC Pro Shop ⁽¹⁾	Kuala Lumpur Golf & Country Club 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur	10,198
MST Golf - Tropicana Pro Shop	Tropicana Golf & Country Resort (Golf Wing) Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor	2,100
MST Golf - Kelab Seri Selangor Pro Shop	Kelab Seri Selangor, Persiaran Damansara Indah Tropicana, Petaling Jaya, 47810 Selangor	2,100
MST Golf - Bukit Jelutong Pro Shop	Bukit Jelutong Golf Range, Persiaran Tebar Layar, Seksyen U8, Bukit Jelutong, Shah Alam, 40150 Selangor	2,093
MST Golf - Bukit Jalil Pro Shop	Bukit Jalil Golf & Country Resort Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur	1,600
MST Golf - KGNS Pro Shop	Kelab Golf Negara Subang Jalan SS 7/2, SS 7, Petaling Jaya, 47301 Selangor	1,617
MST Golf – Impian Pro Shop	Impian Golf & Country Club, Jalan Impian Gemilang, Saujana Impian, Kajang, 43000 Selangor	692
MST Golf - Royal Selangor Pro Shop	The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur	1,419
MST Golf - Glenmarie Pro Shop	Glenmarie Golf and Country Club, Pro Shop No 3, Jalan Usahawan U1/8, Shah Alam, 40150 Selangor	1,041
MST Golf - Templer Park Pro Shop	Templer Park Country Club, KM 21, Jalan Rawang, Rawang, 48000 Selangor	767
MST Golf - Palm Garden Pro Shop	Palm Garden Golf Club, IOI Resort City, 62502 Putrajaya	773
MST Golf - Palm Resort Pro Shop	Palm Resort Golf & Country Club, Jalan Persiaran Golf, Off Jalan Jumbo, Senai, 81250 Johor	1,177

7. BUSINESS OVERVIEW (CONT'D)

Outlets	Location	GFA sq. ft.
MST Golf - Ponderosa Pro Shop	Ponderosa Golf & Country Club Pro Shop No.3, Jalan Ponderosa 1, Taman Ponderosa, Johor Bahru, 81100 Johor	638
MST Golf – Pelangi Pro Shop	Pelangi Golf Driving Range - Pro Shop, Jalan Serampang, Tmn Pelangi Johor Bahru, 80400 Johor	4,445
MST Golf - Penang Golf Club Pro Shop	Penang Golf Club No. 2, Jalan Bukit Jambul, Bayan Lepas, 11900 Penang	920
MST Golf - Penang Golf Resort Pro Shop	Penang Golf Resort No.1687, Jalan Bertam, Kepala Batas, 13200 Penang	1,177
MST Golf - Mahkota GCC Pro Shop	Mahkota Golf & Country Club, KM13, Jalan Sungai Lembeng, Bandar Indera Mahkota, Kuantan, 25200 Pahang	942
Singapore		
Outlet	Location	GFA sq. ft.
Specialty stores		
MST Golf - City Square ⁽¹⁾⁽²⁾⁽³⁾	180 Kitchener Road, Unit No. #03-18/19/20, City Square Mall, 208539 Singapore	16,081
MST Golf – Scotts Square ⁽²⁾⁽³⁾	#03-08/09, #03-10, #03-11/12/13, #03-14/15, Scotts Square, 6, Scotts Road, Singapore 228209	8,774
MST Golf - Suntec City ⁽¹⁾⁽²⁾⁽³⁾	Tower 3, #01-474/475/477/478/479/480, Suntec City Mall, Temasek Boulevard, 038983 Singapore	7,025
MST Golf – Far East Shopping Centre	545, Orchard Road, #02-10, Far East Shopping Centre, 238882 Singapore	687
Pro shops		
MST Golf – Marina Bay GC Pro Shop	Marina Bay Golf Course, 80, Rhu Cross, Lot A, #01-03, 437437 Singapore	965
MST Golf – Orchid Country Club Pro Shop	Orchid Country Club, 1 Orchid Club Rd, #01-01 Driving Range, 769162 Singapore	764
Departmental counters		
ISETAN Singapore ⁽³⁾	ISETAN Scotts, Golf Department Level 3, 350 Orchard Road, 238868 Singapore	1,497
Takashimaya Singapore ⁽³⁾	Takashimaya, Golf Department Level 4, 391 Orchard Road, 238873 Singapore	937

7. BUSINESS OVERVIEW (CONT'D)**Notes:**

- (1) These retail outlets provide customised club fitting services.
- (2) These retail outlets also operate under "MST ATHLEISURE WEAR" (for golf apparel) brand.
- (3) Refers to retail outlets in shopping malls which generally have higher foot traffic compared to retail outlets in standalone buildings, commercial buildings and shop lots. In addition, shopping malls are commonly situated in prime locations.
- (4) This outlet is operated under the "MST GOLF PREMIUM" brand which is aimed to focus on the premium range of golf equipment. "MST GOLF PREMIUM" focuses on selected golf equipment including golf clubs, golf balls and accessories and golf apparel which are mainly priced above the average price range of golf equipment that we retail.

In addition, we operate 2 indoor golf centres in Malaysia, details of which are set below:

Indoor golf centre	Location	GFA sq. ft.
MST Golf Arena – The Gardens Mall	S-214, Second Floor, The Gardens, Mid Valley City, Lingkar Syed Putra, 59200 Kuala Lumpur	27,140
MST Golf Arena – Tropicana Gardens Mall	Lot G01A, Tropicana Gardens Mall, Tropicana Indah, Selangor	25,732

As at the LPD, we have also entered into letter of offers and/or tenancy agreements to open the following retail outlets and indoor golf centre in Malaysia:

Location	Types of retail format	GFA sq. ft.	Expected opening date
Malaysia operations			
Gurney Paragon Mall, Penang ⁽¹⁾	Specialty store and indoor golf centre	19,777	Q3 2023
Seremban Gateway, Negeri Sembilan ⁽²⁾	Specialty store	3,642	Q3 2023
Plaza Shah Alam, Selangor ⁽³⁾	Specialty store	Approximately 5,000	Q3 2023

Notes:

- (1) In December 2022, we entered into a letter of offer for a retail space at the Gurney Paragon Mall, Penang. We plan to open "MST GOLF" specialty store and "MST GOLF ARENA" indoor golf centre by the 3rd quarter of 2023. The total GFA is approximately 19,777 sq. ft. and the indoor golf centre will house 9 golf simulation bays, simulation putting green as well as dining areas serving food, and alcoholic and non-alcoholic beverages. In March 2023, we have entered into a tenancy agreement for the rental of this retail outlet. The setting up of the retail outlet and indoor golf centre at the Gurney Paragon Mall will be funded through the IPO proceeds. Please refer to Section 7.19 of this Prospectus for further details of our expansion plans.

7. BUSINESS OVERVIEW (CONT'D)

- (2) In April 2023, we entered into a letter of offer for a retail outlet at Seremban Gateway, Negeri Sembilan. We plan to open "MST GOLF" specialty store by the 3rd quarter of 2023. We are in the midst of finalising the terms of the tenancy agreement for the rental of this retail outlet.
- (3) In May 2023, we entered into a letter of offer for a retail outlet at Plaza Shah Alam, Selangor. We plan to open "MST GOLF" specialty store by the 3rd quarter of 2023. We are in the midst of finalising the terms of the tenancy agreement for the rental of this retail outlet.

For the Financial Years Under Review, the net change in the number of our retail outlets is set out below:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
No. of retail outlets at the beginning of the year	36	35	36	37
• Specialty stores	16	18	18	17
• Pro shops	16	15	16	18
• Departmental stores	4	2	2	2
No. of new retail outlets opened during the year ⁽¹⁾	2	1	2	9
• Specialty stores	2	-	-	7
• Pro shops	-	1	2	2
• Departmental stores	-	-	-	-
No. of retail outlets closed during the year ⁽²⁾	3	-(3)	1	3
• Specialty stores	-	-	1	2
• Pro shops	1	-	-	1
• Departmental stores	2	-	-	-
No. of retail outlets at the end of the year	35	36	37	43
• Specialty stores	18	18	17	22
• Pro shops	15	16	18	19
• Departmental stores	2	2	2	2

Notes:

- (1) Generally, the new retail outlets take approximately 6 months to achieve the sales target and the average monthly retail sales was approximately RM0.80 million per specialty store and RM0.20 million per pro shop. In general, a new retail outlet would experience higher growth in the first 6 months to reach its maturity, and subsequently, growth will moderate and stabilise.
- (2) The closures of these retail outlets were either due to relocation of the retail outlet to a better location, loss-making or non-renewal of the tenancy agreement as the landlord had plans to renovate. Please refer to Section 5.1.2 of this Prospectus for further details on the risk relating to the changes in the conditions of the places where our outlets are located.
- (3) There was no closure of retail outlets in FYE 2020.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review, some of the key operational data is set out below:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Average revenue per day per outlet (RM per day per outlet) ⁽¹⁾	10,442	12,346	13,988	14,582
• <i>Existing outlets</i>	10,803	12,573	14,745	15,273
• <i>New outlets</i> ⁽²⁾	15,463	4,394	6,352	14,675
• <i>Closed outlets</i>	3,126	-	2,747	6,469
Average number of transactions per day per outlet ⁽³⁾	27	30	29	27
Average value of each transaction (RM per transaction) ⁽⁴⁾	384	416	503	548
Average monthly sales per departmental store (RM per month per outlet) ⁽⁵⁾	174,728	255,870	468,587	532,972

Notes:

- (1) Based on the aggregated retail outlet's revenue per day divided by the number of retail outlets operating during the financial year. The retail outlet's revenue per day is based on the revenue generated by each retail outlet divided by the number of operating days for each retail outlet during the financial year.
- (2) The fluctuations in the average revenue per day per outlet for new retail outlets were mainly due to the different retail formats of the new outlets opened in each financial year. The average revenue generated from the new retail outlets was lower in FYE 2020 and FYE 2021 as we only opened 1 pro shop in FYE 2020 and 2 pro shops in FYE 2021. Meanwhile, the average revenue generated from the new retail outlets was higher in FYE 2019 and FYE 2022 as we opened 2 specialty stores in FYE 2019 and 7 specialty stores together with 2 pro shops in FYE 2022.
- (3) Based on the aggregated retail outlet's number of transactions per day divided by the number of retail outlets operating during the financial year. The retail outlet's number of transactions per day is based on number of transactions at each retail outlet divided by the number of operating days for each retail outlet during the financial year.
- (4) Based on the revenue generated by our retail outlets during the financial year divided by the number of transactions at our retail outlets during the financial year.
- (5) Based on the aggregated departmental store's revenue per month divided by the number of departmental stores operating during the financial year. The departmental store's revenue per month is based on the revenue generated by each departmental store divided by the number of operating months for each departmental store during the financial year. For FYE 2019, the average monthly sales per departmental store included the average monthly sales of 2 existing departmental stores as well as 2 other departmental stores which operated for approximately 3 to 4 months before they closed in FYE 2019. For FYE 2020 up to FYE 2022, the average monthly sales per departmental store refers to the average monthly sales for the existing 2 departmental stores.

7. BUSINESS OVERVIEW (CONT'D)

7.8 MACHINERY AND EQUIPMENT

As at 31 December 2022, the key machinery and equipment for our operations are set out below:

Key machinery and equipment	Function	Quantity	Audited net carrying amount as at 31 December 2022 RM'000	Average useful lifespan	Average age
Indoor golf centre					
• Golf simulation equipment	Comprising hardware and software including launch monitor to provide ball and club data for coaching and fitting based on the movement of a golf swing, as well as simulates ball flight while playing on a simulated driving range or golf course	38	2,446	7 years	Less than 1 year
• Simulation putting green	Comprising hardware and software to provide simulation of aim and start line with ball tracking capability, and is mainly used for training purpose to improve on putting	2	81	5 years	Less than 1 year
• Kitchen equipment and cooking related facilities	For food services operations at the indoor golf centre	(1)	1,561	5 years	Less than 1 year
• POS terminal and related equipment	Records sales transaction information, payment amounts, methods of payments, generates sales reports and other information such as those for our loyalty membership programme	7	82	5 years	Less than 1 year

7. BUSINESS OVERVIEW (CONT'D)

Key machinery and equipment	Function	Quantity	Audited net carrying amount as at 31 December 2022 RM'000	Average useful lifespan	Average age
Golf academy and customised club fitting related equipment					
• Golf simulation equipment and sensor system	Comprising hardware and software to collect data on how the golfer uses the ground to generate power for its swing	38	1,107	5 to 7 years	3 years
• Simulation putting green	Comprising hardware and software to provide simulation of aim and start line with ball tracking capability, and is mainly used for training purpose to improve on putting	3	28	5 years	3 years
• Club making and repair equipment and tools	Comprising tools and equipment used for customised club making and repair services	15	24	5 years	1 year
Warehouse related equipment	Including reach truck and stock pickers, handheld scanners, as well as transportation vehicles for our warehouse operations	(2)	455	7 to 10 years	8 years
Retail operation					
• POS terminal and related equipment	Records sales transaction information, payment amounts, methods of payments, generates sales reports and other information such as those for our loyalty membership programme	46	136	5 years	4 years
• IT systems	Comprising our server systems and related equipment	9	270	7 years	8 years ⁽³⁾

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) Comprising the kitchen equipment and cooking related facilities including kitchen fittings and appliances such as chiller, freezer, water purification system and coffee machines for the food services operations at the indoor golf centre located at The Gardens Mall, Kuala Lumpur and Tropicana Gardens Mall, Selangor.
- (2) Comprising 18 reach trucks/stock pickers, 57 units of handheld scanners as well as 8 transportation vehicles.
- (3) Out of the 9 units of IT systems, 2 of the systems which have exceeded its average useful lifespan are still usable.

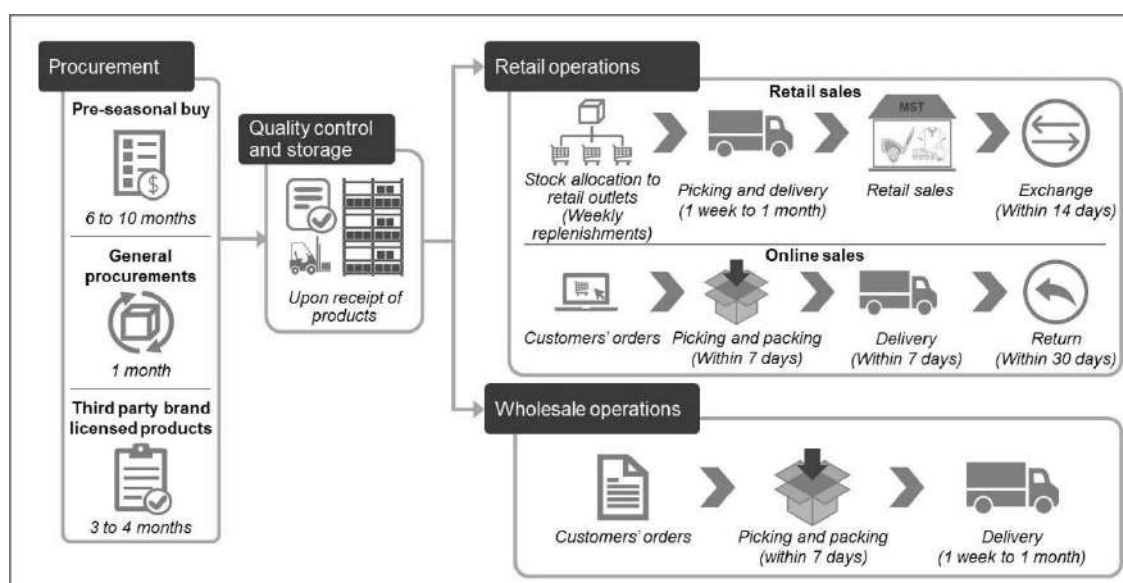
Based on our accounting policy, the estimated useful lifespan of our machinery and equipment is 5 to 10 years. Our policy is to use our machinery and equipment for at least the duration of their estimated useful lifespan and thereafter, we would consider the ongoing repair and maintenance cost relative to the costs and benefits of purchasing new machinery and equipment.

7.9 PRODUCTION CAPACITY AND UTILISATION

As a specialty retailer and wholesaler of mainly golf equipment, the measurements of capacity and utilisation do not apply to our business operations.

7.10 PROCESS FLOW

The process flow for our business operations are depicted in the diagram below:



7.10.1 Procurement

Our operations begin with the procurement of products. We place orders directly with the brand owners overseas or their respective local distributors.

As a specialty retailer of golf equipment, procurement is one of the key processes to secure the brands and products in the quantity and at the time that we require for our operations. This is mainly predicated on the globalised operations of many of the brand owners where in some situations, the brand owners will need to optimise their product allocation across their global distributors, retailers or purchasers.

7. BUSINESS OVERVIEW (CONT'D)

Generally, we have 3 different procurement process as follows:

(i) Procurement of pre-seasonal buy for golf equipment that we have agreements with brand owners

For golf clubs and golf balls, the brand owners commonly launch new products between January and March each year. Each new collection will have a trade show for the brand owners' distributors and retailers to reveal the pre-season buy which commonly takes place 6 months ahead of the product launch season. Our team will select the type and determine the quantity of products we require from the pre-season buy and we will have approximately 1 month to place our orders from the reveal of the pre-season buy. In addition, during the confirmation in placing our orders, we take into considerations the minimum order quantity as these are directly from the factory.

Golf apparel and accessories such as footwear are fashion items and the brand owners commonly launch 2 new collections per year, namely spring/summer and fall/winter collection based on the northern hemisphere seasons starting from January to June and July to December respectively. Each new collection will be introduced to the brand owners' distributors and/or retailers during a trade show or product presentation normally 10 months ahead of respective seasons. After the trade show, our team will select the type and determine the quantity of products we require and we will have approximately 1 month to place our purchase orders.

(ii) General procurements (open-to-buy)

The open-to-buy procurement mainly refers to the procurement of those golf equipment without agreement with brand owners. This includes golf clubs, golf balls and accessories and golf apparel, which are based on the purchase order issued where the brand owners or suppliers have stocks for us to place our purchase orders as and when we require them. We usually place our orders on a monthly basis based on our forecast weekly sales against the actual sales monitored by our procurement team.

(iii) Third party brand licensed products

As for certain golf accessories such as bags and golf apparel under license, we will carry out the design of the products and subsequently obtain approval from the brand owner. This commonly takes approximately 1 month before the design is confirmed and sent for production. Upon approval, we will then outsource the manufacturing to external manufacturers where the production takes approximately 2 to 3 months.

7.10.2 Quality control and storage

Upon the receipt of products at our warehouse, we will conduct a quantity check on the products to ensure that the quantity received is equivalent to the amount that was raised in the purchase order as well as invoices issued by suppliers. We will also conduct quality checks on all the incoming products to ensure that the products received are in good condition and have not been damaged. All products will be attached with a tag containing the product barcode as well as the price tag before they are stored at our warehouse according to product category and location.

7. BUSINESS OVERVIEW (CONT'D)

(i) Retail operations

Retail outlet

Stock allocation to retail outlets

Stocks will be allocated based on various metrics including sales performance, product mix, size of retail outlets as well as inventory level at each retail outlet as part of our procurement process by procurement team. In addition, we have weekly stock replenishment based on actual sales monitored and managed by inventory management team. Each retail outlet manager may also request and place orders for product replenishments as need basis.

Picking and delivery to retail outlets

The picking list are generated by the inventory management system and our warehouse team will pick, pack and load the required products for delivery to the respective retail outlets. Deliveries to our retail outlets are undertaken by our in-house trucks as well as third-party logistics providers for deliveries to our retail outlets outside of Selangor, Kuala Lumpur and Putrajaya.

Retail sales

Upon the receipt of products at the retail outlet, the retail team will perform a quantity check to ensure that the products received are complete and accurate. The products will then be displayed in the store for sale to end-customers.

Our retail sales are mainly based on cash, credit card, debit card and e-wallet. We have in place the following operational procedures and controls on cash management to reduce the risk of cash pilferage, theft and robbery:

- (a) all our confirmed sales are computer generated with the payment amount stated on the official receipts. This is to ensure that all customers' payments are captured by our computer systems, which are linked to our head office;
- (b) we maintain point-of-sales for each of our retail outlets through a centralised server system which allows us to access most of our retail outlet's sales data in real-time and synchronising to server in head office in real-time basis or daily basis;
- (c) all cash collected at the retail outlets is deposited into designated banks by the respective branch manager mainly on a daily basis or when the cash level meets the minimum threshold set by the management. Bank-in slips and summaries of bank-in slips are then sent to our head office. These are then verified against the sales summary report generated by the computerised retail system; and
- (d) all daily cash sales are reconciled to the amount stated in our daily collection report on a daily basis.

Please refer to Section 5.1.8 of this Prospectus for further details of the risks relating to cash pilferage.

Exchanges

For exchange of golf equipment purchased through our retail outlets, customers have to return to the retail outlets where the golf equipment was purchased within 14 days from the date of purchase. For products which are manufacturers' defects, we will then liaise with the brand owners or suppliers for claims.

7. BUSINESS OVERVIEW (CONT'D)

Online sales

For orders placed through our online platform, our warehouse team will pick and pack the products accordingly and prepare them for shipping. The products will then be delivered to our customers from our warehouse using a third-party logistics provider where the delivery charges are borne by the customers. We provide deliveries domestically as well as to foreign countries.

Returns

For return of golf equipment purchased via our online platform, customers have to submit a return request on our online platform within 30 days from the date of receipt of the golf equipment, and subsequently return the golf equipment via courier to us. Upon receiving the golf equipment, our team will inspect and evaluate to ensure that the returned products meet the terms and condition of our return policy. The refund credit will then be issued to the customers in the form of gift certificate. For products which are manufacturers' defects, we will then liaise with the brand owners or suppliers for claims.

(ii) Wholesale operations

Customers' orders, picking and packing

Upon receiving the purchase orders from our customers, sales orders, delivery orders, invoices and picking lists are generated and printed. Our warehouse team will then pick the products according to the orders and packed them ready for delivery.

Delivery to customers

Deliveries to our customers are undertaken by our in-house logistics team as well as third-party logistics providers for deliveries to our retail outlets outside of Selangor, Kuala Lumpur and Putrajaya. Upon receiving the goods, our customers are required to sign the invoice and delivery order as proof of delivery. We do not have a return or exchange policy for our wholesale trade.

Generally, we provide product warranty against manufacturers' defects products for golf clubs and certain golf accessories such as golf bags and golf shoes, as well as golf apparel, and we have back-to-back warranty arrangements with the brand owners or suppliers. For golf balls and other accessories, we do not provide product warranty. For products which are manufacturers' defects, we will then liaise with the brand owners or suppliers for claims.

7.11 RESEARCH AND DEVELOPMENT

We do not carry out any research and development activity as it is not relevant to our business, and as such, we have not recognised any research and development expenditure during the Financial Years Under Review.

7. BUSINESS OVERVIEW (CONT'D)

7.12 TECHNOLOGIES USED

7.12.1 Retail and wholesale operations

Our business is focused on the retail and wholesale of our golf equipment and as such, we mainly utilise technologies in the form of computing application systems to streamline our retail operations.

ERP system which integrates our retail management system, inventory management system and warehouse management system. This allows our head office to retrieve sales data from each retail outlets to provide data analytics and insights for business planning and management as well as to monitor the inventory levels at our warehouse and retail outlets to facilitate our procurement of products. These include the following:

- (i) **retail management system** at our retail outlets including the point of sale system which records sales transaction information, payment amounts, methods of payments, generates sales reports and other information such as those for our loyalty membership programme. The retail management system at each of our retail outlets is linked to our head office where it can generate sale performance reports for each store, by country, state, other segmentation as well as on a combined basis;
- (ii) **inventory management system** to monitor the inventory levels and restock our warehouse and retail outlets, facilitate product code creation, costing, procurement, corporate and wholesale order processing and invoicing as well as product information;
- (iii) **warehouse management system** to manage the supply chain operations from our warehouse to the retail outlets, incorporating in-house logistics and third-party logistics providers, schedule of delivery and relevant documentation; and
- (iv) **accounting and finance system** to provide financial functionality and analysis reports for the ledger, account payables and receivables, and fixed asset data management.

In addition, we also have an e-commerce platform to host our online store with a third-party payment gateway to allow our customers to make payments for their online purchases and our MST Golf Super App which allows our customers to browse and shop for our products, view their membership details as well as make bookings for our indoor golf centres.

7.12.2 Indoor golf centres, golf academy and customised club fitting services

We use various technologies mainly for our golf academy, customised club fitting services and indoor golf centres. These are third-party technologies comprising hardware and software. We do not own any of these technologies but are users of these technologies which are commonly on an annual subscription basis. There is minimal interruption risk to our operations as we continue to pay subscription annually for the use of these technologies.

- **Foresight Sports** is a launch monitor system which provides ball and club data for coaching and fitting. It also simulates ball flight on a virtual driving range or golf course projected on the screen. This golf simulation technology allows a player to go through the whole 18-hole golf course. In addition, our golf simulation includes some renowned and prestigious golf courses such as the Congressional Country Club in Maryland, USA, Blue Monster Course at Trump National Doral in Florida, USA, Pebble Beach Golf Links in California, USA, St Andrews Link in Scotland, UK and Wentworth Country Club (West Course) in Surrey, UK. We use Foresight Sports system in our golf simulation bays located within our indoor golf centres, golf academy as well as customised club fitting services.

7. BUSINESS OVERVIEW (CONT'D)

Foresight Sports system



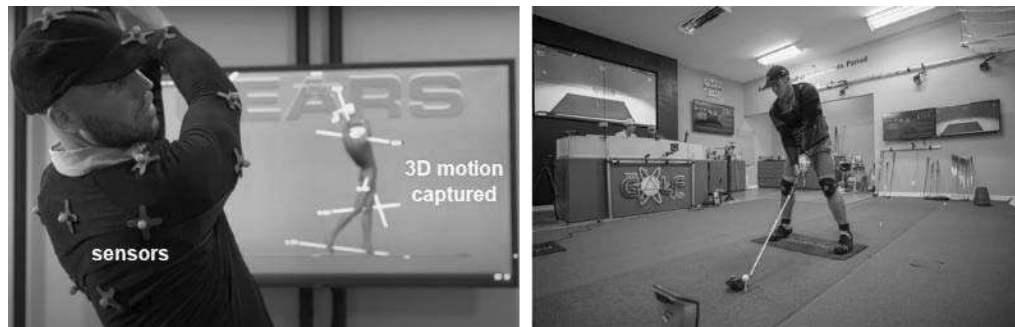
- **Swing Catalyst** system comprises software and a 3-dimensional ("3D") motion plate. The 3D motion plate is a pressure plate to measure ground reaction forces to collect data on how the golfer uses the ground to generate power for its swing. The swing catalyst system provides data on 3 types of forces, namely vertical, horizontal and torque. The high-speed cameras are integrated with Swing Catalyst system for swing assessment and the swing action can be replayed in slow motion. We use the Swing Catalyst system in our golf academy and customised club fitting services.

Swing Catalyst system



- **GEARS Golf** system is a 3D motion capture system to provide golf club motion and body tracking to measure and analyse every nuance of a swing. It tracks body and club movement, analyses the biomechanics of the golf swing, and the droop and deflection of the club shaft. We use the GEARS Golf system in our golf academy and customised club fitting services.

GEARS Golf system



7. BUSINESS OVERVIEW (CONT'D)

- **K-coach/K-motion** system is a 3D motion capture system used to analyse the sequence and movement of a golf swing to provide feedback for training purposes. We use the K-coach/K-motion system in our golf academy.

K-coach/K-motion system



- **Quintic** is a launch monitor for putting to provide ball and putter head data for coaching and club fitting. It uses high speed cameras to track ball movement off the putter face. We use the Quintic system for our golf academy and customised club fitting services.

Quintic system



7. BUSINESS OVERVIEW (CONT'D)

- **PuttView** is a putting simulation system to provide simulation of aim and the proposed optimum travel line with ball tracking capability. It is mainly used for training purposes to improve on putting. We use the PuttView system for our golf academy as well as in our indoor golf centres.

PuttView system



7.13 SEASONALITY

Overall, our business does not experience seasonality in sales from our retail and wholesale operations.

However, we do experience orchestrated higher sales during our promotions events which occur 2 or 3 times a year including our mid-year and year-end stock clearance sales, launch of new golf clubs in the beginning of the year, as well as annual our golf festival "Golfest" held at the KLGCC in the 1st quarter of the year. We may also experience an increase in sales during our *ilovegolf* member rewards week which is usually held twice/three times a year. Member rewards week involves exclusive promotions such as additional discounts or extra reward points for selected products during selected events.

Please refer to Section 7.15 of this Prospectus for further details on our sales and promotions and Section 5.2.2 of this Prospectus for further details of the risks arising from promotional events and its impact on our financial performance.

7.14 MATERIAL INTERRUPTIONS IN OUR BUSINESS

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. As a result, we experienced some temporary interruptions to our business operations due to the MCO imposed by the Government and Circuit Breaker Measures by the Singapore government to contain the COVID-19 pandemic.

Apart from the impact of the COVID-19 pandemic, we have not experienced any material interruptions in our business during the Financial Years Under Review.

7.14.1 COVID-19 conditions in Malaysia and Singapore

(i) Malaysia

Commencing on 18 March 2020, the Government implemented several measures to contain the spread of COVID-19 in the country. These measures include restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic and social activities.

7. BUSINESS OVERVIEW (CONT'D)

The first phase of the MCO was implemented from 18 March 2020 to 3 May 2020 which saw the closure of all businesses except for those classified as "essential services" during that period, or those that have received written approval from the MITI. Subsequently, as the number of daily and active COVID-19 cases came down, the Government relaxed the country's restrictions and allowed the nation's economy to reopen in a controlled manner. From 18 March 2020 up to June 2021, the MCO went through various phases throughout the country including CMCO, RMCO and FMCO where restrictions were either relaxed and/or tightened for certain states, districts and/or location based on the number of daily and active COVID-19 cases in the respective areas. On 15 June 2021, the Government announced the NRP, a phased exit strategy from the COVID-19 crisis consisting of 4 phases where the restrictions gradually eased in each phase.

During the first MCO period which took effect nationwide from 18 March 2020 to 3 May 2020, our business was affected where we were required to temporarily close all our operational facilities including our head office and warehouse, as well as our retail outlets throughout the first MCO period, as our business was not deemed as "essential services".

Following the implementation of CMCO on 4 May 2020, we resumed operations of our head office and warehouse and reopened all our retail outlets in Malaysia. We continued to operate during the RMCO period in accordance with the specified guidelines and SOP including the specified workforce capacity.

Subsequently, following the reimposition of MCO in several states in January 2021 (including the Selangor, Penang, Melaka, Johor, Sabah and the federal territories) and May 2021 (including Selangor, Kuala Lumpur, Penang, Johor and Sarawak), the FMCO nationwide in June 2021, and EMCO in Kuala Lumpur and Selangor in July 2021, we temporarily closed our retail outlets in the abovementioned states and federal territories where required and reopened when we obtained approval letters from the MITI or upon the easing of restrictions.

(ii) Singapore

The Singapore government implemented the Circuit Breaker Measures from 7 April 2020 to 1 June 2020 where only "essential services" were allowed to operate. Subsequently, the country embarked on a 3-phased approach to gradually resume economic activities commencing 2 June 2020.

During the circuit breaker period from 7 April 2020 to 1 June 2020, we were required to temporarily close all our operational facilities including our office and warehouse, as well as our retail outlets. Subsequently, we resumed operations and reopened our retail outlets on 19 June 2020 under phase 2 of the reopening where retail businesses were allowed to resume operations.

7.14.2 Impact on sales, delivery and receipt of supplies

Our business operations in Malaysia and Singapore experienced interruptions in our supply chain due to the disruptions in the global supply chain arising from the COVID-19 pandemic which caused lockdown and closures of the factory in the country of origin of the imported products and logistic disruptions due to border closure.

7. BUSINESS OVERVIEW (CONT'D)

For the FYE 2020, following the business closure during the containment measures in Malaysia and Singapore, we engaged with our suppliers who are the brand owners to review and manage our confirmed purchase orders of golf equipment comprising golf clubs, golf balls and accessories and golf apparel as well as to coordinate the delivery schedules, which resulted in the following scenarios:

- (i) cancellation of purchase orders with suppliers due to the uncertainties and closure of business due to COVID-19 pandemic conditions where the cancellation of orders amounted to RM6.74 million during FYE 2020. There were no penalties imposed by our suppliers for the said cancellations; and
- (ii) deferment of delivery of confirmed purchase orders to a later date. The total deferred purchase orders were RM5.97 million. As at the LPD, the deferred purchase orders have been fulfilled.

For the FYE 2021, despite the various containment measures implemented in Malaysia and Singapore, there were no material disruptions to our supply chain as we continued to receive the goods based on our confirmed purchase orders.

Pursuant to the above scenarios, this was also reflected in our total purchases which decreased from RM105.69 million in FYE 2019 to RM79.93 million in FYE 2020 and subsequently increased to RM138.24 million in FYE 2021.

7.14.3 Impact on our financial performance

For the FYE 2020, as a result of the temporary closures of our retail outlets in Malaysia and Singapore for 47 days and 73 days respectively, our financial performance was impacted and this was reflected in the 2nd quarter of FYE 2020 as summarised below:

	<-----FYE 2020----->			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
	<i>(Jan 2020 – Mar 2020)</i>	<i>(Apr 2020 – Jun 2020)</i>	<i>(Jul 2020 – Sept 2020)</i>	<i>(Oct 2020 – Dec 2020)</i>
Revenue	RM'000	RM'000	RM'000	RM'000
Malaysia operations	25,690	17,102	42,316	42,284
Singapore operations	11,292	2,155	13,599	15,714
Total revenue	36,982	19,257	55,915	57,998
<i>Quarter-on-quarter change (%)</i>	-	(47.93)	190.38	3.73

For the FYE 2021, with the temporary closures of our retail outlets in various states in Malaysia during the MCO, FMO and EMCO periods, the financial performance of our Malaysia's operations was impacted as summarised below:

	<-----FYE 2021----->			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
	<i>(Jan 2021 – Mar 2021)</i>	<i>(Apr 2021 – Jun 2021)</i>	<i>(Jul 2021 – Sept 2021)</i>	<i>(Oct 2021 – Dec 2021)</i>
Revenue	RM'000	RM'000	RM'000	RM'000
Malaysia operations	31,950	19,441	20,449	50,271
Singapore operations	21,278	19,460	21,826	21,844
Total revenue	53,228	38,901	42,275	72,115
<i>Quarter-on-quarter change (%)</i>	(8.22)	(26.92)	8.67	70.58

7. BUSINESS OVERVIEW (CONT'D)

Since March 2020 and up to the LPD, we have incurred costs amounting to approximately RM0.14 million for COVID-19 related expenses such as purchase of face masks, temperature scanners and sanitisers, sanitisation of our premises and to conduct COVID-19 swab tests for our employees.

We received wage subsidy allowance of RM2.04 million, RM2.90 million and RM1.19 million in FYE 2020, FYE 2021 and FYE 2022 respectively due to the COVID-19 pandemic. This includes the Jobs Support Scheme by the Singapore government and the Wage Subsidy Programme by the Government.

Since the imposition of the MCO in March 2020 and up to the LPD, we have not breached any laws and regulations in relation to the COVID-19 restrictions and SOPs which may lead to penalties by the relevant authorities.

7.15 SALES AND MARKETING ACTIVITIES

We adopt the following marketing strategies to sustain and grow our business:

(i) Established brand for our retail outlets

We have an established brand for our golf retail outlets under "MST GOLF" coupled with the presence of our network of 36 retail outlets in Malaysia and 8 retail outlets in Singapore as at the LPD which enhances our market visibility and awareness. In addition to our retail outlets, our customers are also able to shop at our online platform, <https://mstgolf.com>.

We will continue to build our retail brand equity in Malaysia and Singapore through our retail outlets including specialty stores, pro shops and departmental counters where we have direct engagement with customers.

(ii) One-stop retail environment for golf equipment

We provide a one-stop retail environment for golf equipment to our customers where we carry an extensive range of products and brands of golf equipment to meet the comprehensive needs of customers. As at the LPD, we have approximately 97 brands of golf equipment including golf clubs, golf balls and accessories and golf apparel. In addition, we offer value-added services to our customers including the provision of customised club fitting and repair services, and golf coaching.

We will continue to expand our portfolio of brands, products and services to provide choice and convenience to serve as a one-stop centre for golf equipment and related services to new and existing golfers. Among others, we have launched our indoor golf centre, "MST GOLF ARENA", with direct access from our retail outlet, to make golf playing and learning more accessible as well as to provide activities suitable for individuals, families and groups covering golfers and the general public.

(iii) Loyalty membership programme

We focus on building customer loyalty through, among others, the introduction of our loyalty membership programme namely *ilovegolf* where our customers will earn a reward point for every RM1/SGD1 spent at our "MST GOLF" retail outlets, online platform and "MST GOLF ARENA" indoor golf centres, where they are entitled to various benefits under this programme.

7. BUSINESS OVERVIEW (CONT'D)

The reward points earned are entitled for cash voucher redemption which can be used to purchase our products and services at our outlets. In addition to the reward points for purchases made, the benefits and privileges under our *ilovegolf* programme include special rates for golfing at certain golf and country club during a specific promotional period, exclusive previews of our new product launches, members-only tournaments, exclusive promotions such as additional discounts or extra reward points during selected events, in-store exclusive privileges such as additional discounts on selected brands.

As at the LPD, we have approximately 93,995 active members under our *ilovegolf* programme. Our sales generated from *ilovegolf* members contributed approximately 57.34%, 73.20%, 72.12% and 75.68% of our total retail revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

Our business is mainly focused on the retail of golf equipment where the vast majority are end-consumers. Our customers purchase our goods from our retail outlets and online platform. As such, we mainly carry out the following marketing activities to enhance our brand equity as well as to enhance sales of our products and services:

- (i) We conduct sales and promotions at our retail outlets and online platform including the following key sales and promotions:

Type of sales or promotions	Description
Stock clearance sales	Clearance sales held twice a year typically in July and November/December generally between 2 to 4 weeks at our retail outlets
<i>ilovegolf</i> members rewards week	Exclusive promotions for our <i>ilovegolf</i> members held twice/three times a year for a week at our retail outlets where members are able to purchase golf equipment at a discounted price or extra reward points
Golf festival "GolFest"	Annual golf festival held at the KLGCC and our indoor golf centres in the 1st quarter of the year generally for 4 days including product demonstrations of all brands of golf clubs, as well as exclusive promotions and offers during the festival
Warehouse sales	Warehouse sales held twice/three times a year generally for 2 weeks at Shah Alam Convention Center or MST Golf Plaza
Nationwide sales	Exclusive promotions including discounts for selected products or brands and offers at all retail outlets such as New Year Sales, Brand Promos and Japan Golf Fair
Localised sales	Exclusive promotions at specific retail outlets including storewide discount, additional reward points or clearance stocks
Online promotion	We have various promotions on our online platform including online exclusive discounts, pre-order promotions, exclusive discounts for selected products and brands, as well as sales during 11.11 and PayDay Sales

- (ii) We utilise digital marketing and advertising including social media platforms such as Facebook and Instagram, as well as our online platform, <https://mstgolf.com>, to promote new store launches, product launches, targeted retail promotions as well as our indoor golf centres and golf related services. We also use our social media platforms to engage with our customers and to receive customer feedback.

7. BUSINESS OVERVIEW (CONT'D)

- (iii) Our online platform, <https://mstgolf.com> served as one of our key marketing activities for our Group where our customers can browse our wide range of golf equipment online including golf clubs, golf balls and accessories and golf apparel. In addition, our online platform also provides information on new product introductions as well as our ongoing promotions.
- (iv) We promote our brands, products and services advertise through print media such as newspapers and magazines, buntings, in-store signages, golf courses and driving ranges.
- (v) Our marketing activities also include sending short message service (SMS), emails and newsletters on our range of products and services, promotions, activities and golf-related news and information to our *ilovegolf* members as well as our online registered members.
- (vi) As part of our brand awareness and promotional activities, we conduct events for the launch or preview of new products, product demonstrations, club fitting sessions, contests and tournaments as well as sponsoring events.
- (vii) We also produce content including information, pictures and videos on selected brands and their products, golfing tips and suggestions, product launches and product training material. The content produced is used as part of our marketing activities to create a brand experience at our retail outlet showcasing the product information, our social media platforms as well as for our digital media website at <https://golfmatters.com>. In addition, for new product launches, we also have promotional offers including introductory price, members discount or gift with purchase.

During the Financial Years Under Review, our expenses on advertising and promotional activities accounted for 3.17% (RM5.57 million), 2.36% (RM4.01 million), 2.75% (RM5.68 million) and 2.31% (RM6.95 million) of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

7.16 TYPES, SOURCES AND AVAILABILITY OF INPUT MATERIALS AND SERVICES

The following are the major types of input materials and services that we purchase for our retail and wholesale operations for the Financial Years Under Review:

	<---FYE 2019--->		<---FYE 2020--->		<---FYE 2021--->		<---FYE 2022--->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Finished goods	105,411	99.74	79,880	99.93	138,121	99.92	175,864	99.90
Golf clubs ⁽¹⁾	49,961	47.27	44,109	55.18	78,220	56.59	99,811	56.70
Golf balls and accessories ⁽²⁾	33,306	31.52	25,005	31.28	41,486	30.01	44,724	25.41
Golf apparel ⁽³⁾	22,144	20.95	10,766	13.47	18,415	13.32	31,329	17.79
Services⁽⁴⁾	274	0.26	50	0.07	117	0.08	179	0.10
Total purchases	105,685	100.00	79,930	100.00	138,238	100.00	176,043	100.00

Notes:

- (1) Including individual golf clubs and golf package sets with multiple clubs, as well as components such as head, shaft and grip for customised club fittings and repair services.
- (2) Including golf footwear, gloves, tees, bags, trolleys, GPS, umbrellas, towels and markers.

7. BUSINESS OVERVIEW (CONT'D)

- (3) Including shirts, pants, shorts, innerwear, outerwear, headwear, arm gloves, casual shoes, socks, belts and eyewear.
- (4) Including embroidery and printing services, as well as ingredients for food and beverage services at indoor golf centre for FYE 2022.

Purchases by geographical operations

	<---FYE 2019--->		<---FYE 2020--->		<---FYE 2021--->		<---FYE 2022--->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia operations	73,433	69.48	55,894	69.93	80,560	58.28	109,417	62.15
• Golf clubs ⁽¹⁾	30,904	29.24	27,681	34.63	39,035	28.24	52,272	29.69
• Golf balls and accessories ⁽²⁾	25,655	24.28	19,323	24.18	29,315	21.21	32,248	18.32
• Golf apparel ⁽³⁾	16,648	15.75	8,862	11.09	12,118	8.77	24,776	14.07
• Services ⁽⁴⁾	226	0.21	28	0.03	92	0.06	121	0.07
Singapore operations	32,252	30.52	24,036	30.07	57,678	41.72	66,626	37.85
• Golf clubs ⁽¹⁾	19,057	18.03	16,428	20.55	39,185	28.35	47,539	27.01
• Golf balls and accessories ⁽²⁾	7,651	7.24	5,682	7.11	12,171	8.80	12,476	7.09
• Golf apparel ⁽³⁾	5,496	5.20	1,904	2.38	6,297	4.55	6,553	3.72
• Services ⁽⁴⁾	48	0.05	22	0.03	25	0.02	58	0.03
Total purchases	105,685	100.00	79,930	100.00	138,238	100.00	176,043	100.00

Notes:

- (1) Including individual golf clubs and golf package sets with multiple clubs, as well as components such as head, shaft and grip for customised club fittings and repair services.
- (2) Including golf footwear, gloves, tees, bags, trolleys, GPS, umbrellas, towels and markers.
- (3) Including shirts, pants, shorts, innerwear, outerwear, headwear, arm gloves, casual shoes, socks, belts and eyewear.
- (4) Including embroidery and printing services, as well as ingredients for food and beverage services at indoor golf centre for FYE 2022.

As a retailer and wholesaler of golf equipment, our purchases of input materials are mainly finished goods. For the Financial Years Under Review, our purchases of golf clubs represented the largest proportion of our purchases having accounted for 47.27%, 55.18%, 56.59% and 56.70% of our total purchases of input materials and services for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. This is followed by golf balls and accessories including golf footwear, gloves, equipment bags, trolleys, as well as other golf accessories. which accounted for 31.52%, 31.28%, 30.01% and 25.41% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022. Meanwhile, purchases of golf apparel accounted for 20.95%, 13.47%, 13.32% and 17.79% of our total purchases of input materials and services for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022.

7. BUSINESS OVERVIEW (CONT'D)

The breakdown of purchases of finished goods and services by local suppliers in Malaysia and Singapore, as well as suppliers from other foreign countries is set out below:

	<---FYE 2019--->		<---FYE 2020--->		<---FYE 2021--->		<---FYE 2022--->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia's suppliers	40,090	37.94	29,946	37.47	36,096	26.12	51,505	29.26
Singapore's suppliers	16,598	15.70	11,481	14.36	21,306	15.41	19,661	11.17
Foreign suppliers ⁽¹⁾	48,997	46.36	38,503	48.17	80,836	58.47	104,877	59.57
Total purchases	105,685	100.00	79,930	100.00	138,238	100.00	176,043	100.00

Note:

(1) Refers to foreign suppliers outside of Malaysia and Singapore.

During the Financial Years Under Review, 62.30%, 62.82%, 74.87% and 67.41% of our total purchases of input materials and services for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively were transacted in foreign currencies, mainly USD. Please refer to Sections 5.1.3 and 12.3.2(v) of this Prospectus for further details of the risk and impact of foreign exchange fluctuations.

The breakdown of purchases by country of origin of our suppliers is set out below:

	<---FYE 2019--->		<---FYE 2020--->		<---FYE 2021--->		<---FYE 2022--->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Golf clubs⁽¹⁾	49,961	47.27	44,109	55.18	78,220	56.59	99,811	56.70
• USA	18,735	17.73	18,988	23.75	38,235	27.66	49,725	28.25
• Japan	11,111	10.51	7,119	8.91	14,177	10.26	17,611	10.00
• Malaysia	12,453	11.78	11,472	14.35	12,468	9.02	17,215	9.78
• Singapore	4,951	4.68	4,701	5.88	9,144	6.61	10,290	5.85
• Hong Kong	2,517	2.38	1,758	2.20	4,087	2.96	4,733	2.69
• Others ⁽⁵⁾	194	0.19	71	0.09	109	0.08	237	0.13
Golf balls and accessories⁽²⁾	33,306	31.52	25,005	31.29	41,486	30.01	44,724	25.41
• Malaysia	15,741	14.90	13,408	16.78	14,938	10.81	19,639	11.16
• Singapore	6,219	5.89	4,579	5.73	6,113	4.42	4,938	2.81
• USA	5,486	5.19	3,458	4.33	12,956	9.37	10,066	5.72
• UK	892	0.84	599	0.75	2,268	1.64	4,776	2.71
• Japan	2,439	2.31	1,289	1.61	2,659	1.92	2,541	1.44
• Others ⁽⁶⁾	2,529	2.39	1,672	2.09	2,552	1.85	2,764	1.57
Golf apparel⁽³⁾	22,144	20.95	10,766	13.47	18,415	13.32	31,329	17.79
• Malaysia	11,703	11.07	5,052	6.32	8,608	6.23	14,576	8.28
• Singapore	5,361	5.07	2,174	2.72	6,024	4.36	4,407	2.50
• UK	269	0.25	1,057	1.32	1,288	0.93	4,728	2.69
• USA	1,053	1.00	378	0.47	911	0.66	2,493	1.42
• Ireland	1,094	1.03	866	1.09	621	0.45	1,631	0.93
• Others ⁽⁷⁾	2,664	2.53	1,239	1.55	964	0.69	3,494	1.97

7. BUSINESS OVERVIEW (CONT'D)

	<---FYE 2019--->		<---FYE 2020--->		<---FYE 2021--->		<---FYE 2022--->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Services⁽⁴⁾	274	0.26	50	0.06	117	0.08	179	0.10
• Malaysia	193	0.19	14	0.02	82	0.06	75	0.04
• Others ⁽⁸⁾	81	0.07	36	0.04	35	0.02	104	0.06
Total purchases	<u>105,685</u>	<u>100.00</u>	<u>79,930</u>	<u>100.00</u>	<u>138,238</u>	<u>100.00</u>	<u>176,043</u>	<u>100.00</u>

Notes:

- (1) Including individual golf clubs and golf package sets with multiple clubs, as well as components such as head, shaft and grip for customised club fittings and repair services.
- (2) Including golf footwear, gloves, tees, bags, trolleys, GPS, umbrellas, towels and markers.
- (3) Including shirts, pants, shorts, innerwear, outerwear, headwear, arm gloves, casual shoes, socks, belts and eyewear.
- (4) Including embroidery and printing services, as well as ingredients for food and beverage services at the indoor golf centres for FYE 2022.
- (5) Including Taiwan, Ireland, Switzerland and China.
- (6) Including Taiwan, Hong Kong, South Korea, China, the Netherlands, Thailand, France and Australia.
- (7) Including South Korea, Japan, China, Indonesia, Vietnam, Taiwan, Ethiopia, Bangladesh, Thailand, Hong Kong, India and Myanmar.
- (8) Including Singapore, UK, USA, China, Hong Kong, Ireland, Taiwan, Switzerland and Myanmar.

7.17 MAJOR CUSTOMERS

Our business is segmented into 2 operating trade models namely retail and wholesale trade. Our customers for the retail segment comprise mainly end-users including individuals who purchased our products at our retail outlets and online platform as well as corporate customers.

Our customers for the golf related services and indoor golf centres are mainly end-users who are individuals that procure the golf related services including golf coaching, rental of golf equipment comprising golf clubs and golf accessories at our pro shops at the golf and country clubs and supply of range balls for use at the driving range that we operate. In addition, we also serve corporate customers for event management and planning mainly for golf tournament-related events.

Our customers for the wholesale segment are mainly retailers in Malaysia, Singapore and other foreign countries mainly Indonesia.

We do not have any major customers as none of our customers contributed more than 5.00% to our total revenue for the Financial Years Under Review. As such, we are not dependent on any of our customer.

7. BUSINESS OVERVIEW (CONT'D)**7.18 MAJOR SUPPLIERS**

Our top 5 major suppliers and their contribution to our purchases for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 are set out below:

FYE 2019

Supplier name	Country of origin of supplier	Main brands	Main input goods ⁽¹⁾	Length of relationship*	RM'000	%
Supplier A ^{#(2)}	USA ⁽²⁾	(2)	Golf equipment	1	21,296	20.15
Supplier B ⁽³⁾	USA ⁽³⁾	(3)	Golf equipment	7	13,960	13.21
Supplier C ^{#(4)}	USA ⁽⁴⁾	(4)	Golf apparel	5	8,391	7.94
adidas Group ^{#(5)}	Germany ⁽⁵⁾	<i>adidas</i>	Golf apparel	21	4,945	4.68
Yamaha Corporation ^{#(6)}	Japan ⁽⁶⁾	<i>Yamaha</i>	Golf equipment	8	4,731	4.48
Sub-total					53,323	50.45
Total purchases					105,685	

FYE 2020

Supplier name	Country of origin of supplier	Main brands	Main input goods ⁽¹⁾	Length of relationship*	RM'000	%
Supplier A ^{#(2)}	USA ⁽²⁾	(2)	Golf equipment	2	18,870	23.61
Supplier B ⁽³⁾	USA ⁽³⁾	(3)	Golf equipment	8	9,947	12.44
Winston's Sdn Bhd ⁽⁷⁾	USA ⁽⁷⁾	<i>PING</i>	Golf equipment	20	4,344	5.43
Dunlop Srixon Sports Asia Sdn Bhd ⁽⁸⁾	Japan ⁽⁸⁾	<i>Dunlop and Srixon</i>	Golf clubs and accessories	6	4,333	5.42
Supplier D ^{#(9)}	USA ⁽⁹⁾	(9)	Golf equipment	3	3,496	4.37
Sub-total					40,990	51.28
Total purchases					79,930	

7. BUSINESS OVERVIEW (CONT'D)**FYE 2021**

Supplier name	Country of origin of supplier	Main brands	Main input goods⁽¹⁾	Length of relationship*	RM'000	%
Supplier A # ⁽²⁾	USA ⁽²⁾	⁽²⁾	Golf equipment	3	46,609	33.72
Supplier B ⁽³⁾	USA ⁽³⁾	⁽³⁾	Golf equipment	9	13,051	9.44
Yamaha Corporation # ⁽⁶⁾	Japan ⁽⁶⁾	<i>Yamaha</i>	Golf equipment	10	7,325	5.30
Mizuno Singapore Pte Ltd # ⁽¹⁰⁾	Japan ⁽¹⁰⁾	<i>Mizuno</i>	Golf equipment	5	6,719	4.86
PUMA Group # ⁽¹¹⁾	Germany ⁽¹¹⁾	<i>PUMA and Cobra</i>	Golf equipment	10	6,214	4.50
Sub-total					79,918	57.81
Total purchases					138,238	

FYE 2022

Supplier name	Country of origin of supplier	Main brands	Main input goods⁽¹⁾	Length of relationship*	RM'000	%
Supplier A # ⁽²⁾	USA ⁽²⁾	⁽²⁾	Golf equipment	4	57,149	32.46
Supplier B ⁽³⁾	USA ⁽³⁾	⁽³⁾	Golf equipment	10	14,446	8.21
Mizuno Singapore Pte Ltd # ⁽¹⁰⁾	Japan ⁽¹⁰⁾	<i>Mizuno</i>	Golf equipment	6	9,009	5.12
Peter Millar UK Ltd # ⁽¹²⁾	UK ⁽¹²⁾	<i>Peter Millar and G/FORE</i>	Golf balls and accessories and golf apparel	3	8,333	4.73
Yamaha Corporation # ⁽⁶⁾	Japan ⁽⁶⁾	<i>Yamaha</i>	Golf equipment	11	7,699	4.37
Sub-total					96,636	54.89
Total purchases					176,043	

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- # We have subsisting agreements with the respective brand owner's companies as at the LPD.
- * Length of relationship is as at the respective financial year end.
- (1) Golf equipment comprises golf clubs, golf balls and accessories and golf apparel.
 - (2) Supplier A is a private company in the USA and is a manufacturer of golf equipment in the USA. Supplier A supplies its own brand of golf equipment to us. We have sought consent from Supplier A for disclosure of the information required in the Prospectus but such consent has not been granted.
 - (3) Supplier B comprises 2 companies in Malaysia and Singapore who are subsidiaries of a company listed on the New York Stock Exchange and is involved in the design, development, manufacture and distribution of golf equipment. Supplier B supplies 2 brands of golf equipment to us. We have sought consent from Supplier B for disclosure of the information required in the Prospectus but such consent has not been granted.
 - (4) Supplier C comprises 2 companies in Malaysia and Singapore who are subsidiaries of a company listed on the New York Stock Exchange involved in the development, marketing and distribution of apparel, footwear and accessories. Supplier C supplies 1 brand of golf apparel to us. We have sought consent from Supplier C for disclosure of the information required in the Prospectus but such consent has not been granted.
 - (5) Including adidas (Malaysia) Sdn Bhd and adidas Singapore Pte Ltd who are subsidiaries of adidas AG, a company listed on the Frankfurt Stock Exchange and is involved in the design, distribution, and marketing of athletic and sports lifestyle products.
 - (6) Yamaha Corporation from Japan is a company listed on the Tokyo Stock Exchange and is involved in the manufacture and sale of musical instruments, audio equipment, and other products including golf products.
 - (7) Winston's Sdn Bhd is a private company in Malaysia and is involved in the wholesale and marketing of golf related sports equipment. Winston's Sdn Bhd mainly supplies PING brand of golf equipment from the USA to us.
 - (8) Dunlop Srixon Sports Asia Sdn Bhd is a subsidiary of Sumitomo Rubber Industries Ltd from Japan, a company listed on the Tokyo Stock Exchange and is involved in the manufacture of tires for passenger cars, trucks, buses and motorcycles, manufacture of sports goods including golf clubs, golf balls and other golf-related goods, tennis related goods, and provision of services related to golf tournaments, golf and tennis schools and fitness clubs, and manufacture of industrial and other rubber products.
 - (9) Supplier D is a private company in the USA and is a manufacturer of golf equipment. Supplier D supplies its own brand of golf equipment to us. We have sought consent from Supplier D for disclosure of the information required in the Prospectus but such consent has not been granted.
 - (10) Mizuno Singapore Pte Ltd is a subsidiary of Mizuno Corporation from Japan, a company listed on the Tokyo Stock Exchange and is involved in the manufacture and sale of sporting goods such as baseball products, sportswear, sports shoes and golf products.
 - (11) Including PUMA Sports Goods Sdn Bhd and PUMA Sports SEA Trading Pte Ltd who are subsidiaries of PUMA SE, a company listed on the Frankfurt Stock Exchange and is involved in the design, development, marketing and sale of footwear, apparel and accessories.

7. BUSINESS OVERVIEW (CONT'D)

- (12) Peter Millar UK Ltd is a subsidiary of Compagnie Financière Richemont SA from UK, a company listed on the SIX Swiss Exchange and is involved in the wholesale and retail sales of casual apparel and sportswear.

The decline in value of purchases from the major suppliers of RM12.33 million or 23.13% in the FYE 2020 compared to FYE 2019 was mainly due to the impact of the COVID-19 pandemic. This is also consistent with the decrease in revenue by RM5.80 million or 3.30% from RM175.95 million in FYE 2019 to RM170.15 million in FYE 2020. Please refer to Section 7.14.2 of this Prospectus for further details of the impact of the COVID-19 pandemic.

We are dependent on Supplier A as they represented more than 20.00% of our total purchases of input materials and services for the Financial Years Under Review. Supplier A is our supplier of golf equipment including Supplier A's own brand of golf clubs, golf balls and accessories and golf apparel.

We have been working closely with Supplier A for approximately 24 years since 1999 through the previous supplier before we were appointed as a distributor for the brand directly in 2018. This indicates a stable and long-term relationship with the supplier and brand owner.

We are the Appointed exclusive distributor of Supplier A's own brand of golf equipment covering Malaysia and Singapore since 2018 and Indonesia since 2021. Our subsisting distributorship agreements are valid with the tenures ending in December 2023 and are renewable subject to mutual agreement prior to its expiry. Supplier A may terminate the subsisting distributorship agreements with us if among others, the following event(s) occur:

- (i) if we commit a breach and fail to remedy such breach upon notice, or if such breach is incapable of being remedied;
- (ii) if we fail to achieve the minimum purchase requirements; and/or
- (iii) if there is a change of ownership or control of more than 50% shareholdings in our contracting subsidiaries.

Please refer to Section 5.1.4 of this Prospectus for further details of the risk relating to our dependency on Supplier A.

Between FYE 2019 and FYE 2022, our purchases of Supplier A's products recorded a CAGR of 38.96%, albeit the decline in purchases declined by 11.39% in FYE 2020 compared to FYE 2019 due to the impact of the COVID-19 pandemic. Our increase in purchases of Supplier A's products will help cement our business relationship for mutual benefits.

We are not dependent on the remaining major suppliers as they either contributed less than 10.00% of our total purchases of input materials and services or their contribution to our purchases are on a declining trend during the Financial Years Under Review.

During the Financial Years Under Review, we had a total of 164, 127, 131 and 129 suppliers for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. Our selection criteria for suppliers mainly focuses on notable and common brands of golf equipment. Since commencement of our business operations and up to the LPD, we have not experienced any difficulty procuring the materials or had any disputes with our suppliers. As at the LPD, our Group has not entered into any long term agreements with our suppliers.

Further, notwithstanding our subsisting distributorship agreements with Supplier A, as at the LPD, our Group's business or profitability is not materially dependent on any contracts with our suppliers.

7. BUSINESS OVERVIEW (CONT'D)

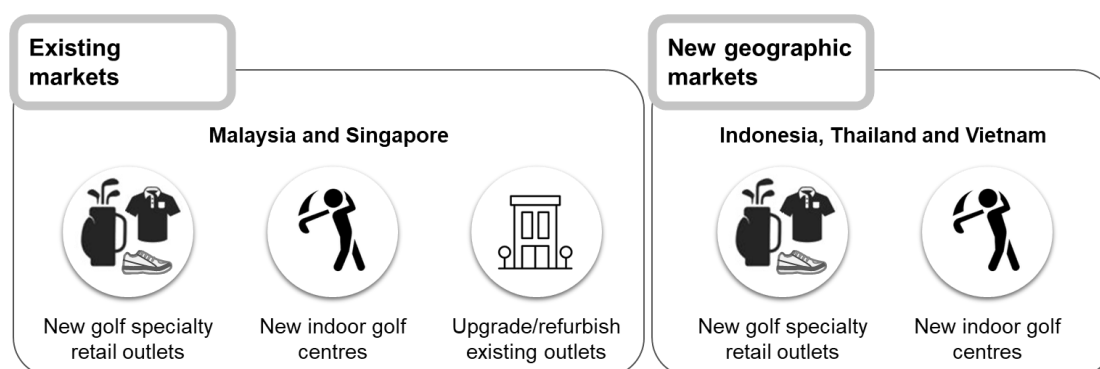
Our Group's dependency on Supplier A's products is mitigated as we have many other brands that we will be able to supply to our customers in the event the distributorship agreement between Supplier A and our Group is not renewed. In addition, the risk of termination of the distributorship agreement between Supplier A and our Group is relatively low in view that we are currently the largest chain of golf specialty retailer in Malaysia (*Source: IMR Report*) and that our Group and Supplier A have established a long standing business relationship of approximately 24 years since 1999. As such, Supplier A would be more inclined to work with us to distribute their brand of products.

7.19 OUR BUSINESS STRATEGIES AND PLANS

Moving forward, we will continue to operate our existing business comprising retail and wholesale of golf equipment, as well as provision of golf related services and operation of indoor golf centres.

Our key business strategies and plans are to leverage our core competency in the operations of golf retail outlets and indoor golf centres to grow our business in our existing markets as well as expansion into new geographic markets. A summary of our expansion plans is set out below:

Our key business strategies and plans



In addition, we plan to invest in upgrading our digital technology facilities including ERP and IT related systems.

7.19.1 Expansion into our existing market in Malaysia and Singapore

We plan to expand our market access and coverage in Malaysia and Singapore by:

- (i) setting up new golf retail outlets to grow our business and revenue as we plan to establish additional retail outlets in Malaysia and Singapore;
- (ii) expand the number of indoor golf centres in Malaysia and Singapore to address a new target customer group of non-golfers as well as provide new experiences to golfers; and
- (iii) upgrade and refurbish our existing golf retail outlets to improve the overall image of our brand and outlet, attract new customers and thereby improve our revenue.

Our process in identifying new retail outlet locations take into consideration the factors as set out below:

- (i) identifying the golfer catchment areas including new areas for potential growth opportunities and areas that are underserved by us;
- (ii) urban and major suburban locations with golf courses in surrounding areas;

7. BUSINESS OVERVIEW (CONT'D)

- (iii) premises including shopping malls, commercial buildings as well as golf and country clubs and driving ranges; and
- (iv) number of golf courses in the respective countries in 2020 (based on the latest available data), as set out below:

	Malaysia	Singapore
No. of golf courses	243	28

(Source: IMR Report)

During the process of identifying the golfer catchment areas to secure desired locations, we commonly carry out a site visit and also approach the landlord to obtain information on space availability and rental for our financial feasibility study, as well as study the demographic data from our *ilovegolf* member base. Upon securing the desired location, the opening of retail outlets will involve a variety of planning and execution tasks including interior design works, preparation and submission of relevant permits, renovation and fit-out works, as well as preparation of the inventory.

The consideration factors to open new retail outlets with indoor golf centre will be focused on shopping malls in major urban centres with surrounding dense populations. Part of our business strategy is to expand the number of indoor golf centres in Malaysia and Singapore to address a new target customer group of non-golfers as well as provide new experiences to golfers. Our indoor golf centres provide activities suitable for individuals, families and groups covering golfers and the general public.

We will carry out financial feasibility studies targeting a payback period of approximately 1 year for each new retail outlet and approximately 2 years for each new retail outlet with indoor golf centre that we open. In addition, each retail outlet or indoor golf centre should achieve a GP margin similar to our GP margin for our retail segment during the Financial Years Under Review of between 41.44% and 46.74%. Additionally, our indoor golf centre operations achieved a GP margin of 69.05% for the FYE 2022 where we commenced our first indoor golf centre in February 2022. The longer target payback period of 2 years for each new retail outlet with indoor golf centre as compared to 1 year for each new retail outlet is mainly due to the higher capital expenditure to set-up a retail outlet with indoor golf centre including the purchase and installation of golf simulators and kitchen equipment.

7.19.1.1 Setting-up new golf retail outlets and retail outlets with indoor golf centres in Malaysia and Singapore

As at the LPD, we operate a total of 44 golf retail outlets. Out of these 44 outlets, 36 outlets are in Malaysia while the remaining 8 outlets are in Singapore. In Malaysia, we operate 30 retail outlets under the "MST GOLF" brand and 6 retail outlets under the "MST GOLF" and "MST ATHLEISURE WEAR" (for golf apparel) brands. In Singapore, we operate 5 retail outlets under the "MST GOLF" brand and 3 retail outlets under the "MST GOLF" and "MST ATHLEISURE WEAR" (for golf apparel) brands.

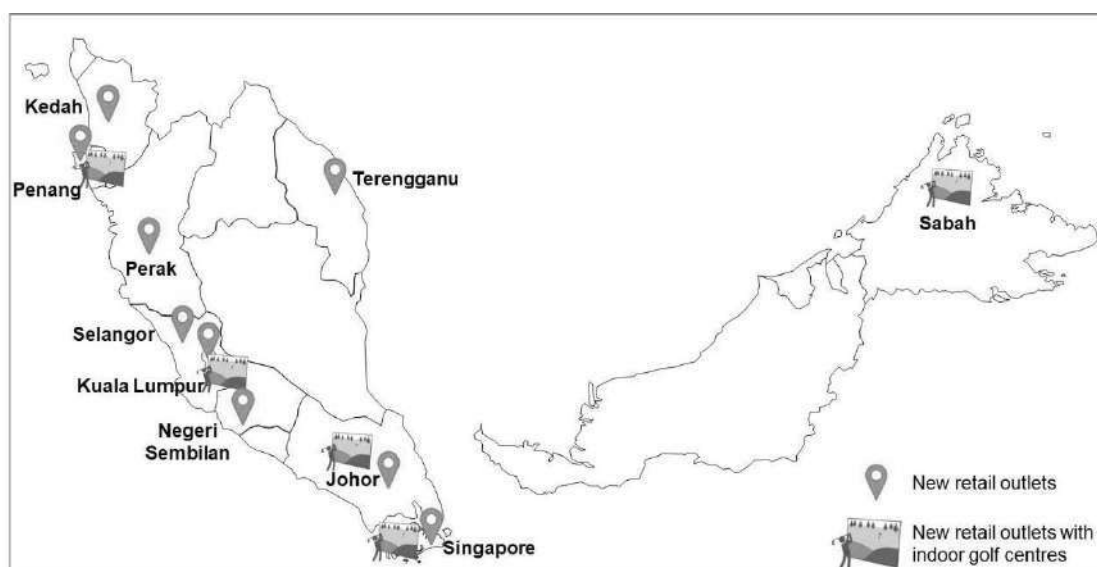
Part of our business strategy is to expand our market access and coverage in Malaysia and Singapore by setting up new retail outlets to grow our business and revenue. The objective is to provide better accessibility and convenience to mainly target new customers.

In addition, we also plan to expand the number of indoor golf centres in Malaysia and Singapore to address a new target customer group of non-golfers as well as provide new experiences to golfers. Our indoor golf centres provide activities suitable for individuals, families and groups covering golfers and the general public of all age groups. We envisage our indoor golf centres will also drive our revenue for retailing golf equipment. As a support to our retailing of golf equipment, our existing indoor golf centres have adjoining retail outlets.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, we operate 2 indoor golf centres with adjoining retail outlets including 1 located at The Gardens Mall in Kuala Lumpur and the other located at Tropicana Gardens Mall in Selangor under "MST GOLF ARENA" brand. The 2 indoor golf centres collectively have a GFA of 52,872 sq. ft. with a total of 38 golf simulator bays. Our planned indoor golf centres will be similar to our existing indoor golf centres where we will include golf simulator bays, simulation putting greens and golf coaching. At the same time, they will have adjoining retail outlets for the sales of our golf equipment.

We plan to establish an additional 15 retail outlets including 10 retail outlets and 5 retail outlets with indoor golf centres as depicted below:



The total cost of setting up the 15 retail outlets, which includes 10 retail outlets and 5 retail outlets with indoor golf centres is estimated at RM59.76 million and will be funded through IPO proceeds, detail of which is set out below:

Type of outlets and location	<-----Number of outlets----->				Total cost RM'000	Expected timing to commence operations
	2023	2024	2025	Total		
Retail outlets⁽¹⁾	4	3	3	10	28,660	
• Malaysia	3	3	3	9 ⁽²⁾	24,960	Q3 2023 to Q4 2025 Q4 2023
• Singapore	1	-	-	1	3,700	
Retail outlet with indoor golf centre	1	2	2	5	31,095	
• Malaysia	1	1	2	4 ⁽³⁾	25,545	Q3 2023 to Q4 2025 Q4 2024
• Singapore	-	1	-	1	5,550	
Total	5	5	5	15	59,755	

Notes:

- (1) The retail format for our new retail outlets will be mainly specialty stores which enables us to carry a wider range of products compared to our other retail formats, such as pro shops and departmental counters. However, this is subject to negotiation on securing desired locations.

7. BUSINESS OVERVIEW (CONT'D)

- (2) Includes the retail outlets at Seremban Gateway, Negeri Sembilan and Plaza Shah Alam, Selangor which we have entered into letters of offer with the respective landlords. Please refer to Section 7.7 of this Prospectus for further details of these retail outlets.
- (3) Includes the retail outlet at Gurney Paragon Mall, Penang which we have entered into a tenancy agreement in March 2023 with the landlord. Please refer to Section 7.7 of this Prospectus for further details of this retail outlet.

Please refer to Section 4.6.1 of this Prospectus for further details of the utilisation of the IPO proceeds.

7.19.1.2 Upgrade and refurbish selected existing retail outlets

We also intend to upgrade and refurbish our existing golf retail outlets to improve the overall image of our brand and outlet, attract new customers and improve our revenue.

We plan to commence upgrading and refurbishing activities in the 3rd quarter of 2023, which includes renovation as well as replacement of furniture and fittings in 10 retail outlets in Malaysia as well as our head office and warehouse at Subang Jaya, Selangor. The upgrading and refurbishing activities are to be carried out in stages with details set out below:

<--No. of existing outlets to be upgraded and refurbished-->				Total cost RM'000
	2023	2024	2025	
Malaysia				
Specialty stores	2	2	4	1,700
Pro shops	-	1	1	500
Head office	-	1	-	500
Warehouse	1	-	-	300
Total	3	4	5	3,000

We intend to utilise RM3.00 million from the IPO proceeds to fund the upgrade and refurbishment activities. Please refer to Section 4.6.1 of this Prospectus for further details of the utilisation of the IPO proceeds.

7.19.2 Expansion into new geographical markets

Part of our expansion strategy is to grow our business geographically and to increase our market presence in foreign countries namely Indonesia, Thailand and Vietnam. We intend to pursue this expansion strategy by leveraging on our strength and experience with our existing foreign operations in Singapore.

The expansion into these new foreign countries to establish golf retail outlets and indoor golf centres will be through joint venture arrangements with local partners in the respective countries to tap into their business track record, financial strengths, resources and their existing network within the retail industry in the respective geographical markets. The new retail outlets and indoor golf centres will be operating under "MST GOLF" and "MST GOLF ARENA" brands respectively.

7. BUSINESS OVERVIEW (CONT'D)

On 18 April 2023, we entered into a memorandum of understanding with PT Sinar Eka Selaras for a proposed joint venture to establish golf retail outlets and indoor golf centres in Indonesia. PT Sinar Eka Selaras is a subsidiary of PT Erajaya Swasembada Tbk which is a public company listed on the Indonesia Stock Exchange and is involved in the distribution and trading of telecommunication equipment, computer and other electronic devices. PT Erajaya Swasembada Tbk is also involved in the distribution and retailing of fashion products for brands such as *ASICS*, *Garmin* and *JD Sports*. As at the LPD, we have not identified our joint venture partners nor entered into any such joint venture arrangements for our expansion into Thailand and Vietnam.

The key factors that we will consider in assessing the opening of new retail outlets and indoor golf centres includes the following:

- (i) location focusing on the major cities (such as Jakarta in Indonesia, Bangkok in Thailand and Ho Chi Minh City in Vietnam) in areas that have golf course facilities;
- (ii) premises including shopping malls, departmental stores, commercial buildings and golf and country clubs; and
- (iii) industry observations such as the number of golf courses in the respective countries in 2020 (based on the latest available data), as set out below, that may potentially promote the demand for golf equipment:

	Indonesia	Thailand	Vietnam
No. of golf courses	170	317	86

The number of golf courses is potentially a driver of demand for golf equipment. Golf is often perceived to be an expensive sport compared to other sports, partly due to its exclusive nature, cost of equipment, as well as fees for golf club membership or fees to play on public and private golf courses. As such, growth in the economies, population, household income and consumer sentiment index (CSI) are factors of demand for golf equipment. Growing economies will serve as the platform for sustainability and growth for the golf industry.

- In 2022, the real GDP of Indonesia's economy grew by 5.3%. In the 1st quarter of 2023, Indonesia's real GDP grew by 5.0% compared to the 1st quarter of 2022.
- In 2022, the real GDP of Thailand's economy grew by 2.6% and is projected to expand between 2.7% and 3.7% in 2023.
- In 2022, the real GDP of Vietnam's economy grew by 8.0%. In the 1st quarter of 2023, Vietnam's real GDP grew by 3.3% compared to the 1st quarter of 2022.

(Source: IMR Report)

In addition to industry observations, we also take into consideration the growth of our wholesales of golf equipment to Indonesia, which increased by 283.69% to RM25.38 million in FYE 2021 (FYE 2020: RM6.61 million) and continued to grow by 22.53% to RM31.10 million in FYE 2022.

Generally, we will carry out financial feasibility studies targeting a payback period of approximately 1 year for each new retail outlet and approximately 2 years for each new retail outlet with indoor golf centre that we open. For the purposes of our expansion into Indonesia, Thailand and Vietnam, we have carried out the financial feasibility studies targeting the said payback periods.

7. BUSINESS OVERVIEW (CONT'D)

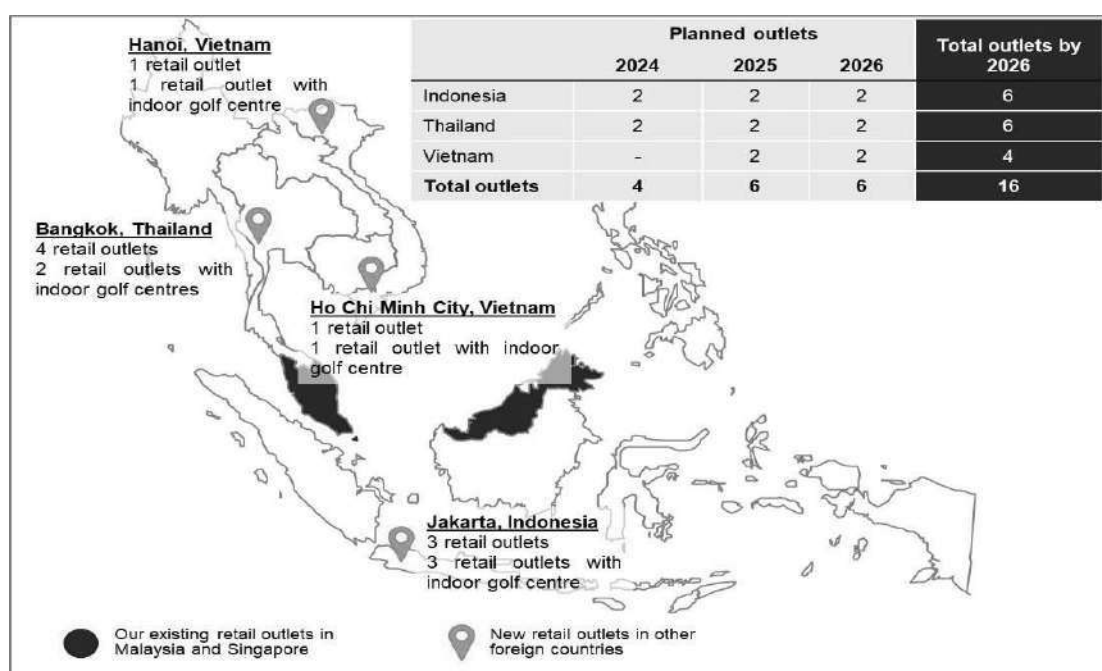
The basis of the payback period of 1 year for a new retail outlet takes into consideration the set-up costs for outlet renovation. As for a new retail outlet with an indoor golf centre, the basis of the payback period of 2 years takes into consideration the purchase and installation of golf simulators and kitchen equipment as well as outlet renovation. In this respect, our expansion plans into these foreign countries have taken into consideration the abovementioned financial feasibility studies.

For FYE 2019, FYE 2020, FYE 2021 and FYE 2022, we also sold our golf equipment to resellers in other foreign countries, which accounted for 6.34% (RM11.15 million), 6.40% (RM10.90 million), 14.33% (RM29.59 million) and 10.74% (RM32.33 million) of our total revenue. The golf equipment sold comprises golf clubs, golf balls and accessories and golf apparel and we mainly sold our products to resellers within the South East Asia region, mainly Indonesia.

We plan to set up a total of 9 new retail outlets and 7 new retail outlets with indoor golf centres in the following foreign countries:

- (i) a total of 9 retail outlets comprising 3 retail outlets in Indonesia, 4 retail outlets in Thailand and 2 retail outlets in Vietnam by 2026. These retail outlets will be opened progressively starting from 2024 up to 2026; and
- (ii) a total of 7 retail outlets with indoor golf centres comprising 3 in Indonesia, 2 in Thailand and 2 in Vietnam which will be set up progressively between 2025 and 2026.

The locations of our planned retail outlets and retail outlets with indoor golf centres are depicted below:



The details of the estimated milestones for the implementation of our plans are set out below:

Timeframe

Milestone

Indonesia

4th quarter of 2023

- Setting up a joint venture company in Indonesia
- Setting up an operation office in Jakarta, Indonesia
- Hiring of 190 retail sales and 22 administrative staff in Jakarta

7. BUSINESS OVERVIEW (CONT'D)

Timeframe	Milestone
Between 1st quarter of 2024 and 3rd quarter of 2026	- Setting up retail outlets and indoor golf centres in Jakarta including renovation works with an average floor space of 12,000 sq. ft. for 1 retail outlet and 15,000 sq. ft. for 1 indoor golf centre - We intend to commence operations progressively between 2024 and 2026 as set out below:

Type of outlets	No. of retail outlets and expected timing to commence operations in Indonesia			
	2024	2025	2026	Total
Retail outlets	2	1	-	3
Retail outlet with indoor golf centre	-	1	2	3
Total	2	2	2	6

Thailand

1st quarter of 2024	- Setting up a joint venture company in Bangkok - Setting up an operation office in Bangkok - Hiring of 157 retail sales and 22 administrative staff in Bangkok
Between 2nd quarter of 2024 and 3rd quarter of 2026	- Setting up retail outlets and indoor golf centres in Bangkok including renovation works with an average floor space of 12,000 sq. ft. for 1 retail outlet and 16,000 sq. ft. 1 one indoor golf centre - We intend to commence operations progressively between 2024 and 2026 as set out below:

Type of outlets	No. of retail outlets and expected timing to commence operations in Thailand			
	2024	2025	2026	Total
Retail outlets	2	1	1	4
Retail outlet with indoor golf centre	-	1	1	2
Total	2	2	2	6

Vietnam

4th quarter of 2024	- Setting up a joint venture company in Ho Chi Minh City, Vietnam - Setting up an operation office in Ho Chi Minh City, Vietnam - Hiring a total of 134 retail sales staff including 72 and 62 retail sales staff for Ho Chi Minh City and Hanoi respectively. Hiring of 22 administrative staff

7. BUSINESS OVERVIEW (CONT'D)

Timeframe	Milestone
Between 1st quarter of 2025 and 3rd quarter of 2026	- Setting up retail outlets and an indoor golf centre each in Ho Chi Minh City and Hanoi including renovation works with an average floor space of 13,000 sq. ft. for 1 retail outlet and 16,000 sq. ft. for 1 indoor golf centre - We intend to commence the operations progressively between 2025 and 2026 as set out below:

Type of outlets	No. of retail outlets and expected timing to commence operations in Vietnam			Total
	2024	2025	2026	
Retail outlets	-	2	-	2
• Ho Chi Minh City	-	1	-	1
• Hanoi	-	1	-	1
Retail outlet with indoor golf centre	-	-	2	2
• Ho Chi Minh City	-	-	1	1
• Hanoi	-	-	1	1
Total	-	2	2	4

The total cost of our geographical market expansion in setting up the new retail outlets and indoor golf centres as well as the setting up of a branch office in each geographical market is estimated at RM100.00 million. As such, we intend to utilise RM53.55 million of the IPO proceeds for this purpose while the remaining balance will be funded by the local partners in the respective countries.

The details on the utilisation of the RM53.55 million from the IPO proceeds for the expansion into new geographical markets are set out below:

	IPO proceeds RM'000	Total no. of outlets	Expected timing to commence operation
Indonesia	19,930		
• Retail outlets	6,860	3	Q1 2024 to Q1 2025
• Retail outlet with indoor golf centre	12,570	3	Q3 2025 to Q3 2026
• Branch office	500	1	2023
Thailand	18,620		
• Retail outlets	9,180	4	Q2 2024 to Q3 2026
• Retail outlet with indoor golf centre	8,940	2	Q3 2025 to Q1 2026
• Branch office	500	1	2024
Vietnam	15,000		
• Retail outlets	5,550	2	Q1 2025 to Q3 2025
• Retail outlet with indoor golf centre	8,950	2	Q1 2026 to Q3 2026
• Branch office	500	1	2024
Total	53,550		

7. BUSINESS OVERVIEW (CONT'D)

Please refer to Section 4.6.2 of this Prospectus for further details of the utilisation of the IPO proceeds.

7.19.3 Upgrading of digital technology facilities

Part of our plans is to invest in upgrading our digital technology facilities including ERP and IT related systems. This includes the development of mobile and web portal applications, expansion of ERP systems such as retail point of sales and accounting systems as well as integration of operations enhancement features such as data analytics.

We plan to upgrade our digital technology facilities in keeping up with our business expansion mainly to support our retail business expansion in Malaysia and Singapore as well as the new foreign countries including Indonesia, Thailand and Vietnam. The upgrade of our digital technology facilities will focus on the following areas:

- (i) mobile and web portal applications with the incorporation of new applications for golf related services such as tee-time booking, golf coaching lessons, and corporate and wholesale sales, as well as online expansion in Singapore and the new foreign countries;
- (ii) expansion of ERP system including additional point-of-sales terminals and accounting system as part of our retail management system for our expansion in Malaysia and Singapore as well as the new foreign countries;
- (iii) enhancement of operational features incorporating new data analytics including, among others:
 - (a) analyses of sales performance metrics and time-series stock level trends for each retail outlet to optimise stock levels and allocation of products especially during launch of new models of popular brands;
 - (b) optimising our timing and quantity purchases for each brand and their respective products for better cashflow management and minimising stock-out situations; and
 - (c) matching buyer profile, retail outlet location and positioning and purchasing patterns to help develop marketing and promotions programmes.

The total cost for the upgrade of our digital technology facilities including ERP and IT related systems is estimated to be approximately RM5.00 million, of which RM3.00 million will be funded through the IPO proceeds and the remaining RM2.00 million through internally generated funds.

Please refer to Section 4.6.3 of this Prospectus for further details of the utilisation of the IPO proceeds.

7. BUSINESS OVERVIEW (CONT'D)

7.20 EMPLOYEES

As at the LPD, our Group has a total workforce of 624 employees which consist of 569 permanent employees, 50 contractual workers and 5 part time workers. 531 of our employees are based in Malaysia and 93 of our employees are based in Singapore.

None of our employees belongs to any trade unions. During the Financial Years Under Review, there has been no major labour disputes involving our employees. A summary of our Group's total workforce by job functions as at the LPD is set out below:

Malaysia

Categories	<-----No. of employees as at the LPD----->					
	<-----Permanent employees----->		<-----Contract employees----->		Part time employees ⁽³⁾	Total no. of employees
	Locals	Foreigners ⁽²⁾	Locals	Foreigners ⁽²⁾		
Management ⁽¹⁾	20	-	-	2	-	22
Administration	41	-	1	-	-	42
Operations	79	-	4	1	-	84
Warehouse	32	-	4	-	-	36
Outlets employees	317	1	3	22	4	347
Total no. of employees	489	1	12	25	4	531

Notes:

(1) Includes our 3 Executive Directors, 3 key senior management and 16 heads of department.

(2) Our foreign employees include 11 expatriates, 1 food and beverage team leader and 14 foreign workers with valid work permits with validity periods of between 11 months to 24 months or with permanent residence status.

As at the LPD, our 14 foreign workers in Malaysia employed under MST Golf Arena in March 2023 are housed at hostels operated by third party accommodation providers.

7. BUSINESS OVERVIEW (CONT'D)

Under the Employees Minimum Standards of Housing and Amenities Act 1990 ("**EMSHA 1990**") and the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 issued under the EMSHA 1990, we are required to ensure that the accommodation provided to our foreign workers are with certificate(s) of accommodation issued by the Department of Labour Peninsular Malaysia ("**Certificate of Accommodation**"). Pursuant to EMSHA 1990, we may be subject to a fine not exceeding RM50,000 with respect to each employees' accommodation without a certificate of accommodation.

As at the LPD, the accommodation provided to our 14 foreign workers have been issued with valid Certificate(s) of Accommodation.

(3) Comprises part time workers engaged occasionally based on number of work hours and hourly rates wages.

Our Group has been in compliance with the Malaysian Minimum Wages Order 2022 since 1 May 2022, being the date of which the Minimum Wages Order came into operation.

Singapore

	<-----No. of employees as at the LPD----->					
Categories	<-----Permanent employees----->		<-----Contract employees----->		Part time employees ⁽³⁾	Total no. of employees
	Locals	Foreigners ⁽²⁾	Locals	Foreigners		
Management ⁽¹⁾	4	1	1	-	-	6
Administration	1	5	-	-	-	6
Operations	6	2	-	-	-	8
Warehouse	7	6	2	-	-	15
Outlets employees	29	18	10	-	1	58
Total no. of employees	47	32	13	-	1	93

Notes:

- (1) Includes our 2 directors in MST Golf Singapore (1 of which is a key senior management) and 4 heads of department.
- (2) Our foreign employees hold valid work passes with validity periods of between 10 months and 36 months.
- (3) Comprises part time workers engaged occasionally based on number of work hours and hourly rates wages.

7. BUSINESS OVERVIEW (CONT'D)

7.21 MAJOR APPROVALS, LICENCES AND PERMITS OBTAINED

7.21.1 Approvals, major licences and permits obtained in respect of our business operations in Malaysia

As at the LPD, the details of the major approvals, licences and permits obtained by our Group for our operations in Malaysia together with the major conditions imposed and details of new applications for such approvals, licences, and permits are set out below:

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
<u>Specialty stores</u>							
1.	MST Golf Malaysia	Trade, business and industries licence for the premises at No. 11, Jalan 219, Section 51A, Petaling Jaya, 46100 Selangor Description: (i) Sports equipment shop (ii) Luminous horizontal signboard (3 units)	L2540000640292	Majlis Bandaraya Petaling Jaya	1 January 2023 to 31 December 2023	Nil.	N/A
2.	MST Golf Malaysia	Business licence for the premises at S-214 Second Floor, The Gardens Mall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur Description: (i) Sale of health and fitness equipment (ii) Warehouse/storage of golf equipment (iii) Signboard	DBKL.JPPP/02913 /01/2022/PR01	Dewan Bandaraya Kuala Lumpur	9 December 2022 to 8 December 2023	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar Kuala Lumpur ("Datuk Bandar KL").	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
						(b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽¹⁾	
3.	MST Golf Malaysia	Business licence for the premises at No. 8, Jalan SS 13/5, SS 13, Subang Jaya, 47500 Selangor Description: (i) Horizontal signboard (2 units) (ii) Showroom (iii) Office	20220700248	Majlis Bandaraya Subang Jaya	Issuance date: 31 May 2023 Valid until 7 July 2024	Licence must be renewed within 3 months before the expiry date except for temporary licences.	Complied
4.	MST Golf Malaysia	Business licence for the premises at No. 8, Jalan SS 13/5, Subang Jaya, 47500 Selangor Description: (i) Warehouse (Storage) (ii) Horizontal signboard (3 units) (iii) Showroom (iv) Sports equipment shop	2120100800102	Majlis Bandaraya Subang Jaya	Issuance date: 27 September 2022 Valid until 5 October 2023	Licence must be renewed within 3 months before the expiry date.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
5.	MST Golf Malaysia	Trade, business and industries licence for the premises at Lot G-01A, 02 & 03, Tropicana Gardens Mall, No. 2A, Persiaran Surian, Tropicana Indah, Petaling Jaya, 47810 Selangor Description: (i) Sports equipment shop (ii) Luminous horizontal signboard (4 units)	L2540000641117	Majlis Bandaraya Petaling Jaya	1 January Nil. 2023 to 31 December 2023		N/A
6.	MST Golf Malaysia	Business licence for the premises at Lot no. 1-01, Level 1, Intermark Mall, 348 Jalan Tun Razak, 50400 Kuala Lumpur Description: (i) Sale of sportswear and sports equipment (ii) Signboard	DBKL.JPPP/01494 /01/2017/KM01	Dewan Bandaraya Kuala Lumpur	3 February (a) 2023 to 2 February 2024	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL. (b) The number of foreign workers employed at the premise must not exceed the number of Malaysian workers or 50% of the total number of employees. Foreign workers must also be issued a valid work permit.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
						(c) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽¹⁾	
						(d) MST Golf Malaysia shall not carry out activities which are not stated in the licence.	
7.	MST Golf Malaysia	Business licence for the premises at Lot no. 1-01, Level 1, Intermark Mall, 348 Jalan Tun Razak, 50400 Kuala Lumpur Description: Warehouse/storage for golf equipment	DBKL.JPPP/00366 /12/2022/KM01	Dewan Bandaraya Kuala Lumpur	6 December 2022 to 5 December 2023	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL. (b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽¹⁾	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
8.	MST Golf Malaysia	Composite licence for the premises at Lot no. LG-28, LG Floor, IOI City Mall, Lebuh IRC, IOI Resort City, 62502 Putrajaya Description: (i) Sale of sports/exercise equipment (ii) Luminous signboard (1 unit)	331201026897	Majlis Perbandaran Sepang	Issuance date: 23 November 2022 Valid until 31 December 2023	Renewal of the licence shall be latest by 31 December annually. Majlis Perbandaran Sepang has the right to take enforcement actions in the event of failure to renew the business licence.	Complied
9.	MST Golf Malaysia	Business licence for the premises at M-1, Level Mezzanine, Avenue K, 156, Jalan Ampang, 50450 Kuala Lumpur Description: (i) Sale of health, fitness sports and golf equipment (ii) Warehouse/storage of golf equipment (iii) Signboard	DBKL.JPPP/00095 /10/2022/KM01	Dewan Bandaraya Kuala Lumpur	18 January (a) 2023 to 17 January 2024	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from DBKL. (b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽¹⁾	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
10.	MST Golf Malaysia	Business licence for the premises at M-1, Level Mezzanine, Avenue K, 156, Jalan Ampang 50450 Kuala Lumpur Description: (i) Supply and sale of materials/ equipment for repair and fitting of golf clubs (ii) Signboard	DBKL.JPPP/01365 /07/2022/KM01	Dewan Bandaraya Kuala Lumpur	19 July 2022 (a) to 18 July 2023 ⁽¹⁾	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL. (b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽¹⁾	Complied
11.	MST Golf Malaysia	Business licence for the premises at M-7 & M-8, Mezzanine Floor, Wisma UOA 2, No. 21, Jalan Pinang, 50450 Kuala Lumpur Description: (i) Sale of health and fitness sports equipment, sale of golf equipment and accessories (ii) Warehouse/storage of golf equipment (2 units) (iii) Signboard (2 units)	DBKL.JPPP/01877 /02/2023/KM01	Dewan Bandaraya Kuala Lumpur	23 February 2023 to 22 February 2024 (a)	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL. (b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽¹⁾	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
12.	MST Golf Malaysia	Trade, business and industries licence for the premises at Unit OTTG-1 Ground Floor, Kelana Parkview Office Tower Jalan SS 6/2, Petaling Jaya, 47301 Selangor Description: (i) Sale of golf equipment (ii) Horizontal signboard (2 units) (iii) Vertical signboard (3 units)	L160000061371	Majlis Bandaraya Petaling Jaya	7 December 2022 to 31 December 2023	Nil.	N/A
13.	MST Golf Malaysia	Business and signboard licence for the premises at Lot F043 & 043A Mid Valley Southkey Mall, 1 Jalan Persiaran Southkey 1, Johor Bahru, 80150 Johor Description: (i) Sale of golf equipment (ii) Signboard (2 units)	MBJB/U/2019/55/L 1/B0132/4 Advertisement serial no.: JB/I/2019/04/1070 82- JB/I/2019/04/1070 83	Majlis Bandaraya Johor Bahru	Issuance date: 29 November 2022 Valid until 31 December 2023	Nil.	N/A
14.	MST Golf Malaysia	Temporary business and signboard licence for the premises at G-001, G-001A, G-002, G-003, Ground Floor, Hatten Square, Jalan Merdeka, 75000 Melaka ⁽²⁾ Description: (i) Sale of apparels/shoes and sports equipment (4 units) (ii) Luminous signboard (3 units)	L6.20908	Majlis Bandaraya Melaka Bersejarah	Issuance date: 31 January 2023 Valid until 25 March 2024	Use of plastic and polystyrene is not allowed unless biodegradable.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
15.	MST Golf Malaysia	Business premise licence for the premises at B2-1-03, B2-01-04, B2-01-05 & B2-01-06 Udini Square, Lebuhr Tunku Kudin 3, Gelugor, 11700 Penang Description: (i) Retail sale (ii) Horizontal luminous signboard	KOM00002289 Advertisement permit no.: PA011682/2021	Majlis Bandaraya Pulau Pinang	12 December 2022 to 31 December 2023	Nil.	N/A
16.	MST Golf Malaysia	Business premise/signboard licence for the premises at 155E, Jalan Raja Dr Nazrin Shah, Ipoh, 30250 Perak Description: (i) Golf equipment shop business (ii) Signboard (8 units)	G9/D/2/115/19	Majlis Bandaraya Ipoh	13 August 2022 to 12 August 2023	Nil.	N/A
17.	MST Golf Malaysia	Business licence for the premises at Lot no. G1, Ground Floor, Menara Zenith, Jalan Putra Square 6, Kuantan, 25200 Pahang Description: (i) Sports equipment shop (ii) Wall signboard (9 units) (iii) Horizontal luminous signboard	L0120164985	Majlis Bandaraya Kuantan	1 January 2023 to 31 December 2023	Nil.	N/A
18.	MST Golf Malaysia	Business licence for the premises at Riverside Kuching, FF101, FF102 & FF103, Jalan Tunku Abdul Rahman, Kuching, 93100 Sarawak Description: Retail and wholesale of golf equipment	1182877	Kerajaan Negeri Sarawak	25 May 2023 to 31 July 2024	Nil.	N/A

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
19.	MST Golf Malaysia	Business licence for the premises at Lot 1-001, 002, 003, Level 1, Vivacity Megamall, Jalan Wan Alwi, Kuching, 93350 Sarawak Description: Retail and wholesale of golf equipment	1153546	Kerajaan Negeri Sarawak	4 October 2022 to 3 October 2023	Nil.	N/A
20.	MST Golf Malaysia	Business licence for the premises at SF6, SF7, SF8, 2nd Floor, Permaisuri Imperial City Mall, Miri, 98000 Sarawak Description: Sale of golf equipment	A1007222	Kerajaan Negeri Sarawak	23 March 2023 to 10 May 2024	Nil.	N/A
21.	MST Golf Malaysia	Business licence for the premises at Unit L1.09(B) & L1.10, 1st Floor, Plaza Shell, 29, Jalan Tunku Abdul Rahman, Kota Kinabalu, 88000 Sabah Description: Sale of golf equipment, apparel and accessories	714358	Mayor Bandaraya Kota Kinabalu	Issuance date: 3 November 2022 Valid until 31 December 2023	Nil.	N/A

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
22.	MST Golf Malaysia	Business licence for the premises at UG06 – UG10, Upper Ground Floor, Starhill Gallery, 181, Jalan Bukit Bintang, 55100 Kuala Lumpur Description: (i) Sale of sports/exercise equipment (ii) Warehouse/store (iii) Signboard	DBKL.JPPP/01311 /12/2022/KM01	Dewan Bandaraya Kuala Lumpur	16 December 2022 to 15 December 2023	a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL. b) The number of foreign workers employed at the premise must not exceed the number of Malaysian workers or 50% of the total number of employees. Foreign workers must also be issued a valid work permit. ⁽¹⁾	Complied

Pro shops

23.	MST Golf Malaysia	Business licence for the premises at Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur Description: Sale of health, fitness and sports equipment	DBKL.JPPP/01574 /07/2006/PR01	Dewan Bandaraya Kuala Lumpur	24 November 2022 to 23 November 2023	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
						(b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽¹⁾	
24.	MST Golf Malaysia	Business licence for the premises at Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur Description: (i) Supply and sale of materials/ equipment (non-food) (ii) Repair of golf sticks and installation of accessories	DBKL.JPPP/00735 /07/2022/KM01	Dewan Bandaraya Kuala Lumpur	9 July 2022 to 8 July 2023 ⁽¹¹⁾	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL. (b) The employees at the premise shall consist of at least 50% Malaysian workers, and remaining 50% foreign workers must be issued with valid work permits. ⁽¹⁾	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
25.	MST Golf Malaysia	Business licence for the premises at Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur Description: Signboard	DBKL.JPPP/01447 /01/2016/IK01	Dewan Bandaraya Kuala Lumpur	3 August 2022 to 2 August 2023 ⁽¹¹⁾	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL. (b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽¹⁾	Complied
26.	MST Golf Malaysia	Business licence for the premises at Kuala Lumpur Golf & Country Club, 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur Description: Warehouse/storage for golf equipment	DBKL.JPPP/00349 /12/2022/KM01	Dewan Bandaraya Kuala Lumpur	6 December 2022 to 5 December 2023	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL. (b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽¹⁾	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
27.	MST Golf Malaysia	Trade, business and industries licence for the premises at Tropicana Golf & Country Resort (Golf Wing), Jalan Kelab Tropicana, Tropicana Golf, 47410 Petaling Jaya, Selangor Description: (i) Sale of golf equipment (ii) Vertical non-luminous signboards (3 units)	L150000213485	Majlis Bandaraya Petaling Jaya	1 January 2023 to 31 December 2023	Nil.	N/A
28.	MST Golf Malaysia	Trade, business and industries licence for the premises at Kelab Seri Selangor, Persiaran Damansara Indah, Off Persiaran Tropicana, Petaling Jaya, 47810 Selangor Description: (i) Retail activities of sports equipment (ii) Horizontal luminous signboard	EL2540000639800	Majlis Bandaraya Petaling Jaya	1 January 2023 to 31 December 2023	Nil.	N/A
29.	MST Golf Malaysia	Business licence for the premises at Bukit Jelutong Golf Centre, Persiaran B, Bukit Jelutong, Seksyen U8, Shah Alam, 40150 Selangor Description: (i) Sports equipment (sales/services) (ii) Sports equipment (wholesale/storage) (iii) Golf training centre (sales/services) ⁽³⁾ (iv) Non-luminous signboard	MBSA/LSP/LS/600 -4/1/1308-18	Majlis Bandaraya Shah Alam	Issuance date: 6 December 2022 Valid until 14 January 2024	Nil.	N/A

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
30.	MST Golf Malaysia	Business licence for the premises at Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur Description: (i) Sale of apparels and sports equipment (ii) Signboard (2 units)	DBKL.JPPP/00631 /12/2018/KM01	Dewan Bandaraya Kuala Lumpur	19 May 2023 to 18 May 2024	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL. (b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽¹⁾	Complied
31.	MST Golf Malaysia	Business licence for the premises at Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur Description: Warehouse/storage for golf equipment.	DBKL.JPPP/00359 /12/2022/KM01	Dewan Bandaraya Kuala Lumpur	6 December 2022 to 5 December 2023	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL. (b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽¹⁾	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
32.	MST Golf Malaysia	Trade, business and industries licence for the premises at Kelab Golf Negara Subang, Jalan SS 7/2, SS 7, Petaling Jaya, 47301 Selangor Description: (i) Sports equipment shop (ii) Horizontal luminous signboard (2 units)	L2540000645687	Majlis Bandaraya Petaling Jaya	1 November Nil. 2022 to 31 December 2023		N/A
33.	MST Golf Malaysia	Business licence for the premises at The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur Description: (i) Sale of sports apparels and equipment (ii) Signboard	DBKL.JPPP/01979 /08/2017/KM01	Dewan Bandaraya Kuala Lumpur	7 December (a) Annual renewal of 2022 to 6 the licence shall be December 60 days before the 2023 date of expiry without notification from Datuk Bandar KL. (b) The number of foreign workers employed at the premise must not exceed the number of Malaysian workers or 50% of the total number of employees. Foreign workers must also be issued a valid work permit. ⁽¹⁾ (c) MST Golf Malaysia shall not carry out activities which are not stated in the licence.	Complied	

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
34.	MST Golf Malaysia	Business licence for the premises at The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur Description: Warehouse/storage for golf equipment	DBKL.JPPP/00521 /12/2022/KM01	Dewan Bandaraya Kuala Lumpur	8 December 2022 to 7 December 2023	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL. (b) The number of foreign workers employed at the premise must not exceed the number of Malaysian workers or 50% of the total number of employees. Foreign workers must also be issued a valid work permit. ⁽¹⁾	Complied
35.	MST Golf Malaysia	Business licence for the premises at The Royal Selangor Golf Club – Academy, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur Description: Golf training centre ⁽⁴⁾	DBKL.JPPP/02517 /09/2022/KM01	Dewan Bandaraya Kuala Lumpur	1 October 2022 to 30 September 2023	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from Datuk Bandar KL.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
						(b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽¹⁾	
36.	MST Golf Malaysia	Business licence for the premises at Glenmarie Golf & Country Club, No. 3, Jalan Usahawan U1/8, Shah Alam, 40150 Selangor Description: (i) Recreational activities (ii) Luminous signboard (2 units) (iii) Non-luminous signboard	Licence No.: MBSA/P/LS/4.4/M/1451-2001 Advertisement approval No.: MBSA/P/LS/1.6/M U19/710	Majlis Bandaraya Shah Alam	Issuance date: 22 November 2022 Valid until 31 December 2023	Nil.	N/A
37.	MST Golf Malaysia	Business licence for the premises at Templer Park Country Club, KM21 Jalan Rawang, Rawang, 48000 Selangor Description: (i) Sports equipment (sales and services) (ii) Non-luminous signboard (iii) Luminous signboard	MPS 2/6-3329(R)	Majlis Perbandaran Selayang	Issuance date: 3 November 2022 Valid until 31 December 2023	Licence issued by the Selayang Municipal Council will expire on 31 December annually and will need to be renewed before or on the aforementioned date. The charge for late renewals will be 10% of the licence fee.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
38.	MST Golf Malaysia	Composite licence for the premises at Palm Garden Golf Club, IOI Resort City, 62502 Putrajaya Description: (i) Sale of sports/exercise equipment (ii) Non-luminous signboard	MPSPG6/BBB/03/ 2012 (S)	Majlis Perbandaran Sepang	Issuance date: 23 November 2022 Valid until 31 December 2023	Renewal of the licence shall be latest by 31 December annually. Majlis Perbandaran Sepang has the right to take enforcement actions in the event of failure to renew the business licence.	Complied
39.	MST Golf Malaysia	Risky business premise licence for the premises at Jalan Persiaran Golf Off Jalan Jumbo, Senai, 81250 Johor ⁽⁵⁾ Description: Licence to sell sports/gym equipment	MPKu B018124	Majlis Perbandaran Kulai	1 January Nil. 2023 to 31 December 2023		N/A
40.	MST Golf Malaysia	Business and signboard licence for the premises at Ponderosa Golf & Country Club Pro Shop, 3, Jalan Ponderosa, Taman Ponderosa, Johor Bahru, 81100 Johor Description: (i) Golf equipment shop (ii) Signboard	L2014LI01443	Majlis Bandaraya Johor Bahru	Issuance date: 6 December 2022 Valid until 31 December 2023	Nil.	N/A

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
41.	MST Golf Malaysia	Business and signboard licence for the premises at Pelangi Golf Driving Range Pro Shop, PTD 228765, Lot 1.03, Level 1, Jalan Serampang Taman Pelangi, Johor Bahru, 80400 Johor ⁽⁶⁾ Description: (i) Golf equipment shop (ii) Signboard	L2022LI05834 Advertisement serial no.: JB//2022/10/1035 49	Majlis Bandaraya Johor Bahru	31 October Nil. 2022 to 31 December 2023		N/A
42.	MST Golf Malaysia	Business premise licence for the premises at 2, Penang Golf Club, Jalan Bukit Jambul, Bayan Lepas, 11900 Penang Description: (i) Retail sale of sports equipment (ii) Horizontal non-luminous signboard	KOM00001347 Advertisement permit no.: PA008100/2021	Majlis Bandaraya Pulau Pinang	12 Nil. December 2022 to 31 December 2023		N/A
43.	MST Golf Malaysia	Business licence for the premises at 1687 Jalan Bertam, Kepala Batas, 13200 Penang Description: Golf equipment	PRI/01/20221103/ 4014	Majlis Bandaraya Seberang Perai	Issuance Nil. date: 3 November 2022 Valid until 31 December 2023		N/A

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
44.	MST Golf Malaysia	Business licence for the premises at Mahkota Golf & Country Club, KM 13, C4, Bandar Indera Mahkota, Kuantan, 25200 Pahang Description: (i) Sports equipment shop (ii) Horizontal luminous signboard (iii) Wall signboard (6 units)	L0120173554	Majlis Bandaraya Kuantan	1 January 2023 to 31 December 2023	Nil.	N/A
45.	MST Golf Malaysia	Business licence for the premises at Impian Golf & Country Club, 14th Miles, Jalan Cheras, Kajang, 43000 Selangor Description: Sale and purchase of golf equipment	MPKJ/CL/OL/01/1 61/2022#	Majlis Perbandaran Kajang	8 November 2022 to 7 November 2023	Nil	Nil

Golf academy

46.	MST Golf Management	Business licence for the premises at Driving Range – Golf Academy, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur Description: Training academy ⁽⁴⁾	DBKL.JPPP/00308 /05/2017/PR01	Dewan Bandaraya Kuala Lumpur	10 August 2022 to 9 August 2023 ⁽¹¹⁾	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from DBKL. (b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽⁷⁾	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
<u>Indoor golf centre</u>							
47.	MST Golf Arena	Business licence for the premises at S-214, Second Floor, The Gardens Mall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur Description: (i) Restaurant (ii) Food storage (iii) Signboard	DBKL.JPPP/00811 /06/2022/KM01	Dewan Bandaraya Kuala Lumpur	11 June 2022 to 10 June 2023 ⁽⁸⁾	(a) Annual renewal of the licence shall be 60 days before the date of expiry without notification from DBKL. (b) The employees at the premise shall consist of at least 50% Malaysian workers, and foreign workers must be issued with valid work permits. ⁽⁹⁾	Complied
48.	Low Kok Poh (on behalf of MST Golf Arena)	Registration of Food Premises for the premises at MST Golf Arena, S-214, Second Floor, The Gardens Mall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur Category of business: P3 – Premise where food is prepared, processed, stored and served for sale (restaurant)	FSSM072200638-0	Ministry of Health of Malaysia (Food Safety and Quality Programme)	7 July 2022 to 7 July 2025	The certificate for Registration of Food Premises cannot be transferred.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
49.	Low Kok Poh (on behalf of MST Golf Arena)	Public house licence / beer house licence for the premises at S-214, Second Floor, The Gardens Mall, Lingkaran Syed Putra, Mid Valley City, 59200 Kuala Lumpur Description: To sell by retail intoxicating liquor	DBKL.JPPP/00811 /06/2022/MK03	Licensing Board (Excise) Wilayah Persekutuan	1 October 2022 to 30 September 2023	(a) The selling by retail of intoxicating liquor only until 12 a.m. (b) The sale of liquor to a person under the age of 18 is prohibited. (c) The sale of liquor in sachets is not allowed. (d) To submit renewal of licence in July/August 2023.	Complied
50.	MST Golf Arena	Food establishment licence for the premises at Lot G01A, 02 & 03, Tropicana Gardens Mall, No. 2A, Persiaran Surian, Tropicana Indah, Petaling Jaya, 47810 Selangor Description: (i) Restaurant and bar (ii) Horizontal luminous signboard (3 units)	L2190000641119	Majlis Bandaraya Petaling Jaya	26 October 2022 to 31 December 2023	Nil.	N/A

7. BUSINESS OVERVIEW (CONT'D)

No.	Licensee	Description of approval/licence/ permit	Licence no./ reference no.	Approving authority	Issuance date/validity period	Major conditions	Status of compliance
51.	Low Kok Poh (on behalf of MST Golf Arena)	Entertainment establishment licence for the premises at Lot G01A, 02 & 03, Tropicana Gardens Mall, No. 2A, Persiaran Surian, Tropicana Indah, Petaling Jaya, 47810 Selangor Description: (i) Golf simulator activities (ii) Pipe music activities (iii) Entertainment centre (iv) Golf simulator centre	L3970000641671	Majlis Bandaraya Petaling Jaya	7 November 2022 to 31 December 2023	Nil.	N/A
52.	Low Kok Poh (on behalf of MST Golf Arena)	Registration of Food Premises for the premises at Tropicana Gardens Mall, Lot G-01A, 02 & 03, No. 29, Unit CC, 2A, Persiaran Surian, Tropicana Indah, Petaling Jaya, 47810 Selangor	FSSM082201551-0	Ministry of Health of Malaysia (Food Safety and Quality Programme)	15 August 2022 to 15 August 2025	The certificate for Registration of Food Premises cannot be transferred.	Complied
53.	MST Golf Arena	Public house licence / beer house licence for the premises at Lot G- 01A, 02 & 03, Tropicana Gardens Mall, No. 2A, Persiaran Surian, Tropicana Indah, Petaling Jaya, 47810 Selangor Description: To sell by retail intoxicating liquor	184086	Pejabat Daerah dan Tanah Petaling	1 March 2023 to 28 February 2024	The selling by retail of intoxicating liquor by retail is only allowed until 12 a.m.	Complied

7. BUSINESS OVERVIEW (CONT'D)

Details of new licence applications submitted by our Group

No.	Licensee/ applicant	Description of approval/licence/ permit	Approving authority	Application date	Status of application
54.	MST Golf Arena	Composite licence for the premises at S-214, Second Floor, The Gardens Mall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur ⁽¹⁰⁾ Description: Entertainment centre/simulator/flippers	Dewan Bandaraya Kuala Lumpur	2 September 2022	Pending approval

Notes:

- (1) Listed as items no. 2, 6, 7, 9, 10, 11, 22, 23, 24, 25, 26, 30, 31, 33, 34 and 35 above.
- As at the LPD, the composition of Malaysian employees of MST Golf Malaysia comprises 97.64% of its total employees.
- (2) Listed as item no. 14 above
- This licence has been issued as temporary business licence by the respective city council as the respective city council typically requires further processes among others, such as inspection of the premises by the relevant officers, updating licence reference number at signboards, approval of other on-going local council applications such as renovation plans to proceed with conversion by the city council of the licence to permanent business licence upon renewal. Subject to the approvals being granted by the authorities, the estimated timeframe to complete the conversion of such temporary licence to permanent licence is August 2023. As at the LPD, the Group has not experienced any difficulty in the conversion of a temporary licence to permanent licence.
- (3) Listed as item no. 29 above
- This refers to our Group's operation of a third party driving range at the Bukit Jelutong Golf Centre in Shah Alam, Selangor as at the LPD. Please refer to Section 7.6.3.3 of this Prospectus for further details.
- (4) Listed as items no. 35 and 46 above
- This refers to the golf coaching lessons provided by our Group to the members of The Royal Selangor Golf Club in Kuala Lumpur and the general public at our golf academy located at the KLGCC respectively. Please refer to Section 7.6.3.1 of this Prospectus for further details.
- (5) Listed as item no. 39 above
- The "risky business premise licence" is the business classification provided by the relevant local authority namely, Majlis Perbandaran Kulai.
- (6) Prior non-compliance of operating a pro shop and driving range without valid business licence (listed as item no. 41 above)
- Pursuant to the By-law 3 of the Trade, Business and Industrial Licence (MBJB) By-Laws 2016, a person carrying out trade or business without a valid licence issued by the local council would upon conviction be liable to a fine not exceeding RM2,000 and/or imprisonment for a term not exceeding 1 year.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, MST Golf Malaysia operates a pro shop at Pelangi Golf Driving Range, Johor ("**Pelangi Pro Shop**") and had been issued a new business licence from the Majlis Bandaraya Johor Bahru ("**MBJB**") valid until 31 December 2023 ("**2023 Business Licence**"). The 2023 Business Licence is in relation to the Pelangi Pro Shop and does not encompass the golf activities for the driving range.

Prior to 21 July 2020, MST Golf Malaysia operated both the Pelangi Pro Shop and the driving range at Pelangi Golf Driving Range, Johor. The business licence for the Pelangi Pro Shop was issued to MST Golf Malaysia, by MBJB on 1 January 2020 and was valid until 31 December 2020 ("**2020 Business Licence**"). In relation to the golf activities at the driving range during the prior years, MST Golf Malaysia had not obtained a local council business licence for driving range operations due to oversight by the personnel in charge who was under the impression that the existing business licence encompassed the golf activities at the driving range as well. Since 21 July 2020 until present, MST Golf Malaysia has not resumed operations of the driving range.

On 3 June 2020, a notification letter was issued by MBJB to MST Golf Malaysia ("**Revocation Notice**"). The Revocation Notice stated that the 2020 Business Licence was revoked by MBJB on 28 May 2020 due to (i) no action being taken to repair a damaged driving range golf netting which may lead to damage of public property and nuisance; and (ii) no application received for golf activities carried out at the driving range. Subsequently, a reminder notice was also issued to MST Golf Malaysia by MBJB on 20 July 2020 to cease business operations at Pelangi Golf Driving Range, Johor. MST Golf Malaysia immediately ceased business operations for its golf activities at the driving range on 21 July 2020 but has continued to carry out business operations at the Pelangi Pro Shop.

For the Financial Years Under Review and up to the LPD, MST Golf Malaysia did not receive any complaints or notices with respect to damage of public property or nuisance other than an incident on 6 January 2020 where a golf ball was being hit outside the driving range parameters which had caused damage to a private residential property. MST Golf Malaysia had duly compensated the affected resident for an amount of RM7,200 in an out-of-court settlement.

MST Golf Malaysia had 2 separate tenancy arrangements with the landlord for the Pelangi Pro Shop and the driving range respectively. Both tenancy agreements had expired on 30 November 2020 and the landlord had requested that both tenancy arrangements be renewed on a month-to-month basis from December 2020 until the terms for the new tenancy agreements are finalised and concluded pending further notice of further plans of the landlord in relation to the premises. MST Golf Malaysia had since July 2020 been in discussions with the landlord with respect to the repair of the damaged driving range golf netting but to no avail. MST Golf Malaysia continued to renew tenancy agreement for the driving range on a month-to-month basis for the period between December 2020 and November 2021. Nonetheless, during this period, MST Golf Malaysia did not resume operations of the driving range.

There were no further renewals of the tenancy agreement for the driving range thereafter. For purposes of rectifying the non-compliance with the local council's business licence requirement with respect to the Pelangi Pro Shop and further to discussions with the landlord, in June 2022, MST Golf Malaysia entered into a new tenancy agreement for the Pelangi Pro Shop with the landlord for a term of 1 year commencing 1 July 2022 to 30 June 2023. The 2023 Business Licence had been obtained on 31 October 2022.

Due to the various phases of MCO imposed, there were also several periods of business suspension of the Pelangi Pro Shop between 18 March 2020 to 3 May 2020, 13 January 2021 to 15 January 2021 and 1 June 2021 to 22 August 2021.

MST Golf Malaysia has successfully obtained the 2023 Business Licence on 31 October 2022 for the Pelangi Pro Shop and as at the LPD, MST Golf Malaysia has not received any notices from the authorities and has not been imposed with any fines or penalties by the authorities for the prior non-compliance of operating a pro shop and driving range without a valid business licence.

7. BUSINESS OVERVIEW (CONT'D)

- (7) Listed as item no. 46 above

As at the LPD, the composition of Malaysian employees of MST Golf Management comprises 83.33% of its total employees.

- (8) Listed as items no. 47 above

On 6 April 2023, MST Golf Arena had submitted the renewal application for this licence. As at the LPD, the renewal application is in the midst of processing by DBKL.

- (9) Listed as item no. 47 above

As at the LPD, the composition of Malaysian employees of MST Golf Arena comprises 83.87% of its total employees.

- (10) Listed as item no. 54 above

As at the LPD, our Group has a subsisting entertainment/simulator licence issued to MST Golf Malaysia valid from 4 June 2022 to 3 June 2023 for MST Golf Arena's indoor golf centre at S-214, Second Floor, The Gardens Mall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. On 2 September 2022, we have submitted a new application to apply for the reissuance of the entertainment/simulator licence to MST Golf Arena which is still in process as at the LPD and the estimated timeframe for approval is by end June 2023.

Based on MST Golf Arena's enquiries with Dewan Bandaraya Kuala Lumpur ("DBKL") on 28 April 2023, the application had been preliminarily rejected as there was a subsisting entertainment/simulator licence for the same premise in the local authority's records. After consulting DBKL regarding the appeal procedure on 2 May 2023, we were advised to submit an application to cancel the existing licence issued to MST Golf Malaysia to remove the duplication and the cancellation application is in process.

On 5 May 2023, MST Golf Arena had submitted an appeal to clarify that the application was for the reissuance of the licence to MST Golf Arena and the appeal had been accepted for processing on 10 May 2023. Based on the enquiries with DBKL, MST Golf Arena is allowed to continue to operate its golf simulators while the appeal for the licence application is in progress. Based on our Group's experience, for the period where business, signboard or advertising licence applications or renewal applications are still being processed by the local authorities, our Group has not experienced any material adverse impact on our business operations nor been issued with any penalties by local authorities arising from these pending applications.

- (11) Listed as items no. 10, 24, 25 and 46 above

As at the LPD, our Group is awaiting DBKL to open its e-licencing renewal portal in relation to these licences for us to proceed to submit the renewal applications.

7.21.2 Approvals, major licences and permits obtained in respect of our business operations in Singapore

Based on the principal activities of MST Golf Singapore as set out in MST Golf Singapore's Accounting and Corporate Regulatory Authority business profile or as set out in this Prospectus, as at the LPD, there are no such governmental licences or approvals required by the Singaporean laws to be obtained by MST Golf Singapore to carry on its business operations in Singapore.

7. BUSINESS OVERVIEW (CONT'D)

7.22 INTELLECTUAL PROPERTY RIGHTS, PATENTS, TRADEMARKS AND REGISTRATIONS

Save as disclosed below, as at the LPD, our Group does not have any other intellectual property rights, patents, trademarks and registrations:

No.	Applicant	Trademark	Registration no./application no.	Issuing authority	Class / Description of trademark	Validity period	Status
1.	MST Golf Malaysia		01000925	Intellectual Property Corporation of Malaysia	Class 35 – The bringing together, for the benefit of others, of a variety of goods and services enabling customers to conveniently view and purchase those goods in a retail golf store; chain store services in relation to golfing equipment and golfing apparels; franchising (business advisory services relating setting up chain retail outlets all related to golfing); business administration services, agency services for arranging of business introductions, business representative services; arranging of licensee programs (golf related); advertising and promotion services all related to golf.	22 January 2001 to 22 January 2031	Registered
2.	MST Golf Malaysia	NICKENT	03017072	Intellectual Property Corporation of Malaysia	Class 25 – Hats, caps, clothing, gloves for clothing, socks and shoes.	16 December 2003 to 16 December 2023 ⁽⁶⁾	Registered
3.	MST Golf Malaysia	NICKENT	03017073	Intellectual Property Corporation of Malaysia	Class 28 – Golf clubs, golf balls and golf bags.	16 December 2003 to 16 December 2023 ⁽⁶⁾	Registered
4.	MST Golf Malaysia		03017074	Intellectual Property Corporation of Malaysia	Class 25 – Hats, caps, clothing, gloves for clothing, socks and shoes.	16 December 2003 to 16 December 2023 ⁽⁶⁾	Registered

7. BUSINESS OVERVIEW (CONT'D)

No.	Applicant	Trademark	Registration no./application no.	Issuing authority	Class / Description of trademark	Validity period	Status
5.	MST Golf Malaysia		03017075	Intellectual Property Corporation of Malaysia	Class 28 – Golf clubs, golf balls and golf bags.	16 December 2003 to 16 December 2023 ⁽⁶⁾	Registered
6.	MST Golf Malaysia		05011497	Intellectual Property Corporation of Malaysia	Class 25 – Beach clothes; beach shoes; belts (clothing); boots; caps [headwear]; clothing; clothing for gymnastics; clothing of imitations of leather; clothing of leather; coats; dressing gowns; footwear; gloves (clothing); hats; headbands (clothing); headgear for wear; jackets (clothing); jerseys (clothing); neckties; pajamas; pants; pullovers; shirts; skirts; socks; sports jerseys; sport shoes; sweaters; trousers; underclothing; underpants; underwear; vests; visors (hat making).	14 July 2005 to 14 July 2025	Registered
7.	MST Golf Malaysia		05011499	Intellectual Property Corporation of Malaysia	Class 25 – Beach clothes; beach shoes; belts (clothing); boots; caps (headwear); clothing; clothing for gymnastics; clothing of imitations of leather; clothing of leather; coats; dressing gowns; footwear; gloves (clothing); hats; headbands (clothing); headgear for wear; jackets (clothing); jerseys (clothing); neckties; pajamas; pants; pullovers; shirts; skirts; socks; sports jerseys; sport shoes; sweaters; trousers; underclothing; underpants; underwear; vests; visors (hat making).	14 July 2005 to 14 July 2025	Registered
8.	MST Golf Malaysia		05011501	Intellectual Property Corporation of Malaysia	Class 28 – Golf bags with or without wheels; golf clubs; golf gloves.	14 July 2005 to 14 Jul 2025	Registered

7. BUSINESS OVERVIEW (CONT'D)

No.	Applicant	Trademark	Registration no./application no.	Issuing authority	Class / Description of trademark	Validity period	Status
9.	MST Golf Malaysia		09007236	Intellectual Property Corporation of Malaysia	Class 35 – The bringing together, for the benefit of others, of a variety of goods and services enabling customers to conveniently view and purchase those goods in a retail golf store; chain store services in relation to golfing equipment and golfing apparels; franchising (business advisory services relating to setting up chain retail outlets all related to golfing); business administration services, agency services for arranging of business introductions, business representative services; arranging of licensee programs (golf related); advertising and promotion services all related to golf.	4 May 2009 to 4 May 2029	Registered
10.	MST Golf Malaysia		TM/33823 ⁽⁵⁾	Brunei Darussalam Intellectual Property Office	Class 35 – The bringing together, for the benefit of others, of a variety of goods and services enabling customers to conveniently view and purchase those goods in a retail golf store; chain store services in relation to golfing equipment and golfing apparels; franchising (business advisory services relating to setting up chain retail outlets all related to golfing); business administration services, agency services for arranging of business introductions, business representative services, arranging of licensee programs (golf related); advertising and promotion services all related to golf.	3 February 2001 to 3 February 2031	Registered

7. BUSINESS OVERVIEW (CONT'D)

No.	Applicant	Trademark	Registration no./application no.	Issuing authority	Class / Description of trademark	Validity period	Status
11.	MST Golf Malaysia		T0101151E	Intellectual Property Office of Singapore	Class 35 – The bringing together, for the benefit of others, of a variety of goods and services enabling customers to conveniently view and purchase those goods in a retail golf store; retail store services in relation to golfing equipment and golfing apparels; franchising (business advisory services relating to setting up chain retail outlets all related to golfing); business administration services, agency services for arranging of business introductions, business representative services; business advice relating to franchising of golfing equipment and related products; advertising and promotion services all related to golf.	26 January 2001 to 26 January 2031	Registered
12.	MST Golf Malaysia		T0320179F	Intellectual Property Office of Singapore	Class 25 – Hats, caps, clothing, gloves for clothing, socks and shoes.	12 December 2003 to 12 December 2023 ⁽⁶⁾	Registered
13.	MST Golf Malaysia		T0320180Z	Intellectual Property Office of Singapore	Class 28 – Golf clubs, golf balls and golf bags.	12 December 2003 to 12 December 2023 ⁽⁶⁾	Registered
14.	MST Golf Malaysia		T0320181H	Intellectual Property Office of Singapore	Class 25 – Hats, caps, clothing, gloves for clothing, socks and shoes.	12 December 2003 to 12 December 2023 ⁽⁶⁾	Registered

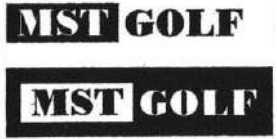
7. BUSINESS OVERVIEW (CONT'D)

No.	Applicant	Trademark	Registration no./application no.	Issuing authority	Class / Description of trademark	Validity period	Status
15.	MST Golf Malaysia		T0320182F	Intellectual Property Office of Singapore	Class 28 – Golf clubs, golf balls and golf bags.	12 December 2003 to 12 December 2023 ⁽⁶⁾	Registered
16.	MST Golf Malaysia		40202201637Y	Intellectual Property Office of Singapore	Class 41 – Providing sports information from a website; providing information and news in the field of golf; providing information in relation to golf sporting events; providing entertainment and sports information concerning the sport of golf over a website; online information services relating to sports, golf and recreation; publication of web magazines relating to golf; organization of golf tournaments.	24 January 2022 to 24 January 2032	Registered
17.	MST Golf Malaysia		TM2021036484 ⁽¹⁾	Intellectual Property Corporation of Malaysia	Class 41 – Golf academies [education]; providing golf lessons and golf training programmes; personal coaching [training]; providing golf facilities; golf fitness instructions; organization, arranging and conducting of golf games and tournaments; rental of golf equipment; publication of teaching materials and manuals.	N/A (application was submitted on 28 December 2021)	Pending registration ⁽²⁾⁽³⁾

7. BUSINESS OVERVIEW (CONT'D)

No.	Applicant	Trademark	Registration no./application no.	Issuing authority	Class / Description of trademark	Validity period	Status
18.	MST Golf Malaysia		TM2022002106	Intellectual Property Corporation of Malaysia	Class 41 – Providing sports information from a website; providing information and news in the field of golf; providing information in relation to golf sporting events; providing entertainment and sports information concerning the sport of golf over a website; online information services relating to sport, golf and recreation; publication of web magazines relating to golf; organization of golf tournaments.	N/A (application was submitted on 25 January 2022)	Pending registration (2)(3)
19.	MST Golf Malaysia		40202131541V ⁽¹⁾	Intellectual Property Office of Singapore	Class 41 – Golf academies (education); providing golf lessons and golf training programmes; personal coaching (training); providing golf facilities; golf fitness instructions; organization, arranging and conducting of golf games and tournaments; rental of golf equipment; publication of teaching materials and manuals.	28 December 2021 to 28 December 2031	Registered

7. BUSINESS OVERVIEW (CONT'D)

No.	Applicant	Trademark	Registration no./application no.	Issuing authority	Class / Description of trademark	Validity period	Status
20.	MST Golf Malaysia		IDM001049749	Directorate General of Intellectual Property, Indonesia	Class 35 – Business information agency services; wholesale services; business assistance relating to the establishment of franchises; promotional advertising of products and services of third parties through sponsoring arrangements and license agreements relating to domestic and international sporting events; advertising and promotional services; business administration services; wholesale services relating to sporting articles; business representative services; retail services or wholesale services for sports goods; retail services for golf equipment; arranging business introductions; promotion of sports competitions and events; promotional sponsorship of championship golf tournaments.	25 May 2022 to 25 May 2032	Registered
21.	MST Golf Malaysia		4-2022-16665	Intellectual Property Office of Vietnam	Class 35 – The bringing together, for the benefit of others, of a variety goods and services enabling customers to conveniently view and purchase those goods in a retail golf store; chain store services in relation to golfing equipment and golfing apparels; franchising (business advisory services relating setting up chain retail outlets all related to golfing); business administration services, agency services for arranging of business introductions, business representative services; arranging of licensee programs (golf related); advertising and promotion services all related to golf.	N/A (application was submitted on 9 May 2022)	Pending registration (2)(4)

7. BUSINESS OVERVIEW (CONT'D)

No.	Applicant	Trademark	Registration no./application no.	Issuing authority	Class / Description of trademark	Validity period	Status
22.	MST Golf Malaysia		KH/T/2022/104 182 ⁽⁵⁾	Intellectual Property Department Ministry of Commerce of the Kingdom of Cambodia	Class 35 – The bringing together, for the benefit of others, of a variety goods and services enabling customers to conveniently view and purchase those goods in a retail golf store; chain store services in relation to golfing equipment and golfing apparels; franchising (business advisory services relating setting up chain retail outlets all related to golfing); business administration services, agency services for arranging of business introductions, business representative services; arranging of licensee programs (golf related); advertising and promotion services all related to golf.	N/A (application was submitted on 26 July 2022)	Pending registration (2)(4)
23.	MST Golf Malaysia		220118383	Department of Intellectual Property of Thailand	Class 35 –The bringing together, for the benefit of others, of a variety goods and services enabling customers to conveniently view and purchase those goods in a retail golf store; chain store services in relation to golfing equipment and golfing apparels; business advice relating to franchising related to golfing; business administration services; business services in support of new product introductions in the market place; marketing agency services; retail business management; business management of licenses for goods related to golfing; advertising services related to golf; promotion services related to golf; wholesale services in relation to golfing.	N/A (application was submitted on 27 May 2022)	Pending registration (2)(4)

7. BUSINESS OVERVIEW (CONT'D)

No.	Applicant	Trademark	Registration no./application no.	Issuing authority	Class / Description of trademark	Validity period	Status
24.	MST Golf Arena		40202128999X	Intellectual Property Office of Singapore	Class 41 – Entertainment and sporting activities; providing indoor golf facilities; rental of golf equipment; conducting of professional golf competitions; providing golf driving range facilities; entertainment in the nature of golf tournament; providing golf related theme park facilities; organization of professional golf tournaments or competitions; golf fitness instructions; fitting of golf clubs to individual users in the nature of sports consultancy; providing golf lessons.	1 December 2021 to 1 December 2031	Registered
25.	MST Golf Arena		TM2021033391	Intellectual Property Corporation of Malaysia	Class 41 – entertainment and sporting activities; providing indoor golf facilities; rental of golf equipment; conducting of professional golf competitions; providing golf driving range facilities; entertainment in the nature of golf tournament; providing golf related theme park facilities; organization of professional golf tournaments or competitions; golf fitness instructions; fitting of golf clubs to individual users; providing golf lessons.	N/A (application was submitted on 26 November 2021)	Pending registration (2)(3)

7. BUSINESS OVERVIEW (CONT'D)

No.	Applicant	Trademark	Registration no./application no.	Issuing authority	Class / Description of trademark	Validity period	Status
26.	MST Golf Arena		IDM001049581	Directorate General of Intellectual Property, Indonesia	Class 41 – Information, advisory and consultancy services relating to entertainment, sporting and cultural activities; golf course; provision of indoor golf training facilities; entertainment in the nature of golf tournaments; entertainment and sporting activities; golf fitness instruction; providing golf driving range facilities; providing theme park facilities; organisation of professional golf tournaments or competitions; conducting of professional golf competitions; rental of golf equipment.	25 May 2022 to 25 May 2032	Registered
27.	MST Golf Arena		4-2022-16667	The Intellectual Property Office of Vietnam	Class 41 – Entertainment and sporting activities; providing indoor golf facilities; rental of golf equipment; conducting of professional golf competitions; providing golf driving range facilities; entertainment in the nature of golf tournament; providing golf related theme park facilities; organization of professional golf tournaments or competitions; golf fitness instructions; fitting of golf clubs to individual users in the nature of sports consultancy; providing golf lessons.	N/A (application was submitted on 9 May 2022)	Pending registration (2)(4)

7. BUSINESS OVERVIEW (CONT'D)

No.	Applicant	Trademark	Registration no./application no.	Issuing authority	Class / Description of trademark	Validity period	Status
28.	MST Golf Arena		KH/T/2022/104 183 ⁽⁵⁾	Intellectual Property Department, Ministry of Commerce, the Kingdom of Cambodia	Class 41 – Entertainment and sporting activities; providing indoor golf facilities; rental of golf equipment; conducting of professional golf competitions; providing golf driving range facilities; entertainment in the nature of golf tournament; providing golf related theme park facilities; organization of professional golf tournaments or competitions; golf fitness instructions; fitting of golf clubs to individual users in the nature of sports consultancy; providing golf lessons.	N/A (application was submitted on 26 July 2022)	Pending registration (2)(4)

Notes:

(1) Listed as items no. 17 and 19

MST Golf Malaysia is a licensee of this mark and had undertaken the registration application on behalf of Mucklow Golf Inc (Canada), the licensor of the mark.

(2) Listed as items no. 17,18, 21, 22, 23, 25, 27 and 28

The estimated timeframe is not able to be ascertained as at the LPD as the application is subject to the processing of the issuing authorities.

(3) Listed as items no. 17, 18 and 25

The trademark application has been objected as there were features of the mark that were not distinctive. MST Golf Malaysia or MST Golf Arena has applied via its trademark agent for a hearing date to appeal the objection. As at the LPD, the hearing date is pending from the Intellectual Property Corporation of Malaysia. In the event MST Golf Malaysia or MST Golf Arena fails to obtain the approval for the above trademark registration applications, MST Golf Malaysia and MST Golf Arena does not anticipate material adverse impact on the Group's business operations as MST Golf Malaysia or MST Golf Arena may continue to use the brand name and marks. However, MST Golf Malaysia or MST Golf Arena's rights for these particular trademarks will not be protected under the Trademarks Act, 2019 of Malaysia, and they may not be able to stop the misuse of the trademark or initiate an action against third parties for infringement of the trademark under the Trademarks Act, 2019 of Malaysia. Nonetheless, MST Golf Malaysia and MST Golf Arena may respectively enforce their rights to these trademarks by taking legal action against third parties under common law such as passing off actions.

7. BUSINESS OVERVIEW (CONT'D)

- (4) Listed as items no. 21, 22, 23, 27 and 28

As at the LPD, the application is still in processing by the relevant registries. MST Golf Malaysia or MST Golf Arena is awaiting the relevant registry's substantive examination report in relation to the trademark application.

- (5) Listed as items no. 10, 22 and 28

As our Group has wholesale activities in Brunei and Cambodia, we had registered our trademarks in these jurisdictions to protect our intellectual property rights over the trademarks by registering our ownership of the trademarks. The sales to Brunei accounted for 0.02%, 0.08% and 0.03% of our Group's total revenue for the FYE 2020, FYE 2021 and FYE 2022 respectively. Meanwhile, the sales to Cambodia accounted for 0.16% and 0.09% of our Group's total revenue for the FYE 2021 and FYE 2022 respectively.

- (6) Listed as items no. 2, 3, 4, 5, 12, 13, 14 and 15

Our Group intends to apply for renewal of these trademarks for a further term of 10 years in the 3rd quarter of 2023.

Our Group's business and profitability is not materially dependent on the trademarks premised on the following:

- (i) our Group is a multi-brand operator and the products which our Group carries are mainly imported finished goods under the brands of the brand owners; and
- (ii) the operations of the indoor golf centre are not materially dependent on the trademarks as it is owned and operated by our Group and there is no particular restriction on the brand or trademark the indoor golf centres are operated under. In addition, for the FYE 2022 the revenue from operation of the indoor golf centres accounted for 1.27% of our Group's total revenue.

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7. BUSINESS OVERVIEW (CONT'D)

7.23 PROPERTIES, PLANT AND EQUIPMENT

7.23.1 Properties owned by our Group

As at the LPD, our Group does not own any property for our operations in Singapore and a summary of the material land and buildings owned by our Group for our operations in Malaysia is set out below:

No.	Registered owner	Details of title and postal address	Description/ existing use	Category of land use/ express conditions/ tenure of property	Restrictions in interest/existing encumbrances	Approximate land area/ built-up area	Date of CF or CCC	Audited NBV as at 31 December 2022 RM'000
1.	MST Golf Malaysia	Geran 295504, Lot 4895, Bandar Subang Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan bearing the postal address of No. 8, Jalan SS 13/5, Subang Jaya, 47500 Selangor (also known as MST Golf Plaza)	Description: 1 building consisting of 1 single-storey warehouse, 1 single storey showroom and 3 storey office Existing use: Office, warehouse and retail outlet	Category of land use: Industry ⁽¹⁾ Express conditions: Heavy industry Tenure of property: Freehold	Restrictions in interest: Nil Existing encumbrances: Charged to CIMB Bank Berhad and lease of portion of land to TNB for sub-station	Land area: 82,150.16 sq. ft. Built-up area: 98,068 sq. ft.	16 June 2010	14,850
2.	MST Golf Malaysia	Geran 174277, M1-B/1/24, Lot no. 38287, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan bearing the postal address of Unit OTTG-1, Ground Floor, Kelana Parkview Office Tower, Jalan SS 6/2, Petaling Jaya, 47301 Selangor	Description: 1 ground floor shop/office unit which forms part of 1 11-storey building with 1 basement Existing use: Retail outlet	Category of land use: Building Express conditions: Building for residential and business purposes Tenure of property: Freehold	Restrictions in interest: The land may not be transferred, leased or mortgaged except with the permission of the state authority Existing encumbrances: Charged to CIMB Bank Berhad	Land area: N/A Built-up area: 4,110 sq. ft.	31 October 1996	1,109

7. BUSINESS OVERVIEW (CONT'D)

Note:

- (1) Non-compliances in relation to MST Golf Plaza, a property owned by MST Golf Malaysia

MST Golf Plaza is currently being used as an office, warehouse and retail outlets (in particular a MST Golf specialty store and a Sports Direct retail outlet rented out to Sports Direct Malaysia). As part of a regularisation exercise to comply with the applicable building regulations and bylaws, MST Golf Malaysia had engaged Arkitek CKL ("**Architect**") and Cerana Design Associates Sdn Bhd ("**Town Planner**") (collectively, the "**Consultants**") to review and update the building plan of MST Golf Plaza to reflect the current use of the building and to make necessary submissions to MBSJ.

The regularisation exercise is currently still ongoing and the details and status of which are set out below:

(i) **Retail activities at MST Golf Plaza which is situated on industrial land**

Based on the property title for MST Golf Plaza, the category of land use is "industry" and the express condition states "heavy industry".

MST Golf Malaysia purchased MST Golf Plaza on 5 December 2008. Subsequently, MST Golf Malaysia obtained the existing approved building plan dated 6 May 2010 ("**Building Plan 2010**") and CCC of MST Golf Plaza dated 16 June 2010, which approved the building to be used as a warehouse, single storey showroom and 3-storey office. Currently, the MST Golf Plaza houses a MST Golf specialty store (marked as a single storey showroom in the Building Plan 2010) and a Sports Direct retail outlet rented out to Sports Direct Malaysia (marked as warehouse in the Building Plan 2010).

Pursuant to Section 117(1)(a) of the NLC, land under the category of "industry" may be used only for industrial purposes of the erection or maintenance of among others, factories, workshops, foundries, warehouses, storage, transport or distribution of goods or other commodities; or such other purposes as the state authority may prescribe. Section 124(1) of the NLC states that the proprietor of any alienated land may apply to the state authority for: (i) the alteration of any category of land use to which the land is for the time being subject or where it is not so subject, for the imposition of any category thereon; or for the amendment of any express condition or restriction in interest endorsed on, or referred to in, the document of title thereto, or the imposition of any new express condition or restriction in interest. A contravention of the above land use may subject the registered owner of MST Golf Plaza, i.e. MST Golf Malaysia, to a range of regulatory actions such as monetary fines (of not less than RM500 and in the case of continuing breach a further fine of not less than RM100 each day during which the non-compliance continues), certain rectification actions which the authorities may impose on the land owner, and forfeiture of the land by the state authority.

MST Golf Malaysia had been advised by the Consultants based on consultation and enquiries with MBSJ that although the land use category of MST Golf Plaza is under the category of "industry", areas approved for showroom in the building plan can be used to carry out retail activities. The Consultants had advised and confirmed that the current land use of the MST Golf Plaza had been confirmed by the Selangor Land and Mines Office ("**Land Office**") to MBSJ for the usage of the property as warehouse, office and retail space during the approval stage for the Building Plan 2010.

7. BUSINESS OVERVIEW (CONT'D)

Based on the Consultants' confirmation, during the planning permission application, the Town Planner is required to submit the application to the One Stop Centre of MBSJ ("**OSC**") and the OSC will then distribute the application to all relevant technical departments including the Land Office for processing of the application. Upon receiving the pre-requisite letters in support of the planning permission application from all relevant departments including the Land Office, the OSC will issue the planning permission and thereafter the Architect would proceed to submit the building plan application to OSC for approval.

In this regard, the Building Plan 2010 approval had encompassed the MST Golf specialty store (marked as single storey showroom in the Building Plan 2010). Nonetheless, the Sports Direct retail outlet rented out to Sports Direct Malaysia was marked as a warehouse area in the Building Plan 2010. Pursuant to the Consultants' consultation with MBSJ, MBSJ had advised that a planning permission application is required to be submitted for this material change of building use from warehouse to retail space with regard to the Sports Direct retail outlet area, and the approval would be for a tenure of 3 years. Upon expiry of the 3-year period, MST Golf Malaysia would need to apply afresh for a new planning permission to allow the Sports Direct retail outlet area to be used as a retail space. Subsequent to the LPD, MST Golf Malaysia has on 7 June 2023 received the planning permission from MBSJ, which is effective from 23 February 2023 to 31 December 2025. MST Golf Malaysia is required to renew the planning permission 3 months prior to the expiry date. The approval allows the Sports Direct retail outlet area to be used for purposes of showroom and retail space for sports equipment. Please refer to Note 1(ii) of Section 7.23.1 below for further details of the status of the planning permission application and application to update the building plan.

As at the LPD, MST Golf Malaysia has not received any enforcement notices nor been imposed with any penalties or enforcement action from the relevant authorities in relation to the use of the land and premises as retail outlets located at MST Golf Plaza, other than the compound of RM5,000 and the aggregate additional application fees of RM28,281 for the building plan and planning permission application imposed by MBSJ. Please refer to subparagraph (iii) below for further details of the compound and additional application fees.

(ii) **Submission to MBSJ of planning permission applications and updated building plan of MST Golf Plaza**

Based on the Building Plan 2010 and the CCC of MST Golf Plaza dated 16 June 2010, the building was then approved for a warehouse, single storey showroom and 3-storey office. Further to the Consultants' review, the areas of non-compliances and variances of the current use vis-a-vis the Building Plan 2010 identified were as set out below. As such, MST Golf Malaysia and the Consultants are in the process of submitting the following applications which include the items below for MBSJ's approval.

(A) Planning permission application and building plan application

- (a) Currently, a portion of the MST Golf Plaza which was originally approved in the building plan as a warehouse has been rented out ("**Rented Area**") to Sports Direct Malaysia to carry out retail activities namely for retail sale of sports equipment.
- (b) An area previously marked as training room at the warehouse will be changed to a storeroom.

7. BUSINESS OVERVIEW (CONT'D)

- (c) Since November 2010, the void between the MST Golf Plaza roof and the existing concrete flat roof of the single storey MST Golf specialty store has been used as part of a warehouse space. The void was previously not approved for warehouse space.
- (d) An area previously marked as concept mock-up will be changed to an office space.

(B) Building plan application

In addition to the items in section (A) above, the building plan updates would also include the following items:

- (a) A non-passenger lift was installed in November 2010 to facilitate MST Golf Malaysia's use of the flat roof as warehouse space. A certificate of fitness for the non-passenger lift had been issued by the Department of Occupational Safety and Health on 24 August 2022, which is valid until 23 November 2023 and will be renewed subsequently upon expiry.
- (b) The updated building plan application will also include the application to include existing awnings at the entrance of the warehouse as shelter for transition of goods, and a new fire escape staircase to be installed arising from the use of the concrete flat roof warehouse space.

Pursuant to Section 70(12) of the SDBA 1974, any person who uses any building or part of a building for a purpose other than which it was originally constructed for without the prior written permission from the local authority shall be liable on conviction to a fine not exceeding RM25,000 and additional daily fines not exceeding RM500 for continuing offences after conviction. Section 79 of the SDBA 1974 further provides that prior written permission of the local authority is required among others for any partition, compartment, gallery, loft, roof, ceiling or other structures built in a building, any deviation from any plans or specifications approved by the local authorities, or any alteration to a building otherwise than allowed by the local authority or by-laws made under the SDBA 1974. Section 70(11) of the SDBA 1974 also states that any person who makes any alteration to any building otherwise than provided for in the SDBA 1974 or by-laws without the prior written permission of the local authority shall be liable on conviction to a fine not exceeding RM25,000 and the local authority may also apply for a court order to alter the building or demolish the same. Failure to obtain the local authorities' prior written permission for the above may subject the person in breach to fines or imprisonment or both, if convicted. Depending on the applicable provisions of the SDBA 1974 in breach, the maximum fines may range from RM25,000 to RM50,000 and additional daily fines for continuing offences after conviction, and the maximum imprisonment term may be up to 3 years.

Under the TCPA 1976, Section 18 prohibits a person to use or be permitted to use any land or building otherwise than in conformity with the local plan. Section 26 of the TCPA 1976 states that a person who, whether at his own instance or at the instance of another person uses or permits to be used any land or building in contravention of Section 18 commits an offence and is liable, on conviction to a fine not exceeding RM500,000 and/or to imprisonment for a term not exceeding 2 years, and be subject to additional daily fines which may extend to RM5,000 for each day during which the offence continues after the first conviction for the offence.

7. BUSINESS OVERVIEW (CONT'D)

Section 26 also further states that the owner of the land in respect of which any act that constitutes such offence is done shall be deemed to have permitted the doing of that act. Section 27(7) of the TCPA 1976 also grants a local authority the discretion to impose additional planning permission application fees as prescribed by the local authority on a person who carries out any development (including building on land, making of any material change in the use of land or building) without prior planning permission being obtained from the local authority.

As at the LPD, our Group has not been made aware nor has our Group been subject to any penalties or enforcement action from the authorities, other than the compound of RM5,000 and the aggregate additional application fees of RM28,281 for the building plan and planning permission application imposed by MBSJ via letters dated 3 March 2023, 10 March 2023 and 30 March 2023. Please refer to sub-paragraph (iii) below for further details of the compound and additional application fees.

(iii) Status of applications made by the Consultants

The status of the above applications made by the Consultants, on behalf of MST Golf Malaysia, are set out below:

No.	Stages and process	Status as at 7 June 2023	Estimated timeframe for approval ⁽¹⁾
(i)	Consultation by the Consultants with MBSJ prior to submission of items (ii), (iii) and (iv) below.	Completed on 22 August 2022.	-
(ii)	Submission of self-assessment of processing fees (Kira Sendiri Fi Anda ("KISFA")) for the building plan application to MBSJ	MST Golf Malaysia commenced application for KISFA on 3 October 2022, which has been approved by MBSJ on 17 November 2022.	-
(iii)	Online submission to OSC to obtain approval for the following applications: (a) planning permission (kebenaran merancang); (b) building plan; and (c) BOMBA plan	(a) For the planning permission application, the application consisting of the renovation plan (pelan ubahsuai) and material change of building plan (pelan perubahan material bangunan) was submitted online to OSC on 19 October 2022 and had obtained the relevant approvals on 31 October 2022 and 4 November 2022 to proceed to the next stage to submit hardcopies of the planning permission application to MBSJ; (b) For the building plan application, a renovation plan was submitted online to OSC on 17 November 2022 upon receiving approval for KISFA.	-

7. BUSINESS OVERVIEW (CONT'D)

No.	Stages and process	Status as at 7 June 2023	Estimated timeframe for approval ⁽¹⁾
		The relevant approval had been obtained on 23 December 2022 to proceed to the next stage to submit hardcopies of the building plan application to MBSJ; and (c) For the BOMBA plan application, a renovation plan was submitted online to OSC on 17 November 2022 together with the building plan application in paragraph (b) above. The relevant approval has been obtained on 23 December 2022 to proceed to the next stage to submit hardcopies of the BOMBA plan application to MBSJ.	
(iv)	Submission of hard copies of the applications set out in stages (ii) and (iii) above to OSC	Upon obtaining approval for the applications in stages (ii) and (iii) above, the Consultants have submitted all hard copies of the applications, documents and drawings to OSC on 29 December 2022.	-
(v)	Progress of the applications set out in stages (ii) and (iii) above for: (a) planning permission; (b) building plan; and (c) BOMBA plan	On 3 March 2023, MBSJ had granted conditional approval for the planning permission application and building plan application with among others, the following conditions: (a) Approval from BOMBA MST Golf Malaysia had obtained the approval from BOMBA on 27 April 2023. (b) Obtaining approval from Jabatan Perancangan Bandar, MBSJ Further to comments received from MBSJ on 10 March 2023 in relation to the planning permission application, MST Golf Malaysia had on 19 April 2023 submitted the revised renovation plan and building plan (forming part of the planning permission application) incorporating the requirements requested by MBSJ.	July 2023

7. BUSINESS OVERVIEW (CONT'D)

No.	Stages and process	Status as at 7 June 2023	Estimated timeframe for approval ⁽¹⁾
		The requirements imposed include among others, providing additional car park space and the payment of additional fees of RM2,000 and RM500 respectively arising from the operation of retail activities and carrying out building works prior to a planning permission being granted. The abovementioned additional fees of RM2,500 were imposed pursuant to section 27(7) of the TCPA 1976 and have been paid to MBSJ as at the LPD. Subsequent to the LPD, MST Golf Malaysia received the planning permission approval on 7 June 2023 from Jabatan Perancangan Bandar, MBSJ, which is effective from 23 February 2023 to 31 December 2025. MST Golf Malaysia is required to renew the planning permission 3 months prior to the expiry date. The approval allows the Sports Direct retail outlet area to be used for purposes of showroom and retail space for sports equipment. (c) Complying with the requirements of Jabatan Bangunan, MBSJ MST Golf Malaysia is required to among others, revise the building plans according to MBSJ's comments on the building specifications. As at the LPD, the building plan application is in the midst of processing. (d) MST Golf Malaysia is required to pay an additional fee of RM25,781, being the building plan application processing fee for carrying out building works prior to obtaining MBSJ's approval.	

7. BUSINESS OVERVIEW (CONT'D)

No.	Stages and process	Status as at 7 June 2023	Estimated timeframe for approval ⁽¹⁾
		The additional building plan application processing fees were imposed pursuant to section 3(1)(a) of the UBBL 1984 and have been fully paid to MBSJ as at the LPD. (e) MST Golf Malaysia is required to pay a compound of RM5,000 to MBSJ due to the contravention of section 70(11) of the SDBA 1974 arising from making alterations to the building without the prior written permission of MBSJ. As at the LPD, the compound has been fully paid.	
(vi)	Issuance of approvals for the planning permission application and building plan application from MBSJ	On 7 June 2023, MST Golf Malaysia has received the planning permission approval from Jabatan Perancangan Bandar, MBSJ allowing the Sports Direct retail outlet area to be used for purposes of showroom and retail space for sports equipment. Please see (v)(b) above for further details. The issuance of the building plan approval is to be completed after stage (v) above.	July 2023

Note:

- (1) Subject to the approvals being granted by the authorities.

The estimate costs for the regularisation exercise anticipated to be incurred as at the LPD is approximately RM0.30 million.

In any event that MST Golf Malaysia is subject to any other enforcement notices, penalties or enforcement actions, the potential maximum monetary penalties applicable for the non-compliance in relation to MST Golf Plaza would be not less than RM500 and in the case of continuing breach, a further fine of not less than RM100 each day during which the non-compliance continues pursuant to the NLC, not exceeding RM500,000 and subject to additional daily fines which may extend to RM5,000 for each day during which the offence continues after the first conviction for the offence pursuant to the SDBA 1974, not exceeding RM25,000 and additional daily fines not exceeding RM500 for continuing offences after conviction pursuant to the TCPA 1976.

7. BUSINESS OVERVIEW (CONT'D)

If we are unable to renew the planning permission approval obtained (valid from 23 February 2023 to 31 December 2025), we would not be able to continue to rent out the Rented Area and this would result in a loss of rental income for our Group. For the Financial Years Under Review and up to the LPD, the rental amounts are set out below:

Details	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	1 January 2023 up to the LPD RM'000
Rental received from the Rented Area	648 (6.34% of our Group's PAT for the FYE 2019)	429 (3.13% of our Group's PAT for the FYE 2020)	464 (2.31% of our Group's PAT for the FYE 2021)	648 (2.23% of our Group's PAT for the FYE 2022)	270

We do not expect the abovementioned non-compliance to materially and adversely affect our Group's business operation and financial condition as:

- (i) the contribution from the rental of the Sports Direct retail outlet to Sports Direct Malaysia to our Group's PAT for the Financial Years Under Review is minimal;
- (ii) our Group has taken remedial actions by obtaining the planning permission and submitting the updated building plan of MST Golf Plaza to the relevant authorities to rectify the non-compliances; and
- (iii) save for the compound of RM5,000 due to the contravention of section 70(11) of the SDBA 1974 arising from alterations made to the building without the prior written permission of MBSJ and the aggregate additional application fees of RM28,281 for the building plan and planning permission application imposed by MBSJ, which have been fully paid as at the LPD, our Group has not been subject to any penalties or enforcement action from the relevant authorities in relation to non-compliances arising from the use of the land and premises as retail outlets located at MST Golf Plaza as at the LPD.

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7. BUSINESS OVERVIEW (CONT'D)

7.23.2 Properties owned by our Group rented to third parties

A summary of the material land and buildings owned by our Group and rented out to third parties by our Group as at the LPD are set out below:

Landlord	Tenant	Tenancy premises	Permitted use	Tenancy period	Yearly rental RM'000	Approximate rented area sq. ft.	Date of CF or CCC
MST Golf Malaysia	Sports Direct Malaysia	No. 8, Jalan SS 13/5, Subang Jaya, 47500 Selangor	Retail outlet	3 years, 1 January 2023 to 31 December 2025 Option to renew: 2 months written notice prior expiry date given by Sports Direct Malaysia to MST Golf Malaysia for a further term of 3 years	648	21,000	16 June 2010

Please refer to Section 10.1.1 of this Prospectus for further details of the rental of the property to Sports Direct Malaysia.

7.23.3 Material properties rented by our Group for our business operations

As at the LPD, our Group has 38 rented properties in Malaysia and 7 rented properties in Singapore for our business operations as set out below:

(a) Office and warehouse in Singapore

Landlord	Tenant	Tenancy premises	Permitted use	Tenancy period	Approximate rented area sq. ft.	Date of certificate of statutory completion
DBS Trustee Limited (as trustee of Mapletree Industrial Trust)	MST Golf Singapore	8 Kaki Bukit Avenue 1, #03- 01/02, #03-03/04, #04-01/02/03, Singapore 417941	Warehouse and distribution of products with ancillary office	<u>Units #03-01/02 and #03-03/04</u> 3 years 8 months, 1 March 2023 to 31 October 2026 <u>Unit #04-01/02/03</u> 3 years, 1 November 2021 to 31 October 2024 with subsequent renewal term for a further 2 years from 1 November 2024 to 31 October 2026	36,425	5 December 1996

7. BUSINESS OVERVIEW (CONT'D)**(b) Retail outlets, indoor golf centre and golf academy**

The table below provides an overview of the number of rented properties as at the LPD rented by our Group for our retail outlets, indoor golf centres and golf academy operations in Malaysia and Singapore according to location, the approximate total rented area and tenure of the tenancies:

Location	No. of retail outlets (including specialty stores and pro shops) ⁽¹⁾	Indoor golf centre, golf academy	Approximate total rented area/ approximate rented area per property sq. ft.	Tenure
Malaysia				
• Federal Territories ⁽²⁾	10	2	368 to 27,140	2 to 3 years
• Selangor	9	1	692 to 25,732	1 to 3 years
• Johor	4	-	638 to 12,583	1 to 3 years
• Penang	3	-	920 to 4,580	2 to 3 years
• Sarawak	3	-	4,279 to 5,348	3 years
• Pahang	2	-	942 to 3,555	3 years
• Perak	1	-	2,608	2 years
• Melaka	1	-	2,638	3 years
• Sabah	1	-	6,925	3 years
Singapore	6	-	687 to 16,081	1 to 5 years
Total	40⁽³⁾	3	368 to 27,140	1 to 5 years

Notes:

- (1) Excludes departmental counters.
- (2) Including Kuala Lumpur and Putrajaya.
- (3) Excludes the new retail outlets and indoor golf centre which we plan to open in the 3rd quarter of 2023 in Malaysia. As at the LPD, we have entered into letters of offers and/or tenancy agreements for these retail outlets and indoor golf centre. Please refer to Section 7.7(ii) of this Prospectus for further details.

As at the LPD, other than 2 retail outlets which we operate on our own properties, all of our retail outlets (excluding departmental counters), indoor golf centres and golf academy are rented on a rental basis and/or percentage of the gross turnover basis. Majority of the tenancies are with an option to renew.

As at the LPD, the total tenanted GFA for retail outlets (excluding departmental counters), indoor golf centres, and golf academy is approximately 251,667 sq. ft. The total rental paid by our Group for the Financial Years Under Review for our rented retail outlets (excluding departmental counters), indoor golf centres and golf academy is approximately RM8.11 million for FYE 2019, RM6.39 million for FYE 2020, RM7.62 million for FYE 2021 and RM13.57 million for FYE 2022 respectively.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years Under Review and up to the LPD, our Group has not experienced any major difficulties in renewing our existing tenancy arrangements for our retail outlets, other than in cases where the lapse or termination of the agreements are based on mutual agreement with our landlords. Please refer to Section 5.1.2 of this Prospectus for further details in relation to the risks we may experience in event of changes in terms and conditions or non-renewal of tenancies which are unfavourable to us.

CF or CCC not available for 1 rented property which MST Golf Malaysia operates retail outlets

Based on the SDBA 1974, any person who occupies a building or any part of a building without a CF or CCC may be subject to a fine not exceeding RM250,000 and/or imprisonment for a term not exceeding 10 years, if convicted. As at the LPD, all of our Group's rented properties have been issued with the required CF or CCC and the Singapore equivalent Certificate of Statutory Completion save for 1 rented property in Malaysia.

Please refer to Sections 5.1.10, 7.23.1 and 7.23.3 of this Prospectus for further details of our status of compliance in relation to our owned and rented properties as at the LPD.

The status of the said rented property is set out below:

- (i) We have obtained a written confirmation from our landlord that a CF or CCC was not required to be issued for the rented property as the structure was built by a government department. Nonetheless, our landlord has informed us that in furtherance of documenting the status for the rented property, the landlord has agreed to submit an application to the relevant local council for the issuance of a CF or CCC for the rented property tenanted by us and the estimate timeframe to complete the process would be approximately 5 weeks once the landlord has submitted the application. Subsequently, after consultation with several architects and the local council, our landlord was advised by the local council that it is unable to provide the landlord with a CCC for the tenanted area only. The landlord is required to apply for a CCC for the entire property, as opposed to the area in which our Group tenants.

Currently, the landlord is undergoing its internal approval process to procure the necessary internal clearance to apply for the CCC for the entire property. In the interim, our Group will continue to liaise with the landlord on the status of this documentation exercise. In the event the landlord is unable to obtain the CCC for the property by the expiry date of our tenancy of the rented premises on 31 October 2024, we will opt not to renew the said tenancy with the landlord. The retail outlet located at this rented premise commenced operations within FYE 2022 and the percentage revenue contribution to our total revenue for FYE 2022 is 0.28%. As such, if we opt not to renew the tenancy for this retail outlet, the closure of this retail outlet is not expected to have any adverse material impact on our Group.

Additionally, our Group had terminated the tenancy for 1 other rented property as we were unable to ascertain whether the said rented property had been issued the required CF or CCC. Our landlord was unable to provide us with a copy of the required CF or CCC nor a written confirmation on the status of the CF or CCC. Further to discussions and mutual agreement with the landlord, the tenancy for the rented property was mutually terminated effective 31 March 2023 and the retail outlet located at the rented property was closed down upon termination of the tenancy. As the tenancy was mutually terminated, we have not experienced any material adverse financial impact arising from the termination. The retail outlet located at this rented property commenced business operations within FYE 2022 and the percentage revenue contribution to our total revenue for FYE 2022 was 0.37%.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, we do not anticipate any material adverse impact on our Group's business operations and financial condition arising from occupying the abovementioned rented properties without a CF or CCC based on the following:

- (i) as at the LPD, our Group has not experienced any penalties or enforcement action from the relevant authorities for occupying the abovementioned rented properties without a CF or CCC; and
- (ii) the revenue contribution of our retail outlets at these rented properties to our Group's total revenue during the relevant Financial Years Under Review is minimal.

7.24 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS/AGREEMENTS/INTELLECTUAL PROPERTY RIGHTS/LICENCES OR PERMITS/BUSINESS PROCESSES

Save for the major licences set out in Section 7.21 of this Prospectus, as at the LPD, our Group's business or profitability is not materially dependent on any contracts, intellectual property rights, licences and permits, and production or business processes.

7.25 GOVERNING LAWS AND REGULATIONS

7.25.1 Malaysia

Our Group's business is regulated by, and in some instances required to be licensed under specific laws of Malaysia. The relevant laws and regulations governing our Group's business operations in Malaysia, which do not purport to be an exhaustive description of all laws and regulations which our business is subject to, are summarised below:

- (i) **Local Government Act 1976 ("LGA 1976"), Local Authorities Ordinance 1996 ("LAO 1996") of Sarawak, Businesses, Professions and Trades Licensing Ordinance 1958 ("BPTLO 1958") of Sarawak, Local Government Ordinance 1961 ("LGO 1961") of Sabah and Trades Licensing Ordinance ("TLO") of Sabah**

Under the LGA 1976, the LAO 1996 and BPTLO 1958 of Sarawak, the LGO 1961 and the TLO 1949 of Sabah and the by-laws of the respective local councils and authorities, our business operation premises are required to have business signboard/advertising licences which include among others, business premise licences in relation to our retail outlets, indoor golf centres or third party driving range, golf coaching activities or training academy, signboards and storage, as well as entertainment establishment and restaurant operations at our indoor golf centres. We are also required to display the licences at the business premises, and produce the licences upon request.

Pursuant to the LGA 1976, any person who fails to exhibit or produce his licences on the premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or both. A similar penalty provision is also found in the LAO 1996 of Sarawak where an absolute fine of RM10,000 will be imposed on those who are found guilty of such offence. In Sarawak, the BPTLO 1958 imposes an absolute fine of RM1,000 on persons who are found guilty of carrying out business without a valid business licence; and the Local Authorities (Advertisements) By-Laws 2012 imposes a fine of not more than RM5,000 and imprisonment of not more than 6 months for not having a signboard licence for such non-compliance if found guilty, and in the case of a continuing offence, a further fine not exceeding RM200 for each day during which the offence continues. In Sabah, the TLO imposes on such persons, a fine of 4 times the amount of the licence fee and an additional fine of RM10 for each day or part of a day for continuing offences after conviction.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, our Group has valid business and/or signboard licences issued by the respective local authorities. Please refer to Section 7.21 of this Prospectus for further details. There was a prior non-compliance by MST Golf Malaysia of operating a pro shop and driving range located at the Pelangi Golf Driving Range, Johor without valid business licence. Please refer to Note 6 of Section 7.21.1 of this Prospectus for further details. Notwithstanding this, our Group has not been imposed with any fines or penalties by the respective local authorities in relation to the business, signboard/advertising licences requirements for the Financial Years Under Review and up to the LPD.

(ii) Sale of Goods Act 1957 ("SOGA 1957") and Civil Law Act 1956 ("CLA 1956")

The SOGA 1957 regulates goods that are sold and bought in Peninsular Malaysia and the Federal Territories, while Section 5(2) of the CLA 1956 governs the sale of goods in Sabah and Sarawak.

Such legislation sets out the terms and conditions relating to the sale of goods, which includes among others, the condition and warranty, sale by description, implied conditions as to quality etc. A breach of these terms may give rise to an action for damages and consumers can claim damages for a breach of warranty.

Our Group's obligation as a seller under the SOGA 1957 and CLA 1956 primarily includes ensuring that the goods we sell are in line with the standards prescribed under the SOGA 1957 and CLA 1956 respectively. This includes among others, applicable conditions implied under laws for sale of our goods such as having the right to sell the goods before selling the same to our customers, making sure that the goods we sell corresponds to the description, as well as ensuring the quality or fitness of the goods for particular purposes.

As at the LPD, our Group is in compliance with the SOGA 1957 and CLA 1956. For the Financial Years Under Review and up to the LPD, our Group has not been subject to any legal proceedings or claims from our customers in this respect.

(iii) Trade Descriptions Act 2011 ("TDA 2011")

The TDA 2011 is enforced by the Ministry of Domestic Trade and Consumer Affairs and provides protection for traders and consumers from unhealthy trade practices. The TDA 2011 aims to facilitate good trade practices and protect the interest of consumers by eliminating false trade descriptions and false or misleading statements, conducts and practices in relation to the supply of goods and services.

Pursuant to Section 5 of the TDA 2011, any person who:

- (a) applies a false trade description to any goods;
- (b) supplies or offers to supply any goods to which a false trade description is applied; or
- (c) exposes for supply or has in his possession, custody or control for supply any goods to which a false trade description is applied,

commits an offence and shall, on conviction, be liable, if such person is a body corporate, to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

7. BUSINESS OVERVIEW (CONT'D)

In the course of carrying out our business operations, our Group is required to ensure that we practice good trade practices and in particular, to ensure that trade descriptions of the goods and services that we supply are not misleading to our customers. As at the LPD, our Group is in compliance with the requirements of the TDA 2011. For the Financial Years Under Review and up to the LPD, our Group has not been issued with any penalties pursuant to the TDA 2011.

(iv) **Consumer Protection Act 1999 ("CPA 1999") and Consumer Protection (Electronic Trade Transactions) Regulations 2012 ("CPR 2012")**

The CPA 1999 provides for the protection of consumers, the establishment of the national consumer advisory council and the tribunal for consumer claims, and matters connected therewith.

The CPA 1999 stipulates amongst others the following:

- (a) no person shall engage in conduct that (i) in relation to goods, is misleading or deceptive, or is likely to mislead or deceive, the public as to the nature, manufacturing process, characteristics, suitability for a purpose, availability or quantity, of the goods; or (ii) in relation to services, is misleading or deceptive, or is likely to mislead or deceive, the public as to the nature, characteristics, suitability for a purpose, availability or quantity, of the services;
- (b) no person shall advertise for supply at a specified price goods or services which that person (i) does not intend to offer for supply; or (ii) does not have reasonable grounds for believing can be supplied, at that price for a period that is, and in quantities that are, reasonable having regard to the nature of the market in which the person carries on business and the nature of the advertisement;
- (c) no person shall supply, or offer to or advertise for supply, any goods or services which do not comply with the safety standards; and
- (d) the goods supplied to a consumer shall be a goods of acceptable quality, fit for any particular purpose, comply with description, and so on.

A body corporate who commits an offence shall on conviction be liable to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000. In the case of a continuing offence, the offender shall, in addition to the penalties mentioned above, be liable to additional daily fines not exceeding RM1,000 during which the offence continues after conviction.

Further, pursuant to the CPR 2012, any person who operates a business for the purpose of supply of goods or services through a website or in an online marketplace shall disclose on its website the following details:

- (a) the name of the company who operates the online business;
- (b) registration number of the business or company;
- (c) the email address and telephone number, or address of the person who operates the online business;
- (d) a description of the main characteristics of the goods and services;
- (e) the full price of the goods or services (including transportation costs, taxes and any other costs);
- (f) the method of payment;

7. BUSINESS OVERVIEW (CONT'D)

- (g) the terms and conditions; and
- (h) the estimated time of delivery of the goods or services to the buyer.

As at the LPD, our Group is in compliance with the CPA 1999 and CPR 2012 in the course of carrying out our business operations. For the Financial Years Under Review and up to the LPD, our Group has not been issued with any penalties pursuant to such legislations.

(v) NLC, TCPA 1976, SDBA 1974 and Uniform Building By-Laws 1984 ("UBBL 1984"), Building By-laws 1951 ("BBL 1951"), and Buildings Ordinance 1994 ("BO 1994")

In the course of our business operations, we are required to ensure that the properties owned or rented by our Group for our business operations comply with the NLC, TCPA 1976, SDBA 1974, UBBL 1994, BO 1994 and the relevant by-laws issued pursuant thereto which regulate among others the occupation of buildings and uniformity of local government matters relating to street, drainage and buildings.

NLC

Under the NLC, there are 3 categories of land use, being "building", "industry" and "agriculture". The category of land use is endorsed on the documents of title issued by the state authority. Each category of land use is also subject to implied conditions as more particularly described in the NLC and express conditions imposed by the state authority.

TCPA 1976

The TCPA 1976 governs the proper control and regulation of town and country planning in Peninsular Malaysia and regulates among others modifications to planning permissions and building plan approvals issued by local authorities. Under the TCPA 1976, Section 18 prohibits a person to use or be permitted to use any land or building otherwise than in conformity with the local plan. Section 26 of the TCPA 1976 states that a person who, whether at his own instance or at the instance of another person uses or permits to be used any land or building in contravention of Section 18 commits an offence and is liable, on conviction to a fine not exceeding RM500,000 and/or to imprisonment for a term not exceeding 2 years, and be subject to additional daily fines which may extend to RM5,000 for each day during which the offence continues after the first conviction for the offence. Section 26 also further states that the owner of the land in respect of which any act that constitutes such offence is done shall be deemed to have permitted the doing of that act. Section 27(7) of the TCPA 1976 also grants a local authority the discretion to impose additional planning permission application fees as prescribed by the local authority on a person who carries out any development (including building on land, making of any material change in the use of land or building) without prior planning permission being obtained from the local authority.

SDBA 1974 and UBBL 1984

The SDBA provides uniformity of law and policy with regard to local government matters relating to street, drainage and buildings in Peninsular Malaysia. It provides for the requirement to have a CF or CCC to ensure that the building is safe and fit for occupation. The UBBL 1984 is a subsidiary legislation made under the SDBA 1974.

7. BUSINESS OVERVIEW (CONT'D)

Pursuant to the SDBA 1974, prior written permission of the local authority is required among others for any partition, compartment, loft, roof, ceiling or other structures built in a building, any deviation from the any plans or specifications approved by the local authorities, or any alteration to a building otherwise than allowed by the local authority or by-laws made under the SDBA 1974. Failure to obtain the local authorities' prior written permission for the above may subject the person in breach to fines or imprisonment or both, if convicted. Depending on the applicable provisions of the SDBA 1974 in breach, the maximum fines may range from RM25,000 to RM50,000 and additional daily fines for continuing offences after conviction, and the maximum imprisonment term may be up to 3 years. The SDBA 1974 also stipulates that any person who occupies a building or any part of a building without a CF or CCC may be subject to a fine of RM250,000 and/or imprisonment for up to 10 years, if convicted.

Sabah

In Sabah, the requirement for the issuance of the occupation certificate is governed by the respective by-laws issued by the respective local authorities in Sabah such as the BBL 1951 issued by the Kota Kinabalu Municipal Council.

No person shall occupy or permit to be occupied any building or any part thereof unless an occupation certificate has been issued for such building and any person who contravenes the provisions of the BBL 1951 shall on conviction be liable to a fine not exceeding RM5,000 and additional daily fines not exceeding RM100 during which such offence is continued.

Sarawak

In Sarawak, the BO 1994 governs the laws relating to buildings in the state. Pursuant to the Building By-Laws contained in the BO 1994, no person shall occupy or permit to be occupied any building or any part thereof unless an occupation permit has been issued. Any failure to comply with the BO 1994 render such person guilty of an offence and subject to a fine of not exceeding RM10,000 and additional daily fines not exceeding RM300 during which the offence is continued after notice to cease occupying the building has been issued.

Under the BO 1994, any person who makes any alteration to any building otherwise than is provided under the ordinance or without the prior permission of the local authority shall be liable to a fine of RM1,000 and the court shall on the application of the local authority issue a mandatory order requiring such person to alter the building in any way or to demolish it. Further, any person who uses any building or part of a building for a purpose other than which it was originally constructed for without the prior written permission from the local authority shall be guilty of an offence. Upon conviction, such person will be liable to a fine of RM1,000 and additional daily fines of RM100 during which the offence is continued after a notice to cease using for other purpose has been served.

Please see Sections 7.23.1 and 7.23.3 of this Prospectus for further details of our status of compliance in relation to our owned and rented properties as at the LPD.

(vi) Occupational Safety and Health Act 1994 ("OSHA 1994")

The OSHA 1994 provides provisions for securing the safety, health and welfare of persons at work, protecting others against risk to safety or health in connection with the activities of persons at work. The OSHA 1994 applies throughout Malaysia to the industries specified in the OSHA 1994, which includes the retail industry.

7. BUSINESS OVERVIEW (CONT'D)

The OSHA 1994 provides that it is the duty of every employer to ensure the safety, health and welfare at work of all his employees, so far as is practicable, in particular:

- (a) the provision and maintenance of plant and systems of work that are safe and without risks to health;
- (b) the making of arrangements for ensuring safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;
- (c) the provision of such information, instruction training and supervision as is necessary to ensure the safety and health at work of his employees;
- (d) as regards any place of work under the control of the employer, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means of access to and egress from it that are safe and without such risks; and
- (e) the provision and maintenance of a working environment for his employees that is safe, without risks to health, and adequate as regards facilities for their welfare at work.

Non-compliance of the above will result in an offence and on conviction would constitute to a fine not exceeding RM50,000 and/or to imprisonment for a term not exceeding 2 years. We also have a duty to ensure, in so far as is practicable, that other persons, not being our employees, who may be affected, are not exposed to risks to their safety or health.

As at the LPD, our Group is in compliance with the OSHA 1994. For the Financial Years Under Review and up to the LPD, our Group has not been issued with any penalties pursuant to the OSHA 1994.

(vii) Competition Act 2010 ("CA 2010")

Our Group is required in the course of carrying out our business operations to ensure that we comply with the CA 2010 and in particular, not to engage in any conduct which prevents the process of competition.

The CA 2010 was enacted for the purposes of promoting economic development by promoting and protecting the process of competition, thereby protecting the interests of consumers. The process of competition encourages efficiency, innovation and entrepreneurship, which promotes competitive prices, improvement in the quality of products and services and wider choices for consumers. In order to achieve these benefits, the CA 2010 prohibits anti-competitive conduct.

Pursuant to Section 61(a) of the CA 2010, if a body corporate commits an offence under the CA 2010 for which no penalty is expressly provided, it shall on conviction be liable to a fine not exceeding RM5,000,000, and for a second or subsequent offence, to a fine not exceeding RM10,000,000.

As at the LPD, our Group is in compliance with the CA 2010. For the Financial Years Under Review and up to the LPD, our Group has not been issued with any penalties pursuant to the CA 2010.

(viii) Personal Data Protection Act 2010 ("PDPA 2010")

The PDPA 2010 regulates the processing of personal data in commercial transactions and to provide for matters connected therewith and incidental thereto. The PDPA 2010 applies to (a) any person who processes and (b) any person who has control over or authorises the processing of any personal data in respect of commercial transactions ("**Data User**").

7. BUSINESS OVERVIEW (CONT'D)

The processing of personal data by a Data User must be in compliance with various personal data protection principles, namely (a) the General Principle; (b) the Notice and Choice Principle; (c) the Disclosure Principle; (d) the Security Principle; (e) the Retention Principle; (f) the Data Integrity Principle; and (g) the Access Principle (collectively, "**the Personal Data Protection Principles**"). A Data User who contravenes the Personal Data Protection Principles commits an offence and shall, on conviction, be liable to a fine not exceeding RM300,000 and/or to imprisonment for a term not exceeding 2 years.

In the course of our Group's business, we collect the personal data of our employees and members who signed up for our Group's loyalty membership programme. Although our Group does not fall within the classes of data users identified under the Personal Data Protection (Class of Data Users) Order 2013 which are required to be registered as Data Users under the PDPA 2010, we are nonetheless required to comply with the PDPA 2010.

In this regard, our Group has adopted the personal data protection policies which are in line with the PDPA 2010. For the Financial Years Under Review and up to the LPD, our Group has not been issued with any penalties pursuant to the PDPA 2010.

(ix) **EMSHA 1990**

The EMSHA 1990 and the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 issued under the EMSHA 1990, imposes, among others, the minimum standards on accommodation for employees and the requirement for accommodation provided to employees to be certified with a certificate of accommodation from the Department of Labour Peninsular Malaysia. An application for the certificate of accommodation may be made by an employer or a centralised accommodation provider to the Department of Labour Peninsular Malaysia.

To obtain a certificate of accommodation, an employer or a centralised accommodation provider is required to ensure that every accommodation provided for employees complies with the minimum standards which includes among others, the minimum space requirement for workers' accommodation, basic facilities, as well as safety and hygiene standards required under the EMSHA 1990 or any regulations made thereunder. Pursuant to the EMSHA 1990, failure to obtain such certification may constitute to a fine not exceeding RM50,000 with respect to each employees' accommodation without a certificate of accommodation.

Please see Sections 7.20 of this Prospectus for further details on the certificates of accommodation issued in relation to the accommodation provided to our foreign workers in Malaysia.

7. BUSINESS OVERVIEW (CONT'D)

7.25.2 Singapore

MST Golf Singapore's business is regulated by specific laws of Singapore. The relevant laws and regulations governing MST Golf Singapore's business operations in Singapore, which do not purport to be an exhaustive description of all laws and regulations which its business is subject to, are summarised below:

(i) Sale of Goods Act 1979 of Singapore ("SGA")

The SGA applies to any contract for the sale of goods in Singapore. The SGA provides that where there is a contract for the sale of goods by description, there is an implied condition that the goods will correspond with the description. The SGA also provides that where a seller sells goods in the course of a business, there is an implied condition that the goods supplied under the contract are of satisfactory quality, except that there is no such condition (i) as regard defects specifically drawn to the buyer's attention before the contract is made; (ii) where the buyer examines the goods before the contract is made, as regards defects which the examination ought to reveal; or (iii) if the contract is a contract for sale by sample, which would have been apparent on a reasonable examination of the sample. MST Golf Singapore's obligation as a seller under the SGA includes ensuring that the goods we sell are in line with the standards prescribed thereunder.

As at the LPD, MST Golf Singapore is in compliance with the SGA. For the Financial Years Under Review and up to the LPD, MST Golf Singapore has not been subject to any legal proceedings or claims from our customers in this respect.

(ii) Unfair Contracts Terms Act 1977 of Singapore ("UCTA")

The UCTA aims to impose limits on the extent to which civil liability for breach of contract, or for negligence or other breach of duty, can be avoided by means of contract terms and otherwise. The UCTA prohibits a supplier that is contracting with a counterparty who is dealing as a consumer or on the supplier's written standard terms of business from, by reference to a contract term:

- (a) excluding or restricting its liability for breach of contract; or
- (b) claiming to be entitled:
 - (1) to render a contractual performance substantially different from that which was reasonably expected of it; or
 - (2) in respect of the whole or any part of its contractual obligation, to render no performance at all,

unless the contract term satisfies the requirement of "reasonableness", which generally means that the contract term must have been a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made.

The UCTA also provides that a person cannot exclude or restrict his liability for negligence except insofar as the term satisfies the requirement of reasonableness.

As at the LPD, MST Golf Singapore is in compliance with the UCTA. For the Financial Years Under Review and up to the LPD, MST Golf Singapore has not been subject to any legal proceedings or claims from our customers in this respect.

7. BUSINESS OVERVIEW (CONT'D)

(iii) Misrepresentation Act 1967 of Singapore ("Misrepresentation Act")

The Misrepresentation Act also applies the above requirement of "reasonableness" to terms which would exclude or restrict any liability to which a party to a contract may be subject by reason of any misrepresentation made by him before the contract was made, or any remedy available to another party to the contract by reason of such misrepresentation.

As at the LPD, MST Golf Singapore is in compliance with the Misrepresentation Act. For the Financial Years Under Review and up to the LPD, MST Golf Singapore has not been subject to any legal proceedings or claims from our customers in this respect.

(iv) Consumer Protection (Fair Trading) Act 2003 of Singapore ("CPFTA")

The CPFTA aims to protect consumers against unfair practices and give consumers additional rights in respect of goods that do not conform to contract. The Competition and Consumer Commission of Singapore is the administering and enforcing agency for the CPFTA.

The CPFTA applies to a contract of sale of goods if the buyer deals as consumer, and the goods do not conform to the applicable contract at any time within the period of 6 months starting after the date on which the goods were delivered to the consumer, and if the contract was made on or after 1 September 2012.

Under the CPFTA, consumers have a statutory right to demand the repair or replacement of non-conforming goods. Non-conforming goods refer, *inter alia*, to a contract of sale of goods where there is a breach of an express term of the contract or a term implied by the SGA. The supplier will have to repair or replace the non-conforming goods at its own costs within a reasonable period of time and without causing significant inconvenience to the consumer. If the supplier fails to do so or if repair or replacement is impossible or disproportionately costly, the consumer may instead require the supplier to reduce the price paid for the goods or may reject the goods altogether and obtain a refund.

The CPFTA prohibits "unfair practices", which means, for a supplier in relation to a consumer transaction:

- (a) doing or saying anything, or omitting to do or say anything, if as a result a consumer might reasonably be deceived or misled;
- (b) making a false claim;
- (c) taking advantage of a consumer if the supplier knows or ought reasonably to know that the consumer is not in a position to protect his own interests or is not reasonably able to understand the character, nature, language or effect of the transaction or any matter related to the transaction; or
- (d) "specific unfair practices" under the Second Schedule of the CPFTA, such as, among others, representing that goods or services have sponsorship, approval, performance characteristics, accessories, components, qualities, uses or benefits that they do not have.

Pursuant to the CPFTA, a consumer who has entered into a consumer transaction involving an unfair practice may, *inter alia*, commence an action against the supplier under the CPFTA for a claim of up to SGD30,000; or seek an order from the Singapore courts against the supplier for restitution of any money, property or other consideration given or furnished by the consumer, damages resulting from the unfair practice, specific performance, repair of or to provide parts for goods, or varying the contract.

7. BUSINESS OVERVIEW (CONT'D)

MST Golf Singapore is required in the course of carrying out our business operations to ensure that we do not engage in unfair practices. As at the LPD, MST Golf Singapore is in compliance with the requirements of the CPFTA. For the Financial Years Under Review and up to the LPD, we have not been subject to any legal proceedings or claims from our customers in this respect.

(v) Workplace Safety and Health Act 2006 of Singapore ("WSHA")

The WSHA governs the safety, health and welfare of persons at work in workplaces. Under WSHA every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of its employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health and adequate as regards facilities and arrangements for their welfare at work, and ensuring that adequate safety measures are taken and that the person has adequate instruction, information, training and supervision as is necessary for him to perform his work. More specific duties imposed by the Ministry of Manpower ("**MOM**") on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations.

Any person guilty of an offence under the WSHA for which no penalty is expressly provided shall be liable on conviction (a) for a natural person, to a fine not exceeding SGD200,000 and/or an imprisonment term not exceeding 2 years; and (b) for a body corporate, to a fine not exceeding SGD500,000. If the contravention continues after the conviction, they may be guilty of a further offence and shall be liable to a fine (i) for a natural person, not exceeding SGD2,000 per day or part thereof, or (ii) for a body corporate, not exceeding SGD5,000 per day or part thereof, during which the offence continues after conviction.

As at the LPD, MST Golf Singapore is in compliance in relation to the WSHA. For the Financial Years Under Review and up to the LPD, MST Golf Singapore has not incurred any fines pursuant to the WSHA.

(vi) Work Injury Compensation Act 2019 of Singapore ("WICA")

The WICA, regulated by MOM, generally applies to all employees who have entered into or work under a contract of service or apprenticeship with an employer, and relates to the payment of compensation to employees for injury suffered in the course of their employment.

The WICA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to an employee, his employer shall be liable to pay compensation in accordance with the provisions of the WICA, the amount of which depends on factors such as the type of injury and the employee's age.

As at the LPD, MST Golf Singapore is in compliance with the WICA. For the Financial Years Under Review and up to the LPD, MST Golf Singapore has not incurred any fines pursuant to the WICA.

(vii) Personal Data Protection Act 2012 of Singapore ("PDPA")

The PDPA governs the collection, use and disclosure of individuals' personal data by organisations. Briefly, an organisation is required to comply with the following obligations, among others:

- (a) obtain the consent of the individual before collecting, using or disclosing his personal data and notify such individual of the purpose(s) for such collection, use or disclosure;

7. BUSINESS OVERVIEW (CONT'D)

- (b) only collect, use or disclose personal data for purposes that a reasonable person would consider appropriate in the circumstances and for which the individual has given consent;
- (c) provide individuals with access to their personal data and correct any error or omission in their personal data as soon as practicable, and reasonably ensure that personal data collected by or on behalf of the organisation is accurate and complete;
- (d) protect personal data in its possession or under its control by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;
- (e) cease to retain documents containing personal data, or remove the means by which the personal data can be associated with particular individuals as soon as it is reasonable to assume that (i) the purpose for which the personal data was collected is no longer being served by retention of the personal data; and (ii) retention is no longer necessary for legal or business purposes;
- (f) not transfer personal data to a country or territory outside Singapore except in accordance with the requirements prescribed under the PDPA; and
- (g) in the event of a data breach, take steps to assess if it is notifiable, and where required to notify the Personal Data Protection Commission and the affected individuals as soon as practicable.

Non-compliance may lead to financial penalties, civil liability or criminal liability. The Singapore data protection regulator, the Personal Data Protection Commission, also has broad powers to order the organisations to comply with the provisions of the PDPA.

Further, if an organization has intentionally or negligently contravened the above obligations under the PDPA, save where a penalty is otherwise provided, a financial penalty may be imposed on it up to the maximum amount of:

- (a) in the case of a contravention on or after 1 October 2022 by an organisation whose annual turnover in Singapore exceeds SGD10 million — 10% of the annual turnover in Singapore of the organisation; and
- (b) in any other case — SGD1 million.

As at the LPD, MST Golf Singapore is in compliance with the PDPA. For the Financial Years Under Review and up to the LPD, MST Golf Singapore has not incurred any penalties pursuant to the PDPA.

As at LPD, there are no breach of laws, regulations, rules or requirements governing the conduct of our business and environmental issues set out in Section 7.25 of this Prospectus which may have a material adverse impact on our Group's business operations and utilisation of our assets.

7. BUSINESS OVERVIEW (CONT'D)

7.26 ADDITIONAL DISCLOSURES

7.26.1 Audits and inspections by regulatory authorities

Save as disclosed below, as at the LPD, our Group is not subject to any other audit, inspection, investigation or disciplinary proceeding by any regulatory authority, securities or derivatives exchange, professional body or government agency:

- (a) MST Golf Malaysia was subject to a routine tax audit by the IRB initiated on 16 January 2020 for its tax submissions for the years of assessment 2016 to 2018. As a result, MST Golf Malaysia was required to pay a penalty of RM6,364.09, which was subsequently settled in December 2020. The assessment was raised due to the adding back of non-deductible expenses which resulted in additional income tax payable and the imposition of penalty; and
- (b) MST Golf Management was subject to a routine tax audit by the IRB initiated on 23 May 2019 for its tax submission for the years of assessment 2015 to 2017. As a result, MST Golf Management was required to pay a penalty of RM1,514.92, which was subsequently settled in August 2020. The assessment was raised due to the adding back of non-deductible expenses which resulted in additional income tax payable and the imposition of penalty.

In order to ensure the tax affairs of our Group are in order, our Group has undertaken measures to strengthen our Finance Department through the appointment of our Chief Financial Officer, Heng Kok Wee who has the relevant professional qualification and working experience in management and financial roles.

In addition, our Group also engaged Grant Thornton Taxation Sdn Bhd from October 2021 as our income tax agents to provide necessary advice with respect to our Group's tax related matters. Grant Thornton Taxation Sdn Bhd is a member of Grant Thornton International Ltd, an international network of accounting firms and its engagement as our Group's income tax agents will continue post-listing.

7.27 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

As part of our Group's commitment to ensure environmentally responsible operations, provide a conducive workplace for our employees and adopt a high standard of corporate governance, our Group has adopted environmental, social and governance practices set out below:

(i) Environmental

Our Group has adopted best practices for our business operations such as:

- (a) implemented waste sorting and collection procedures as well as daily tracking of the general and recyclable waste produced at our head office, MST Golf Plaza. Our Group has partnered with a recyclable waste collection company to handle our recyclable waste.

In addition, our Group provides waste-sorting bins (paper, plastic, e-waste, and general waste) on each floor at our head office with waste-sorting labels to indicate what is acceptable in each bin to reduce confusion and encourage proper sorting of waste. Our sustainability officers and administration team conduct occasional waste audits to ensure proper recycling. Our business operations do not produce or release hazardous or toxic wastes;

7. BUSINESS OVERVIEW (CONT'D)

- (b) practice paperless administration where our Group is moving towards digitalising our administrative functions to reduce paper waste. Our Group aims to reduce paper waste in our head office by digitalising claims, payrolls and purchase orders. Our Group has discouraged unnecessary printing and encouraged our employees to rely on digital copies. Further, our Group's email sign-off contains an eco-friendly reminder for employees to consider the environment before printing;
- (c) implemented data collection for fuel consumption by vehicles that are owned or leased by our Group and purchased electricity, i.e. total energy consumption for our head office, warehouse and our retail outlets in standalone buildings;
- (d) measured monthly energy consumption at our head office, warehouse and retail outlets in standalone buildings. Our Group intends to create an energy-use policy to educate and inform staff on proper ways to reduce energy consumption and wastage.

In addition, our Group plans to evaluate and improve the energy efficiency of all shops and buildings occupied by our Group, starting with our head office. Some key actions include a periodical review of the effectiveness of our energy-saving policies, repairing and upgrading old electrical appliances, using energy-saving appliances, using automation and smart technology and setting up renewable energy sources;

- (e) phasing out the use of plastic bags at our retail outlets and instead use paper bags for our customers. Our Group has also introduced the use of reusable bags and has put up notices at our retail outlets to encourage our customers to use reusable bags.

In addition, as part of the operational procedures of our retail outlets, our retail staff are required to always ask our customers whether they require paper bags when checking out their items. Our Group has also set up "Bring Your Own Bags" notice boards at the cashier counters at our retail outlets to encourage customers to bring and use their own reusable bags;

- (f) collect and recycle boxes and packaging waste from our customers after they purchase our products. Our Group intends to improve our recycling collection processes across all our retail outlets to ensure the recycling waste collected from our customers is sorted and managed properly;
- (g) transition to a digital application for our loyalty membership programme registration and points redemption in an effort to reduce the use of printed vouchers. Further, our Group no longer issues physical membership cards;
- (h) our in-house golf media website – golfmatters.com, has a new category called "Play Sustainably" where our Group shares sustainability news throughout the golf industry and promotes a more sustainable golf culture and community; and
- (i) launch an email sustainability newsletter to keep all employees of our Group updated on the environmental, social and governance practices of our Group.

(ii) Social

Our Group has established an Occupation Safety and Health Committee led by our sustainability officers and employee representatives across all business units. The committee was established to ensure a safe, healthy and conducive workplace for our employees and has implemented Hazard Identification, Risk Assessment & Risk Control (HIRARC) exercises to proactively identify, document and manage workplace risks such as among others, fire drills and evacuation procedures.

7. BUSINESS OVERVIEW (CONT'D)

In addition, our Group has started providing free 5-week long golf training to our employees at our head office to help improve their golf knowledge and promote the sport among them. Our Group intends to continue providing free golf training to our employees to build a more vibrant golfing culture within our Group.

(iii) Governance

Our Group is committed to achieving and sustaining high standards of corporate governance and has in place the following policies to uphold good corporate governance practices:

- (a) Equal Opportunities Policy;
- (b) Anti-Bribery and Corruption Policy;
- (c) Personal Data Protection Policy; and
- (d) code of conduct and ethics based on labour standards and human rights.

In addition, our Group has also adopted recommendations under the MCCG. As at the LPD, half of our Board members comprise independent directors. Our Company has also met the MCCG's recommendations to have at least 30% women directors. As at the LPD, 2 out of 6 of our Company's Directors are women.

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8. INDUSTRY OVERVIEW (CONT'D)

8 June 2023

The Board of Directors
MST Golf Group Berhad
MST Golf Plaza,
No. 8, Jalan SS 13/5,
47500 Subang Jaya,
Selangor

Dear Sirs/Madams

Vital Factor Consulting Sdn Bhd
Company No.: 199301012059 (266797-T)
V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) 7931-3188
Fax: (603) 7931-2188
Website: www.vitalfactor.com

Independent Assessment of the Golf Equipment Industry

We are an independent business consulting and market research company based in Malaysia. We commenced our business in 1993 and, among others, our services include the provision of business plans, business opportunity evaluations, commercial due diligence, feasibility studies, industry assessments and market studies. We have also assisted in corporate exercises since 1996, having been involved in initial public offerings, takeovers, mergers and acquisitions, and business regularisations for public listed companies on the Bursa Malaysia Securities Berhad (Bursa Securities) where we acted as the independent business and market research consultants. Our services for corporate exercises include business overviews, independent industry assessments, management discussion and analysis, and business and industry risk assessments.

We have been engaged to provide an independent assessment of the above industry for inclusion in the prospectus of MST Golf Group Berhad for the listing of its shares on the Main Market of Bursa Securities. We have prepared this report independently and objectively and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, the availability of timely information and analyses based on secondary and primary market research as at the date of this report. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions, actions or inactions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the securities of any company.

Our report may include information, assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan has a degree in Bachelor of Science from the University of New South Wales, Australia and a degree in Master of Business Administration from the New South Wales Institute of Technology (now known as the University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and the Institute of Managers and Leaders. He has more than 20 years of experience in business consulting and market research, as well as assisting companies in their initial public offerings and listing of their shares on Bursa Malaysia Securities Berhad.

8. INDUSTRY OVERVIEW (CONT'D)



Date of report: 8 June 2023

INDEPENDENT ASSESSMENT OF THE GOLF EQUIPMENT INDUSTRY

1. INTRODUCTION

- MST Golf Group Berhad together with its subsidiaries (MST Golf Group) is mainly a specialty retailer and wholesaler of golf equipment comprising golf clubs, golf balls and accessories, and golf apparel operating mainly in Malaysia and Singapore, which will be the focus of this report. MST Golf Group also provides golf-related services as well as operation of indoor golf centres.

2. INDUSTRY OVERVIEW

2.1 Golfing facilities and equipment

- Golf is a professional, amateur and recreational sport played on a large tract of land referred to as a golf course. In addition to golf courses, golf may be played in various formats as follows:
 - driving range where players hit golf balls from a stationary position for recreation or to practice their swings;
 - miniature golf is played for entertainment purposes on small indoor or outdoor courses with obstacles, and players use only a putter; and
 - indoor golf centres, comprising golf simulation games using computerised equipment to simulate real golf courses, and putting greens using synthetic grass.
 MST Golf Group operates a driving range, as well as indoor golf centres.
- Golf is played with clubs, balls and accessories with appropriate apparel, collectively referred to as golf equipment. Accessories include mainly tees, gloves and shoes. The Rules of Golf, jointly written and administered by R&A Rules Limited (The R&A) and the United States Golf Association (USGA), consist of a standard set of regulations and procedures. It includes regulation on players' equipment, where players must use conforming clubs and balls according to the Equipment Rules of The R&A and the USGA during golf tournaments or registration of scores to the official handicap system. The handicap system is a numerical system to represent a golfer's ability based on previous games played to serve as a system of comparison against other golfers. Non-conforming golf equipment is also used and is popular among beginners and recreational golfers outside of golf tournaments. MST Golf Group supplies both conforming and non-conforming golf equipment.

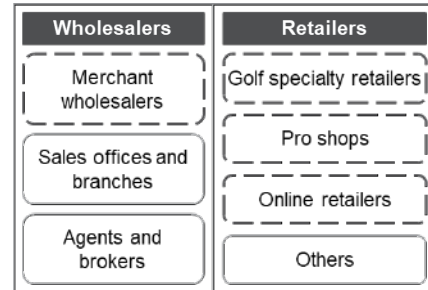
2.2 Value chain of the golf equipment industry

- The value chain of the golf equipment industry starts from the manufacturing of golf equipment or its respective components for final assembly into finished products. In some situations, brand owners may not carry out the entire manufacturing process in-house.
-
- Reselling and sales of golf equipment are carried out by wholesalers and retailers respectively. There are three categories of wholesalers:
 - Merchant wholesalers** refer to operators that buy their goods from manufacturers and/or brand owners or other wholesalers and take title to the goods before the goods are resold. This category has a large number of wholesale operators and includes, among others, distributors, exporters and importers. This is the most common in Malaysia and Singapore.

8. INDUSTRY OVERVIEW (CONT'D)



- **Sales offices and branches** refer to manufacturers' and/or brand owners' operations to sell their goods to wholesalers or retailers.
- **Agents and brokers** refer to intermediaries that source buyers or sell on behalf of the supplier of the goods. They do not take title to the goods and mainly work on a commission or fee basis. This is not common for the golf equipment industry in Malaysia and Singapore.



 MST Group mainly operates in these segments

- Wholesalers commonly sell their golf equipment to the following retailers:
 - **Golf specialty retailers** where the stores deal mainly with golf equipment and accessories;
 - **Pro shops** where the stores are usually operated at golf clubs or driving ranges;
 - **Online retailers** where golf equipment is sold through online platforms or websites; and
 - **Others**, such as general sporting goods stores and departmental stores.
- Golf specialty retailers commonly have a wider range of products, brands and price points to meet the needs of golfers compared to most pro shops or general sporting goods stores. Additionally, one of the advantages of physical outlets over online retailers is that potential buyers can try out some clubs to suit their preferred specifications such as type of head, shaft and grip.
- Some golf-related services include the following:
 - **Club fitting** to customise clubs based on the golfer's physical stature and swing profile. Some fitting services may involve technology-driven tests and simulations;
 - **Club repair** services;
 - **Golf academy** that offers individual or group golf lessons; and
 - **Indoor golf centres** providing various golf simulation games and golfing facilities.
- MST Golf Group is a merchant wholesaler distributing golf equipment to retailers, as well as a retailer of golf equipment through specialist retail stores, pro shops, departmental counters and online platforms. MST Golf Group also offers club fitting and repair, provides golf academy services and operates indoor golf centres and a driving range.

2.3 Distribution of golf equipment

- The key participants in the distribution of golf equipment include the following:
 - **Principals** are mainly brand owners and are responsible for the exclusive supply of products under their brand names. Principals may either manufacture their products, appoint contract manufacturers including assemblers or buy finished products which are packed under their brand names.
 - **Intermediaries** are operators that provide linkages between principals and end-consumers or users. Intermediaries in the golf equipment supply chain include wholesalers and retailers.
- Globally, there are numerous well-established principals with renowned brand names in various product categories, where each brand represents its image, style, pricing, quality and technology catering to their respective target markets.

8. INDUSTRY OVERVIEW (CONT'D)



3. GLOBAL AND REGIONAL GOLF INDUSTRY

- Below are some data on the global and regional golf industry.

2020	Global	Asia	Malaysia	Singapore	Indonesia ⁽¹⁾	Vietnam ⁽¹⁾	Thailand ⁽¹⁾
Population (million)	7,763.9	4,157.0	32.4	5.7*	270.2	97.6	66.2
Registered golfers ⁽²⁾ ('000)	n.a.	1,899	183	40	14	39	22
Golf courses ⁽³⁾ (number)	38,081	6,111	243	28	170	86	317
Percentage of golf courses compared to global/Asia (%)	-/-	16.0/-	0.6/4.0	0.1/0.5	0.4/2.8	0.2/1.4	0.8/5.2

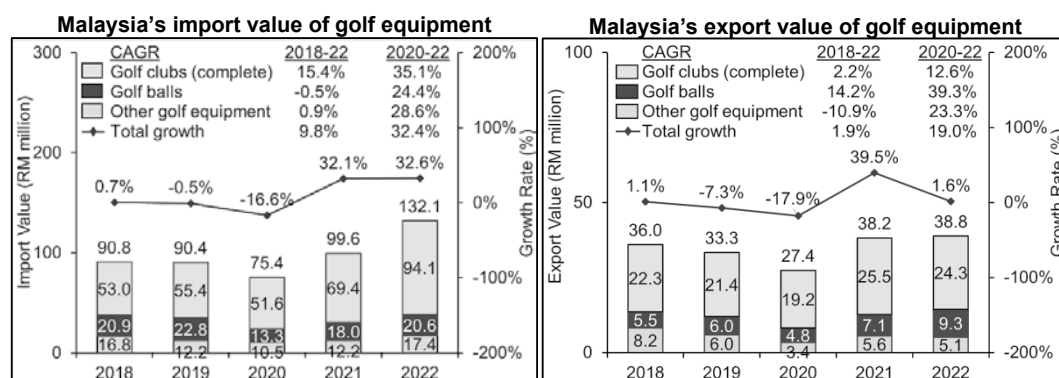
The above was based on the latest available data except for population for data consistency purposes. * Include Singapore citizens, permanent residents and foreigners who are working, studying or living in Singapore; n.a. = information not available; (1) MST Golf Group intends to venture into these countries; (2) They are either members of golf clubs or have joined a national federation to obtain a handicap. Note that the number of registered golfers does not include foreign tourists or visitors that may play golf in the respective country; (3) Include 6-hole, 9-hole, 18-hole and other combinations of hole layouts of standard length holes, as well as courses not affiliated to the national federations. A golf club may have more than one golf course (Source: Statistics Indonesia, General Statistics Office of Vietnam, National Statistical Office, Department of Statistics Malaysia (DOSM), Singapore Department of Statistics (SDOS), Vital Factor analysis)

- In 2020, golf was played in 206 of the 251 countries (82.1% diffusion rate which is $206/251 \times 100\%$) globally. The diffusion rate indicates the prevalence of the sport in a particular country. However, it was geographically concentrated as 79.9% of the world's golf courses are located in the top 10 golfing countries, including the United States (42.4%), Japan (8.2%), United Kingdom (8.1%), Canada (6.7%), Australia (4.2%), Germany (2.8%), France (2.1%), Republic of Korea (2.1%), Sweden (1.7%) and China (1.6%). (Source: Vital Factor analysis).

4. PERFORMANCE OF THE GOLF EQUIPMENT INDUSTRY IN MALAYSIA

4.1 Imports and exports of golf equipment

- There are no statistics available specifically for the local production of golf equipment in Malaysia, thus imports and exports will be used as a proxy for the performance of the industry.



(Source: DOSM)

- Between 2020 and 2022, the import value of golf equipment in Malaysia grew at a CAGR of 32.4% to RM132.1 million in 2022. In 2022, the import value of golf equipment grew by 32.6%, contributed by 35.6%, 13.9% and 43.0% of growth from golf clubs, golf balls and other golf equipment respectively. The growth in golf equipment imports in 2022 was mainly attributed to the increased in golf demand, as golf is one of the singular-based sports (where participants compete as individuals) played outdoors during the COVID-19 pandemic, coupled with increased in interest arising from the introduction of LIV Golf in 2021.

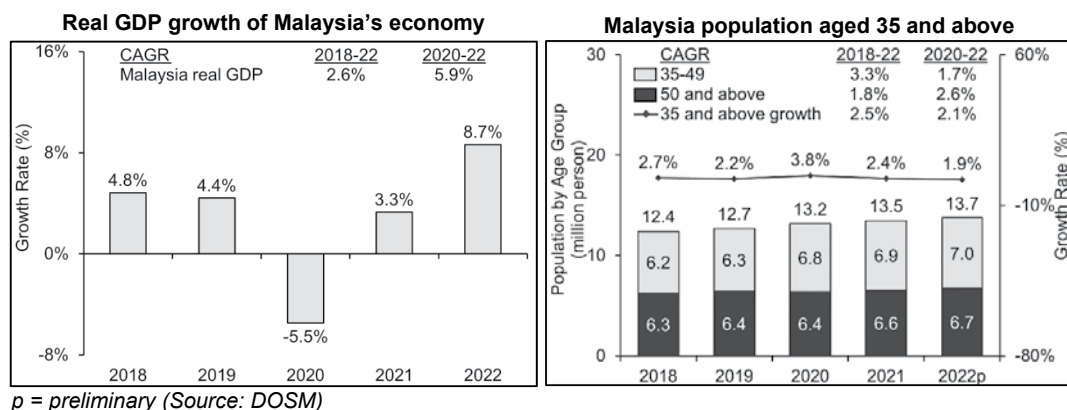
8. INDUSTRY OVERVIEW (CONT'D)



- In 2022, the main importing countries into Malaysia for golf equipment were Japan, the United States and China which accounted for 43.4%, 20.0% and 17.1% of the total import value of golf equipment respectively. In the first quarter (Q1) of 2023, the import value of golf equipment grew by 18.0% compared to Q1 2022.
- Between 2020 and 2022, the export value of golf equipment in Malaysia grew at a CAGR of 19.0% to RM38.8 million in 2022. In 2022, the export value of golf equipment grew by 1.6%, contributed by 32.0% of growth from golf balls, and 4.6% and 8.7% of decline from golf clubs and other golf equipment respectively. The export value in 2022 remained high over the previous four years, where growth was mainly attributed to the gradual reopening of international borders and the global economic recovery in 2021.
- In 2022, the main exporting destinations were Singapore, Indonesia and Vietnam, which accounted for 28.2%, 22.4% and 11.9% of the export values of golf equipment respectively. In Q1 2023, the export value of golf equipment grew by 14.9% compared to Q1 2022.

4.2 Demand dependencies

- Golf is often perceived to be an expensive sport compared to other sports, partly due to its exclusive nature, cost of equipment, as well as fees for golf club membership or fees, to play on public and private golf courses. As such, growth in economic activities, population, household income and consumer sentiment index (CSI) are factors of demand for golf equipment.
- In 2021, Malaysia's real Gross Domestic Product (GDP) recovered and grew by 3.3% despite the reimposition of containment measures as more essential economic sectors were allowed to operate. In 2022, the real GDP of the Malaysian economy grew by 8.7%, and is expected to expand between 4.0 and 5.0% in 2023 driven by firm domestic demand against slowing global economic growth amid elevated inflation, and projected subdued global trade activities under tightening global financial conditions. In Q1 2023, Malaysia's real GDP grew by 5.6% compared to Q1 2022, supported by further expansion of household spending, continued investment activities and higher inbound tourism. (Source: Bank Negara Malaysia (BNM)).



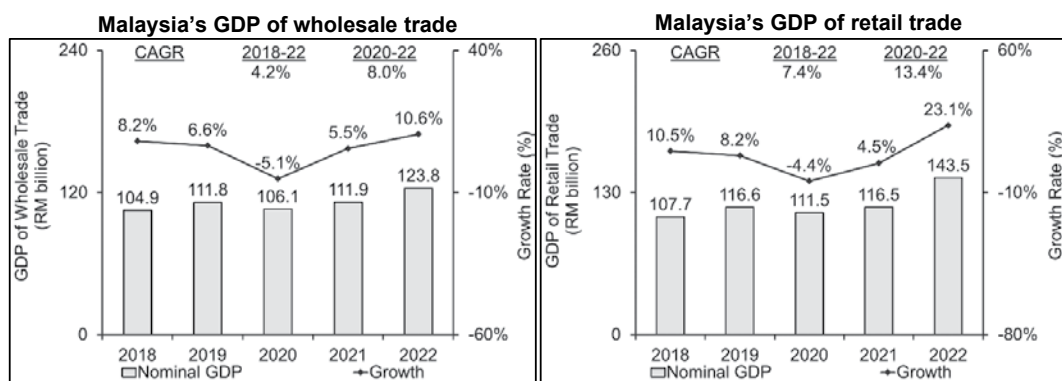
- In 2022, it is estimated that 42.1% of the Malaysian population is aged over 35 years, and this group has been recording a CAGR of 2.5% between 2018 and 2022 (Source: DOSM). The golf equipment industry is commonly driven by the adult population.
- A population with higher income will have a higher propensity to spend on golf activities. In 2022, Malaysia's income per capita grew by 14.4%, which was aligned with the growth in Malaysia's real GDP (Source: DOSM).
- CSI involves surveys to measure a sample of consumers' sentiments or perceptions of their financial as well as the country's economic health, which serves to indicate likely consumer

8. INDUSTRY OVERVIEW (CONT'D)



spending patterns in the near term. A CSI value of 100 points is the threshold benchmark where values above 100 indicate expected improvement, below 100 indicate expected deterioration, and 100 indicate neutral. CSI above 100 points provides optimism for growth to businesses including those in the golf equipment industry. In Q2 2022, the CSI was at 85.9 points partly due to the Russia-Ukraine conflict which led to global inflation, which exacerbates cost pressures on firms, and at the same time negatively impacts consumer sentiments and spending. The CSI improved to 98.4 points and 105.3 points in Q3 2022 and Q4 2022 respectively, before dropping to 99.2 points in Q1 2023. The sentiments are cautious due to uncertainties in the domestic and global economies. (Source: *Vital Factor analysis*)

- Consumer sentiments are closely related to the prices of all items, which are estimated by the inflation rate, measured by the annual percentage change in the consumer price index. Malaysia recorded negative inflation from March 2020 to January 2021, mainly due to falling oil prices and a decline in revenue from the hotel as well as the food and beverages industries as a result of the COVID-19 pandemic. With the easing of containment measures in 2021, the inflation rate increased to a positive level and remained stable up until April 2022 at 2.3%, before increasing to 3.8% in December 2022. The rising inflation rates in 2022 were mainly driven by food and non-alcoholic beverages, restaurants and hotels, and transport, as well as the Russia-Ukraine conflict and the increase of global commodity prices. In April 2023, Malaysia's inflation rate eased to 3.3%. (Source: *DOSM*)
- The income per capita also provides an indication of consumer wealth as well as the standard and quality of living. A high income per capita indicates the consumer has high disposable income for spending, especially for non-basic and non-essential goods and services such as golf equipment and services. Between 2020 and 2022, Malaysia's income per capita recorded a CAGR of 11.1%, with a growth of 14.4% in 2022 (Source: *DOSM*).
- The performance of the golf equipment industry is also indicated by its wholesale and retail trades. Below are some statistics on the overall wholesale and retail trades to indicate their respective performances.



(Source: *DOSM*)

- In 2022, the GDP of wholesale and retail trade amounted to RM123.8 billion and RM143.5 billion respectively, higher to the level before the COVID-19 pandemic. The growth in 2022 was mainly attributed to the resumption of consumer and tourism-related activities. In Q1 2023, GDP of wholesale trade grew by 5.4% to RM29.1 billion, while GDP of retail trade grew by 18.3% to RM37.8 billion compared to Q1 2022.

5. PERFORMANCE OF THE GOLF EQUIPMENT INDUSTRY IN SINGAPORE

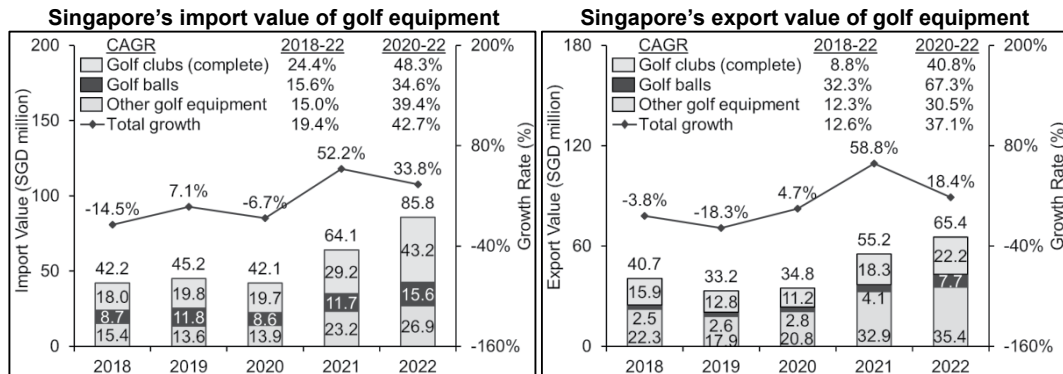
As MST Golf Group is involved in the wholesale and retail of golf equipment in Singapore, some discussion is provided here.

8. INDUSTRY OVERVIEW (CONT'D)



5.1 Imports and exports of golf equipment

- There are no statistics available for the local production of golf equipment in Singapore. As such, import and export statistics will be used as a proxy for the performance of the industry.



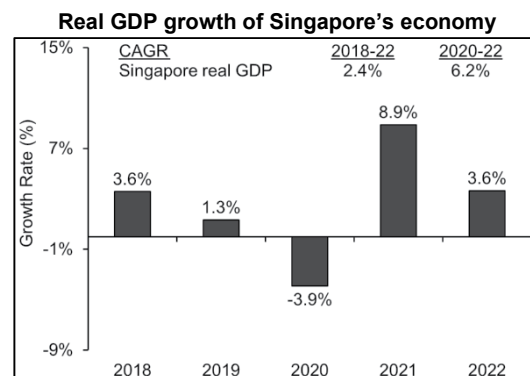
(Source: Enterprise Singapore)

- In 2022, the import value of golf equipment grew by 33.8%, contributed by 48.3%, 33.0% and 15.9% of growth from golf clubs, golf balls and other golf equipment respectively. In 2022, the export value of golf equipment grew by 18.4%, contributed by 21.6%, 88.8% and 7.8% of growth from golf clubs, golf balls and other golf equipment respectively. In 2022, Indonesia was the main exporting destination accounting for 51.1% of the export value of golf equipment. Between 2018 and 2022, export and import recorded their highest values in 2022. This was mainly due to the surge in demand for golf equipment resulting from the relaxation of domestic and international containment measures in 2021. As a trading hub in the region, Singapore needed to import more golf equipment to meet the demand from the domestic market, as well as foreign markets that result in the increase in export. In Q1 2023, the import and export values of golf equipment grew by 15.7% and 59.7% respectively compared to Q1 2022.

5.2 Demand dependencies

- As of September 2018, the financial revenues generated by golf clubs in Singapore are significant with total revenues of approximately SGD238 million per annum. In 2017, around 624,000 handicapped rounds were recorded in the Centralised Handicapping System (CHS). Based on the CHS, approximately 89% of club members are aged over 35 years, and 53% of club members are aged more than 55 years. By gender, the CHS recorded that 83% of club members are males and the remaining 17% are females. (Latest available data. Source: Vital Factor analysis).

- The growth in economic activities, population and household income are factors of demand for the golf equipment industry. In 2021, Singapore's real GDP recovered and grew by 8.9%, supported by expansion across most sectors, particularly the manufacturing sector after the progressive easing of domestic and border restrictions.



(Source: SDOS)

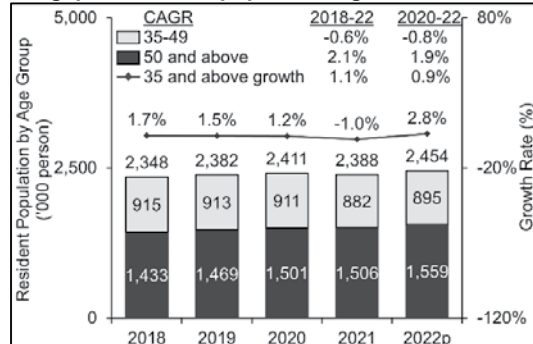
- In 2022, Singapore's real GDP grew by 3.6%, and is forecasted to grow between 0.5% to 2.5% in 2023, which are both slower compared to 2021, mainly influenced by the sluggish performance in the external-facing sectors especially wholesale trade, and information and communications due to the deteriorating global economic environment. In Q1 2023, Singapore's real GDP grew by 0.4% compared to Q1 2022. (Source: Ministry of Trade and Industry Singapore (MTI)).

8. INDUSTRY OVERVIEW (CONT'D)



- In 2022, Singapore resident population, which refers to Singapore citizens and permanent residents amounted to 4.1 million persons. In 2022, 38.3% of the Singaporean resident population is estimated to be aged over 50 years, and the proportion of this group recorded a CAGR of 2.1% between 2018 and 2022 (Source: SDOS).

Singapore resident population aged 35 and above

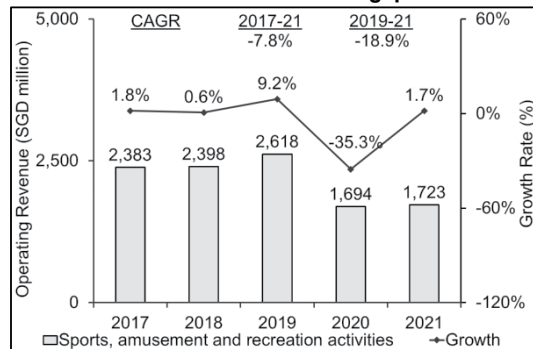


p = provisional (Source: SDOS)

- In 2022, Singapore's average monthly household income grew by 6.9% to approximately SGD13,100 per resident employed household (Source: SDOS).

- The demand for the golf equipment industry is dependent on lifestyles, which can be measured by the operating revenue of sports, amusement and recreation activities including the playing of golf. Between 2019 and 2021, the operating revenue of sports, amusement and recreation activities in Singapore declined at an average annual rate of 18.9%. In 2020, the operating receipts of sports, amusement and recreation activities in Singapore declined by 35.3%, mainly due to the COVID-19 pandemic which resulted in significant disruptions to recreational activities. In 2021, the operating receipts subsequently increased slightly by 1.7% following the gradual resumption of sports, amusement and recreation activities in Singapore.

Operating revenue of sports, amusement and recreation activities in Singapore*



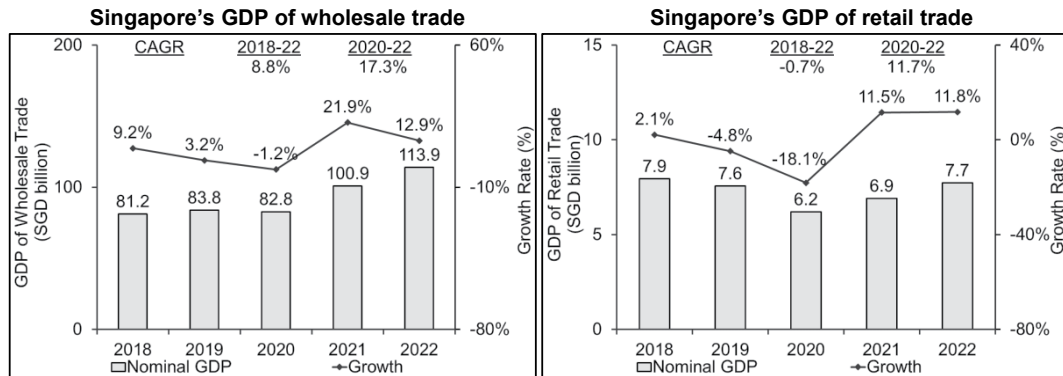
* Latest available data (Sources: SDOS)

- Headline inflation refers to total inflation within an economy, while core inflation excludes the components of "Accommodation" and "Private Transport" as these items tend to be significantly influenced by supply-side administrative policies and are volatile. Both headline and core inflation rose from early 2021 to July 2022, mainly due to cost-push and demand-pull pressures. Business costs continued to rise across a range of imported and domestic inputs, while consumer demand surged alongside the relaxation of COVID-19 related restrictions, driving the prices for discretionary goods and services upward. In November 2022, both headline and core inflation remained high at 6.7% and 5.1% respectively. In April 2023, headline inflation and core inflation were at 5.7% and 5.0% respectively. The moderated inflation rate was mainly due to fall in energy and food commodity prices. (Source: Monetary Authority of Singapore) A high inflation rate may reduce discretionary spending on non-essential items.
- With golf being a land-intensive sport, the golf equipment industry in Singapore is also dependent on the government's redevelopment plan for housing and public infrastructure. In June 2022, the Keppel Club Golf Course was relocated for the development of public and private housing. Additionally, land taken back from Jurong Country Club and Raffles Country Club, as well as Marina Bay Golf Course from 2024 and Orchid Country Club from 2030, will also be used to meet other government's needs. By 2030, the government would have taken back more than 400 hectares of golf course land for redevelopment. (Source: Ministry of National Development, Singapore). Nevertheless, many Singapore golfers visit neighbouring countries to play golf.
- In 2022, the GDP of wholesale and retail trade amounted to SGD113.9 billion and SGD7.7 billion respectively, accounting for 17.7% and 1.2% of Singapore's total GDP respectively. The growth was supported by an increase in sales volume of foreign wholesale and non-motor vehicle items

8. INDUSTRY OVERVIEW (CONT'D)



such as wearing apparel and footwear, food and alcohol, department stores, as well as watches and jewellery (Source: MTI). In Q1 2023, GDP of wholesale trade declined by 3.6% to SGD25.3 billion, while GDP of retail trade grew by 5.7% to SGD2.0 billion compared to Q1 2022.



(Source: SDOS)

6. COMPETITIVE LANDSCAPE

- The golf equipment retailing industries in both Malaysia and Singapore are fragmented with a large number of sole proprietors and family-owned businesses operating one or a few outlets to large retailers with their respective chains of outlets.
- Below is a list of specialist retailers with physical outlets in Malaysia and Singapore, listed in descending order of revenue. This list is used to provide an indication and is not exhaustive.

Company name	FYE ⁽¹⁾	Grp/Co. revenue ⁽²⁾ (RM '000)	Grp/Co. GP ⁽²⁾ (RM '000)	Grp/Co. GP Margin	Grp/Co. NP/(NL) ⁽²⁾ (RM '000)	Grp/Co. NP/(NL) Margin	Number of retail outlets [^]
MST Golf Group	Dec-22	300,875	129,195	42.9%	29,115	9.7%	44
Malaysia Operations							
MST Golf Group	Dec-22	200,112⁽³⁾	88,794	44.4%			36⁽³⁾
Leonian (Malaysia) S/B ⁽⁴⁾	Dec-22	47,548	n.a.	n.a.	2,782	5.9%	20
RGT Technology S/B ⁽⁵⁾	Dec-21	10,492	3,276	31.2%	1,188	11.3%	1
Winston's S/B ⁽⁶⁾	Dec-21	8,769	n.a.	n.a.	1,461	16.7%	1
Vin Sporting House S/B ⁽⁷⁾	Dec-21	7,216	1,789	24.8%	213	3.0%	1
Desa Golf House S/B ⁽⁸⁾	Dec-21	5,830	1,304	22.4%	474	8.1%	1
Golfsmart (M) S/B ⁽⁹⁾	Mar-22	2,030	346	17.0%	20	1.0%	4
SKT Ventures S/B ⁽¹⁰⁾	Dec-21	1,548	528	34.1%	(29)	(1.9%)	1
Singapore Operations⁽¹¹⁾							
Leonian Singapore Pte Ltd ⁽¹²⁾	Dec-21	442,956	n.a.	n.a.	9,448	2.1%	13
MST Golf Group	Dec-22	100,763⁽⁷⁾	40,401	40.1%			8⁽¹³⁾
Pan-West Pte Ltd ⁽¹⁴⁾	Dec-21	17,802	n.a.	n.a.	783	4.4%	4

Note that the above specialist retailers also wholesale to other retailers. ^ includes specialist stores, pro shops, departmental counters or retail showrooms and based on publicly available information; FYE = financial year ended; Grp/Co. = Group/Company; GP = gross profit; NP = net profit after tax; NL = net loss after tax; S/B = Sdn Bhd; n.a. = information not available; Pte Ltd = Private Limited.

(1) Latest available financial information from the Companies Commission of Malaysia, Accounting and Corporate Regulatory Authority and MST Golf Group.

(2) May include other business activities, products or services.

(3) Revenue and retail outlets are for Malaysia only.

8. INDUSTRY OVERVIEW (CONT'D)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

- (4) Formerly known as Transview Golf Sdn Bhd. Involved in sales of sports equipment and accessories. A subsidiary of Leonian Singapore Pte Ltd, ultimately held by Xebio Holdings Co., Ltd., a listed entity on the Tokyo Stock Exchange. Its retail outlets operate under the names Transview and Golf Partner in Malaysia.
- (5) Involved in retailing of sports goods and equipment, and provision of golfing facilities and related services.
- (6) Involved in wholesaling and marketing of golf related sports equipment.
- (7) Involved in the business of distributing golf equipment and other related accessories.
- (8) Involved in trading of golf apparels and accessories.
- (9) Involved in the business of trading in sports equipment, accessories and providing coaching services.
- (10) Involved in trading of golf equipment and accessories, and specialised in custom fittings.
- (11) The companies' financial figures are reported in SGD and are converted to RM based on BNM's exchange rate of SGD1 = RM3.0836 for 2021.
- (12) Involved in wholesaling and retailing of sporting goods and lifestyle products. A subsidiary of Xebio Holdings Co., Ltd., a listed entity on the Tokyo Stock Exchange. Its retail outlets operate under the names Transview and Golf Partner in Singapore. Revenue of Leonian Singapore includes revenue derived from other countries.
- (13) Revenue and retail outlets are for Singapore only.
- (14) Involved in importing, exporting and retail selling of sporting goods and equipment.

- The selection criteria for the above companies are that they must be specialist retailers of golf equipment in Malaysia and/or Singapore, with revenue of at least RM1 million for their latest available financial year.

7. MARKET SIZE AND SHARE

- As golf equipment (complete and components) is manufactured in foreign countries, import data is used as a proxy for market size to gauge MST Group's market share. Imports and exports of golf equipment (complete and components) in Malaysia and Singapore, as well as MST Golf Group's import market share, are as follows:

Golf Equipment ⁽¹⁾ - 2022	Export (RM million) ^(a)	Import (RM million) ^(a)	MST Golf Group's import	
			(RM million) ^{(b) (2)}	Market share ^{(c) (3)}
Malaysia	38.8	132.1	67.5	51%
Singapore	208.6 ⁽⁴⁾	273.8 ⁽⁴⁾	49.1	18%

Sources: (a) DOSM; SDOS; (b) MST Golf Group; (c) Vital Factor analysis.

Note: There are no production statistics for golf equipment in Malaysia and Singapore.

(1) Includes golf clubs, golf balls and accessories (exclude golf gloves, footwear, apparel and bags).

(2) Based on the imported purchase value of golf clubs, balls and accessories for Malaysia and Singapore operations respectively, for the financial year ended 31 December 2022.

(3) MST Golf Group's import divided by Malaysia/Singapore's import value of golf equipment.

(4) Reported in SGD and converted to RM based on BNM's exchange rate of SGD1 = RM3.1915.

- The golf equipment industry in Malaysia and Singapore is not controlled by any one company as most of the golf equipment is purchased from golf manufacturers and/or brand owners in countries outside of Malaysia and Singapore such as Japan, China and the US. As such, no single domestic distributor or retailer in Malaysia or Singapore has control over key trading conditions and business practices. Additionally, there are many brands of golf equipment to serve as product substitutes for buyers to choose from, and there are no regulatory or industry restrictions that discourage new market entry or expansion by existing operators in the industry.

8. BARRIERS TO ENTRY

- The barriers to entry for golf retailing are **low**, mainly due to low capital set-up costs, a wide range of golf equipment and brands available for retail, and no onerous licences, regulations or restrictions governing the entry of new players and business operations.
- The barriers to entry for golf wholesaling are higher than golf retailing, as the number of authorised distributors is commonly restricted by brand owners or principals. In addition, the working capital requirement is higher as there is a need to purchase stocks before reselling them to retailers.

8. INDUSTRY OVERVIEW (CONT'D)



9. INDUSTRY CONSIDERATION FACTORS

The growing popularity of golf will promote demand for golf equipment and services. Some consideration factors to sustain and grow the golf industry are as follows:

- **Growing popularity of technology-driven golf facilities to drive interest and serve as alternative venues for playing golf**

Globally, there is increasing use of technologies in driving ranges and indoor golf centres to provide different experiences and alternative venues to golf courses, as well as encouraging people to play golf or existing golfers to improve their performances assisted by technologies. Technologies used in driving ranges and golf simulation bays include software and cameras that can track the flight of a golf ball and superimpose it onto a simulated golf course in a display monitor. For instance, Topgolf Callaway Brands Corp (a listed entity on the New York Stock Exchange) with their partners in the SEA region has opened a Topgolf franchise venue featuring 102 technology-driven hitting bays in Bangkok, Thailand during the third quarter of 2022. As of May 2022, it is estimated that there are approximately 14 indoor golf centres in Malaysia and 14 in Singapore. (Source: *Vital Factor analysis*). The increased interest in golf created through the increased use of technologies may drive demand for golf equipment as well as services related to golf.

- **Establishment of a new golf league which will increase awareness and interest in golf**

In 2021, a new golf league, namely LIV Golf, was established and had since recruited many notable golf professionals to play at its various events. LIV Golf is expected to generate excitement among existing golfers, increasing the profile of the golf industry, as well as public awareness of golf, which may encourage new golf players and increase golf activities by existing players. All these may lead to increasing demand for golf equipment as well as golf-related services. For the SEA region, the LIV Golf had its first LIV Golf event held in Bangkok, Thailand in October 2022, and a LIV Golf event in Singapore in April 2023. In early June 2023, the PGA TOUR, DP World Tour and the Public Investment Fund (PIF) signed an agreement that combines PIF's golf-related commercial businesses and rights (including LIV Golf) with the commercial businesses and rights of the PGA TOUR and DP World Tour into a new, collectively owned, for-profit entity to unify, promote and grow the game of golf around the world.

- **Growing economies as the platform for sustainability and growth for the golf industry**

MST Group's business operations are principally in Malaysia and Singapore. The golf equipment industries in Malaysia and Singapore are dependent on socio-economic factors including continuing increase in population, consumer confidence and affluence as reflected in income per capita or monthly household income. **MALAYSIA:** Malaysia's economy expanded with real GDP of 8.7% in 2022 and is expected to expand between 4.0% and 5.0% in 2023. In Q1 2023, Malaysia's real GDP grew by 5.6% compared to Q1 2022. (Source: *BNM*). **SINGAPORE:** In 2022, the real GDP growth grew by 3.6%, and is forecasted to grow between 0.5% to 2.5% in 2023. In Q1 2023, Singapore's real GDP grew by 0.4% compared to Q1 2022. (Source: *MTI*).

MST Group also plans to expand its golf specialty retail business and indoor golf centre operations into Indonesia, Thailand and Vietnam. **INDONESIA:** In 2022, Indonesia's real GDP grew by 5.3%, mainly attributed to the transportation and storage sectors, as well as expenditures on the export of goods and services. In Q1 2023, Indonesia's real GDP grew by 5.0% compared to Q1 2022. (Source: *Statistics Indonesia*). **THAILAND:** In 2022, Thailand's real GDP grew by 2.6%, and is projected to expand between 2.7% and 3.7% in 2023, mainly supported by the recovery of the tourism sector, expansion of both private and public investments, improved domestic demand, and favourable growth of the agricultural sector. In Q1 2023, Thailand's real GDP grew by 2.7% compared to Q1 2022. (Source: *NESDC*). **VIETNAM:** In 2022, Vietnam's real GDP grew by 8.0%, mainly attributed to the services, industry and construction, as well as agriculture, forestry and fishing sectors. In Q1 2023, Vietnam's real GDP grew by 3.3% compared to Q1 2022. (Source: *General Statistics Office of Vietnam*).

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

9.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

9.1.1 Shareholdings of our Promoters and substantial shareholders

The direct and indirect shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

Name	Nationality/ Country of incorporation	<----- After the Pre-IPO Reorganisation Exercise but before our IPO -----> <-----After our IPO----->							
		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Promoters and substantial shareholders									
All Sportz	Malaysia	428,000,000	64.76	-	-	428,000,000	52.14	-	-
Ng Yap Sio	Malaysian	85,600,000	12.95	428,000,000 ⁽³⁾	64.76 ⁽³⁾	58,400,000	7.11	428,000,000 ⁽³⁾	52.14 ⁽³⁾
Low Kok Poh	Malaysian	42,800,000	6.48	428,000,000 ⁽³⁾	64.76 ⁽³⁾	29,200,000	3.56	428,000,000 ⁽³⁾	52.14 ⁽³⁾
Promoters									
Ng Lian Chun	Malaysian	25,680,000	3.89	-	-	17,520,000	2.13	-	-
Dato’ Ng Lian Heng	Malaysian	25,680,000	3.89	-	-	17,520,000	2.13	-	-
Ng Kong Hook	Malaysian	17,120,000	2.59	-	-	11,680,000	1.42	-	-
Ng Lian Lu	Malaysian	17,120,000	2.59	-	-	11,680,000	1.42	-	-

Notes:

- (1) Computed based on our number issued Shares of 660,868,600 Shares after the Pre-IPO Reorganisation Exercise but before our IPO.
- (2) Computed based on our enlarged number of issued Shares of 820,868,600 Shares after our IPO.
- (3) Deemed interested by virtue of his shareholdings in All Sportz pursuant to Section 8(4) of the Act.

The Shares held by our Promoters and substantial shareholders do not have different voting rights from our other shareholders.

Save as disclosed above, there are no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

As at the LPD, there is no arrangement between our Company, our Promoters and our substantial shareholders, with any third party of which may result in a change in control of our Company at a date subsequent to our IPO and our Listing.

9.1.2 Profiles of our Promoters and substantial shareholders

9.1.2.1 All Sportz

Promoter and substantial shareholder

All Sportz was incorporated in Malaysia under the Companies Act, 1965 on 18 February 2009 as a private limited company under its present name, and is deemed registered under the Act. All Sportz's principal activity is investment holding.

As at the LPD, the issued share capital of All Sportz is RM31,900,000 comprising 2,150,000 ordinary shares.

As at the LPD, the directors of All Sportz are Ng Yap Sio, Low Kok Poh and Ng Lian Chun. There is no change in the direct or indirect shareholdings of the shareholders of All Sportz during the past 3 years preceding the LPD and their respective shareholdings in All Sportz are set out below:

Shareholders	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares	%	No. of ordinary shares	%
Ng Yap Sio	Malaysian	860,000	40.00	-	-
Low Kok Poh	Malaysian	430,000	20.00	-	-
Ng Lian Chun	Malaysian	258,000	12.00	-	-
Dato' Ng Lian Heng	Malaysian	258,000	12.00	-	-
Ng Kong Hook	Malaysian	172,000	8.00	-	-
Ng Lian Lu	Malaysian	172,000	8.00	-	-
Total		2,150,000	100.00		

In addition to its shareholding in our Company, All Sportz also holds an effective equity interest of 10.00% in Sports Direct Malaysia, which is principally involved in the trading of all kinds of sports equipment products in Malaysia. Please refer to Section 11.1.1 of this Prospectus for further details.

9.1.2.2 Ng Yap Sio

Promoter, substantial shareholder, Executive Director/Group Chief Executive Officer

Ng Yap Sio, a Malaysian aged 61, is our Promoter, substantial shareholder, Executive Director/Group Chief Executive Officer. He was appointed as Director of MST Golf on 8 June 1993. As MST Golf was then a private company, he did not assume any particular designation when he was first appointed to our Board. He is also a shareholder of All Sportz, which is our Promoter and substantial shareholder. As our Group Chief Executive Officer, he is responsible for the overall performance, management, business strategies and growth of our Group. His role among others, also includes formulating business development strategies to anticipate customers' expectations such as exploring new retail concepts, brands and product offering to maintain our Group's competitive strength and overseeing the golf academy operations, indoor golf operations and event operations.

He obtained a Bachelor of Science in Engineering (Civil Engineering) in 1985, and subsequently a Master of Science (Civil and Environmental Engineering) in 1987 both from The University of Iowa, USA.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In March 1987, he began his career as a Civil Engineer with Lanc & Tully Engineering & Surveying, P.C., New York, USA ("**Lanc & Tully**") where he was a project engineer involved in handling projects for developers and local municipalities. He left Lanc & Tully in May 1991.

MST Golf Malaysia was incorporated in November 1989 under its former name as Masinthal Marketing Sdn Bhd and was then involved in general trading. Its first shareholders and directors at incorporation were Low Kok Poh and Dato' Ng Lian Heng (a brother of Ng Yap Sio and as an investor). From the incorporation of MST Golf Malaysia until he became a director and shareholder in March 1991, he also participated to build up the business of MST Golf Malaysia together with Low Kok Poh, but did not take up any directorship nor shareholdings in MST Golf Malaysia as he was then in the USA. As he was then in the USA, he was responsible for identifying potential products and potential suppliers in the USA for MST Golf Malaysia. In March 1991, MST Golf Malaysia opened our first golf retail outlet in Taman Tun Dr Ismail, Kuala Lumpur. He became a director and shareholder of MST Golf Malaysia in March 1991.

In May 1991, as the business of MST Golf Malaysia grew, he left his position at Lanc & Tully and returned to Malaysia to focus on the business of MST Golf Malaysia. Subsequently, he assumed the title of Chief Executive Officer in January 2000 and was redesignated as our Group Chief Executive Officer in January 2014, a position he holds to-date. He brings with him more than 31 years of experience in the golf equipment industry through his involvement in our Group.

He also holds directorships in several private limited companies. Please refer to Section 9.2.4.2 of this Prospectus for further details of his directorships in other private limited companies.

He is the brother of Ng Lian Chun, Dato' Ng Lian Heng, Ng Kong Hook and Ng Lian Lu.

9.1.2.3 Low Kok Poh

Promoter, substantial shareholder and Executive Chairman

Low Kok Poh, a Malaysian aged 62, is our Promoter, substantial shareholder and Executive Chairman. He was appointed as Director to MST Golf on 26 May 1999. As MST Golf was then a private company, he did not assume any particular designation when he was first appointed to our Board. On 1 October 2022, he assumed the role of our Executive Chairman. He is also a shareholder of All Sportz, which is our Promoter and substantial shareholder. He is responsible for among others, managing our Group's public relations, maintaining our Group's business relationships with the brands, customers and suppliers, overseeing our Group's retail business, managing our Group's corporate wholesales business, and business development via establishing business and marketing networking.

He obtained a Bachelor of Science in Engineering (Mechanical Engineering) in 1986 from The University of Iowa, USA.

He began his career in Malaysia with Ishikawajima-Harima Heavy Industries Co., Ltd., ("**IHI**") (presently known as IHI Corporation, a public company listed on the Tokyo Stock Exchange) as a Mechanical Engineer in September 1986 where he was responsible for overseeing structural work and safety in relation to a power station construction and was involved in the construction of the boiler itself. He left IHI in November 1989.

His career and experience in the golf retail industry commenced in November 1989, with the incorporation of MST Golf Malaysia, where he was one of the first shareholders and directors. MST Golf Malaysia was incorporated then as Masinthal Marketing Sdn Bhd and was involved in general trading. Together with Ng Yap Sio, he has built up the business of MST Golf Malaysia throughout the years to our current business as a specialty retailer and wholesaler of golf equipment comprising golf clubs, golf balls and accessories and golf apparel.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

He assumed the designation of Managing Director of MST Golf Malaysia in January 2000. During his tenure as the Managing Director of MST Golf Malaysia, he was responsible for managing retail customers service, overseeing public relations and relationship with our Group's customers, suppliers and landlords. Throughout the years, he has played an instrumental role in securing notable brand distributorships and expanding our Group's customer base and target markets. He brings with him more than 31 years of experience in the golf equipment industry through his involvement in our Group.

He also holds directorships in several private limited companies. Please refer to Section 9.2.4.1 of this Prospectus for further details of his directorships in other private limited companies.

He has no family relationships with any of the Promoters and substantial shareholders of our Company.

9.1.2.4 Ng Lian Chun

Promoter, shareholder and Executive Director

Ng Lian Chun, a Malaysian aged 66, is our Promoter, shareholder and Executive Director. He was appointed as Director of MST Golf on 1 October 2022 and was designated as the Executive Director of MST Golf. He is also a shareholder of All Sportz, which is our Promoter and substantial shareholder. He is responsible for overseeing corporate finance, human resource, corporate services, general administration, risks and control functions of our Group.

He obtained a Bachelor of Commerce from the University of Otago, New Zealand in 1980. He was admitted as a member of the MIA since 1984 and was a member of the Chartered Accountants Australia and New Zealand ("**CAANZ**") from 1984 to 2018. He decided not to renew his membership with the CAANZ after the expiry of his membership and ceased to be a member of the CAANZ in 2018.

In July 1980 upon his return to Malaysia, he began his career with Lim Ali & Co as a Junior Auditor and was promoted to Senior Auditor in January 1982. In July 1983, he took up the position of Staff Consultant within the same firm, where he participated in the design and implementation of an electronic data processing accounting system, management information system and budgetary system for a large cooperative. He left Lim Ali & Co in September 1984 to join MBf Holdings Berhad (a public company then listed on the Main Market of Bursa Securities) where he held positions of Management Accountant from September 1984 to October 1987, and Group Accountant from October 1987 to October 1988, where he was involved in among others, reviewing and analysing group financial performance, evaluation of new investments and mergers and acquisitions, implementation of in-house share registration system, setting up an in-house company secretarial department and overall management of group accounts, treasury and corporate functions.

In November 1988, he joined Multi-Com Sdn Bhd, a glove manufacturer and exporter, where he was appointed as a Finance and Administration Manager and later redesignated to General Manager of Finance. He was responsible for setting up and managing a latex examination gloves manufacturing factory, financial management and also general office administration of the company. He was redesignated to the position of a Consultant from April 1990 to December 1990. In January 1991, he joined MBf Printing Industry Sdn Bhd (a private company and part of the listed group of MBf Holdings Berhad, a public company then listed on the Main Market of Bursa Securities) where he was appointed as Financial Controller (Manufacturing Division) and was responsible for managing the financial affairs of the Manufacturing Division of MBf Holdings Berhad.

Subsequently in April 1991, he joined EN.J. Securities Sdn Bhd (a private company and part of the listed group of Pan Malaysia Holdings Berhad, a public company listed on the Main Market of Bursa Securities) as a Financial Controller where he was responsible for managing treasury and accounting functions of the company. In October 1991, he joined United Nigerian Textiles PLC (a public company then listed on the Nigerian Stock Exchange) in Kaduna, Nigeria as an Internal Auditor where he managed the internal audit department and assisted the Financial Controller in accounting functions. He left the company in April 1994 and returned to Malaysia.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

For the period between July 1994 to December 2013, he was employed with Taylor's Education Sdn Bhd and its group of companies ("**Taylor's Education Group**"). During his tenure, he held these positions – Assistant Vice President (from July 1994 to December 2000); Senior Vice President (from January 2001 to April 2003); Executive Vice President (May 2003 to January 2012); and Executive Director (February 2012 to December 2013) in the Finance Department. He was responsible for among others, overseeing treasury, accounting, corporate, legal, company secretarial, property management, human resource functions of the Taylor's Education Group. During his tenure, he was involved in the expansion of private education businesses, locally and overseas, and also involved in building and acquisitions of new campuses.

He has been a director of MST Golf Malaysia since January 1996. After retiring from Taylor's Education Group in December 2013, he joined our Group in January 2014 and was appointed as Executive Director (Finance and Corporate Affairs) of MST Golf Malaysia. He brings with him more than 43 years of experience in accounting and financial fields.

He also holds directorship in several private limited companies. Please refer to Section 9.2.4.3 of this Prospectus for further details of his directorships in other private limited companies.

He is the brother of Ng Yap Sio, Dato' Ng Lian Heng, Ng Kong Hook and Ng Lian Lu.

9.1.2.5 Dato' Ng Lian Heng

Promoter and shareholder

Dato' Ng Lian Heng, a Malaysian aged 69, is our Promoter and shareholder. He is also a shareholder of All Sportz, which is our Promoter and substantial shareholder.

He obtained a General Certificate of Education from La Salle High School, Klang in 1972.

After his graduation in 1972, he joined his family business of an animal feed retail shop under the trade name of Sin Swee Choon as a Shop Assistant where he assisted with the daily business operations of the retail shop until October 2002.

Dato' Ng Lian Heng is one of MST Golf Malaysia's first shareholders and directors when it was incorporated in November 1989 under its former name as Masinthal Marketing Sdn Bhd. His involvement was as an investor in MST Golf Malaysia. The other shareholder and director of MST Golf Malaysia at that time was Low Kok Poh. Dato' Ng Lian Heng has not been involved in the business operations of MST Golf Malaysia.

Concurrent with his position at Sin Swee Choon, from September 1994 to February 2004, he also held the position of Director in Gerak Utusan Sdn Bhd, a company which was involved in property development and construction. Since October 2002, he has been a director of Cospen Holdings Sdn Bhd where he oversees the overall business of the company and its subsidiaries. Cospen Holdings Sdn Bhd is principally involved in the investment holding of among others, property investments, property development and management services.

He is the brother of Ng Yap Sio, Ng Lian Chun, Ng Kong Hook and Ng Lian Lu.

9.1.2.6 Ng Kong Hook

Promoter and shareholder

Ng Kong Hook, a Malaysian aged 71, is our Promoter and shareholder. He is also a shareholder of All Sportz, which is our Promoter and substantial shareholder.

He obtained a Lower Certificate of Education from Yoke Kuan Secondary School, Sekinchan in 1967.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

After his graduation in 1967, he joined his family business of an animal feed retail shop under the trade name of Sin Swee Choon as a Shop Assistant where he assisted with the daily business operations of the retail shop. After the cessation of business of Sin Swee Choon in 2003, he started Sin Swee Choon Trading in January 2004 and continues to run the animal feed retail shop as the sole proprietor until present. In January 1979, he was appointed as a director of Ng Kim Leong & Sons Sdn Bhd, a company principally involved in the investment holding of property and palm oil fruits trading, where he oversees the overall business of the company, a position that he continues to hold to-date.

He is the brother of Ng Yap Sio, Ng Lian Chun, Dato' Ng Lian Heng and Ng Lian Lu.

9.1.2.7 Ng Lian Lu

Promoter and shareholder

Ng Lian Lu, a Malaysian aged 64, is our Promoter and shareholder. He is also a shareholder of All Sportz, which is our Promoter and substantial shareholder.

He obtained a Bachelor of Science from The University of Iowa, USA in 1984. He is a fellow of the Society of Actuaries (USA) since 1996, a fellow of the Life Management Institute of the Life Office Management Association Inc. USA since 1999 and a member of the American Academy of Actuaries since 2000. In 2006, he became a Registered Financial Planner with the Malaysian Financial Planning Council.

He has over 27 years of experience in the actuarial sector. He began his career in July 1984 with Buchanan & Associates in USA as an Actuarial Assistant where he was involved in designing new insurance policies, developing computer software to furnish data for newly developed products and producing required factors and values for clients. In May 1985, he held the position of Actuarial Assistant at The University of Iowa, USA where he was tasked with actuarial research supplemental to a published book titled Loss Distribution, which involved computer-program writing.

In September 1985 upon his return to Malaysia, he took up the position of an Actuarial Assistant (Actuarial Division) with Aetna Universal Insurance Sdn Bhd (presently known as ING Insurance Berhad). He was promoted to Assistant Vice President of the Actuarial Division in August 1991 until December 1993, and subsequently to Assistant Vice President of Marketing, a position he held until July 1996. In August 1996, he joined John Hancock Life Insurance (Malaysia) Berhad (presently known as Manulife Insurance (Malaysia) Berhad) as a Senior Vice President of Marketing and Agency Training.

In December 1996, he joined Great Eastern Life Assurance (Malaysia) Berhad ("**Great Eastern**") as an Assistant General Manager in charge of marketing. Throughout his experience with Great Eastern, his roles included product design and pricing, training of agencies and monitoring their performance, formulating corporate positioning and marketing strategies, and business plans. In August 1998, he joined MCIS Insurance Berhad as Chief Finance Officer and Appointed Actuary where he was responsible for the financial, actuarial and claims department. In March 2002, he joined AmAssurance Berhad as a Managing Director/Chief Executive Officer, overseeing both the life and general insurance business of the company, including managing the business books of AmGeneral Insurance Berhad and AmLife Insurance Berhad before he retired in June 2011.

After his retirement in 2011, he has been involved in small scale palm oil cultivation via several private limited companies which he established namely, Tani Era Sdn Bhd (since February 2019), Tani Merah Sdn Bhd (since October 2017), Tani Mewah Sdn Bhd (since September 2014) and Tani Murni Sdn Bhd (since June 2015). As the founder and director of these companies, he has been managing the businesses of these companies until present.

He is the brother of Ng Yap Sio, Ng Lian Chun, Dato' Ng Lian Heng and Ng Kong Hook.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company for the past 3 years

The changes in our Promoters' and substantial shareholders' shareholdings in our Company for the past 3 years preceding the LPD and after our IPO are set out below:

Name	As at 31 December 2019, 31 December 2020 and 31 December 2021 ⁽¹⁾				After the Pre-IPO Reorganisation Exercise but before our IPO				After our IPO			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽³⁾
All Sportz	100,000	100.00	-	-	428,000,000	64.76	-	-	428,000,000	52.14	-	-
Ng Yap Sio	-	-	100,000	100.00 ⁽⁴⁾	85,600,000	12.95	428,000,000 ⁽⁴⁾	64.76	58,400,000	7.11	428,000,000 ⁽⁴⁾	52.14
Low Kok Poh	-	-	100,000	100.00 ⁽⁴⁾	42,800,000	6.48	428,000,000 ⁽⁴⁾	64.76	29,200,000	3.56	428,000,000 ⁽⁴⁾	52.14
Ng Lian Chun	-	-	-	-	25,680,000	3.89	-	-	17,520,000	2.13	-	-
Dato' Ng Lian Heng	-	-	-	-	25,680,000	3.89	-	-	17,520,000	2.13	-	-
Ng Kong Hook	-	-	-	-	17,120,000	2.59	-	-	11,680,000	1.42	-	-
Ng Lian Lu	-	-	-	-	17,120,000	2.59	-	-	11,680,000	1.42	-	-

Notes:

- (1) There has been no change in our Promoters' and substantial shareholders' shareholdings in our Company for the past 3 years preceding the LPD other than pursuant to the Pre-IPO Reorganisation Exercise.
- (2) Computed based on our number of issued Shares of 660,868,600 Shares after the Pre-IPO Reorganisation Exercise but before our IPO.
- (3) Computed based on our enlarged number of issued Shares of 820,868,600 Shares after our IPO.
- (4) Deemed interested by virtue of his shareholdings in All Sportz pursuant to Section 8(4) of the Act.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.1.4 Amount or benefit paid/given or intended to be paid/given to our Promoters and substantial shareholders

Save for the dividend paid to our Promoters and substantial shareholders as disclosed in Sections 3.10 and 12.7 of this Prospectus and material benefits-in-kind paid or proposed to be paid to our Promoters and substantial shareholders who are also our Executive Directors as disclosed in Section 9.2.7 of this Prospectus, there is no amount and benefit that has been or is intended to be paid or given to our Promoters and our substantial shareholders within the 2 years preceding the date of this Prospectus and up to the LPD.

There were dividends declared and paid in respect of the FYE 2021 and FYE 2022 amounting to RM13.50 million and RM12.50 million respectively, details of which are tabulated below:

Promoters/substantial shareholders	FYE 2021 RM'000	FYE 2022 RM'000
All Sportz	13,500	8,095
Ng Yap Sio	-	1,619
Low Kok Poh	-	810
Ng Lian Chun	-	486
Dato' Ng Lian Heng	-	486
Ng Kong Hook	-	324
Ng Lian Lu	-	324
Total	13,500	12,144⁽¹⁾

Note:

- (1) The remaining RM0.36 million was distributed to the other 2 minority shareholders namely, Paul Edward Gibbons and James Pang Yun Ming.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2 BOARD OF DIRECTORS

9.2.1 Particulars of our Directors

Our Board comprises the following members:

Name	Age	Gender	Nationality	Date of appointment	Designation	<-----Membership in Board Committee----->		
						Audit and Risk Management	Remuneration	Nomination
Low Kok Poh	62	Male	Malaysian	26 May 1999	Executive Chairman ⁽¹⁾	-	-	-
Ng Yap Sio	61	Male	Malaysian	8 June 1993	Executive Director/Group Chief Executive Officer ⁽²⁾	-	-	-
Ng Lian Chun	66	Male	Malaysian	1 October 2022	Executive Director	-	-	-
Poh Ying Loo	61	Male	Malaysian	1 October 2022	Independent Non-Executive Director	✓*	✓	✓
Datin Suryani Binti Ahmad Sarji	56	Female	Malaysian	1 October 2022	Independent Non-Executive Director	✓	✓	✓*
Alice Lee Chia Yee	54	Female	Malaysian	1 October 2022	Independent Non-Executive Director	✓	✓*	✓

Notes:

(1) Low Kok Poh assumed his role as our Executive Chairman on 1 October 2022.

(2) Ng Yap Sio assumed his role as our Group Chief Executive Officer since January 2014.

* Denotes the chairperson of the respective audit and risk management, remuneration and/or nomination committee.

Save for Low Kok Poh, our Executive Chairman, Ng Yap Sio, our Executive Director/Group Chief Executive Officer and Ng Lian Chun, our Executive Director, whom are the directors and shareholders of All Sportz, none of our Directors represent any corporate shareholder on our Board. Please refer to Section 9.5 of this Prospectus for further details of the associations or family relationships between our Promoters, substantial shareholders, Directors and key senior management.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.2 Profiles of our Directors

The profiles of our Directors are set out below:

9.2.2.1 Low Kok Poh

Executive Chairman

Please refer to Section 9.1.2.3 of this Prospectus for Low Kok Poh's profile.

9.2.2.2 Ng Yap Sio

Executive Director/Group Chief Executive Officer

Please refer to Section 9.1.2.2 of this Prospectus for Ng Yap Sio's profile.

9.2.2.3 Ng Lian Chun

Executive Director

Please refer to Section 9.1.2.4 of this Prospectus for Ng Lian Chun's profile.

9.2.2.4 Poh Ying Loo

Independent Non-Executive Director

Poh Ying Loo, a Malaysian aged 61, is our Independent Non-Executive Director. He was appointed to our Board on 1 October 2022.

He obtained a Global Master of Business Administration in Digital Business ("**Global MBA in Digital Business**") from Zigurat Innovation & Technology Business School, Barcelona, Spain in 2021. He was also awarded with a University Extension Diploma in Global MBA in Digital Business from the Institute of Continuing Education of the University of Barcelona, Spain in 2022. He is a Fellow Chartered Management Accountant (FCMA) since 1993 and a Chartered Global Management Accountant (CGMA) since 2012, both under the Chartered Institute of Management Accountants (CIMA), a member of the MIA since 1994, a Qualified Risk Director and a member of the Institute of Enterprise Risk Practitioners since 2018. He is a Fellow member of the Institute of Corporate Directors Malaysia since 2020. In March 2023, he also obtained a certificate from the Frankfurt School of Finance and Management to become a Certified Expert in Environmental, Social and Governance (ESG) and Impact Investing.

He began his career with Ong Boon Bah & Co as Trainee Audit Assistant and subsequently as Audit Assistant/Semi Senior from March 1986 to February 1988. In February 1988, he joined Dreamland Holdings Berhad (presently known as FACB Industries Incorporated Berhad, a public company listed on the Main Market of Bursa Securities) as an Accounts Supervisor/Executive. In December 1988, he left Dreamland Holdings Berhad and joined CPC/AJI (M) Sdn Bhd as Assistant Accountant and served as the Senior Accountant until June 1996.

From July 1996 to June 2020, he was with AEON CO. (M) Berhad ("**AEON**") (a public company listed on the Main Market of Bursa Securities). During his tenure with AEON, he held various positions within AEON in relation to finance and managerial functions including Finance Manager, Financial Controller, General Manager Finance, Senior General Manager in charge of Business Support and Senior General Manager in charge of Corporate Finance and Investor Relations. In May 2011, he was appointed as Executive Director of AEON. As a senior management of AEON in charge of the corporate finance, investor relations and corporate management division, he had oversight on the company's overall businesses, strategies, operations, financial and business developments. He retired from AEON in June 2020.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

He presently sits on the boards of UEM Sunrise Berhad (since November 2020) and Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad) (since June 2021), both companies which are listed on the Main Market of Bursa Securities, as an Independent Non-Executive Director. He was also a board member of the Malaysian Investor Relations Association Berhad (MIRA) from October 2021 to February 2023.

Please refer to Section 9.2.4.4 of this Prospectus for further details of his other directorships in other companies.

9.2.2.5 Datin Suryani Binti Ahmad Sarji *Independent Non-Executive Director*

Datin Suryani Binti Ahmad Sarji, a Malaysian aged 56, is our Independent Non-Executive Director. She was appointed to our Board on 1 October 2022.

She obtained a Bachelor of Science (Honours) in Accounting in 1990 from the University of Hull, UK. She is an ordinary member of the Institute of Corporate Directors Malaysia since 2022.

In March 1991, she began her career in finance at Petronas Carigali Sdn Bhd ("**Petronas Carigali**") as an Accounts Executive in the Accounts and Finance Department where she was responsible for handling matters related to accounts payable. In April 1994, she joined Seacorp-Schroder Capital Management Berhad (presently known as MIDF Amanah Asset Management Berhad) ("**SSCM**") (a non-listed public company then part of the listed group of Schroders PLC, a public company listed on the London Stock Exchange) as an Investment Analyst, with a focus on consumer, automotive and retail sectors. Her responsibilities included among others, advising fund managers on their investment portfolios, analyzing retail and consumer companies' financial information, interpreting financial information and interacting with management of listed companies, as well as marketing of SSCM's investment management services to potential corporate and state fund customers before she left in September 1998.

After her tenure in SSCM, in September 1998, she decided to embark on her journey as an entrepreneur to focus on Digiray (M) Sdn Bhd ("**Digiray**"). Digiray was a retail partner to Caltex (presently known as Chevron Texaco). As the owner and Managing Director of Digiray, she was responsible for managing the overall operations of the petrol station and retail convenience outlet at Bandar Utama under the Caltex brand, including sales, operations, branding and financial management. Digiray was also awarded by Caltex as the Regional Champion – central region of Malaysia under the Service Excellence Programme for the period between 1999 and 2000. She left Digiray in June 2005 and took a career break until 2009.

In January 2010, she joined Chopard (Malaysia) Sdn Bhd ("**Chopard Malaysia**"), a luxury Swiss international brand, as a Boutique Manager. She was tasked to head their flagship boutique where her main responsibility was managing the flagship boutique, to achieve sales targets and liaising with the principal in Chopard Geneve in relation to the flagship boutique. Later in 2014, she was given the opportunity to represent Malaysia as the Customer Relationship Management ("**CRM**") specialist under Chopard's global CRM system, known as the "Chopardforce", where she assisted in staff training and implementation of system changes in the Chopard boutiques in Malaysia. She left Chopard Malaysia in March 2016.

After she left Chopard Malaysia in March 2016 till present, she has not taken up any employment positions but has taken up several board seats in various companies. Among others, she presently sits on the board of Globetronics Technology Berhad, a company listed on the Main Market of Bursa Securities, as an Independent Non-Executive Director (since May 2022). She is currently also a director of Project Lintasan Kota Holdings Sdn Bhd (since November 2020), a subsidiary of Permodalan Nasional Berhad and several of Project Lintasan Kota Holdings Sdn Bhd's subsidiaries, and a director of Malaysia Airports (Niaga) Sdn Bhd (commonly known as ERAMAN) (since February 2021), a subsidiary of Malaysia Airports Holdings Berhad (a public company listed on the Main Market of Bursa Securities).

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Please refer to Section 9.2.4.5 of this Prospectus for further details of her directorships in other companies.

9.2.2.6 Alice Lee Chia Yee

Independent Non-Executive Director

Alice Lee Chia Yee, a Malaysian aged 54, is our Independent Non-Executive Director. She was appointed to our Board on 1 October 2022.

She obtained a Bachelor of Laws (Honours) from University of Malaya in 1993 and was admitted to the Malaysian Bar as an Advocate and Solicitor in 1994. She brings with her more than 29 years of experience in the legal profession. In addition to being an Advocate and Solicitor, she has been appointed as a Notary Public by the Attorney General's Chambers of Malaysia for a tenure of 2 years from 7 September 2022 to 6 September 2024. She is an affiliate member of the Institute of Corporate Directors Malaysia since 2022.

She started her career as an advocate and solicitor in February 1994 with Heng & Mogan as a Legal Assistant. She was then promoted to a Junior Partner in January 2001 and held this position until June 2002 whereupon the partnership of Heng & Mogan was dissolved. Subsequently, in July 2002, she co-founded Heng & Co. and continues to be a Partner to-date. Throughout her legal practice, she has been involved in areas of practice such as conveyancing (housing project developments, real estate, conventional, Islamic and corporate financing, tenancies and leases), trust and succession matters.

Please refer to Section 9.2.4.6 of this Prospectus for further details of her directorship in another company and other business involvement outside our Group.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.3 Shareholdings of our Directors

The direct and indirect shareholdings of our Directors in our Company before and after our IPO is set out below:

Director	Designation	<-----After the Pre-IPO Reorganisation Exercise but before our IPO ----->				<-----After our IPO----->			
		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Low Kok Poh	Executive Chairman	42,800,000	6.48	428,000,000 ⁽³⁾	64.76	29,200,000	3.56	428,000,000 ⁽³⁾	52.14
Ng Yap Sio	Executive Director/Group Chief Executive Officer	85,600,000	12.95	428,000,000 ⁽³⁾	64.76	58,400,000	7.11	428,000,000 ⁽³⁾	52.14
Ng Lian Chun	Executive Director	25,680,000	3.89	-	-	17,520,000	2.13	-	-
Poh Ying Loo	Independent Non- Executive Director	-	-	-	-	300,000 ⁽⁴⁾	0.04	-	-
Datin Suryani Binti Ahmad Sarji	Independent Non- Executive Director	-	-	-	-	300,000 ⁽⁴⁾	0.04	-	-
Alice Lee Chia Yee	Independent Non- Executive Director	-	-	-	-	300,000 ⁽⁴⁾	0.04	-	-

Notes:

- (1) Computed based on our number of issued Shares of 660,868,600 Shares after the Pre-IPO Reorganisation Exercise but before our IPO.
- (2) Computed based on our enlarged number of issued Shares of 820,868,600 Shares after our IPO.
- (3) Deemed interested by virtue of his shareholdings in All Sportz pursuant to Section 8(4) of the Act.
- (4) Assuming that our Independent Non-Executive Directors will fully subscribe for their respective allocation under the Pink Form Allocations.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.4 Principal business activities performed by our Directors outside our Group

The principal business activities performed by our Directors outside our Group as at the LPD, and the directorships held by our Directors outside our Group at present ("**Present Directorships**") and in the past 5 years preceding the LPD ("**Previous Directorships**") are set out below:

9.2.4.1 Low Kok Poh

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<i>Present Directorships</i>						
All Sportz	Director/ Shareholder	18 February 2009	-	20.00%	-	Investment holding (in shares) while its investee companies are principally involved in among others, the retail and wholesale of golf equipment and products, provision of golf related services and trading of sports equipment and products
All Sportz Properties	Director/ Shareholder	28 July 2005	-	-	100.00% ⁽¹⁾	Dormant ⁽²⁾
My EGames	Director/ Shareholder	19 November 2007	-	-	100.00% ⁽¹⁾	Dormant ⁽³⁾
MySports Vietnam	Director/ Shareholder	8 June 2005	-	-	100.00% ⁽¹⁾	Dormant ⁽⁴⁾
MySports Venture	Director/ Shareholder	14 December 2010	-	5.33%	40.00% ⁽¹⁾	Investment holding company while its investee company is principally involved in trading of all kinds of sports equipment and products
My Sports (Thailand)	Director/ Shareholder	22 June 2001	-	0.10%	99.30% ⁽¹⁾	Dormant ⁽⁵⁾
My Sports International	Director/ Shareholder	24 October 2001	-	0.004%	49.00% ⁽¹⁾	Dormant ⁽⁶⁾

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<i>Previous Directorships</i>						
-	-	-	-	-	-	-
<i>Other business involvement</i>						
Heritage Links Asia	Shareholder	-	-	-	42.00% ⁽¹⁾	Dormant ⁽⁷⁾
Sports Direct Malaysia	Shareholder	-	-	-	25.00% ⁽¹⁾	Trading of all kinds of sports equipment and products ⁽¹⁰⁾
Frasers Group Asia	Shareholder	-	-	-	49.00% ⁽¹⁾	Dormant ⁽⁸⁾
Sports Direct Singapore	Shareholder	-	-	-	100.00% ⁽¹⁾	Dormant ⁽⁹⁾

Notes:

- (1) Deemed interested by virtue of his direct shareholdings in All Sportz pursuant to Section 8(4) of the Act.
- (2) All Sportz Properties had ceased business operations and remained dormant since 1 August 2012. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was involved in technical custom fitting and repair service of golf club which includes selling of custom fitted clubs, components and all other golf equipment.
- (3) My EGames had ceased business operations and remained dormant since 31 May 2013. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was involved in the export, wholesale and retail of all kinds of golf equipment, accessories and apparel, driving range operator and provision of related services.
- (4) MySports Vietnam had ceased business operations and remained dormant since 31 December 2019. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was principally engaged in the supply of all kinds of golf equipment and accessories.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (5) My Sports (Thailand) had ceased business operations and remained dormant since 2013. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was an investment holding company while its subsidiary, My Sports International, was involved in the export, wholesale and retail of all kinds of golf equipment, accessories, apparel and provision of related services.
- (6) My Sports International had ceased business operations and remained dormant since 2013. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was involved in the export, wholesale and retail of all kinds of golf equipment, accessories, apparel and provision of related services.
- (7) Heritage Links Asia had ceased business operations and remained dormant since 7 March 2018. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was principally engaged in carrying on the business as golf consultants and involved in project management in relation to golf course design and construction.
- (8) Frasers Group Asia has yet to commence business operations and remained dormant since its date of incorporation on 12 November 2019. The company's intended principal activities are investment holding, business management and e-commerce. Please refer to Section 11.1.1 of this Prospectus for further details of Frasers Group Asia.
- (9) Sports Direct Singapore has yet to commence business operations and remained dormant since its date of incorporation on 7 February 2020. The company's intended principal activities are retail of all kinds of sports equipment and products. Please refer to Section 11.1.1 of this Prospectus for further details of Sports Direct Singapore.
- (10) There has been no change in the principal activities of the company in the past 5 years preceding the LPD.

9.2.4.2 Ng Yap Sio

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<u>Present Directorships</u>						
All Sportz	Director/ Shareholder	18 February 2009	-	40.00%	-	Investment holding (in shares) while its investee companies are principally involved in among others the retail and wholesale of golf equipment and products, provision of golf related services and trading of sports equipment and products

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
All Sportz Properties	Director/ Shareholder	28 July 2005	-	-	100.00% ⁽¹⁾	Dormant ⁽⁴⁾
My EGames	Director/ Shareholder	19 November 2007	-	-	100.00% ⁽¹⁾	Dormant ⁽⁵⁾
MySports Vietnam	Director/ Shareholder	8 June 2005	-	-	100.00% ⁽¹⁾	Dormant ⁽⁶⁾
MySports Venture	Director/ Shareholder	14 December 2010	-	21.34%	40.00% ⁽¹⁾	Investment holding company while its investee company is principally involved in trading of all kinds of sports equipment and products
Heritage Links Asia	Director/ Shareholder	13 August 2015	-	-	42.00% ⁽¹⁾	Dormant ⁽⁷⁾
Kapital Sentosa Sdn Bhd	Director/ Shareholder	10 June 1998	-	30.00%	-	Dormant ⁽⁸⁾
My Sports (Thailand)	Director/ Shareholder	22 June 2001	-	0.10%	99.30% ⁽¹⁾	Dormant ⁽⁹⁾
My Sports International	Director/ Shareholder	24 October 2001	-	0.004%	49.00% ⁽¹⁾	Dormant ⁽¹⁰⁾
Cospen Holdings Sdn Bhd	Director/ Shareholder	15 October 2002	-	20.00%	-	Investment holding company while its subsidiaries are principally involved in property development and management activities
Cospen Venture Sdn Bhd	Director/ Shareholder	6 August 1999	-	-	100.00% ⁽³⁾	Property development

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
Signature Design Sdn Bhd	Director/ Shareholder	7 April 1993	-	-	100.00% ⁽³⁾	Property project management services
Warna Menawan Sdn Bhd	Director/ Shareholder	18 October 2002	-	-	100.00% ⁽³⁾	Property development and management
Ng Kim Leong & Sons Sdn Bhd	Director/ Shareholder	22 November 2003	-	20.00%	-	Trading of palm oil and property letting
<i><u>Previous Directorships</u></i>						
Sports Direct Malaysia	Director/ Shareholder	14 December 2010	30 April 2022	-	25.00% ⁽¹⁾⁽²⁾	Trading of all kinds of sports equipment and products
Frasers Group Asia	Director/ Shareholder	12 November 2019	30 April 2022	-	49.00% ⁽¹⁾⁽²⁾	Dormant ⁽¹¹⁾
Sports Direct Singapore	Director/ Shareholder	7 February 2020	15 October 2022	-	100.00% ⁽¹⁾⁽²⁾	Dormant ⁽¹²⁾
<i><u>Other business involvement</u></i>						
Five Oceans Development Sdn Bhd	Shareholder	-	-	2.99%	-	Dormant ⁽¹³⁾
Sports Direct Malaysia	Shareholder	-	-	-	25.00% ⁽¹⁾⁽²⁾	Trading of all kinds of sports equipment and products ⁽¹⁴⁾
Frasers Group Asia Sdn Bhd	Shareholder	-	-	-	49.00% ⁽¹⁾⁽²⁾	Dormant ⁽¹¹⁾
Sports Direct Singapore	Shareholder	-	-	-	100.00% ⁽¹⁾⁽²⁾	Dormant ⁽¹²⁾

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
Agenda Mewah Sdn Bhd	Shareholder	-	-	-	100.00% ⁽³⁾	Property development ⁽¹⁴⁾

Notes:

- (1) Deemed interested by virtue of his direct shareholdings in All Sportz pursuant to Section 8(4) of the Act.
- (2) Deemed interested by virtue of his direct shareholdings in MySports Venture pursuant to Section 8(4) of the Act.
- (3) Deemed interested by virtue of his direct shareholdings in Cospen Holdings Sdn Bhd pursuant to Section 8(4) of the Act.
- (4) All Sportz Properties had ceased business operations and remained dormant since 1 August 2012. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was involved in technical custom fitting and repair service of golf club which includes selling of custom fitted clubs, components and all other golf equipment.
- (5) My EGames had ceased business operations and remained dormant since 31 May 2013. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was involved in the export, wholesale and retail of all kinds of golf equipment, accessories and apparel, driving range operator and provision of related services.
- (6) MySports Vietnam had ceased business operations and remained dormant since 31 December 2019. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was principally engaged in the supply of all kinds of golf equipment and accessories.
- (7) Heritage Links Asia had ceased business operations and remained dormant since 7 March 2018. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was principally engaged in carrying on the business as golf consultants and involved in project management in relation to golf course design and construction.
- (8) Kapital Sentosa Sdn Bhd had ceased business operations and remained dormant since 1 January 2009. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was principally an investment holding company.
- (9) My Sports (Thailand) had ceased business operations and remained dormant since 2013. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was an investment holding company while its subsidiary, My Sports International, was involved in the export, wholesale and retail of all kinds of golf equipment, accessories, apparel and provision of related services.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (10) My Sports International had ceased business operations and remained dormant since 2013. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was involved in the export, wholesale and retail of all kinds of golf equipment, accessories, apparel and provision of related services.
- (11) Frasers Group Asia has yet to commence business operations and remained dormant since its date of incorporation on 12 November 2019. The company's intended principal activities are investment holding, business management and e-commerce. Please refer to Section 11.1.1 of this Prospectus for further details of Frasers Group Asia.
- (12) Sports Direct Singapore has yet to commence business operations and remained dormant since its date of incorporation on 7 February 2020. The company's intended principal activities are retail of all kinds of sports equipment and products. Please refer to Section 11.1.1 of this Prospectus for further details of Sports Direct Singapore.
- (13) Five Oceans Development Sdn Bhd had ceased business operations and remained dormant since 1 July 1991. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was principally involved in the processing of fish refuse and feed meal.
- (14) There has been no change in the principal activities of the company in the past 5 years preceding the LPD.

9.2.4.3 Ng Lian Chun

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<i><u>Present Directorships</u></i>						
All Sportz	Director/ Shareholder	5 November 2014	-	12.00%	-	Investment holding (in shares) while its investee companies are principally involved in among others the retail and wholesale of golf equipment and products, provision of golf related services and trading of sports equipment and products
Cospen Holdings Sdn Bhd	Director/ Shareholder	15 October 2002	-	20.00%	-	Investment holding company while its subsidiaries are principally involved in property development and management activities

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
Cospen Venture Sdn Bhd	Director/ Shareholder	25 June 2004	-	-	100.00% ⁽¹⁾	Property development
Signature Design Sdn Bhd	Director/ Shareholder	30 April 2015	-	-	100.00% ⁽¹⁾	Property project management services
Warna Menawan Sdn Bhd	Director/ Shareholder	19 April 2002	-	-	100.00% ⁽¹⁾	Property development and management
Ng Kim Leong & Sons Sdn Bhd	Director/ Shareholder	27 June 1983	-	20.00%	-	Trading of palm oil and property letting
Permai Maksima Sdn Bhd	Director/ Shareholder	10 July 2015	-	50.00%	-	Dormant ⁽²⁾

Previous Directorships

-	-	-	-	-	-	-

Other business involvement

Agenda Mewah Sdn Bhd	Shareholder	-	-	-	100.00% ⁽¹⁾	Property development ⁽⁶⁾
Five Oceans Development Sdn Bhd	Shareholder	-	-	2.99%	-	Dormant ⁽³⁾
My Sports (Thailand)	Shareholder	-	-	0.10%	-	Dormant ⁽⁴⁾
My Sports International	Shareholder	-	-	0.004%	-	Dormant ⁽⁵⁾

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:

- (1) Deemed interested by virtue of his direct shareholdings in Cospen Holdings Sdn Bhd pursuant to Section 8(4) of the Act.
- (2) Permai Maksima Sdn Bhd had ceased business operations and remained dormant since 1 August 2019. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was involved in development of buildings projects for its own operation (i.e. for renting of space in these buildings).
- (3) Five Oceans Development Sdn Bhd had ceased business operations and remained dormant since 1 July 1991. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was principally involved in the processing of fish refuse and feed meal.
- (4) My Sports (Thailand) had ceased business operations and remained dormant since 2013. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was an investment holding company while its subsidiary, My Sports International, was involved in the export, wholesale and retail of all kinds of golf equipment accessories, apparel and provision of related services.
- (5) My Sports International had ceased business operations and remained dormant since 2013. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was involved in the export, wholesale and retail of all kinds of golf equipment accessories, apparel and provision of related services.
- (6) There has been no change in the principal activities of the company in the past 5 years preceding the LPD.

9.2.4.4 Poh Ying Loo

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<i><u>Present Directorships</u></i>						
UEM Sunrise Berhad ⁽¹⁾	Independent Non-Executive Director	5 November 2020	-	-	-	Investment holding and provision of shared services for its subsidiaries which are involved in property development
Sports Toto Berhad (formerly known as Berjaya Sports Toto Berhad) ⁽¹⁾	Independent Non-Executive Director	17 June 2021	-	-	-	Investment holding and provision of management services to its subsidiaries which are involved in gaming activities

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<i><u>Previous Directorships</u></i>						
AEON CO. (M) Berhad ⁽¹⁾	Director	26 May 2011	24 June 2020	-	-	Operating a chain of superstores selling a broad range of goods ranging from clothing, food, household goods, other merchandise and shopping centre operation
AEON Global SCM Sdn Bhd	Director	31 January 2013	30 June 2020	-	-	Service provider for warehousing and transportation and act as a consultant or adviser
AEON Topvalu Malaysia Sdn Bhd	Director	4 September 2014	26 June 2020	-	-	In the process of winding up ⁽²⁾
Malaysian Investor Relations Association Berhad	Director	12 October 2021	1 February 2023	-	-	To carry out such activities and functions and to provide services relating to and for purposes of advancing, improving and promoting investor relation in Malaysia

Other business involvement

-	-	-	-	-	-	-

Notes:

- (1) A public company listed on the Main Market of Bursa Securities.
- (2) As at the LPD, the company is still in the process of winding up. Prior to the commencement of the winding up, the company was involved in the trading business of the company's own brand of products.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.4.5 Datin Suryani Binti Ahmad Sarji

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<i><u>Present Directorships</u></i>						
Globetronics Technology Berhad ⁽¹⁾	Independent Non-Executive Director	12 May 2022	-	-	-	Investment holding while its subsidiaries are involved in the assembly, manufacture, development of electronic compartments and provision of software and system solutions
Titian Pesaka Sdn Bhd	Director/ Shareholder	15 November 2016	-	18.51%	-	A family trust and property holding company
Projek Lintasan Kota Holdings Sdn Bhd ⁽²⁾	Director (representing Permodalan Nasional Berhad)	30 November 2020	-	-	-	Investment holding, provision of management services and to carry on any other business which may enhance the company's property or rights
Projek Lintasan Kota Sdn Bhd ⁽³⁾	Director	30 November 2020	-	-	-	To undertake the toll collection of highway, operation and maintenance highway and the construction of highway
Prolintas Expressway Sdn Bhd ⁽³⁾	Director	30 November 2020	-	-	-	To undertake the toll collection of highway, operations and maintenance highway and the construction of highway
Projek Lintasan Damansara – Shah Alam Sdn Bhd ⁽³⁾	Director	30 November 2020	-	-	-	To undertake the toll collection of highway, operations and maintenance of highway, and construction of highway
Projek Lintasan Sungai Besi – Ulu Klang Sdn Bhd ⁽³⁾	Director	30 November 2020	-	-	-	To undertake the toll collection of highway, operations and maintenance of highway, to undertake the construction of highway

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
Turnpike Synergy Sdn Bhd ⁽³⁾	Director	30 November 2020	-	-	-	Asset management, consulting and project management, maintenance and repair works and toll management
Prolintas Corporate Shared Services Sdn Bhd ⁽³⁾	Director	31 May 2022	-	-	-	Other business support service activities
Projek Lintasan Shah Alam Sdn Bhd ⁽⁴⁾	Director	30 November 2020	-	-	-	Toll collection of highway, operations and maintenance of highway and construction of highway
Malaysia Airports (Niaga) Sdn Bhd ⁽⁵⁾	Director	1 February 2021	-	-	-	To operate duty free, non-duty-free outlets and provide services in respect of food and beverage outlets at airports in Malaysia
<i><u>Previous Directorships</u></i>						
Eaton Group Sdn Bhd	Director	22 March 2010	21 August 2018	-	-	Operate international school, provide educational training & related services
Eaton Schools Sdn Bhd	Director	1 July 2011	31 December 2018	-	-	Education
Unilever (Malaysia) Holdings Sdn Bhd	Director	3 September 2018	15 April 2020	-	-	Marketing and sale of edible fats, tea, ice-cream, soaps, detergents and personal care products
<i><u>Other business involvement</u></i>						
-	-	-	-	-	-	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:

- (1) A public company listed on the Main Market of Bursa Securities.
- (2) A subsidiary of Permodalan Nasional Berhad and Amanahraya Trustees Berhad – Amanah Saham Bumiputera.
- (3) A wholly-owned subsidiary of Projek Lintasan Kota Holdings Sdn Bhd.
- (4) A majority-owned subsidiary of Projek Lintasan Kota Holdings Sdn Bhd.
- (5) A wholly-owned subsidiary of Malaysia Airports Holdings Berhad, a public company listed on the Main Market of Bursa Securities.

9.2.4.6 Alice Lee Chia Yee

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<u>Present Directorships</u>						
-	-	-	-	-	-	-
<u>Previous Directorships</u>						
Wascaran Sdn Bhd	Director	18 March 2014	2 March 2017	-	-	General merchant, investor in property
<u>Other business involvement</u>						
Heng & Co	Partner	1 July 2002	-	-	-	Legal firm

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.5 Involvement of our Directors in other businesses or corporations

Save as disclosed in Section 9.2.4 of this Prospectus, as at the LPD, our Directors do not have other directorships and are not involved in other principal business activities outside our Group. The involvement of our Directors in business activities outside our Group as stated in Section 9.2.4 of this Prospectus does not give rise to any existing or potential conflict of interest situation and will not affect their commitment, ability to perform their responsibilities and contribution to our Group in their respective roles as our Directors.

The involvement our Executive Directors in business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which they serve. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management.

In relation to our Independent Non-Executive Directors, their involvement in business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of our Group.

As such, our Board is of the view that this would not affect their contribution and performance in our Group.

Please refer to Section 11.1.1 of this Prospectus for further details of our Promoters' and Executive Directors' involvement in businesses or corporations that carry on a similar trade as that of our Group.

9.2.6 Service contracts with our Directors

As at the date of this Prospectus, there are no existing or proposed service contracts between our Directors and us which provide for benefits upon termination of employment.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)**9.2.7 Remuneration and material benefits in-kind of our Directors**

The aggregate remuneration and material benefits in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to our Directors for services rendered to us in all capacities to our Group for the FYE 2021, FYE 2022 and FYE 2023 are set out below:

FYE 2021 (Paid as at the LPD)	Salary RM'000	Directors' fees RM'000	Bonus RM'000	Statutory contributions (i.e. EPF and SOCSO) RM'000	Allowances RM'000	Benefits-in- kind RM'000	Total RM'000
Executive Directors							
Low Kok Poh	379	-	84 ⁽²⁾	56	-	24	543
Ng Yap Sio	443	-	120 ⁽²⁾	68	-	17	648
Ng Lian Chun	299	-	84 ⁽²⁾	47	-	17	447
Independent Non-Executive Directors							
Poh Ying Loo	-	-	-	-	-	-	-
Datin Suryani Binti Ahmad Sarji	-	-	-	-	-	-	-
Alice Lee Chia Yee	-	-	-	-	-	-	-
FYE 2022 (Paid as at the LPD)	Salary RM'000	Directors' fees RM'000	Bonus RM'000	Statutory contributions (i.e. EPF and SOCSO) RM'000	Allowances RM'000	Benefits-in- kind RM'000	Total RM'000
Executive Directors							
Low Kok Poh	900 ⁽³⁾	-	221 ⁽²⁾	135	-	58 ⁽⁴⁾	1,314
Ng Yap Sio	900 ⁽³⁾	-	150 ⁽²⁾	127	-	57 ⁽⁴⁾	1,234
Ng Lian Chun	600 ⁽³⁾	-	84 ⁽²⁾	83	-	34 ⁽⁴⁾	801
Independent Non-Executive Directors⁽¹⁾							
Poh Ying Loo	-	13	-	-	3	-	16
Datin Suryani Binti Ahmad Sarji	-	13	-	-	3	-	16
Alice Lee Chia Yee	-	13	-	-	3	-	16

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

FYE 2023 (Proposed to be paid)	Salary RM'000	Directors' fees RM'000	Bonus RM'000	Statutory contributions (i.e. EPF and SOCSO) RM'000	Allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors							
Low Kok Poh	900	-	150 ⁽⁵⁾	127	-	64	1,241
Ng Yap Sio	900	-	150 ⁽⁵⁾	127	-	57	1,234
Ng Lian Chun	600	-	100 ⁽⁵⁾	85	-	57	842
Independent Non-Executive Directors							
Poh Ying Loo	-	68	-	-	8	-	76
Datin Suryani Binti Ahmad Sarji	-	63	-	-	8	-	71
Alice Lee Chia Yee	-	63	-	-	8	-	71

Notes:

- (1) Being the Directors' fees from the date they were appointed to our Board on 1 October 2022.
- (2) Bonus paid in FYE 2021 and FYE 2022 based on the performance of the respective Executive Directors in FYE 2020 and FYE 2021 respectively.
- (3) The salary for the Executive Directors in FYE 2022 has been revised in tandem with the improved financial performance of the Group over the Financial Years Under Review and after taking into consideration their instrumental role in the growth of the Group's business.
- (4) The increase in benefits-in-kind amounts of FYE 2022 arose from the utilisation of holiday leave passage subsequent to the re-opening of international borders and business activities following the COVID-19 pandemic.
- (5) Bonus paid in FYE 2023 based on the performance of the respective Executive Directors in FYE 2022. The bonuses for FYE 2023 are not included as they have yet to be determined. Such bonuses, if any, will be determined at a later date based on our Group's and the individual's performance, and will be subject to recommendation of the Remuneration Committee and approval by our Board.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

The remuneration of our Directors, which includes Directors' fees, bonus and such other allowances as well as other benefit, must be considered and recommended by the Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved and endorsed by our shareholders at a general meeting.

Any changes in Directors' fees as set out in our Constitution must be approved and endorsed by our shareholders at a general meeting and where applicable, notice of any proposed increase must be given.

9.3 BOARD PRACTICES

9.3.1 Directors' terms of office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors have served in that office as at the LPD are set out below:

Director	Gender	Designation	Date of appointment	No. of years and months in office (approximate)	Date of expiration of the current term of office
Low Kok Poh	Male	Executive Chairman	26 May 1999	24 years	Retired and re-elected at the AGM of 2022 (30 June 2022)
Ng Yap Sio	Male	Executive Director/Group Chief Executive Officer	8 June 1993	29 years 11 months	Subject to retirement and to be re-elected to the Board at the AGM in year 2023
Ng Lian Chun	Male	Executive Director	1 October 2022	8 months	Subject to retirement and to be re-elected to the Board at the AGM in year 2023
Poh Ying Loo	Male	Independent Non-Executive Director	1 October 2022	8 months	Subject to retirement and to be re-elected to the Board at the AGM in year 2023
Datin Suryani Binti Ahmad Sarji	Female	Independent Non-Executive Director	1 October 2022	8 months	Subject to retirement and to be re-elected to the Board at the AGM in year 2023
Alice Lee Chia Yee	Female	Independent Non-Executive Director	1 October 2022	8 months	Subject to retirement and to be re-elected to the Board at the AGM in year 2023

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Our Board acknowledges and takes cognisance of the MCCG which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture.

Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCCG that at least half of the Board comprises Independent Non-Executive Directors, that our chairperson of the Board should not be a member of our Audit and Risk Management Committee, Nomination Committee or Remuneration Committee, and to have at least 30% women directors on our Board.

According to our Constitution, at the AGM of our Company, one-third of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to one-third, shall retire from office at the conclusion of the AGM in every year provided always that all Directors shall retire from office at least once every 3 years but shall be eligible for re-election. A retiring Director shall be eligible for re-election.

Our Directors to retire every year shall be Directors who have been longest office since the Directors' last election, but as between persons who became Directors on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot.

A Director appointed by our Board to fill in a casual vacancy or as an addition to our existing Board, shall hold office only until the next AGM of our Company and shall then be eligible for re-election.

Within the limits set by our Constitution, our Board is responsible for the governance and management of our Group. To ensure the effective discharge of its functions, our Board have set out the following key responsibilities in the Board charter:

- together with our Company's senior management, promote good corporate governance culture within our Company which reinforces ethical, and professional behaviour;
- review, challenge and decide on our Company's management proposals for our Company, and monitor its implementation by our management;
- ensure that the strategic plan and direction of our Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess the conduct and performance of our management to determine whether the business is being properly managed;
- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of our Company's business and recognise that business decisions involve the taking of appropriate risks;
- set the risk appetite within which our Board expects our management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that our Group has adequate procedures in place to prevent our Group from being involved in corruption. Our Board shall require the management to conduct a yearly risk-based review of such corruption risk procedures and ensure that any weaknesses, if discovered, are remediated;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- ensure that our senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of our Board and our senior management;
- ensure that our Company has in place procedures to enable effective communication with stakeholders; and
- ensure the integrity of our Company's financial and non-financial reporting.

9.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee currently comprises the following members, of which all of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Poh Ying Loo	Chairperson	Independent Non-Executive Director
Datin Suryani Binti Ahmad Sarji	Member	Independent Non-Executive Director
Alice Lee Chia Yee	Member	Independent Non-Executive Director

Our Audit and Risk Management Committee undertakes, among others, the following functions:

- review with the external auditors, the audit scope and plan, including any changes to the scope of the audit plan;
- review internal audit performance on an annual basis;
- review the adequacy of the internal audit scope and plan;
- review the external and internal audit reports;
- review major audit findings and the management's response during the year with the management, external auditors and internal auditors;
- to set policies and procedures to assess the suitability, objectivity and independence of the external auditors;
- review the non-audit services provided by the external auditors and/or its network firms to our Company;
- review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to our Board;
- review the risk profile of our Group (including risk registers) and our Risk Management team's plans to mitigate business risks as identified from time to time;
- oversee and recommend the risk management and internal control systems/framework of our Group;
- review the quarterly results and the year-end financial statements, prior to approval by our Board;
- review any related party transaction and conflict of interest situation that may arise within our Company or our Group; and

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- obtain regular updates from the management regarding compliance matters.

9.3.3 Nomination Committee

Our Nomination Committee currently comprises the following members, of which all of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Datin Suryani Binti Ahmad Sarji	Chairperson	Independent Non-Executive Director
Alice Lee Chia Yee	Member	Independent Non-Executive Director
Poh Ying Loo	Member	Independent Non-Executive Director

Our Nomination Committee undertakes, among others, the following functions:

- identifying and nominating, for the approval of our Board, candidates to fill Board vacancies;
- make recommendations to our Board for the appointment of our executive chairman, chief executive officer and independent director(s);
- develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors;
- recommend to our Board, Directors to fill the seats on Board committees;
- assess the training needs of each Director;
- review our Board's succession plans;
- review and make recommendations to our Board on succession planning policy for the management;
- review annually the required mix of skills, experience and other qualities of our Board;
- assess annually the effectiveness of our Board as a whole, our Audit and Risk Management Committee, Nomination Committee and Remuneration Committee and the contribution of each individual Director;
- assess annually the effectiveness and performance of our chief executive officer, executive chairman and executive directors;
- assess annually the independence of our independent directors, and the appointment and re-appointment of independent directors.
- consider the size and balance of our Board with a view to determine the impact of the number upon our Board's effectiveness and recommend it to our Board;
- recommend to our Board our Company's gender composition of our Board;
- consider and recommend if appropriate independent directors whose tenure exceeds cumulative term of 9 years for continuation in office, having due regard to their performance and ability to continue to contribute to our Board in the light of knowledge, skills and experience required; and

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- assess annually the term of office and performance of our Audit and Risk Management Committee.

9.3.4 Remuneration Committee

Our Remuneration Committee currently comprises the following members, of which all of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Alice Lee Chia Yee	Chairperson	Independent Non-Executive Director
Poh Ying Loo	Member	Independent Non-Executive Director
Datin Suryani Binti Ahmad Sarji	Member	Independent Non-Executive Director

Our Remuneration Committee undertakes, among others, the following functions:

- setting the remuneration policy for all Directors and senior management;
- assist our Board in developing and administering a fair and transparent procedure for setting policy on remuneration of our Directors and senior management;
- to recommend to our Board the appropriate remuneration packages for our Directors and senior management; and
- to review the fees of our Directors and benefits payable to Directors.

9.4 KEY SENIOR MANAGEMENT

9.4.1 Particulars of key senior management

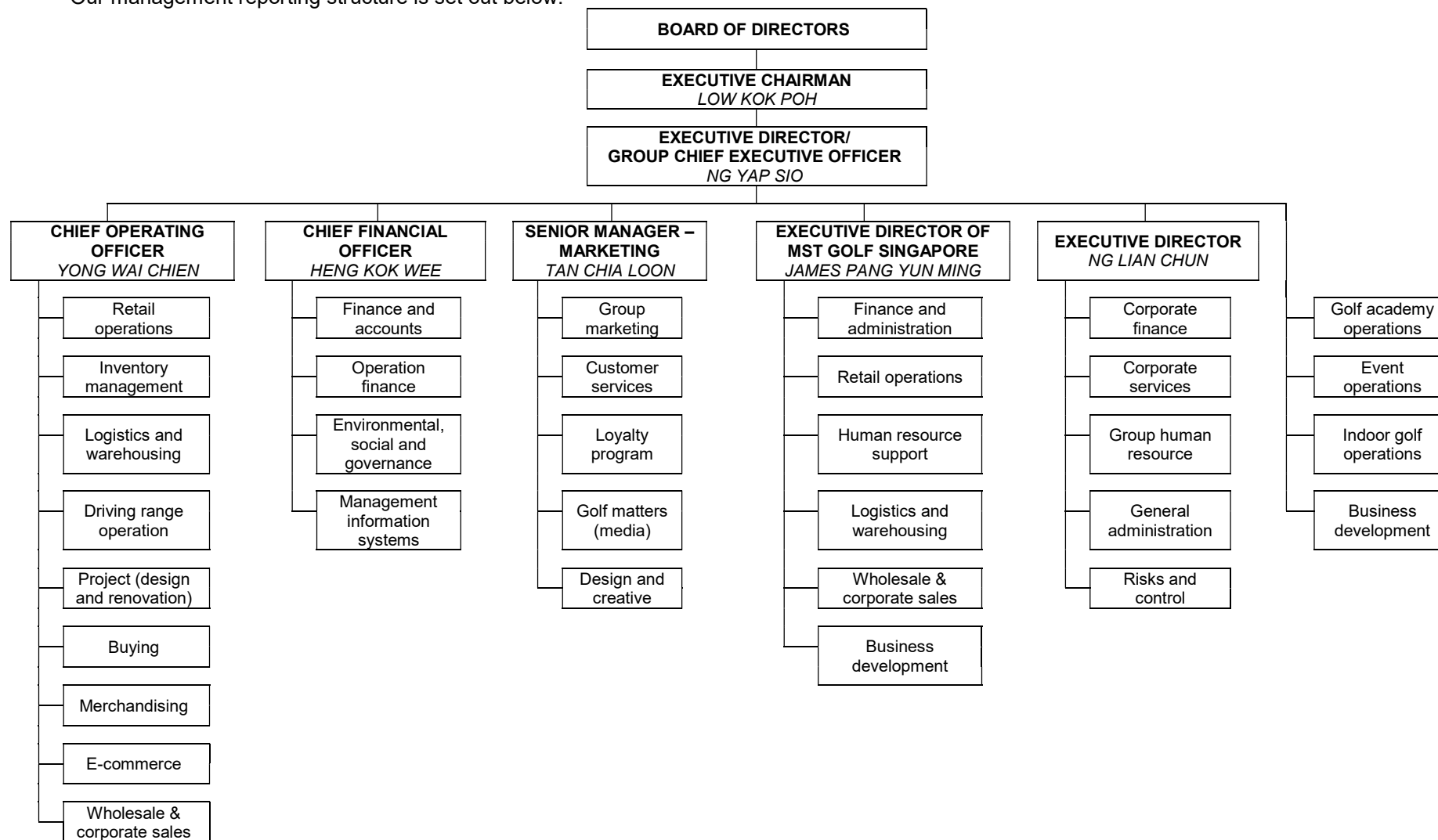
Our key senior management is responsible for the day-to-day management and operations of our Group. The members of our key senior management as at the date of this Prospectus are set out below:

Name	Age	Gender	Nationality	Designation
Yong Wai Chien	56	Female	Malaysian	Chief Operating Officer
Heng Kok Wee	45	Male	Malaysian	Chief Financial Officer
Tan Chia Loon	49	Male	Malaysian	Senior Manager – Marketing
James Pang Yun Ming	55	Male	Malaysian	Executive Director of MST Golf Singapore

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4.2 Management reporting structure

Our management reporting structure is set out below:



9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4.3 Shareholdings of our key senior management

The direct and indirect shareholdings of each of our key senior management in our Company before and after our IPO is set out below:

Name	After the Pre-IPO Reorganisation Exercise but before our IPO				After our IPO			
	<-----Direct----->		<--Indirect-->		<-----Direct----->		<--Indirect-->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Yong Wai Chien	-	-	-	-	300,000 ⁽³⁾	0.04	-	-
Heng Kok Wee	-	-	-	-	200,000 ⁽³⁾	0.02	-	-
Tan Chia Loon	-	-	-	-	200,000 ⁽³⁾	0.02	-	-
James Pang Yun Ming	18,192,500 ⁽⁴⁾	2.75	-	-	18,192,500 ⁽⁴⁾	2.22	-	-

Notes:

- (1) Computed based on our number of issued Shares of 660,868,600 Shares after the Pre-IPO Reorganisation Exercise but before our IPO.
- (2) Computed based on our enlarged number of issued Shares of 820,868,600 Shares after our IPO.
- (3) Assuming our key senior management will fully subscribe for their respective allocation under the Pink Form Allocations.
- (4) Allotted pursuant to the Acquisition of MST Golf Singapore, further details of which are set out in Section 6.1.2.4 of this Prospectus.

None of our key senior management represent any corporate shareholder on our Board.

9.4.4 Profiles of our key senior management

The profiles of our key senior management are set out below:

9.4.4.1 Yong Wai Chien

Chief Operating Officer

Yong Wai Chien, a Malaysian aged 56, is our Chief Operating Officer. She has over 29 years of experience in relation to the golf retail business.

She obtained a Bachelor of Science (Honours) in Biochemistry from Universiti Kebangsaan Malaysia in 1991 and a Diploma in Business Administration from the Association of Business Executives (UK) in 1993.

She began her career in retail management with Batu Road Supermarket Sdn Bhd in September 1991 as trainee in Executive Training Programme before being assigned to the position of Assistant Purchasing Officer where she was responsible for operations and purchasing for the designated departments. In May 1993, she joined George Town Chemist Sdn Bhd as a Branch Executive where she was responsible with managing the daily retail operations of a pharmacy store including staffing, maintenance, purchasing, inventory, sales and in-store marketing.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In March 1994, she joined Pan West Sdn Bhd, a golf retailer company, as Operations Executive and was later promoted to Retail Manager in January 1995 where her responsibilities included retail expansion, retail operations, purchasing, merchandising, staff training and development, sales and marketing.

She left Pan West Sdn Bhd to join MST Golf Malaysia in August 2001 as International Operations Manager. She was responsible for setting up and managing overseas outlets in Singapore. She was also involved in exploring business opportunities in foreign markets to expand the company's sales. In November 2003, she was tasked to review and re-align central operations systems and procedures with an additional role as Head of Control Division to oversee the IT, Inventory Audit, Inventory and Warehouse departments.

She left MST Golf Malaysia in April 2004 and joined Nike (Thailand) Ltd in May 2004 as Golf Sales & Marketing Director for Southeast Asia. Her responsibilities included delivering financial performance targets (sales and profit), managing marketing direction and execution, business development including establishing and managing key customer accounts in Thailand, Singapore, Malaysia and Indonesia.

In May 2006, she re-joined MST Golf Malaysia as General Manager where she oversees MST Golf Malaysia's business operations, leading key initiatives and implementation of company-wide strategies to improve operations efficiency including restructuring of departments. In July 2022, she assumed her present role as Chief Operating Officer where she is primarily responsible for overseeing various business operations of MST Golf Malaysia and MST Golf Singapore such as the retail operations, inventory management, logistics and warehousing, driving range operations, project (design and renovation), buying, merchandising, e-commerce operations, wholesale and corporate sales at a group level, including formulating and implementing effective strategies to optimise operational capabilities and staff productivity.

9.4.4.2 Heng Kok Wee *Chief Financial Officer*

Heng Kok Wee, a Malaysian aged 45, is our Chief Financial Officer. He has over 21 years of experience in management and financial roles via his involvement in various companies within the retail industry.

He was admitted as a member of the Association of Chartered Certified Accountants ("**ACCA**") in 2012 and became a fellow of the ACCA in 2017. In 2018, he obtained a Master of Business Administration from The University of Lancaster, UK. He is a member of the MIA since 2012, associate member of The Institute of Internal Auditors Malaysia since 2012 and member of the Institute of Singapore Chartered Accountants since 2014. In 2015, he was awarded the professional designation of Certified Internal Auditor by the Professional Certification Board and the board of directors of The Institute of Internal Auditors, Inc., USA.

He began his career with Azman, Wong, Salleh & Co as Audit Assistant in February 2002. Later, he joined Makro Cash & Carry Distribution (M) Sdn Bhd as Internal Audit Executive in March 2004. In June 2005, he joined Magnificent Diagraph Sdn Bhd (also known under the trade name of Carrefour Malaysia and presently known as AEON BIG (M) Sdn Bhd) as Store Controller and was later promoted to Assistant Store Director in November 2007. He was responsible for overseeing store employees and ensuring operation efficiency of the hypermarket chain. In January 2009, he was redesignated to the position of Regional Controller and was responsible for the stores' monthly performance reviews and inventory management projects.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

After leaving Carrefour Malaysia, he joined Watson's Personal Care Stores Sdn Bhd in January 2010 where he held finance and internal audit roles, including Finance and Administration Manager between January 2010 and November 2011 and Audit Manager between December 2011 and October 2012. He was in charge of the Internal Audit and Loss Prevention Department where he was responsible for the company's overall internal controls, governance and security matters including among others, audit functions in relation to the retail operation and warehouse, establishing company policies and overseeing the company's loss prevention and security measures. In October 2012, he joined Yamaha Music (Malaysia) Sdn Bhd as Senior Manager of Finance and Accounts/Logistic where he was responsible for financial reporting, tax and compliances, warehousing and logistics. In August 2016, he joined SGS (Malaysia) Sdn Bhd as Country Financial Controller for Malaysia where he was responsible for the financial functions such as accounting, taxation, audit and budgeting, performing account closing procedures, identifying and managing business risks and growth opportunities. In February 2017, he joined John Master (M) Sdn Bhd, a subsidiary of Central Marketing Group Company Limited (Thailand), and held the position of Head of Finance. He was responsible for the overall functions of finance, Management Information System and warehouse department.

In November 2021, he joined our Group and assumed his current position as our Chief Financial Officer, where he is primarily responsible for overseeing the overall financial, accounting and compliance functions of our Group such as overseeing the finance and accounts, operation finance, environmental, social and governance practices as well as management information systems.

Please refer to Section 9.4.5.2 of this Prospectus for further details of his other business involvement outside our Group.

9.4.4.3 Tan Chia Loon

Senior Manager – Marketing

Tan Chia Loon, a Malaysia aged 49, is our Senior Manager - Marketing. He has over 22 years of experience in relation to golf.

He obtained a Diploma in Hotel & Catering Management from Kolej Damansara Utama in 1997. In addition, he had also obtained various certificates such as certificate of participation for the Youth Golf Camp MSN/KGSAAS by Majlis Sukan Negara and Kelab Golf Sultan Abdul Aziz Shah in 1993, certificate for an official Wilson Club Fitter from Wilson in 2002, certificate of completion for PING Custom Club Fitting Training Program from PING in 2007 and 2016, certificate of completion for the courses by KBS Fitting Centre in 2017 and completion of the general certification process of the SeeMore Putter Institute by SeeMore Putter Company in 2017 where he is fully trained in product knowledge and tour level custom fitting options of SeeMore Putters.

He began his career with Hotel Armada Petaling Jaya in October 1997 as a Guest Relations Assistant where he was responsible for overseeing the daily operations of the hotel front desk and customer service including managing cashiers' floats, staff schedules and liaising with the auditor when problems arise. In July 1999, he was promoted to the position of a Senior Guest Relations Assistant (Shift Leader). Later in April 2000, he was promoted to the position of an Income Audit Assistant where he was tasked with carrying out hotel income audits in relation to the daily operations of the hotel including review of revenue classification and report preparations for the management.

In February 2001, he joined Pulai Springs Resort Berhad ("**Pulai Springs Resort**") and held the position of Assistant Golf Manager. His responsibilities included providing assistance for the day-to-day management of Pulai Springs Resort Golf Department and maintaining the Golf Centre including staff management, managing golfing activities, golf course operations as well as implementing rules and regulations for the golf course. He was also responsible for business development and organising events to increase the revenue of the Golf Department and Golf Centre at Pulai Springs Resort such as hosting golf tournaments.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In January 2002, he joined MST Golf Malaysia as Sales Executive. He was responsible for retail outlet operations and administration, showroom sales promotion, stock and inventory control and providing golf club repairs and services. In July 2002, he was later promoted to Golf Consultant where he was responsible for retail sales, tech shop sales (golf club analysis, general repairs and custom fitting), merchandising and coordinating with our retail customers in relation to our product offerings and stock, as well as sourcing for brand acquisition opportunities to continue to widen our Group's product offerings to our customers. He also oversees our golf consultants and fitters, on-ground training and provides product training to our personnel. He is also responsible for overseeing our social media platforms to increase our retail and brand presence.

In January 2007, he was promoted to Shop Manager where he was responsible for staff management including staff training, providing retail support, visual merchandising, retail marketing and stock management. In January 2008, he was promoted to Area Manager. His responsibilities include developing business and marketing strategies for our outlets to drive sales growth and managing outlet managers. In July 2022, he assumed his present role as our Senior Manager in Marketing where he is primarily responsible for the Group's marketing, golf media, loyalty programme, customer services, design and creative.

9.4.4.4 James Pang Yun Ming

Executive Director of MST Golf Singapore

James Pang Yun Ming, a Malaysian aged 55, is our Executive Director of MST Golf Singapore. He has over 35 years of experience in relation to golf.

He obtained a Professional Golfers Traineeship from the Professional Golfers Association of Australia in 1991 and became a certified Natural Golf instructor in 1994. He is a member of the Professional Golf Association of Malaysia since 1993.

He began his career with a Professional Golfers Traineeship under the Professional Golfers Association of Australia ("**PGA Traineeship**"). From December 1988 to November 1991, he carried out his PGA Traineeship at Albert Park and The Eastern Golf Club in Victoria, Australia.

In December 1991, he continued his career with Pelangi Berhad as a Resident Golf Professional where he was tasked with managing the driving range and providing golf lessons at Pelangi Golf Driving Range. In October 1994, he continued his career at Shenzhen Xili Golf & Country Club as Golf Manager where he was primarily responsible for golf training and the department for golf operations. In September 1996, he joined Starhill Golf & Country Club as Resident Golf Professional. His responsibilities included managing the golf driving range operations, golf handicap and providing golf lessons.

After leaving his employment at Starhill Golf & Country Club, he took a career break between October 1998 and March 2000 and provided private golf lessons from time to time.

In April 2000, he incorporated My EGames. As a director and owner of the company, he managed the business of the company and established 7 golf retail outlets located in Johor. He joined our Group in November 2007 when My EGames became a subsidiary of our Group and continued to manage My EGames. In December 2010, he ceased being a director of My EGames and took up the role of an assistant to our Group Chief Executive Officer in managing our Group's retail outlet businesses in Johor and our Group's business operations in Singapore.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

After My EGames ceased business operations in May 2013 and became dormant, he was appointed as a Golf Professional in MST Golf Malaysia where he continued to assist our Group Chief Executive Officer in managing our Group's retail outlet businesses in Johor and our Group's business operations in Singapore. In June 2016, he was appointed as a Director of Driving Range Business and was tasked with added responsibilities to oversee the business operations of the driving ranges and retail outlets located in Johor and Singapore. In January 2020, he was appointed as a director of MST Golf Singapore and assumed his present role in August 2022 as an Executive Director of MST Golf Singapore where he is currently responsible for the day-to-day operations and sales performance of MST Golf Singapore such as the retail operations, business development, finance and administration, human resource support, logistics and warehousing, wholesale and corporate sales.

Please refer to Section 9.4.5.4 of this Prospectus for further details of his directorships in other private limited companies and other business involvement outside our Group.

In November 2021, MST Golf Malaysia disposed of its 100.00% equity interest in My EGames to All Sportz to rationalise our Group's structure for purposes of our Listing. Please refer to Section 10.1.1 of this Prospectus for further details of the disposal of My EGames.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4.5 Principal business activities performed by our key senior management outside our Group

The principal business activities performed by our key senior management outside our Group as at the LPD and the directorships held by our key senior management outside our Group, at present ("**Present Directorships**") and in the past 5 years preceding the LPD ("**Previous Directorships**") are set out below:

9.4.5.1 Yong Wai Chien

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<u>Present Directorships</u>						
-	-	-	-	-	-	-
<u>Previous Directorships</u>						
-	-	-	-	-	-	-
<u>Other business involvement</u>						
-	-	-	-	-	-	-

9.4.5.2 Heng Kok Wee

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<u>Present Directorships</u>						
-	-	-	-	-	-	-
<u>Previous Directorships</u>						
-	-	-	-	-	-	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<u>Other business involvement</u>						
Pausin Goldsmith & Jeweller Sdn Bhd	Shareholder	-	-	6.39%	-	Goldsmith and jeweller ⁽¹⁾

Note:

(1) There has been no change in the principal activities of the company in the past 5 years preceding the LPD.

9.4.5.3 Tan Chia Loon

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<u>Present Directorships</u>						
-	-	-	-	-	-	-
<u>Previous Directorships</u>						
-	-	-	-	-	-	-
<u>Other business involvement</u>						
-	-	-	-	-	-	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4.5.4 James Pang Yun Ming

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<i><u>Present Directorships</u></i>						
Suria Sepadu Sdn Bhd	Director/ Shareholder	15 October 2012	-	66.66%	-	Consultant in various field of manpower including management of facilities and security services
Pets Are Us Sdn Bhd	Director/ Shareholder	25 July 2018	-	30.00%	-	Pet care services and retail sale of aquarium fishes, pet animals and pet food
<i><u>Previous Directorships</u></i>						
-	-	-	-	-	-	-
<i><u>Other business involvement</u></i>						
CX3 Asia Pte Ltd	Shareholder	-	-	30.00%	40.00% ⁽¹⁾	Retailing and distribution of healthcare products ⁽²⁾
My Range Services	Sole proprietor	29 December 2004	-	-	-	Dormant ⁽³⁾

Notes:

- (1) Deemed interested by virtue of his spouse's direct shareholdings in the company.
- (2) There has been no change in the principal activities of the company in the past 5 years preceding the LPD.
- (3) The business registration of My Range Services has expired on 7 January 2023. As at the LPD, there is no intention to renew the said business registration.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4.6 Involvement of our key senior management in other businesses or corporations

Save as disclosed in Section 9.4.5 of this Prospectus, as at the LPD, none of our key senior management are involved in any other principal business activities outside of our Group. The involvement of our key senior management in business activities outside our Group does not give rise to any existing or potential conflict of interest situation and does not affect their commitment, ability to perform their responsibilities and continued contribution to the day-to-day management and operations of our Group as our key senior management do not participate in the day-to-day operations of these businesses. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management.

9.4.7 Remuneration and material benefits in-kind of our key senior management

The aggregate remuneration and material benefits in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to our key senior management for services rendered to us in all capacities to our Group for the FYE 2021, FYE 2022 and FYE 2023 are set out below:

Key senior management	<-----Remuneration band----->		
	FYE 2021 (Paid as at the LPD) ⁽¹⁾ RM'000	FYE 2022 (Paid as at the LPD) ⁽¹⁾ RM'000	FYE 2023 (Proposed to be paid) ⁽²⁾ RM'000
Yong Wai Chien	300 to 350	350 to 400	350 to 400
Heng Kok Wee	Below 50 ⁽³⁾	250 to 300	300 to 350
Tan Chia Loon	150 to 200	200 to 250	250 to 300
James Pang Yun Ming	150 to 200	400 to 450 ⁽⁴⁾	400 to 450

Notes:

- (1) Includes the bonus paid in FYE 2021 and FYE 2022 based on the performance of the respective key senior management in FYE 2020 and FYE 2021 respectively.
- (2) The bonuses for FYE 2023 are not included as they have yet to be determined. Such bonuses, if any, will be determined at a later date based on our Group's and the individual's performance.
- (3) Remuneration paid based on his appointment date as our Chief Financial Officer commencing 1 November 2021 to 31 December 2021.
- (4) James Pang Yun Ming is employed under the payroll of MST Golf Singapore effective from 1 August 2022 and his remuneration is being paid in SGD.

9.4.8 Service contracts with our key senior management

As at the date of this Prospectus, there are no existing or proposed service contracts between our key senior management and us which provide for benefits upon termination of employment.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.5 ASSOCIATIONS OR FAMILY RELATIONSHIP BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there are no associations or family relationship between our Promoters, substantial shareholders, Directors and key senior management as at the LPD:

Name	Designation	Relationship
Ng Yap Sio	- Promoter - Substantial shareholder - Executive Director/Group Chief Executive Officer	- Shareholder and director of All Sportz - Brother of Ng Lian Chun, Dato' Ng Lian Heng, Ng Kong Hook and Ng Lian Lu
Ng Lian Chun	- Promoter - Executive Director	- Shareholder and director of All Sportz - Brother of Ng Yap Sio, Dato' Ng Lian Heng, Ng Kong Hook and Ng Lian Lu
Dato' Ng Lian Heng	Promoter	- Shareholder of All Sportz - Brother of Ng Yap Sio, Ng Lian Chun, Ng Kong Hook and Ng Lian Lu
Ng Kong Hook	Promoter	- Shareholder of All Sportz - Brother of Ng Yap Sio, Ng Lian Chun, Dato' Ng Lian Heng and Ng Lian Lu
Ng Lian Lu	Promoter	- Shareholder of All Sportz - Brother of Ng Yap Sio, Ng Lian Chun, Dato' Ng Lian Heng and Ng Kong Hook

9.6 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Promoters, Directors and key senior management have confirmed that he or she is not and has not been involved in any of the following events, whether in or outside Malaysia:

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which such person was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his or her part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his or her part that relates to the capital market;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (vi) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining such person from engaging in any type of business practice or activity;
- (vii) in the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgment against such person.

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10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

Under the Listing Requirements, a "**related party transaction**" is a transaction entered into by a listed issuer or its subsidiaries that involves the interest, direct or indirect, of a related party. A "**related party**" of a listed issuer is:

- (i) a director, having the meaning given in subsection 2(1) of the CMSA, and includes any person who is or was within the preceding 6 months of the date in which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or
- (ii) a major shareholder, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company, and has or had an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:
 - (a) 10.00% or more of all the voting shares in the corporation; or
 - (b) 5.00% or more of all the voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) a person connected with such director or major shareholder.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.1 Material related party transactions

Save as disclosed below, there are no other material related party transactions entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them during the Financial Years Under Review and up to the LPD:

Transacting parties	Nature of relationship	Nature of transaction	<-----Transaction value----->					1 January 2023 up to the LPD RM'000
			FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000		
MST Golf Malaysia and MySports Vietnam	All Sportz who is a promoter and substantial shareholder of MST Golf is the sole shareholder of MySports Vietnam.	Management fees for office shared services provided by MST Golf Malaysia to MySports Vietnam⁽¹⁾	9 (0.09% of our Group's PAT for the FYE 2019)	-	-	-	-	
	Ng Yap Sio and Low Kok Poh who are promoters, Directors and substantial shareholders of MST Golf are also directors of MySports Vietnam.	Trade purchase by MST Golf Malaysia of MySports Vietnam's remaining stocks⁽¹⁾	257 (0.24% of our Group's cost of sales for the FYE 2019)	-	-	-	-	

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction	<-----Transaction value----->					1 January 2023 up to the LPD RM'000
			FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000		
MST Golf Malaysia and Sports Direct Malaysia	All Sportz who is a promoter and substantial shareholder of MST Golf is also a substantial shareholder of Sports Direct Malaysia.	Sale of Colantotte products by MST Golf Malaysia to Sports Direct Malaysia⁽²⁾	12 (0.12% of our Group's PAT for the FYE 2019)	-	-	-	-	-
	Ng Yap Sio who is a promoter, Director and substantial shareholder of MST Golf is also a substantial shareholder of Sports Direct Malaysia. In addition, he was a director of Sports Direct Malaysia and had resigned on 30 April 2022.	Sale of protective face masks by MST Golf Malaysia to Sports Direct Malaysia⁽³⁾	-	1 (0.01% of our Group's PAT for the FYE 2020)	-	-	-	-
	Low Kok Poh who is a promoter, Director and substantial shareholder of MST Golf is also a substantial shareholder of Sports Direct Malaysia.	Management fees for support services provided by MST Golf Malaysia to Sports Direct Malaysia⁽⁴⁾	558 (5.46% of our Group's PAT for the FYE 2019)	558 (4.08% of our Group's PAT for the FYE 2020)	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction	<-----Transaction value----->				1 January 2023 up to the LPD RM'000
			FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	
Paul Edward Gibbons who is a shareholder of MST Golf (pursuant to the completion of the Acquisition of MST Golf Management which forms part of the Pre-IPO Reorganisation Exercise) is also a director and substantial shareholder of Sports Direct Malaysia.		• Rental of store premises at No. 8, Jalan SS 13/5, Subang Jaya, 47500 Selangor by MST Golf Malaysia to Sports Direct Malaysia ⁽⁵⁾	648 (6.34% of our Group's PAT for the FYE 2019)	429 (3.13% of our Group's PAT for the FYE 2020)	464 (2.31% of our Group's PAT for the FYE 2021)	648 (2.23% of our Group's PAT for the FYE 2022)	270
		• Rental of office premises at No. 8, Jalan SS 13/5, Subang Jaya, 47500 Selangor by MST Golf Malaysia to Sports Direct Malaysia ⁽⁶⁾	1,113 (10.89% of our Group's PAT for the FYE 2019)	737 (5.38% of our Group's PAT for the FYE 2020)	-	-	-
		• Rental of the premises (including signage) of AXIS Vista, Lot 11, Jalan 219, Seksyen 51A, Federal Highway, Petaling Jaya, 46100 Selangor by Sports Direct Malaysia to MST Golf Malaysia ⁽⁷⁾	449 (4.40% of our Group's PAT for the FYE 2019)	420 (3.07% of our Group's PAT for the FYE 2020)	405 (2.02% of our Group's PAT for the FYE 2021)	438 (1.50% of our Group's PAT for the FYE 2022)	198

10. RELATED PARTY TRANSACTIONS (CONT'D)

			<-----Transaction value----->					1 January 2023 up to the LPD RM'000
Transacting parties	Nature of relationship	Nature of transaction	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000		
MST Golf and All Sportz	All Sportz is a promoter and substantial shareholder of MST Golf.	• Disposal of MySports Vietnam by MST Golf to All Sportz ⁽¹⁾	-	-	311 (0.83% of our Group's NA for the FYE 2021)	-	-	
	Ng Yap Sio and Low Kok Poh who are the promoters, Directors and substantial shareholders of MST Golf are also the directors and substantial shareholders of All Sportz.	• Disposal of My EGames by MST Golf to All Sportz ⁽⁸⁾	-	-	1,000 (2.68% of our Group's NA for the FYE 2021)	-	-	
	Ng Lian Chun who is a promoter, Director and shareholder of MST Golf is also a director and substantial shareholder of All Sportz.	• Disposal of All Sportz Properties by MST Golf to All Sportz ⁽⁹⁾	-	80 (0.25% of our Group's NA for the FYE 2020)	-	-	-	
	Dato' Ng Lian Heng, Ng Kong Hook and Ng Lian Lu who are the promoters and shareholders of MST Golf are also the substantial shareholders of All Sportz.	• Disposal of My Sports (Thailand) by MST Golf to All Sportz ⁽¹⁰⁾	-	-	9 (0.02% of our Group's NA for the FYE 2021)	-	-	

10. RELATED PARTY TRANSACTIONS (CONT'D)

			<-----Transaction value----->					1 January 2023 up to the LPD
Transacting parties	Nature of relationship	Nature of transaction	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000		RM'000
MST Golf Singapore and CX3 Asia Pte Ltd	James Pang Yun Ming is a director and was a substantial shareholder of MST Golf Singapore. He is also a substantial shareholder of CX3 Asia Pte Ltd. He is a shareholder of MST Golf (pursuant to completion of the Acquisition of MST Golf Singapore which forms part of the Pre-IPO Reorganisation Exercise).	Consultancy fee for services provided by CX3 Asia Pte Ltd to MST Golf Singapore⁽¹¹⁾	152 (1.49% of our Group's PAT for the FYE 2019)	186 (1.36% of our Group's PAT for the FYE 2020)	184 (0.92% of our Group's PAT for the FYE 2021)	-		-
MST Golf and Low Kok Poh	Low Kok Poh is a promoter, Director and substantial shareholder of MST Golf.	Acquisition of 25.00% equity interest in My EGames by MST Golf from Low Kok Poh⁽¹²⁾	-	-	210 (0.56% of our Group's NA for the FYE 2021)	-		-

10. RELATED PARTY TRANSACTIONS (CONT'D)**Notes:**

- (1) MySports Vietnam was previously a 60.00%-owned subsidiary of our Company and was principally engaged in supplying golf equipment comprising golf clubs, golf balls and accessories and golf apparel. It had purchased golf equipment from MST Golf Malaysia to supply to a local business partner in Vietnam who then supplied the said golf equipment to a departmental store in Vietnam. In addition, MySports Vietnam paid management fees to MST Golf Malaysia for support services provided by MST Golf Malaysia which entails administrative services and corporate services.

MySports Vietnam had remaining stock of golf equipment comprising golf clubs, golf balls and accessories and golf apparel due to the closure of the abovementioned departmental store in Vietnam. MST Golf Malaysia then repurchased these golf equipment for resale in Malaysia.

MySports Vietnam had ceased business operations and remained dormant since 31 December 2019. Subsequently, on 10 November 2021, our Company had disposed of our 60.00% equity interest in MySports Vietnam to All Sportz to rationalise our Group's structure for purposes of our Listing. The disposal consideration of RM0.31 million was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NA of MySports Vietnam.

- (2) Sports Direct Malaysia had purchased Colantotte products namely bracelets from MST Golf Malaysia for its own use.
- (3) Sports Direct Malaysia had purchased protective face masks from MST Golf Malaysia for its own use. MST Golf Malaysia had bulk purchased protective face masks for its own use in the FYE 2020 in light of the COVID-19 pandemic.
- (4) Management fees payable by Sports Direct Malaysia to MST Golf Malaysia for support services provided by MST Golf Malaysia which entails maintenance cost for Sports Direct Malaysia's use of the common office facilities, human resource services, administrative services and corporate services.
- (5) Sports Direct Malaysia rents part of the ground floor and mezzanine floor of the premise from MST Golf Malaysia for use as its retail outlet. The salient terms of the tenancy agreement are set out below:

Address : No. 8, Jalan SS 13/5, Subang Jaya, 47500 Selangor

GFA : 15,000 sq. ft. (ground floor) and 6,000 sq. ft. (mezzanine) floor

Existing tenancy term : 1 January 2023 to 31 December 2025

Terms of renewal : 3 years with an option to renew for a further term of 3 years at prevailing market rate at the time of renewal or as mutually agreed between MST Golf Malaysia and Sports Direct Malaysia

Termination : The tenancy agreement may be terminated with mutual consent from MST Golf Malaysia and Sports Direct Malaysia

Rental per annum : RM648,000

10. RELATED PARTY TRANSACTIONS (CONT'D)

Remark : Due to the COVID-19 pandemic and following the Prihatin Stimulus Package announced by the Government on 6 April 2020 and Pemerkasa Plus Economic Stimulus Package announced on 31 May 2021, MST Golf Malaysia had granted Sports Direct Malaysia a total rent reduction (on a one-off basis) of approximately RM0.22 million and RM0.18 million for the total rental payable for the periods from April 2020 to September 2020 and June 2021 to August 2021 respectively. Our Group intends to renew the tenancy agreement upon expiry of the existing term.

Further, to ensure that the tenancy is transacted on an arm's length basis, our Group had engaged an independent real estate agent to appraise the rental rate of the tenancy against the market rental rate of similar comparable properties. Based on the letter dated 24 November 2022, the monthly rental rate for the tenancy is consistent with the market rental rates of comparable properties within the vicinity.

- (6) Sports Direct Malaysia had previously rented the 2nd floor of the premise from MST Golf Malaysia for use as its head office. The salient terms of the tenancy agreement are set out below:

Address : No. 8, Jalan SS 13/5, Subang Jaya, 47500 Selangor

GFA : 13,250 sq. ft.

Remark : Due to the COVID-19 pandemic and following the Prihatin Stimulus Package announced by the Government on 6 April 2020, MST Golf Malaysia had granted Sports Direct Malaysia a total rent reduction of approximately RM0.38 million for the rental payable for the period from April 2020 to September 2020. The tenancy agreement had lapsed on 31 December 2020 and Sports Direct Malaysia has subsequently moved its head office to Sunway Pyramid, Petaling Jaya, Selangor.

- (7) MST Golf Malaysia rents the ground floor and 1st floor of the premise together with the signage at the premise from Sports Direct Malaysia for use as its retail outlet. The salient terms of the sub-tenancy agreement are set out below:

Address : AXIS Vista, Lot 11, Jalan 219, Seksyen 51A, Federal Highway, Petaling Jaya, 46100 Selangor

GFA : 15,149 sq. ft.

Existing tenancy term : 1 May 2022 to 30 April 2024

Tenancy period and terms of renewal : 2 years with an option to renew for a further term of 3 years at a rent to be mutually agreed and renegotiated subject to an increase not exceeding 10% of the last prevailing monthly rental

10. RELATED PARTY TRANSACTIONS (CONT'D)

Termination : In the event of the tenancy being terminated by MST Golf Malaysia at any time before the expiration of the existing tenancy period, the security deposits paid by MST Golf Malaysia shall be forfeited by Sports Direct Malaysia. In the event that the tenancy being terminated by Sports Direct Malaysia at any time before the expiration of the existing tenancy period, Sports Direct Malaysia shall refund the security deposits to MST Golf Malaysia and pay a further 2 months rental as compensation.

Rental per annum : RM475,242

Remark : Due to the COVID-19 pandemic and following the Prihatin Stimulus Package announced by the Government on 6 April 2020 and Pemerkasa Plus Economic Stimulus Package announced on 31 May 2021, Sports Direct Malaysia had granted MST Golf Malaysia a total rent reduction (on a one-off basis) of approximately RM0.02 million and RM0.03 million for the total rental payable for the periods from April 2020 to September 2020 and June 2021 to August 2021 respectively. Our Group intends to renew the tenancy agreement upon expiry of the existing term.

Further, the tenancy is transacted on an arm's length basis as the rental rate charged by Sports Direct Malaysia to MST Golf Malaysia is the same as the rental rate charged by the landlord to Sports Direct Malaysia.

- (8) Disposal by our Company of our 100.00% equity interest in My EGames to All Sportz on 9 November 2021 to rationalise our Group's structure for purposes of our Listing. The disposal consideration of RM1.00 million was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NA of My EGames of RM865,538 as at 31 December 2020. My EGames was principally involved in the export, wholesale and retail of all kinds of golf equipment comprising golf clubs, golf balls and accessories and golf apparel, driving range operator and provision of related services. It has ceased business operations and remained dormant since 31 May 2013.
- (9) Disposal by our Company of our 70.00% equity interest in All Sportz Properties to All Sportz on 11 December 2020 to rationalise our Group's structure for purposes of our Listing. The disposal consideration of RM0.08 million was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NA of All Sportz Properties of RM90,460 as at 31 December 2019. All Sportz Properties was principally involved in specialising in technical custom fitting and repair service of golf clubs which include selling of custom fitted clubs, components and all other golf equipment. It has ceased business operations and remained dormant since 1 August 2012.
- (10) Disposal by our Company of our 99.30% equity interest in My Sports (Thailand) to All Sportz on 12 November 2021 to rationalise our Group's structure for purposes of our Listing. The disposal consideration of RM8,800 was arrived at on a willing buyer-willing seller basis after taking into consideration the audited net liability of My Sports (Thailand) of RM215,307 as at 31 December 2020. My Sports (Thailand) was an investment holding company. It has ceased business operations and remained dormant since 2013.
- (11) The scope of the consultancy services provided by CX3 Asia Pte Ltd were mainly in relation to the operation of MST Golf Singapore, and includes implementing retail management systems to further strengthen retail operations, inventory and back-end processes. The consultancy services had been terminated on 31 December 2021.

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (12) Acquisition by our Company of 25.00% equity interest in My EGames on 21 April 2021 from Low Kok Poh to streamline the shareholding structure of My EGames to be wholly owned by us. The purchase consideration of RM0.21 million was arrived at on a willing buyer-willing seller basis after taking into consideration the audited NA of My EGames of RM865,538 as at 31 December 2020. My EGames was subsequently disposed to All Sportz on 9 November 2021 to rationalise our Group's structure for purposes of our Listing. Please refer to note (8) above for further details of the disposal of My EGames.

Our Directors confirm that the related party transactions outlined above were transacted on an arms' length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and not unfavourable to our Group, and are not detrimental to the non-interested shareholders.

Save for the recurrent related party transactions ("RRPTs") which will subsist after our Listing as disclosed in notes (5) and (7) of the table above, our Directors also confirm that there are no other material related party transactions that have been entered by our Group that involve the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them but not yet effected up to the date of this Prospectus.

After our Listing, the Audit and Risk Management Committee will review the terms of the related party transactions to ensure that related party transactions are carried out on an arms' length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and not unfavourable to our Group, and are not detrimental to the non-interested shareholders.

We will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if such related party transactions can be deemed as RRPTs, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such RRPTs during the validity period of the mandate.

For any proposed related party transactions that involve the interest, direct or indirect, of the Directors, the interested Director shall:

- (i) disclose their interest to the Board, of the nature and extent of their interest; and
- (ii) abstain from any Board deliberation and voting on the relevant resolution in respect of such proposed related party transaction.

For any proposed related party transactions that require prior shareholders' approval, the interested Directors, major shareholders and/or persons connected with them which have any interest, direct or indirect, in the proposed related party transactions shall abstain from voting. Such interested Director and/or major shareholder will ensure that persons connected with them, if any, will abstain from voting on the resolution at the general meeting.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will review the terms of the related party transactions to ensure that related party transactions are carried out on an arms' length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and not unfavourable to our Group, and are not detrimental to the non-interested shareholders. Our Audit and Risk Management Committee will also, among others, supervise and monitor any RRPT and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosure in our annual report with regard to any RRPT entered into by us.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.2 Related party transactions entered into that are unusual in their nature or conditions

There were no related party transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which our Company or any of our Subsidiaries were a party in respect of the Financial Years Under Review and up to the LPD.

10.1.3 Outstanding loans and/or financial assistance made to or for the benefit of related parties

There are no outstanding loans and/or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of any related parties during the Financial Years Under Review and up to the LPD.

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10. RELATED PARTY TRANSACTIONS (CONT'D)**10.1.4 Outstanding loans and/or financial assistance received from related parties**

Save as disclosed below, there are no outstanding loans and/or financial assistance (including guarantees of any kind) received by our Group from any related parties in respect of the Financial Years Under Review and up to the LPD:

No.	Parties	Interested related party and nature of relationship	Nature of transaction and purpose	<-----Outstanding amount----->				
				As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 13 June 2023
				RM'000	RM'000	RM'000	RM'000	RM'000
1.	MST Golf Malaysia, Ng Yap Sio, Low Kok Poh and Ng Lian Chun	Ng Yap Sio, Low Kok Poh and Ng Lian Chun are directors of MST Golf Malaysia.	Provision of personal guarantee by Ng Yap Sio, Low Kok Poh and Ng Lian Chun in favour of AmBank (M) Berhad in relation to banking facilities granted to MST Golf Malaysia of RM1.70 million for working capital purposes ⁽¹⁾	1,700	1,700	1,700	1,700	-
2.	MST Golf Malaysia, Ng Yap Sio and Low Kok Poh	Ng Yap Sio and Low Kok Poh are directors of MST Golf Malaysia.	Provision of personal guarantee by Ng Yap Sio and Low Kok Poh in favour of CIMB Bank Berhad in relation to banking facilities granted to MST Golf Malaysia of approximately RM55.19 million for among others, redemption of outstanding term loans, financing of renovation costs and financing of import and purchase of goods ⁽²⁾	60,600	60,600	60,600	60,600	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Parties	Interested related party and nature of relationship	Nature of transaction and purpose	<-----Outstanding amount----->				
				As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 13 June 2023
				RM'000	RM'000	RM'000	RM'000	RM'000
3.	MST Golf Arena, Ng Yap Sio and Low Kok Poh	Ng Yap Sio and Low Kok Poh are directors of MST Golf Arena.	Provision of personal guarantee by Ng Yap Sio and Low Kok Poh in favour of CIMB Bank Berhad in relation to banking facilities granted to MST Golf Arena of approximately RM9.20 million to part finance of renovation/refurbishment costs, purchase of equipment and related furniture and fittings, golf simulators, IT systems and carpentry works ⁽³⁾	-	-	-	9,199	-
4.	MST Golf Singapore, Ng Yap Sio and Low Kok Poh	Ng Yap Sio and Low Kok Poh are directors of MST Golf Singapore.	Provision of personal guarantee by Ng Yap Sio and Low Kok Poh in favour of CIMB Bank Berhad in relation to banking facilities granted to MST Golf Singapore of SGD5.3 million (equivalent to approximately RM17.87 million) for working capital purposes and financing imports and purchase of goods ⁽⁴⁾	7,751	7,751	17,866	17,866	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Parties	Interested related party and nature of relationship	Nature of transaction and purpose	<-----Outstanding amount----->				
				As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 13 June 2023
				RM'000	RM'000	RM'000	RM'000	RM'000
5.	MST Golf Malaysia, Ng Yap Sio, Low Kok Poh and Ng Lian Chun	Ng Yap Sio, Low Kok Poh and Ng Lian Chun are directors of MST Golf Malaysia.	Provision of personal guarantee by Ng Yap Sio, Low Kok Poh and Ng Lian Chun in favour of HSBC Bank Malaysia Berhad in relation to banking facilities granted to MST Golf Malaysia of RM1.00 million for working capital purposes and financing of imports and domestic purchases ⁽⁵⁾	1,000	1,000	1,000	1,000	-
6.	MST Golf Malaysia and Ng Yap Sio	Ng Yap Sio is a director of MST Golf Malaysia.	Provision of personal guarantee by Ng Yap Sio in favour of Public Bank Berhad in relation to a vehicle hire purchase facility granted to MST Golf Malaysia	149	149	149	-	-
7.	MST Golf Malaysia and Ng Yap Sio	Ng Yap Sio is a director of MST Golf Malaysia.	Provision of personal guarantee by Ng Yap Sio in favour of Malayan Banking Berhad in relation to a vehicle hire purchase facility granted to MST Golf Malaysia	115	115	115	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Parties	Interested related party and nature of relationship	Nature of transaction and purpose	<-----Outstanding amount----->				
				As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 13 June 2023
				RM'000	RM'000	RM'000	RM'000	RM'000
8.	MST Singapore and Dato' Loh Ah Joo	Golf Dato' Loh Ah Joo is a director of MST Golf Singapore.	Provision of personal guarantee by Dato' Loh Ah Joo in favour of Orchard Credit (Pte) Ltd in relation to a vehicle hire purchase facility granted to MST Golf Singapore	179	179	179	-	-
9.	MST Singapore and Dato' Loh Ah Joo	Golf Dato' Loh Ah Joo is a director of MST Golf Singapore.	Provision of personal guarantee by Dato' Loh Ah Joo in favour of Orchard Credit (Pte) Ltd in relation to a vehicle hire purchase facility granted to MST Golf Singapore	179	179	-	-	-
10.	MST Singapore, Dato' Loh Ah Joo and Ng Yap Sio	Golf Ng Yap Sio and Dato' Loh Ah Joo are directors of MST Golf Singapore.	Provision of personal guarantee by Ng Yap Sio and Dato' Loh Ah Joo in favour of NCI Golf Pte Ltd in relation to a lease of the premises at Lot A, Unit 01-03, Marina Bay Golf Course, No. 80, Rhu Cross, Singapore 437437 granted to MST Golf Singapore ⁽⁶⁾	3,397	3,397	3,397	3,397	-
11.	MST Malaysia, Ng Yap Sio, Low Kok Poh and Ng Lian Chun	Golf Ng Yap Sio, Low Kok Poh and Ng Lian Chun are directors of MST Golf Malaysia.	Advances from Ng Yap Sio, Low Kok Poh and Ng Lian Chun to MST Golf Malaysia for working capital purposes ⁽⁷⁾	2,820	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Parties	Interested related party and nature of relationship	Nature of transaction and purpose	<-----Outstanding amount----->				
				As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 13 June 2023
				RM'000	RM'000	RM'000	RM'000	RM'000
12.	MST Golf and All Sportz	All Sportz is a promoter and substantial shareholder of MST Golf.	Advances from All Sportz (as our holding company) to MST Golf for working capital purposes ⁽⁸⁾	29,227	29,142	39,577	-	-
		Ng Yap Sio and Low Kok Poh who are the promoters, Directors and substantial shareholders of MST Golf are also the directors and substantial shareholders of All Sportz.						
		Ng Lian Chun who is a promoter, Director and shareholder of MST Golf is also a director and substantial shareholder of All Sportz.						

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Parties	Interested related party and nature of relationship	Nature of transaction and purpose	<-----Outstanding amount----->				
				As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 13 June 2023
				RM'000	RM'000	RM'000	RM'000	RM'000
		Dato' Ng Lian Heng, Ng Kong Hook and Ng Lian Lu who are the promoters and shareholders of MST Golf are also the substantial shareholders of All Sportz.						
13.	MST Malaysia MySports Vietnam	Golf and All Sportz who is a promoter and substantial shareholder of MST Golf is the sole shareholder of MySports Vietnam.	Advances from MySports Vietnam to MST Golf Malaysia for working capital purposes ⁽⁹⁾	475	725	-	-	-
		Ng Yap Sio and Low Kok Poh who are promoters, Directors and substantial shareholders of MST Golf are also directors of MySports Vietnam.						

10. RELATED PARTY TRANSACTIONS (CONT'D)**Notes:**

- (1) On 27 March 2023, MST Golf Malaysia had received the conditional approval from AmBank (M) Berhad to discharge the personal guarantees prior to our Listing by substituting the same with a corporate guarantee from our Company as a listed entity and subject to Ng Yap Sio, Low Kok Poh and Ng Lian Chun remaining as directors of MST Golf Malaysia. The discharge of the personal guarantees has been completed on 9 June 2023.
- (2) On 18 April 2023, MST Golf Malaysia had received the conditional approval from CIMB Bank Berhad to discharge the personal guarantees prior to our Listing, subject to MST Golf Malaysia remaining as a subsidiary of our Company and Ng Yap Sio and Low Kok Poh remaining as the key management and substantial direct/indirect shareholders of our Group throughout the subsistence of the facilities. The discharge of the personal guarantees has been completed on 1 June 2023.
- (3) On 12 May 2023, MST Golf Arena had received the conditional approval from CIMB Bank Berhad to discharge the personal guarantees prior to our Listing, subject to MST Golf Arena remaining as a subsidiary of our Company, Ng Yap Sio, Low Kok Poh and Ng Lian Chun remaining as the key management of our Group, and Ng Yap Sio, Ng Lian Chun, Dato' Ng Lian Heng, Ng Kong Hook and Ng Lian Lu remaining as the substantial direct/indirect shareholders of our Group throughout the subsistence of the facilities. The discharge of the personal guarantees has been completed on 6 June 2023.
- (4) On 17 May 2023, MST Golf Singapore had received the conditional approval from CIMB Bank Berhad to discharge the personal guarantees, subject to MST Golf Singapore remaining as a subsidiary of our Company, and Ng Yap Sio and Low Kok Poh remaining as the key management and substantial direct/indirect shareholders of our Company throughout the subsistence of the facilities. The discharge of the personal guarantees has been completed on 17 May 2023.

Further, in the year 2021, there was an increase in the limit of the banking facilities granted by CIMB Bank Berhad to MST Golf Singapore from SGD2.3 million to SGD5.3 million. As such, the personal guarantee amount provided by Ng Yap Sio and Low Kok Poh had also increased accordingly.

- (5) On 17 May 2023, MST Golf Malaysia had received the conditional approval from HSBC Bank Malaysia Berhad to discharge the personal guarantees prior to our Listing by substituting the same with a corporate guarantee from our Company upon our successful Listing. The discharge of the personal guarantees has been completed on 9 June 2023.
- (6) On 4 November 2022, MST Golf Singapore had received the conditional approval of NCI Golf Pte Ltd to discharge the personal guarantee in relation to the lease of the premises by substituting the same with a corporate guarantee from our Company. The discharge of the personal guarantee had been completed on 9 March 2023.
- (7) The advances to MST Golf Malaysia provided by Ng Yap Sio, Low Kok Poh and Ng Lian Chun were on an arm's length basis in view that the interest rates charged by the Directors ranging from 7% to 8% per annum is within the range of interest rates incurred by our Group for bank overdrafts of between 7.35% to 8.49% per annum in FYE 2019. The advances had been fully settled on 22 January 2020 and will not recur after our Listing.
- (8) The advances to MST Golf provided by All Sportz were extended to our Group free of interest. The advances had been fully settled on 22 December 2022 pursuant to the Capitalisation and will not recur after our Listing. Please refer to Section 6.1.2.1 of this Prospectus for further details.

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (9) The advances to MST Golf Malaysia provided by MySports Vietnam were not on an arm's length basis but were not unfavourable to our Group as the interest rates charged by MySports Vietnam ranging from 1.90% to 3.20% per annum is below the range of interest rates incurred by our Group for bank overdrafts of between 7.35% to 8.49% per annum in FYE 2019. The advances had been fully settled on 7 August 2020 and will not recur after our Listing.

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS**10.2.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee assesses the financial risk and matters relating to related party transactions and conflict of interests situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflicts of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length, and are not to the detriment of the interest of our Company's minority shareholders. Among others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions.

Some of our Directors and/or substantial shareholders are also directors and/or shareholders of a related party to our Group, as disclosed in Sections 10.1.1 and 10.1.4 of this Prospectus and/or directors and/or shareholders of companies that are in similar trade to our Group or are customers or suppliers of our Group, as disclosed in Sections 9.2.4, 9.2.5 and 11.1 of this Prospectus. It is the policy of our Group that all related party transactions and conflicts of interest must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders. In respect of our Directors' interest in companies carrying on similar business, our Directors will also be required to abstain from deliberations and voting on resolutions pertaining to matters and/or transactions where a conflict of interest may arise.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and the MCCG upon our Listing. The procedures which may form part of the framework include, among others, the following:

- (i) our Board shall ensure that at least half of our Board members are independent directors and will undertake an annual assessment on our independent non-executive Directors;

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit and Risk Management Committee for evaluation and assessment who would in turn, make a recommendation to our Board.

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11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES WHICH CARRY ON A SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE OUR CUSTOMERS OR SUPPLIERS

Save as disclosed in Section 11.1.1 below, none of our Directors and substantial shareholders have any interest, direct or indirect, in any businesses or corporations that:

- (i) carry on a similar trade as that of our Group; or
- (ii) are customers or suppliers of our Group and their interests in other businesses.

11.1.1 Involvement of our Promoters, Executive Directors and substantial shareholders in businesses or corporations that carry on a similar trade as that of our Group

Low Kok Poh, a promoter, substantial shareholder and the Executive Chairman of our Company and Ng Yap Sio, a promoter, substantial shareholder and an Executive Director/Group Chief Executive Officer of our Company, are both directors and shareholders of MySports Venture, a 40.00%-owned associate company of All Sportz. All Sportz is a direct shareholder of MySports Venture. As at the LPD, the directors of All Sportz are Ng Yap Sio, Low Kok Poh and Ng Lian Chun. Please refer to Section 9.1.2.1 of this Prospectus for the profile of All Sportz.

The directors and shareholders of MySports Venture as at the LPD are set out below:

Directors and shareholders	Nationality/ Country of incorporation	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares	%	No. of ordinary shares	%
All Sportz	Malaysia	200,000	40.00	-	-
Ng Yap Sio ⁽¹⁾	Malaysian	106,700	21.34	200,000 ⁽²⁾	40.00
Low Kok Poh ⁽¹⁾	Malaysian	26,650	5.33	200,000 ⁽³⁾	40.00
Paul Edward Gibbons ⁽¹⁾	British	166,650	33.33	-	-
Total		500,000	100.00		

Notes:

- (1) Directors of MySports Venture.
- (2) Deemed interested by virtue of his 40.00% shareholdings in All Sportz pursuant to Section 8(4) of the Act.
- (3) Deemed interested by virtue of his 20.00% shareholdings in All Sportz pursuant to Section 8(4) of the Act.

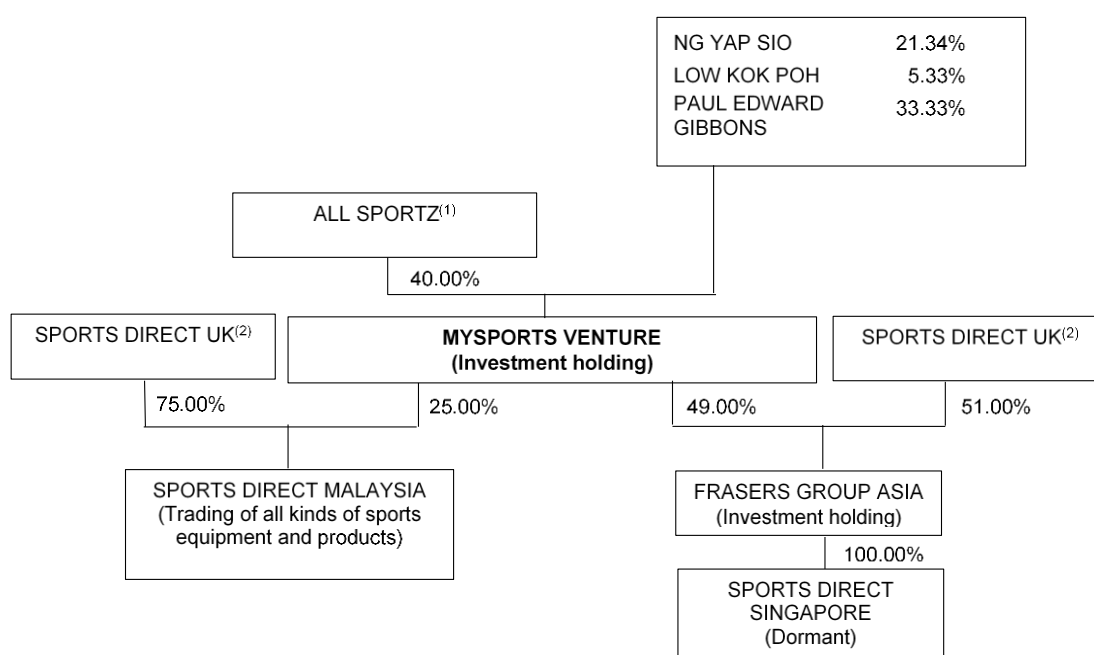
MySports Venture is an investment holding company in shares, and is a 25.00% shareholder of Sports Direct Malaysia and a 49.00% shareholder of Frasers Group Asia respectively.

In May 2023, MySports Venture sold 24.00% of its shareholdings in Sports Direct Malaysia to SportsDirect.com Retail Limited (UK) ("**Sports Direct UK**") via a call option granted by MySports Venture to Sports Direct UK, being the other shareholder of Sports Direct Malaysia. The call option which entitled Sports Direct UK to call upon MySports Venture to sell its 24.00% shareholdings to Sports Direct UK is pursuant to the existing provisions in a shareholders' agreement between MySports Venture and Sports Direct UK in relation to the affairs of Sports Direct Malaysia. This resulted in a change in MySports Venture's shareholdings in Sports Direct Malaysia from 49.00% to 25.00%.

11. CONFLICT OF INTEREST (CONT'D)

As at the LPD, Sports Direct Malaysia is principally involved in the business of trading all kinds of sports equipment and products in Malaysia. Frasers Group Asia is an investment holding company which owns 100.00% of Sports Direct Singapore, a company incorporated in Singapore which is presently dormant as at the LPD. The intended principal business activity for Sports Direct Singapore is the trading of all kinds of sports equipment and products in Singapore. For the context of this Prospectus, the trading activities of Sports Direct Malaysia (presently carried out as at the LPD) and Sports Direct Singapore (intended activity yet to commence as at the LPD) set out above are referred collectively as the **"Malaysia and Singapore Sports Direct Business"**.

The other shareholder of Sports Direct Malaysia and Frasers Group Asia is Sports Direct UK which holds 75.00% and 51.00% shareholdings in Sports Direct Malaysia and Frasers Group Asia respectively. Sports Direct UK is a wholly-owned subsidiary of Frasers Group PLC, a public listed company on the Main Market of the London Stock Exchange. An illustration of the shareholding structure of Sports Direct Malaysia and Sports Direct Singapore as at the LPD is set out below:

**Notes:**

- (1) Ng Yap Sio and Low Kok Poh are also shareholders of All Sportz who holds 40.00% and 20.00% shareholdings respectively in All Sportz and are deemed interested in MySports Venture via their respective shareholdings in All Sportz pursuant to Section 8(4) of the Act.
- (2) Sports Direct UK is a wholly-owned subsidiary of Frasers Group Plc, a public listed company on the Main Market of the London Stock Exchange. Frasers Group Plc is an investment holding company while its subsidiaries are principally involved in retailing of sports and leisure apparel, footwear and equipment through department stores, shops and online; wholesale distribution and sale of sports and leisure apparel, footwear and equipment; production of apparel under its group-owned or licensed brands; and licensing of its group brands. As at 20 September 2022, the shareholders who have an interest in 3.00% or more in the issued share capital of Frasers Group Plc are Mike Ashley (who holds 69% shareholdings via MASH Beta Limited which in turn has 63.46% shareholdings in Frasers Group Plc) and MASH Holdings Limited (which has 5.54% shareholdings in Frasers Group Plc) respectively. (Source: *Frasers Group Plc Annual Report 2022*)

Other than Ng Yap Sio and Low Kok Poh's directorships in MySports Venture, none of our Executive Directors hold any directorships in MySports Venture, Sports Direct UK, Sports Direct Malaysia, Frasers Group Asia and Sports Direct Singapore.

11. CONFLICT OF INTEREST (CONT'D)

Our Directors are of the view that the involvement and interests of our Executive Directors and All Sportz in the Malaysia and Singapore Sports Direct Business (including the change in MySports Venture's shareholdings in Sports Direct Malaysia from 49.00% to 25.00% in May 2023 set out above) would not affect their contribution and performance in our Group. In addition, the Executive Directors' involvement does not give rise to any existing and potential conflict of interest situation due to the following reasons:

- (i) though our Group's business and the Malaysia and Singapore Sports Direct Business include trading of sports equipment and products, our Group's business focus is specialising in the golf sports and this is to be distinguished from the Malaysia and Singapore Sports Direct Business which is not involved in this segment. Please see Section 7.6.5 of this Prospectus for further details of the products that we carry.

Nevertheless, there is an overlap in some of the golf accessories and golf apparel sold by our Group and the Malaysia and Singapore Sports Direct Business. Typically, the pricing of such golf accessories and golf apparel are based on the minimum advertising price recommended by the respective brand owners. The contribution of the similar golf accessories and golf apparel to our Group's revenue for the Financial Years Under Review is set out below:

	<---FYE 2019--->		<---FYE 2020--->		<---FYE 2021--->		<---FYE 2022--->	
	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾	RM'000	% ⁽¹⁾
Total ⁽²⁾	1,871	1.06	1,503	0.88	1,029	0.50	2,133	0.71

Notes:

- (1) Computed based on our Group's revenue for the respective Financial Years Under Review.
- (2) The similar golf accessories and golf apparel comprises headwear, innerwear, belt, socks, towel, arm glove, bag, casual shoes, eyewear and shirts.
- (ii) our Group's main target customers are end-users, corporate customers and resellers of golf equipment comprising golf clubs, golf balls and accessories and golf apparel. MySports Venture is an investment holding company in shares, and does not carry out any trading of sports equipment and products, other than via its involvement as a shareholder in both Sports Direct Malaysia and Frasers Group Asia respectively. As such, MySports Venture does not have any particular main target customers;
- (iii) our Executive Directors and Promoters in particular Ng Yap Sio, Low Kok Poh and Ng Lian Chun are not involved in the day-to-day management of MySports Venture, Frasers Group Asia, Sports Direct Malaysia and Sports Direct Singapore, which may include any deliberation in relation to the transaction with Sports Direct Malaysia, if any and these companies have their own independent and standalone management teams to undertake their respective day-to-day management and operations;
- (iv) All Sportz's, Ng Yap Sio's and Low Kok Poh's involvement in MySports Venture as directors and/or shareholders, and indirectly as shareholders in the Malaysia and Singapore Sports Direct Business is for investment purposes and their role or action is limited to formulating corporate or business strategies in relation to MySports Venture which does not create a conflict with our Group's business or operations;
- (v) Low Kok Poh, Ng Yap Sio and Ng Lian Chun will abstain from deliberation and voting at our Board meetings in relation to transactions with Sports Direct Malaysia, if any; and
- (vi) based on a shareholders' agreement between MySports Venture and Sports Direct UK in relation to the affairs of Sports Direct Malaysia, it is a requirement that both shareholders of Sports Direct Malaysia namely MySports Venture and Sports Direct UK vote and approve any changes to the general nature of business of Sports Direct Malaysia. As such, consequentially if in any event Sports Direct Malaysia intends to venture in golf sports in Malaysia, MySports Venture's affirmative vote and consent is required before Sports Direct Malaysia may proceed to do so.

11. CONFLICT OF INTEREST (CONT'D)

The relevant shareholders' approvals required to be passed at the shareholders level of Sports Direct Malaysia may mitigate the potential conflict of interest situation as our Promoter, All Sportz and our Executive Directors and Promoters, Ng Yap Sio and Low Kok Poh, who are shareholders of MySports Venture would be in a position to procure that MySports Venture votes in a manner that does not create a conflict with our Group's business operations. As at the LPD, no similar agreements between MySports Venture and Sports Direct UK in relation to the intended business of Sports Direct Singapore have been entered into as it is presently dormant.

Upon Listing, the Audit and Risk Management Committee will assess the financial risk and matters relating to any potential conflict of interest situation that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity, to ensure that transactions are carried out on terms that are not detrimental and in the best interest of our Group. Any future dealings with parties in which the Directors and substantial shareholders of our Company have interest, direct or indirect, will be based on established procedures for related party transactions to ensure that they are carried out on an arms' length basis.

Notwithstanding the above, the interests that are held by our Directors and substantial shareholders and the interests that may be held by our Directors and substantial shareholders in the future in other businesses or corporations which are carrying on a similar trade as our Group and/or our customers or suppliers may give rise to a conflict of interest situation with our business. Where such interests give rise to a conflict of interest situation, our Directors and substantial shareholders and persons connected to them shall abstain from deliberating and voting on the resolutions relating to these matters or transactions that require the approval of our shareholders in respect of their direct or indirect interest. Such transactions will be carried out on arm's length basis and on normal commercial terms.

11.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

11.2.1 Declaration by RHB Investment Bank

RHB Investment Bank, our Principal Adviser, Sole Underwriter and Sole Placement Agent, and its related and associated companies ("**RHB Banking Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the RHB Banking Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our Directors, our shareholders and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the RHB Banking Group generally acting independently of each other, and accordingly, there may be situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the RHB Banking Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions. The related companies of RHB Investment Bank may also subscribe for our IPO Shares to be offered under the Institutional Offering.

11. CONFLICT OF INTEREST (CONT'D)

Notwithstanding the above, RHB Investment Bank is of the view that the abovementioned does not give rise to a conflict of interest situation in its capacity as the Principal Adviser, Sole Underwriter and Sole Placement Agent for our IPO due to the following reasons:

- (i) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser, Sole Underwriter and Sole Placement Agent is in the ordinary course of its business. RHB Investment Bank does not receive or derive any financial interest or benefit save for the professional fees, underwriting commission and placement fees received in relation to the aforesaid appointment;
- (ii) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (iii) the conduct of the RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, Islamic Financial Services Act 2013, CMSA and the RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

As at the LPD, the RHB Banking Group has not extended any credit facility to our Group.

RHB Investment Bank confirms that there is no conflict of interest situation in its capacity as the Principal Adviser, Sole Underwriter and Sole Placement Agent for our IPO.

11.2.2 Declaration by Cheang & Ariff

Cheang & Ariff confirms that there is no conflict of interest in its capacity as the Legal Adviser to our Company as to Malaysian law in relation to our IPO.

11.2.3 Declaration by Infinitus Law Corporation

Infinitus Law Corporation confirms that there is no conflict of interest in its capacity as the Legal Adviser to our Company as to Singaporean law in relation to our IPO.

11.2.4 Declaration by Grant Thornton Malaysia PLT

Grant Thornton Malaysia PLT confirms that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants to our Company in relation to our IPO.

11.2.5 Declaration by Grant Thornton Taxation Sdn Bhd

Grant Thornton Taxation Sdn Bhd confirms that there is no conflict of interest in its capacity as the Tax Advisers to our Company in relation to our IPO.

11.2.6 Declaration by Vital Factor

Vital Factor confirms that there is no conflict of interest in its capacity as the Independent Business and Market Research Consultants to our Company in relation to our IPO.

11.2.7 Declaration by Sterling Business Alignment Consulting Sdn Bhd

Sterling Business Alignment Consulting Sdn Bhd confirms that there is no conflict of interest in its capacity as the Governance, Risk and Internal Control Consultant to our Company in relation to our IPO.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The historical consolidated financial information for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 presented below have been extracted from the audited consolidated financial statements contained in the Accountants' Report included in Section 13 of this Prospectus.

The following historical consolidated financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operation as set out in Section 12.3 of this Prospectus and the Accountants' Report, together with its related notes and assumptions as set out in Section 13 of this Prospectus. Our financial statements have been prepared in accordance with the MFRS and IFRS.

12.1.1 Historical consolidated statements of profit or loss and other comprehensive income

The following table sets out the consolidated statements of profit or loss and other comprehensive income of our Group based on our audited consolidated financial statements for the Financial Years Under Review:

	<-----Audited----->			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Revenue	175,950	170,152	206,519	300,875
Cost of sales	(105,224)	(100,695)	(122,488)	(171,680)
GP	70,726	69,457	84,031	129,195
Other income	3,530	4,591	5,003	2,933
Net allowance of expected credit loss on receivables	-	(2)	2	-
Administrative and other expenses	(48,784)	(47,008)	(52,010)	(78,270)
Selling and distribution expenses	(8,427)	(6,069)	(8,107)	(10,852)
Profit from operation	17,045	20,969	28,919	43,006
Finance income	-	62	159	7
Finance costs	(3,557)	(2,727)	(2,819)	(4,173)
PBT	13,488	18,304	26,259	38,840
Tax expense	(3,272)	(4,615)	(6,167)	(9,725)
PAT	10,216	13,689	20,092	29,115
Other comprehensive income/(loss)				
• Foreign currency translation	99	(22)	383	2,276
Total comprehensive income for the financial years	10,315	13,667	20,475	31,391
Profit for the financial years/periods attributable to:				
• Owners of the Company	9,350	12,877	18,013	26,652
• Non-controlling interests	866	812	2,079	2,463
	10,216	13,689	20,092	29,115

12. FINANCIAL INFORMATION (CONT'D)

	<-----Audited----->			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Total comprehensive income attributable to:				
• Owners of the Company	9,428	12,858	18,301	28,478
• Non-controlling interests	887	809	2,174	2,913
	10,315	13,667	20,475	31,391
EBITDA (RM'000) ⁽¹⁾	25,887	30,491	38,904	57,775
GP margin ⁽²⁾ (%)	40.20	40.82	40.69	42.94
EBITDA margin ⁽³⁾ (%)	14.71	17.92	18.84	19.20
PBT margin ⁽⁴⁾ (%)	7.67	10.76	12.72	12.91
PAT margin ⁽⁵⁾ (%)	5.81	8.05	9.73	9.68
Number of Shares in issue after our IPO ('000)	820,869	820,869	820,869	820,869
Basic EPS ⁽⁶⁾ (sen)	1.14	1.57	2.19	3.25

Notes:

- (1) EBITDA represents earnings before net finance cost, taxation, depreciation and amortisation and is computed as follows:

	<-----Audited----->			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
PBT	13,488	18,304	26,259	38,840
Adjusted for:				
Finance cost	3,557	2,727	2,819	4,173
Finance income	-	(62)	(159)	(7)
Depreciation of plant, property and equipment	3,131	3,372	3,593	5,934
Depreciation of right-of-use assets	5,711	6,150	6,392	8,835
EBITDA	25,887	30,491	38,904	57,775

- (2) Computed as GP divided by revenue.
- (3) Computed as EBITDA divided by revenue.
- (4) Computed as PBT divided by revenue.
- (5) Computed as PAT divided by revenue.
- (6) Prior to the Pre-IPO Reorganisation Exercise, the issued share capital of our Company was only 100,000 ordinary shares. Hence, the historical basic EPS computed based on this figure would not be reflective of our Company's financial position after the IPO. As such, the historical basic EPS over the Financial Years Under Review is computed as PATMI divided by our enlarged number of issued Shares of 820,868,600 Shares after our IPO as it provides a better reflection of our Group's current financial position.

12. FINANCIAL INFORMATION (CONT'D)**12.1.2 Historical consolidated statements of financial position**

The following table sets out the summary of the consolidated statements of financial position of our Group based on our audited consolidated financial statements for the Financial Years Under Review:

	<-----Audited----->			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Non-current assets	51,326	48,632	51,883	92,142
Current assets	78,460	99,910	125,905	166,943
Total assets	129,786	148,542	177,788	259,085
Share capital	100	100	100	39,836
Foreign exchange reserve	1,067	1,048	1,336	3,163
Retained earnings	18,517	31,394	35,907	52,972
Equity attributable to owners of the Company/NA	19,684	32,542	37,343	95,971
Non-controlling interests	4,963	5,652	7,736	-
Total equity	24,647	38,194	45,079	95,971
Non-current liabilities	31,949	32,229	33,109	55,010
Current liabilities	73,190	78,119	99,600	108,104
Total liabilities	105,139	110,348	132,709	163,114
Total equity and liabilities	129,786	148,542	177,788	259,085

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12. FINANCIAL INFORMATION (CONT'D)**12.2 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our capitalisation and indebtedness as at 30 April 2023, and after adjusting for the Public Issue and the utilisation of proceeds as set out in Section 4.6 of this Prospectus. The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 30 April 2023 and is provided for illustration purposes only.

	Unaudited as at 30 April 2023 RM'000	After the Public Issue and utilisation of proceeds RM'000
Indebtedness		
Current		
<u>Secured and guaranteed</u>		
Term loans	3,349	3,349
Bankers' acceptance	25,869	25,869
Bank overdrafts	10,495	10,495
Trust receipts	4,052	4,052
Revolving loan	3,335	3,335
Invoice financing	4,351	4,351
<u>Not secured and not guaranteed</u>		
Lease liabilities	11,554	11,554
Non-current		
<u>Secured and guaranteed</u>		
Term loans	18,552	18,552
<u>Not secured and not guaranteed</u>		
Lease liabilities	39,767	39,767
Total indebtedness	121,324	121,324
Total shareholders' equity/capitalisation	106,324	228,888
Total capitalisation and indebtedness	227,648	350,212
Gearing ratio (times) ⁽¹⁾	1.14	0.53

Note:

- (1) Computed based on total indebtedness divided by total shareholders' equity/capitalisation.

12. FINANCIAL INFORMATION (CONT'D)**12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following management's discussion and analysis of our Group's financial condition and results of operations for the Financial Years Under Review should be read in conjunction with the consolidated financial statements of our Group and the accompanying notes as set out in the Accountants' Report included in Section 13 of this Prospectus.

There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in. For further details on the accounting policies of our Group, see Note 4 of the Accountants' Report set out in Section 13 of this Prospectus.

12.3.1 Review of operations

We are a specialty retailer and wholesaler of golf equipment comprising golf clubs, golf balls and accessories and golf apparel in Malaysia and Singapore. Our revenue stream is mainly derived from the sales of golf equipment including retail sales and wholesale. Revenue from the retail and wholesale segments are recognised at a point in time when control of goods is transferred to the customers.

We offer golf related services including providing golf coaching, rental of golf equipment mainly golf clubs and golf accessories at our pro shops at the golf and country clubs and supply of range balls for use at the driving range that we operate, as well as event management and planning mainly for golf tournament-related events. In February 2022, we commenced the operation of our first indoor golf centre located at The Gardens Mall, Kuala Lumpur. Further, in August 2022, we opened our second indoor golf centre located at The Tropicana Garden Mall, Selangor. Revenue from golf related services and indoor golf centre segments are recognised when services are rendered. Please refer to Section 7 of this Prospectus for further information on our business activities.

We have operations in Malaysia and Singapore. The products and services provided by MST Golf Malaysia, MST Golf Arena and MST Golf Management to our customers in Malaysia are denominated in RM. The products and services provided by MST Golf Singapore to our customers in Singapore are denominated in SGD, while products exported to foreign countries are mainly denominated in SGD. The functional currency translated in MST Golf Singapore's accounting system and financial statements are denominated in SGD.

The foreign currency exchange rates used in our Group's consolidated financial statements for conversion of values denominated in SGD to RM are summarised in the following table:

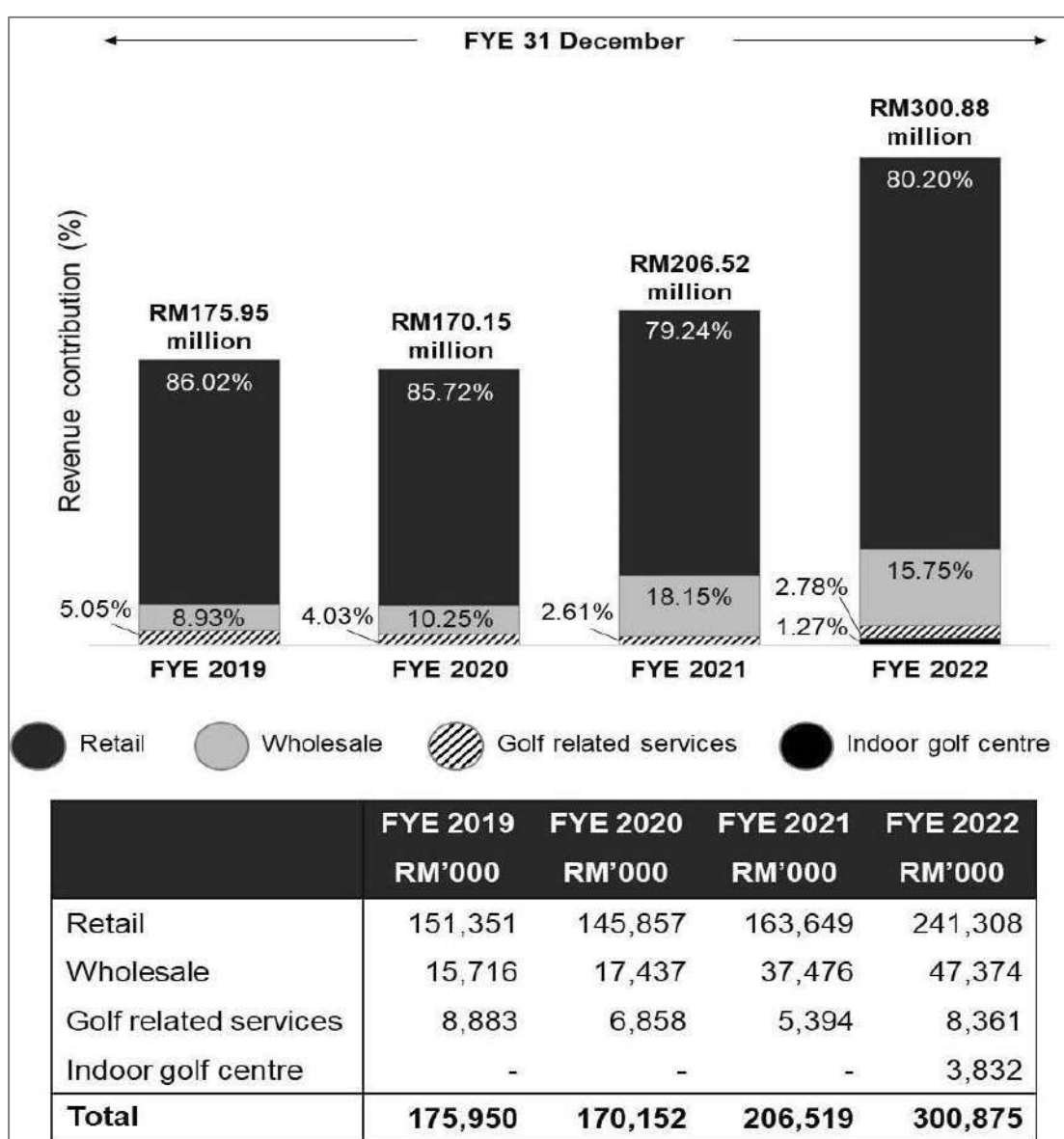
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Average exchange rate relative to SGD1.00 ⁽¹⁾	RM3.0384	RM3.0404	RM3.0625	RM3.1797
Change in the value of RM relative to SGD compared to the previous FYE*	-	0.07%	0.73%	3.83%
Closing exchange rate relative to SGD1.00 ⁽²⁾	RM3.0412	RM3.0396	RM3.0853	RM3.2740
Change in the value of RM relative to SGD compared to the previous FYE*	-	(0.05%)	1.50%	6.12%

12. FINANCIAL INFORMATION (CONT'D)**Notes:**

- * A positive change in value indicates that the value of the RM depreciated relative to the SGD, while a negative change in value indicates that the value of the RM appreciated relative to the SGD.
- (1) Average exchange rate used for consolidated statements of profit or loss and other comprehensive income.
- (2) Closing exchange rate used for consolidated statements of financial position and cash flow.

Please refer to Note 4.3 of the Accountants' Report set out in Section 13 of this Prospectus for further details of the exchange rates used.

Between FYE 2019 and FYE 2022, our revenue increased at a CAGR of 19.58%, from RM175.95 million in FYE 2019 to RM300.88 million in FYE 2022.



12. FINANCIAL INFORMATION (CONT'D)

Our revenue was mainly derived from retail sales which accounted for 86.02%, 85.72%, 79.24% and 80.20% of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. Meanwhile revenue from wholesale segment accounted for 8.93%, 10.25%, 18.15% and 15.75% of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. For the Financial Years Under Review, the revenue from our retail and wholesale segments were mainly derived from the sales of golf equipment comprising golf clubs, golf balls and accessories and golf apparel.

Revenue from golf related services accounted for 5.05%, 4.03%, 2.61% and 2.78% of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. These were mainly derived from provision of golf coaching, rental of golf equipment mainly golf clubs and golf accessories at our pro shops at the golf and country clubs and supply of range balls for use at the driving range that we operate, as well as event management and planning mainly for golf tournament-related events. For FYE 2022, we also derived revenue from the operation of our first indoor golf centre which accounted for 1.27% of our total revenue for FYE 2022. Please refer to Section 12.3.1(i) of this Prospectus for further details of the revenue analysis.

Our revenue was mainly derived from sales to customers in Malaysia and Singapore. We also derived revenue from sales made to various countries mainly to Indonesia. Please refer to Sections 7.3.3 and 12.3.1(i) of this Prospectus for further details of our revenue by business operations and geographical markets.

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12. FINANCIAL INFORMATION (CONT'D)**(i) Revenue****(a) Revenue by business activities, type of products and services and sales format**

Our revenue by business activities, type of products and services and retail format for the Financial Years Under Review are set out below:

Business activities	<--FYE 2019-->		<--FYE 2020-->		<--FYE 2021-->		<--FYE 2022-->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Retail	151,351	86.02	145,857	85.72	163,649	79.24	241,308	80.20
• Golf clubs ⁽¹⁾	64,674	36.76	69,382	40.78	79,348	38.42	107,807	35.83
• Golf balls and accessories ⁽²⁾	50,577	28.74	47,288	27.79	50,426	24.42	75,951	25.24
• Golf apparel ⁽³⁾	36,100	20.52	29,187	17.15	33,875	16.40	57,550	19.13
Wholesale	15,716	8.93	17,437	10.25	37,476	18.15	47,374	15.75
• Golf clubs ⁽¹⁾	10,722	6.09	12,882	7.57	28,968	14.03	34,184	11.36
• Golf balls and accessories ⁽²⁾	2,791	1.59	3,617	2.13	5,393	2.61	9,343	3.11
• Golf apparel ⁽³⁾	2,203	1.25	938	0.55	3,115	1.51	3,847	1.28
Golf related services⁽⁴⁾	8,883	5.05	6,858	4.03	5,394	2.61	8,361	2.78
Indoor golf centre	-	-	-	-	-	-	3,832	1.27
Total revenue	175,950	100.00	170,152	100.00	206,519	100.00	300,875	100.00
Products and services	<--FYE 2019-->		<--FYE 2020-->		<--FYE 2021-->		<--FYE 2022-->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Golf clubs ⁽¹⁾	75,396	42.85	82,264	48.35	108,316	52.45	141,991	47.19
Golf balls and accessories ⁽²⁾	53,368	30.33	50,905	29.92	55,819	27.03	85,294	28.35
Golf apparel ⁽³⁾	38,303	21.77	30,125	17.70	36,990	17.91	61,397	20.41
Golf related services ⁽⁴⁾	8,883	5.05	6,858	4.03	5,394	2.61	8,361	2.78
Indoor golf centre	-	-	-	-	-	-	3,832	1.27
Total revenue	175,950	100.00	170,152	100.00	206,519	100.00	300,875	100.00

Notes:

- (1) Including individual golf clubs and golf package sets with multiple clubs.
- (2) Including golf footwear, gloves, tees, bags, trolleys, GPS, umbrellas, towels and markers.
- (3) Including shirts, shorts, pants, headwear, belt, outerwear, arm gloves, socks, towels, sunglasses and compression wear.

12. FINANCIAL INFORMATION (CONT'D)

- (4) Including golf coaching, rental of golf equipment mainly golf clubs and golf accessories at our pro shops at the golf and country clubs and supply of range balls for use at driving range we operate, event management and planning services mainly for golf tournament-related events and repair services.

Sales format	<--FYE 2019-->		<--FYE 2020-->		<--FYE 2021-->		<--FYE 2022-->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Retail	151,351	86.02	145,857	85.72	163,649	79.24	241,308	80.20
<i>Malaysia operation</i>	110,738	62.94	118,664	69.74	113,807	55.11	182,355	60.61
• <i>Specialty stores</i>	84,376	47.96	96,585	56.76	90,988	44.06	146,325	48.63
• <i>Pro shops</i>	15,976	9.08	16,605	9.76	14,396	6.97	23,766	7.90
• <i>Departmental counters</i>	640	0.36	-	-	-	-	-	-
• <i>Online platform</i>	544	0.31	1,743	1.03	3,323	1.61	2,339	0.78
• <i>Corporate sales</i>	8,638	4.91	3,660	2.15	5,017	2.43	9,554	3.18
• <i>Others⁽¹⁾</i>	564	0.32	71	0.04	83	0.04	371	0.12
<i>Singapore operation</i>	40,613	23.08	27,193	15.98	49,842	24.13	58,953	19.59
• <i>Specialty stores</i>	19,614	11.15	12,808	7.53	24,146	11.69	37,226	12.37
• <i>Pro shops</i>	9,356	5.32	6,170	3.63	10,492	5.08	7,246	2.41
• <i>Departmental counters</i>	6,230	3.54	4,905	2.88	11,162	5.40	11,356	3.77
• <i>Corporate sales</i>	5,413	3.07	3,310	1.94	4,042	1.96	3,125	1.04
Wholesale	15,716	8.93	17,437	10.25	37,476	18.15	47,374	15.75
Golf related services⁽²⁾	8,883	5.05	6,858	4.03	5,394	2.61	8,361	2.78
Indoor golf centre	-	-	-	-	-	-	3,832	1.27
Total revenue	175,950	100.00	170,152	100.00	206,519	100.00	300,875	100.00

Notes:

- (1) Including sales of golf equipment during our golf festival "GolFest", warehouse sales at MST Golf Plaza, golf tournaments and golf pop-up counters at shopping malls.
- (2) Including golf coaching, rental of golf equipment mainly golf clubs and golf accessories at our pro shops at the golf and country clubs and supply of range balls for use at driving range we operate, event management and planning services mainly for golf tournament-related events and repair services.

12. FINANCIAL INFORMATION (CONT'D)**(b) Revenue by business operations and geographical markets**

Our revenue by business operations and geographical markets for the Financial Years Under Review are set out below:

Business operations	<--FYE 2019-->		<--FYE 2020-->		<--FYE 2021-->		<--FYE 2022-->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia operations	120,390	68.42	127,391	74.87	122,111	59.13	200,112	66.51
• Retail	110,738	62.94	118,664	69.74	113,807	55.11	182,355	60.61
• Wholesale	2,256	1.28	3,144	1.85	3,988	1.93	5,738	1.91
• Golf related services	7,396	4.20	5,583	3.28	4,316	2.09	8,187	2.72
• Indoor golf centres	-	-	-	-	-	-	3,832	1.27
Singapore operations	55,560	31.58	42,761	25.13	84,408	40.87	100,763	33.49
• Retail	40,613	23.08	27,193	15.98	49,842	24.13	58,953	19.59
• Wholesale	13,460	7.65	14,293	8.40	33,488	16.22	41,636	13.84
• Golf related services	1,487	0.85	1,275	0.75	1,078	0.52	174	0.06
Total revenue	175,950	100.00	170,152	100.00	206,519	100.00	300,875	100.00
Geographical market	<--FYE 2019-->		<--FYE 2020-->		<--FYE 2021-->		<--FYE 2022-->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	119,315	67.81	126,506	74.35	120,974	58.58	199,476	66.30
Singapore	45,482	25.85	32,746	19.25	55,951	27.09	69,071	22.96
Other foreign countries ⁽¹⁾	11,153	6.34	10,900	6.40	29,594	14.33	32,328	10.74
Total revenue	175,950	100.00	170,152	100.00	206,519	100.00	300,875	100.00

Note:

- (1) Refers to sales to resellers in other foreign countries, mainly Indonesia which accounted for 4.60%, 3.89% 12.29% and 10.33% of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. The remaining foreign countries include Japan, South Korea, Thailand, Philippines, Myanmar, India, Hong Kong, Cambodia, Italy, Vietnam, USA, UK, Belgium, Brunei, Dubai, United Arab Emirates, Taiwan, China, Austria, Australia, France, Portugal, Switzerland, Spain, New Zealand, Canada, South Africa, Germany, Sri Lanka and Netherlands.

12. FINANCIAL INFORMATION (CONT'D)**(c) Same store sales growth**

Our same store sales growth for the Financial Years Under Review are set out below:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	Between FYE 2019 and FYE 2022
Malaysia operation					
Same store sales growth⁽¹⁾	(2.87%)	4.93%	(6.82%)	34.81%	24.84%
• Specialty stores	(1.96%)	2.78%	(0.53%)	36.28%	30.64%
- <i>Standalone buildings</i>	(3.75%)	7.24%	(5.39%)	30.60%	32.51%
- <i>Shopping malls</i>	2.36%	(1.40%)	3.54%	44.56%	30.48%
- <i>Commercial buildings/shop lots</i>	(7.54%)	2.44%	(2.22%)	27.11%	27.32%
• Pro shops	(4.39%)	8.52%	(18.62%)	31.78%	16.12%
Number of stores included in the calculation ⁽²⁾	22	26	27	27	24
Singapore operation					
Same store sales growth⁽¹⁾	21.85%	(30.36%)	82.07%	29.20%	69.98%
• Specialty stores	37.16%	(34.88%)	95.50%	37.54%	75.12%
- <i>Shopping malls</i>	37.16%	(34.88%)	95.50%	37.54%	75.12%
• Pro shops	5.60%	(27.66%)	27.42%	22.95%	8.19%
• Departmental stores	8.76%	(21.28%)	127.58%	14.19%	104.59%
Number of stores included in the calculation ⁽²⁾	6	7	7	5	5
Malaysia and Singapore					
Same store sales growth⁽¹⁾	3.17%	(4.38%)	8.81%	33.22%	36.03%
• Specialty stores	6.06%	(6.06%)	12.98%	36.61%	41.93%
- <i>Standalone buildings</i>	(3.75%)	7.24%	(5.39%)	30.60%	32.51%
- <i>Shopping malls</i>	15.00%	(15.90%)	26.84%	41.49%	52.89%
- <i>Commercial buildings/shop lots</i>	(7.54%)	2.44%	(2.22%)	27.11%	27.32%
• Pro shops	(2.10%)	0.81%	(11.58%)	30.72%	15.14%
• Departmental stores	8.76%	(21.28%)	127.58%	14.19%	104.59%
Number of stores included in the calculation ⁽²⁾	28	33	34	32	29

Notes:

- (1) The same store sales growth of the Group's retail outlets for each financial year is calculated by dividing (a) revenue generated by the Group's retail outlets that are in operation and excluding retail outlets that were permanently closed and/or relocated during that period after deducting the revenue generated by those same retail outlets during the corresponding period of the same duration in the immediate preceding year, by (b) the revenue generated by those same retail outlets during the period of the same duration in the immediate preceding year.

12. FINANCIAL INFORMATION (CONT'D)

- (2) The same store sales growth for 12-month period is calculated based on stores which have been in operation for at least 12 months during the respective financial year and the corresponding period in prior financial year.

The same store sales growth between FYE 2019 and FYE 2022 is based on stores which have been in operations for at least 12 months during FYE 2019 and FYE 2022.

The table below sets out the net change in the number of retail outlets for the Financial Years Under Review:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
No. of retail outlets at the beginning of the year	36	35	36	37
• <i>Specialty stores</i>	16	18	18	17
• <i>Pro shops</i>	16	15	16	18
• <i>Departmental stores</i>	4	2	2	2
No. of new retail outlets opened during the year	2	1	2	9
• <i>Specialty stores</i>	2	-	-	7
• <i>Pro shops</i>	-	1	2	2
• <i>Departmental stores</i>	-	-	-	-
No. of retail outlets closed during the year	3	-	1	3
• <i>Specialty stores</i>	-	-	1	2
• <i>Pro shops</i>	1	-	-	1
• <i>Departmental stores</i>	2	-	-	-
No. of retail outlets at the end of the year	35	36	37	43
• <i>Specialty stores</i>	18	18	17	22
• <i>Pro shops</i>	15	16	18	19
• <i>Departmental stores</i>	2	2	2	2

FYE 2020 compared to FYE 2019

Our revenue decreased by RM5.80 million or 3.30% from RM175.95 million in FYE 2019 to RM170.15 million in FYE 2020. This was mainly due to the decrease in revenue from our retail segment.

Retail segment

Our revenue from the retail segment declined by RM5.49 million or 3.63% from RM151.35 million in FYE 2019 to RM145.86 million in FYE 2020. The decrease was mainly due to the decrease in retail sales of golf equipment in our Singapore operations by RM13.42 million or 33.04% to RM27.19 million in FYE 2020 (FYE 2019: RM40.61 million) mainly attributed to the lower retail sales of the following golf equipment in Singapore operations:

- retail sales of golf clubs decreased by RM6.75 million to RM15.30 million in FYE 2020 (FYE 2019: RM22.05 million);

12. FINANCIAL INFORMATION (CONT'D)

- retail sales of golf balls and accessories decreased by RM3.75 million to RM7.68 million in FYE 2020 (FYE 2019: RM11.43 million); and
- retail sales of golf apparel decreased by RM2.91 million to RM4.22 million in FYE 2020 (FYE 2019: RM7.13 million).

The decrease was mainly impacted by the COVID-19 pandemic as our retail outlets were temporarily closed for 73 days due to the implementation of the Circuit Breaker Measures by the Singapore government. Subsequently, our sales picked up following the gradual resumption of economic activities in June 2020. However, the overall sales for the FYE 2020 from our retail sales for Singapore operations were still lower than the FYE 2019, as reflected in the decrease of 30.36% in our same store sales growth for our retail outlets in Singapore.

The decrease in revenue from the retail segment was partially offset by the increase in retail sales including higher sales through our online platform from our Malaysian operations by RM7.93 million or 7.16% to RM118.66 million in FYE 2020 (FYE 2019: RM110.74 million). This was mainly arising from the following golf equipment in Malaysia operations:

- retail sales of golf clubs increased by RM11.46 million to RM54.08 million in FYE 2020 (FYE 2019: RM42.62 million) mainly attributed to our higher sales at our retail outlets in Malaysia;
- retail sales of golf balls and accessories increased by RM0.46 million to RM39.61 million in FYE 2020 (FYE 2019: RM39.15 million) mainly attributed to our higher sales at our retail outlets in Malaysia; and
- the increase was partially offset by the decrease in retail sales of golf apparel which decreased by RM4.00 million to RM24.97 million in FYE 2020 (FYE 2019: RM28.97 million).

Despite the temporary closures of our retail outlets in Malaysia for 47 days during the first MCO period, our sales picked up subsequently following the implementation of CMCO where we reopened our retail outlets as reflected in an increase of 4.93% in the same store sales growth for our retail outlets in Malaysia.

Wholesale segment

The revenue from the wholesale segment increased by RM1.72 million or 10.95% from RM15.72 million in FYE 2019 to RM17.44 million in FYE 2020. This was mainly attributed to the increase in sales of golf clubs mainly to retailers in other foreign countries. This was mainly contributed by the increase in sales to retailers in South Korea arising from higher orders placed by customers which was reflected in the increase in revenue of RM1.30 million or 506.61% in FYE 2020.

Golf related services

The revenue from golf related services decreased by RM2.03 million or 22.80% from RM8.88 million in FYE 2019 to RM6.86 million in FYE 2020. This was mainly due to the decrease of RM2.37 million in revenue from the provision of event management and planning services and also decrease in revenue by RM0.68 million from the rental of golf equipment mainly golf clubs and golf accessories as well as supply of range balls for use at the driving range we operate, which was impacted by the COVID-19 pandemic in Malaysia. The decrease was partially offset by the increase of RM1.14 million in revenue from the provision of golf coaching due to higher demand for golf lessons following the implementation of the CMCO in 2020 where golf was one of the sports permitted to be played.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2021 compared to FYE 2020**

Our revenue increased by RM36.37 million or 21.37% from RM170.15 million in FYE 2020 to RM206.52 million in FYE 2021. This was mainly attributed to the increase in revenue from our retail and wholesale segments.

Retail segment

Our revenue from the retail segment increased by RM17.79 million or 12.20% from RM145.86 million in FYE 2020 to RM163.65 million in FYE 2021. This was mainly contributed by the increase in retail sales of golf equipment in our Singapore operations, by RM22.65 million or 83.29% to RM49.84 million in FYE 2021 (FYE 2020: RM27.19 million) which was contributed by higher sales of the following golf equipment in Singapore operations:

- retail sales of golf clubs increased by RM12.39 million to RM27.69 million in FYE 2021 (FYE 2020: RM15.30 million);
- retail sales of golf balls and accessories increased by RM5.79 million to RM13.47 million in FYE 2021 (FYE 2020: RM7.68 million); and
- retail sales of golf apparel increased by RM4.46 million to RM8.68 million in FYE 2021 (FYE 2020: RM4.22 million).

The sales in Singapore operations subsequently picked up following the resumption of economic activities in June 2020 after the circuit breaker period. This was reflected in the increase of 82.07% in our same store sales growth for our retail outlets in Singapore in FYE 2021. The revenue growth was also partly attributed to the appreciation in value of the SGD relative to the RM as reflected in the increase of 0.73% in the average exchange rate of RM relative to SGD in FYE 2021 of RM3.0625 as compared to FYE 2020 of RM3.0404.

The increase was partially moderated by the decrease in retail sales by RM4.86 million or 4.09% to RM113.81 million in FYE 2021 (FYE 2020: RM118.66 million) from our Malaysia operations. This was due to the lower retail sales of the following golf equipment in Malaysia operations:

- retail sales of golf clubs decreased by RM2.42 million to RM51.66 million in FYE 2021 (FYE 2020: RM54.08 million); and
- retail sales of golf balls and accessories decreased by RM2.65 million to RM36.96 million in FYE 2021 (FYE 2020: RM39.61 million).

This was arising from temporary closures of our retail operations due to imposition of the MCO, EMCO and FMCO in various periods in 2021. Our retail outlets were temporarily closed for approximately 60 days across the said periods. Please refer to Section 7.14 of this Prospectus for further details of the impact of MCO on our business operations and financial performance. The decrease in sales was reflected in the decrease of 6.82% in the same store sales growth for our retail outlets in Malaysia in FYE 2021.

12. FINANCIAL INFORMATION (CONT'D)**Wholesale segment**

The revenue from wholesale segment increased by RM20.04 million or 114.92% from RM17.44 million in FYE 2020 to RM37.48 million in FYE 2021. This was mainly attributed to the increase in sales of golf equipment mainly golf clubs to retailers in other foreign countries which was reflected in the increase of RM18.70 million or 171.50% in FYE 2021. This was mainly attributed to the increase in sales to Indonesia as we secured the agreement for the distribution of Supplier A's brand of golf equipment in the Indonesia market.

Golf related services

The revenue from golf related services decreased by RM1.46 million or 21.35% from RM6.86 million in FYE 2020 to RM5.39 million in FYE 2021. This was mainly attributed to the decrease in revenue of RM0.65 million from golf coaching and decrease in revenue of RM0.47 million from the rental of golf equipment mainly golf clubs and golf accessories at our pro shops at the golf and country clubs as well as the supply of range balls for use at driving range we operate. This was mainly impacted by the temporary closures during the various MCO periods in Malaysia.

FYE 2022 compared to FYE 2021

Our revenue increased by RM94.36 million or 45.69% to RM300.88 million in FYE 2022 as compared to RM206.52 million in FYE 2021. This was mainly attributed to the increase in revenue from our retail and wholesale segments.

Retail segment

Our revenue from the retail segment increased by RM77.66 million or 47.45% to RM241.31 million in FYE 2022 as compared to RM163.65 million in FYE 2021. This was mainly attributed to the increase in the retail sales of golf equipment from our Malaysia operations by RM68.55 million or 60.23% to RM182.36 million in FYE 2022 (FYE 2021: RM113.81 million) including:

- increase in retail sales of golf clubs by RM22.95 million to RM74.61 million in FYE 2022 (FYE 2021: RM51.66 million) mainly attributed to higher sales at our retail outlets in Malaysia;
- increase in retail sales golf balls and accessories by RM24.04 million to RM60.99 million in FYE 2022 (FYE 2021: RM36.96 million) mainly attributed to higher sales at our retail outlets in Malaysia; and
- increase in retail sales of golf apparel by RM21.56 million to RM46.76 million in FYE 2022 (FYE 2021: RM25.19 million) mainly attributed to higher sales at our retail outlets in Malaysia.

The higher sales of retail segment from Malaysia operations was reflected in the increase of 34.81% in our same store sales growth for our retail outlets in Malaysia in FYE 2022 as well as sales of golf equipment from the new retail outlets opened in FYE 2022 which includes 5 specialty stores as well as 2 pro shops.

The increase was also partly contributed by the increase in the retail sales of golf equipment from our Singapore operations by RM9.11 million or 18.28% to RM58.95 million in FYE 2022 (FYE 2021: RM49.84 million), including:

- increase in retail sales of golf clubs by RM5.51 million to RM33.20 million in FYE 2022 (FYE 2021: RM27.69 million) mainly attributed to higher sales at our retail outlets in Singapore;

12. FINANCIAL INFORMATION (CONT'D)

- increase in retail sales golf balls and accessories by RM1.49 million to RM14.96 million in FYE 2022 (FYE 2021: RM13.47 million) mainly attributed to higher sales at our retail outlets in Singapore; and
- increase in retail sales of golf apparel by RM2.11 million to RM10.79 million in FYE 2022 (FYE 2021: RM8.68 million) mainly attributed to higher sales at our retail outlets in Singapore.

The higher sales of our retail segment from Singapore operations was contributed by higher sales of golf equipment from our existing specialty store at Suntec City as well as sales of golf equipment from the 2 new specialty stores opened at City Square and Scotts Square in FYE 2022. The revenue growth was also partly attributed to the appreciation in value of the SGD relative to the RM as reflected in the increase of 3.83% in the average exchange rate of RM relative to the SGD in FYE 2022 of RM3.1797 as compared to FYE 2021 of RM3.0625.

The same store sales growth for our retail outlets in Singapore was 29.20% in FYE 2022 which was lower compared to 82.07% in FYE 2021. In FYE 2021, the same store sales growth was high mainly because retail sales picked up following the resumption of economic activities in June 2020 after the circuit breaker period where our retail outlets were temporarily closed for 73 days in FYE 2020.

Wholesale segment

The revenue from wholesale segment increased by RM9.90 million or 26.41% to RM47.37 million in FYE 2022 as compared to RM37.48 million in FYE 2021. This was mainly attributed to the increase in sales of golf equipment including golf clubs, golf balls and accessories and golf apparel mainly to retailers in Indonesia arising from higher orders placed by customers.

Golf related services

The revenue from golf related services increased by RM2.97 million or 55.01% to RM8.36 million in FYE 2022 as compared to RM5.39 million in FYE 2021. This was mainly due to the increase of RM1.86 million in revenue from the provision of event management and planning services as well as increase of RM1.21 million in revenue from the provision of golf coaching arising from a higher demand for golf lessons where more lessons were carried out during the FYE 2022 in Malaysia.

Indoor golf centre

In February 2022 and August 2022, we commenced the operation of our first and second indoor golf centres located at The Gardens Mall in Kuala Lumpur and Tropicana Gardens Mall in Selangor respectively. The revenue from the operation of these indoor golf centres was RM3.83 million in FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)**(ii) Cost of sales****(a) Cost of sales by components**

Our cost of sales by components for the Financial Years Under Review are set out below:

	<--FYE 2019-->		<--FYE 2020-->		<--FYE 2021-->		<--FYE 2022-->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Product costs*	101,926	96.86	98,599	97.92	120,529	98.40	167,699	97.67
• <i>Golf clubs</i> ⁽¹⁾	48,182	45.79	50,939	50.59	67,222	54.88	86,913	50.62
• <i>Golf balls and accessories</i> ⁽²⁾	32,538	30.92	31,110	30.89	32,993	26.94	50,942	29.67
• <i>Golf apparel</i> ⁽³⁾	21,206	20.15	16,550	16.44	20,314	16.58	29,844	17.38
Rebates and discounts ⁽⁴⁾	(1,648)	(1.56)	(996)	(0.99)	(642)	(0.52)	(2,398)	(1.39)
Golf instructors' costs	1,189	1.13	1,691	1.68	1,206	0.98	1,829	1.07
Others ⁽⁵⁾	3,757	3.57	1,401	1.39	1,395	1.14	4,550	2.65
Total cost of sales	105,224	100.00	100,695	100.00	122,488	100.00	171,680	100.00

Notes:

- * Including custom duties, freight and related costs.
- (1) Including individual golf clubs and golf package sets with multiple clubs.
- (2) Including golf footwear, gloves, tees, bags, trolleys, GPS, umbrellas, towels and markers.
- (3) Including shirts, shorts, pants, headwear, belt, outerwear, arm gloves, socks, towels, sunglasses and compression wear.
- (4) Including product discounts or rebates provided arising from achieving of purchase targets or early payment discounts based on the commercial terms agreed with our suppliers.
- (5) Comprise cost incurred for event management services including venue rental, professional fees such as emcee and golf players, purchases of door gifts, management fees paid to golf course operator for the collections of range balls at the driving range we operate, tooling cost incurred for repair services, as well as purchases of food and beverages ingredients for our indoor golf centre which commenced operation in FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)**(b) Cost of sales by business activities**

Our cost of sales by business activities for the Financial Years Under Review are set out below:

	<--FYE 2019-->		<--FYE 2020-->		<--FYE 2021-->		<--FYE 2022-->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Retail	88,632	84.23	84,326	83.75	92,427	75.46	128,526	74.86
• <i>Golf clubs⁽¹⁾</i>	39,289	37.34	40,898	40.62	45,857	37.44	59,129	34.44
• <i>Golf balls and accessories⁽²⁾</i>	30,056	28.56	28,023	27.83	28,880	23.58	42,988	25.04
• <i>Golf apparel⁽³⁾</i>	19,287	18.33	15,405	15.30	17,690	14.44	26,409	15.38
Wholesale	11,646	11.07	13,277	13.18	27,460	22.42	36,775	21.42
• <i>Golf clubs⁽¹⁾</i>	8,138	7.73	9,757	9.69	21,174	17.29	26,368	15.36
• <i>Golf balls and accessories⁽²⁾</i>	1,984	1.89	2,743	2.72	3,916	3.20	7,390	4.30
• <i>Golf apparel⁽³⁾</i>	1,524	1.45	777	0.77	2,370	1.93	3,017	1.76
Golf related services⁽⁴⁾	4,946	4.70	3,092	3.07	2,601	2.12	5,193	3.03
Indoor golf centre	-	-	-	-	-	-	1,186	0.69
Total cost of sales	105,224	100.00	100,695	100.00	122,488	100.00	171,680	100.00

Notes:

- (1) Including individual golf clubs and golf package sets with multiple clubs.
- (2) Including golf footwear, gloves, tees, bags, trolleys, GPS, umbrellas, towels and markers.
- (3) Including shirts, shorts, pants, headwear, belt, outerwear, arm gloves, socks, towels, sunglasses and compression wear.
- (4) Including golf coaching, rental of golf equipment mainly golf clubs and golf accessories at our pro shops at the golf and country clubs and supply of range balls for use at driving range we operate, event management and planning services mainly for golf tournament-related events and repair services.

Product costs

Product costs represent the largest component of our cost of sales which accounted for 96.86% (RM101.93 million), 97.92% (RM98.60 million), 98.40% (RM120.53 million) and 97.67% (RM167.70 million) of our total cost of sales for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. Our product costs comprise the purchases of golf equipment including golf clubs, golf balls and accessories and golf apparel from our suppliers which inclusive of custom duties, freight and related costs for the import of these golf equipment.

12. FINANCIAL INFORMATION (CONT'D)

Our product costs decreased by RM3.33 million or 3.26% from RM101.93 million in FYE 2019 to RM98.60 million in FYE 2020, mainly due to lower purchases of golf equipment following the business closure during the containment measures for COVID-19 pandemic in FYE 2020 in Malaysia and Singapore. This was in line with the decrease in our revenue of 3.30% in FYE 2020, mainly due to decrease in revenue from our retail segment mainly from our Singapore operations where our retail outlets were temporarily closed during the circuit breaker period and despite the resumption of operations, our retail sales for Singapore operations were still lower compared to the previous year.

Our product costs increased by RM21.93 million or 22.24% from RM98.60 million in FYE 2020 to RM120.53 million in FYE 2021, mainly due to increase in purchases of golf equipment including golf clubs, golf balls and accessories and golf apparel. The increase in purchases was in tandem with the increase in our revenue of 21.37% as a result of higher retail sales from our Singapore operations as sales subsequently picked up following the resumption of economic activities in June 2020 after the circuit breaker period, as well as increase in sales to Indonesia as we secured the agreement for the distribution of Supplier A's brand of golf equipment in the Indonesia market.

Our product costs increased by RM47.17 million or 39.14% to RM167.70 million in FYE 2022 as compared to RM120.53 million in FYE 2021, mainly due to higher purchases of golf equipment including golf clubs, golf balls and accessories and golf apparel during the FYE 2022. The increase in purchases was also reflected in the increase in our revenue of 45.69% in FYE 2022 mainly attributed to increase in revenue from our retail and wholesale segments. The increase in product costs was also partly due to the strengthening of foreign exchange mainly USD which resulted in the increase in our purchase price.

Please refer to Sections 12.3.1(i) of this Prospectus for further details of the analysis of our revenue.

Rebates and discounts

We receive rebates and discounts for the purchase of golf equipment including golf clubs, golf balls and accessories and golf apparel from some of our suppliers. Generally, there are 2 types of discounts received including product discounts or rebates provided arising from achieving of purchase targets or early payment discounts based on the commercial terms agreed with our suppliers.

The rebates and discounts received from our suppliers decreased by RM0.65 million or 39.56% from RM1.65 million in FYE 2019 to RM1.00 million in FYE 2020. The decrease was mainly attributed to lower early payment discounts received and lower product discounts/rebates received during the FYE 2020 as we fell short of the purchase targets arising from the cancellation of purchase orders during the containment measures implemented in FYE 2020.

The rebates and discounts received from our suppliers decreased by RM0.35 million or 35.54% from RM1.00 million in FYE 2020 to RM0.64 million in FYE 2021. The decrease was mainly attributed to lower product discounts/rebates received during FYE 2021 as we had yet to receive the rebate claims from our suppliers for the purchase targets met in FYE 2021. As at the LPD, these rebate claims have been collected from our suppliers.

The rebates and discounts received from our suppliers increased by RM1.76 million or 273.52% from RM0.64 million in FYE 2021 to RM2.40 million in FYE 2022. The increase was mainly attributed to higher product discounts/rebates arising from higher purchases of certain brands of golf equipment mainly golf apparels during FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)**Golf instructors' costs**

Golf instructors' costs relate to the remunerations for the instructors hired for the provision of golf coaching for our Malaysia operation. This includes salary of the instructors as well as the commission paid.

The golf instructors' costs incurred increased by RM0.50 million or 42.22% from RM1.19 million in FYE 2019 to RM1.69 million in FYE 2020 due to higher demand for golf lessons which was reflected in the increase in revenue from the provision of golf coaching.

The golf instructors' costs incurred decreased by RM0.49 million or 28.68% from RM1.69 million in FYE 2020 to RM1.21 million in FYE 2021, as the provision of golf coaching was impacted by the temporary closures during the various MCO periods in FYE 2021 resulting in the decrease in revenue from provision of golf coaching.

The golf instructors' costs incurred increased by RM0.62 million or 51.66% to RM1.83 million in FYE 2022 as compared to RM1.21 million in FYE 2021. This was due to higher demand for golf lessons as reflected in the increase in revenue from the provision of golf coaching in FYE 2022.

Other costs

Other costs mainly consist of cost incurred for event management services including venue rental, professional fees such as emcee and golf players for product demonstration during the event, purchases of door gifts, management fees paid to golf course operator for the collections of range balls at the driving range we operate, tooling cost incurred for repair services, as well as purchases of food and beverages ingredients for our indoor golf centre which commenced operations in FYE 2022.

For FYE 2020, our other cost of sales decreased by RM2.36 million or 62.71% from RM3.76 million in FYE 2019 to RM1.40 million in FYE 2020. This was mainly due to the decrease in cost incurred for the provision of event management and planning services which was impacted by the COVID-19 pandemic.

For FYE 2021, our other cost of sales decreased marginally by RM0.01 million or 0.43% from RM1.40 million in FYE 2020 to RM1.39 million in FYE 2021, mainly due to the decrease in cost of sales from the supply of range balls for use at the driving range we operate which were impacted by the temporary closures during the various MCO periods in FYE 2021.

For FYE 2022, our other cost of sales increased by RM3.16 million or 226.16% to RM4.55 million in FYE 2022 as compared to RM1.40 million in FYE 2021. This was mainly contributed by the cost of RM1.19 million incurred for the purchases of food and beverage ingredients for the operation of indoor golf centres which we commenced in FYE 2022, coupled with the increase in cost incurred for provision of event management services.

12. FINANCIAL INFORMATION (CONT'D)**(iii) GP and GP margin****(a) GP and GP margin by business activities and type of products and services**

Our GP and GP margin by activities and type of products and services for the Financial Years Under Review are set out below:

Business activities	<-----FYE 2019----->			<-----FYE 2020----->			<-----FYE 2021----->			<-----FYE 2022----->		
	<-----GP----->		GP	<-----GP----->		GP	<-----GP----->		GP	<-----GP----->		GP
	RM'000	%	margin %	RM'000	%	margin %	RM'000	%	margin %	RM'000	%	margin %
Retail	62,719	88.68	41.44	61,530	88.59	42.19	71,222	84.76	43.52	112,782	87.30	46.74
• <i>Golf clubs⁽¹⁾</i>	25,385	35.89	39.25	28,483	41.01	41.05	33,491	39.86	42.21	48,678	37.68	45.15
• <i>Golf balls and accessories⁽²⁾</i>	20,521	29.02	40.57	19,265	27.74	40.74	21,546	25.64	42.73	32,963	25.52	43.40
• <i>Golf apparel⁽³⁾</i>	16,813	23.77	46.57	13,782	19.84	47.22	16,185	19.26	47.78	31,141	24.10	54.11
Wholesale	4,070	5.75	25.90	4,160	5.99	23.86	10,016	11.92	26.73	10,599	8.20	22.37
• <i>Golf clubs⁽¹⁾</i>	2,584	3.65	24.10	3,125	4.50	24.26	7,794	9.27	26.91	7,816	6.05	22.86
• <i>Golf balls and accessories⁽²⁾</i>	807	1.14	28.91	874	1.26	24.16	1,477	1.76	27.39	1,953	1.51	20.90
• <i>Golf apparel⁽³⁾</i>	679	0.96	30.82	161	0.23	17.16	745	0.89	23.92	830	0.64	21.58
Golf related services⁽⁴⁾	3,937	5.57	44.32	3,766	5.42	54.91	2,793	3.32	51.78	3,168	2.45	37.89
Indoor golf centre	-	-	-	-	-	-	-	-	-	2,646	2.05	69.05
Total GP/Group GP margin	70,726	100.00	40.20	69,456	100.00	40.82	84,031	100.00	40.69	129,195	100.00	42.94

12. FINANCIAL INFORMATION (CONT'D)

Products and services	<-----FYE 2019----->			<-----FYE 2020----->			<-----FYE 2021----->			<-----FYE 2022----->		
	<-----GP----->		GP	<-----GP----->		GP	<-----GP----->		GP	<-----GP----->		GP
	RM'000	%	margin %	RM'000	%	margin %	RM'000	%	margin %	RM'000	%	margin %
Golf clubs ⁽¹⁾	27,969	39.54	37.10	31,608	45.51	38.42	41,285	49.13	38.12	56,494	43.73	39.79
Golf balls and accessories ⁽²⁾	21,328	30.16	39.96	20,139	29.00	39.56	23,023	27.40	41.25	34,916	27.03	40.94
Golf apparel ⁽³⁾	17,492	24.73	45.67	13,943	20.07	46.28	16,930	20.15	45.77	31,971	24.74	52.07
Golf related services ⁽⁴⁾	3,937	5.57	44.32	3,766	5.42	54.91	2,793	3.32	51.78	3,168	2.45	37.89
Indoor golf centre	-	-	-	-	-	-	-	-	-	2,646	2.05	69.05
Total GP/Group GP margin	70,726	100.00	40.20	69,456	100.00	40.82	84,031	100.00	40.69	129,195	100.00	42.94

Notes:

- (1) Including individual golf clubs and golf package sets with multiple clubs.
- (2) Including golf footwear, gloves, tees, bags, trolleys, GPS, umbrellas, towels and markers.
- (3) Including shirts, shorts, pants, headwear, belt, outerwear, arm gloves, socks, towels, sunglasses and compression wear.
- (4) Including golf coaching, rental of golf equipment mainly golf clubs and golf accessories at our pro shops at the golf and country clubs and supply of range balls for use at driving range we operate, event management and planning services mainly for golf tournament-related events and repair services.

12. FINANCIAL INFORMATION (CONT'D)**(b) GP and GP margin by geographical markets**

Our GP and GP margin by geographical markets for the Financial Years Under Review are set out below:

Business operations	<-----FYE 2019----->			<-----FYE 2020----->			<-----FYE 2021----->			<-----FYE 2022----->		
	<-----GP----->		GP	<-----GP----->		GP	<-----GP----->		GP	<-----GP----->		GP
	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%
Malaysia operations	50,263	71.06	41.75	54,252	78.10	42.59	53,575	63.75	43.87	88,794	68.73	44.37
• Retail	46,491	65.73	41.98	50,565	72.80	42.61	49,898	59.38	43.84	81,467	63.06	44.67
• Wholesale	934	1.32	41.40	1,031	1.48	32.79	1,563	1.86	39.19	1,607	1.24	28.01
• Golf related services	2,838	4.01	38.37	2,656	3.82	47.57	2,114	2.51	48.98	3,074	2.38	37.55
• Indoor golf centres	-	-	-	-	-	-	-	-	-	2,646	2.05	69.05
Singapore operations	20,463	28.94	36.83	15,204	21.90	35.56	30,456	36.25	36.08	40,401	31.27	40.10
• Retail	16,225	22.95	39.95	10,965	15.79	40.32	21,325	25.38	42.79	31,314	24.24	53.12
• Wholesale	3,136	4.43	23.30	3,129	4.51	21.89	8,453	10.06	25.24	8,993	6.96	21.60
• Golf related services	1,102	1.56	74.11	1,110	1.60	87.06	678	0.81	62.89	94	0.07	54.02
Total GP/Group GP margin	70,726	100.00	40.20	69,456	100.00	40.82	84,031	100.00	40.69	129,195	100.00	42.94

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12. FINANCIAL INFORMATION (CONT'D)

Geographical market	<-----FYE 2019----->		<-----FYE 2020----->		<-----FYE 2021----->		<-----FYE 2022----->					
	GP		GP		GP		GP					
	<-----GP----->	margin	<-----GP----->	margin	<-----GP----->	margin	<-----GP----->	margin				
	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%
Malaysia	48,976	69.25	41.05	52,852	76.09	41.78	52,003	61.89	42.99	89,685	69.42	44.96
Singapore	19,467	27.52	42.80	14,514	20.90	44.32	25,216	30.01	45.07	31,913	24.70	46.20
Other foreign countries ⁽¹⁾	2,283	3.23	20.46	2,090	3.01	19.17	6,812	8.10	23.02	7,597	5.88	23.50
Total GP/Group GP margin	70,726	100.00	40.20	69,456	100.00	40.82	84,031	100.00	40.69	129,195	100.00	42.94

Note:

- (1) Including mainly Indonesia, which accounted for 2.35%, 1.90%, 6.95% and 5.60% of our total GP for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. The remaining foreign countries include Japan, South Korea, Thailand, Philippines, Myanmar, India, Hong Kong, Cambodia, Italy, Vietnam, USA, UK, Belgium, Brunei, Dubai, United Arab Emirates, Taiwan, China, Austria, Australia, France, Portugal, Switzerland, Spain, New Zealand, Canada, South Africa, Germany, Sri Lanka and Netherlands.

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12. FINANCIAL INFORMATION (CONT'D)**FYE 2020 compared to FYE 2019**

Our GP decreased by RM1.27 million or 1.80% from RM70.73 million in FYE 2019 to RM69.46 million in FYE 2020, which was also reflected in the decrease in revenue of 3.30%. This was mainly due to the decrease in revenue and GP from our retail segment, as well as our golf related services. Our GP margin improved slightly from 40.20% in FYE 2019 to 40.82% in FYE 2020 and this was mainly due to improvement in GP margin from the retail segment as well as golf related services.

Retail segment

Our GP from the retail segment declined by RM1.19 million or 1.90% from RM62.72 million in FYE 2019 to RM61.53 million in FYE 2020, which was also reflected in the decrease in revenue by 3.63% from our retail segment in FYE 2020. The decrease in GP from our retail segment was mainly due to the decrease of RM5.26 million in GP from our Singapore operations where the retail sales of golf equipment including golf clubs, golf balls and accessories and golf apparel was impacted by the COVID-19 pandemic. This was reflected in the decrease in GP of the following golf equipment from Singapore retail operations:

- GP from the sales of golf clubs decreased by RM2.43 million to RM6.40 million in FYE 2020 (FYE 2019: RM8.83 million);
- GP from the sales of golf balls and accessories decreased by RM1.29 million to RM3.11 million in FYE 2020 (FYE 2019: RM4.40 million); and
- GP from the sales of golf apparel decreased by RM1.54 million to RM1.46 million in FYE 2020 (FYE 2019: RM3.00 million).

The decrease in GP from the retail segment was partially offset by the increase in GP by RM4.07 million from our Malaysia's retail operations, arising from higher retail sales following the reopening of retail outlets after the MCO in May 2020 and also partly contributed by higher sales through our online platform. This was mainly reflected in the increase in GP of the following golf equipment from Malaysia retail operations:

- GP from the sales of golf clubs increased by RM5.52 million to RM22.08 million in FYE 2020 (FYE 2019: RM16.56 million);
- GP from the sales of golf balls and accessories increased by RM0.04 million to RM16.16 million in FYE 2020 (FYE 2019: RM16.12 million); and
- the increase was partially offset by a decrease in GP from the sales of golf apparel which decreased by RM1.49 million to RM12.33 million in FYE 2020 (FYE 2019: RM13.82 million).

Our GP margin from our retail segment increased from 41.44% in FYE 2019 to 42.19% for FYE 2020. The improvement in GP margin of our retail segment was mainly contributed by the higher GP margin from Malaysia's retail operations arising from the lower sales promotions and discounts provided during the financial year. This was also reflected in the GP margin from the sales of golf clubs from Malaysia's retail operations which increased from 38.84% in FYE 2019 to 40.83% in FYE 2020 contributed by the product mix margin arising from increased sales of higher margin golf clubs.

12. FINANCIAL INFORMATION (CONT'D)**Wholesale segment**

The GP from our wholesale segment increased slightly by RM0.09 million or 2.21% from RM4.07 million in FYE 2019 to RM4.16 million in FYE 2020, which was mainly attributed to the higher sales of golf clubs mainly to retailers in other foreign countries, mainly South Korea. This was also reflected in the increase in revenue by 10.95% from the wholesale segment in FYE 2020. Please refer to Section 12.3.1(i) of this Prospectus for further details of the revenue analysis.

The GP margin from our wholesale segment declined from 25.90% in FYE 2019 to 23.86% in FYE 2020. This was mainly due to lower sales of high margin golf apparel which command a higher margin of 30.82% in FYE 2019. The wholesale of golf apparel declined by RM1.27 million from RM2.20 million in FYE 2019 to RM0.94 million in FYE 2020.

Golf related services

The GP from our golf related services segment decreased by RM0.17 million or 4.34% from RM3.94 million in FYE 2019 to RM3.77 million in FYE 2020. This was mainly due to the decrease in GP contribution by RM0.70 million from the rental of golf equipment mainly golf clubs and golf accessories at our pro shops at the golf and country clubs and supply of range balls for use at the driving range we operate, as well as RM0.51 million the provision of event management and planning services. This was also reflected in the decrease in revenue from the said golf related services which was impacted by the COVID-19 pandemic as mentioned earlier.

The decrease was partially offset by the increase in GP by RM0.63 million mainly from the provision of golf coaching which was in line with the increase in revenue for this said service for FYE 2020.

The GP margin from golf related services increased from 44.32% in FYE 2019 to 54.91% in FYE 2020 mainly contributed by increased GP contribution from provision of golf coaching with improved margin in FYE 2020. The improvement in margin was mainly attributed to the increase in golf lessons carried out coupled with the upward revision of golf lessons package price including individual and group lesson packages during FYE 2020.

FYE 2021 compared to FYE 2020

Our GP increased by RM14.58 million or 20.98% from RM69.46 million in FYE 2020 to RM84.03 million in FYE 2021, which was reflected in the increase in revenue of 21.37% in FYE 2021. This increase in GP was mainly contributed by higher retail sales in Singapore as well as increased sales to Indonesia from the wholesale segment. Our GP margin declined marginally from 40.82% in FYE 2020 to 40.69% in FYE 2021 and this was mainly attributed to a decline in GP margin from our golf related services and partially offset by improvement in GP margin from the retail and wholesale segments.

Retail segment

Our GP from our retail segment increased by RM9.69 million or 15.75% from RM61.53 million in FYE 2020 to RM71.22 million in FYE 2021. This was also reflected in the increase in revenue of 12.20% from our retail segment, contributed by the increase in retail sales of golf equipment including golf clubs, golf balls and accessories and golf apparel from our Singapore retail operations. This was reflected in the increase in GP of RM10.36 million from our Singapore retail operations arising from the following golf equipment:

- GP from the sales of golf clubs increased by RM5.55 million to RM11.95 million in FYE 2021 (FYE 2020: RM6.40 million);

12. FINANCIAL INFORMATION (CONT'D)

- GP from the sales of golf balls and accessories increased by RM2.97 million to RM6.08 million in FYE 2021 (FYE 2020: RM3.11 million); and
- GP from the sales of golf apparel increased by RM1.84 million to RM3.30 million in FYE 2021 (FYE 2020: RM1.46 million).

However, the increase in GP from our retail segment was partially moderated by the decrease of RM0.67 million in GP from our Malaysian operations, due to lower sales of golf equipment mainly golf clubs, golf balls and accessories which was reflected in the decrease in revenue from the Malaysian retail segment. This was reflected in the decrease in GP of RM0.67 million from our Malaysia retail operations arising from the following golf equipment:

- GP from the sales of golf clubs decreased by RM0.53 million to RM21.55 million in FYE 2021 (FYE 2020: RM22.08 million);
- GP from the sales of golf balls and accessories decreased by RM0.69 million to RM15.47 million in FYE 2021 (FYE 2020: RM16.16 million); and
- the decrease was partially moderated by an increase in GP from the sales of golf apparel which increased by RM0.55 million to RM12.88 million in FYE 2021 (FYE 2020: RM12.33 million).

Our GP margin from our retail segment improved from 42.19% in FYE 2020 to 43.52% in FYE 2021, attributed to the higher sales of golf equipment mainly golf clubs from our Singapore's operation with improved GP margin which increased from 41.84% in FYE 2020 to 43.14% in FYE 2021. In addition, the improvement in our GP margin from our retail segment was also attributed to lower sales promotions and discounts provided during the financial year for our Singapore operation.

Wholesale segment

The GP from our wholesale segment increased by RM5.86 million or 140.77% from RM4.16 million in FYE 2020 to RM10.02 million in FYE 2021. This was mainly attributed to the increase in sales of golf clubs to retailers in Indonesia.

The GP margin from our wholesale segment increased from 23.86% in FYE 2020 to 26.73% in FYE 2021. This was mainly attributed to the higher sales of golf equipment mainly golf clubs with improved GP margin to retailers in Indonesia. The GP margin from the wholesale of golf clubs increased from 24.26% in FYE 2020 to 26.91% in FYE 2021 due to the product mix margin arising from high margin of golf equipment.

Golf related services

The GP from our golf related services segment decreased by RM0.97 million or 25.84% from RM3.77 million in FYE 2020 to RM2.79 million in FYE 2021. This was mainly due to the decrease in GP from the repair services of golf equipment, as well as decrease in rental of golf equipment mainly golf clubs and golf accessories at our pro shops at the golf and country clubs and supply of range balls for use at the driving range we operate which were impacted by the temporary closures during the various MCO periods during the FYE 2021.

The GP margin from golf related services declined from 54.91% in FYE 2020 to 51.78% in FYE 2021. This was mainly contributed by the decline in contribution from high margin golf related services such as supply of range balls and repair services as impacted by the temporary closures during the MCO periods during the FYE 2021.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2022 compared to FYE 2021**

Our GP increased by RM45.16 million or 53.75% to RM129.20 million in FYE 2022 as compared to RM84.03 million in FYE 2021, which was reflected in the increase in our revenue by 45.69% in FYE 2022. Our GP margin increased to 42.94% in FYE 2022 as compared to 40.69% in FYE 2021, mainly attributed to the higher GP contribution with improved GP margin from the retail segment.

Retail segment

Our GP from our retail segment increased by RM41.56 million or 58.35% to RM112.78 million in FYE 2022 as compared to RM71.22 million in FYE 2021. This was in line with the increase in revenue of 47.45% from our retail segment, contributed by increase in retail sales of golf equipment including golf clubs, golf balls and accessories and golf apparel from both our Malaysia and Singapore operations.

This was reflected in the increase in GP of RM31.57 million from our Malaysia retail operations which was contributed by the following:

- GP from the sales of golf clubs increased by RM10.00 million to RM31.55 million in FYE 2022 (FYE 2021: RM21.55 million);
- GP from the sales of golf balls and accessories increased by RM10.25 million to RM25.72 million in FYE 2022 (FYE 2021: RM15.47 million); and
- GP from the sales of golf apparel increased by RM11.32 million to RM24.20 million in FYE 2022 (FYE 2021: RM12.88 million).

The increase was also contributed by the increase in GP of RM9.99 million from our Singapore retail operations arising from the following:

- GP from the sales of golf clubs increased by RM5.18 million to RM17.13 million in FYE 2022 (FYE 2021: RM11.95 million);
- GP from the sales of golf balls and accessories increased by RM1.16 million to RM7.24 million in FYE 2022 (FYE 2021: RM6.08 million); and
- GP from the sales of golf apparel increased by RM3.64 million to RM6.94 million in FYE 2022 (FYE 2021: RM3.30 million).

Our GP margin from retail segment improved to 46.74% in FYE 2022 as compared to 43.52% in FYE 2021. This was mainly contributed by the higher GP margin from our Singapore retail operations arising from higher sales of golf equipment mainly golf clubs with improved GP margin which increased from 43.14% in FYE 2021 to 51.59% in FYE 2022. In addition, the improvement in our GP margin from the retail segment was also attributed to lower sales promotions and discounts provided during the financial year for our Singapore operations.

Wholesale segment

The GP from our wholesale segment increased by RM0.58 million or 5.82% to RM10.60 million in FYE 2022 as compared to RM10.02 million in FYE 2021. This was mainly attributed to the increase in sales of golf equipment mainly to retailers in Indonesia.

12. FINANCIAL INFORMATION (CONT'D)

The GP margin from our wholesale segment decreased to 22.37% in FYE 2022 as compared to 26.73% in FYE 2021. This was mainly due to the higher sales of golf clubs as well as golf balls and accessories with lower margin in FYE 2022. The GP margin from the sales of golf clubs decreased to 22.86% in FYE 2022 as compared to 26.91% in FYE 2021, while GP margin from sales of golf balls and accessories decreased to 20.90% in FYE 2022 as compared to 27.39% in FYE 2021. This was mainly attributed to higher product costs affected by the fluctuation of foreign currency for the wholesale of golf balls and accessories where the customer orders had already been confirmed prior to the unfavourable change in foreign currency exchange on the golf balls and accessories that we received from suppliers.

Golf related services

The GP from golf related services increased by RM0.38 million or 13.43% to RM3.17 million in FYE 2022 as compared to RM2.79 million in FYE 2021. This was mainly contributed by the increase in GP from the provision of event management and planning services as well as golf coaching in Malaysia.

The GP margin from golf related services decreased to 37.89% in FYE 2022 as compared to 51.78% in FYE 2021. This was mainly due to the decline in contribution from high margin golf related services such as supply of range balls offset by the increased GP contribution from the lower margin event management and planning services.

Indoor golf centre

The GP from the operation of indoor golf centres was RM2.65 million with a GP margin of 69.05% in FYE 2022.

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12. FINANCIAL INFORMATION (CONT'D)**(iv) Other income and finance income**

Our other income and finance income for the Financial Years Under Review are set out below:

	<--FYE 2019-->		<--FYE 2020-->		<--FYE 2021-->		<--FYE 2022-->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Other income	3,530	100.00	4,591	98.67	5,003	96.92	2,933	99.76
• Wage subsidy allowance ⁽¹⁾	-	-	2,041	43.87	2,896	56.10	1,193 ⁽¹⁴⁾	40.58
• Rental support scheme ⁽²⁾	-	-	-	-	585	11.33	-	-
• Rental income ⁽³⁾	1,950	55.24	1,166	25.06	513	9.94	673	22.89
• Gain on foreign exchange								
- <i>Unrealised gain on foreign exchange</i>	101	2.86	224	4.81	-	-	312	10.61
- <i>Realised gain on foreign exchange</i>	270	7.65	112	2.41	-	-	-	-
• Member subscription fees ⁽⁴⁾	233	6.60	237	5.09	406	7.87	163	5.54
• Courier and transportation ⁽⁵⁾	40	1.13	92	1.98	176	3.41	108	3.67
• Insurance claim ⁽⁶⁾	25	0.71	6	0.13	157	3.04	71	2.42
• Management fees ⁽⁷⁾	567	16.06	558	11.99	-	-	-	-
• Facilitation fees ⁽⁸⁾	98	2.78	104	2.24	-	-	-	-
• Gain on disposal of PPE ⁽⁹⁾	102	2.89	25	0.54	1	0.02	*	*
• Others	144 ⁽¹⁰⁾	4.08	26 ⁽¹¹⁾	0.55	269 ⁽¹²⁾	5.21	413 ⁽¹³⁾	14.05
Finance income⁽¹⁵⁾	-	-	62	1.33	159	3.08	7	0.24
Total	3,530	100.00	4,653	100.00	5,162	100.00	2,940	100.00

Notes:

* Insignificant amount of less than RM500.

(1) Refers to the wage subsidy allowance received for Singapore operations mainly under the Jobs Support Scheme by the Singapore government and Malaysia operations under the Wage Subsidy Programme by the Government.

(2) Refers to the rental subsidy under the rental support scheme by the Singapore government.

(3) Refers to the rental of office premises to Sports Direct Malaysia for the Financial Years Under Review and sub-lease of space at KLGCC to operators of food and beverages in FYE 2019 as well as sub-lease of space at the Bukit Jelutong driving range for footgolf game in FYE 2021 and FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)

- (4) Refers to the *ilovegolf* membership subscription fees which were RM20 for 3 years membership in FYE 2019, FYE 2020 and FYE 2021. Subsequently in February 2022, we started collecting the subscription fees at RM10 for 1 year membership.
- (5) Refers to delivery charges collected from our customers through the sales on our online platform.
- (6) Refers to the insurance claim mainly pertaining to damaged goods at our head office or retail outlets. For FYE 2021, the insurance claim was mainly contributed by the claims on goods damaged due to water pipe burst incident in one of our retail outlets in Singapore. For FYE 2022, the insurance claim was contributed by the claims on goods damaged due to a fire incident in one of our retail outlets in Malaysia. The total loss arising from this fire incident of approximately RM97,000 did not cause a material impact to our Group as RM71,000 was covered by insurance claim and the remaining RM26,000 was borne by our Group.
- (7) Refers to management fees for shared services provided to a related party, namely Sports Direct Malaysia in FYE 2019 and FYE 2020, and MySports Vietnam in FYE 2019.
- (8) Refers to facilitation fees pertaining to brand licensing of golf facility facilitation arising from rebranding of a golf and country club in Kuala Lumpur with the use of an international brand which includes the improvement of golf courses and facilities to meet the standard of the international brand.
- (9) Refers to the gains on disposal of motor vehicles in FYE 2019, disposal of furniture and fittings in FYE 2020 and disposal of audio system in FYE 2021.
- (10) Include government grant received under the wage credit scheme and senior employment credit scheme for our Singapore operations, income from the provision of food and beverage at driving range and compensation from the logistic company pertaining to damaged goods received.
- (11) Refers to income from the provision of food and beverage at driving range.
- (12) Include mainly the reimbursement for refurbishment of merchandise display fixtures by our suppliers in Singapore, gain on disposal of subsidiary, gain on lease modifications arising from revision of rental of non-retail facilities (office and warehouse) in Singapore and income from the provision of food and beverage at driving range.
- (13) Include mainly the reimbursement for refurbishment of merchandise display fixtures by our suppliers in Singapore, income from the provision of food and beverage at driving range and compensations arising mainly from the claim due to water leakage in one of our retail outlets in Malaysia.
- (14) Including incentive received from the SOCSO under the hiring incentive programme.
- (15) Refers to interest income from fixed deposits pledged with licensed banks.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2020 compared to FYE 2019**

Our other income and finance income increased by RM1.12 million or 31.81% from RM3.53 million in FYE 2019 to RM4.65 million in FYE 2020. This was mainly contributed by the following:

- wage subsidy allowance of RM2.04 million received in FYE 2020 due to the COVID-19 pandemic including RM2.00 million for our Singapore operations mainly under the Jobs Support Scheme by the Singapore government and RM0.04 million for our Malaysia operations under the Wage Subsidy Programme by the Government; and
- finance income of RM0.06 million from fixed deposit interest in FYE 2020.

The increase in other income and finance income was partially moderated by the decrease in rental income of RM0.78 million in FYE 2020 mainly due to the decrease in rental income from a related party, namely Sports Direct Malaysia due to rent reduction granted to Sports Direct Malaysia. Please refer to Section 10.1.1 of this Prospectus for further details on the related party transactions in regards to the rental income reduction.

FYE 2021 compared to FYE 2020

Our other income and finance income increased by RM0.51 million or 10.94% from RM4.65 million in FYE 2020 to RM5.16 million in FYE 2021. This was mainly attributed to the following:

- increase of RM0.86 million in wage subsidy allowance mainly contributed by an increase of RM1.26 million of wage subsidy received for our Malaysia operations and partially offset by a decrease of RM0.40 million of wage subsidy received for our Singapore operations; and
- RM0.59 million received in FYE 2021 under the Rental Support Scheme by the Singapore government in light of the COVID-19 pandemic.

The increase in other income and finance income was partially moderated by the decrease in rental income of RM0.65 million in FYE 2021 mainly due to the decrease in rental income from a related party, namely Sports Direct Malaysia due to rent reduction granted as mentioned above, as well as the absence of management fees in FYE 2021. We received management fees of RM0.56 million in both FYE 2019 and FYE 2020 from a related party, namely Sports Direct Malaysia and RM0.01 million in FYE 2019 from a related party, namely MySports Vietnam pertaining to the provision of shared services. Please refer to Section 10.1.1 of this Prospectus for further details of the related party transaction in regards to the management fees and rental income reduction.

FYE 2022 compared to FYE 2021

Our other income and finance income decreased by RM2.22 million or 43.05% to RM2.94 million in FYE 2022 as compared to RM5.16 million in FYE 2021. This was mainly due to the following:

- decrease of RM1.70 million in wage subsidy allowance received including a decrease of RM0.69 million of wage subsidy received for our Malaysia operations and a decrease of RM1.01 million wage subsidy received for our Singapore operations;

12. FINANCIAL INFORMATION (CONT'D)

- decrease in subscription fee of RM0.24 million mainly arising from the classification of the subscription fee to deferred income which will be amortised over 3 years; and
- decrease in finance income of RM0.15 million from fixed deposit interest in FYE 2022.

(v) Administrative and other expenses

Our administrative and other expenses for the Financial Years Under Review are set out below:

	<---FYE 2019-->		<---FYE 2020-->		<---FYE 2021-->		<---FYE 2022-->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff related costs ⁽¹⁾	25,631	52.54	25,922	55.14	27,161	52.22	37,053	47.34
Directors' remunerations ⁽²⁾	1,775	3.64	1,973	4.20	1,844	3.55	4,472	5.71
Rental expenses for retail operations ⁽³⁾	9,610	19.70	7,506	15.97	10,330	19.86	16,299	20.82
Depreciation of other right-of-use assets ⁽⁴⁾	685	1.40	854	1.82	1,017	1.96	1,030	1.32
Depreciation of property, plant and equipment ⁽⁵⁾	3,131	6.42	3,372	7.17	3,593	6.91	5,934	7.58
Upkeep, repair and maintenance ⁽⁶⁾	1,136	2.33	1,007	2.14	1,303	2.50	2,962	3.79
Utilities and office related expenses ⁽⁷⁾	2,689	5.51	2,234	4.75	2,098	4.03	3,259	4.16
Staff welfare expenses ⁽⁸⁾	823	1.69	371	0.79	217	0.41	1,372	1.75
Loss on foreign exchange								
• <i>Realised loss on foreign exchange</i>	-	-	-	-	310	0.60	970	1.24
• <i>Unrealised loss on foreign exchange</i>	-	-	-	-	237	0.46	-	-
Consultancy fee ⁽⁹⁾	152	0.31	252	0.54	636	1.22	506	0.65
Insurance	343	0.70	347	0.74	304	0.58	394	0.50
Security fee ⁽¹⁰⁾	317	0.65	340	0.72	325	0.62	390	0.50
Licensing fees ⁽¹¹⁾	723	1.48	709	1.51	722	1.39	123	0.16
Transportation expenses	328	0.67	198	0.42	175	0.34	230	0.29
Property, plant and equipment written off ⁽¹²⁾	150	0.31	732	1.56	424	0.82	109	0.14
Other administrative expenses ⁽¹³⁾	1,291	2.65	1,191	2.53	1,314	2.53	3,167	4.05
Total	48,784	100.00	47,008	100.00	52,010	100.00	78,270	100.00

Notes:

- (1) Include salaries, bonuses, statutory contributions and other expenses for all our employees at head office, warehouses and retail outlets.
- (2) Include salaries, bonuses, statutory contributions and other expenses for our Directors.
- (3) Refers to the rental expenses of retail outlets for our retail operations in Malaysia and Singapore including the rental expenses of retail outlets under lease liabilities.

12. FINANCIAL INFORMATION (CONT'D)

- (4) Refers to the rental expenses of non-retail facilities including our Singapore office and warehouse, office for golf academy at KLGCC as well as depreciation of motor vehicles under lease liabilities. Our head office and warehouse in Malaysia are operated at our owned premises.
- (5) Includes land and buildings, motor vehicles, furniture and fittings, renovation and other assets such as IT related hardware and software, equipment and plant and machinery.
- (6) Refers to upkeep, repair and maintenance costs incurred mainly for our retail outlets and upkeep of driving range in Malaysia and Singapore.
- (7) Including utilities expenses for all our operational facilities and office related expenses such as telecommunication expenses, printing and stationary expenses, as well as purchase of office furniture.
- (8) Including travelling and accommodation expenses, as well as other staff welfare expenses including medical expenses, meal allowance, refreshments and insurance.
- (9) Refers to consultancy fees paid to a related party, CX3 Asia Pte Ltd pertaining to consultancy services provided in FYE 2019, FYE 2020 and FYE 2021 in relation to the operation of MST Golf Singapore. Please refer to Section 10.1.1 of this Prospectus for further details of the related party transaction. In addition, it includes the local company in Indonesia for liaison services for sales coordination services with the customers in Indonesia including managing order coordination and delivery schedules in FYE 2021 and FYE 2022, and a consultant in Singapore to assist on warehouse management for a period of 6 months in FYE 2022, as well as a contract accounting service provider in FYE 2020 and FYE 2021.
- (10) Including security fees for all our operational facilities.
- (11) Including mainly the licence fees (fees charged for the use of space) for the operation of our pro shop at the golf and country club and driving range in Singapore for FYE 2019, FYE 2020 and FYE 2021 and we have ceased the use of space as at 31 December 2021. In addition, it also includes business, signboard and advertisement licence fees. The ceasing of the use of space will not have a significant impact on our revenue as the revenue contributed from this pro shop accounted for approximately 2.00% of our total revenue for the FYE 2019 to FYE 2021.
- (12) Including the write-off of PPE including furniture and fittings, renovation cost and IT related hardware and software arising from closures, refurbishment and expansion of our retail outlets in Malaysia and Singapore for the Financial Years Under Review, as well as relocation of our office and warehouse in Singapore in FYE 2021.
- (13) Include bank charges, cleaning expenses, courier and postage, entertainment expenses, professional fees including audit fees and legal fees, quit rent and assessment fees, and tax penalty paid and loss on lease modifications arising from revision of rental for FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2020 compared to FYE 2019**

Our administrative and other expenses decreased by RM1.78 million or 3.64% from RM48.78 million in FYE 2019 to RM47.01 million in FYE 2020. This was mainly attributed to the following:

- decrease of RM2.10 million in rental expenses mainly due to rental rebates received and rent concession related to COVID-19 during FYE 2020;
- decrease of RM0.46 million in utilities and office related expenses mainly utilities cost due to temporary closures of our operational facilities during the MCO periods in Malaysia and circuit breaker period in Singapore; and
- decrease of RM0.45 million in staff welfare expenses mainly due to lower transportation, travelling and accommodation expenses as a result of the COVID-19 pandemic.

The decrease was partially offset by the increase of the following:

- increase of RM0.58 million in property, plant and equipment written off which were mainly the renovation cost arising from the refurbishment to expand our specialty store at Suntec City in Singapore;
- increase of RM0.29 million in staff related cost due to increase in bonus payments for employees from our head office including management, administration, operations and warehouse employees as well as outlet employees for our retail operations; and
- increase of RM0.24 million in depreciation of PPE mainly due to the renovations and purchases of furniture and fittings for our retail outlets in Malaysia and Singapore.

FYE 2021 compared to FYE 2020

Our administrative and other expenses increased by RM5.00 million or 10.64% from RM47.01 million in FYE 2020 to RM52.01 million in FYE 2021. This was mainly attributed to the following:

- increase in rental expenses of RM2.83 million mainly due to the increase in rental expenses for our departmental stores in Singapore;
- increase of RM1.24 million in staff costs which were in line with the increase in the number of employees from 385 employees in FYE 2020 to 448 employees in FYE 2021, including additional employees for our head office mainly operations and warehouse employees as well as outlet employees for our retail operations due to the opening of our 2 new retail outlets as well as the preparation for the opening of our indoor golf centre in FYE 2022;
- loss of foreign exchange of RM0.55 million including a realised loss of RM0.31 million arising from purchases of golf equipment transacted in USD and an unrealised loss of RM0.24 million due to translation of our USD account for our Singapore operation as at the end of FYE 2021; and
- increase of RM0.38 million in consultancy fees mainly for a local company in Indonesia for liaison services in FYE 2021.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2022 compared to FYE 2021**

Our administrative and other expenses increased by RM26.26 million or 50.49% from RM52.01 million in FYE 2021 to RM78.27 million in FYE 2022. This was mainly due to the following:

- increase of RM9.89 million in staff costs which were in line with the increase in the number of employees from 448 employees in FYE 2021 to 600 employees in FYE 2022, including outlet employees for our retail operations due to the opening of our 9 new retail outlets comprising 7 retail outlets in Malaysia and 2 retail outlets in Singapore, as well as the 2 indoor golf centres located at The Gardens Mall, Kuala Lumpur and Tropicana Gardens Mall, Selangor in FYE 2022;
- increase of RM6.07 million in rental expenses mainly due to the rental of our 9 new retail outlets in Malaysia and Singapore as well as 2 indoor golf centres located at The Gardens Mall, Kuala Lumpur and Tropicana Gardens Mall, Selangor as mentioned above;
- increase of RM2.63 million in Directors' remunerations mainly due to the adjustments of the remuneration package for our Directors;
- increase of RM2.34 million in depreciation of PPE mainly due to the renovations and purchases of furniture and fittings for our retail outlets in Malaysia and Singapore;
- increase of RM1.66 million in repair and maintenance costs mainly for our retail operations in Malaysia and Singapore;
- increase of RM1.75 million in other administrative expenses mainly arising from the increase in professional fees, cleaning expenses, courier and postage as well as stamp duty.

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12. FINANCIAL INFORMATION (CONT'D)**(vi) Selling and distribution expenses**

Our selling and distribution expenses for the Financial Years Under Review are set out below:

	<---FYE 2019--->		<---FYE 2020--->		<---FYE 2021--->		<---FYE 2022--->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Advertising and promotional expenses	5,571	66.10	4,013	66.12	5,684	70.12	6,953	64.07
Credit card charges	1,277	15.15	1,132	18.65	1,306	16.11	2,075	19.12
Sales commission and related costs ⁽¹⁾	607	7.20	365	6.02	593	7.32	734	6.76
Royalty and related charges ⁽²⁾	636	7.55	405	6.67	316	3.90	463	4.27
Transportation charges ⁽³⁾	169	2.01	106	1.75	175	2.16	514	4.74
Others ⁽⁴⁾	167	1.99	48	0.79	32	0.39	113	1.04
Total	8,427	100.00	6,069	100.00	8,107	100.00	10,852	100.00

Notes:

- (1) Include sales commission and incentives paid to our employees including outlet employees for our retail operations and sales staff for our wholesale operations as well as travelling allowance and expenses.
- (2) Refers to royalty and related charges paid to brand owners for the licenced brands.
- (3) Refers to transportation charges for the delivery of goods from our warehouse to the outlets which are carried out by third party logistic companies.
- (4) Including entertainment, accommodation and travelling expenses.

FYE 2020 compared to FYE 2019

Our selling and distribution expenses decreased by RM2.36 million or 27.98% from RM8.43 million in FYE 2019 to RM6.07 million in FYE 2020 as a result of the COVID-19 pandemic where our retail sales were affected for our Malaysia and Singapore operations. This was reflected in the following:

- decrease of RM1.56 million in advertising and promotional expenses; and
- decrease of RM0.24 million in sales commission and related costs incurred.

In addition, we incurred lower royalty charges which decreased by RM0.23 million due to lower sales of licenced brands products and lower credit card charges incurred which decreased by RM0.15 million respectively, due to lower retail sales.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2021 compared to FYE 2020**

Our selling and distribution expenses increased by RM2.04 million or 33.56% from RM6.07 million in FYE 2020 to RM8.11 million in FYE 2021, which was in line with the improvement in our retail sales in FYE 2021 following the resumption of economic activities in Singapore coupled with higher sales from wholesale operation in Singapore in FYE 2021. This was reflected in the following:

- increase of RM1.67 million in advertising and promotional expenses;
- increase of RM0.17 million in credit card charges due to higher retail sales; and
- increase of RM0.23 million in sales commission and related costs incurred.

The increase in selling and distribution expenses was partially moderated by a decrease of RM0.09 million in royalty charges due to lower sales of licenced brands products.

FYE 2022 compared to FYE 2021

Our selling and distribution expenses increased by RM2.75 million or 33.86% from RM8.11 million in FYE 2021 to RM10.85 million in FYE 2022, which was in line with the improvement in our retail sales in Malaysia and Singapore as well as higher sales from wholesale operation in Singapore in FYE 2022. This was reflected in the following:

- increase of RM1.27 million in advertising and promotional expenses; and
- increase of RM0.77 million in credit card charges due to higher retail sales.

The increase was also contributed by the increase of RM0.34 million in transportation charges as we opened 9 new retail outlets in FYE 2022.

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12. FINANCIAL INFORMATION (CONT'D)**(vii) Finance cost**

Our finance costs for the Financial Years Under Review are set out below:

	<--FYE 2019-->		<--FYE 2020-->		<--FYE 2021-->		<--FYE 2022-->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expense on:								
• Lease liabilities ⁽¹⁾	1,315	36.98	1,331	48.81	1,317	46.72	2,095	50.20
• Term loan	845	23.76	705	25.85	1,053	37.35	1,046	25.07
• Bankers' acceptance	902	25.36	334	12.25	185	6.56	562	13.47
• Bank overdrafts	295	8.29	299	10.97	122	4.33	163	3.91
• Invoice financing	46	1.29	12	0.44	5	0.18	34	0.81
• Letter of credit	8	0.22	19	0.70	119	4.22	209	5.01
• Bank guarantee	33	0.93	5	0.18	18	0.64	64	1.53
• Amount due to Directors ⁽²⁾	99	2.78	11	0.40	-	-	-	-
• Amount due to related companies ⁽³⁾	14	0.39	11	0.40	-	-	-	-
Total	3,557	100.00	2,727	100.00	2,819	100.00	4,173	100.00

Notes:

- (1) Including accretion of interest on right-of-use assets including retail outlets and non-retail facilities as well as interest expense on hire purchase contracts.
- (2) The amount due to Directors were advances from Directors extended to our Group for working capital which bear interest at a rate ranging from 7% to 8% per annum.
- (3) The amount due to a related company, MySports Vietnam, our former subsidiary, which were advances extended to our Group for working capital purposes which bear interest at a rate ranging from 1.90% to 3.20% per annum.

FYE 2020 compared to FYE 2019

Our finance cost decreased by RM0.83 million or 23.31% from RM3.56 million in FYE 2019 to RM2.73 million in FYE 2020. This was mainly due to the following:

- decrease of RM0.57 million in interest expense on bankers' acceptance as a result of the lower utilisation of bankers' acceptance facility during FYE 2020; and
- decrease of RM0.14 million in interest expense on term loans due to lower interest rate and we also took up the moratorium on loan payments during FYE 2020.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2021 compared to FYE 2020**

Our finance cost increased by RM0.09 million or 3.41% from RM2.73 million in FYE 2020 to RM2.82 million in FYE 2021. The increase was mainly attributed to the increase of RM0.35 million in interest expense on term loans arising from the drawdown of RM12.00 million in June 2020 for working capital purposes.

The increase in finance cost was partially moderated by the decrease of RM0.18 million in interest expense on bank overdrafts and decrease of RM0.15 million in interest expense on bankers' acceptance due to lower utilisation of these banking facilities during FYE 2021.

FYE 2022 compared to FYE 2021

Our finance cost increased by RM1.35 million or 48.03% from RM2.82 million in FYE 2021 to RM4.17 million in FYE 2022. The increase was mainly attributed to the following:

- increase of RM0.78 million in interest expenses on lease liabilities arising from the rental of our newly opened retail outlets in FYE 2022; and
- increase of RM0.38 million in interest expense on bankers' acceptance due to utilisation of the banking facility for working capital purposes.

(viii) PBT and PAT

Our PBT and PBT margin as well as PAT and PAT margin for the Financial Years Under Review are set out below:

	<-----Audited----->			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
PBT (RM'000)	13,488	18,304	26,259	38,840
PBT margin	7.67%	10.76%	12.72%	12.91%
PAT (RM'000)	10,216	13,689	20,092	29,115
PAT margin	5.81%	8.05%	9.73%	9.68%

FYE 2020 compared to FYE 2019

Our PBT increased by RM4.82 million or 35.71% from RM13.49 million in FYE 2019 to RM18.30 million in FYE 2020, while PBT margin improved from 7.67% in FYE 2019 to 10.76% in FYE 2020. Similarly, our PAT increased by RM3.47 million or 34.00% from RM10.22 million in FYE 2019 to RM13.69 million in FYE 2020, while PAT margin improved from 5.81% in FYE 2019 to 8.05% in FYE 2020. This was mainly due to the increase in other income and finance income coupled with the decrease in administrative and other expenses, selling and distribution expenses as well as finance cost. Please refer to Sections 12.3.1(iv), 12.3.1(v), 12.3.1(vi) and 12.3.1(vii) of this Prospectus for further details of our other income and finance income, administrative and other expenses, selling and distribution expenses and finance cost respectively.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2021 compared to FYE 2020**

Our PBT increased by RM7.96 million or 43.46% from RM18.30 million in FYE 2020 to RM26.26 million in FYE 2021, while PBT margin improved from 10.76% in FYE 2020 to 12.72% in FYE 2021. Similarly, our PAT increased by RM6.40 million or 46.77% from RM13.69 million in FYE 2020 to RM20.09 million in FYE 2021, while PAT margin improved from 8.05% in FYE 2020 to 9.73% in FYE 2021. This was mainly due to the improvements in revenue and GP in FYE 2021. Please refer to Sections 12.3.1(i) and 12.3.1(iii) of this Prospectus for further details of our revenue and GP analysis respectively.

FYE 2022 compared to FYE 2021

Our PBT increased by RM12.58 million or 47.91% to RM38.84 million in FYE 2022 compared to RM26.26 million in FYE 2021, while PBT margin improved to 12.91% in FYE 2022 compared to 12.72% in FYE 2021. Similarly, our PAT increased by RM9.02 million or 44.91% to RM29.12 million in FYE 2022 compared to RM20.09 million in FYE 2021. This was mainly due to the improvements in revenue and GP in FYE 2022. while Our PAT margin decreased to 9.68% in FYE 2022 compared to 9.73% in FYE 2021, mainly due to higher tax expenses in FYE 2022. Please refer to Sections 12.3.1(i), 12.3.1(iii) and 12.3.1(ix) of this Prospectus for further details of our revenue, GP analysis and tax expense respectively.

(ix) Effective tax rate

Our effective tax rate for the Financial Years Under Review are set out below:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
PBT	13,488	18,304	26,259	38,840
• <i>Malaysia operations</i>	9,134	15,022	16,483	28,092
• <i>Singapore operations</i>	4,354	3,282	9,776	10,748
Total taxation	3,272	4,615	6,167	9,725
• <i>Malaysia operations</i>	2,626	4,129	4,791	8,181
• <i>Singapore operations</i>	646	486	1,376	1,544
Effective tax rate				
• <i>Group</i>	24.26%	25.21%	23.49%	25.04%
• <i>Malaysia operations</i>	28.75%	27.49%	29.06%	29.12%
• <i>Singapore operations</i>	14.84%	14.81%	14.08%	14.37%
Statutory tax rate				
• <i>Malaysia</i>	24.00%	24.00%	24.00%	24.00%
• <i>Singapore</i>	17.00%	17.00%	17.00%	17.00%

Malaysia operations

For the FYE 2019, our effective tax rate for our Malaysia operations was 28.75% which was higher than the statutory tax rate of 24.00%. This was mainly due to non-deductible expenses incurred mainly for the depreciation of property, plant and equipment.

For the FYE 2020, our effective tax rate for our Malaysia operations was 27.49% which was higher than the statutory tax rate of 24.00%. This was mainly due to non-deductible expenses incurred mainly for the depreciation of property, plant and equipment.

For the FYE 2021, our effective tax rate for our Malaysia operations was 29.06% which was higher than the statutory tax rate of 24.00%. This was mainly due to non-deductible expenses incurred mainly for the depreciation of property, plant and equipment.

12. FINANCIAL INFORMATION (CONT'D)

For the FYE 2022, our effective tax rate for our Malaysia operations was 29.12% which was higher than the statutory tax rate of 24.00%. This was mainly due to non-deductible expenses incurred mainly for the depreciation of plant, property and equipment.

Singapore operations

For the FYE 2019, our effective tax rate for our Singapore operations was 14.84% which was lower than the statutory tax rate of 17.00%. This was mainly due to capital allowance for fixed assets and corporate tax exemption under the partial tax exemption scheme for companies in Singapore, which is a tax incentive programme provided to support the growth of companies that have been in operation for more than 3 years.

For the FYE 2020, our effective tax rate for our Singapore operations was 14.81% which was lower than the statutory tax rate of 17.00%. This was mainly due to the capital allowance for fixed assets and corporate tax exemption in FYE 2020 under the partial tax exemption scheme for companies in Singapore, which is a tax incentive programme provided to support the growth of companies that have been in operation for more than 3 years.

For the FYE 2021, our effective tax rate for our Singapore operations was 14.08% which was lower than the statutory tax rate of 17.00%. This was mainly due to the capital allowance for fixed assets and corporate tax exemption under the partial tax exemption scheme for companies in Singapore, which is a tax incentive programme provided to support the growth of companies that have been in operation for more than 3 years.

For the FYE 2022, our effective tax rate for our Singapore operations was 14.37% which was lower than the statutory tax rate of 17.00%. This was mainly due to the capital allowance for fixed assets.

12.3.2 Significant factors materially affecting our operations and financial results

The significant factors affecting our operations and financial results are set out below:

(i) Number of retail outlets and rental expenses

As we are principally a specialty retailer of golf equipment, our retail sales are mainly generated from our retail outlets. As such, our ability to generate and increase our revenue from our retail sales is mainly dependent on our ability to improve our retail sales within each outlet or increase the number of outlets to expand on our geographical coverage and provide ease of accessibility to a wider group of potential customers.

The breakdown of retail outlets for the Financial Years Under Review are as follows:

	<-----As at 31 December----->			
	2019	2020	2021	2022
Malaysia				
Golf specialty stores	15	15	14	18
Pro shops	13	14	15	17
Singapore				
Golf specialty stores	3	3	3	4
Pro shops	2	2	3	2
Departmental counters	2	2	2	2
Total	35	36	37	43

12. FINANCIAL INFORMATION (CONT'D)

Please refer to Section 12.3.1(i) of this Prospectus for further details of the revenue analysis of our retail operations.

As at the LPD, we operate 44 retail outlets including 36 in Malaysia and 8 in Singapore. Save for 2 retail outlets in Subang Jaya and Kelana Parkview in Selangor which are located in our own properties, the other retail outlets operate on tenanted properties. As such, we incur rental expenses and this constitutes one of the major operating expenses.

We generally enter into tenancy agreements for an initial term ranging from 1 to 5 years with options to renew. Please refer to Section 7.23.3(b) of this Prospectus for further details of our rented properties. Our tenancy agreements may be subject to review and revision by the landlords and these include increases in rental rates or non-renewal of rental agreements. In the event of any changes in the terms and conditions of the rental agreement or non-renewal, this will have an adverse effect on our financial results.

During the Financial Years Under Review, our rental expenses for our retail outlets accounted for 5.46%, 4.41%, 5.00% and 5.45% of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

(ii) Staff costs

As we are principally involved in the operation of retail outlets, staff costs constitute the largest component of our operating expenses. Staff costs include salaries, bonuses, statutory contributions and other expenses for all our employees at retail outlets, head office and warehouse. Our staff costs may increase as we increase the number of retail outlets to expand our business.

For the Financial Years Under Review, our staff costs accounted for 14.57 %, 15.23%, 13.15% and 12.32% of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. We pay our employees in accordance with the applicable statutory minimum wage and any increase in the statutory minimum wage will result in the increase in our overall staff costs. The Minimum Wages Order 2022 was gazetted on 27 April 2022 and the implementation of the monthly minimum wage of RM1,500 took effect on 1 May 2022. As at the LPD, we have complied with the minimum wage rates since 1 May 2022. The additional cost incurred was approximately RM3,000 per month and this impacted approximately 3.00% of our total number of employees as at 31 December 2022.

(iii) Consumer spending patterns and behaviours as well as general economic conditions

As a specialty golf retailer and wholesaler, our products are focused on golf equipment including golf clubs, golf balls and accessories and golf apparel. As these golf equipment are not deemed essential products, our sales are affected by changes in consumer spending patterns and behaviour including, among others, changes in consumer preferences, trends and style, changes in the level of disposable income, spending alternatives, product substitution, and product differentiation including branding, quality and pricing.

Consumer spending and behaviour are also influenced by general economic factors such as inflation and unemployment rates which would in turn affect disposable income. As such, any changes in the economic conditions, consumer spending and behaviour would have an impact on our business operations and financial performance.

Please refer to Section 5.2.2 of this Prospectus for further details.

12. FINANCIAL INFORMATION (CONT'D)**(iv) Prolonged or resurgence of COVID-19 pandemic or emergence of other epidemics or pandemics**

The prolonged epidemics or pandemics may result in temporary closure of our business operations and drop in the patronage of our retail outlets, inability to operate at full capacity for our other operations, and delays in receiving shipments as well as delivering goods which may negatively affect our business and financial performance.

Malaysia operations

The outbreak of COVID-19 had affected our business operations. Between March 2020 and 2021, there were several MCO measures implemented including full and partial lockdown containment measures and restrictions imposed. Generally, our business was impacted due to the containment measures during the MCO period between 18 March 2020 and 3 May 2020 as well as various phases of the NRP which commenced on 1 June 2021, where our business operations including retail and wholesale operations in Malaysia were either suspended or were operating below full capacity. The interruptions in business operations adversely affected our business operations and financial performance in Malaysia where our revenue from our Malaysia operations declined by 33.43% in the 2nd quarter of FYE 2020, as revenue declined from RM25.69 million in the 1st quarter of FYE 2020 to RM17.10 million in the 2nd quarter of FYE 2020 during the MCO period. Please refer to Section 7.14 of this Prospectus for further details of the impact of COVID-19 on our financial performance.

Singapore operations

The Singapore government implemented the Circuit Breaker Measures from 7 April 2020 to 1 June 2020 where only “essential services” were allowed to operate. Subsequently, the country embarked on a 3-phased approach to gradually resume economic activities commencing 2 June 2020. During the circuit breaker period, we were required to temporarily close all our operational facilities including our office and warehouse, as well as our retail outlets. Subsequently, we resumed operations and reopened our retail outlets on 19 June 2020 under phase 2 of the reopening where retail businesses were allowed to resume operations. The interruptions in business operations adversely affected our business operations and financial performance in Singapore where our revenue from our Singapore operations declined by 80.92% in the 2nd quarter of FYE 2020, as revenue declined from RM11.29 million in the 1st quarter of FYE 2020 to RM2.16 million in the 2nd quarter of FYE 2020 during the circuit breaker period. Please refer to Section 7.14 of this Prospectus for further details of the impact of COVID-19 on our financial performance.

(v) Impact of foreign exchange

Our business is exposed to the risk of foreign exchange fluctuations where 32.11%, 25.42%, 41.15% and 33.61% of our revenue for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively were transacted in foreign currencies, while 62.30%, 62.82%, 74.87% and 67.41% of our purchases for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively were transacted in foreign currencies. In addition, the functional currency translated in MST Golf Singapore's accounting system and financial statements are denominated in SGD. Any unfavourable movement in exchange rates between RM and other foreign currencies would have a negative impact on our financial performance.

12. FINANCIAL INFORMATION (CONT'D)

We regularly review the price of our products which takes into consideration fluctuations in foreign exchange rates that may affect our purchase price. We commonly pass on to customers the increased purchase cost arising from any negative impact of foreign exchange rate movements. For the Financial Years Under Review, the selling price of our products have been increasing annually due to increased purchase cost partly arising from the strengthening of foreign exchange mainly USD. Nevertheless, there can be no assurance that we are able to pass all increases in costs to customers in a timely manner which may have an impact on our financial performance. For the FYE 2022, our GP margin from wholesale of golf balls and accessories decreased to 20.90% as compared to 27.39% in FYE 2021 attributed to higher product costs affected by the fluctuation of foreign currency where the customer orders had already been confirmed prior to the unfavourable change in foreign currency exchange on the golf balls and accessories that we received from suppliers. The GP contribution from the wholesale of golf balls and accessories accounted for 1.51% of our total GP for FYE 2022.

The breakdown of our revenue and purchases transacted in RM and other currencies for the Financial Years Under Review are set out below:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Revenue	175,950	170,152	206,519	300,875
• RM	119,444	126,902	121,539	199,761
• SGD	51,854	38,444	81,355	95,281
• USD	4,652	4,806	3,625	5,833
Purchases	105,685	79,930	138,238	176,043
• RM	39,848	29,720	34,746	57,378
• SGD	8,128	6,900	13,764	22,318
• USD	47,086	37,316	77,711	82,810
• JPY	10,590	5,950	11,981	13,509
• EUR	33	44	36	28

We also hold cash and bank balances denominated in foreign currencies for working capital purposes. The currency profile of our cash and bank balances is set out below:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
RM	873	7,333	22,363	15,353
SGD	1,913	10,822	6,868	11,234
USD	873	1,204	5,977	228
JPY	59	28	48	10
Total	3,718	19,387	35,256	26,825

We have some form of natural hedging with respect to the USD as we generate revenue and make purchases that are denominated in USD. In addition to SGD, we also maintain bank accounts in USD and JPY for our business operations.

12. FINANCIAL INFORMATION (CONT'D)

Our Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period is set out below:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
USD	(98)	(6,331)	(5,437)	(8,592)
SGD	4,542	12,632	10,917	12,671
JPY	(86)	106	805	(217)

Please refer to Note 37.2(c) of the Accountants' Report set out in Section 13 of this Prospectus for further details on the net exposure to foreign currency risk of financial assets and financial liabilities denominated in USD, SGD and JPY.

The following table demonstrates the sensitivity analysis of our net profit to a reasonably possible change in the foreign currency within our Group, with all other variables held constant:

Effects on PAT	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM	RM	RM	RM
USD/RM				
Strengthen 0.09%/0.17%/0.29%/0.41% ⁽¹⁾	(70) ⁽²⁾	(8,046)	(12,134)	(26,727)
Weakened 0.09%/0.17%/0.29%/0.41% ⁽¹⁾	70 ⁽²⁾	8,046	12,134	26,727
SGD/RM				
Strengthen 0.01%/0.01%/0.12%/0.48% ⁽¹⁾	458 ⁽²⁾	644	10,080	46,475
Weakened 0.01%/0.01%/0.12%/0.48% ⁽¹⁾	(458) ⁽²⁾	(644)	(10,080)	(46,475)
JPY/RM				
Strengthen 0.01%/0.26%/0.63%/0.73% ⁽¹⁾	(4)	211	3,854	(1,209)
Weakened 0.01%/0.26%/0.63%/0.73% ⁽¹⁾	4	(211)	(3,854)	1,209

Notes:

- (1) The percentages refers to the 12 months average percentage of the fluctuations in the foreign exchange rate throughout the financial year.
- (2) For illustrative purposes, in FYE 2019, the net exposure of net liabilities which are denominated in USD equivalent to RM98,000 will result in a negative impact of RM70 if the USD strengthens against the RM by 0.09% (i.e. RM98,000 x 0.09% x 76% (net of 24% of tax)). If the USD weakens against the RM by 0.09%, there will be a positive impact of RM70 on the PAT.

Conversely, the net exposure of net assets which are denominated in SGD equivalent to RM4,542,000 will result in a positive impact of RM458 if the SGD strengthens against the RM by 0.01% (i.e. RM4,542,000 x 0.01% x 76% (net of 24% of tax)). If the SGD weakens against the RM by 0.01%, there will be a negative impact of RM458 on the PAT.

12. FINANCIAL INFORMATION (CONT'D)

For FYE 2019 and FYE 2020, we had net gains on foreign currency exchange while we recorded a net loss in FYE 2021 and FYE 2022. Details of our foreign currency exchange gains and losses are set out below:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Unrealised gain/(loss) on foreign exchange	101	224	(237)	312
Realised gain/(loss) on foreign exchange	270	112	(310)	(970)
Net gain/(loss) on foreign exchange	371	336	(547)	(658)

Our business is subject to risks related to any unfavorable foreign currency exchange rate fluctuations which may materially affect our financial performance. As at the LPD, we do not have any foreign currency forward hedging contracts.

(vi) Impact of interest rate

All our borrowings are interest-bearing obligations. Any hikes in interest rates would affect our financial performance. Our finance cost mainly comprises interest charges on term loans, bankers' acceptance, trust receipt, invoice financing and bank overdrafts that are granted by banks and financial institutions. As at 31 December 2022, our total bank borrowings were RM61.19 million, all of which were interest bearing based on floating interest rates. We incurred finance cost of RM3.56 million, RM2.73 million, RM2.82 million and RM4.17 million for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. Our interest coverage ratio for the Financial Years Under Review was 7.28 times, 11.18 times, 13.79 times and 13.85 times for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively.

In this respect, any increase in draw down of borrowings and/or interest rates may impact our financial performance. If we fail or encounter difficulties in meeting our financial obligations when they fall due, this will result in a financial distress condition which will affect our operations and financial performance. For the Financial Years Under Review and up to the LPD, we have not defaulted on any payments of either the principal or interests in relation to our borrowings.

(vii) Impact of inflation

The business, financial condition or results of our operations for the Financial Years Under Review were not materially affected by the impact of inflation. Nevertheless, there can be no assurance that future inflation would not have an impact on our business operations and financial performance.

(viii) Government/economic/fiscal/monetary policies

Our business is subject to risk relating to government, economic, fiscal or monetary policies in Malaysia and Singapore. Any unfavourable changes in such government policies, economic conditions, or fiscal or monetary policies may materially affect our operations in Malaysia and Singapore. Please refer to Section 5.2.4 of this Prospectus for further details.

12. FINANCIAL INFORMATION (CONT'D)**12.3.3 Liquidity and capital resources****(i) Working capital**

Our business has been financed by a combination of internal and external sources of funds. Internal sources include shareholders' equity and cash generated from our operations, while external sources of funds mainly include banking facilities from financial institutions. These funds were used for our business operations and growth.

As at 31 December 2022, our Group has cash and cash equivalents of RM17.59 million and our total interest-bearing bank borrowings was RM61.19 million. As at 31 December 2022, our gearing ratio was 0.64 times and current ratio was 1.54 times. As at the LPD, our Group has available banking facilities amounted to RM61.28 million, of which RM13.94 million has yet to be utilised.

After taking into consideration the funding requirements for our committed capital expenditures, our strategies and plans as set out in Section 7.19 of this Prospectus, our existing level of cash and bank balances and deposits with licensed banks, credit facilities available for utilisation, potential dividend distribution, expected cash flows to be generated from our operations and the estimated net proceeds from the Public Issue, our Board is of the view that we have sufficient working capital for 12 months from the date of this Prospectus.

(ii) Cash flows

Our cash flow for the Financial Years Under Review based on our audited consolidated financial statements which should be read in conjunction with the Accountants' Report included in Section 13 of this Prospectus is set out below:

	<-----Audited----->			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	8,886	51,456	7,116	8,953
Net cash used in investing activities	(6,755)	(2,043)	(3,277)	(24,846)
Net cash used in financing activities	(7,561)	(9,034)	(7,949)	(4,565)
Net increase/ decrease in cash and cash equivalents	(5,430)	40,379	(4,110)	(20,458)
Cash and cash equivalents at the beginning of the financial year	4,691	(644)	39,716	35,967
Effect of foreign exchange rate changes	95	(19)	361	2,076
Cash and cash equivalents at the end of the financial year⁽¹⁾	(644)	39,716	35,967	17,585

Note:

- (1) The components of our cash and cash equivalents are set out below:

	<-----Audited----->			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	3,718	19,387	35,256	26,825
Fixed deposits placed with licensed banks	-	20,429	1,361	2,059
Bank overdraft	(4,362)	-	-	(9,645)
	(644)	39,816	36,617	19,239
Less: Fixed deposit pledged to licensed banks	-	(100)	(650)	(1,654)
Total	(644)	39,716	35,967	17,585

12. FINANCIAL INFORMATION (CONT'D)

All of our cash and cash equivalents are held in RM, SGD and other foreign currencies. Save for any applicable financial covenants and the Act, and subject to the availability of distributable profits and reserves, there are no legal, financial or economic restrictions on our subsidiary's ability to transfer funds to our Company in the form of cash dividends, loans or advances.

(a) Net cash from operating activities**FYE 2019**

For FYE 2019, our net cash from operating activities was RM8.89 million after taking into account the following:

- increase of RM10.09 million in inventories mainly due to higher purchases of golf equipment comprising golf clubs, golf balls and accessories and apparel during FYE 2019;
- decrease of RM5.41 million in trade and other payables mainly due to higher payments to suppliers in the last quarter of FYE 2019;
- increase of RM0.44 million in contract liabilities primarily relating to the unredeemed golf lessons where customers purchased our golf lesson vouchers but have yet to redeem the golf lesson. Our golf lesson vouchers have a validity period of 6 months;
- decrease of RM0.33 million in trade and other receivables mainly attributed to other receivables arising from lower payments made to suppliers before shipments of purchases; and
- increase of RM0.26 million in amount due to a related company, namely MySports Vietnam pertaining to the purchase of golf equipment from MySports Vietnam in FYE 2019. As at the LPD, the payments have been settled.

FYE 2020

For FYE 2020, our net cash from operating activities was RM51.46 million after taking into account the following:

- decrease of RM14.42 million in inventories mainly due to lower purchases where our total purchases declined by RM25.76 million to RM79.93 million in FYE 2020 compared to RM105.69 million in FYE 2019. This was also partly contributed by higher sales in the second half of FYE 2020 as sales picked up following the resumption of retail operations in Malaysia and Singapore;
- increase of RM10.44 million in trade and other payables mainly due to the increase in the purchases of golf clubs, golf balls and accessories and golf apparel in the last quarter of FYE 2020;
- decrease of RM0.26 million in amount due to a related company following the payment to the said company as mentioned above; and
- increase of RM0.23 million in contract liabilities primarily relating to the unredeemed golf lessons where customers purchased our golf lesson vouchers but have yet to redeem the golf lesson. Our golf lesson vouchers have a validity period of 6 months.

12. FINANCIAL INFORMATION (CONT'D)

For FYE 2020, we recorded a high net cash of RM51.46 million from operating activities as we took the following steps to manage the cash outflows and reserve the cash due to the uncertainties arising from the impact of the COVID-19 pandemic condition:

- we engaged with the suppliers to manage the purchases of products including the cancellation of purchase orders and deferment of delivery arising from the business closure during the containment measures implemented in FYE 2020. This was reflected in the lower purchases where our total purchases declined by RM25.76 million to RM79.93 million in FYE 2020 compared to RM105.69 million in FYE 2019.
- we also took up the moratorium of loan payments to manage the cash outflows during the FYE 2020.
- there were also lower expenses incurred during the FYE 2020 impacted by the COVID-19 condition such as lower selling and distribution expenses due to lower advertising and promotional activities and rental expenses arising from the rental rebates. This was reflected in administrative and other expenses which declined by RM1.78 million and its selling and distribution expenses which declined by RM2.36 million in FYE 2020 respectively.

This was also partially contributed by the improvement in revenue of the Group's operations in Malaysia following the reopening of their retail outlets in May 2020 when the CMCO was implemented. This was reflected in an increase in revenue derived from the Malaysia operations which improved to RM84.60 million in the 2nd half of FYE 2020 compared to RM42.79 million in the 1st half of FYE 2020.

FYE 2021

For FYE 2021, our net cash from operating activities was RM7.12 million after taking into account the following:

- increase of RM25.09 million in inventories mainly due to higher purchases of golf equipment comprising golf clubs, golf balls and accessories and golf apparel during FYE 2021. Our purchases increased from RM79.93 million in FYE 2020 to RM138.24 million in FYE 2021;
- increase of RM5.13 million in trade and other receivables mainly attributed to other receivables where there were increase in deposits paid for renovations and purchase of equipment for our first indoor golf centre at The Gardens Malls in Kuala Lumpur. This was also partly contributed by an increase in trade receivables due to higher wholesale of golf equipment in the last quarter of FYE 2021;
- increase of RM4.32 million in trade and other payables mainly due to additional time taken for payment to our suppliers; and
- decrease of RM0.35 million in contract liabilities primarily due to lower sales of golf lesson voucher in FYE 2021.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2022**

For FYE 2022, our net cash from operating activities was RM8.95 million after taking into account the following:

- increase of RM41.34 million in inventories mainly due to higher purchases of golf equipment comprising golf clubs, golf balls and accessories and golf apparel during the FYE 2022. Our purchases increased from RM138.24 million in FYE 2021 to RM176.04 million in FYE 2022;
- increase of RM8.96 million in trade and other receivables mainly attributed other receivables arising from higher accrued marketing rebates and higher payments made to suppliers before shipments of purchases;
- increase of RM6.12 million in trade and other payables mainly attributed to other payables arising from the increase in purchases of furniture and fittings for our new retail outlets, IT related hardware and software including golf simulators as well as equipment mainly kitchen equipment for our indoor golf centres; and
- increase of RM4.10 million in contract liabilities primarily relating to the higher unredeemed points arising from higher retail sales during the FYE 2022.

(b) Net cash used in investing activities**FYE 2019**

For FYE 2019, our net cash used in investing activities was RM6.75 million. This was mainly attributed to the following:

- RM3.63 million used for the acquisition of additional 25.00% equity interest in MST Golf Singapore from an existing shareholder and director; and
- RM2.91 million was mainly used for renovations and purchases of furniture and fittings, IT related software and hardware, equipment and plant and machinery for our retail outlets including the specialty stores at IOI City Mall in Putrajaya and Mid Valley Southkey in Johor which were opened in FYE 2019.

FYE 2020

For FYE 2020, our net cash used in investing activities was RM2.04 million. This was mainly attributed to RM2.12 million mainly used for the renovations and purchases of furniture and fittings, IT related software and hardware, equipment and plant and machinery mainly for our retail outlets including the upgrade and expansion of our specialty store at Suntec City in Singapore.

FYE 2021

For FYE 2021, our net cash used in investing activities was RM3.28 million. This was mainly attributed to RM4.75 million which was used for the renovations and purchases of furniture and fittings, IT related software and hardware, equipment and plant and machinery mainly for our new indoor golf centre at The Gardens Malls in Kuala Lumpur, upgrade of our specialty stores at Hatten Square in Melaka, as well as our head office and warehouse.

12. FINANCIAL INFORMATION (CONT'D)

The net cash used in investing activities was partially offset by RM1.32 million of proceeds from the disposal of subsidiaries, namely My EGames, MySports Vietnam, My Sports (Thailand) and Heritage Links Asia to All Sportz.

FYE 2022

For FYE 2022, our net cash used in investing activities was RM24.85 million. This was mainly attributed to RM23.87 million which was used for the renovations, purchases of furniture and fittings as well as equipment mainly for our second new indoor golf centre located at Tropicana Gardens Malls in Selangor and opening of new retail outlets as well as the spill over of capital expenditure from FYE 2021 for the opening of the indoor golf centre at The Gardens Mall, Kuala Lumpur in February 2022.

(c) Net cash used in financing activities**FYE 2019**

For FYE 2019, our net cash used in financing activities was RM7.56 million. This was mainly attributed to the following:

- RM5.27 million used for the payment of lease liabilities including rental payments and also hire purchase payments;
- RM3.56 million used for interest payment including interest expense on lease liabilities, bank borrowings mainly term loan, bankers' acceptance and bank overdrafts, as well as interest expense on amount due to Directors and related companies; and
- RM2.60 million of net cash used for the repayment of bankers' acceptance for working capital purposes.

The net cash used in financing activities was partially offset by RM2.80 million of advances from Directors to our Group for working capital purposes.

FYE 2020

For FYE 2020, our net cash used in financing activities was RM9.03 million. This was mainly attributed to the following:

- RM9.56 million of net cash used for the repayment of bankers' acceptance for working capital purposes;
- RM4.31 million used for the payment of lease liabilities including rental payments and also hire purchase payments;
- RM2.80 million used for the repayment to Directors for advances extended to our Group in FYE 2019; and
- RM2.73 million used for interest payment including interest expense on lease liabilities, bank borrowings mainly term loan, bankers' acceptance and bank overdrafts, as well as interest expense on amount due to Directors and related companies.

The net cash used in financing activities was partially offset by the net drawdown of term loans amounting to RM8.57 million for working capital and RM2.50 million of net drawdown of invoice financing for working capital purposes.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2021**

For FYE 2021, our net cash used in financing activities was RM7.96 million. This was mainly attributed to the following:

- RM5.00 million used for the payment of lease liabilities including rental payments and also hire purchase payments;
- RM4.88 million used for the repayment of term loans which was used for working capital purposes, and for the purchase of MST Golf Plaza at Subang Jaya, Selangor as well as the retail outlet at Kelana Parkview, Selangor and renovations of retail outlets;
- RM3.16 million of net cash used for the repayment of invoice financing for working capital purposes;
- RM2.82 million used for interest payment including interest expense on lease liabilities, bank borrowings mainly term loan, bankers' acceptance and bank overdrafts;
- RM2.00 million of dividend payment to the Group's holding company, All Sportz in relation to the dividend declared during FYE 2021; and
- RM1.06 million used for the repayment to our holding company for advances extended to our Group.

The net cash used in financing activities was partially offset by net cash of RM9.11 million from the drawdown of bankers' acceptance for working capital purposes and RM2.84 million from the drawdown of trust receipts for working capital purposes.

FYE 2022

For FYE 2022, our net cash used in financing activities was RM4.57 million. This was mainly attributed to the following:

- RM11.50 million of dividend payment to the Group's holding company, All Sportz in relation to the dividend declared during FYE 2021;
- RM8.00 million used for the payment of lease liabilities including rental payments and also hire purchase payments;
- RM4.17 million used for interest payment including interest expense on lease liabilities, bank borrowings mainly term loan and bankers' acceptance; and
- RM1.32 million of net cash used for the repayment of term loan which was used for working capital purposes, and for the purchase of MST Golf Plaza at Subang Jaya, Selangor as well as the retail outlet at Kelana Parkview, Selangor and renovations of retail outlets.

The net cash used in financing activities was partially offset by the following:

- net cash of RM7.41 million from the drawdown of bankers' acceptance for working capital purposes;
- RM3.92 million of advances from our holding company, All Sportz to our Group for working capital purposes. The advances has been fully settled prior to 31 December 2022;

12. FINANCIAL INFORMATION (CONT'D)

- RM3.27 million from the drawdown of revolving loan for working capital purposes;
- RM2.94 million from the drawdown of trust receipts for working capital purposes;
- RM2.24 million from the drawdown of invoice financing for working capital purposes; and
- RM0.65 million of lease incentive received.

(iii) Bank borrowings

As at 31 December 2022, our Group's total interest-bearing bank borrowings was RM61.19 million, all of which were interest bearing based on floating interest rates. Details of our bank borrowings are set out below:

	<-----As at 31 December 2022----->		
	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Term loans ⁽¹⁾	2,916	15,478	18,394
Bankers' acceptance ⁽²⁾	21,853	-	21,853
Bank overdraft ⁽³⁾	9,645	-	9,645
Trust receipts ⁽³⁾	5,786	-	5,786
Invoice financing ⁽⁵⁾	2,240	-	2,240
Revolving loan ⁽⁶⁾	3,274	-	3,274
Total	45,714	15,478	61,192
Gearing ratio⁽⁷⁾			0.64

Notes:

- (1) Term loans were used for purchase of MST Golf Plaza at Subang Jaya, our retail outlet at Kelana Parkview in Selangor, renovations of our retail outlets as well as for working capital purposes.
- (2) Bankers' acceptance were mainly used for working capital purposes.
- (3) Bank overdraft were mainly used for working capital purposes.
- (4) Trust receipts were mainly used for working capital purposes.
- (5) Invoice financing were mainly used for working capital purposes.
- (6) Revolving loan were mainly used for working capital purposes.
- (7) Based on total interest-bearing bank borrowings over total equity.

12. FINANCIAL INFORMATION (CONT'D)

The currency profile of our bank borrowings are set out below:

<-----As at 31 December 2022----->			
	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
RM	34,414	15,478	49,892
SGD	11,300	-	11,300
Total	45,714	15,478	61,192

The maturity profile and average effective interest rates of our bank borrowings as at 31 December 2022 are set out below:

<-----As at 31 December 2022----->					
	Average interest rates	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Term loans	4.70% - 8.10%	2,916	9,588	5,890	18,394
Bankers' acceptance	4.09% - 5.08%	21,853	-	-	21,853
Bank overdraft	7.10% - 8.24%	9,645	-	-	9,645
Trust receipts	2.64% - 6.46%	5,786	-	-	5,786
Invoice financing	3.25% - 6.15%	2,240	-	-	2,240
Revolving loan	6.90%	3,274	-	-	3,274
Total		45,714	9,588	5,890	61,192

Our Group has not defaulted on any payment of either principal sums and/or interest in relation to the borrowings for the Financial Years Under Review and up to the LPD.

We do not encounter any seasonality in our borrowings trend and there is no restriction on our committed facilities.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations or investments by holders of securities in our Group.

(iv) Treasury policies and objectives

Our Group's operations have been funded by shareholders' equity and cash generated from our operations as well as external sources of funds. The external sources of funds mainly include banking facilities from financial institutions. The normal credit terms granted by our suppliers range from 0 up to 60 days.

As at the LPD, our Group's banking facilities from financial institutions mainly consist of the following:

- term loans used for the purchase of MST Golf Plaza at Subang Jaya, our retail outlet at Kelana Parkview in Selangor, renovations of our retail outlets as well as for working capital purposes; and
- credit facilities including bankers' acceptance, bank overdrafts, trust receipts, invoice financing and revolving loan for working capital purposes.

12. FINANCIAL INFORMATION (CONT'D)

The interest rates for our bank borrowings are typically based on the prevailing market rates at the dates of the respective transactions. As at the LPD, our Group has available banking facilities which amounted to RM61.28 million, of which RM13.94 million has yet to be utilised.

The main objective of our capital management is to ensure sustainable shareholders' equity to ensure our ability to support and grow our business in order to maximise on shareholders' value. We review and manage our capital structure to maintain our debt-to-equity ratio at an optimal level based on the business requirements and prevailing economic conditions.

(v) Financial instruments for hedging purposes

In the ordinary course of business, we deal with customers and suppliers from domestic markets including Malaysia and Singapore as well as other foreign markets, where transactions are denominated in either RM or SGD as well as foreign currencies mainly USD. We also maintain bank accounts in RM, SGD as well as USD and JPY such that collections can be used to settle payments of the same currency where possible. To a certain extent, this provides a natural hedge against fluctuations in the foreign exchange and mitigates our exposure to foreign exchange risks. We currently do not use any financial instrument to hedge our exposure against transactions in foreign currency.

(vi) Material capital commitment for capital expenditure

As at the LPD, our Group's material capital commitments are summarised as follows:

	<-----Source of funds----->		
	Capital commitment RM'000	Internally generated funds/ bank borrowings RM'000	IPO proceeds RM'000
Approved and/or contracted for⁽¹⁾:			
Ongoing expansion in Malaysia and Singapore	7,900	-	7,900
Approved but not contracted for:			
Expansion in Malaysia and Singapore	52,855	-	52,855
• <i>New retail outlets</i>	28,660	-	28,660
• <i>New retail outlet with indoor golf centres</i>	21,195	-	21,195
• <i>Upgrade and refurbish existing retail outlets</i>	3,000	-	3,000
Expansion in new geographical markets ⁽²⁾	53,550	-	53,550
• <i>Indonesia</i>	19,934	-	19,934
• <i>Thailand</i>	18,624	-	18,624
• <i>Vietnam</i>	14,992	-	14,992
Upgrading of digital technology facilities	5,000	2,000	3,000
Total	119,305	2,000	117,305

12. FINANCIAL INFORMATION (CONT'D)**Notes:**

- (1) As at the LPD, we have also entered into letters of offer and/or tenancy agreements to open 3 retail outlets in Malaysia and are undergoing renovations as at the LPD. The total estimated cost for the setting up of these retail outlets are RM9.90 million, of which RM2.00 million has been paid through internally generated funds while the remaining RM7.90 million will be funded through the IPO proceeds. Please refer to Section 7.7 of this Prospectus for further details of the ongoing expansion of our retail outlets in Malaysia.
- (2) The total estimated cost for the expansion in new geographical markets is estimated at RM100.00 million, of which RM53.55 million will be funded through IPO proceeds and the remaining will be funded by the local partners in the respective countries. Please refer to Section 7.19.2 of this Prospectus for further details of our expansion in new geographical markets.

(vii) Contingent liabilities

As at the LPD, we do not have any contingent liabilities, which upon becoming enforceable, may have substantial impact on the financial position of our Group.

(viii) Material litigation, claims or arbitration

Our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and does not know of any proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially or adversely affect our position or profitability, in the 12 months immediately preceding the date of this Prospectus.

(ix) Capital expenditure and divestitures**Capital expenditure**

Our capital expenditures for the Financial Years Under Review and up to the LPD are set out below:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	1 January 2023 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Renovations	1,150	943	2,207	9,016	995
IT related software and hardware	281	110	919	4,358	1,587
Furniture and fittings	1,148	679	649	5,887	1,020
Equipment	223	176	477	3,676	188
Plant and machinery	57	142	454	626	41
Others ⁽¹⁾	55	66	43	303	94
Total	2,914	2,116	4,749	23,866	3,925

Note:

- (1) Include mainly air conditioners and signboards.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2019**

For FYE 2019, our capital expenditure of RM2.91 million mainly comprised RM2.30 million for renovations and purchases of furniture and fittings, RM0.28 million for the purchase of IT related software and hardware and RM0.22 million for the purchase of equipment such as televisions and closed circuit television (CCTV) mainly for our retail outlets including the specialty stores at IOI City Mall in Putrajaya and Mid Valley Southkey in Johor which were opened in FYE 2019.

FYE 2020

For FYE 2020, our capital expenditure of RM2.12 million mainly comprised RM1.62 million for renovations and purchases of furniture and fittings, RM0.18 million for the purchase of equipment such as television, RM0.14 million for the purchase of plant and machinery mainly golf simulators and RM0.11 million for the purchase of IT related software and hardware mainly for our retail outlets including the upgrade and expansion of our specialty store at Suntec City in Singapore.

FYE 2021

For FYE 2021, our capital expenditure of RM4.75 million mainly comprised RM2.86 million for renovations and purchases of furniture and fittings, RM0.92 million for the purchase of IT related hardware and software, RM0.48 million for the purchase of equipment such as audio systems and television and RM0.45 million the purchase of plant and machinery including golf simulators mainly for the new indoor golf centre at The Gardens Mall in Kuala Lumpur, upgrade of our specialty stores at Hatten Square in Melaka, as well as our head office and warehouse.

FYE 2022

For FYE 2022, our capital expenditure of RM23.87 million mainly comprised RM14.90 million for renovations and purchases of furniture and fittings, RM4.36 million for the purchase of IT related hardware and software including the golf simulators for our indoor golf centres and RM3.67 million for the purchase of equipment mainly kitchen equipment for our indoor golf centres at The Gardens Mall in Kuala Lumpur and Tropicana Gardens Mall in Selangor as well as the opening of new retail outlets.

1 January 2023 up to the LPD

Between 1 January 2023 and up to the LPD, our capital expenditure of RM3.93 million mainly comprised RM2.02 million for purchases of furniture, fittings and renovations and RM1.59 million for the purchase of IT related software and hardware mainly for the opening of our retail outlet at The Starhill Mall in Kuala Lumpur.

Capital divestitures

Our capital divestitures for the Financial Years Under Review and up to the LPD are set out below:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	1 January 2023 up to the LPD RM'000
Motor vehicles	356	-	-	-	-
Renovations	-	262	-	-	70
Furniture and fittings	-	161	-	-	104
IT related hardware and software	-	20	-	3	75
Plant and machinery	3	-	35	-	1

12. FINANCIAL INFORMATION (CONT'D)

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	1 January 2023 up to the LPD RM'000
Equipment	49	-	15	-	18
Others ⁽¹⁾	-	361	-	-	14
Total	408	804	50	3	282

Note:

(1) Include kitchen equipment and air conditioners.

FYE 2019

For FYE 2019, our capital divestitures of RM0.41 million mainly comprised the disposal of 1 unit of passenger car.

FYE 2020

For FYE 2020, our capital divestitures of RM0.80 million mainly attributed to the disposal of food and beverages related facilities at KLGCC to a third party operator.

FYE 2021

For FYE 2021, our capital divestitures of RM0.05 million mainly comprised the disposal of gator utility and audio system.

FYE 2022

For FYE 2022, our capital divestitures of approximately RM3,000 was in relation to the disposals of computers.

1 January 2023 up to the LPD

Between 1 January 2023 and up to the LPD, our capital divestitures of approximately RM0.28 million was mainly in relation to the disposal of furniture and fittings and other related equipment pursuant to the closure of a pro shop.

12.3.4 Key financial ratios

The key financial ratios based on our audited consolidated financial statements for the Financial Years Under Review is set out below:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Average trade receivables turnover period (days) ⁽¹⁾	13	13	12	10
Average trade payables turnover period (days) ⁽²⁾	29	37	50	38
Average inventory turnover period (days) ⁽³⁾	203	203	182	199
Current ratio (times) ⁽⁴⁾	1.07	1.28	1.26	1.54
Gearing ratio (times) ⁽⁵⁾	1.49	0.87	0.82	0.64

12. FINANCIAL INFORMATION (CONT'D)**Notes:**

- (1) Based on average trade receivables over revenue for the respective financial years multiplied by 365 days.
- (2) Based on average trade payables over cost of sales for the respective financial years multiplied by 365 days.
- (3) Based on average inventory over cost of sales for the respective financial years multiplied by 365 days.
- (4) Based on current assets over current liabilities.
- (5) Based on total interest-bearing bank borrowings (including finance lease liabilities under hire purchase contracts owing to financial institutions) over total equity.

(i) Trade receivables

A summary of our trade receivables for the Financial Years Under Review is set out below:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Average trade receivables ⁽¹⁾	6,366	5,973	6,664	8,153
Revenue	175,950	170,152	206,519	300,875
Average trade receivables turnover period (days) ⁽²⁾	13	13	12	10

Notes:

- (1) Computed as follows:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Opening trade receivables	6,315	6,417	5,528	7,799
Closing trade receivables	6,417	5,528	7,799	8,506
Average trade receivables	6,366	5,973	6,664	8,153

- (2) Based on average trade receivables over revenue for the respective financial years multiplied by 365 days.

For our retail segment as well as golf related services including golf coaching lessons, rental of golf equipment at our pro shops at the golf and country clubs and supply range balls for use driving range we operate, as well as indoor golf centre, the transactions with our customers are settled by cash, credit services through financial institutions such as credit or debit cards, or through third party online payment channels including e-wallet. The trade receivables from financial institutions that provide our customers with retail credit services typically release payment to us within 1 to 3 days following the transaction date.

For our corporate customers, we generally deal with our customers on credit terms between 30 days to 60 days which are granted to our customers are assessed and approved by the management on a case-by-case basis.

12. FINANCIAL INFORMATION (CONT'D)

For the wholesale segment, we generally deal with our customers on cash terms or credit terms of up to 60 days. The credit terms granted to our customers are assessed and approved by the management on a case-by-case basis.

Our average trade receivables turnover periods were 13 days for FYE 2019 and FYE 2020. The outstanding trade receivables were mainly amount due from our wholesale customers who are retailers as well as amount due from financial institutions for credit and debit card transactions.

The Group's average trade receivables turnover period declined from 13 days for FYE 2020 to 12 days for FYE 2021, mainly attributed to better collections from our wholesale customers who are retailers.

The Group's average trade receivables turnover period declined from 12 days for FYE 2021 to 10 days for FYE 2022, mainly attributable to timely collections from our wholesale customers who are retailers.

The ageing analysis of our trade receivables as at 31 December 2022 is set out below:

		<-----Past due----->				
	Not past due	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	6,191	2,005	95	75	140	8,506
<i>% of trade receivables</i>	<i>72.78</i>	<i>23.57</i>	<i>1.12</i>	<i>0.88</i>	<i>1.65</i>	<i>100.00</i>
Subsequent collections as at the LPD	6,155	2,005	90	41	93	8,384
Outstanding trade receivables as at the LPD	36	-	5	34	47	122
<i>% of trade receivables net of subsequent collections</i>	<i>29.51</i>	<i>-</i>	<i>4.10</i>	<i>27.87</i>	<i>38.52</i>	<i>100.00</i>

As at the LPD, RM8.38 million or 98.57% of our trade receivables as at 31 December 2022 has been subsequently collected. The remaining outstanding amount of RM0.12 million that falls within the credit period accounted for 29.51% (RM0.04 million) of the remaining outstanding amount while 70.49% (RM0.09 million) has exceeded credit period, mainly past due amount from corporate customers. The past due amount from corporate customers were mainly due to slow payments. We have taken constant effort to collect the overdue outstanding amount through follow-up calls.

Notwithstanding the above, for those corporate and wholesale customers, the Group will conduct evaluation of credit risk assessments such as payment track record and financial background, size of transactions, and length of business relationship to ensure such delays are mitigated thoroughly and does not increase unnecessarily and without diligent monitoring. In addition, our Board is of the view that the trade receivables turnover period is still manageable and will continuously monitor and constantly review our credit policies.

As at the LPD, we have not experienced any instances of significant bad debts for the Financial Years Under Review. We will assess the impairment of trade receivable on individual customer basis and impair trade receivable balances which have been outstanding for more than 12 months.

12. FINANCIAL INFORMATION (CONT'D)**(ii) Trade payables**

A summary of our trade payables for the Financial Years Under Review is set out below:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Average trade payables ⁽¹⁾	8,397	10,118	16,656	18,086
Cost of sales	105,224	100,695	122,488	171,680
Average trade payables turnover period (days) ⁽²⁾	29	37	50	38

Notes:

(1) Computed as follows:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Opening trade payables	10,938	5,856	14,379	18,932
Closing trade payables	5,856	14,379	18,932	17,240
Average trade payables	8,397	10,118	16,656	18,086

(2) Based on average trade payables over cost of sales for the respective financial years multiplied by 365 days.

Generally, the normal credit terms granted by our suppliers range from 0 up to 60 days credit.

Our average trade payable turnover period increased from 29 days in FYE 2019 to 37 days in FYE 2020 and this was mainly due to the increase in the purchases of golf clubs, golf balls and accessories and golf apparel in the last quarter of FYE 2020. This was mainly to replenish our inventory as there were higher sales recorded in the 2nd half of FYE 2020 when sales picked up following the resumption of our retail operations in Malaysia and Singapore.

Our average trade payable turnover period further increased to 50 days in FYE 2021 and this was mainly due to additional time taken for payments to suppliers as agreed by the suppliers arising from the impact of the COVID-19 conditions. As at the LPD, the outstanding payments to these suppliers have been settled.

Our average trade payable turnover period improved from 50 days in FYE 2021 to 38 days in FYE 2022 and this was mainly attributed to lower outstanding payables to 2 of our major suppliers, namely Supplier A and Supplier B on the back of higher purchases in FYE 2022 due to timely payments to our suppliers.

12. FINANCIAL INFORMATION (CONT'D)

The ageing analysis of our trade payables as at 31 December 2022 is set out below:

	<-----Past due----->					
	Not past due	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	5,511	3,877	2,073	2,259	3,520	17,240
% of trade payables	31.97	22.49	12.02	13.10	20.42	100.00
Subsequent payments as at the LPD	5,511	3,877	2,073	2,259	3,520	17,240
Outstanding trade payables as at the LPD	-	-	-	-	-	-
% of trade payables net of subsequent payments	-	-	-	-	-	-

As at the LPD, all trade payables outstanding as at 31 December 2022 has been subsequently paid.

Notwithstanding the above, there was no significant matter in dispute with respect to trade payables for the Financial Years Under Review, neither was there any legal action initiated by any of our Group's suppliers to demand for payment for the Financial Years Under Review and up to the LPD.

(iii) Inventory

A summary of our inventories for the Financial Years Under Review is set out below:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Average inventories ⁽¹⁾	58,393	56,079	61,234	93,606
Closing inventories	63,335	48,822	73,645	113,567
• Golf clubs	28,945	23,636	36,749	62,160
• Golf balls and accessories	19,107	14,402	26,383	31,719
• Golf apparel	15,283	10,784	10,513	19,495
• F&B for our indoor golf centre	-	-	-	193
Cost of sales	105,224	100,695	122,488	171,680
Average inventory turnover period (days) ⁽²⁾	203	203	182	199

Notes:

(1) Computed as follows:

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Opening inventories	53,451	63,335	48,822	73,645
Closing inventories	63,335	48,822	73,645	113,567
Average inventories	58,393	56,079	61,234	93,606

12. FINANCIAL INFORMATION (CONT'D)

- (2) Based on average inventories over cost of sales for the respective financial years multiplied by 365 days.

Our inventories for the Financial Years Under Review by operations and product category are set out below:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Malaysia operation	48,990	35,668	51,151	70,838
• <i>Golf clubs</i>	20,887	15,382	23,656	36,478
• <i>Golf balls and accessories</i>	15,726	11,410	19,337	20,841
• <i>Golf apparel</i>	12,377	8,876	8,158	13,326
• <i>F&B for our indoor golf centre</i>	-	-	-	193
Singapore operation	14,345	13,154	22,494	42,729
• <i>Golf clubs</i>	8,058	8,254	13,093	25,681
• <i>Golf balls and accessories</i>	3,381	2,992	7,046	10,878
• <i>Golf apparel</i>	2,906	1,908	2,355	6,170
Total inventories	63,335	48,822	73,645	113,567

Our inventory consists of finished goods including golf clubs, golf balls and accessories and golf apparel. In general, we maintain a certain level of inventory generally about 30 weeks as part of our inventory management to ensure stock availability at the warehouse which enables us to replenish the stocks for display at our retail outlets on a weekly basis. For the procurement of pre-seasonal buy for golf equipment including golf clubs, golf balls and accessories and golf apparel, the brand owners commonly launch new products 2 times a year and we commonly place orders 6 to 10 months ahead. In addition, there is a minimum order quantity required when we place orders with the brand owners. Please refer to Section 7.10 of this Prospectus for further details of our procurement of golf equipment. As at the LPD, we sell an extensive range of products of approximately 12,000 SKU and 97 brands of golf equipment comprising golf clubs, golf balls and accessories and golf apparel.

Our average inventory turnover period was 203 days in FYE 2019 and FYE 2020. The inventory turnover period of 203 days in FYE 2019 was mainly due to purchases of golf equipment during FYE 2019, including purchase of stocks for 2 new specialty stores which opened in FYE 2019.

The inventory turnover period of 203 days in FYE 2020 was mainly due to higher purchases of golf equipment in the last quarter of FYE 2020 to replenish our inventory as there were higher sales recorded in the 2nd half of FYE 2020 when sales picked up following the resumption of our retail operations in Malaysia and Singapore. Despite the higher purchases of golf equipment in the last quarter of FYE 2020, the decrease in average inventories in FYE 2020 was due to lower annual purchases of RM79.93 million in FYE 2020 compared to RM105.69 million in FYE 2019. In addition, our cost of sales decreased to RM100.70 million in FYE 2020 compared to RM105.22 million in FYE 2019.

Our average inventory turnover period subsequently decreased to 182 days in FYE 2021. The decrease in turnover period in FYE 2021 was mainly due to an increase in sales in FYE 2021 resulting from faster pace of products sold during the said period which is mainly attributable to higher retail sales of 83.29% in our Singapore operations in FYE 2021.

12. FINANCIAL INFORMATION (CONT'D)

Our average inventory turnover period increased to 199 days in FYE 2022 compared to 182 days in FYE 2021. This was mainly due to higher purchases of golf clubs, golf balls and accessories and golf apparel during the FYE 2022 in line with our planned sales and marketing campaign as well as the purchase of stocks for 7 new specialty stores and 2 new pro shops which we opened in FYE 2022.

Generally, our inventory will be categorised into 2 categories namely, the current ongoing season and the end season inventory. The current ongoing season is the inventory which the sales are still ongoing while for the end season inventory, our Group will provide additional promotions as compared to the current season stock. For end season inventory where no sales have been recorded for 6 months, these will be deemed as non-sellable inventories and we will provide for the allowance for slow moving inventories. The provision for allowance for slow moving inventories will be made at 100% of the inventory cost amount.

Our Group conducts physical stock counts at our warehouse once a year, while the physical stock counts for all our retail outlets will be carried out 3 times a year. For the Financial Years Under Review, the allowance for slow moving inventories accounted for 0.33% (RM0.21 million), 0.19% (RM0.09 million), 0.37% (RM0.27 million) and 1.25% (RM1.42 million) of our total inventories for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. There was no inventory written off for the Financial Years Under Review.

The ageing analysis of our inventories as at 31 December 2022 is set out below:

	Less than 6 months RM'000	6 months to 1 year RM'000	1 to 2 years RM'000	More than 2 years RM'000	Total RM'000
Closing inventories	89,240	18,495	1,833	3,999	113,567
• <i>Golf clubs</i>	46,426	11,581	1,355	2,798	62,160
• <i>Golf balls and accessories</i>	25,749	4,583	370	1,017	31,719
• <i>Golf apparel</i>	16,872	2,331	108	184	19,495
• <i>Food and beverage for our indoor golf centre</i>	193	-	-	-	193

(iv) Current ratio

A summary of our current ratio for the Financial Years Under Review is set out below:

	<-----Audited----->			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Current assets	78,460	99,910	125,905	166,943
Current liabilities	73,190	78,119	99,600	108,104
Current ratio (times) ⁽¹⁾	1.07	1.28	1.26	1.54

Note:

(1) Based on current assets over current liabilities.

Our current ratio improved from 1.07 times as at 31 December 2019 to 1.28 times as at 31 December 2020. This was mainly due to higher cash and bank balances and fixed deposit with licensed banks.

12. FINANCIAL INFORMATION (CONT'D)

Our current ratio decreased to 1.26 times as at 31 December 2021 mainly due to increase in amount owing to holding company, All Sportz arising from RM11.50 million of dividend declared and yet to paid during the FYE 2021. The total dividend declared in FYE 2021 was RM13.50 million where RM2.00 million was paid in the same year while the remaining RM11.50 million was subsequently paid in FYE 2022. The decrease in current ratio was also partly due to increase in borrowings mainly from the drawdown of bankers' acceptance for working capital purposes.

Our current ratio increased to 1.54 times as at 31 December 2022 mainly due to the increase in inventories from RM73.64 million as at 31 December 2021 to RM113.57 million as at 31 December 2022 arising from higher purchases of golf equipment comprising golf clubs, golf balls and accessories and golf apparel during the FYE 2022.

(v) Gearing ratio

A summary of our gearing ratio for FYE 2019, FYE 2020, FYE 2021 and FYE 2022 is as follows:

	<-----Audited----->			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000
Total bank borrowings ⁽¹⁾	36,774	33,389	37,107	61,192
Total equity	24,647	38,194	45,079	95,971
Gearing ratio (times) ⁽²⁾	1.49	0.87	0.82	0.64

Notes:

- (1) Refers to total interest-bearing bank borrowings (including finance lease liabilities under hire purchase contracts owing to financial institutions).
- (2) Based on total bank borrowings over total equity.

Our gearing ratio improved from 1.49 times as at 31 December 2019 to 0.87 times as at 31 December 2020, mainly due to the increase in our retained earnings by RM12.88 million or 69.54% from RM18.52 million as at 31 December 2019 to RM31.39 million as at 31 December 2020. In addition, the outstanding bank borrowings was reduced to RM33.39 million as at 31 December 2020 compared to RM36.77 million as at 31 December 2019.

Our gearing ratio improved from 0.87 times as at 31 December 2020 to 0.82 times as at 31 December 2021. This was attributable to the increase of RM4.51 million or 14.38% in retained earnings from RM31.39 million as at 31 December 2020 to RM35.91 million as at 31 December 2021, which was partially offset by the increase in the outstanding bank borrowings to RM37.11 million as at 31 December 2021 compared to RM33.39 million as at 31 December 2020.

Our gearing ratio improved from 0.82 times as at 31 December 2021 to 0.64 times as at 31 December 2022. This was attributable to the increase of share capital to RM32.10 million as at 31 December 2022 arising from the capitalisation of the amount owing of RM32.00 million to our Group's holding company, All Sportz by issuance of new Shares. Please refer to Note 18(i) of the Accountants' Report set out in Section 13 of this Prospectus for further details on the Capitalisation. The improvement was partially offset by the increase in outstanding bank borrowings to RM61.19 million as at 31 December 2022 compared to RM37.11 million as at 31 December 2021.

12. FINANCIAL INFORMATION (CONT'D)

12.4 TREND ANALYSIS

Save as disclosed in this Prospectus, our operations have not been or are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had, or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position, operations, save as set out in Sections 5 and 7 of this Prospectus;
- (ii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations;
- (iii) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/or profits, save for the interruption to business and operations due to COVID-19 pandemic as set out in Section 7.14 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical consolidated financial statements not indicative of the future financial performance and position; and
- (v) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources.

12.5 ORDER BOOK

We do not maintain any order book as we are mainly involved in the retail and wholesale of golf clubs, golf balls and accessories and golf apparel.

12.6 SIGNIFICANT CHANGES/EVENTS

There are no significant changes that has occurred which may have a material effect on our financial position and results of operation since 31 December 2022 up to the LPD.

12.7 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

We target a payout ratio of 30.00% of our PAT attributable to owners of our Company for each financial year on a consolidated basis after taking into account our Group's working capital requirements, subject to any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board.

Our Group's ability to distribute dividends to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for the working capital of our business. Our ability to declare and pay dividends is subject to the discretion of our Board. Our Directors will take into consideration, among others, the following factors when recommending or declaring any dividends:

- (i) the availability of adequate reserves and cash flows;
- (ii) our operating cash flow requirements and financing commitments;

12. FINANCIAL INFORMATION (CONT'D)

- (iii) our anticipated future operating conditions and expansion taking into consideration projected capital expenditure and investment plans;
- (iv) our working capital requirements;
- (v) any contractual restrictions and/or commitments; and
- (vi) prior written consent from financial institutions, where required.

As at the LPD, save for any applicable financial covenants (in particular, the financial institutions' consent for declaration of dividends from our subsidiary in Malaysia to us) and the Act, and subject to the availability of distributable profits and reserves, there are no dividend restrictions imposed on us or our Subsidiaries. The existing financial covenants would not affect the future dividend payments of our Company.

Nevertheless, our Company is a holding company and we conduct substantially all of our operations through our Subsidiaries. Accordingly, an important source of our income and subsequently an important factor in our ability to pay dividends is the amount of dividends and distributions that our Company receives from our Subsidiaries. As such, the ability of our Subsidiaries to pay dividends or make other distributions to our Company in the future will depend on their operating results, earnings, capital requirements, general financial condition and any applicable laws.

The dividends declared and paid by our Group for the Financial Years Under Review are set out below:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	-	13,500	12,500
Dividends paid	-	-	2,000	11,500
PAT	10,216	13,689	20,092	29,115
Dividend payout ratio ⁽¹⁾	-	-	9.95%	39.50%

Note:

- (1) Computed as dividends paid divided by PAT.

The dividends declared and paid for the FYE 2021 and FYE 2022 were funded via internally generated funds.

The dividends declared in FYE 2021 totalling RM13.50 million were paid in 2 tranches, i.e. RM2.00 million was paid in FYE 2021 and the remaining RM11.50 million was paid in FYE 2022.

Prior to our Listing, we declared an interim dividend amounting to RM12.50 million for the FYE 2022. The said dividend was paid in February 2023 and was funded via our internally generated funds.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modification (including non-declaration) thereof at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that further dividends declared by our Board, if any, will not differ materially from historical dividend levels.

Our Company has no intention to declare any further dividends up to the completion of Listing.

12. FINANCIAL INFORMATION (CONT'D)

12.8 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

MST GOLF GROUP BERHAD
(formerly known as M S T Golf (Asia) Sdn. Bhd.)
Registration No.: 199301009307 (264044 - W)
(Incorporated in Malaysia)

**PRO FORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member Firm of Grant Thornton International Ltd.

12. FINANCIAL INFORMATION (CONT'D)

**REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION
OF PRO FORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION**

Date: 7 June 2023

The Board of Directors
MST Golf Group Berhad
MST Golf Plaza
No 8, Jalan SS13/5
47500 Subang Jaya
Selangor Darul Ehsan

Dear Sir/Madam,

**MST GOLF GROUP BERHAD (FORMERLY KNOWN AS M S T GOLF (ASIA) SDN. BHD.)
("MST GOLF" OR THE "COMPANY") AND ITS SUBSIDIARIES (THE "GROUP")**

**REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION INCLUDED IN A PROSPECTUS**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of the Group as at 31 December 2022 (the "Pro Forma Consolidated Statements of Financial Position"). The Pro Forma Consolidated Statements of Financial Position together with the accompanying notes thereon, for which we have stamped for the purpose of identification, have been prepared by the Board of Directors of the Company ("Board") for inclusion in the prospectus of the Company ("the Prospectus") in connection with the listing and quotation of the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Listing").

The applicable criteria on the basis of which the Board have compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position. The Pro Forma Consolidated Statements of Financial Position is prepared in accordance with the requirements of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines-Equity issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board to illustrate the impact of the events or transactions as set out in the notes thereon to the Pro Forma Consolidated Statements of Financial as if the events or the transactions had taken place as at 31 December 2022. As part of this process, information about the Group's consolidated statements of financial position has been extracted by the Board from the Group's audited consolidated financial statements for the financial year ended 31 December 2022, on which an auditors' report dated 7 June 2023 has been issued.

12. FINANCIAL INFORMATION (CONT'D)**Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position**

The Board is responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Our Independence and Quality Control

We are independent 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' 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.

Our firm applies International Standard on Quality Management ("ISQM") 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance and Related Services Engagements* and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board on the basis described in notes thereon to the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE 3420), *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance about whether the Board have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if such events had occurred or such transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of such events or transactions at 31 December 2022 would have been as presented.

12. FINANCIAL INFORMATION (CONT'D)**Reporting Accountants' Responsibility (Cont'd)**

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis described in the notes involves performing procedures to assess whether the applicable criteria used by the Board in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other Matter

This report has been prepared solely for the purpose of inclusion in the Prospectus of MST Golf in connection with the Listing. As such, this report should not be used or relied upon for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

LIAN TIAN KWEE
(NO: 02943/05/2025 J)
CHARTERED ACCOUNTANT

Kuala Lumpur

12. FINANCIAL INFORMATION (CONT'D)

MST Golf Group Berhad (formerly known as M S T Golf (Asia) Sdn. Bhd.) ("MST Golf" or the "Company") and its subsidiaries (the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2022 as set below has been prepared for illustrative purposes only to show the effects of the transactions referred to Note 2 had these events or transaction been effected on 31 December 2022, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position.

	Notes	Consolidated Statements of Financial Position as at 31 December 2022 RM'000	Significant subsequent transaction Dividend paid RM'000	Adjustments for Public Issue RM'000	Pro forma I After Public Issue RM'000	Adjustments for Utilisation of Proceeds RM'000	Pro forma II After Proforma I and Utilisation of Proceeds RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	5(a)	44,024	-	-	44,024	58,435	102,459
Right-of-use assets		48,111	-	-	46,111	-	48,111
Intangible assets		1,771	-	-	1,771	-	1,771
Other investment		17	-	-	17	-	17
Deferred tax assets		219	-	-	219	-	219
Total non-current assets		92,142	-	-	92,142	58,435	150,577
Current assets							
Inventories	5(b)	113,567	-	-	113,567	64,130	177,697
Trade receivables		8,508	-	-	8,506	-	8,506
Other receivables	5(c)	15,979	-	-	15,979	(2,752)	13,227
Tax recoverable		7	-	-	7	-	7
Fixed deposits with licensed banks		2,059	-	-	2,059	-	2,059
Cash and bank balances	5(d)	26,825	(12,500)	129,600	143,925	(126,849)	17,076
Total current assets		166,943	(12,500)	129,600	284,043	(65,471)	218,572
Total ASSETS		259,085	(12,500)	129,600	376,185	(7,036)	369,149
EQUITY AND LIABILITIES							
EQUITY							
Equity attributable to owners of the Company:-							
Share capital	5(e)	39,836	-	129,600	169,436	(3,493)	165,943
Foreign exchange reserve		3,163	-	-	3,163	-	3,163
Retained earnings	5(f)	52,972	-	-	52,972	(3,543)	49,429
Total equity		95,971	-	129,600	225,571	(7,036)	218,535
LIABILITIES							
Non-current liabilities							
Lease liabilities		38,728	-	-	38,728	-	38,728
Borrowings		15,478	-	-	15,478	-	15,478
Deferred tax liabilities		805	-	-	805	-	805
Total non-current liabilities		55,011	-	-	55,011	-	55,011
Current liabilities							
Trade payables		17,240	-	-	17,240	-	17,240
Other payables		13,983	-	-	13,983	-	13,983
Dividend payable	5(g)	12,500	(12,500)	-	-	-	-
Contract liabilities		4,417	-	-	4,417	-	4,417
Borrowings		45,713	-	-	45,713	-	45,713
Lease liabilities		10,682	-	-	10,682	-	10,682
Tax payable		3,568	-	-	3,568	-	3,568
Total current liabilities		108,103	(12,500)	-	95,603	-	95,603
Total liabilities		163,114	(12,500)	-	150,614	-	150,614
TOTAL EQUITY AND LIABILITIES		259,085	(12,500)	129,600	376,185	(7,036)	369,149
Number of ordinary shares in issue ('000)		660,869		160,000	820,869		820,869
Net assets per share (RM)		0.15			0.27		0.27
Total interest-bearing bank borrowing (RM'000)		61,192			61,192		61,192
Gearing (Times)		0.64			0.27		0.28
Current ratio (times)		1.54			2.97		2.29

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GRANT THORNTON MALAYSIA PLT

12. FINANCIAL INFORMATION (CONT'D)**MST Golf Group Berhad (formerly known as M S T Golf (Asia) Sdn. Bhd.) ("MST Golf" or the "Company") and its subsidiaries (the "Group")**

Pro Forma Consolidated Statements of Financial Position and the notes thereon

Notes to the Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position of the Group as at 31 December 2022 have been prepared for illustration purposes only, by the Board of Directors of the Company (the "Board") and the notes thereon of the Company for inclusion in the prospectus of the Company to be issued in connection with the initial public offering of 160,000,000 ordinary shares in the Company in conjunction with the listing and quotation of the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Listing") ("IPO").

1 Basis of Preparation

The applicable criteria in the preparation of the Pro Forma Consolidated Statements of Financial Position are in accordance with Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The Pro Forma Consolidated Statements of Financial Position have been prepared based on the Group audited consolidated financial statements for the financial year ended 31 December 2022, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and in a manner consistent with both the format of financial statements and the accounting policies adopted by the Group, and adjusted for the events and transactions detailed in Note 2 to the Pro Forma Consolidated Statements of Financial Position.

The auditors' report dated 7 June 2023 on the Group's audited consolidated financial statements for the financial year ended 31 December 2022 was not subject to any audit qualification, modification or disclaimer of opinion.

The Pro Forma Consolidated Statements of Financial Position, because of its nature, may not reflect the actual financial position of the Group. Further, such information does not predict the future financial position of the Group.

2 Significant subsequent transaction**Dividend paid**

On 22 December 2022, the Company declared an interim dividend of RM12,500,000 in respect of the financial year ended 31 December 2022 and was paid on 20 February 2023. The effect of this dividend paid is illustrated in the pro forma consolidated statements of financial position to show the effect of this transaction had it occurred on 31 December 2022.

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12. FINANCIAL INFORMATION (CONT'D)

MST Golf Group Berhad (formerly known as M S T Golf (Asia) Sdn. Bhd.) ("MST Golf" or the "Company") and its subsidiaries (the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

Notes to the Pro Forma Consolidated Statements of Financial Position (cont'd)**3 Listing Scheme**

In conjunction with the Listing, the Company undertake the following:-

3.1 Public Issue

The public issue of 160,000,000 new ordinary shares in the Company ("Issue Shares") at an issue price of RM0.81 per Issue Share, representing approximately 19.49% of the enlarged number of issued shares of the Company. The Issue Shares shall be allocated in the following manner:

- (i) 41,500,000 Issue Shares, representing 5.06% of the enlarged number of issued shares, will be made available for application by the Malaysian Public through a balloting process;
- (ii) 76,000,000 Issue Shares, representing approximately 9.26% of the enlarged number of issued shares, will be made available for application via private placement to identified institutional and selected investors.
- (iii) 7,900,000 Issue Shares, representing 0.96% of the enlarged number of issued shares, will be made available for application by the Company's eligible Directors, eligible employees and persons who have contributed to the success of the Group; and
- (iv) 34,600,000 Issue Shares, representing approximately 4.22% of the enlarged number of issued shares, will be allocated for application via private placement to identified Bumiputera investors approved by the Ministry of Investment, Trade and Industry Malaysia (formerly known as Ministry of International Trade and Industry of Malaysia) ("MITI").

3.2 Utilisation of Proceeds

The estimated gross proceeds from the Public Issue of RM129,600,000 are intended to be utilised in the following manner:

Details of utilisation	Estimated timeframe for utilisation from the date of Listing	RM'000	%
Expansion in Malaysia and Singapore ⁽¹⁾	Within 36 months	62,755	48.42
Expansion into new geographical markets ⁽²⁾	Within 36 months	53,550	41.32
Upgrade of digital technology facilities	Within 36 months	3,000	2.32
Working capital requirements	Within 24 months	3,259	2.51
Estimated listing expenses ⁽³⁾	Within 1 month	7,036	5.43
Total estimated proceeds		129,600	100.00

12. FINANCIAL INFORMATION (CONT'D)

MST Golf Group Berhad (formerly known as M S T Golf (Asia) Sdn. Bhd.) ("MST Golf" or the "Company") and its subsidiaries (the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

Notes to the Pro Forma Consolidated Statements of Financial Position (Cont'd)**3 Listing Scheme (Cont'd)****3.2 Utilisation of Proceeds (Cont'd)**Notes:

(1) The breakdown of expansion in Malaysia and Singapore are as tabulated below:

	RM'000	RM'000
Retail outlets		
- Malaysia	24,960	
- Singapore	3,700	28,660
Retail outlet with indoor golf centre		
- Malaysia	25,545	
- Singapore	5,550	31,095
Upgrade and refurbish existing retail outlets in Malaysia		3,000
Total		62,755

(2) The breakdown of expansion into new geographical markets as tabulated below:

	RM'000	RM'000
Indonesia		
- Retail outlets	6,860	
- Retail outlets with indoor golf centre	12,570	
- Branch office	500	19,930
Thailand		
- Retail outlets	9,180	
- Retail outlets with indoor golf centre	8,940	
- Branch office	500	18,620
Vietnam		
- Retail outlets	5,550	
- Retail outlets with indoor golf centre	8,950	
- Branch office	500	15,000
Total		53,550

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12. FINANCIAL INFORMATION (CONT'D)

MST Golf Group Berhad (formerly known as M S T Golf (Asia) Sdn. Bhd.) ("MST Golf" or the "Company") and its subsidiaries (the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

Notes to the Pro Forma Consolidated Statements of Financial Position (Cont'd)**3 Listing Scheme (Cont'd)****3.3 Utilisation of Proceeds (Cont'd)**

(3) The breakdown of the estimated listing expenses comprises the following:

	RM'000
Professional fees	3,275
Underwriting commission, placement fees and brokerage fees	2,800
Regulatory fees	539
Miscellaneous expenses and contingencies	422
Total	7,036

Upon completion of the IPO, the estimated listing expenses of RM3.49 million, which is directly attributable to the issuance of new shares will be debited against the share capital of the Company and the remaining estimated listing expenses of RM3.55 million will be expensed off to statements of profit or loss and other comprehensive income.

As at the latest practicable date of 31 May 2023, the Group has paid RM2.75 million of listing expenses and is recognised in the prepayment. The said prepayment will be subsequently debited against share capital and/or expensed off to the statements of profit or loss and other comprehensive income upon completion of the IPO.

4 Pro Forma Adjustments

The Pro Forma Consolidated Statements of Financial Position have been prepared to illustrate the effects of the following:

- (i) Pro Forma I : After the Public Issue as described in Note 3.1; and
- (ii) Pro Forma II : After Pro Forma I and Utilisation of Proceeds as described in Note 3.2.

5 Effects on the Pro Forma Consolidated Statements of Financial Position**(a) Property, plant and equipment**

	RM'000
Balance as at 31 December 2022/As per Pro Forma I	44,024
Pursuant to the Utilisation of Proceeds	
- Capital expenditure	55,435
- Upgrading digital technology facilities	3,000
As per Pro Forma II	102,459

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12. FINANCIAL INFORMATION (CONT'D)

MST Golf Group Berhad (formerly known as M S T Golf (Asia) Sdn. Bhd.) ("MST Golf" or the "Company") and its subsidiaries (the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

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Notes to the Pro Forma Consolidated Statements of Financial Position (Cont'd)**5 Effects on the Pro Forma Consolidated Statements of Financial Position (Cont'd)****(b) Inventories**

	RM'000
Balance as at 31 December 2022/As per Pro Forma I	113,567
Pursuant to the Utilisation of Proceeds	
- Purchase inventory	<u>64,130</u>
As per Pro Forma II	<u>177,697</u>

(c) Other receivables

	RM'000
Balance as at 31 December 2022/As per Pro Forma I	15,979
Pursuant to the Utilisation of Proceeds	
- Listing expenses charged to profit or loss	<u>(2,752)</u>
As per Pro Forma II	<u>13,227</u>

(d) Cash and Bank balances

	RM'000
Balance as at 31 December 2022	26,825
Dividend paid	(12,500)
Pursuant to Public Issue	<u>129,600</u>
As per Pro Forma I	143,925
Pursuant to Utilisation of Proceeds	
- Capital expenditure	(55,435)
- Purchase inventory	(64,130)
- Estimated listing expenses	(4,284)
- Upgrading digital technology facilities	<u>(3,000)</u>
As per Pro Forma II	<u>17,076</u>

(e) Share Capital

	Unit '000	RM'000
As per 31 December 2022	660,869	39,836
Pursuant to Public Issue	<u>160,000</u>	<u>129,600</u>
As per Pro Forma I	820,869	169,436
Pursuant to Utilisation of Proceeds	<u>-</u>	<u>(3,493)</u>
As per Pro Forma II	<u>820,869</u>	<u>165,943</u>

12. FINANCIAL INFORMATION (CONT'D)

MST Golf Group Berhad (formerly known as M S T Golf (Asia) Sdn. Bhd.) ("MST Golf" or the "Company") and its subsidiaries (the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

Notes to the Pro Forma Consolidated Statements of Financial Position (Cont'd)**5 Effects on the Pro Forma Consolidated Statements of Financial Position (Cont'd)****(f) Retained Earnings**

	RM'000
Balance as at 31 December 2022/As per Pro Forma I	52,972
Pursuant to Utilisation of Proceeds	
- Estimated listing expenses	<u>(3,543)</u>
As per Pro Forma II	<u>49,429</u>

(g) Dividend payable

	RM'000
Balance as at 31 December 2022	12,500
Dividend paid	<u>(12,500)</u>
As per Pro Forma I/ Pro Forma II	<u>-</u>

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07 JUN 2023
 GRANT THORNTON MALAYSIA PLT

12. FINANCIAL INFORMATION (CONT'D)

MST Golf Group Berhad (formerly known as M S T Golf (Asia) Sdn. Bhd.) ("MST Golf" or the "Company") and its subsidiaries (the "Group")
Pro Forma Consolidated Statements of Financial Position and the notes thereon

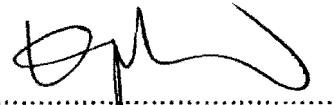
Approval by the Board of Directors

Approved and adopted by the Board of Directors in accordance with a resolution dated 7 June 2023.

For and on behalf of the Board of Directors,



NG YAP SIO
Director



LOW KOK POH
Director

Stamped for the purpose of identification on:
07 JUN 2023
GRANT THORNTON MALAYSIA PLT

13. ACCOUNTANTS' REPORT

MST GOLF GROUP BERHAD
(formerly known as M S T Golf (Asia) Sdn. Bhd.)
Registration No.: 199301009307 (264044-M)
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT
FOR THE FINANCIAL YEARS ENDED
31 DECEMBER 2019, 31 DECEMBER 2020,
31 DECEMBER 2021 AND 31 DECEMBER 2022

GRANT THORNTON MALAYSIA PLT
CHARTERED ACCOUNTANTS
Member of Grant Thornton International Ltd

13. ACCOUNTANTS' REPORT (CONT'D)

Date: 7 June 2023

The Board of Directors
MST Golf Group Berhad
 (formerly known as M S T Golf (Asia) Sdn. Bhd.)
 MST Golf Plaza
 No. 8, Jalan SS13/5
 47500 Subang Jaya
 Selangor Darul Ehsan

Grant Thornton Malaysia PLT
 Level 11, Sheraton Imperial Court
 Jalan Sultan Ismail
 50250 Kuala Lumpur
 Malaysia

T +603 2692 4022
 F +603 2691 5229

Dear Sir/Madam,

Reporting Accountants' Opinion On The Financial Information Contained In The Accountants' Report Of MST Golf Group Berhad ("the Company" or "MST Golf")

Opinion

We have audited the accompanying consolidated financial statements ("Financial Information") of MST Golf Group Berhad and its subsidiaries (collectively known as "the Group" or "MST Golf Group") which comprises the consolidated statements of financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 111.

In our opinion, the accompanying Financial Information give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022 and of their consolidated financial performance and consolidated cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group 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.

13. ACCOUNTANTS' REPORT (CONT'D)*Responsibilities of the Directors for the Financial Information*

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

In preparing the Financial Information of the Group, the Directors are responsible for assessing the Group'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 intent to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of Financial Information

Our objectives are to obtain reasonable assurance about whether the Financial Information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants' 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 Information.

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 Information of the Group, 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 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the Financial Information of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.

13. ACCOUNTANTS' REPORT (CONT'D)*Reporting Accountants' Responsibilities for the Audit of Financial Information (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 (cont'd):-

- Evaluate the overall presentation, structure and content of the Financial Information of the Group, including the disclosures, and whether the Financial Information of the Group 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 Information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated 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 identified during our audit.

Other matter

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of MST Golf in connection with the listing and quotation of the entire enlarged issued share capital of MST Golf on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

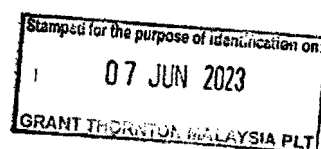
GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur

LIAN TIAN KWEE
(NO.: 02943/05/2025 J)
CHARTERED ACCOUNTANT

13. ACCOUNTANTS' REPORT (CONT'D)

MST GOLF GROUP BERHAD
(formerly known as M S T Golf (Asia) Sdn. Bhd.)
(Incorporated in Malaysia)

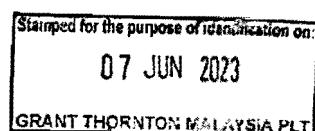


**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019,
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

		← Audited →			
	Note	2022	2021	2020	2019
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	44,024,367	25,886,606	24,803,006	26,796,133
Right-of-use assets	6	46,110,926	24,132,590	20,707,200	21,385,536
Intangible assets	7	1,770,924	1,770,924	1,904,607	1,904,607
Investment in subsidiaries	8	-	-	1,040,689	1,120,689
Investment in an associate	9	-	-	-	-
Other investment	10	17,000	17,000	17,000	17,000
Deferred tax assets	11	219,000	76,000	159,000	102,000
Total non-current assets		92,142,217	51,883,120	48,631,502	51,325,965
Current assets					
Inventories	12	113,567,486	73,644,747	48,821,589	63,334,508
Trade receivables	13	8,505,574	7,799,355	5,528,222	6,416,690
Other receivables	14	15,978,786	7,753,528	4,903,500	4,152,091
Amount owing by subsidiaries	15	-	-	355,351	358,372
Amount owing by an associate	16	-	-	485,560	480,354
Tax recoverable		6,880	90,486	-	-
Fixed deposits with licensed banks	17	2,058,908	1,360,487	20,429,153	-
Cash and bank balances		26,825,060	35,256,475	19,386,666	3,717,605
Total current assets		166,942,694	125,905,078	99,910,041	78,459,620
TOTAL ASSETS		259,084,911	177,788,198	148,541,543	129,785,585
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to equity shareholders of the Company:-					
Share capital	18	39,836,126	100,000	100,000	100,000
Foreign exchange reserve	19	3,162,565	1,335,765	1,047,430	1,067,009
Retained earnings		52,971,968	35,907,186	31,394,176	18,517,018
		95,970,659	37,342,951	32,541,606	19,684,027
Non-controlling interests	8	-	7,736,093	5,652,019	4,962,489
Total equity		95,970,659	45,079,044	38,193,625	24,646,516
LIABILITIES					
Non-current liabilities					
Lease liabilities	6	38,727,567	19,226,366	16,428,357	16,403,759
Borrowings	20	15,478,182	12,871,649	14,672,481	14,462,184
Deferred tax liabilities	11	804,850	1,010,672	1,128,114	1,083,000
Total non-current liabilities		55,010,599	33,108,687	32,228,952	31,948,943

13. ACCOUNTANTS' REPORT (CONT'D)

MST GOLF GROUP BERHAD
(formerly known as M S T Golf (Asia) Sdn. Bhd.)
(Incorporated in Malaysia)



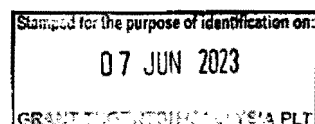
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019,
31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022 (CONT'D)**

		← Audited →			
	Note	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES (CONT'D)					
Current liabilities					
Trade payables	21	17,239,964	18,932,316	14,378,854	5,856,285
Other payables	22	13,983,649	6,507,175	6,697,170	5,194,170
Contract liabilities	23	4,417,177	320,850	670,724	443,637
Amount owing to holding company	24	-	39,577,091	29,142,058	29,227,058
Amount owing to subsidiaries	15	-	-	766,000	863,000
Amount owing to Directors	25	-	-	32,223	2,837,048
Borrowings	20	45,713,411	24,126,834	18,406,861	21,473,075
Lease liabilities	6	10,681,726	6,582,539	5,128,025	5,573,864
Dividend payable		12,500,000	-	-	-
Tax payable		3,567,726	3,553,662	2,897,051	1,721,989
Total current liabilities		<u>108,103,653</u>	<u>99,600,467</u>	<u>78,118,966</u>	<u>73,190,126</u>
Total liabilities		<u>163,114,252</u>	<u>132,709,154</u>	<u>110,347,918</u>	<u>105,139,069</u>
TOTAL EQUITY AND LIABILITIES		<u>259,084,911</u>	<u>177,788,198</u>	<u>148,541,543</u>	<u>129,785,585</u>

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

13. ACCOUNTANTS' REPORT (CONT'D)

MST GOLF GROUP BERHAD
(formerly known as M S T Golf (Asia) Sdn. Bhd.)
(Incorporated in Malaysia)



**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021
AND 31 DECEMBER 2022**

	Note	Audited			
		2022 RM	2021 RM	2020 RM	2019 RM
Revenue	26	300,875,156	206,519,363	170,151,556	175,949,664
Cost of sales		(171,680,193)	(122,487,974)	(100,695,112)	(105,223,932)
Gross profit		129,194,963	84,031,389	69,456,444	70,725,732
Other income	27	2,933,008	5,002,709	4,591,035	3,530,345
Net allowance of expected credit loss on receivables		-	1,500	(1,500)	-
Administrative and other expenses		(78,269,633)	(52,009,602)	(47,007,768)	(48,784,028)
Selling and distribution expenses		(10,851,529)	(8,106,202)	(6,069,196)	(8,427,192)
Profit from operation		43,006,809	28,919,794	20,969,015	17,044,857
Finance income	28	6,727	159,264	61,691	-
Finance costs	28	(4,173,089)	(2,819,562)	(2,726,642)	(3,556,371)
Profit before tax	29	38,840,447	26,259,496	18,304,064	13,488,486
Tax expense	30	(9,725,643)	(6,167,852)	(4,614,738)	(3,272,122)
Profit for the financial year		29,114,804	20,091,644	13,689,326	10,216,364
Other comprehensive income/(loss):- <i>Items that will be reclassified subsequently to profit or loss</i>					
Foreign currency translation		2,276,811	383,775	(22,217)	98,837
Other comprehensive income/(loss) for the financial years, net of tax		2,276,811	383,775	(22,217)	98,837
Total comprehensive income for the financial years		31,391,615	20,475,419	13,667,109	10,315,201
Profit for the financial years attributable to:-					
Owner of the Company		26,651,615	18,013,010	12,877,158	9,350,201
Non-controlling interests		2,463,189	2,078,634	812,168	866,163
		29,114,804	20,091,644	13,689,326	10,216,364
Total comprehensive income attributable to:-					
Owner of the Company		28,478,415	18,301,345	12,857,579	9,427,765
Non-controlling interests		2,913,200	2,174,074	809,530	887,436
		31,391,615	20,475,419	13,667,109	10,315,201
Earnings per share					
- Basic (RM)	31	0.21	180	129	94
- Diluted (RM)	31	*	*	*	*

* There are no dilute potential equity instruments that would give a diluted effect to the basic earnings per share.

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

13. ACCOUNTANTS' REPORT (CONT'D)

MST GOLF GROUP BERHAD
(formerly known as M S T Golf (Asia) Sdn. Bhd.)
(Incorporated in Malaysia)

Stamped for the purpose of identification on:
07 JUN 2023
GRANT & CO. CHARTERED ACCOUNTANTS (MALAYSIA) P.L.T.

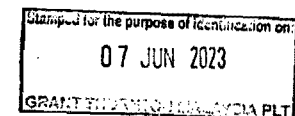
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS
ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

	Note	Share capital RM	Non-distributable Foreign exchange reserve RM	Retained earnings RM	Sub-total RM	Distributable Non-controlling interests RM	Total RM
Audited							
Balance at 1 January 2019		100,000	989,445	8,778,950	9,868,395	8,187,029	18,055,424
Profit for the financial year		-	-	9,350,201	9,350,201	866,163	10,216,364
Other comprehensive income for the financial year		-	77,564	-	77,564	21,273	98,837
Total comprehensive income for the financial year		-	77,564	9,350,201	9,427,765	887,436	10,315,201
Transactions with owners of the Company:-							
Acquisition of additional equity interest of an existing subsidiary		-	-	387,867	387,867	(4,021,976)	(3,634,109)
Dividend of a subsidiary paid to non-controlling interest		-	-	-	-	(90,000)	(90,000)
		-	-	387,867	387,867	(4,111,976)	(3,724,109)
Balance at 31 December 2019		100,000	1,067,009	18,517,018	19,684,027	4,962,489	24,646,516
Profit for the financial year		-	-	12,877,158	12,877,158	812,168	13,689,326
Other comprehensive loss for the financial year		-	(19,579)	-	(19,579)	(2,638)	(22,217)
Total comprehensive income for the financial year		-	(19,579)	12,877,158	12,857,579	809,530	13,667,109
Transactions with owners of the Company:-							
Dividend of a subsidiary paid to non-controlling interest		-	-	-	-	(120,000)	(120,000)
Balance at 31 December 2020		100,000	1,047,430	31,394,176	32,541,606	5,652,019	38,193,625
Profit for the financial year		-	-	18,013,010	18,013,010	2,078,634	20,091,644
Other comprehensive income for the financial year		-	288,335	-	288,335	95,440	383,775
Total comprehensive income for the financial year		-	288,335	18,013,010	18,301,345	2,174,074	20,475,419
Transactions with owners of the Company:-							
Dividend paid	32	-	-	(13,500,000)	(13,500,000)	-	(13,500,000)
Dividend of a subsidiary paid to non-controlling interest		-	-	-	-	(90,000)	(90,000)
		-	-	(13,500,000)	(13,500,000)	(90,000)	(13,590,000)
Balance at 31 December 2021		100,000	1,335,765	35,907,186	37,342,951	7,736,093	45,079,044

13. ACCOUNTANTS' REPORT (CONT'D)

MST GOLF GROUP BERHAD
(formerly known as M S T Golf (Asia) Sdn. Bhd.)
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS
ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022 (CONT'D)**

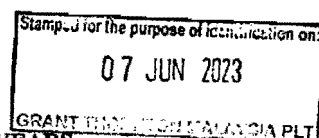


Note	Share capital RM	Non-distributable		Sub-total RM	Distributable Non-controlling interests RM	Total RM
		Foreign exchange reserve RM	Retained earnings RM			
Balance as at 31 December 2021	100,000	1,335,765	35,907,186	37,342,951	7,736,093	45,079,044
Profit for the financial year	-	-	26,651,615	26,651,615	2,463,189	29,114,804
Other comprehensive income for the financial year	-	1,826,800	-	1,826,800	450,011	2,276,811
Total comprehensive income for the financial year	-	1,826,800	26,651,615	28,478,415	2,913,200	31,391,615
Transactions with owners of the Company:-						
Acquisition of additional equity interest of existing subsidiaries	-	-	2,913,167	2,913,167	(10,649,293)	(7,736,126)
Issuance of ordinary shares	39,736,126	-	-	39,736,126	-	39,736,126
Dividend paid	-	-	(12,500,000)	(12,500,000)	-	(12,500,000)
	<u>39,736,126</u>	<u>-</u>	<u>(9,586,833)</u>	<u>30,149,293</u>	<u>(10,649,293)</u>	<u>19,500,000</u>
Balance at 31 December 2022	<u>39,836,126</u>	<u>3,162,565</u>	<u>52,971,968</u>	<u>95,970,659</u>	<u>-</u>	<u>95,970,659</u>

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

13. ACCOUNTANTS' REPORT (CONT'D)**MST GOLF GROUP BERHAD**

(formerly known as M S T Golf (Asia) Sdn. Bhd.)
(Incorporated in Malaysia)



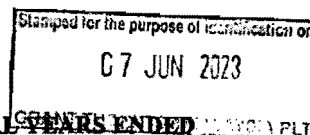
**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS
ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022**

Note	Audited			
	2022 RM	2021 RM	2020 RM	2019 RM
OPERATING ACTIVITIES				
Profit before tax	38,840,447	26,259,496	18,304,064	13,488,486
Adjustments for:-				
Depreciation on property, plant and equipment	5,934,406	3,592,859	3,371,539	3,131,405
Depreciation on right-of-use assets	8,835,486	6,391,732	6,150,855	5,711,772
Property, plant and equipment written off	108,835	423,974	732,320	150,184
Trademark written off	-	138,713	-	-
Gain on derecognition right-of-use assets and lease liabilities	-	(6,787)	-	-
Loss/(Gain) on lease modification	104,414	(57,921)	-	-
Gain on disposal of property, plant and equipment	(44)	(919)	(25,260)	(102,053)
Gain on disposal of subsidiaries	-	(69,113)	-	-
Rent concession related to COVID-19	(70,191)	(824,718)	(1,579,207)	-
Interest expenses	4,173,089	2,819,562	2,726,642	3,556,371
Interest income	(6,727)	(159,264)	(61,691)	-
Bad debts written off	-	-	-	2,197
Reversal of allowance for expected credit loss on:-				
- Trade receivables	-	(1,500)	-	-
Allowance of expected credit loss on:-				
- Trade receivables	-	-	1,500	-
Allowance for slow moving inventories	1,417,444	269,168	94,921	211,016
Unrealised (gain)/loss on foreign exchange	(312,204)	236,861	(224,100)	(101,086)
Operating profit before working capital changes	59,024,955	39,012,143	29,491,583	26,048,292
Inventories	(41,340,183)	(25,092,326)	14,417,998	(10,094,571)
Receivables	(8,958,530)	(5,133,400)	66,244	331,240
Related party	-	-	11,646	(11,646)
Related companies	-	-	256,923	(256,923)
Payables	6,122,981	4,318,458	10,438,680	(5,413,506)
Contract liabilities	4,096,327	(349,874)	227,087	443,637
Cash generated from operations	18,945,550	12,755,001	54,910,161	11,046,523
Tax paid	(9,992,676)	(5,638,727)	(3,454,108)	(2,160,107)
Net cash from operating activities	8,952,874	7,116,274	51,456,053	8,886,416
INVESTING ACTIVITIES				
Placement of fixed deposits pledged with licensed banks	(1,004,454)	(550,000)	(100,000)	-
Interest received	6,727	159,264	61,691	-
Proceeds from disposal of subsidiaries	-	1,319,802	80,000	-
Acquisition of additional equity interest of existing subsidiaries	-	(210,000)	-	(3,634,109)
Purchase of property, plant and equipment	(23,866,138)	(4,749,255)	(2,116,368)	(2,914,140)
Purchase of right-of-use assets	-	-	-	(304,362)
Purchase of trademark	-	(5,030)	-	-
Repayment from/(Advances to) a related party	15,416	160	20,929	(4,154)
Repayment from/(Advances to) subsidiaries	-	281,548	(3,774)	(28,104)
Repayment from/(Advances to) an associate	-	474,936	(15,818)	6,096
Proceeds from disposal of property, plant and equipment	2,379	919	30,153	123,965
Net cash used in investing activities	(24,846,070)	(3,277,656)	(2,043,187)	(6,754,808)

13. ACCOUNTANTS' REPORT (CONT'D)**MST GOLF GROUP BERHAD**

(formerly known as M S T Golf (Asia) Sdn. Bhd.)

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022 (CONT'D)**

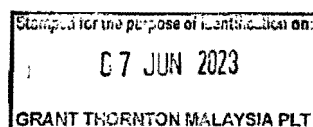
Note	Audited			
	2022 RM	2021 RM	2020 RM	2019 RM
FINANCING ACTIVITIES				
Interest paid	(4,173,089)	(2,819,562)	(2,726,642)	(3,556,371)
Dividend paid to non-controlling interest	-	(90,000)	(120,000)	(90,000)
Dividend paid to holding company	(11,500,000)	(2,000,000)	-	-
Lease incentive	653,758	-	-	-
Advances from/(Repayment to) holding company	3,922,909	(1,064,967)	(85,000)	(15,000)
(Repayment to)/Advances from Directors	-	(32,223)	(2,804,825)	2,804,825
(Repayment to)/Advances from subsidiaries	-	(766,000)	(97,000)	79,574
(Repayment to)/Advances from a related party	(15,018)	(16,846)	8,262	14,804
(Repayment to)/Advances from related companies	-	(77,000)	(400,049)	127,049
Drawdown of term loans	4,974,570	-	12,000,000	1,500,000
Repayment of term loans	(6,292,217)	(4,877,123)	(3,431,147)	(1,215,502)
Drawdown of trust receipts	18,654,059	2,842,138	-	-
Repayment of trust receipts	(15,710,322)	-	-	-
Payment of principal portion of lease liabilities	(8,001,773)	(5,001,325)	(4,314,571)	(5,267,558)
Repayment of bankers' acceptance	(45,863,101)	(8,501,638)	(25,013,140)	(64,874,803)
Drawdown on bankers' acceptance	53,271,101	17,613,638	15,453,140	62,270,803
Repayment of invoice financing	-	(11,919,204)	(1,201,536)	-
Drawdown of invoice financing	2,240,025	8,761,330	3,698,822	660,588
Drawdown of revolving loan	3,274,000	-	-	-
Net cash used in financing activities	(4,565,098)	(7,948,782)	(9,033,686)	(7,561,591)
CASH AND CASH EQUIVALENTS				
Net changes	(20,458,294)	(4,110,164)	40,379,180	(5,429,983)
Effect of foreign exchange rate changes	2,075,851	361,307	(18,910)	94,394
Brought forward	35,966,962	39,715,819	(644,451)	4,691,138
Carried forward	B 17,584,519	35,966,962	39,715,819	(644,451)

NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS**A. PURCHASE OF RIGHT-OF-USE ASSETS**

	Audited			
	2022 RM	2021 RM	2020 RM	2019 RM
Total purchase consideration	30,148,619	9,945,688	5,475,025	6,712,165
Less: Purchase through lease liabilities arrangements	(30,148,619)	(9,945,688)	(5,475,025)	(6,407,803)
Total cash consideration	-	-	-	304,362

13. ACCOUNTANTS' REPORT (CONT'D)

MST GOLF GROUP BERHAD
 (formerly known as M S T Golf (Asia) Sdn. Bhd.)
 (Incorporated in Malaysia)



**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED
 31 DECEMBER 2019, 31 DECEMBER 2020, 31 DECEMBER 2021 AND 31 DECEMBER 2022 (CONT'D)**

NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

B. CASH AND CASH EQUIVALENTS

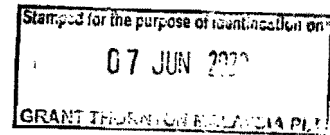
Cash and cash equivalents included in the consolidated statements of cash flows comprise the followings:-

	← Audited →			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Cash and bank balances	26,825,060	35,256,475	19,386,666	3,717,605
Fixed deposits with licensed banks	2,058,908	1,360,487	20,429,153	-
Bank overdraft	(9,644,995)	-	-	(4,362,056)
	<u>19,238,973</u>	<u>36,616,962</u>	<u>39,815,819</u>	<u>(644,451)</u>
Less: Fixed deposits pledged to licensed banks (Note 17)	(1,654,454)	(650,000)	(100,000)	-
	<u>17,584,519</u>	<u>35,966,962</u>	<u>39,715,819</u>	<u>(644,451)</u>

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

13. ACCOUNTANTS' REPORT (CONT'D)**MST GOLF GROUP BERHAD**

(formerly known as M S T Golf (Asia) Sdn. Bhd.)
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL INFORMATION****1. GENERAL INFORMATION****1.1 Introduction**

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of MST Golf Group Berhad (formerly known as M S T Golf (Asia) Sdn. Bhd.) (“the Company” or “MST Golf”) in connection with the listing and quotation of the entire enlarged issued share capital of MST Golf on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (hereinafter defined as “the Listing”), and should not be relied upon for any other purposes.

1.2 Background

The Company was a private limited liability company, incorporated and domiciled in Malaysia. Subsequently, the Company has converted to a public limited liability company on 23 November 2022 and assumed its present name of MST Golf Group Berhad.

The registered office is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, Petaling Jaya, 46200 Selangor Darul Ehsan.

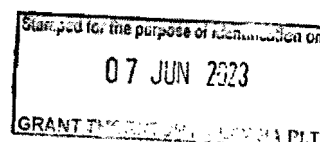
The principal place of business of the Company is located at MST Golf Plaza, No. 8, Jalan SS 13/5, Subang Jaya, 47500 Selangor Darul Ehsan.

1.3 Principal activities

The principal activity of the Company is to carry on the business as investment holding company.

Details of the subsidiaries of MST Golf as of 31 December 2022 are as follows:-

Name of company	Effective ownership	Principal activities	Date of incorporation	Country of incorporation and principal place of business
MST Golf Sdn. Bhd.	100%	Specialty retailer and wholesaler of golf equipment comprising golf clubs, golf balls and accessories and golf apparel	13 November 1989	Malaysia

13. ACCOUNTANTS' REPORT (CONT'D)**1. GENERAL INFORMATION (CONT'D)****1.3 Principal activities (cont'd)**

Details of the subsidiaries of MST Golf as of 31 December 2022 are as follows (cont'd):-

Name of company	Effective ownership	Principal activities	Date of incorporation	Country of incorporation and principal place of business
MST Golf Management Sdn. Bhd.	100%	Provision of golf related services	1 June 2001	Malaysia
MST Golf Arena Sdn. Bhd.	100%	Operation of indoor golf centres	6 November 1998	Malaysia
MST Golf (Singapore) Pte. Ltd.	100%	Specialty retailer and wholesaler of golf equipment comprising golf clubs, golf balls and accessories and golf apparel	14 March 2000	Singapore

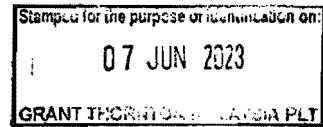
There was no significant change in the nature of the principal activities of MST Golf and its subsidiaries since the day of incorporation except for MST Golf Arena Sdn. Bhd.. On 22 September 2021, MST Golf Arena Sdn. Bhd. has changed its principal activities to business on indoor golf events, golf academy operator and food and beverages related activities.

1.4 Pre-IPO Reorganisation**(i) Capitalisation of Amount Owing to Holding Company**

On 21 October 2022, the Company has capitalised the outstanding balance of RM32,000,000 owing to holding company, All Sportz Sdn. Bhd. by issuance of 32,000,000 new shares of RM1 each and the remaining outstanding balances was fully settled by cash to the holding company on 22 December 2022. The issued share after capitalisation was 32,100,000 ordinary shares. Accordingly, the share capital of the Company increased to RM32,100,000.

(ii) Subdivision of Shares

On 21 October 2022, the Company has sub-divided its shares capital on the basis of 1 existing share into 20 sub-division shares. Accordingly, the shares capital of the Company would be RM32,100,000 comprising 642,000,000 ordinary shares.

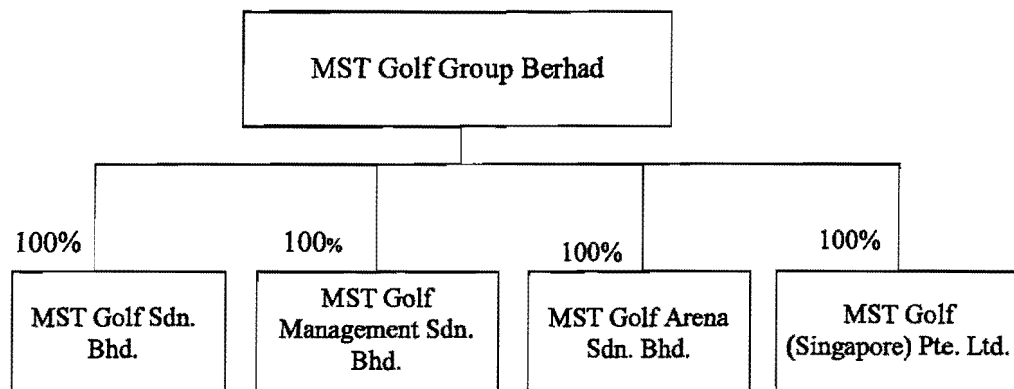
13. ACCOUNTANTS' REPORT (CONT'D)**1. GENERAL INFORMATION (CONT'D)****1.4 Pre-IPO Reorganisation (cont'd)****(iii) Acquisition of Subsidiaries' Remaining Equity Interest from Minority Interest Shareholders**

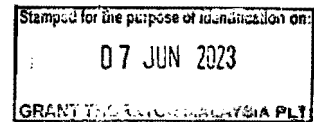
On 4 November 2022, the Company entered into a share sale agreement to acquire an additional 30% equity interest in MST Golf Management Sdn. Bhd. for RM277,201 satisfied by the issuance of 676,100 new ordinary shares of the Company, increasing its ownership from 70% to 100%.

On the same day, the Company entered into a share sale agreement to acquire an additional 24% equity interest in MST Golf (Singapore) Pte. Ltd. for RM7,458,925 by the issuance of 18,192,500 new ordinary shares of the Company, increasing its ownership from 76% to 100%.

The Group recognised a decrease in non-controlling interests of RM10,649,293 and an increase in retained earnings of RM2,913,167. The acquisitions were completed on 30 November 2022.

Following the completion of Pre-IPO reorganisation exercise, the group structure is as follows:-



13. ACCOUNTANTS' REPORT (CONT'D)**2. RELEVANT FINANCIAL YEARS**

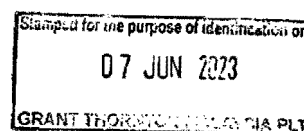
The relevant financial years of the audited financial statements presented for the purpose of this report ("Relevant Financial Years") and the Auditors of the respective companies within the Group are as follows:-

Company	Relevant Financial Years	Auditors
	Financial Year Ended ("FYE")	
MST Golf Group Berhad	FYE 31 December 2019*	Y K Tan, Lee & Associates
	FYE 31 December 2020*	Y K Tan, Lee & Associates
	FYE 31 December 2021	Grant Thornton Malaysia PLT
	FYE 31 December 2022	Grant Thornton Malaysia PLT
MST Golf Sdn. Bhd.	FYE 31 December 2019*	Y K Tan, Lee & Associates
	FYE 31 December 2020*	Y K Tan, Lee & Associates
	FYE 31 December 2021	Grant Thornton Malaysia PLT
	FYE 31 December 2022	Grant Thornton Malaysia PLT
MST Golf Management Sdn. Bhd.	FYE 31 December 2019*	Y K Tan, Lee & Associates
	FYE 31 December 2020*	Y K Tan, Lee & Associates
	FYE 31 December 2021	Grant Thornton Malaysia PLT
	FYE 31 December 2022	Grant Thornton Malaysia PLT
MST Golf Arena Sdn. Bhd.	FYE 31 December 2019*	Y K Tan, Lee & Associates
	FYE 31 December 2020*	Y K Tan, Lee & Associates
	FYE 31 December 2021	Grant Thornton Malaysia PLT
	FYE 31 December 2022	Grant Thornton Malaysia PLT
MST Golf (Singapore) Pte. Ltd.	FYE 31 December 2019#	Stone Ray & Associates
	FYE 31 December 2020#	Stone Ray & Associates
	FYE 31 December 2021	Foo Kon Tan LLP
	FYE 31 December 2022	Foo Kon Tan LLP

*Reaudited by Grant Thornton Malaysia PLT for the purpose of inclusion into the consolidated financial statements of the Group.

#Reaudited by Foo Kon Tan LLP for the purpose of inclusion into the consolidated financial statements of the Group.

The audited financial statements of all the companies within the Group on the Relevant Financial Years reported above were not subject to any qualification or modification.

13. ACCOUNTANTS' REPORT (CONT'D)**3. BASIS OF PREPARATION****3.1 Statement of compliance**

The consolidated financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and in compliance with Chapter 10, Part II Division I: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

3.2 Basis of measurement

The consolidated financial statements of the Group are prepared under historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and its measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

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

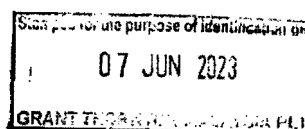
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

13. ACCOUNTANTS' REPORT (CONT'D)**3. BASIS OF PREPARATION (CONT'D)****3.2 Basis of measurement (cont'd)**

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

3.3 Functional and presentation currency

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency and all values are rounded to the nearest RM except when otherwise stated.

3.4 Adoption of new standards/amendments/improvements to MFRSs

The Group has consistently applied the accounting policies set out in Note 4 to all periods presented in these consolidated financial statements.

On 1 January 2022, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2022:-

- Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use – Amendments to MFRS 16 Leases
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract-Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018-2020

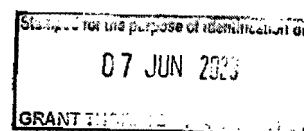
Initial application of the new standards/amendments/improvements to MFRSs did not have material impact on the consolidated financial statements of the Group.

3.5 Standards issued but not yet effective

The new and amended standards that are issued, but now yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards, if applicable, when they become effective.

Effective for financial period beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts*
- Amendments to MFRS 17* – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

13. ACCOUNTANTS' REPORT (CONT'D)**3. BASIS OF PREPARATION (CONT'D)****3.5 Standards issued but not yet effective (cont'd)**

The new and amended standards that are issued, but now yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective (cont'd).

Effective for financial period beginning on or after 1 January 2024

- Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements – Non-current Liability with Covenants

Deferred to a date to be determined by the Malaysian Accounting Standard Board ("MASB")

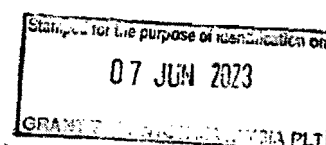
- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

*Not applicable to the Group's operation

The initial application of the accounting standards, interpretations and amendments are not expected to have any financial impacts to the consolidated financial statements of the Group upon its first adoption.

3.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

13. ACCOUNTANTS' REPORT (CONT'D)**3. BASIS OF PREPARATION (CONT'D)****3.6 Significant accounting estimates and judgements (cont'd)****3.6.1 Estimation uncertainty**

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:-

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment and right-of-use assets to be within 2 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At end of the reporting period, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment and right-of-use assets at the end of the reporting date are disclosed in Notes 5 and 6 to the consolidated financial statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical factor which may cause selling prices to change rapidly, and the Group's profit to change.

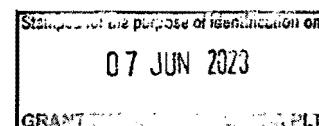
The carrying amount of the Group's inventories at the end of the reporting date is disclosed in Note 12 to the consolidated financial statements.

Provision for expected credit losses ("ECLs") of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type, rating and payment patterns).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the trading sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 37 to the consolidated financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**3. BASIS OF PREPARATION (CONT'D)****3.6 Significant accounting estimates and judgements (cont'd)****3.6.1 Estimation uncertainty (cont'd)**

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below (cont'd):-

Impairment of non-financial assets

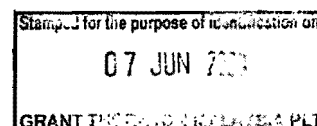
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flows ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash generating unit ("CGU") being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimation are most relevant to goodwill with indefinite useful lives recognised by the Group.

Income taxes and deferred tax liabilities

Significant estimation is involved in determining the Group's provision for income taxes and deferred tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the financial year in which such determination is made.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

13. ACCOUNTANTS' REPORT (CONT'D)**3. BASIS OF PREPARATION (CONT'D)****3.6 Significant accounting estimates and judgements (cont'd)****3.6.1 Estimation uncertainty (cont'd)**

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below (cont'd):-

Revenue recognition - Estimating stand-alone selling price – Points loyalty programme

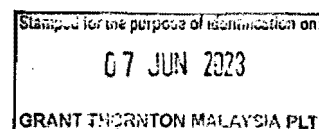
The Group estimates the stand-alone selling price of the loyalty points awarded under the points programme. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Group considers breakage which represents the portion of the points issued that will never be redeemed. The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated annually and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Group ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required).

As points issued under the programme do not expire, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at 31 December 2022, the estimated liability for unredeemed points was RM3,461,528 (2021: RMNil; 2020: RMNil; 2019: RMNil). If the estimated redemption rate used had been higher by 1% than management's estimate, the carrying amount of the estimated liability for unredeemed points as at 31 December 2022 would have been higher by RM66,454 (2021: RMNil; 2020: RMNil; 2019: RMNil).

Deferred tax assets

Deferred tax assets are recognised for the temporary differences between carrying amounts of assets and liabilities in the consolidated statements of financial position to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the consolidated statements of financial position and the amount of contract liabilities.

13. ACCOUNTANTS' REPORT (CONT'D)**3. BASIS OF PREPARATION (CONT'D)****3.6 Significant accounting estimates and judgements (cont'd)****3.6.2 Significant management judgement**

There are no significant judgments applied by the management in the accounting policies of the Group that have a significant effect on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The Group applies the significant accounting policies, as summarised below, consistently throughout all years presented in the consolidated financial statements.

4.1 Consolidation**4.1.1 Subsidiaries**

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

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

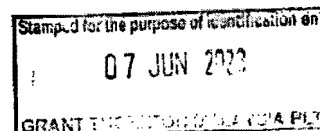
Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.1.2 Basis of consolidation

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements.

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

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 Consolidation (cont'd)****4.1.2 Basis of consolidation (cont'd)**

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

4.1.3 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 Consolidation (cont'd)****4.1.3 Business combination and goodwill (cont'd)**

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

4.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

4.1.5 Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Group, are presented in the consolidated statements of financial position and statements of changes in equity within equity, separately from equity attributable to the owners of the Group. Non-controlling interest in the results of the Group is presented in the consolidated statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owner of the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

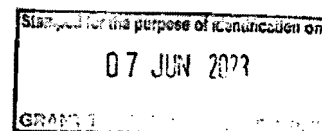
4.1.6 Eliminations on consolidation

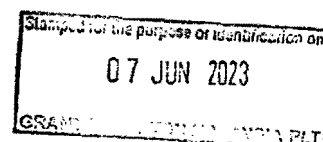
All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated on consolidation.

4.1.7 Associates

Associates are entities in which the Group has significant influence, but no control, over their financial and operating policies.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, investment in an associate is carried in the statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.



13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 Consolidation (cont'd)****4.1.7 Associates (cont'd)**

The share of the results of an associate is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of an associate, the Group recognised its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate is eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statements of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

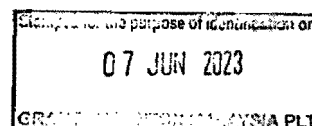
When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

The financial statements of the associates are prepared as of the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies of the associates in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.2 Foreign currency transaction and balances**

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

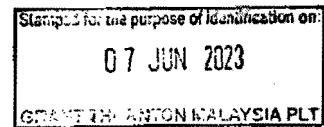
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

4.3 Foreign operations

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combination before 1 January 2011 which are treated as assets and liabilities of the Group. The income and expenses of foreign operations are translated to RM at exchange rates at the date of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interest. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 Foreign operations (cont'd)**

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in foreign currency translation reserve in equity.

The principal closing rate used in translation of foreign operations is as follow:-

	2022	2021	2020	2019
	RM	RM	RM	RM
Singapore Dollar	3.2740	3.0853	3.0396	3.0412

4.4 Property, plant and equipment

All property, plant and equipment, are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

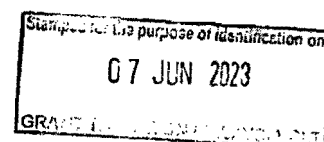
Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life are not depreciated.

Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Freehold buildings	2%
Furniture and fittings	10%-20%
Motor vehicles	20%
Renovation	10%-20%
Other assets	10%-50%

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.4 Property, plant and equipment (cont'd)**

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial years in which the asset is derecognised.

4.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

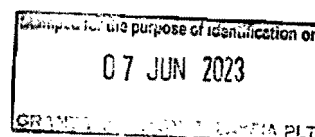
4.5.1 Financial assetsInitial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.5 Financial instruments (cont'd)****4.5.1 Financial assets (cont'd)**Initial recognition and measurement (cont'd)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

As at the reporting date, the Group carries financial assets at amortised cost and at fair value through profit or loss on the consolidated statements of financial position.

Financial assets at amortised cost

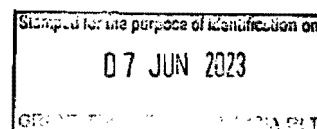
Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade and most of other receivables, amount owing by subsidiaries, amount owing by an associate, fixed deposits with licensed banks and cash and bank balances.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at FVTPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognised in the consolidated statements of profit or loss.

This category includes other investment.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.5 Financial instruments (cont'd)****4.5.1 Financial assets (cont'd)****Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:-

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

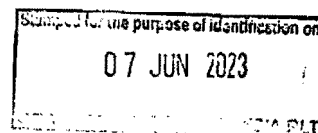
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are a probability weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

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

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.5 Financial instruments (cont'd)****4.5.1 Financial assets (cont'd)****Impairment (cont'd)**

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

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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

At each reporting date, the Group assesses whether the financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

4.5.2 Financial liabilities**Initial recognition and measurement**

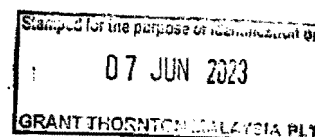
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.5 Financial instruments (cont'd)****4.5.2 Financial liabilities (cont'd)**Subsequent measurement (cont'd)*Financial liabilities at amortised cost*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss. This category generally applies to interest-bearing loans and borrowings. The Group's financial liabilities include borrowings, trade and most of other payables, amount owing to subsidiaries, dividend payable, amount owing to holding company and amount owing to Directors.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statements of profit or loss.

4.5.3 Offsetting of financial instruments

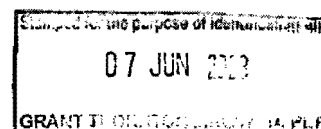
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.5.4 Fair value of financial instrument

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market process or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair value of financial instruments and further details as how they are measured are provided in Note 37 to the consolidated financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.6 Impairment of assets****4.6.1 Non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

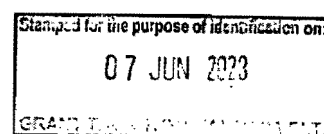
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.6 Impairment of assets (cont'd)****4.6.1 Non-financial assets (cont'd)**

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting period, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

4.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss in the period in which it incurred.

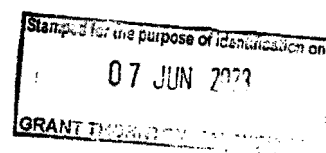
The useful life of intangible assets assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by charging the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

4.7.1 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.7 Intangible assets (cont'd)****4.7.1 Goodwill (cont'd)**

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

4.7.2 Trademark

Trademark is stated at cost less accumulated impairment losses, if any.

4.8 Inventories

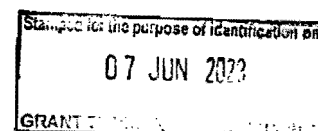
Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for all obsolete, damaged or slow-moving inventories. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, short term demand deposits, bank overdraft and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statements of cash flows, cash and cash equivalents are presented net of pledged fixed deposits.

Bank overdrafts are shown in current liabilities in the consolidated statements of financial position.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.10 Equity, reserves and distribution to owners**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the foreign exchange reserve.

Retained earnings include all current year profit and prior years' retained earnings.

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

All transactions with owner of the Group are recorded separately within equity.

4.11 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

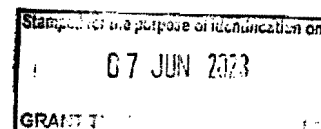
Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provision is discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.12 Leases

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

4.12.1 Group as a lessee

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

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.12 Leases (cont'd)****4.12.1 Group as a lessee (cont'd)****4.12.1.1 Right-of-use assets**

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

• Premises	3 - 6 years
• Retail outlets	3 - 15 years
• Motor vehicles	2 - 5 years

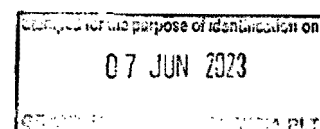
If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 4.6.1 to the consolidated financial statements.

4.12.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.12 Leases (cont'd)****4.12.2 Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to lease of that are considered to be low-value. Lease payments on short-term lease and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4.12.3 Group as a lessor

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

4.13 Revenue from contracts with customers

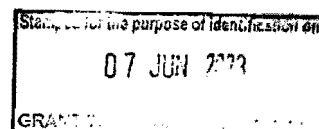
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the golf lesson income, because it typically controls the goods or services before transferring them to the customer.

4.13.1 Sale of goods

Revenue from sale of goods is recognised at a point in time once control of the asset is transferred to the customers generally on delivery of products and customers' acceptance.

4.13.2 Rendering of service

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised service. A performance obligation may be satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.13 Revenue from contracts with customers (cont'd)****4.13.3 Customer loyalty awards**

The Group operates the customer loyalty programme, which allows customers to accumulate points for future redemption when they purchase products at the Group's stores.

The consideration received from the sale of goods is allocated to the goods sold and the points issued that are expected to be redeemed. The consideration allocated to the points issued is measured at fair value of the points. It is recognised as a liability (contract liabilities) in the statements of financial position and recognised as revenue when the points are redeemed, have expired or are longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number of points expected to be redeemed.

4.13.4 Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

4.13.5 Contract balances**4.13.5.1 Contract liabilities**

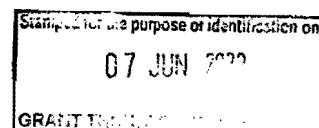
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

4.13.6 Revenue from other sources**4.13.6.1 Interest income**

Interest income is recognised as it accrued using the effective interest method in profit or loss.

4.14 Employee benefits**4.14.1 Short-term employee benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial years, in which the associated services are rendered by the employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences are incurred.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.14 Employee benefits (cont'd)****4.14.2 Defined contribution plan**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current period and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). The Group's foreign subsidiary also make contributions to their respective countries' statutory pension schemes.

4.15 Tax expense

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss.

4.15.1 Current tax

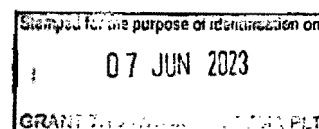
Current tax expected tax payable or receivable on the taxable profit or loss for the financial years, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the consolidated statements of financial position as a liability (or an asset) to the extent that is unpaid (no refundable).

4.15.2 Deferred tax

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.15 Tax expense (cont'd)****4.15.2 Deferred tax (cont'd)**

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

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

4.15.3 Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:-

- Where the GST incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

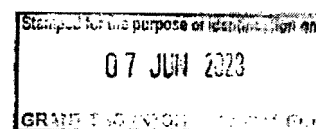
The GST is solely derived from MST Golf (Singapore) Pte. Ltd.'s operations.

4.15.4 Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:-

- When the sales tax incurred in a purchase of assets or services is not recoverable from the tax authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expenses item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax payable to the tax authority is included as part of payables in the consolidated statements of financial position.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.16 Borrowing costs**

All the borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

4.17 Contingencies

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

4.18 Related parties

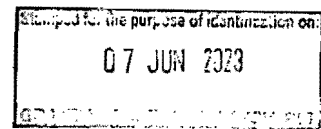
A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:-

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the holding company of the Group, or the Group.

(b) An entity is related to the Group if any of the following conditions applies:-

- (i) the entity and the Group are members of the same Group.
- (ii) one entity is an associate or joint venture of the other entity.
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the Group (or of the parent of the Group); or
- (viii) the entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

13. ACCOUNTANTS' REPORT (CONT'D)**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.19 Operating Segments**

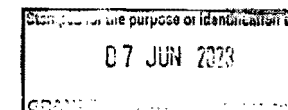
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly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

4.20 Earnings per share**(i) Basic**

Basic earnings per share for the years are calculated by dividing profit for the financial years attributable to ordinary equity holders of the Group based on the weighted average number of ordinary shares in issue during the period.

(ii) Diluted

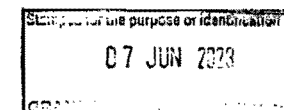
Diluted earnings per share is calculated by dividing the profit for the financial years attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue, adjusted for the dilutive effects of all potential ordinary shares to be issued. Diluted earnings per share is not applicable as the Group does not have potential dilutive equity instruments that would give diluted effect to the basic earnings per share.

13. ACCOUNTANTS' REPORT (CONT'D)**5. PROPERTY, PLANT AND EQUIPMENT**

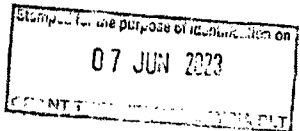
	<u>Freehold land and buildings</u> RM	<u>Motor vehicles</u> RM	<u>Furniture and fittings</u> RM	<u>Renovation</u> RM	<u>Other assets</u> RM	<u>Total</u> RM
Audited Cost						
At 1 January 2019	18,002,101	907,260	7,044,912	7,942,947	8,459,384	42,356,604
Additions	-	-	1,147,844	1,150,475	615,821	2,914,140
Disposals	-	(355,881)	-	-	(52,587)	(408,468)
Written off	-	-	(264,684)	(189,118)	(34,127)	(487,929)
Exchange differences	-	-	593	3,507	1,508	5,608
At 31 December 2019	18,002,101	551,379	7,928,665	8,907,811	8,989,999	44,379,955
Additions	-	-	679,130	942,746	494,492	2,116,368
Disposals	-	-	(160,599)	(261,955)	(381,170)	(803,724)
Written off	-	-	(95,587)	(956,440)	(32,679)	(1,084,706)
Exchange differences	-	-	(190)	(983)	(465)	(1,638)
At 31 December 2020	18,002,101	551,379	8,351,419	8,631,179	9,070,177	44,606,255
Additions	-	-	649,471	2,207,029	1,892,755	4,749,255
Transfer from right-of-use assets	-	1,090,592	-	-	-	1,090,592
Disposals	-	-	-	-	(50,377)	(50,377)
Written off	-	-	(423,263)	(774,802)	(334,120)	(1,532,185)
Exchange differences	-	-	7,394	30,709	14,447	52,550
At 31 December 2021	18,002,101	1,641,971	8,585,021	10,094,115	10,592,882	48,916,090
Additions	-	-	5,887,591	9,015,559	8,962,988	23,866,138
Transfer from right-of-use assets	-	229,798	-	-	-	229,798
Reclassification	-	-	-	2,635	(2,635)	-
Disposals	-	-	-	-	(2,690)	(2,690)
Written off	-	-	(183,198)	(360,679)	(74,638)	(618,515)
Exchange differences	-	-	69,481	244,083	92,507	406,071
At 31 December 2022	18,002,101	1,871,769	14,358,895	18,995,713	19,568,414	72,796,892

13. ACCOUNTANTS' REPORT (CONT'D)

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



	Freehold land and buildings RM	Motor vehicles RM	Furniture and fittings RM	Renovation RM	Other assets RM	Total RM
Audited						
Accumulated depreciation						
At 1 January 2019	1,454,810	870,157	3,500,944	3,442,867	5,905,273	15,174,051
Charge for the financial year	147,236	24,948	1,046,442	1,073,468	839,311	3,131,405
Disposals	-	(355,881)	-	-	(30,675)	(386,556)
Written off	-	-	(191,200)	(121,706)	(24,839)	(337,745)
Exchange differences	-	-	236	1,296	1,135	2,667
At 31 December 2019	1,602,046	539,224	4,356,422	4,395,925	6,690,205	17,583,822
Charge for the financial year	147,236	4,849	1,150,147	1,291,964	777,343	3,371,539
Disposals	-	-	(157,110)	(261,955)	(379,766)	(798,831)
Written off	-	-	(33,961)	(288,847)	(29,578)	(352,386)
Exchange differences	-	-	(82)	(455)	(358)	(895)
At 31 December 2020	1,749,282	544,073	5,315,416	5,136,632	7,057,846	19,803,249
Charge for the financial year	147,236	4,849	1,216,390	1,368,843	855,541	3,592,859
Transfer from right-of-use assets	-	764,071	-	-	-	764,071
Disposals	-	-	-	-	(50,377)	(50,377)
Written off	-	-	(276,569)	(555,789)	(275,853)	(1,108,211)
Exchange differences	-	-	2,618	15,230	10,045	27,893
At 31 December 2021	1,896,518	1,312,993	6,257,855	5,964,916	7,597,202	23,029,484
Charge for the financial year	147,236	230,334	1,424,715	2,051,681	2,080,440	5,934,406
Transfer from right-of-use assets	-	170,790	-	-	-	170,790
Reclassification	-	-	-	33	(33)	-
Disposals	-	-	-	-	(355)	(355)
Written off	-	-	(136,062)	(316,611)	(57,007)	(509,680)
Exchange differences	-	-	16,416	88,366	43,098	147,880
At 31 December 2022	2,043,754	1,714,117	7,562,924	7,788,385	9,663,345	28,772,525

13. ACCOUNTANTS' REPORT (CONT'D)**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**


	Freehold land and buildings RM	Motor vehicles RM	Furniture and fittings RM	Renovation RM	Other assets RM	Total RM
Audited						
Net carrying amounts						
At 31 December 2022	15,958,347	157,652	6,795,971	11,207,328	9,905,069	44,024,367
At 31 December 2021	16,105,583	328,978	2,327,166	4,129,199	2,995,680	25,886,606
At 31 December 2020	16,252,819	7,306	3,036,003	3,494,547	2,012,331	24,803,006
At 31 December 2019	16,400,055	12,155	3,572,243	4,511,886	2,299,794	26,796,133

The Directors are of the opinion that unreasonable expenses would be incurred in segregating the costs of the freehold land and buildings separately.

Included in others assets are plant and machinery, office equipment, air conditioning, information technology ("IT") equipment and signage.

Assets pledged as securities

Freehold land and buildings of the Group with net carrying amount of RM15,958,347 (2021:RM16,105,583; 2020: RM16,252,819 and 2019: RM16,400,055) are pledged to secured banking facilities granted to the Group as disclosed in Note 20 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

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07 JUN 2023
 GRANT THORNTON MALAYSIA PLT

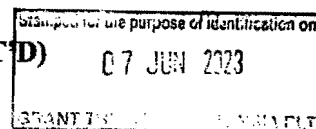
Right-of-use assets

The Group has lease contracts for various items of motor vehicles, retail outlets and premises used for its operations purposes. Leases of motor vehicles generally have lease terms between 2 to 5 years, retail outlets have lease term about 3 to 15 years and premises generally about 3 to 6 years.

The Group also has certain leases of premises with lease term of 12 months. The Group applies the 'short-term lease' recognition exemptions for these leases.

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

	<u>Retail outlets</u> RM	<u>Motor vehicles</u> RM	<u>Premises</u> RM	<u>Total</u> RM
Audited Cost				
At 1 January 2019	24,355,829	1,229,069	404,811	25,989,709
Additions	4,900,473	744,362	1,067,330	6,712,165
Lease termination	(606,115)	-	-	(606,115)
Disposal	-	(158,158)	-	(158,158)
Exchange differences	13,126	845	1,761	15,732
At 31 December 2019	28,663,313	1,816,118	1,473,902	31,953,333
Additions	5,475,025	-	-	5,475,025
Lease termination	(231,139)	-	-	(231,139)
Exchange differences	(5,054)	(261)	(775)	(6,090)
At 31 December 2020	33,902,145	1,815,857	1,473,127	37,191,129
Additions	4,544,795	-	5,400,893	9,945,688
Lease modification	252,147	-	25,244	277,391
Lease termination	(402,308)	-	(213,774)	(616,082)
Transfer to property, plant and equipment	-	(1,090,592)	-	(1,090,592)
Exchange differences	217,568	7,449	57,276	282,293
At 31 December 2021	38,514,347	732,714	6,742,766	45,989,827
Additions	29,253,417	241,444	-	29,494,861
Transfer to property, plant and equipment	-	(229,798)	-	(229,798)
Lease termination	(266,213)	-	(1,345,256)	(1,611,469)
Lease modification	129,624	-	-	129,624
Exchange differences	1,768,346	37,923	341,631	2,147,900
At 31 December 2022	69,399,521	782,283	5,739,141	75,920,945

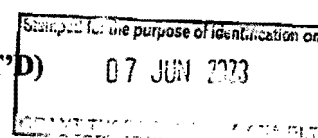
13. ACCOUNTANTS' REPORT (CONT'D)**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)****Right-of-use assets (cont'd)**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period (cont'd):-

	<u>Retail outlets</u> RM	<u>Motor vehicles</u> RM	<u>Premises</u> RM	<u>Total</u> RM
Audited				
Accumulated depreciation				
At 1 January 2019	5,256,055	334,240	22,490	5,612,785
Charge for the financial year	5,026,397	342,773	342,602	5,711,772
Lease termination	(606,115)	-	-	(606,115)
Disposal	-	(158,158)	-	(158,158)
Exchange differences	6,816	334	363	7,513
At 31 December 2019	9,683,153	519,189	365,455	10,567,797
Charge for the financial year	5,296,484	363,200	491,171	6,150,855
Lease termination	(231,139)	-	-	(231,139)
Exchange differences	(3,158)	(104)	(322)	(3,584)
At 31 December 2020	14,745,340	882,285	856,304	16,483,929
Charge for the financial year	5,374,814	363,919	652,999	6,391,732
Lease termination	(402,308)	-	-	(402,308)
Transfer to property, plant and equipment	-	(764,071)	-	(764,071)
Exchange differences	126,366	4,469	17,120	147,955
At 31 December 2021	19,844,212	486,602	1,526,423	21,857,237
Charge for the financial year	7,744,130	159,973	931,383	8,835,486
Transfer to property, plant and equipment	-	(170,790)	-	(170,790)
Lease termination	(266,213)	-	(1,345,256)	(1,611,469)
Lease modification	72,493	-	-	72,493
Exchange differences	728,419	25,202	73,441	827,062
At 31 December 2022	28,123,041	500,987	1,185,991	29,810,019
Net carrying amounts				
At 31 December 2022	41,276,480	281,296	4,553,150	46,110,926
At 31 December 2021	18,670,135	246,112	5,216,343	24,132,590
At 31 December 2020	19,156,805	933,572	616,823	20,707,200
At 31 December 2019	18,980,160	1,296,929	1,108,447	21,385,536

The motor vehicles of the Group with net carrying amount of RM281,296 (2021: RM246,112; 2020: RM933,572 and 2019: RM1,296,929) were acquired under finance lease arrangements.

The additional right-of-use assets amounted to RM29,494,861 (2021: RM9,945,688; 2020: RM5,475,025 and 2019: RM6,712,165), were derived after netting off lease incentive received of RM653,758 (2021: RMNil; 2020: RMNil and 2019: RMNil).

13. ACCOUNTANTS' REPORT (CONT'D)**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)**Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:-

	← Audited →			
	2022 RM	2021 RM	2020 RM	2019 RM
At 1 January	25,808,905	21,556,382	21,977,623	20,829,053
Additions	30,148,619	9,945,688	5,475,025	6,407,803
Accretion of interest	2,094,801	1,316,619	1,330,512	1,314,847
Rent concession related to COVID-19	(70,191)	(824,718)	(1,579,207)	-
Lease modifications	161,545	219,470	-	-
Lease termination	-	(220,561)	-	-
Payments	(10,096,574)	(6,317,944)	(5,645,083)	(6,582,405)
Exchange differences	1,362,188	133,969	(2,488)	8,325
At 31 December	<u>49,409,293</u>	<u>25,808,905</u>	<u>21,556,382</u>	<u>21,977,623</u>
Represent by:-				
Current	10,681,726	6,582,539	5,128,025	5,573,864
Non-current	<u>38,727,567</u>	<u>19,226,366</u>	<u>16,428,357</u>	<u>16,403,759</u>
	<u>49,409,293</u>	<u>25,808,905</u>	<u>21,556,382</u>	<u>21,977,623</u>

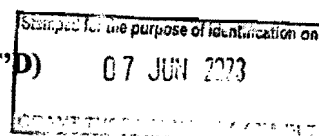
The lease liabilities bear interests at rates of 5.50% to 6.90% (2021: 2.58% to 6.12%, 2020: 0.88% to 6.12% and 2019: 0.88% to 6.12%) per annum. Interest rates are fixed at the inspection of the lease liabilities arrangements.

The maturity analysis of lease liabilities is disclosed in Note 37 to the financial statements.

Group as a lessor

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

	← Audited →			
	2022 RM	2021 RM	2020 RM	2019 RM
Within 1 year	282,000	768,000	648,000	77,420
After 1 year but more than 5 years	<u>348,000</u>	<u>240,000</u>	-	-
	<u>630,000</u>	<u>1,008,000</u>	<u>648,000</u>	<u>77,420</u>

13. ACCOUNTANTS' REPORT (CONT'D)**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)**

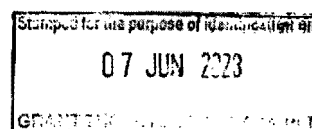
The following are the amounts recognised in profit or loss:-

	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Depreciation of right-of-use assets (included in administrative and other expenses)	8,835,486	6,391,732	6,150,855	5,711,772
Interest expense in lease liabilities (included in finance costs)	2,094,801	1,316,619	1,330,512	1,314,847
Expenses relating to short-term assets (included in administrative and other expenses)	1,554,467	1,014,316	1,152,191	1,844,787
Rent concession related to COVID-19 (included in administrative and other expenses)	(70,191)	(824,718)	(1,579,207)	-
Gain on derecognition of right-of-use assets and lease liabilities (included in other income)	-	(6,787)	-	-
Gain on lease modifications (included in other income)	-	(57,921)	-	-
Loss on lease modifications (included in administrative and other expenses)	104,414	-	-	-
	<u>12,518,977</u>	<u>7,833,241</u>	<u>7,054,351</u>	<u>8,871,406</u>

The Group had total cash outflow for lease liabilities payment of RM11,651,041 (2021: RM7,332,260; 2020: RM6,797,274 and 2019: RM8,427,192).

7. INTANGIBLE ASSETS

	<u>Goodwill</u> RM	<u>Trademark</u> RM	<u>Total</u> RM
Audited			
Cost			
At 1 January 2019/31 December 2019/31 December 2020	1,770,924	133,683	1,904,607
Additions	-	5,030	5,030
Written off	-	(138,713)	(138,713)
At 31 December 2021/31 December 2022	<u>1,770,924</u>	<u>-</u>	<u>1,770,924</u>

13. ACCOUNTANTS' REPORT (CONT'D)**7. INTANGIBLE ASSETS (CONT'D)****Goodwill**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit that is expected to benefit from that business combination.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the cash-generating unit is determined based on the value in use. The value in use calculations is based on the discounted net cash projections based on financial budgets approved by management covering a period 5 years (2021: 5 years; 2020: 5 years and 2019: 5 years) with an estimated growth rate range between 5% (2021: 5%; 2020: 5% and 2019: 5%) and a weighted average cost of capital of 6.34% (2021: 7.33%; 2020: 7.33% and 2019: 7.33%).

Cash flows projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

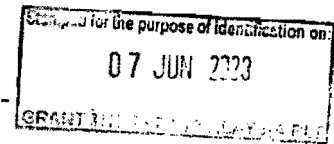
8. INVESTMENT IN SUBSIDIARIES

	← Audited →			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Unquoted shares, at cost				
- Within Malaysia	-	-	1,032,000	1,112,000
- Outside Malaysia	-	-	8,689	8,689
Total cost of investment	-	-	1,040,689	1,120,689

The subsidiaries included in the listing are disclosed in the Note 2 to the consolidated financial statements.

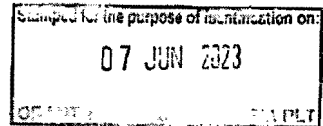
13. ACCOUNTANTS' REPORT (CONT'D)**8. INVESTMENT IN SUBSIDIARIES (CONT'D)**

The details of the subsidiaries not included in the listing are as follows:-



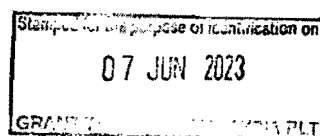
Name	Country of incorporation and principal place of business	Effective interest (%)				Principal activities
		Audited				
		2022	2021	2020	2019	
My Sports (Thailand) Co. Ltd. (formerly known as MST Golf (Thailand) Co. Ltd.)*	Thailand	-	-	99%	99%	Engaged as holding company.
My Egames Sdn. Bhd. (formerly known as My Golf Shop Sdn. Bhd.)*	Malaysia	-	-	75%	75%	Dormant.
All Sportz Properties Sdn. Bhd.*	Malaysia	-	-	-	70%	Dormant.
MySports Vietnam Sdn. Bhd. (formerly known as M S T Golf Vietnam Sdn. Bhd.)*	Malaysia	-	-	60%	60%	Dormant.
Held through MST Golf Management Sdn. Bhd.						
Heritage Links Asia Sdn. Bhd.*	Malaysia	-	-	60%	60%	Dormant.

* Not audited by Grant Thornton Malaysia PLT for the financial years ended 2019, 2020 and 2021.

13. ACCOUNTANTS' REPORT (CONT'D)**8. INVESTMENT IN SUBSIDIARIES (CONT'D)****Non-controlling interests in subsidiaries**

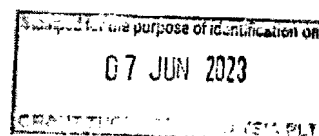
The Group's subsidiaries that have non-controlling interests are as follows:-

	MST Golf Management Sdn. Bhd. RM	MST Golf (Singapore) Pte. Ltd. RM	Total RM
Audited 2022			
Percentage of non-controlling interests and voting interests (%)	30%	24%	
Carrying amount of non-controlling interests (RM)	-	-	-
Profit allocated to non-controlling interests (RM)	170,858	2,292,331	2,463,189
Total comprehensive income allocated to non-controlling interests (RM)	<u>170,858</u>	<u>2,742,342</u>	<u>2,913,200</u>
Audited 2021			
Percentage of non-controlling interests and voting interests (%)	30%	24%	
Carrying amount of non-controlling interests (RM)	277,188	7,458,905	7,736,093
Profit allocated to non-controlling interests (RM)	62,571	2,016,063	2,078,634
Total comprehensive income allocated to non-controlling interests (RM)	<u>62,571</u>	<u>2,111,503</u>	<u>2,174,074</u>

13. ACCOUNTANTS' REPORT (CONT'D)**8. INVESTMENT IN SUBSIDIARIES (CONT'D)****Non-controlling interests in subsidiaries (cont'd)**

The Group's subsidiaries that have non-controlling interests are as follows (cont'd):-

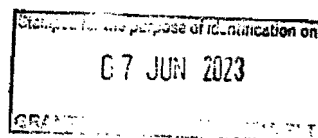
	MST Golf Management Sdn. Bhd. RM	MST Golf (Singapore) Pte. Ltd. RM	Total RM
Audited 2020			
Percentage of non-controlling interests and voting interests (%)	30%	24%	
Carrying amount of non- controlling interests (RM)	304,616	5,347,403	5,652,019
Profit allocated to non-controlling interests (RM)	141,178	670,990	812,168
Total comprehensive income allocated to non-controlling interests (RM)	<u>141,178</u>	<u>668,352</u>	<u>809,530</u>
Audited 2019			
Percentage of non-controlling interests and voting interests (%)	30%	24%	
Carrying amount of non-controlling interests (RM)	283,439	4,679,050	4,962,489
Profit allocated to non-controlling interests (RM)	69,483	796,680	866,163
Total comprehensive income allocated to non-controlling interests (RM)	<u>69,483</u>	<u>817,953</u>	<u>887,436</u>

13. ACCOUNTANTS' REPORT (CONT'D)**8. INVESTMENT IN SUBSIDIARIES (CONT'D)****Non-controlling interests in subsidiaries (cont'd)**

Summarised financial information of the subsidiaries which have non-controlling interests to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statement of financial position

	MST Golf Management Sdn. Bhd. RM	MST Golf (Singapore) Pte. Ltd. RM	Total RM
Audited 2021			
Non-current assets	508,922	14,115,846	14,624,768
Current assets	1,678,516	42,620,504	44,299,020
Total assets	2,187,438	56,736,350	58,923,788
Non-current liabilities	383,816	8,724,164	9,107,980
Current liabilities	879,665	16,933,416	17,813,081
Total liabilities	1,263,481	25,657,580	26,921,061
Total net assets	923,957	31,078,770	32,002,727
Audited 2020			
Non-current assets	179,839	7,243,519	7,423,358
Current assets	1,806,058	30,864,272	32,670,330
Total assets	1,985,897	38,107,791	40,093,688
Non-current liabilities	-	3,615,726	3,615,726
Current liabilities	970,509	12,211,222	13,181,731
Total liabilities	970,509	15,826,948	16,797,457
Total net assets	1,015,388	22,280,843	23,296,231

13. ACCOUNTANTS' REPORT (CONT'D)**8. INVESTMENT IN SUBSIDIARIES (CONT'D)****Non-controlling interests in subsidiaries (cont'd)**

Summarised financial information of the subsidiaries which have non-controlling interests to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination (cont'd).

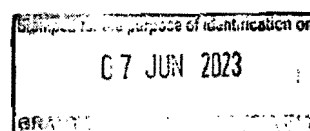
(i) Summarised statement of financial position (cont'd)

	MST Golf Management Sdn. Bhd. RM	MST Golf (Singapore) Pte. Ltd. RM	Total RM
Audited 2019			
Non-current assets	135,482	5,109,180	5,244,662
Current assets	1,571,115	22,767,372	24,338,487
Total assets	1,706,597	27,876,552	29,583,149
Non-current liabilities	-	962,373	962,373
Current liabilities	761,800	7,418,134	8,179,934
Total liabilities	761,800	8,380,507	9,142,307
Total net assets	944,797	19,496,045	20,440,842

(ii) Summarised statement of profit or loss and other comprehensive income before acquisition of the remaining equity interest

	MST Golf Management Sdn. Bhd.* RM	MST Golf (Singapore) Pte. Ltd.* RM	Total RM
Audited 2022			
Included in statements of comprehensive income			
Revenue	5,299,571	103,989,643	109,289,214
Profit for the financial year	569,528	9,551,379	10,120,907
Other comprehensive income	-	1,875,045	1,875,045
Total comprehensive income	569,528	11,426,424	11,995,952

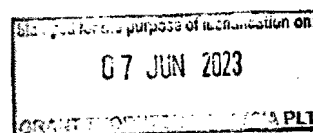
* On 4 November 2022, the Company acquired the remaining 30% and 24% equity interest in MST Golf Management Sdn. Bhd. and MST Golf (Singapore) Pte. Ltd. respectively.

13. ACCOUNTANTS' REPORT (CONT'D)**8. INVESTMENT IN SUBSIDIARIES (CONT'D)****Non-controlling interests in subsidiaries (cont'd)**

Summarised financial information of the subsidiaries which have non-controlling interests to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination (cont'd).

(ii) Summarised statement of profit or loss and other comprehensive income (cont'd)

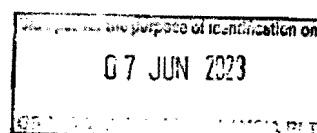
	MST Golf Management Sdn. Bhd. RM	MST Golf (Singapore) Pte. Ltd. RM	Total RM
Audited 2021			
Included in statements of comprehensive income			
Revenue	3,037,099	85,754,780	88,791,879
Profit for the financial year	208,569	8,400,261	8,608,830
Other comprehensive income	-	397,666	397,666
Total comprehensive income	208,569	8,797,927	9,006,496
Audited 2020			
Included in statements of comprehensive income			
Revenue	3,565,719	43,870,293	47,436,012
Profit for the financial year	470,591	2,795,791	3,266,382
Other comprehensive loss	-	(10,992)	(10,992)
Total comprehensive income	470,591	2,784,799	3,255,390
Audited 2019			
Included in statements of comprehensive income			
Revenue	5,407,982	56,904,862	62,312,844
Profit for the financial year	231,610	3,319,500	3,551,110
Other comprehensive income	-	88,639	88,639
Total comprehensive income	231,610	3,408,139	3,639,749

13. ACCOUNTANTS' REPORT (CONT'D)**8. INVESTMENT IN SUBSIDIARIES (CONT'D)****Non-controlling interests in subsidiaries (cont'd)**

Summarised financial information of the subsidiaries which have non-controlling interests to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination (cont'd).

(iii) Summarised cash flows

	MST Golf Management Sdn. Bhd. RM	MST Golf (Singapore) Pte. Ltd. RM	Total RM
Audited 2021			
Net cash flows from operating activities	526,470	5,883,983	6,410,453
Net cash flows from/(used in) investing activities	30,400	(1,436,310)	(1,405,910)
Net cash flows used in financing activities	<u>(384,000)</u>	<u>(3,814,582)</u>	<u>(4,198,582)</u>
Net cash inflows	<u>172,870</u>	<u>633,091</u>	<u>805,961</u>
Audited 2020			
Net cash flows from operating activities	1,110,491	11,327,673	12,438,164
Net cash flows from/(used in) investing activities	37,064	(1,227,239)	(1,190,175)
Net cash flows used in financing activities	<u>(400,000)</u>	<u>(856,046)</u>	<u>(1,256,046)</u>
Net cash inflows	<u>747,555</u>	<u>9,244,388</u>	<u>9,991,943</u>

13. ACCOUNTANTS' REPORT (CONT'D)**8. INVESTMENT IN SUBSIDIARIES (CONT'D)****Non-controlling interest in subsidiaries (cont'd)**

Summarised financial information of the subsidiaries which have non-controlling interests to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination (cont'd).

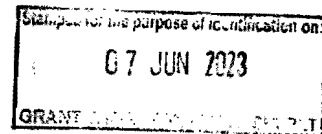
(iii) Summarised cash flows (cont'd)

	MST Golf Management <u>Sdn. Bhd.</u> RM	MST Golf (Singapore) <u>Pte. Ltd.</u> RM	<u>Total</u> RM
Audited 2019			
Net cash flows from operating activities	447,244	1,073,531	1,520,775
Net cash flows used in investing activities	(4,029)	(407,777)	(411,806)
Net cash flows used in financing activities	<u>(300,000)</u>	<u>(1,965,828)</u>	<u>(2,265,828)</u>
Net cash inflows/(outflows)	<u>143,215</u>	<u>(1,300,074)</u>	<u>(1,156,859)</u>

No summarised cash flows for the financial year ended 31 December 2022 as the Company has completed the acquisitions of the remaining equity interest on 30 November 2022.

(iv) Other information

	MST Golf Management <u>Sdn. Bhd.</u> RM	MST Golf (Singapore) <u>Pte. Ltd.</u> RM	<u>Total</u> RM
Audited 2021			
Dividend paid to non-controlling interests	<u>(90,000)</u>	<u>-</u>	<u>(90,000)</u>
Audited 2020			
Dividend paid to non-controlling interests	<u>(120,000)</u>	<u>-</u>	<u>(120,000)</u>

13. ACCOUNTANTS' REPORT (CONT'D)**8. INVESTMENT IN SUBSIDIARIES (CONT'D)****Non-controlling interests in subsidiaries (cont'd)**

Summarised financial information of the subsidiaries which have non-controlling interests to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination (cont'd).

(iv) Other information (cont'd)

	MST Golf Management <u>Sdn. Bhd.</u> RM	MST Golf (Singapore) <u>Pte. Ltd.</u> RM	<u>Total</u> RM
Audited 2019			
Dividend paid to non-controlling interests	<u>(90,000)</u>	<u>-</u>	<u>(90,000)</u>

No dividend paid to non-controlling interests during the financial year 31 December 2022 before acquisition of the remaining equity interest.

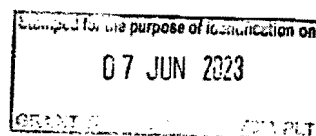
Acquisition of subsidiaries

- (i) On 4 November 2022, the Company entered into a share sale agreement to acquire an additional 30% equity interest in MST Golf Management Sdn. Bhd. for RM277,201 satisfied by the issuance of 676,100 new ordinary shares of the Company, increasing its ownership from 70% to 100%.

On the same day, the Company entered into a share sale agreement to acquire an additional 24% equity interest in MST Golf (Singapore) Pte. Ltd. for RM7,458,925 by the issuance of 18,192,500 new ordinary shares of the Company, increasing its ownership from 76% to 100%.

The Group recognised a decrease in non-controlling interests of RM10,649,293 and an increase in retained earnings of RM2,913,167. The acquisitions were completed on 30 November 2022.

- (ii) On 18 May 2021, the Group acquired an additional 25% equity interest in My EGames Sdn. Bhd. for RM210,000 in cash, increasing its ownership from 75% to 100%.
- (iii) On 22 January 2019, the Group acquired an additional 25% equity interest in MST Golf (Singapore) Pte. Ltd. for RM3,634,109 in cash, increasing its ownership from 51% to 76%. The carrying amount of MST Golf (Singapore) Pte. Ltd.'s net assets in the Group's financial statements on the date of acquisition was RM16,087,905. The Group recognised a decrease in non-controlling interests of RM4,021,976 and an increase in retained earnings of RM387,867.

13. ACCOUNTANTS' REPORT (CONT'D)**8. INVESTMENT IN SUBSIDIARIES (CONT'D)****Disposal of subsidiaries**

- (i) On 9 November 2021 and 10 November 2021, the Group disposed of its 100% and 60% equity interest in My EGames Sdn. Bhd. and MySports Vietnam Sdn. Bhd. for a cash consideration of RM1,000,000 and RM311,000 respectively.

The disposal of My EGames Sdn. Bhd. and MySports Vietnam Sdn. Bhd. gave rise to a gain of RM10,000 and RM59,000 respectively in the Group's financial statements.

- (ii) On 30 November 2021, the Group disposed of its 99.3% equity interest in My Sports (Thailand) Co. Ltd. for a cash consideration of RM8,800.

The disposal of My Sports (Thailand) Co. Ltd. gave rise to a gain of RM111 in the Group's financial statements.

- (iii) On 25 October 2021, MST Golf Management Sdn. Bhd. disposed of its 60% equity interest in Heritage Links Asia Sdn. Bhd. for cash consideration of RM2 and gave rise to a gain of RM2.

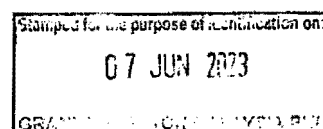
- (iv) On 11 December 2020, the Group disposed of its 70% equity interest in All Sportz Properties Sdn. Bhd. for a cash consideration of RM80,000.

9. INVESTMENT IN AN ASSOCIATE

	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Unquoted shares, at cost	-	-	97,052	97,052
Less: accumulated impairment loss				
Brought forward/Carried forward	-	-	(97,052)	(97,052)
Net carrying amount	-	-	-	-

13. ACCOUNTANTS' REPORT (CONT'D)**9. INVESTMENT IN AN ASSOCIATE (CONT'D)**

Details of the associate is as follows:-



Name	Country of incorporation and principal place of business	Effective interest (%)				Principal activities
		Audited				
		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	
My Sports International Co. Ltd. (formerly known as MST Golf International Co. Ltd.)*#	Thailand	-	-	48.66%	48.66%	Dormant

* Not audited by Grant Thornton Malaysia PLT.

Not included in the listing and disposed during the financial year ended 31 December 2021.

On 30 November 2021, the Company disposed of its 48.66% of equity interest in My Sports International Co. Ltd.

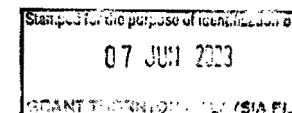
10. OTHER INVESTMENT

	Audited			
	2022 RM	2021 RM	2020 RM	2019 RM
Golf club membership, at fair value through profit or loss				
Brought forward/Carried forward	17,000	17,000	17,000	17,000

13. ACCOUNTANTS' REPORT (CONT'D)**11. DEFERRED TAXATION**

Stamped for the purpose of identification on:
07 JUN 2023
 GRANT THOMPSON MALAYSIA PLT

	<u>As at 1.1.2021</u>	<u>Recognised in</u>	<u>Exchange</u>	<u>As at</u>	<u>Recognised in</u>	<u>Exchange</u>	<u>As at</u>
	<u>RM</u>	<u>profit or loss</u>	<u>differences</u>	<u>31.12.2021</u>	<u>profit or loss</u>	<u>differences</u>	<u>31.12.2022</u>
	RM	RM	RM	RM	RM	RM	RM
Audited							
Deferred tax liabilities:-							
Property, plant and equipment	1,448,114	(54,000)	2,558	1,396,672	990,173	15,881	2,402,726
Right-of-use assets	3,396,000	(652,000)	-	2,744,000	344,000	-	3,088,000
Lease liabilities	(3,716,000)	586,000	-	(3,130,000)	(633,052)	-	(3,763,052)
Contract liabilities	-	-	-	-	(922,824)	-	(922,824)
	<u>1,128,114</u>	<u>(120,000)</u>	<u>2,558</u>	<u>1,010,672</u>	<u>(221,703)</u>	<u>15,881</u>	<u>804,850</u>
Deferred tax assets:-							
Property, plant and equipment	2,000	(1,000)	-	1,000	-	-	1,000
Contract liabilities	(161,000)	84,000	-	(77,000)	(143,000)	-	(220,000)
	<u>(159,000)</u>	<u>83,000</u>	<u>-</u>	<u>(76,000)</u>	<u>(143,000)</u>	<u>-</u>	<u>(219,000)</u>
	<u>969,114</u>	<u>(37,000)</u>	<u>2,558</u>	<u>934,672</u>	<u>(364,703)</u>	<u>15,881</u>	<u>585,850</u>

13. ACCOUNTANTS' REPORT (CONT'D)**11. DEFERRED TAXATION (CONT'D)**

	<u>As at 1.1.2019</u> RM	<u>Recognised in profit or loss (Note 30)</u> RM	<u>As at 31.12.2019</u> RM	<u>Recognised in profit or loss (Note 30)</u> RM	<u>Exchange differences</u> RM	<u>As at 31.12.2020</u> RM
Audited						
Deferred tax liabilities:-						
Property, plant and equipment	1,315,000	(21,000)	1,294,000	154,159	(45)	1,448,114
Right-of-use assets	-	4,027,000	4,027,000	(631,000)	-	3,396,000
Lease liabilities	-	(4,238,000)	(4,238,000)	522,000	-	(3,716,000)
	<u>1,315,000</u>	<u>(232,000)</u>	<u>1,083,000</u>	<u>45,159</u>	<u>(45)</u>	<u>1,128,114</u>
Deferred tax assets:-						
Property, plant and equipment	-	4,000	4,000	(2,000)	-	2,000
Contract liabilities	-	(106,000)	(106,000)	(55,000)	-	(161,000)
	<u>-</u>	<u>(102,000)</u>	<u>(102,000)</u>	<u>(57,000)</u>	<u>-</u>	<u>(159,000)</u>
	<u>1,315,000</u>	<u>(334,000)</u>	<u>981,000</u>	<u>(11,841)</u>	<u>(45)</u>	<u>969,114</u>

13. ACCOUNTANTS' REPORT (CONT'D)**11. DEFERRED TAXATION (CONT'D)**

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07 JUN 2022
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The components and movement of deferred tax liabilities/(assets) after offsetting are as follow:-

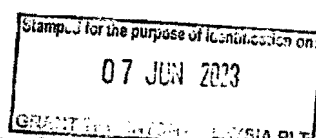
	<u>Property, plant and equipment</u> RM	<u>Unused capital allowances</u> RM	<u>Total</u> RM
At 1 January 2019/31			
December 2019/31			
December 2020/31			
December 2021	-	-	-
Recognised in profit or loss	3,279,105	(3,279,105)	-
At 31 December 2022	3,279,105	(3,279,105)	-

	<u>Right-of-use assets</u> RM	<u>Lease liabilities</u> RM	<u>Total</u> RM
At 1 January 2019/31			
December 2019/31			
December 2020/31			
December 2021	-	-	-
Recognised in profit or loss	2,276,293	(2,276,293)	-
At 31 December 2022	2,276,293	(2,276,293)	-

Deferred tax assets have not been recognised in respect of the following items:-

	Audited			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Unused capital allowances	1,452,805	357,050	357,050	378,588
Unabsorbed business losses	3,653,492	76,598	76,598	76,598
Lease liabilities	69,394	-	-	-
Contract liabilities	38,627	-	-	-
	<u>5,214,318</u>	<u>433,648</u>	<u>433,648</u>	<u>455,186</u>

Pursuant to the Malaysia's Budget 2022, the time frame to carry forward current year tax losses for Year of Assessment ("YA") 2019 and subsequent years of assessment has been extended from 7 to 10 consecutive years of assessment. Unabsorbed business losses accumulated up to the year of assessment 2018 can now be carried forward for 10 consecutive years of assessment until the year of assessment 2028.

13. ACCOUNTANTS' REPORT (CONT'D)**11. DEFERRRED TAXATION (CONT'D)**

The unabsorbed business losses of the Group are available for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidance issued by the tax authority. The expiry of the unabsorbed tax losses is as follows:-

	← Audited →			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
YA 2026	-	-	76,598	76,598
YA 2029	76,598	76,598	-	-
YA 2032	3,576,894	-	-	-
	<u>3,653,492</u>	<u>76,598</u>	<u>76,598</u>	<u>76,598</u>

12. INVENTORIES

	← Audited →			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Finished goods:-				
- At cost	<u>113,567,486</u>	<u>73,644,747</u>	<u>48,821,589</u>	<u>63,334,508</u>
Recognised in profit or loss:-				
Inventories recognised as cost of sales	167,128,835	118,939,698	97,657,208	99,937,166
Allowance for slow moving inventories	<u>1,417,444</u>	<u>269,168</u>	<u>94,921</u>	<u>211,016</u>

The slow-moving inventories are included in cost of sales.

13. TRADE RECEIVABLES

	← Audited →			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Amount due from a related party	-	-	-	11,646
Third parties	<u>8,505,574</u>	<u>7,799,355</u>	<u>5,529,722</u>	<u>6,405,044</u>
	8,505,574	7,799,355	5,529,722	6,416,690
Less: Allowance for expected credit losses	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>-</u>
	<u>8,505,574</u>	<u>7,799,355</u>	<u>5,528,222</u>	<u>6,416,690</u>

13. ACCOUNTANTS' REPORT (CONT'D)**13. TRADE RECEIVABLES (CONT'D)**

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Trade receivables are generally on 0 to 60 (2021: 0 to 60, 2020: 0 to 60 and 2019: 0 to 60) days term and are non-interest bearing. Other credit terms are assessed and approved by the management on a case-by-case basis.

Set out below is the movement in the allowance for expected credit losses of trade receivables:-

	Audited			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
At 1 January	-	1,500	-	-
Charge for the financial year	-	-	1,500	-
Reversal of expected credit losses on trade receivables	-	(1,500)	-	-
	-	-	1,500	-

The impairment loss on trade receivables was reversed during the financial year as a result of goods returned of the amount.

14. OTHER RECEIVABLES

	Audited			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Non-trade receivables	8,471,660	1,934,628	1,556,911	1,373,421
Amount owing by a related party	-	15,416	15,576	36,505
GST receivables	-	99,131	168,808	-
Prepayments	2,821,691	815,691	485,399	494,671
Deposits	4,685,435	4,888,662	2,676,806	2,247,494
	<u>15,978,786</u>	<u>7,753,528</u>	<u>4,903,500</u>	<u>4,152,091</u>

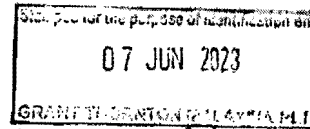
Non-trade receivables

Included in non-trade receivables consist of advance payments paid to suppliers amounted to RM3,687,868 (2021: RM1,282,634; 2020: RM1,057,466; 2019: RM992,425) for the procurement of inventories.

Amount owing by a related party

Related party refers to a person or an entity that is related to the ultimate holding company, All Sportz Sdn. Bhd..

This amount is unsecured, non-interest bearing and repayable on demand.

13. ACCOUNTANTS' REPORT (CONT'D)**15. AMOUNT OWING BY/(TO) SUBSIDIARIES**

The amount owing by/(to) subsidiaries are in non-trade nature, unsecured, interest-free and recoverable/(repayable) on demand.

16. AMOUNT OWING BY AN ASSOCIATE

The amount owing by an associate company is in non-trade nature, unsecured, interest-free and recoverable on demand.

17. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed financial institution of the Group amounting to RM1,654,454 (2021: RM650,000; 2020: RM100,000 and 2019: RMNil) which has been pledged to a financial institution as security for banking facilities granted to the Group as disclosed in Note 20 to the financial statements.

The average maturity of fixed deposits with licensed banks as at the end of the financial year of the Group ranged from 30 to 365 days (2021: 30; 2020: 30 to 90 and 2019: Nil) days.

18. SHARE CAPITAL

	← Audited →			
	No. of ordinary shares			
	2022	2021	2020	2019
	Unit	Unit	Unit	Unit
Issued and fully paid with no par value:-				
At beginning of the financial years	100,000	100,000	100,000	100,000
Issuance of new ordinary shares ⁽ⁱ⁾	32,000,000	-	-	-
Subdivision of shares ⁽ⁱⁱ⁾	609,900,000	-	-	-
Issuance of shares to acquire subsidiaries' remaining equity interest from minority shareholders ⁽ⁱⁱⁱ⁾	18,868,600	-	-	-
At end of the financial years	<u>660,868,600</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

13. ACCOUNTANTS' REPORT (CONT'D)**18. SHARE CAPITAL (CONT'D)**

	Prepared for the purpose of remuneration on: 07 JUN 2023			
	← → Audited Amount			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Issued and fully paid with no par value:-				
At beginning of the financial years	100,000	100,000	100,000	100,000
Issuance of new ordinary shares ⁽ⁱ⁾	32,000,000	-	-	-
Issuance of shares to acquire subsidiaries' remaining equity interest from minority interest shareholders ⁽ⁱⁱⁱ⁾	7,736,126	-	-	-
At end of the financial years	<u>39,836,126</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

(i) Capitalisation of Amount Owing to Holding Company

On 21 October 2022, the Company has capitalised the outstanding balance of RM32,000,000 owing to holding company, All Sportz Sdn. Bhd. by issuance of 32,000,000 new shares of RM1 each and the remaining outstanding balances was fully settled by cash to the holding company on 22 December 2022. The issued share after capitalisation was 32,100,000 ordinary shares. Accordingly, the share capital of the Company increased to RM32,100,000.

(ii) Subdivision of Shares

On 21 October 2022, the Company has sub-divided its shares capital on the basis of 1 existing share into 20 sub-division shares. Accordingly, the shares capital of the Company would be RM32,100,000 comprising 642,000,000 ordinary shares.

(iii) Acquisition of Subsidiaries' Remaining Equity Interest from Minority Interest Shareholders

On 4 November 2022, the Company entered into a share sale agreement to acquire an additional 30% equity interest in MST Golf Management Sdn. Bhd. for RM277,201 satisfied by the issuance of 676,100 new ordinary shares of the Company, increasing its ownership from 70% to 100%.

On the same day, the Company entered into a share sale agreement to acquire an additional 24% equity interest in MST Golf (Singapore) Pte. Ltd. for RM7,458,925 by the issuance of 18,192,500 new ordinary shares of the Company, increasing its ownership from 76% to 100%.

The acquisitions were completed on 30 November 2022 and share capital of the Company increased to RM39,836,126 comprise of 660,868,600 ordinary shares.

13. ACCOUNTANTS' REPORT (CONT'D)**19. FOREIGN EXCHANGE RESERVE**

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 GRANT THORNTON & CO. (MALAYSIA) PLT

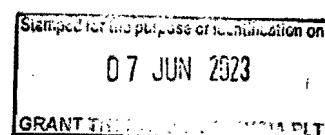
The foreign exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

20. BORROWINGS

		Audited			
		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
		RM	RM	RM	RM
Secured:-					
Non-current liabilities					
Term loans	(a)				
- more than 1 year but less than 2 years		3,107,585	1,892,653	2,749,193	1,651,107
- more than 2 years but less than 5 years		6,480,517	4,732,540	4,997,269	3,427,347
- more than 5 years		5,890,080	6,246,456	6,926,019	9,383,730
		<u>15,478,182</u>	<u>12,871,649</u>	<u>14,672,481</u>	<u>14,462,184</u>
Current liabilities					
Secured:-					
Term loans	(a)	2,915,516	6,839,696	9,915,987	1,557,431
Bankers' acceptance	(b)	21,853,000	14,445,000	5,333,000	14,893,000
Bank overdraft	(c)	9,644,995	-	-	4,362,056
Trust receipts	(d)	5,785,875	2,842,138	-	-
Invoice financing	(e)	2,240,025	-	3,157,874	660,588
Revolving loan	(f)	3,274,000	-	-	-
		<u>45,713,411</u>	<u>24,126,834</u>	<u>18,406,861</u>	<u>21,473,075</u>
		<u>61,191,593</u>	<u>36,998,483</u>	<u>33,079,342</u>	<u>35,935,259</u>

(a) Term loans

		Audited			
		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
		RM	RM	RM	RM
Term loan 1		154,685	269,715	334,813	366,218
Term loan 2		11,390,292	12,129,235	12,656,187	12,894,431
Term loan 3		789,661	1,033,553	1,180,385	1,250,181
Term loan 4		1,084,490	1,304,774	1,443,410	1,508,785
Term loan 5		-	4,974,068	8,973,673	-
Term loan 6		2,650,945	-	-	-
Term loan 7		2,323,625	-	-	-
		<u>18,393,698</u>	<u>19,711,345</u>	<u>24,588,468</u>	<u>16,019,615</u>

13. ACCOUNTANTS' REPORT (CONT'D)**20. BORROWINGS (CONT'D)****(a) Term loans (cont'd)****(i) Term loan facility 1 - RM1.1 million**

RM1.1 million of the term loan facility is repayable in 120 monthly installments of RM11,993 (2021: RM11,993; 2020: RM11,993 and 2019: RM11,993) commencing on 1 September 2012 with final maturity on 1 December 2023. The term loan bears interest at a variable rate of 5.60% (2021: 4.60%; 2020: 4.60% and 2019: 5.85%), based on a rate of 1.0% minus base lending rate ("BLR").

(ii) Term loan facility 2 - RM16 million

RM16 million of the term loan facility is repayable in 180 monthly installments of RM126,111 (2021: RM126,111; 2020: RM126,111 and 2019: RM126,111) commencing on 1 January 2016 with final maturity on 1 June 2031. The term loan bears interest at a variable rate of 4.70% (2021: 3.70%; 2020: 3.70% and 2019: 4.95%), based on a rate of 1.90% minus BLR.

(iii) Term loan facility 3 - RM1.5 million

RM1.5 million of the term loan facility is repayable in 60 monthly installments of RM30,057 (2021: RM30,057; 2020: RM30,057 and 2019: RM30,057) commencing on 1 June 2015 with final maturity on 1 February 2025. The term loan bears interest at a variable rate of 7.10% (2021: 6.10%; 2020: 6.10% and 2019: 7.35%), based on a rate of 0.5% above BLR.

(iv) Term loan facility 4 - RM1.5 million

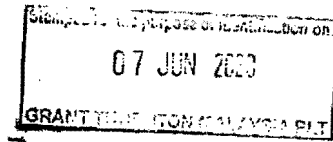
RM1.5 million of the term loan facility is repayable in 60 monthly installments of RM30,057 (2021: RM30,057; 2020: RM30,057 and 2019: RM30,057) commencing on 1 January 2020 with final maturity on 1 January 2026. The term loan bears interest at a variable rate of 7.10% (2021: 6.10%; 2020: 6.10% and 2019: 7.35%), based on a rate of 0.5% above BLR.

(v) Term loan facility 5 - RM12 million

RM12 million of the term loan facility is repayable in 18 monthly installments of RM706,130 (2021: RM706,130; 2020: RM706,130; 2019: RMNil) commencing on 30 June 2020 with final maturity on 31 August 2022. The term loan bears interest at a variable rate of 8.10% (2021: 7.10%; 2020: 7.10% and 2019: Nil%), based on a rate of 1.5% above BLR.

(vi) Term loan facility 6 - RM4,703,500

RM4,703,500 of the term loan facility is repayable in 84 monthly installments of RM68,937 (2021: RMNil; 2020: RMNil; 2019: RMNil) commencing on 7 September 2022 with final maturity on 4 April 2030. The term loan bears interest at a variable rate of 6.60% (2021: Nil%; 2020: Nil% and 2019: Nil%), based on a rate of 0.0% above BLR.

13. ACCOUNTANTS' REPORT (CONT'D)**20. BORROWINGS (CONT'D)****(a) Term loans (cont'd)****(vii) Term loan facility 7 – RM4,495,000**

RM4,495,000 of the term loan facility is repayable in 84 monthly installments of RM65,881 (2021: RMNil; 2020: RMNil; 2019: RMNil) commencing on 7 September 2022 with final maturity on 4 October 2030. The term loan bears interest at a variable rate of 6.60% (2021: Nil%; 2020: Nil% and 2019: Nil%), based on a rate of 0.0% above BLR.

(b) Bankers' acceptance

The bankers' acceptance facility provides for borrowings of up to a maximum aggregate principal amount of RM30 million, based on market rate for the relevant tenor on the day of discounting plus acceptance commission of 1.25% per annum. The bankers' acceptance facility is repayable upon maturity of the tenor.

(c) Bank overdraft

The bank overdraft facility provides for borrowings of up to a maximum aggregate principal amount of RM10 million with a variable rate of 7.10% to 8.24% (2021: Nil%; 2020: Nil% and 2019: 7.35%), based on rate of 0.5% to 1.75% plus BLR. The bank overdraft facility is repayable on demand.

(d) Trust receipts

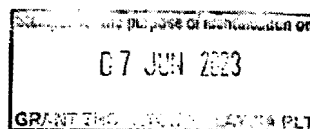
The trust receipts facility provides for borrowings of up to a maximum aggregate principal amount of SGD 5 million, based on the prevailing interest rate as advised by the bank. The trust receipts facility is repayable up to a maximum tenure of 150 days.

(e) Invoice financing

The invoice financing facility provides for borrowings of up to a maximum aggregate principal amount of SGD 5 million, based on the prevailing interest rate as advised by the bank. The trust receipts facility is repayable up to a maximum tenure of 150 days.

(f) Revolving loan

The revolving loan facility provides for borrowing of up to a maximum aggregate principal amount of SGD 1 million, based on the interest period plus margin of 2.50% per annum. The revolving loan is repayable upon maturity of the tenor.

13. ACCOUNTANTS' REPORT (CONT'D)**20. BORROWINGS (CONT'D)**

The borrowings are secured against:-

Term loan facility 1, 2, 3 and 4

- (i) Facilities Agreement as Principal Instrument; and
- (ii) Registered open all monies 1st party charge over the Group's freehold land and buildings; and
- (iii) Corporate guaranteed by the Company; and
- (iv) Guaranteed by Directors of the Group jointly and severally:-
 - Ng Yap Sio
 - Low Kok Poh

Term loan facility 5

- (i) Facilities Agreement as Principal Instrument; and
- (ii) Registered open all monies 1st party charge over the Group's freehold land and buildings; and
- (iii) Monthly sinking fund of RM50,000; and
- (iv) Corporate guaranteed by the Company; and
- (v) Guaranteed by Directors of the Group jointly and severally:-
 - Ng Yap Sio
 - Low Kok Poh

Term loan facility 6 and 7

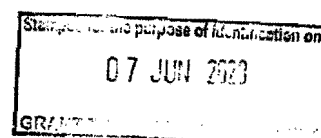
- (i) Facilities Agreement as Principal Instrument; and
- (ii) Fixed deposit equivalent to 3 monthly installments of term loan facilities 6 and 7 or not less than RM404,454 of the Group; and
- (iii) Corporate guaranteed by the Company and a wholly-owned subsidiary of the Company; and
- (iv) Guaranteed by Directors of the Group jointly and severally:-
 - Ng Yap Sio
 - Low Kok Poh

Bankers' acceptance

- (i) Corporate guaranteed by the Company; and
- (ii) Guaranteed by Directors of the Group jointly and severally:-
 - Ng Yap Sio
 - Low Kok Poh

Bank overdraft

- (i) Registered open all monies 1st party charge over the Group's freehold land and buildings; and
- (ii) Monthly sinking fund of RM50,000; and
- (iii) Corporate guaranteed by the Company; and
- (iv) Guaranteed by Directors of the Group jointly and severally:-
 - Ng Yap Sio
 - Low Kok Poh
 - Ng Lian Chun

13. ACCOUNTANTS' REPORT (CONT'D)**20. BORROWINGS (CONT'D)**

The borrowings are secured against (cont'd):-

Trust receipts, invoice financing and revolving loan

- (a) Corporate guaranteed by the Company; and
- (b) Guaranteed by Directors of the Group jointly and severally:-
 - Ng Yap Sio
 - Low Kok Poh

Significant financial covenants are as follows:-

Term loan facility 1, 2, 3, 4, 5, bankers' acceptance and bank overdraft

- (i) Gearing ratio of the subsidiary shall not exceed 2 times.
- (ii) Consolidated gearing ratio of the Group shall not exceed 1.5 times.

Trust receipts, invoice financing and revolving loan

- (i) Shall maintain a minimum tangible net worth of not less than SGD4 million.
- (ii) Gearing ratio of the subsidiary shall not exceed 1.5 times.
- (iii) Consolidated gearing ratio of the Group shall not exceed 1.5 times.

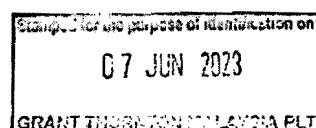
The interest rates per annum on borrowing were as follows:-

	Audited			
	2022 RM	2021 RM	2020 RM	2019 RM
Term loans	4.70% - 8.10%	3.70% - 7.10%	3.70% - 7.10%	4.95% - 7.35%
Bankers' acceptance	4.09% - 5.08%	3.46% - 3.75%	3.52% - 3.64%	3.83% - 4.60%
Bank overdraft	7.10% - 8.24%	-	-	7.35% - 8.49%
Trust receipts	2.64% - 6.46%	1.94% - 2.69%	-	-
Invoice financing	3.25% - 6.15%	-	1.94% - 3.92%	2.05% - 4.62%
Revolving loan	6.90%	-	-	-

21. TRADE PAYABLES

	Audited			
	2022 RM	2021 RM	2020 RM	2019 RM
Third parties	17,239,964	18,932,316	14,378,854	5,599,362
Amount owing to related companies	-	-	-	256,923
	<u>17,239,964</u>	<u>18,932,316</u>	<u>14,378,854</u>	<u>5,856,285</u>

The normal credit term granted by the trade payables ranging from 0 to 60 (2021: 0 to 60; 2020: 0 to 60 and 2019: 0 to 60) days.

13. ACCOUNTANTS' REPORT (CONT'D)**21. TRADE PAYABLES (CONT'D)****Amount owing to related companies**

Related companies refer to the members of All Sportz Sdn. Bhd.'s group of companies.

The amount owing to related companies are unsecured, interest free and repayable on demand.

22. OTHER PAYABLES

	← Audited →			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Non-trade payables	7,838,402	2,272,003	2,239,722	2,077,532
Amount owing to related companies	-	-	77,000	477,049
Amount owing to a related party	-	15,018	31,864	23,602
Accruals	5,669,670	4,153,691	4,208,394	2,359,236
Deposit received	172,277	23,863	139,080	129,500
GST payables	208,868	-	-	120,906
Service tax payables	94,432	42,600	1,110	6,345
	<u>13,983,649</u>	<u>6,507,175</u>	<u>6,697,170</u>	<u>5,194,170</u>

Amount owing to related companies

The amount owing to related companies are in non-trade nature, unsecured, interest bearing at Nil% (2021: Nil%; 2020: 2.95% to 3% and 2019: 2.95% to 3.25%) per annum and repayable on demand.

Amount owing to related party

The amount owing to related party is unsecured, interest free and repayable on demand.

23. CONTRACT LIABILITIES

	← Audited →			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Contract liabilities				
- Unredeemed golf lessons	520,442	320,850	670,724	443,637
- Unredeemed golf bay vouchers	4,500	-	-	-
- Unredeemed membership points	3,461,528	-	-	-
- Customer deposits and advance billings for golf events and activities	430,707	-	-	-
	<u>4,417,177</u>	<u>320,850</u>	<u>670,724</u>	<u>443,637</u>

13. ACCOUNTANTS' REPORT (CONT'D)**23. CONTRACT LIABILITIES (CONT'D)**

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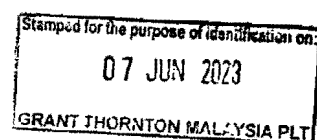
The contract liabilities primarily to the unredeemed ~~golf lessons~~ unredeemed golf bay vouchers and non-refundable customer deposits for events and activities. The amount will be recognised as revenue after the golf lessons and golf bay vouchers are redeemed by customers and events have been held respectively, which are expected to occur over the next 12 months.

The following table shows reconciliation from the opening balance to the closing balance for the contract liabilities.

	← Audited →			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Unredeemed golf lessons				
At beginning of the financial years	320,850	670,724	443,637	392,218
Additions	2,572,902	1,717,695	2,618,881	1,535,986
Utilisation	<u>(2,373,310)</u>	<u>(2,067,569)</u>	<u>(2,391,794)</u>	<u>(1,484,567)</u>
At end of the financial years	<u>520,442</u>	<u>320,850</u>	<u>670,724</u>	<u>443,637</u>
Unredeemed golf bay voucher				
At beginning of the financial years	-	-	-	-
Additions	6,604	-	-	-
Utilisation	<u>(2,104)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of the financial years	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unredeemed membership points				
At beginning of the financial years	-	-	-	-
Underprovision	1,804,919	-	-	-
Additions	3,054,533	-	-	-
Utilisation	<u>(1,397,924)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of the financial years	<u>3,461,528</u>	<u>-</u>	<u>-</u>	<u>-</u>
Customer deposits and advance billings for golf events and activities				
At beginning of the financial years	-	-	-	-
Additions	535,751	-	-	-
Utilisation	<u>(105,044)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of the financial years	<u>430,707</u>	<u>-</u>	<u>-</u>	<u>-</u>

24. AMOUNT OWING TO HOLDING COMPANY

The amount owing to holding company is in non-trade nature, unsecured, interest free and repayable on demand.

13. ACCOUNTANTS' REPORT (CONT'D)**25. AMOUNT OWING TO DIRECTORS**

The amount owing to Directors are in non-trade nature, unsecured, interest bearing at Nil% (2021: Nil%; 2020: 7% and 2019: 7%) and repayable on demand.

26. REVENUE

	← Audited →			
	2022 RM	2021 RM	2020 RM	2019 RM
Revenue				
Sale of goods	288,974,870	201,496,785	163,599,559	167,770,015
Golf lesson income	3,684,240	2,473,129	3,125,169	1,989,971
Rental of golf equipment and accessories	646,657	652,941	726,587	1,254,272
Golf services income	2,681,828	824,239	754,675	3,127,726
Repair and maintenance of golf equipment	311,226	141,010	614,537	322,919
Range ball income	744,905	931,259	1,331,029	1,484,761
Food and beverages	2,219,816	-	-	-
Golf bay rental	1,554,347	-	-	-
Golf bay vouchers	15,600	-	-	-
Lightbox rental	41,667	-	-	-
	<u>300,875,156</u>	<u>206,519,363</u>	<u>170,151,556</u>	<u>175,949,664</u>
Timing of revenue recognition				
Goods/Services transferred at a point in time	<u>300,875,156</u>	<u>206,519,363</u>	<u>170,151,556</u>	<u>175,949,664</u>

13. ACCOUNTANTS' REPORT (CONT'D)**27. OTHER INCOME**

	Sampled for the purpose of identification on: 07 JUN 2023 GRANTED FOR THE PURPOSE OF IDENTIFICATION ONLY Audited			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Gain on disposal of property, plant and equipment	44	919	25,260	102,053
Gain on derecognition of right-of-use assets and lease liabilities	-	6,787	-	-
Gain on lease modifications	-	57,921	-	-
Gain on disposal of subsidiaries	-	69,113	-	-
Unrealised gain on foreign exchange	312,204	-	224,100	101,086
Realised gain on foreign exchange	-	-	111,855	270,076
Rental income of premises	673,161	513,000	1,166,426	1,949,595
Management fees	-	-	558,000	567,000
Subscriptions fees	163,183	405,554	236,805	232,877
Sundry income	353,627	97,103	9,500	106,189
Facilitation fee	-	-	103,506	97,912
Rental support scheme	-	584,576	-	-
Wages subsidy allowance	1,192,758	2,896,119	2,041,167	-
Insurance claim	71,179	157,248	5,800	24,778
Compensation received	11,584	3,242	-	11,598
Food and beverage	47,475	34,957	16,406	26,847
Courier and transportation	107,793	176,170	92,210	40,334
	<u>2,933,008</u>	<u>5,002,709</u>	<u>4,591,035</u>	<u>3,530,345</u>

28. FINANCE COSTS AND FINANCE INCOME

Finance income for the reporting period consist of the following:-

	Audited			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Finance income				
Interest income from fixed deposits	<u>6,727</u>	<u>159,264</u>	<u>61,691</u>	<u>-</u>

Finance costs for the reporting period consist of the following:-

	Audited			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Finance costs:-				
Bank borrowings	2,078,288	1,502,943	1,374,140	2,129,111
Lease liabilities	2,094,801	1,316,619	1,330,512	1,314,847
Amount owing to Directors	-	-	11,357	98,784
Amount owing to related companies	-	-	10,633	13,629
	<u>4,173,089</u>	<u>2,819,562</u>	<u>2,726,642</u>	<u>3,556,371</u>

13. ACCOUNTANTS' REPORT (CONT'D)**29. PROFIT BEFORE TAX**

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Profit before tax has been determined after charging/(crediting), amongst other items, the following items:-

	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Auditor's remuneration				
- Statutory audit	106,500	84,000	-	-
- Other services	30,500	18,500	-	-
- Non-assurance related services	3,800	-	-	-
Other auditors:-				
- Statutory audit	228,299	76,561	112,722	151,004
Expenses relating to short-term leases	1,554,467	1,014,316	1,152,191	1,844,787
Realised loss/(gain) on foreign exchange	970,180	309,664	(111,855)	(270,076)
Unrealised (gain)/loss on foreign exchange	(312,204)	236,861	(224,100)	(101,086)
Rent concession related to COVID-19	(70,191)	(824,718)	(1,579,207)	-

30. TAX EXPENSE

	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Current tax expense:-				
- Current years provision	10,585,033	6,212,999	4,642,420	3,556,430
- (Over)/Under provision in prior years	(494,687)	(8,147)	(15,841)	49,692
	10,090,346	6,204,852	4,626,579	3,606,122
Deferred tax (Note 11):-				
- Origination and reversal of temporary differences	(471,345)	(37,000)	(11,841)	(334,000)
- Under provision in prior years	106,642	-	-	-
	9,725,643	6,167,852	4,614,738	3,272,122

13. ACCOUNTANTS' REPORT (CONT'D)**30. TAX EXPENSE (CONT'D)**

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A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group are as follows:-

	← Audited →			
	2022 RM	2021 RM	2020 RM	2019 RM
Profit before tax	38,840,447	26,259,496	18,304,064	13,488,486
Tax at Malaysia statutory rate of 24%	9,321,708	6,302,280	4,392,975	3,237,236
Different tax rates in other countries	(752,376)	(684,348)	(229,747)	(277,592)
Tax effect in respect of:-				
Non-allowable expenses	1,779,548	978,575	858,575	376,086
Income not subject to tax	(1,327,147)	(367,145)	(333,076)	(33,078)
Tax exemption	(55,405)	(53,363)	(52,979)	(52,943)
Tax rebate	-	-	-	(45,575)
Deferred tax assets not recognised	1,147,360	-	(5,169)	18,296
(Over)/Under provision of tax expense in prior years	(494,687)	(8,147)	(15,841)	49,692
Underprovision of deferred tax in prior years	106,642	-	-	-
Tax expense for the financial years	9,725,643	6,167,852	4,614,738	3,272,122

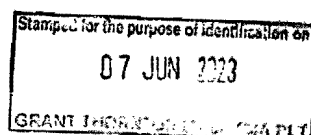
31. EARNINGS PER SHAREBasic earnings per share

Basic earnings per share is calculated by dividing profit for the financial years attributable to ordinary equity holders of the Group over the weighted average number of ordinary shares in issue during the financial years as follows:-

	← Audited →			
	2022 RM	2021 RM	2020 RM	2019 RM
Profit for the financial years attributable to ordinary equity holders of the Group	26,651,615	18,013,010	12,877,158	9,350,201
Number of ordinary shares in issue (unit)	128,375,603	100,000	100,000	100,000
Basic earnings per share (RM)	0.21	180	129	94

Diluted earnings per share

Diluted earnings per share is not applicable as the Group does not have potential dilutive equity instruments that would give a diluted effect to the basic earnings per share.

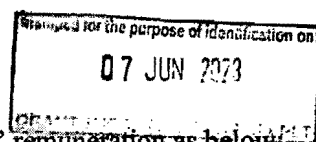
13. ACCOUNTANTS' REPORT (CONT'D)**32. DIVIDENDS**

During the financial years, the following dividends have been paid/payable by the Group are as follows:-

	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
In respect of financial year ended 31 December 2022				
- Interim single tier dividend of RM1.89 per ordinary share, paid on 20 February 2023	12,500,000	-	-	-
In respect of financial year ended 31 December 2021				
- First interim single tier dividend of RM20 per ordinary share, paid on 26 October 2021	-	2,000,000	-	-
- Second interim single tier dividend of RM1.15 per ordinary share, paid on 20 January 2022	-	11,500,000	-	-
	<u>12,500,000</u>	<u>13,500,000</u>	<u>-</u>	<u>-</u>

33. EMPLOYEE BENEFITS EXPENSES

	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Salaries, bonus and other emoluments	34,228,621	24,134,117	23,239,800	22,894,730
Defined contribution plan	4,039,439	2,949,753	2,836,440	2,729,096
Social security contributions	341,957	237,700	231,083	240,900
Other benefits	<u>3,594,194</u>	<u>2,219,290</u>	<u>1,900,494</u>	<u>2,099,317</u>
	<u>42,204,211</u>	<u>29,540,860</u>	<u>28,207,817</u>	<u>27,964,043</u>

13. ACCOUNTANTS' REPORT (CONT'D)**33. EMPLOYEE BENEFITS EXPENSES (CONT'D)**

Included in the employee benefit expenses are the Directors' remuneration as below:

	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Directors of the Company				
Salaries, bonus and other emoluments	2,518,788	897,892	946,400	741,895
Director fees	47,250	-	-	-
Defined contribution plan	303,095	107,753	135,807	79,229
Social security contributions	1,638	1,848	1,539	1,611
Benefit-in-kind	136,362	-	-	-
Total remuneration for Directors of the Company	<u>3,007,133</u>	<u>1,007,493</u>	<u>1,083,746</u>	<u>822,735</u>
Directors of subsidiaries				
Salaries, bonus and other emoluments	1,407,198	926,672	966,054	889,449
Defined contribution plan	103,159	80,905	69,072	62,030
Social security contributions	1,168	1,625	1,456	702
Total remuneration for Directors of subsidiaries	<u>1,511,525</u>	<u>1,009,202</u>	<u>1,036,582</u>	<u>952,181</u>
Total Directors' remuneration	<u>4,518,658</u>	<u>2,016,695</u>	<u>2,120,328</u>	<u>1,774,916</u>

The number of Directors of the Group at the end of the financial years were 8 (2021: 5; 2020: 5 and 2019: 4) persons.

13. ACCOUNTANTS' REPORT (CONT'D)**34. RELATED PARTY DISCLOSURES**

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The Group has related party relationship with its subsidiaries, related companies, related parties, Directors and key management personnel.

- (a) Related party transactions have been entered into the normal course of business under normal trade terms. The related party transactions during the financial years are as follows:-

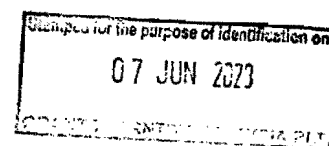
	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Sales to a related party	-	-	1,240	11,646
Purchase from a related company	-	-	-	256,923
Management fee income from a related party	-	-	558,000	558,000
Management fee income from a related company	-	-	-	9,000
Rental received from a related party	648,000	464,400	1,166,426	1,761,000
Payment of lease liabilities to a related party	408,138	374,745	389,587	408,139
Rental expenses paid to a related party	30,000	30,000	30,000	40,465
Interest charged from Directors	-	-	11,357	98,784
Interest expense charged by related company	-	-	10,633	13,629
Consultancy fees payables to a related party	-	183,747	186,225	151,918
Dividend paid to holding company	12,500,000	13,500,000	-	-
Acquisition of shares from a Director	-	210,000	-	-

- (b) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 13, 14, 15, 16, 21, 22, 24 and 25 to the financial statements.

- (c) Compensation of key management personnel

Key management personnel is defined as those person having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group.

Key management includes certain Directors of the Company and certain members of senior management of the Group.

13. ACCOUNTANTS' REPORT (CONT'D)**34. RELATED PARTY DISCLOSURES (CONT'D)****(c) Compensation of key management personnel (cont'd)**

The remuneration of the key management personnel are as follows:-

	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Salaries, bonus and other emoluments	4,666,551	2,332,784	2,310,824	2,230,308
Director fees	47,250	-	-	-
Defined contribution plan	492,450	249,700	259,344	213,174
Social security contributions	5,812	5,474	4,842	5,084
Benefit-in-kind	149,412	-	-	-
	<u>5,361,475</u>	<u>2,587,958</u>	<u>2,575,010</u>	<u>2,448,566</u>

The number of key management personnel of the Group at the end of the financial years were 11 (2021: 8; 2020: 7 and 2019: 7) persons.

35. CAPITAL COMMITMENTS

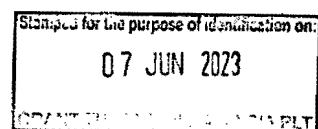
	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Authorised and contracted for:-				
- Purchase of property, plant and equipment	<u>786,160</u>	<u>800,269</u>	<u>435,035</u>	<u>-</u>

36. SEGMENTAL REPORTING

For management purposes, the Group is organised into business units based on its nature of business and has three reportable segment, as follows:-

Trading	- Operations and management of retail stores in Malaysia and Singapore, including the wholesales, export and e-commerce business.
Services	- Operations and management of golf academy and indoor golf events
Others	- Investment holding

The Managing Director monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**36. SEGMENTAL REPORTING (CONT'D)**

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation. Transfer prices between business segments are established on terms and conditions that are mutually agreed upon.

Business segments

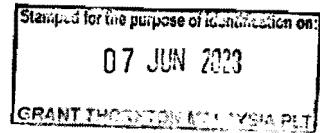
	<u>Note</u>	<u>Trading</u> RM	<u>Services</u> RM	<u>Others</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
Audited						
2022						
Revenue:-						
External customers		291,447,972	9,427,184	-	-	300,875,156
Inter-segment	(i)	13,668,779	209,783	23,018,760	(36,897,322)	-
		<u>305,116,751</u>	<u>9,636,967</u>	<u>23,018,760</u>	<u>(36,897,322)</u>	<u>300,875,156</u>
Results:-						
Finance income		96,299	17,413	180,718	(287,703)	6,727
Finance costs		(4,214,758)	(337,117)	-	378,786	(4,173,089)
Depreciation of property, plant and equipment		(4,680,933)	(1,249,011)	(4,462)	-	(5,934,406)
Depreciation of right-of-use assets		(8,751,432)	(84,054)	-	-	(8,835,486)
Tax expense		(9,567,886)	(157,757)	-	-	(9,725,643)
Other non-cash expenses	(ii)	(1,248,254)	-	-	-	(1,248,254)
Segment profit/(loss)	(iii)	<u>33,783,861</u>	<u>(3,878,224)</u>	<u>16,044,772</u>	<u>(16,835,605)</u>	<u>29,114,804</u>
Assets:-						
Segment assets	(iv)	245,058,599	22,293,984	58,743,576	(67,230,248)	258,865,911
Additions to non-current assets:-						
- property, plant and equipment		13,709,533	10,106,455	50,150	-	23,866,138
- right-of-use assets		30,148,619	2,396,832	-	(2,396,832)	30,148,619
Deferred tax assets		-	219,000	-	-	219,000
Liabilities:-						
Segment liabilities	(v)	148,456,994	23,186,204	13,683,234	(23,017,030)	162,309,402
Deferred tax liabilities		804,850	-	-	-	804,850

13. ACCOUNTANTS' REPORT (CONT'D)**36. SEGMENTAL REPORTING (CONT'D)**

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Business segments (cont'd)

	<u>Note</u>	<u>Trading</u> RM	<u>Services</u> RM	<u>Others</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
Audited						
2021						
Revenue:-						
External customers		203,482,264	3,037,099	-	-	206,519,363
Inter-segment	(i)	8,135,544	-	2,210,000	(10,345,544)	-
		<u>211,617,808</u>	<u>3,037,099</u>	<u>2,210,000</u>	<u>(10,345,544)</u>	<u>206,519,363</u>
Results:-						
Finance income		104,876	10,094	44,294	-	159,264
Finance costs		(2,786,866)	(32,696)	-	-	(2,819,562)
Depreciation of property, plant and equipment		(3,561,069)	(31,790)	-	-	(3,592,859)
Depreciation of right-of-use assets		(6,307,678)	(84,054)	-	-	(6,391,732)
Tax expense		(6,053,813)	(101,889)	(12,150)	-	(6,167,852)
Other non-cash expenses	(ii)	(23,331)	-	(84,427)	-	(107,758)
Segment profit/(loss)	(iii)	<u>20,359,871</u>	<u>(241,217)</u>	<u>2,182,990</u>	<u>(2,210,000)</u>	<u>20,091,644</u>
Assets:-						
Segment assets	(iv)	168,689,391	6,955,011	41,381,574	(39,313,778)	177,712,198
Additions to non-current assets:-						
- property, plant and equipment		3,113,563	-	1,635,692	-	4,749,255
- right-of-use assets		9,441,365	504,323	-	-	9,945,688
Deferred tax assets		-	76,000	-	-	76,000
Liabilities:-						
Segment liabilities	(v)	90,928,749	6,476,007	39,602,130	(5,308,404)	131,698,482
Deferred tax liabilities		<u>1,010,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,010,672</u>

13. ACCOUNTANTS' REPORT (CONT'D)**36. SEGMENTAL REPORTING (CONT'D)****Business segments (cont'd)**

	<u>Note</u>	<u>Trading</u> RM	<u>Services</u> RM	<u>Others</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
Audited						
2020						
Revenue:-						
External customers		166,589,959	3,561,597	-	-	170,151,556
Inter-segment	(i)	6,898,415	4,122	2,280,000	(9,182,537)	-
		<u>173,488,374</u>	<u>3,565,719</u>	<u>2,280,000</u>	<u>(9,182,537)</u>	<u>170,151,556</u>
Results:-						
Finance income		58,254	13,064	-	(9,627)	61,691
Finance costs		(2,736,269)	-	-	9,627	(2,726,642)
Depreciation of property, plant and equipment		(3,361,501)	(10,038)	-	-	(3,371,539)
Depreciation of right-of-use assets		(6,150,855)	-	-	-	(6,150,855)
Tax expense		(4,476,095)	(138,643)	-	-	(4,614,738)
Other non-cash income	(ii)	992,064	25,169	(17,407)	-	999,826
Segment profit/(loss)	(iii)	<u>13,259,349</u>	<u>466,161</u>	<u>2,243,816</u>	<u>(2,280,000)</u>	<u>13,689,326</u>
Assets:-						
Segment assets	(iv)	141,137,452	1,881,680	43,157,785	(37,794,374)	148,382,543
Additions to non-current assets:-						
- property, plant and equipment		2,114,142	2,226	-	-	2,116,368
- right-of-use assets		5,475,025	-	-	-	5,475,025
Deferred tax assets		-	159,000	-	-	159,000
Liabilities:-						
Segment liabilities	(v)	82,016,905	994,459	30,061,331	(3,852,891)	109,219,804
Deferred tax liabilities		<u>1,128,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,128,114</u>

13. ACCOUNTANTS' REPORT (CONT'D)**36. SEGMENTAL REPORTING (CONT'D)**

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Business segments (cont'd)

	<u>Note</u>	<u>Trading</u> RM	<u>Services</u> RM	<u>Others</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
Audited						
2019						
Revenue:-						
External customers		171,886,908	4,062,756	-	-	175,949,664
Inter-segment	(i)	5,479,536	1,345,226	2,210,000	(9,034,762)	-
		<u>177,366,444</u>	<u>5,407,982</u>	<u>2,210,000</u>	<u>(9,034,762)</u>	<u>175,949,664</u>
Results:-						
Finance income		-	15,617	-	(15,617)	-
Finance costs		(3,571,988)	-	-	15,617	(3,556,371)
Depreciation of property, plant and equipment		(3,067,876)	(63,529)	-	-	(3,131,405)
Depreciation of right-of-use assets		(5,711,772)	-	-	-	(5,711,772)
Tax expense		(3,160,346)	(111,776)	-	-	(3,272,122)
Other non-cash expenses	(ii)	(160,258)	-	-	-	(160,258)
Segment profit	(iii)	9,959,569	227,240	2,239,555	(2,210,000)	10,216,364
Assets:-						
Segment assets	(iv)	125,623,453	1,664,943	41,022,969	(38,627,780)	129,683,585
Additions to non-current assets:-						
- property, plant and equipment		2,913,641	499	-	-	2,914,140
- right-of-use assets		6,712,165	-	-	-	6,712,165
Deferred tax assets		-	102,000	-	-	102,000
Liabilities:-						
Segment liabilities	(v)	77,796,376	786,883	30,170,331	(4,697,521)	104,056,069
Deferred tax liabilities		1,083,000	-	-	-	1,083,000

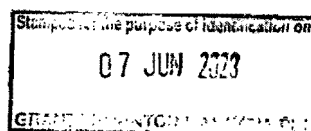
13. ACCOUNTANTS' REPORT (CONT'D)**36. SEGMENTAL REPORTING (CONT'D)**

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Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

- (i) Inter-segment revenue is eliminated on consolidation.
(ii) Other material non-cash income/(expenses) consist of the following items:-

	← Audited →			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Gain on disposal of property, plant and equipment	44	919	25,260	102,053
Gain on disposal of subsidiaries	-	69,113	-	-
Bad debts written off	-	-	-	(2,197)
Unrealised gain/(loss) on foreign exchange	312,204	(236,861)	224,100	101,086
Rent concession related to COVID-19	70,191	824,718	1,579,207	-
Allowance of expected credit loss on trade receivables	-	-	(1,500)	-
Property, plant and equipment written off	(108,835)	(423,974)	(732,320)	(150,184)
Trademark written off	-	(138,713)	-	-
Gain on derecognition right-of-use assets and lease liabilities	-	6,787	-	-
(Loss)/Gain on lease modifications	(104,414)	57,921	-	-
Reversal of allowance for expected credit loss on trade receivables	-	1,500	-	-
Allowance for slow moving inventories	(1,417,444)	(269,168)	(94,921)	(211,016)
	<u>(1,248,254)</u>	<u>(107,758)</u>	<u>999,826</u>	<u>(160,258)</u>

13. ACCOUNTANTS' REPORT (CONT'D)**36. SEGMENTAL REPORTING (CONT'D)**

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd):-

- (iii) The following items are (deducted from)/added to segment profit to arrive at "Net profit for the financial years" presented in the consolidated statements of profit or loss and other comprehensive income:-

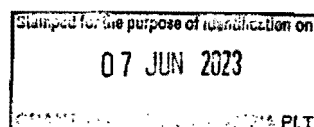
	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Segment profit	43,006,809	28,919,794	20,969,015	17,044,857
Finance income	6,727	159,264	61,691	-
Finance costs	(4,173,089)	(2,819,562)	(2,726,642)	(3,556,371)
Tax expense	(9,725,643)	(6,167,852)	(4,614,738)	(3,272,122)
Net profit for the financial years	<u>29,114,804</u>	<u>20,091,644</u>	<u>13,689,326</u>	<u>10,216,364</u>

- (iv) The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position:-

	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Segment assets	258,865,911	177,712,198	148,382,543	129,683,585
Deferred tax assets	219,000	76,000	159,000	102,000
Total assets	<u>259,084,911</u>	<u>177,788,198</u>	<u>148,541,543</u>	<u>129,785,585</u>

- (v) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:-

	← Audited →			
	<u>2022</u> RM	<u>2021</u> RM	<u>2020</u> RM	<u>2019</u> RM
Segment liabilities	162,309,402	131,698,482	109,219,804	104,056,069
Deferred tax liabilities	804,850	1,010,672	1,128,114	1,083,000
Total liabilities	<u>163,114,252</u>	<u>132,709,154</u>	<u>110,347,918</u>	<u>105,139,069</u>

13. ACCOUNTANTS' REPORT (CONT'D)**36. SEGMENTAL REPORTING (CONT'D)****Geographical segments**

The Group operates in Malaysia and Singapore. Non-current assets and sales to external customers disclosed in geographical segments are based on the geographical location of its assets and customers respectively.

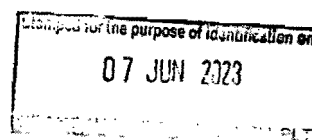
The following table provides an analysis of the Group's non-current assets and revenue by geographical segment: -

	← Audited →			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Non-current assets				
Malaysia	63,528,695	41,651,893	45,189,602	50,075,404
Singapore	<u>28,394,522</u>	<u>10,155,227</u>	<u>3,282,900</u>	<u>1,148,561</u>
	<u>91,923,217</u>	<u>51,807,120</u>	<u>48,472,502</u>	<u>51,223,965</u>
Revenue from external customers				
Malaysia	199,475,449	120,973,929	126,506,408	119,315,163
Singapore	69,071,285	55,951,233	32,746,380	45,482,016
Indonesia	31,095,011	25,377,283	6,613,833	8,090,138
Myanmar	506,685	231,514	108,308	62,183
Thailand	292,372	398,062	226,563	349,754
Japan	5,475	1,216,820	1,912,560	2,066,709
South Korea	-	1,604,593	1,558,806	256,409
Others	<u>428,879</u>	<u>765,929</u>	<u>478,698</u>	<u>327,292</u>
	<u>300,875,156</u>	<u>206,519,363</u>	<u>170,151,556</u>	<u>175,949,664</u>

The amount of non-current assets consist of property, plant and equipment, right-of-use assets, other investment, investments in subsidiary and intangible assets.

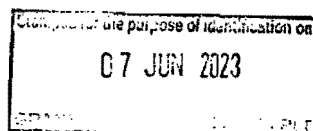
Major customers

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue. As such, information on major customers is not presented.

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS****37.1 Categories of financial instruments**

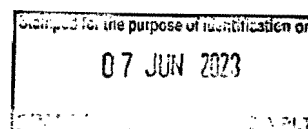
The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities are measured at amortised cost ("AC") and fair value through profit or loss ("FVTPL"):-

	Carrying amount RM	AC RM	FVTPL RM
Audited 2022			
Financial assets			
Other investment	17,000	-	17,000
Trade receivables	8,505,574	8,505,574	-
Other receivables	13,157,095	13,157,095	-
Fixed deposits with licensed banks	2,058,908	2,058,908	-
Cash and bank balances	26,825,060	26,825,060	-
	<u>50,563,637</u>	<u>50,546,637</u>	<u>17,000</u>
Financial liabilities			
Trade payables	17,239,964	17,239,964	-
Other payables	13,680,349	13,680,349	-
Borrowings	61,191,593	61,191,593	-
Dividend payable	12,500,000	12,500,000	-
	<u>104,611,906</u>	<u>104,611,906</u>	<u>-</u>
Audited 2021			
Financial assets			
Other investment	17,000	-	17,000
Trade receivables	7,799,355	7,799,355	-
Other receivables	6,838,706	6,838,706	-
Fixed deposits with licensed banks	1,360,487	1,360,487	-
Cash and bank balances	35,256,475	35,256,475	-
	<u>51,272,023</u>	<u>51,255,023</u>	<u>17,000</u>
Financial liabilities			
Trade payables	18,932,316	18,932,316	-
Other payables	6,464,575	6,464,575	-
Amount owing to holding company	39,577,091	39,577,091	-
Borrowings	36,998,483	36,998,483	-
	<u>101,972,465</u>	<u>101,972,465</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.1 Categories of financial instruments (cont'd)**

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities are measured at amortised cost ("AC") and fair value through profit or loss ("FVTPL") (cont'd):-

	Carrying amount RM	AC RM	FVTPL RM
Audited 2020			
Financial assets			
Other investment	17,000	-	17,000
Trade receivables	5,528,222	5,528,222	-
Other receivables	4,249,293	4,249,293	-
Amount owing by subsidiaries	355,351	355,351	-
Amount owing by an associate	485,560	485,560	-
Fixed deposits with licensed banks	20,429,153	20,429,153	-
Cash and bank balances	19,386,666	19,386,666	-
	<u>50,451,245</u>	<u>50,434,245</u>	<u>17,000</u>
Financial liabilities			
Trade payables	14,378,854	14,378,854	-
Other payables	6,696,060	6,696,060	-
Amount owing to holding company	29,142,058	29,142,058	-
Amount owing to subsidiaries	766,000	766,000	-
Amount owing to Directors	32,223	32,223	-
Borrowings	33,079,342	33,079,342	-
	<u>84,094,537</u>	<u>84,094,537</u>	<u>-</u>
Audited 2019			
Financial assets			
Other investment	17,000	-	17,000
Trade receivables	6,416,690	6,416,690	-
Other receivables	3,657,420	3,657,420	-
Amount owing by subsidiaries	358,372	358,372	-
Amount owing by an associate	480,354	480,354	-
Cash and bank balances	3,717,605	3,717,605	-
	<u>14,647,441</u>	<u>14,630,441</u>	<u>17,000</u>

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.1 Categories of financial instruments (cont'd)**

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities are measured at amortised cost ("AC") and fair value through profit or loss ("FVTPL") (cont'd):-

	Carrying amount RM	AC RM	FVTPL RM
Audited 2019 (cont'd)			
Financial liabilities			
Trade payables	5,856,285	5,856,285	-
Other payables	5,066,919	5,066,919	-
Amount owing to holding company	29,227,058	29,227,058	-
Amount owing to subsidiaries	863,000	863,000	-
Amount owing to Directors	2,837,048	2,837,048	-
Borrowings	35,935,259	35,935,259	-
	<u>79,785,569</u>	<u>79,785,569</u>	<u>-</u>

37.2 Financial risk management objectives and policies**Financial risks**

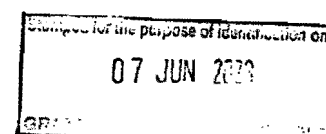
The Group is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of Group's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the Group of counterparties whose aggregate credit exposure is significant in relation of the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 Financial risk management objectives and policies (cont'd)****Financial risks (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) Credit risk (cont'd)

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the management.

Following are the areas where the Group is exposed to credit risk:-

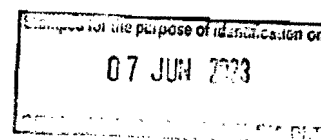
(i) Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Directors have established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Directors.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, the gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities. The Group minimise credit risk by dealing exclusively with high credit rating counterparties. The group does not have any major concentration of credit risk related to any individual customer or counterparty. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 13 to the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 Financial risk management objectives and policies (cont'd)****Financial risks (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

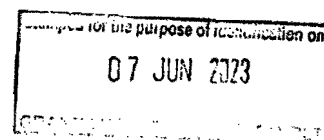
(a) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

(i) Receivables (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix which are grouped together as they are expected to have similar risk nature:-

	Gross carrying amount RM	Loss allowance RM	Net balances RM
Audited 2022			
Not past due	6,190,612	-	6,190,612
Past due 1 to 30 days	2,005,182	-	2,005,182
Past due 31 to 60 days	94,993	-	94,993
Past due 61 to 90 days	74,606	-	74,606
Past due more than 90 days	140,181	-	140,181
	<u>8,505,574</u>	<u>-</u>	<u>8,505,574</u>
Audited 2021			
Not past due	5,930,076	-	5,930,076
Past due 1 to 30 days	1,493,339	-	1,493,339
Past due 31 to 60 days	250,355	-	250,355
Past due 61 to 90 days	5,607	-	5,607
Past due more than 90 days	119,978	-	119,978
	<u>7,799,355</u>	<u>-</u>	<u>7,799,355</u>

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 Financial risk management objectives and policies (cont'd)****Financial risks (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

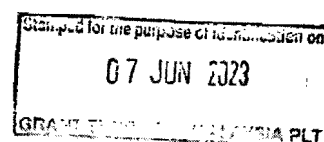
(a) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

(i) Receivables (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix which are grouped together as they are expected to have similar risk nature (cont'd):-

	Gross carrying amount RM	Loss allowance RM	Net balances RM
Audited 2020			
Not past due	4,632,162	-	4,632,162
Past due 1 to 30 days	605,541	-	605,541
Past due 31 to 60 days	77,901	-	77,901
Past due 61 to 90 days	86,907	-	86,907
Past due more than 90 days	125,711	-	125,711
	<u>5,528,222</u>	-	<u>5,528,222</u>
Credit impaired at the reporting date			
More than 90 days Individually impaired	<u>1,500</u>	<u>(1,500)</u>	<u>-</u>
	<u>5,529,722</u>	<u>(1,500)</u>	<u>5,528,222</u>
Audited 2019			
Not past due	3,797,559	-	3,797,559
Past due 1 to 30 days	1,228,731	-	1,228,731
Past due 31 to 60 days	618,210	-	618,210
Past due 61 to 90 days	260,100	-	260,100
Past due more than 90 days	512,090	-	512,090
	<u>6,416,690</u>	-	<u>6,416,690</u>

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 Financial risk management objectives and policies (cont'd)****Financial risks (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group is exposed to credit risk (cont'd):-

(ii) Other receivables

The maximum exposure to credit risk is represented by their carrying amounts in the financial statements.

(iii) Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(iv) Intercompany loans and advances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Group provides unsecured advances to a related party, an associate and subsidiaries and monitors their results of a related party, an associate and subsidiaries regularly.

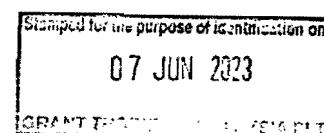
As at the end of the reporting date, there was no indication that advances to a related party, an associate and subsidiaries are not recoverable.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due as a result of shortage of funds.

In managing its exposures to liquidity risk, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

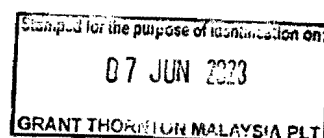
13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 Financial risk management objectives and policies (cont'd)****Financial risks (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligation are set out as follows:-

	Carrying amount RM	Contractual cash flows RM	Less than 1 year RM	Non-current		
				1 to 2 years RM	2 to 5 years RM	More than 5 years RM
Audited 2022						
Secured						
Bank borrowings						
- Term loans	18,393,698	21,899,303	3,827,186	3,852,516	7,726,945	6,492,656
- Bankers' acceptance	21,853,000	21,853,000	21,853,000	-	-	-
- Trust receipts	5,785,875	5,785,875	5,785,875	-	-	-
- Bank overdraft	9,644,995	9,644,995	9,644,995	-	-	-
- Invoice financing	2,240,025	2,240,025	2,240,025	-	-	-
- Revolving loan	3,274,000	3,274,000	3,274,000	-	-	-
Unsecured						
Trade payables	17,239,964	17,239,964	17,239,964	-	-	-
Other payables	13,680,349	13,680,349	13,680,349	-	-	-
Lease liabilities	49,409,293	57,958,858	13,206,654	10,218,627	24,971,738	9,561,839
Dividend payable	12,500,000	12,500,000	12,500,000	-	-	-
	<u>154,021,199</u>	<u>166,076,369</u>	<u>103,252,048</u>	<u>14,071,143</u>	<u>32,698,683</u>	<u>16,054,495</u>
Audited 2021						
Secured						
Bank borrowings						
- Term loans	19,711,345	22,303,475	7,443,425	2,372,235	4,185,663	8,302,152
- Bankers' acceptance	14,445,000	14,445,000	14,445,000	-	-	-
- Trust receipts	2,842,138	2,842,138	2,842,138	-	-	-
Unsecured						
Trade payables	18,932,316	18,932,316	18,932,316	-	-	-
Other payables	6,464,575	6,464,575	6,464,575	-	-	-
Amount owing to holding company	39,577,091	39,577,091	39,577,091	-	-	-
Lease liabilities	25,808,905	29,392,776	7,882,722	7,422,087	11,072,802	3,015,165
	<u>127,781,370</u>	<u>133,957,371</u>	<u>97,587,267</u>	<u>9,794,322</u>	<u>15,258,465</u>	<u>11,317,317</u>

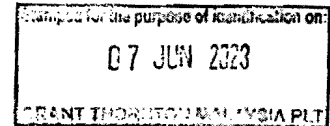
13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 Financial risk management objectives and policies (cont'd)****Financial risks (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligation are set out as follows (cont'd):-

	<u>Carrying amount</u> RM	<u>Contractual cash flows</u> RM	<u>Less than 1 year</u> RM	Non-current		
				<u>1 to 2 years</u> RM	<u>2 to 5 years</u> RM	<u>More than 5 years</u> RM
Audited 2020						
Secured						
Bank borrowings						
- Term loans	24,588,468	27,797,284	10,852,176	3,278,561	4,553,217	9,113,330
- Bankers' acceptance	5,333,000	5,333,000	5,333,000	-	-	-
- Invoice financing	3,157,874	3,157,874	3,157,874	-	-	-
Unsecured						
Trade payables	14,378,854	14,378,854	14,378,854	-	-	-
Other payables	6,696,060	6,696,060	6,696,060	-	-	-
Amount owing to holding company	29,142,058	29,142,058	29,142,058	-	-	-
Amount owing to subsidiaries	766,000	766,000	766,000	-	-	-
Amount owing to Directors	32,223	32,223	32,223	-	-	-
Lease liabilities	21,556,382	25,392,550	6,538,812	5,488,409	9,655,166	3,710,163
	<u>105,650,919</u>	<u>112,695,903</u>	<u>76,897,057</u>	<u>8,766,970</u>	<u>14,208,383</u>	<u>12,823,493</u>

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 Financial risk management objectives and policies (cont'd)****Financial risks (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

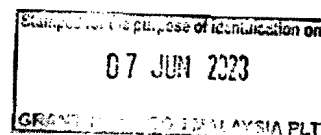
The summary of the maturity profile based on the contractual undiscounted repayment obligation are set out as follows (cont'd):-

	Carrying amount RM	Contractual cash flows RM	Less than 1 year RM	Non-current 1 to 2 years RM	2 to 5 years RM	More than 5 years RM
Audited 2019						
Secured						
Bank borrowings						
- Term loans	16,019,615	20,434,095	2,378,616	2,378,616	4,583,701	11,093,162
- Bankers' acceptance	14,893,000	14,893,000	14,893,000	-	-	-
- Bank overdraft	4,362,056	4,362,056	4,362,056	-	-	-
- Invoice financing	660,588	660,588	660,588	-	-	-
Unsecured						
Trade payables	5,856,285	5,856,285	5,856,285	-	-	-
Other payables	5,066,919	5,066,919	5,066,919	-	-	-
Amount owing to holding company	29,227,058	29,227,058	29,227,058	-	-	-
Amount owing to subsidiaries	863,000	863,000	863,000	-	-	-
Amount owing to Directors	2,837,048	2,837,048	2,837,048	-	-	-
Lease liabilities	21,977,623	26,266,653	6,832,010	4,480,779	9,105,730	5,848,134
	<u>101,763,192</u>	<u>110,466,702</u>	<u>72,976,580</u>	<u>6,859,395</u>	<u>13,689,431</u>	<u>16,941,296</u>

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's exposure to foreign currency risk, the Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk is primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Japanese Yen ("JPY").

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 Financial risk management objectives and policies (cont'd)****Financial risks (cont'd)**

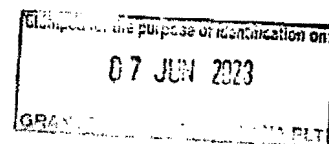
The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(c) Foreign currency risk (cont'd)Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit for the financial years to a reasonably possible change in the SGD, USD and JPY exchange rates against the functional currency of the Group, with all other variables held constant.

The Group's exposures to foreign currency risk, based on carrying amounts as at the end of the reporting period was:-

	<u>SGD</u> RM	<u>USD</u> RM	<u>JPY</u> RM
Audited			
2022			
Trade receivables	5,867,751	1,515,603	417,495
Other receivables	2,393,268	-	-
Trade payables	(1,767,606)	(10,335,679)	(644,570)
Other payables	(5,056,402)	-	-
Cash and bank balances	11,233,690	228,437	10,362
Net exposure	<u>12,670,701</u>	<u>(8,591,639)</u>	<u>(216,713)</u>
Audited			
2021			
Trade receivables	5,126,642	687,607	-
Other receivables	441,815	-	-
Trade payables	(1,343,747)	(12,100,785)	757,344
Other payables	(175,828)	-	-
Cash and bank balances	6,868,285	5,976,556	48,131
Net exposure	<u>10,917,167</u>	<u>(5,436,622)</u>	<u>805,475</u>

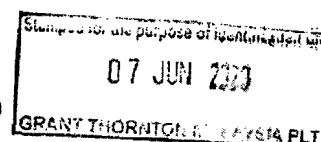
13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 Financial risk management objectives and policies (cont'd)****Financial risks (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(c) Foreign currency risk (cont'd)**Foreign currency sensitivity analysis (cont'd)**

The Group's exposures to foreign currency risk, based on carrying amounts as at the end of the reporting period was (cont'd):-

	<u>SGD</u> RM	<u>USD</u> RM	<u>JPY</u> RM
Audited			
2020			
Trade receivables	3,475,035	370,990	-
Other receivables	211,447	-	218,460
Trade payables	(1,320,427)	(7,905,860)	(140,444)
Other payables	(556,022)	-	-
Cash and bank balances	10,822,149	1,204,065	27,758
Net exposure	<u>12,632,182</u>	<u>(6,330,805)</u>	<u>105,774</u>
Audited			
2019			
Trade receivables	4,224,294	1,072,116	-
Other receivables	3,649	-	-
Trade payables	(1,647,628)	(2,043,330)	(145,670)
Other payables	49,243	-	-
Cash and bank balances	1,912,629	873,095	59,365
Net exposure	<u>4,542,187</u>	<u>(98,119)</u>	<u>(86,305)</u>

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 Financial risk management objectives and policies (cont'd)****Financial risks (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

(c) Foreign currency risk (cont'd)**Foreign currency sensitivity analysis (cont'd)**

The Group's exposures to foreign currency risk, based on carrying amounts as at the end of the reporting period was (cont'd):-

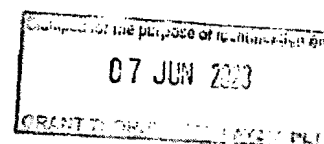
	Profit, net of tax/Equity Audited			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
SGD/RM				
- Strengthened 0.48%/0.12%/0.01%/0.01%	46,475	10,080	644	458
- Weakened 0.48%/0.12%/0.01%/0.01%	<u>(46,475)</u>	<u>(10,080)</u>	<u>(644)</u>	<u>(458)</u>
USD/RM				
- Strengthened 0.41%/0.29%/0.17%/0.09%	(26,727)	(12,134)	(8,046)	(70)
- Weakened 0.41%/0.29%/0.17%/0.09%	<u>26,727</u>	<u>12,134</u>	<u>8,046</u>	<u>70</u>
JPY/RM				
- Strengthened 0.73%/0.63%/0.26%/0.01%	(1,209)	3,854	211	(4)
- Weakened 0.73%/0.63%/0.26%/0.01%	<u>1,209</u>	<u>(3,854)</u>	<u>(211)</u>	<u>4</u>

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

Fixed rate borrowing is exposed to a risk of change in its fair value due to changes in interest rates. Variable rate borrowing is exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 Financial risk management objectives and policies (cont'd)****Financial risks (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

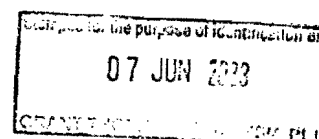
(d) Interest rate risk (cont'd)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting date is as follows:-

	← Audited →			
	2022 RM	2021 RM	2020 RM	2019 RM
Fixed rate instruments				
Financial asset				
Fixed deposits with licensed banks	2,058,908	1,360,487	20,429,153	-
Financial liabilities				
Lease liabilities	(49,409,293)	(25,808,905)	(21,556,382)	(21,977,623)
Amount owing to Directors	-	-	(32,223)	(2,837,048)
Amount owing to related companies	-	-	(77,000)	(477,049)
	<u>(47,350,385)</u>	<u>(24,448,418)</u>	<u>(1,236,452)</u>	<u>(25,291,720)</u>
Floating rate instruments				
Financial liabilities				
Borrowings				
- term loans	18,393,698	19,711,345	24,588,468	16,019,615
- bankers' acceptance	21,853,000	14,445,000	5,333,000	14,893,000
- bank overdraft	9,644,995	-	-	4,362,056
- invoice financing	2,240,025	-	3,157,874	660,588
- trust receipts	5,785,875	2,842,138	-	-
- revolving loan	3,274,000	-	-	-
	<u>61,191,593</u>	<u>36,998,483</u>	<u>33,079,342</u>	<u>35,935,259</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.2 Financial risk management objectives and policies (cont'd)****Financial risks (cont'd)**

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activities are set out as follows (cont'd):-

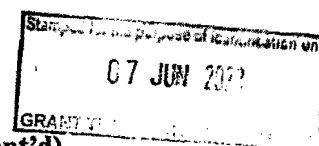
(d) Interest rate risk (cont'd)**Cash flow sensitivity analysis for variable rate instruments**

A change in 100 (2021: 25; 2020: 75 and 2019: 15) basis point ("bp") in interest rates at the end of the reporting period would have increase/(decrease) profit for the year and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<u>Effect on profit for the financial years/Equity</u>	
	RM	RM
Audited		
2022 (+/-100bp)	(465,056)	465,056
2021 (+/-25bp)	(70,297)	70,297
2020 (+/-75bp)	(188,552)	188,552
2019 (+/-15bp)	(40,966)	40,966

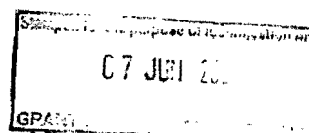
37.3 Reconciliation of liabilities arising from financing activities

	<u>1 January</u> <u>2022</u> RM	<u>Cash flows</u> RM	<u>Others</u> RM	<u>Exchange</u> <u>differences</u> RM	<u>31 December</u> <u>2022</u> RM
Audited					
Amount owing to holding company	39,577,091	3,922,909	(43,500,000) (i)	-	-
Amount owing to related party	15,018	(15,018)	-	-	-
Lease liabilities	25,808,905	(8,001,773)	30,239,973 (ii)	1,362,188	49,409,293
Bank borrowings					
- term loans	19,711,345	(1,317,647) (iii)	-	-	18,393,698
- bankers' acceptance	14,445,000	7,408,000 (iv)	-	-	21,853,000
- trust receipts	2,842,138	2,943,737 (v)	-	-	5,785,875
- invoice financing	-	2,240,025	-	-	2,240,025
- revolving loan	-	3,274,000	-	-	3,274,000
	<u>102,399,497</u>	<u>10,454,233</u>	<u>(13,260,027)</u>	<u>1,362,188</u>	<u>100,955,891</u>

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.3 Reconciliation of liabilities arising from financing activities (cont'd)**

- (i) Being dividend paid and issued of new ordinary shares during the financial year amounted RM11,500,000 and RM32,000,000 respectively.
- (ii) These amounts are net of non-cash additions to lease liabilities, rent concession related to COVID-19 and lease modifications during the financial year amounted to RM30,148,619, RM70,191 and RM161,545 respectively.
- (iii) These amounts are net of drawdown of term loans and repayment of term loans during the financial year amounted to RM4,974,570 and RM6,292,217 respectively.
- (iv) These amounts are net of drawdown of bankers' acceptance and repayment of bankers' acceptance during the financial year amounted to RM53,271,101 and RM45,863,101 respectively.
- (v) These amounts are net of drawdown of trust receipt and repayment of trust receipts during the financial year amounted to RM18,654,059 and RM15,710,322 respectively.

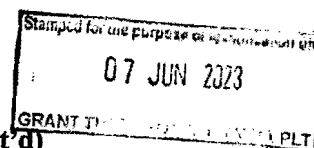
	1 January 2021 RM	Cash flows RM	Others RM	Exchange differences RM	31 December 2021 RM
Audited					
Amount owing to holding company	29,142,058	(1,064,967)	11,500,000 (i)	-	39,577,091
Amount owing to Directors	32,223	(32,223)	-	-	-
Amount owing to subsidiaries	766,000	(766,000)	-	-	-
Amount owing to related party	31,864	(16,846)	-	-	15,018
Amount owing to related companies	77,000	(77,000)	-	-	-
Lease liabilities	21,556,382	(5,001,325)	9,119,879 (ii)	133,969	25,808,905
Bank borrowings					
- term loans	24,588,468	(4,877,123)	-	-	19,711,345
- bankers' acceptance	5,333,000	9,112,000 (iii)	-	-	14,445,000
- invoice financing	3,157,874	(3,157,874) (iv)	-	-	-
- trust receipts	-	2,842,138	-	-	2,842,138
	<u>84,684,869</u>	<u>(3,039,220)</u>	<u>20,619,879</u>	<u>133,969</u>	<u>102,399,497</u>

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.3 Reconciliation of liabilities arising from financing activities (cont'd)**

- (i) Being second single tier interim dividend declared during the financial year.
- (ii) These amounts are net of non-cash additions to lease liabilities, rent concession related to COVID-19, lease termination and lease modifications during the financial year amounted to RM9,945,688, RM824,718, RM220,561 and RM219,470 respectively.
- (iii) These amounts are net of drawdown of bankers' acceptance and repayment of bankers' acceptance during the financial year amounted to RM17,613,638 and RM8,501,638 respectively.
- (iv) These amounts are net of drawdown of invoice financing and repayment of invoice financing during the financial year amounted to RM8,761,330 and RM11,919,204 respectively.

	1 January 2020 RM	Cash flows RM	Others RM	Exchange differences RM	31 December 2020 RM
Audited					
Amount owing to holding company	29,227,058	(85,000)	-	-	29,142,058
Amount owing to Directors	2,837,048	(2,804,825)	-	-	32,223
Amount owing to subsidiaries	863,000	(97,000)	-	-	766,000
Amount owing to related companies	477,049	(400,049)	-	-	77,000
Amount owing to related party	23,602	8,262	-	-	31,864
Lease liabilities	21,977,623	(4,314,571)	3,895,818 (i)	(2,488)	21,556,382
Bank borrowings					
- term loans	16,019,615	8,568,853 (ii)	-	-	24,588,468
- bankers' acceptance	14,893,000	(9,560,000) (iii)	-	-	5,333,000
- invoice financing	660,588	2,497,286 (iv)	-	-	3,157,874
	<u>86,978,583</u>	<u>(6,187,044)</u>	<u>3,895,818</u>	<u>(2,488)</u>	<u>84,684,869</u>

- (i) These amounts are net of non-cash additions to lease liabilities and rent concession related to COVID-19, during the financial year amounted to RM5,475,025 and RM1,579,207 respectively.
- (ii) These amounts are net of drawdown of term loans and repayment of term loans during the financial year amounted to RM12,000,000 and RM3,431,147 respectively.
- (iii) These amounts are net of drawdown of bankers' acceptance and repayment of bankers' acceptance during the financial year amounted to RM15,453,140 and RM25,013,140 respectively.
- (iv) These amounts are net of drawdown of invoice financing and repayment of invoice financing during the financial year amounted to RM3,698,822 and RM1,201,536 respectively.

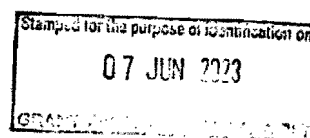
13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.3 Reconciliation of liabilities arising from financing activities (cont'd)**

	1 January 2019 RM	Adoption of MFRS 16 RM	Cash flows RM	Others RM	Exchange difference RM	31 December 2019 RM
Audited						
Amount due to holding company	29,242,058	-	(15,000)	-	-	29,227,058
Amount owing to Directors	32,223	-	2,804,825	-	-	2,837,048
Amount owing to subsidiaries	808,000	-	79,574	(24,574) (i)	-	863,000
Amount owing to related companies	350,000	-	127,049	-	-	477,049
Amount owing to related party	8,798	-	14,804	-	-	23,602
Lease liabilities	-	20,829,053	(5,267,558)	6,407,803 (ii)	8,325	21,977,623
Bank borrowings						
- term loans	15,735,117	-	284,498 (iii)	-	-	16,019,615
- bankers' acceptance	17,497,000	-	(2,604,000) (iv)	-	-	14,893,000
- invoice financing	-	-	660,588	-	-	660,588
Total liabilities from financing activities	63,673,196	20,829,053	(3,915,220)	6,383,229	8,325	86,978,583

- (i) Being unrealised loss on foreign exchange during the financial year.
- (ii) Being additions to lease liabilities during the financial year amounted RM6,407,803.
- (iii) These amounts are net of drawdown of term loans and repayment of term loans during the financial year amounted to RM1,500,000 and RM1,215,502 respectively.
- (iv) These amounts are net of drawdown of bankers' acceptance and repayment of bankers' acceptance during the financial year amounted to RM62,270,803 and RM64,874,803 respectively.

37.4 Fair value of financial instruments

The carrying amounts of short-term receivables and payable, cash and cash equivalents and short-term borrowings, except for term loan and lease liabilities, approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

13. ACCOUNTANTS' REPORT (CONT'D)**37. FINANCIAL INSTRUMENTS (CONT'D)****37.4 Fair value of financial instruments (cont'd)**

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the consolidated statements of financial position.

	Fair value of financial instruments carried at fair value Level 2 RM	Fair value of financial instruments carried at fair value Level 3 RM	Carrying amount RM
Audited			
2022			
Financial asset			
Other investment	<u>17,000</u>	<u>-</u>	<u>17,000</u>
Financial liability			
Term loans	<u>-</u>	<u>16,786,771</u>	<u>18,393,698</u>
2021			
Financial asset			
Other investment	<u>17,000</u>	<u>-</u>	<u>17,000</u>
Financial liability			
Term loans	<u>-</u>	<u>18,561,264</u>	<u>19,711,345</u>
2020			
Financial asset			
Other investment	<u>17,000</u>	<u>-</u>	<u>17,000</u>
Financial liability			
Term loans	<u>-</u>	<u>22,272,669</u>	<u>24,588,468</u>
2019			
Financial asset			
Other investment	<u>17,000</u>	<u>-</u>	<u>17,000</u>
Financial liability			
Term loans	<u>-</u>	<u>14,273,044</u>	<u>16,019,615</u>

During the reporting year ended 31 December 2022, 31 December 2021, 31 December 2020 and 31 December 2019, there were no transfers between the hierarchy fair value measurement.

14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted, issued or transferred on the basis of this Prospectus later than 6 months after the date of issue of this Prospectus.
- (ii) As at the LPD, we have only 1 class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in Sections 4.2.1 and 6.1.2 of this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the Financial Years Under Review and up to the date of this Prospectus.
- (iv) As at the date of this Prospectus, save for our Issue Shares reserved for the subscription by the Eligible Persons as disclosed in Section 4.2.1.3 of this Prospectus, there is currently no other scheme involving our Directors and employees in the share capital of our Company or any of our Subsidiaries.
- (v) We have not agreed, conditionally or unconditionally, to put the share capital of our Company or any of our Subsidiaries under option.
- (vi) As at the date of this Prospectus, neither we nor our Subsidiaries have any outstanding warrants, options, convertible securities or uncalled capital.

14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution and are qualified in its entirety by reference to our Constitution and by applicable law. The words, terms and expressions appearing in the following provisions as disclosed in Sections 14.2, 14.3 and 14.4 of this Prospectus will bear the same meanings used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

Words	Meaning
"Act"	Means the Companies Act, 2016 and any statutory modification, amendment or re-enactment thereof and any written law for the time being in force concerning companies and affecting the Company.
"Alternate Director"	Means a substitute Director nominated in writing to the Company and duly registered with the Registrar.
"Board" or "Board of Directors"	Means the board of directors for the time being of the Company.
"Bursa Depository"	Means Bursa Malaysia Depository Sdn Bhd (Registration No.: 198701006854 (165570-W)) including any further change of name and its successors-in-title.
"Central Depositories Act"	Means the Securities Industry (Central Depositories) Act, 1991 and any statutory modification, amendment or re-enactment thereof and every other legislation made thereunder for the time being in force.
"Company"	Means MST Golf (<i>formerly known as M S T Golf (Asia) Sdn Bhd</i>) (Registration No.: 199301009307 (264044-M)).

14. ADDITIONAL INFORMATION (CONT'D)

Words	Meaning
"Constitution"	Means this Constitution as originally framed or as altered from time to time by Special Resolution.
"Deposited Security"	Means a security in the Company standing to the credit of a Securities Account of a Depositor and includes securities in the Securities Account that is in suspense subject to the provisions of the Central Depositories Act and the Rules.
"Directors"	Means the Directors for the time being of the Company, and unless otherwise stated, includes their duly appointed Alternate Directors.
"Exchange"	Means Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W)) or such other name as it may assume from time to time.
"Listing Requirements"	Means the Main Market Listing Requirements of the Exchange including any modifications or amendments to the Listing Requirements that may be made from time to time and such practice notes or circulars as may be issued by the Exchange from time to time.
"Member"	Means any person for the time being holding shares in the Company and whose name appears in the Register of Members and Depositors whose names appear on the Record of Depositors (except Bursa Depository in its capacity as a bare trustee).
"Record of Depositors"	Means a record provided by the Bursa Depository to the Company or its Registrar under Chapter 24.0 of the Rules.
"Register" or "Register of Members"	Means the Register of Members to be kept pursuant to the Act and unless otherwise expressed to the contrary, includes the Record of Depositors.
"Rules"	Means Rules of the Bursa Depository as defined under the Central Depositories Act and any appendices thereto, as amended, modified and supplemented from time to time.
"Securities"	Has the meaning given as defined in Section 2(1) of the Capital Markets and Services Act, 2007.
"Securities Account"	Means an account established by Bursa Depository for a Depositor for the recording of deposit or withdrawal of securities and for dealing in such securities by the Depositor as permitted under the Central Depositories Act and/or the Rules.

14. ADDITIONAL INFORMATION (CONT'D)

14.2.1 Remuneration of our Directors

"Clause 119 - The fees and any benefits payable to the Directors of the Company and its subsidiary(ies) including any compensation for loss of employment of Director or former Director shall be approved by an Ordinary Resolution of the Company in general meeting annually and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

- (a) fee payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the shareholders in general meeting;
- (b) remuneration and other emoluments (including bonus, benefits or any other emoluments) payable to executive Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such remuneration and emoluments may not include a commission on or percentage of turnover. Nothing herein shall prejudice the powers of the Directors to appoint any of their members to be the employee or agent of the Company at such remuneration and upon such terms as they think fit provided that such remuneration shall not include commission on or percentage of turnover;
- (c) fees of Directors and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting;
- (d) any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (e) the fees and/or benefits payable to non-executive Directors who is also Director of the subsidiary(ies) includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiary(ies), but does not include insurance premium or any issue of securities.

Clause 120 - The Company may repay to any Directors all such reasonable expenses as he may incur in attending and returning from meetings of the Directors, or any committee of the Directors or general meeting of the Company or in connection with the business of the Company, whether within or outside his country of domicile or residence.

Clause 121 - The Directors may grant special remuneration to Director who (on request by the Director) is willing to render any special or extra services to the Company.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of remuneration, or by a percentage of profits (other than non-executive Directors), or by all or any of such methods but shall not include (where such special remuneration is paid by way of remuneration) a commission on or a percentage of turnover."

14.2.2 Voting and borrowing power of Directors

"Clause 136 - A Director may vote in respect of:

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security;

14. ADDITIONAL INFORMATION (CONT'D)

- (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (d) any proposal concerning any other company in which he is interested directly or indirectly and whether as an officer or Member or otherwise howsoever, but is not the holder of or beneficially interested in 1% or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interested being deemed for the purpose of this Clause to be a material interest in all circumstances); and
- (e) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the relevant authorities for taxation purposes.

Clause 130 – Subject to the Act, the Directors may exercise all the powers of the Company to obtain financing and to mortgage or charge its undertaking, property, and uncalled capital or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability, or obligation of the Company or of any related third party. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise.

Clause 131 – The Directors shall not obtain financing or mortgage or charge any of the Company or the subsidiaries' undertaking, property or any uncalled capital, or issue any debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party."

14.2.3 Changes in capital and rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

"Clause 62 – The Company may from time to time, whether all the Shares for the time being issued or all the Shares for the time being issued shall have been fully paid up or not, by Ordinary Resolution increase its share capital by the creation and issue of new Shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

Clause 63 – Except so far as otherwise provided by the condition of issue, any capital raised by the creation of new Shares shall be considered as part of the original share capital of the Company. All new Shares shall be subject to the provisions herein contained with reference to allotments, the payment of calls and instalments, transmission, forfeiture, lien or otherwise. Unless otherwise provided in accordance with this Constitution the new shares shall be ordinary Shares.

Clause 65 – The Company may alter its share capital in any one or more of the following ways by passing as Ordinary Resolution to:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing Shares or any of them, subject nevertheless to the provision of the Act and so that as between the resulting Shares, 1 or more of such Shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any of such other Shares;

14. ADDITIONAL INFORMATION (CONT'D)

- (c) cancel Shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the Shares so cancelled; and
- (d) subject to the provision of this Constitution and the Act, convert and / or re-classify any class of Shares into any other class of Shares.

Clause 66 - The Company may by Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws."

14.2.4 Transfer of Shares

"Clause 36 - Subject to the restrictions imposed by this Constitution, the Listing Requirements and the provisions of any written law and all rules and regulations made thereunder including the Central Depositories Act and the Rules (with respect to the transfer of Deposited Security), Shares shall be transferable, but every transfer must be in writing and in such form prescribed and approved by the Exchange, or such form as may from time to time be prescribed under the Act or approved by the Exchange or such authorities of the stock exchange on which the Company's Shares are listed.

Clause 38 - The transfer of any listed securities or class of listed securities of the Company which have been deposited with the Bursa Depository, shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed securities.

Clause 39(1) - Subject to the restrictions imposed by this Constitution and the provisions of any other law, there shall be no restrictions on the transfer of fully paid securities. No shares shall be in any circumstances be knowingly transferred to any infant, bankrupt or person of unsound mind. In case of Deposited Securities, the Bursa Depository may refuse to register any transfer that does not comply with the Central Depositories Act and the Rules."

14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a Securities Account with Bursa Depository by means of entries in the Securities Account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be a shareholder of our Company and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14. ADDITIONAL INFORMATION (CONT'D)**14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS**

Save for the clauses below which have been reproduced from our Constitution and the Act, there is no limitation on the right to own securities including limitation on the right of non-resident or foreign shareholders' right to hold or exercise voting rights on our Shares:

"Clause 78(3): Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a depositor shall not be regarded as a Member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

Clause 94: Subject to the provisions in Clauses 78 and 91, a Member shall be entitled to be present and to vote at any general meeting or at a meeting of any class of Members in respect of any Share or Shares upon which all calls or other sums presently payable by him due to the Company have been paid. No Member shall be entitled to be present or to vote on any question either personally or otherwise by proxy or attorney at any general meeting or at a meeting of any class of members or upon a poll to be reckoned in the quorum in respect of any Shares upon which calls are undue or unpaid, and/or the instrument of proxy, the power of attorney or other authority, if any, naming another person /party (other than the said Member) as proxy, attorney, or person/party authorised to so act has not been deposited with the Company in accordance with Clause 100 hereof."

14.5 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION**14.5.1 Malaysia**

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single-tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

14.5.2 Singapore

Since 1 January 2003, Singapore has adopted a one-tier corporate tax system. The tax paid by a company on its chargeable income is a final tax and all dividends paid by a company are exempted from further Singaporean taxation in relation to the shareholder. Singapore does not impose withholding tax on dividends as well. Further, Singapore does not tax capital gains.

As at the LPD, there are no Singaporean governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and the remittance of profits by our foreign subsidiary, MST Golf Singapore, to our Company so long as our Company is not a shareholder who is subject to any financial sanctions or other restrictions imposed by the Monetary Authority of Singapore or other regulatory authorities of Singapore.

Dividend paid by MST Golf Singapore to our Company will be exempted from payment of Malaysian income tax until 31 December 2026 subject to the conditions that the dividend income has been subjected to income tax in Singapore and the highest corporate tax rate in Singapore in the year the dividend is taxed is not less than 15% as specified in the guidelines on tax treatment in relation to income which is received from abroad issued by the IRB.

14. ADDITIONAL INFORMATION (CONT'D)

14.6 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts that are not in the ordinary course of our Group's business within the Financial Years Under Review and up to the date of this Prospectus:

14.6.1 Share sale agreement for the disposal of My EGames

The share sale agreement dated 15 September 2021 entered into between our Company and our Promoter, All Sportz, for the disposal of our 100.00% equity interest in My EGames to All Sportz for a total disposal consideration of RM1.00 million, fully satisfied via cash. The disposal was completed on 9 November 2021.

Please refer to Section 6.5 and Section 10.1.1 of this Prospectus for further details of the disposal.

14.6.2 MST Golf Singapore Share Sale Agreement

The share sale agreement dated 4 November 2022 entered into between our Company and James Pang Yun Ming (as supplemented by a supplemental letter dated 14 December 2022) for the Acquisition of MST Golf Singapore which was completed on 30 November 2022.

Please refer to Section 6.1.2.4(i) of this Prospectus for further details of the Acquisition of MST Golf Singapore.

14.6.3 MST Golf Management Share Sale Agreement

The share sale agreement dated 4 November 2022 entered into between our Company and Paul Edward Gibbons (as supplemented by a supplemental letter dated 14 December 2022) for the Acquisition of MST Golf Management which was completed on 30 November 2022.

Please refer to Section 6.1.2.4(ii) of this Prospectus for further details of the Acquisition of MST Golf Management.

14.6.4 Underwriting Agreement

Please refer to Section 4.8 of this Prospectus for further details of the Underwriting Agreement.

14.6.5 Memorandum of Understanding ("MOU") for the proposed joint venture with PT Sinar Eka Selaras

On 18 April 2023, our Company had entered into an MOU with PT Sinar Eka Selaras for a proposed joint venture to establish golf retail outlets and indoor golf centres in Indonesia.

Unless mutually extended by the parties in writing in advance, the MOU shall automatically terminate upon the earlier of either 6 months from the date of execution of the MOU, or the execution of the definitive agreement(s) for the joint venture. The MOU may also be terminated at any time for convenience upon giving 7 days prior written notice to the other party after 3 months from the date of execution of the MOU.

Please refer to Section 7.19.2 of this Prospectus for further details on our Group's expansion into new geographical markets.

14.7 MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and our Directors confirm that there are no proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect our financial or business position.

14. ADDITIONAL INFORMATION (CONT'D)

14.8 CONSENTS

- (i) Our Principal Adviser, Sole Underwriter and Sole Placement Agent, Company Secretaries, Legal Advisers, Tax Advisers, Share Registrar, Issuing House and Governance, Risk and Internal Control Consultant have given their respective written consents for the inclusion in this Prospectus of their names and all references in the form and context in which such names appear before the issue of this Prospectus, and such consents have not subsequently been withdrawn.
- (ii) The Auditors and Reporting Accountants have given their written consent for the inclusion in this Prospectus of their name, Accountants' Report and Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position as at 31 December 2022 and all references thereto in the form and context in which they are contained in this Prospectus before the issue of this Prospectus, and such consent has not subsequently been withdrawn.
- (iii) The IMR has given its written consent for the inclusion in this Prospectus of its name, IMR Report and all references thereto in the form and context in which they are contained in this Prospectus before the issue of this Prospectus, and such consent has not subsequently been withdrawn.

14.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

- (i) our Constitution;
- (ii) our material contracts as referred to in Section 14.6 of this Prospectus;
- (iii) our audited consolidated financial statements for the Financial Years Under Review;
- (iv) audited financial statements of each of our Subsidiaries for the Financial Years Under Review;
- (v) IMR Report as included in Section 8 of this Prospectus;
- (vi) Reporting Accountants' letter on the Pro Forma Consolidated Statements of Financial Position as at 31 December 2022 as included in Section 12.8 of this Prospectus;
- (vii) Accountants' Report as included in Section 13 of this Prospectus; and
- (viii) letters of consent referred to in Section 14.8 of this Prospectus.

14. ADDITIONAL INFORMATION (CONT'D)

14.10 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

RHB Investment Bank, being the Principal Adviser, Sole Underwriter and Sole Placement Agent in relation to our IPO, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used in this Section shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 28 June 2023.

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 7 July 2023.

Late applications will not be accepted. In the event there is any change to the timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and make an announcement on Bursa Securities' website. Following this, we will extend the dates for the balloting of applications for our Issue Shares, allotment and transfer of our IPO Shares to the successful applicants and our Listing accordingly.

15.2 METHODS OF APPLICATION

15.2.1 Application of our IPO Shares by the Malaysian Public and Eligible Persons

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed. You agree to be bound by our Constitution.

Type of Application and category of investors	Application method
Applications by Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(i) Individuals	• White Application Form; or • Electronic Share Application; or • Internet Share Application
(ii) Non-individuals	White Application Form only

15.2.2 Placement portion

Type of Application and category of investors	Application method
Applications by:	
(i) Institutional and/or selected investors	The Sole Placement Agent will contact the institutional and/or selected investors directly. They should follow the Sole Placement Agent's instructions

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

Type of Application and category of investors	Application method
(ii) Identified Bumiputera investors approved by the MITI	The MITI will contact the identified investors directly. They should follow the MITI's instructions

15.3 ELIGIBILITY**15.3.1 General**

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfil all of the following:

- (i) you must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;
- (ii) you must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) you must submit the Application by using only one of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.3.3 Application by Eligible Persons

Our Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORM

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.81 for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO. 630**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the respective official envelopes provided for each category, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

- (ii) or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at their front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than 5:00 p.m. on 7 July 2023 or by such other time and date specified in any change to the date or time for closing. We will not accept late applications.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your White Application Form or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

Please refer to the detailed procedures and terms and conditions of the Application Forms set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the Issuing House for further enquiries.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

Please refer to the detailed procedures and terms and conditions of Electronic Share Application set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institution for further enquiries.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of these Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

Please refer to the detailed procedures and terms and conditions of Internet Share Application set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institution for further enquiries.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

- (i) reject the Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest) in accordance with Section 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The results of the allocation of our IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at www.mih.com.my within 1 Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's Shares to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public, subject to the clawback and reallocation as set out in Section 4.2.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner:

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your registered or correspondence address last maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by ordinary/registered post to your registered or correspondence address last maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Application within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days from the date of the final ballot. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your registered or correspondence address last maintained with Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**15.11 ENQUIRIES**

Enquiries in respect of the Applications may be directed as follows:

Mode of application	Parties to direct the queries
Application Form	Issuing House Enquiry Services Telephone at telephone no. +603-7890 4700
Electronic Share Application	The relevant Participating Financial Institutions
Internet Share Application	The relevant Internet Participating Financial Institution or Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA at the telephone number as stated in the list of ADAs set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of our Prospectus on the website of Bursa Securities or the Issuing House at the telephone no. +603-7890 4700 between **5 to 10 Market Days** (during office hours only) from the date of the final ballot.

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