



成業資源有限公司

SYF RESOURCES BERHAD

(364372-H)

Local Resources Global Presence

ANNUAL REPORT 2015



Local Resources



Global Presence

- | | | | |
|-----------------------|---------------------|---------------------|-------------------------|
| 1 Algeria | 24 Estonia | 47 Lithuania | 70 Seychelles |
| 2 Angola | 25 Fiji | 48 Madagascar | 71 Singapore |
| 3 Aruba | 26 French Polynesia | 49 Malawi | 72 Slovakia |
| 4 Australia | 27 Gabon | 50 Maldives | 73 South Africa |
| 5 Azerbaijan | 28 Gambia | 51 Mauritius | 74 South Korea |
| 6 Bahrain | 29 Georgia | 52 Mozambique | 75 Sri Lanka |
| 7 Barbados | 30 Greece | 53 Mongolia | 76 Tanzania |
| 8 Belarus | 31 Guatemala | 54 Montenegro | 77 Thailand |
| 9 Belize | 32 Guyana | 55 Namibia | 78 Trinidad & Tobago |
| 10 Botswana | 33 Haiti | 56 Netherlands | 79 Turkey |
| 11 Brunei | 34 Honduras | 57 New Zealand | 80 Uganda |
| 12 Burundi | 35 Hungary | 58 Nicaragua | 81 United Arab Emirates |
| 13 Canada | 36 India | 59 Panama | 82 United Kingdom |
| 14 Chile | 37 Ireland | 60 Papua New Guinea | 83 United States |
| 15 China | 38 Ivory Coast | 61 Peru | 84 Uruguay |
| 16 Colombia | 39 Japan | 62 Philippines | 85 Vietnam |
| 17 Congo | 40 Jordan | 63 Poland | 86 Yemen |
| 18 Curacao | 41 Kazakhstan | 64 Puerto Rico | 87 Zambia |
| 19 Cyprus | 42 Kenya | 65 Qatar | |
| 20 Czech Republic | 43 Kuwait | 66 Romania | |
| 21 Dominican Republic | 44 Latvia | 67 Russia | |
| 22 Ecuador | 45 Liberia | 68 Rwanda | |
| 23 El Salvador | 46 Libya | 69 Saudi Arabia | |



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Notice Of The Twentieth (“20th”) Annual General Meeting

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting of the Company will be held at Livia Room, Hotel ibis Styles Kuala Lumpur Cheras, UG Level, Jalan C180/1, Dataran C180, 43200 Cheras, Selangor on Thursday, 7 January 2016 at 10.00 a.m. for the following purposes:-

1. To receive the Audited Financial Statements for the financial year ended 31 July 2015 together with the Reports of the Directors and Auditors thereon. *(See Note 2)*

A As Ordinary Business

2. To approve the payment of Directors’ fees for the financial year ended 31 July 2015. *(Ordinary Resolution 1)*
3. To re-elect the following Directors who are retiring in accordance with Article 106 of the Company’s Articles of Association:-
 - (i) Dato’ Sri Chee Hong Leong, JP *(Ordinary Resolution 2)*
 - (ii) Dr. Roslan Bin A. Ghaffar *(Ordinary Resolution 3)*
4. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 4)*

B As Special Business

To consider and if thought fit, to pass , with or without modifications, the following resolutions:-

5. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** *(Ordinary Resolution 5)*

“THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate nominal value of shares to be issued during the preceding 12 months does not exceed ten percent (10%) of the nominal value of the issued and paid-up capital (excluding treasury shares) of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

6. **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR THE COMPANY TO PURCHASE ITS OWN SHARES UP TO TEN PERCENT (10%) OF ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 67A OF THE COMPANIES ACT, 1965 (“PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE”)** *(Ordinary Resolution 6)*

“THAT, subject always to the Companies Act, 1965, the provisions of the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM0.25 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

Notice Of The Twentieth (“20th”) Annual General Meeting (Cont’d)

- (a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities at any point in time;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings and share premium reserves of the Company at the time of the purchase(s). As of 31 July 2015, the audited retained profits and share premium account of the Company were recorded at RM25,737,000 and Nil respectively; and
- (c) the Directors of the Company may decide to:-
 - i. retain the shares purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; and/or
 - ii. cancel the shares so purchased; and/or
 - iii. retain part of the shares so purchased as treasury shares and cancel the remainder.

AND THAT such authority shall commence upon passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such resolution was passed at which time it will lapse, unless by Ordinary Resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next Annual General Meeting after the date is required by law to be held; or
- (c) revoked or varied by Ordinary Resolution passed by the shareholders in general meeting;

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act, 1965, the provisions of the Articles of Association of the Company and the Main Market Listing Requirements of Bursa Securities and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities.”

Notice Of The Twentieth (“20th”) Annual General Meeting (Cont’d)

C OTHER BUSINESS

7. To transact any other business of which due notice shall have been given in accordance with the Company’s Articles of Association and the Companies Act, 1965.

By Order of the Board

Tan Tong Lang (MAICSA 7045482)
Chong Voon Wah (MAICSA 7055003)
Company Secretaries

Kuala Lumpur
16 December 2015

NOTES:-

1. APPOINTMENT OF PROXY

- (i) A member entitled to attend and vote at this meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to attend and vote in his/her stead. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.

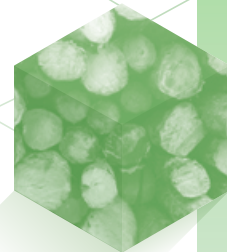
A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.

- (ii) A member may appoint a maximum of two (2) proxies to attend and vote at the same meeting. Such appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
- (iii) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (“Central Depositories Act”), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (iv) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“omnibus account”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

An Exempt Authorised Nominee refers to an Authorised Nominee defined under Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Central Depositories Act.

- (v) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation/company, either under its common seal or under the hand of officer or attorney duly authorised.
- (vi) The instrument appointing a proxy must be deposited at the registered office of the Company at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time set for the meeting or any adjournment thereof.
- (vii) Only members whose names appear in the Record of Depositors as at 31 December 2015 will be entitled to attend and vote at the meeting or appoint proxy (proxies) to attend and vote on their behalf.

Notice Of The Twentieth (“20th”) Annual General Meeting (Cont’d)



2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2015

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

3. EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) Ordinary Resolution 5 – Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The Proposed Ordinary Resolution 5 is a renewal of the general mandate pursuant to Section 132D of the Companies Act, 1965 (“General Mandate”) obtained from the shareholders of the Company at the previous Annual General Meeting and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate nominal value of shares to be issued during the preceding 12 months does not exceed ten percent (10%) of the issued share capital of the Company for the time being.

The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

No proceeds were raised from the previous mandate.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares for purpose of funding current and/or future project(s), working capital, acquisition and/or for issuance of shares as settlement of purchase consideration.

(ii) Ordinary Resolution 6 – Proposed Renewal of Share Buy-Back Mandate

The proposed Ordinary Resolution 6, if passed, will provide a mandate for the Company to purchase its own shares up to ten percent (10%) of the total issued and paid-up share capital of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

Statement Accompanying Notice Of Annual General Meeting

The Directors who are standing for re-election at the 20th Annual General Meeting of the Company are:-

- | | | |
|-----------------------------------|-------------|-------------------------|
| (i) Dato’ Sri Chee Hong Leong, JP | Article 106 | (Ordinary Resolution 2) |
| (ii) Dr. Roslan Bin A. Ghaffar | Article 106 | (Ordinary Resolution 3) |

The profile of the above Directors are set out on pages 17 to 20 of the Annual Report 2015. The details of the interest of the above Directors in the securities of the Company or its related corporations are disclosed in the Directors report on pages 52 to 57 of the aforesaid Annual Report.

The details of the Directors’ attendance for Board Meetings are disclosed in page 25 of the Corporate Governance Statement of the Annual Report 2015.

Statement In Relation To Proposed Renewal Of Share Buy-Back Mandate

Share Buy-Back Statement to Shareholders (“Statement”) in relation to the Proposed Renewal of Shareholders’ Mandate for SYF Resources Berhad (“SYF or “the Company”) to purchase its own ordinary shares of RM0.25 each (“SYF Shares”) on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) up to ten per centum (10%) of its Existing Issued and Paid-Up Share Capital (“Proposed Renewal of Share Buy-Back Mandate”).

1. Disclaimer Statement

Bursa Securities takes no responsibility for the contents of this Statement makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2. Introduction

The Company had at the 19th AGM held on 9 January 2015, obtained its shareholders’ approval to continue the share buy-back exercise, to purchase up to ten per centum (10%) of its Existing Issued and Paid-Up Share Capital of the Company at any point of time through Bursa Securities. The aforesaid approval will continue in force until the conclusion of the forthcoming 20th AGM of the Company.

On <date of DCR or approval date>, SYF announced its intention to seek a renewal of the shareholders’ mandate for the Proposed Share Buy-Back at the forthcoming AGM to be held.

The purpose of this Statement is to provide you with the relevant information on the Proposed Share Buy-Back together with the Directors’ recommendation thereon, and to seek your approval for the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the 20th AGM of the Company.

3. Purchases or Resale of Treasury Shares made pursuant to the existing Authority

As at 12 November 2015, the Company had bought-back a total of 10,000 SYF Shares, all of which have been retained as Treasury Shares.

Further details on the purchases made by the Company of its own shares are set out in the section of Additional Compliance Information on pages 32 to 33 of the Annual Report 2015.

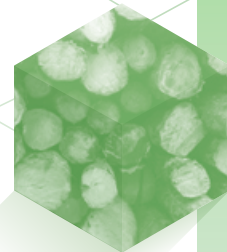
4. Rationale for the Proposed Renewal of Share Buy-Back Mandate

The implementation of the Proposed Renewal of Share Buy-Back Mandate, if and when the Company deems appropriate, would enable the Company to utilise its surplus financial resources to purchase SYF Shares at prices which the Board views as favourable. It is expected to stabilise the supply and demand of the SYF Shares traded on the Main Market of Bursa Securities and thereby support its fundamental value.

The Proposed Renewal of Share Buy-Back Mandate, whether to be held as treasury shares or subsequently cancelled, will effectively reduce the number of SYF Shares carrying voting and participation rights. Therefore, the shareholders of the Company may enjoy an increase in the value of their investment in SYF due to the increase in the Company’s Earning Per Share (“EPS”).

The Shares purchased can also be held as treasury shares and resold on Bursa Securities at a higher price therefore realising a potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company. The actual number of SYF Shares to be purchased, the total amount of funds involved for each purchase, and the timing of the purchase will depend on market conditions and sentiments of the stock market as well as the financial resources available to the Company.

Statement In Relation To Proposed Renewal Of Share Buy-Back Mandate (Cont'd)



5. Accumulated Retained Profits and Share Premium

Based on the latest audited financial statements of the Company as at 31 July 2015, the Company's accumulated retained profits and share premium accounts were recorded at RM25,737,000 and Nil respectively.

6. Source of funds for the Proposed Share Buy-Back

The Proposed Renewal of Share Buy-Back Mandate will be funded from internally generated funds and/or bank borrowings or a combination of both. At present, the Board has not determined the proportion of internally generated funds of SYF Group and external borrowings to be utilised for the Proposed Renewal of Share Buy-Back Mandate. The proportion to be utilised will only be determined at the time of purchase(s), actual number of SYF Shares to be purchased, the price of SYF Shares and other cost factors.

In the event that borrowings are used for the Proposed Renewal of Share Buy-Back Mandate, the amount of borrowings will depend on the amount of SYF Shares to be purchased by the Company and the appropriate borrowing capacity of the Company. The Company's net cash flow may be affected to the extent of the interest costs associated with any borrowings. The Board will ensure that the Company is able to meet the repayment of such borrowings, if any.

7. Shareholdings of the Directors and Substantial Shareholders of SYF

Save for the proportionate increase in the percentage of shareholding and/or voting rights in their capacity as the Shareholders of the Company, pursuant to the Proposed Renewal of Share Buy-Back Mandate, none of the Directors, Substantial Shareholders and/or person connected to them have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Mandate or resale of treasury shares.

The direct and indirect interest of the Directors and Substantial Shareholders of the Company as at 11 November 2015, being the latest practical date ("LPD"), are set out in the tables below together with the effect of the Proposed Renewal of Share Buy-Back Mandate assuming that SYF implements the Proposed Renewal of Share Buy-Back Mandate in full and all the shares so purchased are fully cancelled under the following scenarios:-

(i) Scenario 1

Assuming that the Proposed Renewal of Share Buy-Back Mandate is undertaken in full and that none of the outstanding 14,420,000 Employees' Share Option Scheme ("ESOS") options of the Company, which are exercisable as at the 12 November 2015, are exercised into new SYF Shares.

(ii) Scenario 2

Assuming that the Proposed Renewal of Share Buy-Back Mandate is undertaken in full and that all outstanding 14,420,000 ESOS options are exercised into SYF Shares.

Statement In Relation To Proposed Renewal Of Share Buy-Back Mandate (Cont'd)

Effects of the Proposed Renewal of Share Buy-Back Mandate on Directors' and Major Shareholders' Shareholdings

Scenario 1

| | Numbers of Shares held as at 12 November 2015 | | | | After Proposed Renewal of Share Buy-Back Mandate | | | |
|-------------------------------|--|----------------|------------|----------------|---|----------------|------------|----------------|
| | Direct | % [^] | Indirect | % [^] | Direct | % [#] | Indirect | % [#] |
| Directors | | | | | | | | |
| Dato' Sri Ng Ah Chai | 315,276,200 | 51.58 | - | - | 315,276,200 | 57.31 | - | - |
| Dato' Sri Chee Hong Leong, JP | 67,156,600 | 10.99 | - | - | 67,156,600 | 12.21 | - | - |
| Dr. Roslan bin A. Ghaffar | - | - | - | - | - | - | - | - |
| Datuk Mohamed Arsad bin Sehan | - | - | - | - | - | - | - | - |
| Foo Lee Khean | - | - | - | - | - | - | - | - |
| Cheong Yee Kiong | 680,000 | 0.11 | - | - | 680,000 | 0.12 | - | - |
| Dato' Sri Thong Kok Khee* | - | - | 55,000,000 | 9.00 | - | - | 55,000,000 | 10.00 |

Substantial Shareholders

| | | | | | | | | |
|--------------------------------|-------------|-------|------------|------|-------------|-------|------------|-------|
| Dato' Sri Ng Ah Chai | 315,276,200 | 51.58 | - | - | 315,276,200 | 57.31 | - | - |
| Dato' Sri Chee Hong Leong, JP | 67,156,600 | 10.99 | - | - | 67,156,600 | 12.21 | - | - |
| Insas Credit & Leasing Sdn Bhd | 55,000,000 | 9.00 | - | - | 55,000,000 | 10.00 | - | - |
| Insas Berhad | - | - | 55,000,000 | 9.00 | - | - | 55,000,000 | 10.00 |
| Dato' Sri Thong Kok Khee* | - | - | 55,000,000 | 9.00 | - | - | 55,000,000 | 10.00 |

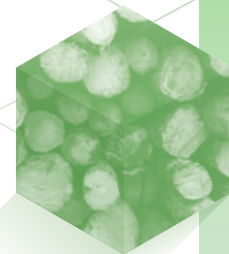
Notes:

- [^] Based on the issued and paid-up share capital (less treasury shares of 10,000) of 611,231,012 Shares as at 12 November 2015.
- [#] Based on the issued and paid-up share capital (less treasury shares of 61,124,101) of 550,116,911 Shares, under Scenario 1.
- * Indirect interest by virtue of deemed interest pursuant to Section 6A of the Companies Act, 1965 via Insas Berhad.

Scenario 2

| | Numbers of Shares held as at 12 November 2015 | | | | (I) Assuming full exercise of the total outstanding ESOS options | | | |
|-------------------------------|--|----------------|------------|----------------|--|----------------|------------|----------------|
| | Direct | % [^] | Indirect | % [^] | Direct | % [#] | Indirect | % [#] |
| Directors | | | | | | | | |
| Dato' Sri Ng Ah Chai | 315,276,200 | 51.58 | - | - | 318,276,200 | 50.78 | - | - |
| Dato' Sri Chee Hong Leong, JP | 67,156,600 | 10.99 | - | - | 67,156,600 | 10.73 | - | - |
| Dr. Roslan bin A. Ghaffar | - | - | - | - | - | - | - | - |
| Datuk Mohamed Arsad bin Sehan | - | - | - | - | - | - | - | - |
| Foo Lee Khean | - | - | - | - | - | - | - | - |
| Cheong Yee Kiong | 680,000 | 0.11 | - | - | 3,560,000 | 0.57 | - | - |
| Dato' Sri Thong Kok Khee | - | - | 55,000,000 | 9.00 | - | - | 55,000,000 | 8.79 |

Statement In Relation To Proposed Renewal Of Share Buy-Back Mandate (Cont'd)



| | (I) | | | | (II) | | | |
|---------------------------------|---|-------|----------|-----|--|-------|------------|------|
| | Numbers of Shares held as at 12 November 2015 | | | | Assuming full exercise of the total outstanding ESOS options | | | |
| | Direct | % ^ | Indirect | % ^ | Direct | % # | Indirect | % # |
| Substantial Shareholders | | | | | | | | |
| Dato' Sri Ng Ah Chai | 315,276,200 | 51.58 | - | - | 318,276,200 | 50.78 | - | - |
| Dato' Sri Chee Hong Leong, JP | 67,156,600 | 10.99 | - | - | 67,156,600 | 10.73 | - | - |
| Insas Credit & Leasing Sdn Bhd | 55,000,000 | 9.00 | - | - | 55,000,000 | 8.79 | - | - |
| Insas Berhad | - | - | - | - | - | - | 55,000,000 | 8.79 |
| Dato' Sri Thong Kok Khee* | - | - | - | - | - | - | 55,000,000 | 8.79 |

| | (II) | | | |
|---------------------------------|--|-------|------------|------|
| | After (I) and the Proposed Renewal of Share Buy-Back Mandate | | | |
| | Direct | % @ | Indirect | % @ |
| Directors | | | | |
| Dato' Sri Ng Ah Chai | 318,276,200 | 56.52 | - | - |
| Dato' Sri Chee Hong Leong, JP | 67,156,600 | 11.93 | - | - |
| Dr. Roslan bin A. Ghaffar | - | - | - | - |
| Datuk Mohamed Arsad bin Sehan | - | - | - | - |
| Foo Lee Khean | - | - | - | - |
| Cheong Yee Kiong | 3,560,000 | 0.63 | - | - |
| Dato' Sri Thong Kok Khee | 55,000,000 | 9.77 | - | - |
| Substantial Shareholders | | | | |
| Dato' Sri Ng Ah Chai | 318,276,200 | 56.52 | - | - |
| Dato' Sri Chee Hong Leong, JP | 67,156,600 | 11.93 | - | - |
| Insas Credit & Leasing Sdn Bhd | 55,000,000 | 9.77 | - | - |
| Insas Berhad | - | - | 55,000,000 | 9.77 |
| Dato' Sri Thong Kok Khee* | - | - | 55,000,000 | 9.77 |

Notes:

- ^ Based on the issued and paid-up share capital (less treasury shares of 10,000) of 611,231,012 Shares as at 12 November 2015.
- # Based on the issued and paid-up share capital (less treasury shares of 10,000) of 625,651,012 Shares, under Scenario 2.
- @ Based on the issued and paid-up share capital (less treasury shares of 62,566,101) of 563,094,911 Shares, under Scenario 2.
- * Indirect interest by virtue of deemed interest pursuant to Section 6A of the Companies Act, 1965 via Insas Berhad.

Statement In Relation To Proposed Renewal Of Share Buy-Back Mandate (Cont'd)

8. Potential advantages and disadvantages of the Proposed Renewal of Share Buy-Back Mandate

The potential advantages of the Proposed Renewal of Share Buy-Back Mandate to the Company and its shareholders are as follows:-

- (a) it allows the Company to take preventive measures against speculation particularly when its shares are undervalued, which would in turn, stabilise the market price of SYF Shares and hence, enhance investors' confidence;
- (b) if the Shares purchased are cancelled, the EPS of SYF Group will be enhanced and shareholders are likely to enjoy an increase in the value of their investment in the Company;
- (c) the Company's share capital base will be reduced pursuant to the Proposed Renewal of Share Buy-Back Mandate, which may increase the likelihood of a higher dividend rate being declared in the future, if any; and
- (d) if the Shares purchased are retained as treasury shares, it will provide the Board with an option to sell the Shares purchased at higher price and therefore make a gain for the Company. Alternatively, the Shares purchased can be distributed as share dividends to shareholders as a reward to the shareholders of the Company.

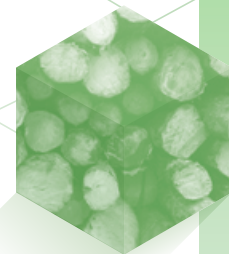
The potential disadvantages of the Proposed Renewal of Share Buy-Back Mandate to the Company and its shareholders are as follows:-

- (a) reduction of the financial resources of the Company available for distribution to the shareholders of the Company in the foreseeable future;
- (b) resultant opportunity costs for the Company as better investment opportunities may be foregone in the future with the reduction in financial resources of SYF Group available upon implementation of the Proposed Renewal of Share Buy-Back Mandate; and
- (c) deprive SYF Group of interest income that can be derived from the funds utilised for the Proposed Renewal of Share Buy-Back Mandate. Further, if the Proposed Renewal of Share Buy-Back Mandate is financed via bank borrowings, SYF Group would have to service interest obligations.

Nevertheless, the Proposed Renewal of Share Buy-Back Mandate is not expected to have potential material disadvantages to the Company and shareholders, as it will be implemented only after careful consideration of the financial resources of SYF Group and its resultant impact.

The Board is mindful of the interest of the Company and shareholders and will be prudent with respect to the Proposed Renewal of Share Buy-Back Mandate.

Statement In Relation To Proposed Renewal Of Share Buy-Back Mandate (Cont'd)



9. Financial Effects of the Proposed Renewal of Share Buy-Back Mandate

The effects of the Proposed Renewal of Share Buy-Back Mandate have been illustrated based on the following scenario:-

(a) Share Capital

In the event that all the Shares purchased are cancelled and on the assumption that the Proposed Renewal of Share Buy-Back Mandate is undertaken in full, the proforma effects of the Proposed Renewal of Share Buy-Back Mandate on the issued and paid-up share capital of SYF are as follows:-

| | Scenario 1 Numbers of Shares | Scenario 2 Numbers of Shares |
|---|---------------------------------|---------------------------------|
| Issued and paid-up share capital as at 12 November 2015 | 611,241,012 | 611,241,012 |
| To be issued assuming full exercise of the total outstanding ESOS options | - | 14,420,000 |
| Resultant issued and paid-up share capital | 611,241,012 | 625,661,012 |
| Maximum number of SYF Shares that may be purchased pursuant to the Proposed Renewal of Share Buy-Back Mandate (including 10,000 treasury shares held by the Company as at 12 November 2015). | 61,124,101 | 62,566,101 |
| Resultant Share Capital after cancellation of SYF Shares bought back | 550,116,911 | 563,094,911 |

The implementation of the Proposed Renewal of Share Buy-Back Mandate will not have any effect on the share capital of SYF Group if the Shares purchased are retained as treasury shares.

(b) Net Assets ("NA")

When the Company purchases its own Shares, regardless of whether they are retained as treasury shares or subsequently cancelled, the NA per Share of SYF Group will decrease if the cost per Share purchased exceeds the NA per Share of SYF Group at the relevant point in time. However, if the cost per Share purchased is below the NA per Share of SYF Group at the relevant point in time, the NA per Share of SYF Group will increase.

In the case where the Shares purchased are treated as treasury shares and subsequently resold on the Main Market of Bursa Securities, the NA per Share of SYF Group upon the resale will increase if the Company realises a gain from the resale and *vice-versa*. If the treasury shares are distributed as share dividends, the NA of SYF Group will decrease by the cost of the treasury shares at the point of purchase.

(c) Working Capital

The Proposed Renewal of Share Buy-Back Mandate, as and when implemented, will reduce the working capital and cash flow of SYF Group, the quantum of which depends on, amongst others, the number of SYF Shares purchased and the purchase price(s) of SYF Shares.

Statement In Relation To Proposed Renewal Of Share Buy-Back Mandate (Cont'd)

For Shares so purchased which are kept as treasury shares, upon their resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

(d) Earnings

The effects of the Proposed Renewal of Share Buy-Back Mandate on the consolidated earnings of SYF would depend on the purchase price and number of SYF Shares purchased as well as the effective funding cost to the Company in implementing the Proposed Renewal of Share Buy-Back Mandate.

The reduction in the number of SYF Shares applied in the consolidated EPS pursuant to the Proposed Renewal of Share Buy-Back Mandate may generally, all else being equal, have a positive impact on the consolidated EPS for the financial year when the Proposed Renewal of Share Buy-Back Mandate is implemented. Should the Shares purchased be resold, the extent of the impact to the earnings of SYF Group will depend on the actual selling price, the number of treasury shares resold, the effective funding cost and the gain or loss on the disposal, if any.

(e) Dividends

The Proposed Renewal of Share Buy-Back Mandate is not expected to have any impact on the policy of the Board in recommending dividends, if any, to shareholders of SYF. However, the Board may distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Renewal of Share Buy-Back Mandate.

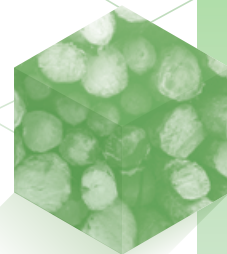
10. Historical Share Prices

The monthly highest and lowest prices of SYF shares traded on Bursa Securities for the past twelve (12) months ended 12 November 2015 are as follows:-

| | Highest (RM) | Lowest (RM) |
|-------------|--------------|-------------|
| 2014 | | |
| November | 0.637 | 0.592 |
| December | 0.581 | 0.415 |
| 2015 | | |
| January | 0.500 | 0.415 |
| February | 0.475 | 0.440 |
| March | 0.490 | 0.450 |
| April | 0.460 | 0.415 |
| May | 0.430 | 0.405 |
| June | 0.420 | 0.395 |
| July | 0.550 | 0.395 |
| August | 0.505 | 0.365 |
| September | 0.490 | 0.385 |
| October | 0.485 | 0.465 |

The last transacted price of SYF Shares on 12 November 2015, being the LPD, was RM0.495
(Source: M & A Securities)

Statement In Relation To Proposed Renewal Of Share Buy-Back Mandate (Cont'd)



11. Implication of the Malaysian Code on Takeovers and Mergers 1998 ("the Code")

There is no implication arising from the provision of the Code to the Company if the Proposed Renewal of Share Buy-Back Mandate is carried out in full.

12. Purchase of Shares during the financial year ended 31 July 2015

There was no share buy-back by the Company during the financial year ended 31 July 2015.

However, 820,000 ordinary shares of RM0.25 each retained in treasury had been resold on 5 December 2014 on the open market at a resale price of RM1.03 each for an aggregate total consideration of RM846,492.00 in accordance with the Main Market Listing Requirements of Bursa Securities.

13. Public shareholding spread

As at 12 November 2015, the public shareholding spread of the Company was 28.32%. In implementing the Proposed Renewal of Share Buy-Back Mandate, the Company will ensure that the minimum public shareholding spread of twenty five percent (25%), pursuant to paragraph 12.14 of the Main Market Listing Requirements of Bursa Malaysia is complied with.

14. Directors' Statement/Recommendation

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Mandate, is of the opinion that it is in the best interest of the Company and therefore recommends the shareholders to vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Mandate to be tabled at the forthcoming Twentieth (20th) Annual General Meeting of the Company.

15. Other information

There is no other information concerning the Proposed Renewal that shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal and the extent of the risks involved in doing so.

Corporate Information

BOARD OF DIRECTORS

DATO' SRI NG AH CHAI

Executive Chairman & Chief Executive Officer

DATO' SRI CHEE HONG LEONG, JP

Executive Director

DR. ROSLAN BIN A. GHAFAR

Senior Independent Non-Executive Director

DATO' SRI THONG KOK KHEE

Non-Independent Non-Executive Director

DATUK MOHAMED ARSAD BIN SEHAN

Independent Non-Executive Director

FOO LEE KHEAN

Independent Non-Executive Director

CHEONG YEE KIONG

Executive Director

DATO' WONG GIAN KUI

Alternate Director to Dato' Sri Thong Kok Khee

SECRETARIES

TAN TONG LANG

(MAICSA 7045482)

CHONG VOON WAH

(MAICSA 7055003)

REGISTERED OFFICE

Boardroom.com Sdn Bhd
Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2279 3080
Fax : 03-2279 3090

REGISTRAR

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

PRINCIPAL PLACE OF BUSINESS

Kawasan Perindustrian Sungai Lalang
Lot 971, Jalan Vill, Mukim Semenyih
43500 Semenyih
Selangor Darul Ehsan
Tel : 03-8723 4535
Fax : 03-8723 3500
Website : www.syf.com.my

AUDITORS

UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2279 3088
Fax : 03-2279 3099

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : SYF
Stock Code : 7082

PRINCIPAL BANKERS

Public Bank Berhad
OCBC Bank (Malaysia) Berhad
Bank of China (Malaysia) Berhad

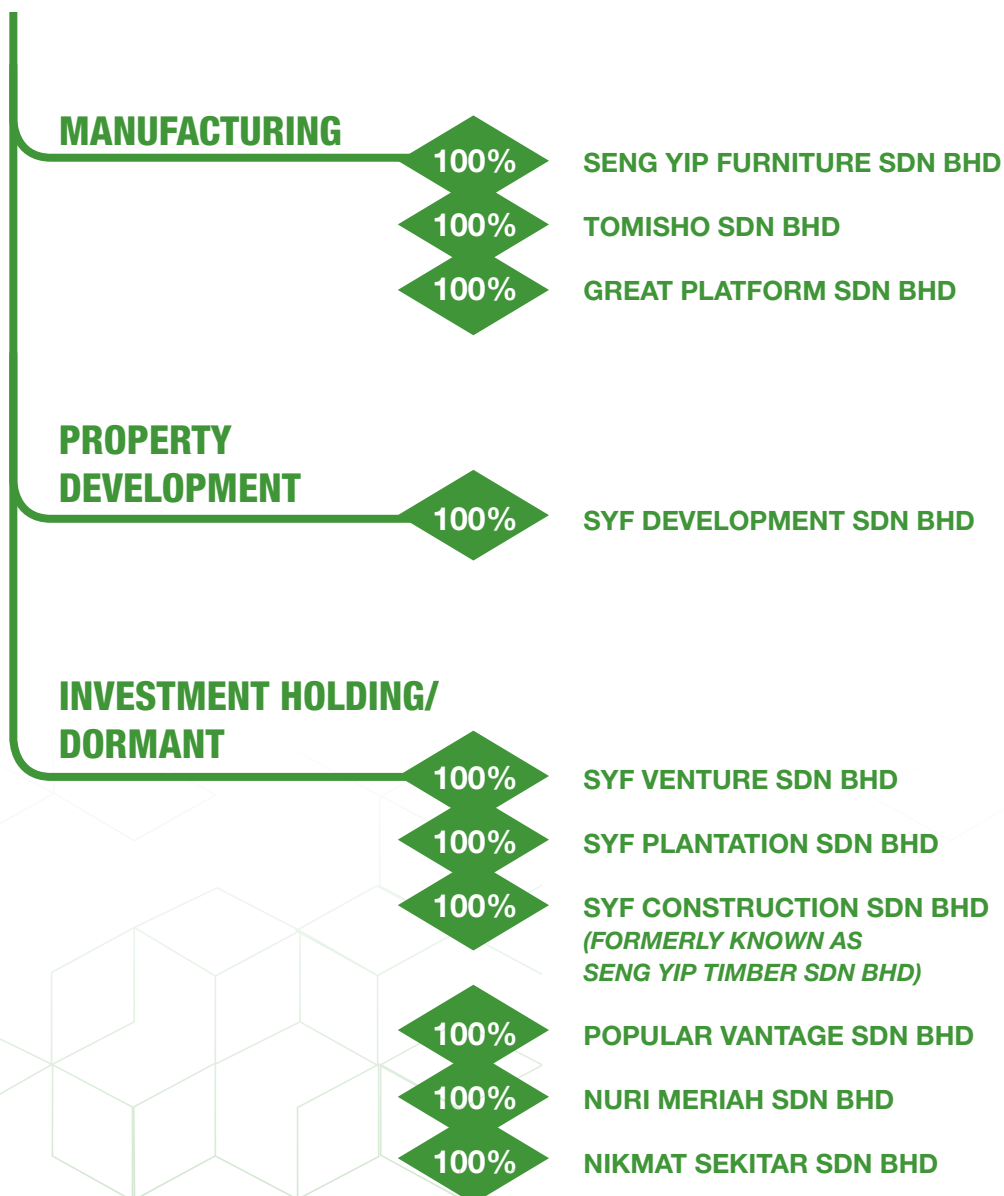
Corporate Structure



成業資源有限公司

SYF RESOURCES BERHAD

(364372-H)



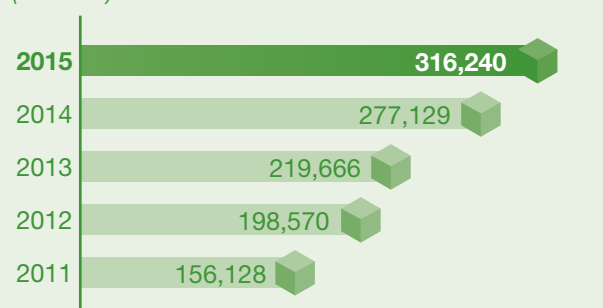
5-Year Financial Highlights And Indicators

| | 2015 RM'000 | 2014 RM'000 | 2013 RM'000 | 2012 RM'000 | 2011 RM'000 |
|--|----------------|----------------|----------------|----------------|----------------|
| Revenue | 316,240 | 277,129 | 219,666 | 198,570 | 156,128 |
| E/(L)BITDA | 44,836 | 38,572 | 20,378 | 58,426 | 12,122 |
| Profit/(loss) before taxation | 31,265 | 27,016 | 11,448 | 50,644 | (2,951) |
| Profit/(loss) after taxation | 24,585 | 21,698 | 11,855 | 50,718 | (2,230) |
| Net profit/(loss) attributable to owners of the parent | 24,585 | 21,698 | 11,855 | 50,718 | (2,230) |
| Total assets | 426,113 | 308,157 | 254,726 | 234,524 | 157,223 |
| Total borrowings | 93,417 | 60,865 | 48,631 | 34,747 | 101,963 |
| Shareholders' equity | 241,602 | 187,371 | 164,432 | 149,287 | 25,019 |
| Return on equity (%) | 10% | 12% | 7% | 34% | -9% |
| Return on total assets (%) | 6% | 7% | 5% | 22% | -1% |
| Gearing ratio (times) | 0.39 | 0.32 | 0.30 | 0.23 | 4.08 |
| Earnings/(loss) per share - basic (sen) * | 4.0 | 3.7 | 2.1 | 9.6 | (0.6) |
| Net assets per share (RM) * | 0.40 | 0.32 | 0.28 | 0.26 | 0.06 |

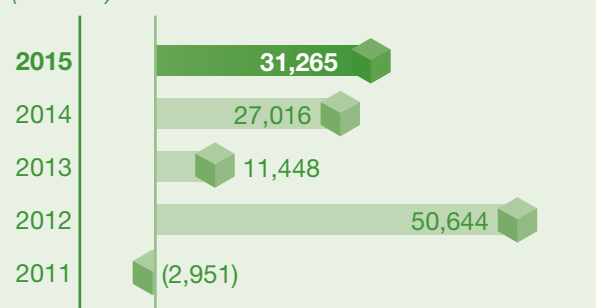
Note:

* The preceding year's basic earnings/(loss) per share and net assets per share have been restated to reflect the enlarged share capital pursuant to the bonus issue completed in the financial year ended 2015.

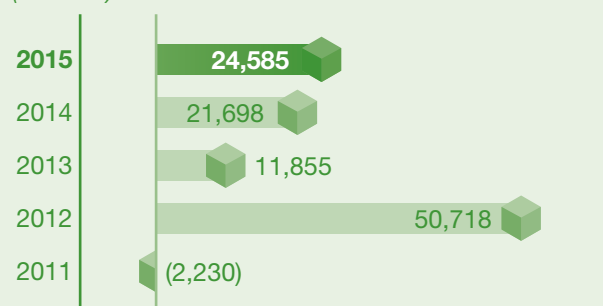
Revenue
(RM'000)



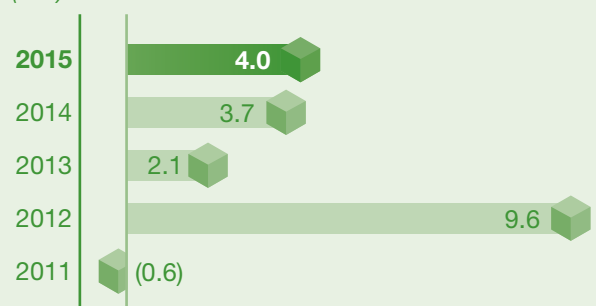
Profit/(loss) before taxation
(RM'000)



Net profit/(loss) attributable to owners of the parent
(RM'000)



Earnings/(loss) per share
(sen)



Profile Of Directors

DATO' SRI NG AH CHAI

*Executive Chairman & Chief Executive Officer
Non-Independent/Executive, Malaysian*

Dato' Sri Ng Ah Chai, aged 53, was appointed to the Board on 1 February 2001 and assumed the post of Group Managing Director of the Company on 4 August 2003. On 28 September 2005, he was re-designated as Executive Chairman and Chief Executive Officer.

His involvement in the timber trade began in 1985 when he started a saw milling business on a partnership basis. In 1991, he expanded his business into manufacturing tropical wood furniture for the local market. Ceasing the saw milling business in 1993, he co-founded Seng Yip Furniture Sdn Bhd ("Seng Yip") which started as a kiln drying and timber processing business. With his vast experience and leadership skill, Seng Yip expanded into manufacturing furniture components and semi-finished parts in 1995. Subsequently in 1998, he ventured into finished rubber wood furniture.

He is the Chairman of the ESOS Committee and Risk Committee of the Company.

He is a substantial shareholder of the Company with a direct shareholding of 315,276,200 ordinary shares of RM0.25 each in the Company together with 157,638,100 warrants, besides his entitlement under the ESOS. He has no interest in the shares of the subsidiaries of the Company.

He has no family relationship with any other director and/or substantial shareholder of the Company or any convictions for any offences within the past ten years. He is a major shareholder of Kiara Susila Sdn Bhd, which is jointly developing two property development projects with SYF Development Sdn Bhd, a wholly-owned sub-subsidiary of the Company. As such, he is a related party interested in the said transaction.

Apart from the said joint-venture, he has not entered into any other transaction which has a conflict of interest with the Company.

DATO' SRI CHEE HONG LEONG, JP

*Executive Director
Non-Independent/Executive, Malaysian*

Dato' Sri Chee Hong Leong, JP, aged 51, was appointed to the Board on 13 March 2003. He ceased to be a member of Audit Committee on 19 October 2011 and was re-designated as Executive Director on 2 December 2011. He graduated with a Bachelor of Engineering (Computer) in 1987 and a Master of Business Administration in 1989 both from McMaster University, Hamilton, Ontario, Canada. He began his career in 1990 coordinating the development in corporate and annual strategic plans for Leisure Holidays Group of Companies. In 1992, he ventured into various businesses which involved designing and building individual bungalows for landowners of various housing projects in the Klang Valley as well as building and operating a 100,000 sq. ft. Information Technology Incubation Centre in University Putra Malaysia. Subsequently, he joined Tanco Resort Berhad from 1998 to 2002 where he held various positions from General Manager to Executive Director/Chief Operating Officer. Currently, he is the Chairman of Kiara Susila Sdn Bhd, a property development company.

Presently, he is Chairman of the Remuneration Committee and a member of the ESOS Committee of the Company.

He is a substantial shareholder of the Company with a direct shareholding of 67,156,600 ordinary shares of RM0.25 each together with 33,578,300 warrants. He has no interest in the shares of the subsidiaries of the Company.

He has no family relationship with any other director and/or substantial shareholder of the Company or any convictions for any offences within the past ten years. He is a director and substantial shareholder of Kiara Susila Sdn Bhd, which is jointly developing two property development projects with SYF Development Sdn Bhd, a wholly-owned sub-subsidiary of the Company. As such, he is a related party interested in the said transaction. Apart from the said joint-venture, he has not entered into any other transaction which has a conflict of interest with the Company.

Apart from the Company, he is a Director of Priceworth International Berhad and SEG International Berhad.

Profile Of Directors

(Cont'd)

DATO' SRI THONG KOK KHEE

Director

Non-Independent/Non-Executive, Malaysian

Dato' Sri Thong Kok Khee, aged 61, was appointed to the Board on 26 June 2014 as a Non-Independent Non-Executive Director of the Company.

A graduate from the London School of Economics, UK, Dato' Sri Thong had worked in the financial services industry from 1979 to 1988. He worked for Standard Chartered Merchant Bank Asia Limited in Singapore from October 1982 to June 1988 and his last held position was the Director of its Corporate Finance Division.

Currently, Dato' Sri Thong is the Executive Deputy Chairman cum Chief Executive Officer of Insas Berhad, and a Non-Independent Non-Executive Director of Inari Amertron Berhad, Omesti Berhad and Ho Hup Construction Company Berhad.

He is a substantial shareholder of the Company with an indirect shareholding of 55,000,000 ordinary shares of RM0.25 each together with 25,700,000 warrants. He has no interest in the shares of the subsidiaries of the Company.

He has no family relationship with any other director and/or major shareholder of the Company, neither has he entered into any transaction which has a conflict of interest with the Company nor any convictions for any offences within the past ten years.

DR. ROSLAN BIN A. GHAFFAR

Director

Senior Independent/Non-Executive, Malaysian

Dr. Roslan Bin A. Ghaffar, aged 63, was appointed to the Board on 5 September 2008 and was re-designated as Senior Independent Non-Executive Director on 30 September 2013. He holds a Bachelor of Science degree from the Louisiana State University, Baton Rouge, USA and obtained his Ph.D. from University of Kentucky, Lexington, USA. He was attached to University Putra Malaysia as a Lecturer in 1984 and Associate Professor in 1991. In 1992 until 1993, he was with the University of Kentucky, Lexington as Visiting Professor. On various occasions while at the University Putra Malaysia, he had served as consultant to various international and national organisations which included the World Bank, Asian Development Bank, Winrock International and the Economic Planning Unit of the Prime Minister's Department. On 1 August 1994, Dr. Roslan was appointed as Director, Investment and Economic Research Department, Employees' Provident Fund ("EPF"). He was promoted to the position of Senior Director in 1996 and was Deputy Chief Executive Officer of the EPF from July 2002 until his retirement on 1 September 2007.

He is Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee of the Company.

Apart from the Company, Dr. Roslan is an Independent Non-Executive Director of Cagamas Berhad. He is also an Independent Non-Executive Director and Chairman for both YFG Berhad and Box-Pak (Malaysia) Berhad.

He does not have any interest in the shares of the Company and its subsidiaries.

He has no family relationship with any other director and/or substantial shareholder of the Company, neither has he entered into any transaction which has a conflict of interest with the Company nor any convictions for any offences within the past ten years.

Profile Of Directors

(Cont'd)

FOO LEE KHEAN

Director

Independent/Non-Executive, Malaysian

Mr. Foo Lee Khean, aged 52, joined the Board on 15 October 2009. He is a Fellow of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants. His professional career path has seen him gaining invaluable experience working with Coopers and Lybrand, Price Waterhouse, Arthur Andersen and Ernst & Young while specialising in corporate recovery, advisory and restructuring. In 2005, he left Ernst & Young as the Director of corporate finance to join Strategic Capital Advisory Sdn Bhd where he is currently a director.

He is a member of the Audit Committee, Nomination Committee, Remuneration Committee and ESOS Committee of the Company.

Apart from the Company, Mr. Foo is an Independent Non-Executive Director of SMIS Corporation Berhad and Kumpulan Jetson Berhad. He is also a Non-Independent Non-Executive Chairman of Systech Berhad.

He does not have any interest in the shares of the Company and its subsidiaries.

He has no family relationship with any other director and/or substantial shareholder of the Company, neither has he entered into any transaction which has a conflict of interest with the Company nor any convictions for any offences within the past ten years.

DATUK MOHAMED ARSAD BIN SEHAN

Director

Independent/Non-Executive, Malaysian

Datuk Mohamed Arsad bin Sehan, aged 62, was appointed to the Board on 19 October 2011. He holds a Bachelor of Economics (Statistics) degree from University of Malaya and was conferred the honorary award D.M.S.M by the State of Melaka which carries the title "Datuk". He had a long career of 31 years, from 1978 to 2009, in banking industry with Bank Bumiputra Malaysia Berhad and Bank Kerjasama Rakyat Malaysia Berhad. At Bank Kerjasama Rakyat Malaysia Berhad, he held various senior management positions including General Manager of Commercial Banking, Assistant General Manager of Banking Operations, Sector Head of Financing and Division Head of Planning and Development and Corporate Services. He spent 7 years as Managing Director and Chief Executive Officer of a private limited company dealing in the manufacturing and supplying of standby power systems on secondment from Bank Kerjasama Rakyat Malaysia Berhad. Currently, he is the Executive Director of PureCircle Sdn Bhd, a Malaysian entity in the PureCircle global group of companies, the world's leading producer and supplier of high purity, high-intensity natural sweeteners and flavours made from stevia plant. Currently he is a council member of the Federation of Malaysian Manufacturers (FMM) and the chairman of FMM Negeri Sembilan branch.

He is a member of the Audit Committee and Nomination Committee.

Apart from the Company, Datuk Arsad is an Independent Non-Executive Director and Chairman of Bertam Alliance Berhad. He is also the Chairman for both Koperasi Kakitangan Bank Kerjasama Rakyat Malaysia Berhad and Koperasi Kumpulan Professional Kuala Lumpur Berhad.

He does not have any interest in the shares of the Company and its subsidiaries.

He has no family relationship with any other director and/or substantial shareholder of the Company. Neither has he entered into any transaction which has a conflict of interest with the Company nor has he been convicted of any offence within the past ten years.

Profile Of Directors

(Cont'd)

CHEONG YEE KIONG

Executive Director

Non-Independent/Executive, Malaysian

Mr. Cheong Yee Kiong, aged 54, is a professionally qualified accountant and a member of the Malaysian Institute of Accountants. He completed his professional studies at the Tunku Abdul Rahman College, graduating with a Diploma in Commerce (Management Accounting) in 1984 and completing the examinations of the Chartered Institute of Management Accountants.

He joined SYF in early 2003 as Financial Controller and eventually assumed the positions of Director of Finance and Company Secretary before joining the board of directors on 18 November 2008. During his career, he had gained experience in corporate and financial matters as financial controller with two other locally listed companies involved in construction and property development. Apart from that, he had also been a dealer's representative in the stockbroking industry.

He is a member of the Risk Committee of the Company.

He is a shareholder of the Company with a direct shareholding of 680,000 ordinary shares of RM0.25 each in the Company together with 340,000 warrants, besides his entitlement under the ESOS. He has no interest in the shares of the subsidiaries of the Company.

He has no family relationship with any other director and/or major shareholder of the Company, neither has he entered into any transaction which has a conflict of interest with the Company nor any convictions for any offences within the past ten years.

DATO' WONG GIAN KUI

Alternate Director to Dato' Sri Thong Kok Khee

Malaysian

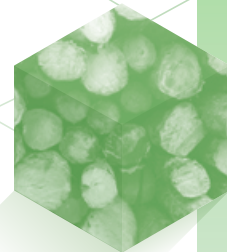
Dato' Wong Gian Kui, aged 56, was appointed to the Board on 26 June 2014 as an Alternate Director to Dato' Sri Thong Kok Khee.

He is an accountant by profession and has been a member of the Malaysian Institute of Certified Public Accountants since 1985 and a member of the Malaysian Institute of Accountants since 1988. Dato' Wong was previously attached to Harun, Oh & Wong, a member of Horwath International firm of public accountants in Malaysia from 1981 to 1990 and Stoy Hayward London, Chartered Accountants from 1990 to 1991.

Currently, Dato' Wong is a Non-Independent Non-Executive Director of Insas Berhad, an Executive Director of Inari Amertron Berhad and an Independent Non-Executive Director of Yi-Lai Berhad. Prior to this, he was an Executive Director of Insas Berhad from September 1992 to January 2009.

He has no family relationship with any other director and/or major shareholder of the Company, neither has he entered into any transaction which has a conflict of interest with the Company nor any convictions for any offences within the past ten years.

Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and Company for the year ended 31 July 2015.



On the whole, global economies went through slower growth during 2015 being impacted by the weaker economy in China and concerns over the anticipated interest rate hike in the US. There were, however, continued signs of improvement in the US market which remained the major export destination for local furniture manufacturers.

In the local property market, economic conditions and stringent regulatory control over property financing resulted in weaker demand for properties.

Notwithstanding the effect of the above, the Group improved upon its results for 2015 with revenue of RM316.2 million and profit after tax of RM24.6 million, both recording an increase of approximately 14% over the previous year's results.

FINANCIAL RESULTS

Group turnover of RM316.2 million was up by 14.1% from RM277.1 million previously while profit after tax increased to RM24.6 million, up by 13.3% over the RM21.7 million last year.

The increase in revenue largely came from higher revenue recorded by the property development division as a result of new projects commenced during the year.

Profit after tax was contributed mainly from both the furniture/materials division and the property development division while the boards division achieved a modest maiden profit of RM670,000/-.

REVIEW OF OPERATIONS

Operating conditions were difficult in the upstream segment, as furniture manufacturers sought greater use of cheaper substitutes in place of the more expensive solid rubber wood. Such substitutes included particleboards, medium density fiberboards and tropical mixed timber as manufacturers endeavored to keep their prices of furniture competitive in order to retain or expand their market share. This affected local demand for solid rubber wood materials as well as the operating margin. As a counter measure, we exported rubber wood timber materials to other Asian countries to make up for the softer local demand.

As the upstream segment is labour intensive, and with the higher cost of labour due to the rise in minimum wage, we upgraded some of the processing machinery, where practicable, in order to reduce labour dependency.

In the downstream furniture segment, market conditions continued to be very competitive with both local and regional manufacturers vying for export orders particularly from the American market where there were signs of economic improvement. We continued to focus on consolidating our customer base and to develop new product models with them as well as to refresh our portfolio of mixed container models. Although the USD continued to appreciate strongly against the local currency, price adjustments have had to be made in order to reflect such currency movements.

Chairman's Statement

(Cont'd)



The boards division contributed marginally to Group earnings as pre-operating expenses of the second plant in Simpang Pertang had to be absorbed whilst pending commencement of its commercial operations. Machinery installation and site works of the new plant were carried out during the year and would be completed by end of calendar year 2015.

Although the property market was weaker, there was satisfactory response to the two new projects started during the year: the mixed commercial/residential Kiara Plaza project in Semenyih and the residential semi-detached houses of Wira Heights 3 in Sungai Long. The income recognition from these new projects and the completion of the fully-sold Semenyih Hi-Tech 6 industrial project improved the division's results and contributed to the overall increase in Group revenue.

CORPORATE EXERCISE

In August 2014, the Company completed a private placement of 27,658,000 new ordinary shares issued at a price of RM1.05 to third party investors to raise funds for operating requirements.

Subsequently, a bonus issue of 305,432,506 new ordinary shares together with 305,432,506 free warrants on the basis of one bonus share together with one free warrant for every existing ordinary share held, was completed in December 2014.

PROSPECTS AND FUTURE OUTLOOK

With the current economic conditions not expected to improve, the Group will be resilient to face the challenges ahead. With the strategies implemented and actions taken, the Group will target for steady growth in areas where there are opportunities.

The downstream export furniture segment remains very competitive and efforts will continue in product development and customer retention. At the same time, cost containment will be an equally important task in order to maintain profitability.

In the upstream materials segment, we seek to increase our exports of processed rubber wood materials to other Asian countries particularly China and India to replace softer local demand. We will attempt to increase the value of such exports with more value added intermediate products.

As for the boards segment, the additional capacity coming on-stream in 2016 will provide the impetus for growth of this division.

Chairman's Statement

(Cont'd)



Property development activities will continue to contribute substantially to Group results as the two new projects are being developed over the next two years. In addition, a joint venture residential development in Sungai Long is being planned to commence in 2016 subject to market conditions being favourable.

The Group will review and formulate new business strategies where appropriate in order to meet the challenges of the market environment as well as to pursue any other opportunities that may arise in the future.

BOARD CHANGES

There were no changes to the Board during the year.

DIVIDEND

No dividend has been proposed during the year.

CONCLUSION

On behalf of the Board, my sincere thanks go to all our customers, business associates, financiers, professional advisers and consultants and government agencies for their continued assistance and support.

I would also like to personally thank our shareholders for their investment and my fellow board members for their insights, guidance and advice.

Finally, my appreciation goes to the staff for their unfailing loyalty, dedication and commitment.

Thank you.

For and on Behalf of the Board

DATO' SRI NG AH CHAI

Executive Chairman & Chief Executive Officer

Corporate Governance Statement

INTRODUCTION

The Board of Directors (“the Board”) of SYF Resources Berhad (“SYF” or “the Company”) recognizes the importance of corporate governance in ensuring that the interests of the Company and shareholders are protected. The Board is committed in ensuring that the Group carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance (“the Code”).

The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place throughout the financial year unless otherwise stated.

A. THE BOARD OF DIRECTORS

1. Board Charter

The Company has developed a Board Charter which acts as a source of reference and primary induction literature in providing insights to the Board members and senior management. The Board Charter is subject to periodically review to ensure that it remains consistent with the Board’s objectives and responsibilities. The Board Charter is made available at the Company’s website at www.syf.com.my.

2. Composition of the Board

The Board consists of seven (7) members, comprising an Executive Chairman & Chief Executive Officer, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The composition of the Board thus complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities. The combination of professionals with diverse and varied backgrounds, wealth of experience is vital for the continual success of the Group. The profile of the Directors is presented in pages 17 to 20 of the Annual Report.

The Board is satisfied that the current board composition fairly reflect the interests of all shareholders. The Board has designated Dr Roslan Bin A. Ghaffar as the Senior Independent Non-Executive Director, to whom concerns of shareholders and other stakeholders may be conveyed.

A clear division of responsibility between the executive directors and non-executive directors exists to ensure a balance of power and authority. The executive directors are responsible for the implementation of the Board’s policies and decisions, monitoring the operations, managing the development and implementation of business and corporate strategies, as well as the running of the daily businesses. The non-executive directors are independent of management and free from any business relationship, which could materially interfere with their independent judgment. Their role is to provide independent view, advice and judgment to ensure a balanced and an unbiased decision making process as well as to safeguard the interest of public shareholders. As and when a potential conflict of interest arises, it is mandatory for the Directors concerned to declare their interests and abstain from the decision-making process. None of the independent directors’ tenure has exceeded a cumulative term of nine (9) years.

Corporate Governance Statement

(Cont'd)

3. Board Responsibilities

The Board has the overall responsibility for leading and controlling the Group, focusing mainly on the Group's strategic business plans, financial performance, critical business issues, risk management, systems of internal control and overseeing the investments and operations of the Group. Generally, the Board must ensure that the Company is being managed and its business conducted in accordance with the appropriate standards of accountability and transparency.

The Board, with their different background and specialization in various professional fields, collectively bring with them a broad range of experience, leadership and expertise to meet the ever increasing challenges in the business and operating environment. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to drive the Group in its activities.

In fostering the commitment of the Board that the Directors devote sufficient time to carry out their responsibilities, the Directors are required to notify the Chairman before accepting any new directorship and such notification shall include an indication of time that will be spent on the new appointment.

4. Board Meetings

The Board meets at least once every quarter and on other occasions, as and when necessary, to inter-alia approve quarterly financial results, statutory financial statements, the annual report, business plans and to review the performance of the Company and its operating subsidiaries, governance matters and other business development activities.

Senior management and external advisers may be invited to attend Board meetings, where necessary, to provide additional information and insights on the relevant agenda items to enable the Board and its committees to arrive at a considered decision.

The Board met five (5) times during the financial year ended 31 July 2015. Details of each director's attendance for the financial year are as follows:

| Name of Directors | Attendance |
|---|------------|
| Dato' Sri Ng Ah Chai | 5/5 |
| Dato' Sri Chee Hong Leong, JP | 5/5 |
| Dato' Sri Thong Kok Khee | 3/5 |
| Dr. Roslan Bin A. Ghaffar | 5/5 |
| Foo Lee Khean | 5/5 |
| Datuk Mohamed Arsad Bin Sehan | 5/5 |
| Cheong Yee Kiong | 5/5 |
| Dato' Wong Gian Kui (<i>Alternate Director to Dato' Sri Thong Kok Khee</i>) | 4/5 |

Corporate Governance Statement

(Cont'd)

5. Supply of Information

The Board has full and unrestricted access to all information pertaining to the business and affairs of the Group to enable them to discharge their duties effectively. Prior to the Board or Board Committees meetings, each Board member is provided with an agenda together with the full set of written reports and supporting information, including operating results, review and analysis, board papers in relation to corporate proposals (if any), one week ahead of each Board meeting. This is issued with sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. In furtherance of their duties, the Directors also have direct access to the advice and services of the professional independent advice if deemed reasonable and necessary, at the expense of the Company.

The proceedings and resolutions reached at each Board meeting are recorded in the Minutes Book kept at the registered office. Besides Board meetings, the Board also exercises control on matters that requires its approval through the circulation of Directors' resolutions.

All Directors have direct access to the advice and services of the Company Secretary who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary in discharge of their functions. The Directors may seek independent advice, where necessary, at the expense of the Company, so as to ensure they are able to make independent and informed decisions.

6. Directors' Training

All the Directors have attended the Mandatory Accreditation Program ("MAP") prescribed by Bursa. The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. The Board will on a continuous basis, evaluate and determine the training needs of its members.

During the financial year under review, the Directors have attended various in-house and external seminars and trainings covering areas which they have collectively or individually considered as useful in discharging their responsibilities. Among the seminars and courses attended by the Directors of the Company during the financial year were:-

- Portfolio management: In pursuit of performance and returns
- Price control and anti-profiteering – Managing your pricing risk issues
- Boardroom-Malaysia Investor Relations Association Conference 2015: Malaysia's changing business landscape, be prepared
- Future of Auditor reporting – The game changer for boardroom
- The business and tax seminar
- Impact of IFRS 15 on different business sectors
- 2016 budget & tax seminar
- Occupational safety & health awareness

Corporate Governance Statement

(Cont'd)

7. Appointments to the Board

The Nomination Committee ("NC") is responsible for recommending the right candidates with the necessary mix of skill, experience and competency to be appointed to the Board and Board Committees through a formal and transparent selection process. Upon appointment, new Directors are advised of their legal and statutory responsibilities. All Directors are also being regularly updated on new requirements affecting their responsibility and are constantly being reminded of their obligations.

The Company Secretary will ensure that all appointments are properly made and that legal and statutory obligations are met.

In general, the process for the appointment of directors to the Board is as follows:-

- (i) The NC reviews the Board's composition through Board assessment/evaluation
- (ii) The NC determines skills matrix
- (iii) The NC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate
- (iv) The NC recommends to the Board for appointment
- (v) The Board approves the appointment of the candidates

The Board is aware of the gender diversity policy and targets as set out in the Code. However, the Board is of the view that the Board membership is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender. Nevertheless, for any new proposed appointment of directors of the Company in future, the NC and the Board will evaluate and match the criteria of the potential candidate to the Board as well considering the boardroom diversity.

8. Re-election/Election

In accordance with the Company's Articles of Association, at the First Annual General Meeting ("AGM"), all Directors shall retire from office. At subsequent AGMs, all Directors shall retire from office at least once in every three (3) years by rotation and shall be eligible for re-election. The Director who is appointed to fill a casual vacancy or as an addition to the Board, the Director so appointed shall hold office until the next AGM and shall then be eligible for election. Pursuant to the LR, each member of the Board holds not more than five directorships in public listed companies.

9. Board Committees

The Board, in discharging its fiduciary duty, has delegated specific responsibilities to five (5) committees namely, Audit Committee, Nominating Committee, Remuneration Committee, Employees' Share Option Scheme ("ESOS") Committee and Risk Committee. These committees have the authority to examine particular issues and will report to the Board with their recommendations. The Board, however, makes the final decision on all matters in the best interest of the Company.

(i) Audit Committee ("AC")

Composition of the AC, its terms of reference and a summary of its activities are set out on pages 37 to 40 of this Annual Report.

Corporate Governance Statement

(Cont'd)

(ii) Nomination Committee ("NC")

In line with the Best Practices of the Code of Corporate Governance, the Board has set up a NC which comprise exclusively of Independent Non-Executive Directors. The present members of NC are as follows:-

1. Dr. Roslan Bin A. Ghaffar - *Chairman, Senior Independent/Non-Executive Director*
2. Datuk Mohamed Arsad Bin Sehan - *Member, Independent/Non-Executive Director*
3. Foo Lee Khean - *Member, Independent/Non-Executive Director*

The NC shall comprise exclusively non-executive directors with a majority of independent directors. At a meeting of the NC, the quorum shall be two non-executive directors or the majority of members present must be independent non-executive directors.

The responsibilities of the NC are to identify skills and expertise that are relevant to the effective functioning of the Board, to review the Board structure and composition, and to select and propose suitable candidates for appointment to the Board. The NC also assesses the contribution and performance of each director and recommends to the Board to fill the seat in the respective committees. Besides, the NC also annually review its required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board.

During the financial year ended 31 July 2015, the NC carried out the duties and responsibilities as set in terms of reference.

(iii) Remuneration Committee ("RC")

In line with the Best Practices of the Code of Corporate Governance, the Board has set up a RC which would comprise a majority of Independent Non-Executive. The present members of RC are as follows:-

1. Dato' Sri Chee Hong Leong, JP - *Chairman, Executive Director*
2. Dr. Roslan Bin A. Ghaffar - *Member, Senior Independent/Non-Executive Director*
3. Foo Lee Khean - *Member, Independent/Non-Executive Director*

The RC is authorized to review, assess and recommend to the Board the remuneration of the executive and non-executive directors in all forms, using other independent professional advice as necessary.

Aggregate remuneration of directors according to the successive band of RM50,000 is clearly stated, in compliance with Appendix 9C(11) of the Main Market Listing Requirements of Bursa Securities.

(iv) ESOS Committee

The ESOS Committee is primarily responsible for administering the Company's ESOS in accordance with the approved ESOS Bye-Laws and regulations. There present members of the ESOS Committee are as follows:-

1. Dato' Sri Ng Ah Chai - *Chairman, Executive Chairman & Chief Executive Officer*
2. Dato' Sri Chee Hong Leong, JP - *Member, Executive Director*
3. Foo Lee Khean - *Member, Independent/Non-Executive Director*

Corporate Governance Statement

(Cont'd)

(v) Risk Committee

Set up to ensure that a risk management structure is embedded throughout the Group and risk management policies consistently adopted, the committee (previously known as Risk Management Committee) reports to the AC and comprises the following members:-

- | | |
|---------------------------|---|
| 1. Dato' Sri Ng Ah Chai | - <i>Chairman, Executive Chairman & Chief Executive Officer</i> |
| 2. Cheong Yee Kiong | - <i>Member, Executive Director</i> |
| 3. Datin Sri Chee Ah Kuan | - <i>Member, General Manager Credit Control</i> |
| 4. Tseu Chin Foo | - <i>Member, General Manager (Production)</i> |
| 5. Lee Oon Kar | - <i>Member, Senior Manager (Finance)</i> |

The primary task of the committee is to identify and assess the various risks inherent in its operating environment and review the adequacy of controls implemented to mitigate such risks.

B. DIRECTORS' REMUNERATION

The objective of the Group's remuneration policy, which is to be reviewed by the Remuneration Committee from time to time, is to attract, retain and motivate the Directors of the necessary calibre, expertise and experience to lead the Group. The remuneration awarded to the executive directors consists of salary, allowance, employer's contribution to the Employees Provident Fund, bonus, ESOS and other benefits whilst the non-executive directors' remuneration package includes directors' fees and allowances.

The details of the remuneration of the directors of the Company for the financial year under review are as follows:-

Aggregate remuneration of the Directors categorized into appropriate components:

| | Fees (RM) | Salaries and Other Emoluments (RM) | Benefits-in-kind (RM) | Total (RM) |
|-------------------------|----------------------|---|----------------------------------|-----------------------|
| Executive Directors | - | 2,078,207 | 51,950 | 2,130,157 |
| Non-Executive Directors | 114,000 | - | - | 114,000 |

The number of directors whose total remuneration fall within the following bands:

| Range of Remuneration | Number of Directors | |
|------------------------------|----------------------------|----------------------|
| | Executive | Non-Executive |
| Below RM50,000 | - | 3 |
| RM400,001 to RM450,000 | 1 | - |
| RM550,001 to RM600,000 | 1 | - |
| RM1,100,001 to RM1,150,000 | 1 | - |

Corporate Governance Statement

(Cont'd)

C. SHAREHOLDERS

1. Relationship with Shareholders and Investors

The Company recognizes the importance of transparency and accountability in disclosure of the Group's business activities to its shareholders. The Board has maintained an effective communication policy that enables the Board to convey information with regard to the group's performance, corporate strategy and other matters that affect shareholders' interests.

This is achieved through timely announcements and disclosures made to Bursa during the financial year under review, including the release of financial results on a quarterly basis. In addition to various announcements made during the financial year, the Company's website, www.syf.com.my, allows shareholders and the public access to corporate information, financial statements, news and events relating to the Group.

2. Annual General Meeting ("AGM")

The AGM represents the principal forum for dialogue with shareholders. Besides the usual agenda for the AGM, the Board encourages shareholders to participate through questions on the business activities of the Group. The Directors and external auditors are available to respond to questions from the shareholders during the meeting.

A full explanatory statement of the effects of the proposed resolutions will accompany each item of special business as mentioned in the notice of meeting.

D. ACCOUNTABILITY AND AUDIT

1. Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors take responsibilities to present a balanced and meaningful assessment of the Group's position and prospect and to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable accounting standards in Malaysia. The AC assists the Board in scrutinizing information disclosed to ensure accuracy and completeness. The statement of directors' responsibilities in respect of the audited financial statements pursuant to the Listing Requirements of Bursa Securities is set out in the ensuing pages of this Annual Report.

2. Risk Management and Internal Control

The Company has in place the Risk Management and Internal Control system in order to achieve its objectives within an acceptable risk profile as well as to safeguard shareholders' investment and the Group's assets.

The Statement on Risk Management and Internal Control set out on pages 34 to 36 of this Annual Report provides an overview of the state of risk management and internal control within the Group.

Corporate Governance Statement

(Cont'd)

3. Relationship with Auditors

The Board through the AC has established a formal and transparent relationship with the external and internal auditors.

The role of the AC in relation to the external and internal auditors is explained in the AC Report as set out in this annual report.

E. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Board is satisfied that in preparing the financial statements of the Group for the financial year ended 31 July 2015, the Group has:

- Ensured compliance with the approved applicable accounting standards.
- Adopted and consistently applied appropriate accounting policies.
- Made estimates and judgments which are reasonable and prudent.

The Board is responsible for ensuring the proper maintenance of accounting records, disclosing with reasonable accuracy the financial position of the Group. In addition, the Board is responsible for taking reasonable steps to safeguard the assets of the Group and to detect as well as prevent fraud and other irregularities.

Additional Compliance Information

1. SHARE BUY-BACK

There was no share buy-back by the Company during the financial year ended 31 July 2015.

820,000 ordinary shares of RM0.25 each retained in treasury had been resold on 5 December 2014 on the open market at an average resale price of RM1.03 each for an aggregate total consideration of RM846,492.00 in accordance with the Main Market Listing Requirements of Bursa Securities.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There was a total of 1,570,000 share options exercised during the financial year pursuant to the Company's Employees' Share Option Scheme.

On 18 December 2014, 305,432,506 new warrants were issued by the Company pursuant to the Bonus Issue of Shares with Warrants exercise.

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme for the financial year ended 31 July 2015.

4. SANCTIONS AND/OR PENALTIES

No sanctions and/or penalties were imposed on the Group, Directors or the Management by the relevant authorities during the financial year.

5. VARIATION OF RESULTS

There was no material variance between the audited results for the financial year ended 31 July 2015 and the unaudited results previously announced on 25 September 2015.

6. PROFIT GUARANTEE

There was no profit guarantee given by the Group.

7. NON-AUDIT FEES

There were no non-audit fees paid to the Company's external auditors during the financial year under review except RM23,000 paid for professional services as reporting accountants in connection with the proposed bonus issue with warrant and review of statement of risk management and internal control.

Additional Compliance Information

(Cont'd)

8. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary companies involving directors' and major shareholders' interests still subsisting at the end of the financial year or entered into since the end of the previous financial year except for a joint venture agreement dated 15 November 2011 with a group of companies in which the Executive Chairman & Chief Executive Officer and an Executive Director are substantial shareholder and director to jointly develop a piece of land into a commercial center comprising amongst others, shophouses and services apartments known as "Kiara Plaza" with an approximate development profit of RM25.0 million.

9. UTILISATION OF PROCEEDS

On 21 August 2014, the Company had completed its Private Placement exercise following the listing and quotation of 27,658,000 new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad.

The total proceeds raised from the Private Placement have been fully utilised as at 30 November 2015. The details of the utilisation are as follow:-

| Purpose | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Intended Timeframe for Utilisation |
|--|-----------------------------------|---------------------------------|---------------------------------------|
| Repayment of bank borrowings | 19,000 | 19,000 | Within 6 months |
| Working capital | 3,391 | 3,391 | Within 12 months |
| Partially finance the construction of factory building | 6,000 | 5,948 | Within 12 months |
| To defray expenses relating to the private placement | 650 | 702 | Within 3 months |
| Total | 29,041 | 29,041 | |

10. RECURRENT RELATED PARTY TRANSACTIONS

There were no material recurrent related party transactions during the financial year under review.

Statement On Risk Management And Internal Control

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies is to maintain a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets.

The Board of Directors of SYF is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 July 2015, which has been prepared in compliance with paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") with the guidance in the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers.

BOARD RESPONSIBILITY

The Board is responsible for the adequacy and effectiveness of the Group's system of risk management and internal controls. The system is designed to manage the Group's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives. Accordingly, the system of risk management and internal controls of the Group can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and this process includes enhancing the system of risk management and internal controls as and when there are changes to the business environment or regulatory guidelines.

The Board has undertaken a review of the risk management and internal control system and concluded that they are adequate and effective. Furthermore, the Board has obtained assurances from the Chief Executive Officer and the Director primarily responsible for the management of the financial affairs that the Group's risk management and internal control system are operating adequately and effectively in all material aspects.

KEY INTERNAL CONTROL PROCESSES

The key processes that the Directors have established in reviewing the adequacy and integrity of the system of internal control are as follows:

- (a) The Group's internal audit function reports to the Audit Committee. The Audit Committee, on behalf of the Board, reviews and holds discussions with management on the action taken on internal control issues identified in reports prepared by the internal auditors, the external auditors and the management.
- (b) An accounting system which ensures that all financial transactions are correctly recorded, collated and consolidated into the monthly and quarterly management financial statements, allowing management to focus on areas of material change. A data backup system is in place to ensure recovery of information in the event of untoward incidents.
- (c) Investment decisions are documented and approved by the Board for the acquisition or disposal of business operations, acceptance of projects, application of capital expenditure and approval on borrowings.
- (d) Staff recruitment goes through a process and there is a performance appraisal system as well as training and development programs in place to achieve the objective of ensuring staff are competent to carry out their duties and responsibilities.
- (e) The Audit Committee and the Board monitor and review the Group's performance and financial results at their quarterly meetings; and

Statement On Risk Management And Internal Control (Cont'd)

- (f) Authority limits are defined for board members and senior management within an appropriate organisation structure.

The above processes serve to ensure that there is a platform for the timely identification, evaluation and management of significant risks affecting the business.

RISK MANAGEMENT FRAMEWORK

The Board recognises the importance of risk management and as such a Risk Committee, chaired by the Executive Chairman/ Chief Executive Officer, has been tasked to identify, evaluate and develop controls to manage the key risks inherent in the Group's operations and business environment.

In performing its role, the committee carries out periodic reviews of the various risks and controls in consultation with the respective management staff involved including but not limited to the following areas:-

- a) External – Economic conditions, industry competition, technology changes.
- b) Regulatory – Changes in laws and regulations, non-compliance with statutory requirements including securities and exchange requirements.
- c) Financial – Borrowings, forex fluctuation, credit control, budgetary control, fraud.
- d) Corporate governance – Unauthorised or inappropriate press statements, communication of corporate mission, strategic plans to management staff.
- e) Customers – Customer service, relationship management, loss of key customers, customer preference.
- f) Products – Product knowledge, quality control.
- g) Suppliers – Shortage of raw materials, timely delivery, quality.
- h) Operations – Increasing cost of production, use of illegal software, IT system breakdown, fire prevention, security, machinery breakdowns.
- i) Human capital – Staff turnover, succession planning, illegal foreign workers.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent consulting firm, Raja Salleh, Lim & Co to assist the Audit Committee as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services on its system of internal control on a systematic and cyclic basis. The professional fee incurred for the internal audit function in respect of the financial year was RM13,000.

The Audit Committee and the management will continue to work closely with the outsourced internal audit function to review the internal control issues to ensure that significant issues are brought to the attention of the Board.

Statement On Risk Management And Internal Control (Cont'd)

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants ("MIA"). Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control and risk management of the Group. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

For the financial year under review, the Board is of the opinion that the risk management and internal control system currently in place is adequate and effective to safeguard the Group's interests and assets. For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's risk management and internal control system and to strengthen it, as and when necessary. This statement is made in accordance with the resolution passed by the Board dated 8 December 2015.

Audit Committee Report

The Board of Directors (“the Board”) of SYF Resources Berhad (“SYF” or “the Company”) is pleased to present the report on Audit Committee (“AC”) for the financial year ended 31 July 2015.

The main objective of the AC is to assist the Board of Directors in discharging its statutory responsibilities relating to the areas of corporate governance, systems of internal control, risk management and financial reporting of the Group.

MEMBERS

The AC comprises of the following members whose attendance record at the four (4) AC meetings held during the financial year under review is as follows:-

| | Number of meetings attended |
|--|-----------------------------|
| Chairman | |
| Dr. Roslan Bin A. Ghaffar (Senior Independent Non-Executive Director) | 4/4 |
| Members | |
| Datuk Mohamed Arsad Bin Sehan (Independent Non-Executive Director) | 4/4 |
| Foo Lee Khean (Independent Non-Executive Director) | 4/4 |

SUMMARY OF ACTIVITIES OF THE AC

During the financial year under review, the AC undertook the following activities:

1. Review of the quarterly unaudited financial reports on the consolidated results of the Group prior to submission to the Board for its approval before announcements to Bursa Malaysia Securities Berhad (“Bursa Securities”) were made.
2. Review of the scope of work and audit plans as proposed by the external auditors, in terms of the nature and extent of the audit procedures, significant accounting and audit issues, impact of new or proposed changes in the accounting standards and any other regulatory requirements.
3. Review of the year-end financial statements together with external auditors’ report in relation to their audit findings and the accounting issues arising from the audit of the Company’s and of the Group’s annual financial results before submitting its recommendation to the Board for approval.
4. Review of the audit plans of the internal auditor for the financial year under review.
5. Review of pertinent issues and recommendations raised by the internal auditor.
6. Review of the terms of related party transactions and recurrent related party transactions, if any, entered into by the Group.
7. Review of the Group’s proposed corporate exercise.

Audit Committee Report

(Cont'd)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Company engaged an external consultant to carry out the internal audit function of the Group. It provides reasonable assurance that the Group's system of internal control is satisfactory and operating efficiently. The internal auditor adopts a risk-based approach towards the planning and conduct of audits that are consistent with the Group's framework in designing, implementing and monitoring of its internal control system.

Upon completion of the audits, the internal auditor is to closely monitor the implementation progress of the recommendations made in order to assure that Management has duly addressed all major risks and control issues. All audit reports on the results of work undertaken together with the recommended action plans and the implementation status were presented to the Management and the Committee. A number of internal control weaknesses were identified during the financial year, all of which have been appropriately addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

REVIEW OF SHARE OPTION SCHEME

The AC was satisfied that the allocation of options pursuant to the Employees' Share Option Scheme ("ESOS") was in compliance with the criteria set out in the ESOS By-Laws and approved by the ESOS Committee. The details of the ESOS are disclosed in the director's interest in the Directors' Report and note < > to the Financial Statements.

TERMS OF REFERENCE OF THE AC

Membership

The Board shall elect the AC members from amongst themselves, comprising no fewer than three (3) Directors all of whom shall be Non-Executive. In addition, the majority of the AC members shall be Independent Directors as defined under the Main Market Listing Requirements of Bursa Securities.

Each member of the AC shall serve for a term of two (2) years and may be re-nominated and re-appointed by the Board. An Alternate Director shall not be appointed as a member of the AC.

At least one member of the AC:-

- i. shall be a member of the Malaysian Institute of Accountants ("MIA"); or
- ii. if not a member of the MIA, the member shall have at least three years' working experience and:
 - (a) shall have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) shall be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- iii. fulfills such other requirements as prescribed or approved by Bursa Securities.

When the number of members falls below three for whatever reason, the Board shall, within three (3) months of that event, appoint new members as may be required to make up the minimum of three (3) members.

The Chairman of the AC, elected from amongst the AC members, shall be an Independent Director.

Audit Committee Report

(Cont'd)

Meetings and Minutes

Meetings shall be held at least four (4) times a year. However, additional meetings may be called at any time, at the discretion of the Chairman of the AC.

The AC shall also, at least once a year or whenever deemed necessary, meet with the External Auditors and Internal Auditors without any Executive Officer of the Group being present. The auditors, both internal and external, may request a meeting if they consider that one is necessary.

Attendance of meetings by other Directors or Senior Management of the Company shall be at the AC's invitation and discretion.

Prior to each meeting, each AC member is provided with an agenda and the supporting information including operating results and review, pertaining to the items of the agenda. This is issued in sufficient time to enable the members to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

A quorum consists of two (2) members present and a majority of whom must be Independent Directors.

In the event of equality of votes, the Chairman of the AC shall have a casting vote (except where only two (2) members are present at the meeting). In the absence of the Chairman of the AC, the members present shall elect one of them to chair the meeting.

The Company Secretary shall act as secretary to the AC. Minutes of each meeting shall be distributed to each Board member, and the Chairman of the AC shall report on key issues discussed at each meeting to the Board.

Duties and Responsibilities

The roles and responsibilities of the AC shall be, amongst others:-

1. To do the following in relation to the external audit function:-

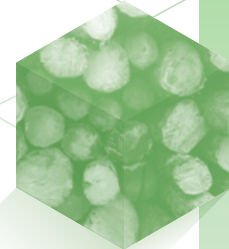
- i. Consider the appointment of external auditors, the audit fee and any questions of resignation or dismissal.
- ii. Discuss with external auditors before the audit commence, the nature and scope of audit and ensure co-ordination where more than one (1) audit firm is involved.
- iii. Discuss issues, problems and reservations arising from the interim and final audit, and any matter the auditors may wish to discuss (in the absence of the management, where necessary).
- iv. Review the system of internal control of the Company with the external auditors, their management letters and the management's response.
- v. Assess, review and monitor the suitability and independence of external auditors, including obtaining written assurance from external auditors confirming they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- vi. Set policy on non-audit services which may be provided by the external auditors, and conditions and procedures which must be adhered to by the external auditors in the provision of such services.
- vii. Approve non-audit services provided by external auditors.

Audit Committee Report

(Cont'd)

2. To do the following in respect of the internal audit function:-
 - i. Review the adequacy of the scope, functions and resources of the internal auditors, and that it has necessary authority to carry out its work;
 - ii. Review the internal audit plan and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal auditors.
3. To do the following in respect of the internal control function:-
 - i. Oversee the Company's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance.
 - ii. Assist the Board in identifying the principal risks in the achievement of the Company's goals and ensuring the implementation of appropriate systems to manage these risks.
 - iii. To review the reports of the Risk Committee in relation to the adequacy and integrity of the Group's internal control system.
4. Review the quarterly results and year-end financial statements, prior to approval by the Board, focusing on:-
 - i. The going concern assumption.
 - ii. Any changes in or implementation of major accounting policy.
 - iii. Significant and unusual events arising from the audit.
 - iv. Compliance with accounting standards established by professional bodies and other legal requirements.
5. Review any Related Party Transactions (including Recurrent Related Party Transaction) and conflict of interest situation that may arise with the Company and Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
6. To review the allocation of the Employees' Share Option Scheme ("ESOS") to ensure that it is in compliance with the criteria as approved by the ESOS Committee and the By-Laws of the ESOS.
7. Any other function as may be required by the Board from time to time.

Corporate Social Responsibility



At SYF Resources Berhad (“SYF” or “the Group”), the values of sustainability and Corporate Social Responsibility (“CSR”) initiatives have always been an integral part of the business to ensure long term growth and success. As a responsible business, the Group has embedded the principles of CSR in day-to-day operations. Our CSR framework encompasses four main areas of focus, namely environment, workplace, marketplace and community.

ENVIRONMENT

The Group is accountable for the impact of its business operations on the environment. We constantly review and monitor our operations to make positive contribution to the environment, economic and social wellbeing of our stakeholders, employees and the broader community.

At all our manufacturing and operating facilities, machinery and equipment are maintained in good working condition to ensure minimal emission and environmental impact and wastes are disposed of in a proper and compliant manner. We also invest in equipment efficiency thereby reducing energy consumption and production waste.

In our efforts to conserve water at our main manufacturing facility, we use water pumped from the nearby river for cleaning and utility purposes at our factories. We are also committed to be in compliance with the relevant laws relating to sustainable forestry, emission and plant effluent management.

In office, our employees are encouraged to recycle used papers for internal use, set power save mode for desktops and notebooks.

WORKPLACE

SYF recognises that employees are the Group’s greatest asset, they are major contributors to our success and play a critical part in helping the Group achieve its business objectives.

Therefore, the Group places high emphasis on its development and encourages the employees to improve themselves through trainings and seminars at all levels. Apart from that, the Group considers health and safety management to be equally as important as other management functions. It is the management’s responsibility to provide the framework to promote, stimulate and encourage the highest standard of safety and health at work. All employees, visitors including sub-contractors and workers must ensure that the Group’s safety and health regulations are complied with and work towards achieving a healthy and safe working environment.

Towards this, the occupational safety and health committee carries out various activities throughout the year including fire drills, maintenance of firefighting equipment and electrical installations, regular training of the in-house firefighting squad and security team, organizing activities and training of workers in areas such as first aid, safety training on handling of machinery and forklift. In addition, the emergency response team and standard procedures are in place to deal with any untoward incidents.

Corporate Social Responsibility

(Cont'd)

MARKETPLACE

The Group will continue with its effort to enhance shareholder's value and this is reflected by the Group's past 4 years profit track records.

We believe in conducting business fairly, impartially and in full compliance with all laws and regulations. Honesty and integrity underlie all of our relationships, including those with customers, vendors, contractors, the business community at large and among employees.

The Group is committed to produce quality products to customers and ensure minimal disruption in supply the goods to the customers.

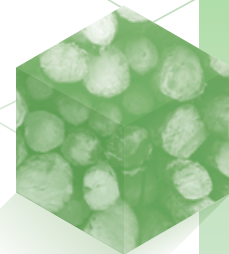
We are also fully supportive of local suppliers for a vast majority of the materials used in our production.

COMMUNITY

SYF cares about the well-being of the local community, we believe in sharing with our community for the overall well-being. The Group continues its social roles to support the community by contributing to schools, temples and charitable organisations through donations.

On a regular basis, the Group accommodates study tours and field trips organised by various institutions to its production facilities besides provides practical training opportunities for college and university students to enable them to fulfill their academic requirement

Analysis Of Shareholdings



ANALYSIS OF SHAREHOLDINGS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 12 NOVEMBER 2015

| | |
|--|---|
| Authorised Share Capital | : RM200,000,000.00 divided into 800,000,000 Ordinary Shares of RM0.25 each |
| Issued and Fully Paid-Up Share Capital | : RM152,810,253.00 divided into 611,241,012 (includes 10,000 treasury shares) Ordinary Shares of RM0.25 each |
| Class of Shares | : Ordinary Shares of RM0.25 each |
| Total No. of Shareholders | : 3,482 |
| Voting Rights | |
| - On Show of Hand | : One vote |
| - On a Poll | : One vote for each share held |

DISTRIBUTION SCHEDULE OF SHAREHOLDINGS

| Size of Holdings | No. of Holders | No. of Shares | % of Shares |
|------------------------|----------------|--------------------|----------------|
| Less than 100 | 4 | 94 | 0.000 |
| 100 to 1,000 | 108 | 62,302 | 0.010 |
| 1,001 to 10,000 | 1,865 | 9,698,896 | 1.587 |
| 10,001 to 100,000 | 1,262 | 44,927,520 | 7.350 |
| 100,001 to 30,561,549* | 240 | 330,296,800 | 54.038 |
| 30,561,550 and above** | 3 | 226,245,400 | 37.015 |
| Total # | 3,482 | 611,231,012 | 100.000 |

Remark :

- * - Less than 5% of Issued Shares
- ** - 5% and above of Issued Shares

Note: # Excluding a total of 10,000 Ordinary Shares bought back by the Company and retained as treasury shares

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 12 NOVEMBER 2015

According to the register required to be kept under Section 69L of the Companies Act, 1965, the following is the substantial shareholders (excluding bare trustees) of the Company:-

| Name | Direct Shareholdings | | Indirect Shareholdings | |
|-----------------------------------|----------------------|-------------|------------------------|-------------|
| | No. of Shares | % of Shares | No. of Shares | % of Shares |
| 1. Dato' Sri Ng Ah Chai | 315,276,200 | 51.58 | - | - |
| 2. Dato' Sri Chee Hong Leong, JP | 67,156,600 | 10.99 | - | - |
| 3. Insas Credit & Leasing Sdn Bhd | 55,000,000 | 9.00 | - | - |
| 4. Insas Berhad* | - | - | 55,000,000 | 9.00 |
| 5. Dato' Sri Thong Kok Khee* | - | - | 55,000,000 | 9.00 |

Note: * Indirect Interest pursuant to Section 6A of the Companies Act, 1965.

Analysis Of Shareholdings

(Cont'd)

STATEMENT ON DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AS PER REGISTER OF DIRECTORS AS AT 12 NOVEMBER 2015

DIRECTORS' SHAREHOLDINGS

| Name | Direct Shareholdings | | Indirect Shareholdings | |
|----------------------------------|----------------------|-------------|------------------------|-------------|
| | No. of Shares | % of Shares | No. of Shares | % of Shares |
| 1. Dato' Sri Ng Ah Chai | 315,276,200 | 51.58 | - | - |
| 2. Dato' Sri Chee Hong Leong, JP | 67,156,600 | 10.99 | - | - |
| 3. Dato' Thong Kok Khee* | - | - | 55,000,000 | 9.00 |
| 4. Cheong Yee Kiong | 680,000 | 0.11 | - | - |
| 5. Dr. Roslan bin A. Ghaffar | - | - | - | - |
| 6. Datuk Mohamed Arsad bin Sehan | - | - | - | - |
| 7. Foo Lee Khean | - | - | - | - |

Note: * Indirect interest pursuant to Section 6A of the Companies Act, 1965.

THIRTY LARGEST SHAREHOLDERS ACCORDING TO RECORD OF DEPOSITORS AS AT 12 NOVEMBER 2015

| Name | No. of Shares | % of Shares |
|---|---------------|-------------|
| 1. RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (1ST PARTY)</i> | 92,422,700 | 15.12 |
| 2. DATO' SRI NG AH CHAI | 78,822,700 | 12.90 |
| 3. M & A NOMINEE (TEMPATAN) SDN BHD <i>INSAS CREDIT & LEASING SDN BHD</i> | 55,000,000 | 9.00 |
| 4. BANK KERJASAMA RAKYAT MALAYSIA BERHAD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI</i> | 25,000,000 | 4.09 |
| 5. MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI</i> | 21,800,000 | 3.57 |
| 6. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP (CEB)</i> | 20,400,000 | 3.34 |
| 7. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (8103749)</i> | 18,000,000 | 2.94 |
| 8. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI</i> | 16,227,000 | 2.65 |
| 9. CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR DATO' SRI NG AH CHAI (M73113)</i> | 12,100,000 | 1.98 |
| 10. KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP</i> | 12,000,000 | 1.96 |
| 11. JF APEX NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (MARGIN)</i> | 11,911,400 | 1.95 |
| 12. HLB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP</i> | 11,600,000 | 1.90 |

Analysis Of Shareholdings

(Cont'd)

THIRTY LARGEST SHAREHOLDERS ACCORDING TO RECORD OF DEPOSITORS AS AT 12 NOVEMBER 2015 (CONT'D)

| Name | No. of Shares | % of Shares |
|--|--------------------|--------------|
| 13. MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP</i> | 11,156,600 | 1.83 |
| 14. MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (MARGIN)</i> | 10,200,000 | 1.67 |
| 15. KUMPULAN WANG SIMPANAN GURU-GURU | 10,000,000 | 1.64 |
| 16. MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP (MARGIN)</i> | 8,000,000 | 1.31 |
| 17. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (100426)</i> | 7,847,600 | 1.28 |
| 18. KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (001)</i> | 6,000,000 | 0.98 |
| 19. KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI</i> | 5,600,000 | 0.92 |
| 20. MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEE TIAM HOCK (MARGIN)</i> | 5,537,800 | 0.91 |
| 21. RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI</i> | 4,456,200 | 0.73 |
| 22. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE KOK CHAN</i> | 4,231,800 | 0.69 |
| 23. CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR DATO' SRI CHEE HONG LEONG, JP (MY1830)</i> | 4,000,000 | 0.65 |
| 24. LEE KAY HUAT | 4,000,000 | 0.65 |
| 25. MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEE TIAM HOCK</i> | 3,254,400 | 0.53 |
| 26. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (473223)</i> | 3,000,000 | 0.49 |
| 27. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEE CHIK KENG</i> | 2,940,600 | 0.48 |
| 28. LEE SHEE | 2,840,000 | 0.46 |
| 29. MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR RHB DYNAMIC FUND (200188)</i> | 2,336,000 | 0.38 |
| 30. RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEE TIAM HOCK</i> | 2,299,800 | 0.38 |
| Total | 472,984,600 | 77.38 |

Analysis Of Warrant Holdings

ANALYSIS OF WARRANT HOLDINGS ACCORDING TO THE RECORD OF DEPOSITORS AS AT 12 NOVEMBER 2015

| | |
|------------------------------|---------------|
| No. of Warrants Issued | : 305,432,506 |
| Exercise Price of Warrants | : RM0.70 |
| Total No. of Warrant Holders | : 2,119 |

DISTRIBUTION SCHEDULE OF WARRANT HOLDINGS 2015

| Size of Holdings | No. of Holders | No. of Warrant | % of Warrant |
|-------------------------|----------------|--------------------|---------------|
| 1 – 99 | 7 | 236 | 0.000 |
| 100 – 1,000 | 714 | 667,310 | 0.218 |
| 1,001 – 10,000 | 786 | 3,918,300 | 1.283 |
| 10,001 – 100,000 | 476 | 19,114,160 | 6.258 |
| 100,001 – 15,271,624* | 134 | 167,359,800 | 54.795 |
| 15,271,625 AND ABOVE ** | 2 | 114,372,700 | 37.446 |
| Total | 2,119 | 305,432,506 | 100.00 |

Remark :

* - Less than 5% of Issued Warrants

** - 5% and above of Issued Warrants

SUBSTANTIAL WARRANT HOLDERS AS PER REGISTER OF WARRANT HOLDERS AS AT 12 NOVEMBER 2015

| No. | Name of Warrant Holders | No. of Warrant held Direct | % | No. of Warrant held Indirect | % |
|-----|-------------------------|----------------------------|-------|------------------------------|---|
| 1 | Dato' Sri Ng Ah Chai | 157,638,100 | 51.61 | - | - |
| 2 | Insas Plaza Sdn. Bhd. | 25,700,000 | 8.41 | - | - |

Analysis Of Warrant Holdings

(Cont'd)

STATEMENT ON DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AS PER REGISTER OF DIRECTORS AS AT 12 NOVEMBER 2015

DIRECTORS' WARRANT HOLDINGS

| No. | Name of Directors | No. of Warrant held | | No. of Warrant held | |
|-----|-------------------------------|---------------------|-------|---------------------|------|
| | | Direct | % | Indirect | % |
| 1 | Dato' Sri Ng Ah Chai | 157,638,100 | 51.61 | - | - |
| 2 | Dato' Sri Chee Hong Leong, JP | 33,578,300 | 10.99 | - | - |
| 3 | Dato' Sri Thong Kok Khee * | - | - | 25,900,000 | 8.48 |
| 4 | Datuk Mohamed Arsad Bin Sehan | - | - | - | - |
| 5 | Dr. Roslan Bin A Ghaffar | - | - | - | - |
| 6 | Foo Lee Khean | - | - | - | - |
| 7 | Cheong Yee Kiong | 340,000 | 0.11 | - | - |

* Deemed indirect through Insas Plaza Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.

THIRTY LARGEST WARRANT HOLDERS ACCORDING TO RECORD OF DEPOSITORS AS AT 12 NOVEMBER 2015

| No. | Name of Warrant Holders | No. of Warrant | % of Warrant |
|-----|---|----------------|--------------|
| 1 | DATO' SRI NG AH CHAI | 88,672,700 | 29.03 |
| 2 | INSAS PLAZA SDN. BHD. | 25,700,000 | 8.41 |
| 3 | BANK KERJASAMA RAKYAT MALAYSIA BERHAD <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI</i> | 12,500,000 | 4.09 |
| 4 | RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP(CEB)</i> | 12,000,000 | 3.93 |
| 5 | MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI</i> | 9,400,000 | 3.08 |
| 6 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (8103749)</i> | 9,000,000 | 2.95 |
| 7 | RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI</i> | 8,113,500 | 2.66 |
| 8 | CITIGROUP NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)</i> | 8,000,000 | 2.62 |
| 9 | MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (MARGIN)</i> | 6,600,000 | 2.16 |
| 10 | KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP</i> | 6,000,000 | 1.96 |
| 11 | MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP</i> | 5,578,300 | 1.83 |
| 12 | CIMSEC NOMINEES (TEMPATAN) SDN. BHD. <i>CIMB BANK FOR DATO' SRI NG AH CHAI (M73113)</i> | 5,500,000 | 1.80 |

Analysis Of Warrant Holdings

(Cont'd)

THIRTY LARGEST WARRANT HOLDERS ACCORDING TO RECORD OF DEPOSITORS AS AT 12 NOVEMBER 2015 (CONT'D)

| No. | Name of Warrant Holders | No. of Warrant | % of Warrant |
|--------------|--|--------------------|--------------|
| 13 | KUMPULAN WANG SIMPANAN GURU-GURU | 5,000,000 | 1.64 |
| 14 | JF APEX NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (MARGIN)</i> | 4,955,700 | 1.62 |
| 15 | JF APEX NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LEE KIM SONG (MARGIN)</i> | 4,333,000 | 1.42 |
| 16 | HLB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP</i> | 4,000,000 | 1.31 |
| 17 | MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI CHEE HONG LEONG, JP (MARGIN)</i> | 4,000,000 | 1.31 |
| 18 | ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (100426)</i> | 3,923,800 | 1.28 |
| 19 | KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI (001)</i> | 3,000,000 | 0.98 |
| 20 | JF APEX NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHEE CHIK ENG (MARGIN)</i> | 2,802,300 | 0.92 |
| 21 | KENANGA NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI</i> | 2,800,000 | 0.92 |
| 22 | MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR TEE TIAM HOCK (MARGIN)</i> | 2,768,900 | 0.91 |
| 23 | RHB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR DATO' SRI NG AH CHAI</i> | 2,228,100 | 0.73 |
| 24 | LEE KAY HUAT | 2,100,000 | 0.69 |
| 25 | CIMSEC NOMINEES (TEMPATAN) SDN. BHD. <i>CIMB BANK FOR DATO' SRI CHEE HONG LEONG, JP (MY1830)</i> | 2,000,000 | 0.65 |
| 26 | RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHEE KOK CHAN</i> | 1,860,400 | 0.61 |
| 27 | SONG SIU SION | 1,700,000 | 0.56 |
| 28 | MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR TEE TIAM HOCK</i> | 1,602,200 | 0.52 |
| 29 | JF APEX NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHENG KIEN WING (MARGIN)</i> | 1,550,300 | 0.51 |
| 30 | RHB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR TEE TIAM HOCK</i> | 1,149,900 | 0.38 |
| Total | | 248,839,100 | 81.47 |

List Of Properties

As At 31 July 2015

| Owner, Title/Location | Tenure | Approx. Age (Years) | Description/ Existing Use | Size (Sq ft.) | NBV @ 31.07.15 RM'000 | Year of Revaluation/ Acquisition |
|---|--------------------------------------|---------------------------|---|------------------|-----------------------------|--|
| Seng Yip Furniture Sdn Bhd Lot 971, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor | Freehold | 19 | Land, office, factory and warehouse | 413,820 | 23,983 | 2012 |
| Seng Yip Furniture Sdn Bhd Lot 1224, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor | Freehold | 19 | Land, factory and warehouse | 120,473 | 7,310 | 2012 |
| Seng Yip Furniture Sdn Bhd Lot 1225, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor | Freehold | 15 | Land, factory and warehouse | 120,516 | 7,834 | 2012 |
| Seng Yip Furniture Sdn Bhd Lot 1338, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor | Freehold | 22 | Land, factory and warehouse | 123,929 | 5,486 | 2012 |
| Seng Yip Furniture Sdn Bhd Lot 974, Mukim Semenyih Jalan Sungai Lalang 43500 Semenyih Selangor | Freehold | 10 | Land, factory and warehouse | 853,956 | 41,124 | 2012 |
| Seng Yip Furniture Sdn Bhd Lot 739, Pekan Nilai Jalan Zamrud Nilai Industrial Park II 71800 Nilai Negeri Sembilan | Leasehold Expiring on 01.11.89 | 8 | Land, factory and warehouse | 191,976 | 5,334 | 2012 |
| Seng Yip Furniture Sdn Bhd Lot 4660 Pekan Simpang Pertang Daerah Jelevu Negeri Sembilan | Leasehold Expiring on 18.06.89 | 3 | Land and factory | 90,492 | 1,111 | 2013 |
| Seng Yip Furniture Sdn Bhd Lot 4654 & 4655, Pekan Simpang Pertang Daerah Jelevu Negeri Sembilan | Leasehold Expiring on 18.06.89 | 2 | Land, factory and warehouse | 167,415 | 3,430 | 2014 |

List Of Properties

As At 31 July 2015 (Cont'd)

| Owner, Title/Location | Tenure | Approx. Age (Years) | Description/ Existing Use | Size (Sq ft.) | NBV @ 31.07.15 RM'000 | Year of Revaluation/ Acquisition |
|--|--------------------------------------|---------------------------|---|------------------|-----------------------------|--|
| Tomisho Sdn Bhd Lot 44711, Mukim Kapar Jalan Kapar, 42200 Klang Selangor | Freehold | 10 | Land, office, factory and warehouse | 98,131 | 3,826 | 2013 |
| SYF Plantation Sdn Bhd Lot 376, Phase 1 Lestari Perdana 43300 Seri Kembangan Selangor | Leasehold Expiring on 13.03.96 | 7 | Vacant land | 8,008 | 247 | 2009 |
| Great Platform Sdn Bhd Lot PT 1150, Mukim Gemas Daerah Tampin Negeri Sembilan | Freehold | 3 | Land, office, factory and warehouse | 563,882 | 15,879 | 2013 |
| Great Platform Sdn Bhd Lot 7056, Pekan Simpang Pertang Daerah Jelebu Negeri Sembilan | Leasehold Expiring on 18.06.94 | 2 | Land, office, factory and warehouse | 281,692 | 9,389 | 2014 |