

**THIS STATEMENT/CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, please consult your stockbroker, bank manager, solicitor, accountant, bank manager or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the Proposed Renewal RRPT Mandate and Proposed Renewal of Share Buy-Back Authority (as defined below) as it is an exempt Statement/Circular.

Bursa Securities takes no responsibility for the contents of this Statement/Circular, 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/Circular.



**SYF RESOURCES BERHAD**

[Registration No. 199501035170 (364372-H)]  
(Incorporated in Malaysia)

**STATEMENT/CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-**

- (I) PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPT MANDATE"); AND**
- (II) PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

**(COLLECTIVELY KNOWN AS THE "PROPOSALS")**

The above proposals will be tabled as Special Business at the Twenty-Fourth Annual General Meeting ("**AGM**") of SYF Resources Berhad ("SYF" or the "Company"). The Notice of the Twenty-Fourth AGM of SYF to be held at Emerald 1 Room, RHR Hotel @ Kajang, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor. The Notice of the AGM of our Company together with the Form of Proxy in respect of the AGM are set out in the Annual Report for the financial year ended 31 July 2019 ("Annual Report 2019").

The completed and signed Form of Proxy should be lodged at the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the AGM. You can also have the option to lodge the proxy appointment electronically via TIIH Online at website: <https://tiih.online> before the proxy form lodgement refer to the Annexure to Proxy Form. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you wish to do so.

Last date and time for lodging the Form of Proxy : Monday, 6 January 2020 at 10.00 a.m.  
Date and time for the AGM : Wednesday, 8 January 2020 at 10.00 a.m.

**This Statement/Circular is dated 29 November 2019**



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## DEFINITIONS

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Unless where the context otherwise requires, the following definitions shall apply throughout this Statement/Circular:-

“Act”	: The Companies Act, 2016 as amended from time to time, and includes every statutory modification or any re-enactment thereof for the time being in force
“AGM”	: Annual General Meeting
“Audit Committee”	: The Audit Committee of SYF
“Board”	: The Board of Directors of SYF
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time
“LPD”	: 31 October 2019, being the latest practicable date prior to the issuance of this Statement/Circular
“Major Shareholder(s)”	: Means a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:-  (a) 10% or more of the total number of voting shares in the corporation; or  (b) 5% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.  For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
“MIECO”	: Mieco Chipboard Berhad
“MIECO Group”	: MIECO and its subsidiaries, collectively
“Proposals”	: The Proposed Renewal of RRPT Mandate and Proposed Renewal of Share Buy-Back Authority, collectively
“Proposed Renewal RRPT Mandate”	: Proposed renewal of shareholders’ mandate for the SYF Group to enter into recurrent related party transactions of a revenue or trading nature
“Proposed Renewal of Share Buy-Back Authority”	: Proposed renewal of authority for the Company to purchase its own shares
“Related Party(ies)”	: A Director, Major Shareholder or persons connected with such Director or Major Shareholder of SYF

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**DEFINITIONS (cont'd)**

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"RRPT(s)"	: A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for day to day operations of the Company or its subsidiaries
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"Statement/Circular"	: This statement/circular to shareholders of SYF dated 29 November 2019 in relation to the Proposals
"SYF" or the "Company"	: SYF Resources Berhad
"SYF Group" or "Group"	: SYF and its subsidiaries, collectively
"SYF Share(s)" or "Share(s)"	: Ordinary Share(s) in SYF
"Treasury Shares"	: The purchased shares which are retained by the Company and shall have the meaning given under Section 127(4)(b) of the Act

Any reference in this Statement/Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Statement/Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Statement/Circular shall be a reference to Malaysian time, unless otherwise specified.

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**SYF RESOURCES BERHAD**  
[Registration No. 199501035170 (364372-H)]

**Registered Office:**  
Suite 10.02, Level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur

29 November 2019

**Board of Directors:**

Dato' Sri Ng Ah Chai (*Executive Chairman & Chief Executive Officer*)  
Dato' Sri Chee Hong Leong, JP (*Executive Director*)  
Ng Wei Ping (*Executive Director*)  
Dato' Wong Gian Kui (*Non-Independent Non-Executive Director*)  
Dato' Mohamad Azmi Bin Ali (*Independent Non-Executive Director*)  
Datuk Mohamed Arsad Bin Sehan (*Independent Non-Executive Director*)  
Dato' Abdul Rashid Bin Mat Amin (*Independent Non-Executive Director*)

Dear Shareholders,

- **PROPOSED RENEWAL OF RRPT MANDATE; AND**
- **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

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**1. INTRODUCTION**

At the Company's last AGM held on 8 January 2019, the Company had obtained the general mandate from its shareholders:-

- (a) for the SYF Group to enter into RRPTs which are necessary for the Group's day to day operations ("**RRPT Mandate**"); and
- (b) for the authority for the Company to purchase its own shares of up to 10% of its total issued shares ("**Share Buy-Back Authority**").

In accordance with the Listing Requirements, the RRPT Mandate and the Share Buy-Back Authority shall lapse at the conclusion of the forthcoming AGM of the Company, unless renewed by the shareholders of the Company.

On 6 November 2019, the Board announced that the Company proposes to undertake the Proposed Renewal of RRPT Mandate and Proposed Renewal of Share Buy-Back Authority.

Further details on the Proposals are set out in the ensuing sections.

**THE PURPOSE OF THIS STATEMENT/CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING AGM OF THE COMPANY. THE NOTICE OF THE AGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS STATEMENT/CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS STATEMENT/CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING BY WAY OF POLL ON THE RESOLUTIONS TO BE TABLED AT THE FORTHCOMING AGM.**

## 2. DETAILS OF THE PROPOSALS

### 2.1 Proposed Renewal of RRPT Mandate

The Board proposes to seek shareholders' mandate for the Group to enter into RRPT(s) of a revenue or trading nature in the ordinary course of business which are not more favourable to the Related Parties. Pursuant to paragraph 10.09(2) and Practice Note 12 of the Listing Requirements, SYF may seek a mandate from its shareholders in respect of RRPT(s) subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party(ies) than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is to be made in its annual report of the aggregate value of the transactions conducted during the financial year where the aggregate value of the:-
  - (i) consideration, value of the assets, capital outlay or costs of the RRPT(s) is RM1.0 million or more; or
  - (ii) the percentage ratio of such RRPT(s) is 1% or more, whichever is higher.
- (c) the Related Party(ies) must not vote on the resolution in respect of the RRPT(s) and that persons connected with him shall abstain from voting on the resolution in respect of the RRPT(s); and
- (d) the listed issuer must immediately announce to Bursa Securities when the actual value of a RRPT(s) entered into by the listed issuer, exceeds the estimated value of the RRPT(s) disclosed in the circular by 10% or more with the information as may be prescribed by Bursa Securities must be included in the announcement.

#### 2.2.1 Principal activities of the Group

SYF is an investment holding company while the principal activities of its subsidiaries as follows:-

Name	Effective equity interest	Principal activities
Seng Yip Furniture Sdn Bhd	100%	Manufacture and trading of moulded timber, furniture products and timber treatment processing
Tomisho Sdn Bhd	100%	Manufacture and export of furniture and component parts
SYF Venture Sdn Bhd	100%	Investment holding
SYF Development Sdn Bhd	100%	Property development
Giat Armada Sdn Bhd	100%	Property development
SYF Construction Sdn Bhd	100%	Building contractor
Popular Vantage Sdn Bhd	100%	Dormant (in the process of striking off)
SYF Plantation Sdn Bhd	100%	Dormant
Nuri Meriah Sdn Bhd	100%	Dormant
Nikmat Sekitar Sdn Bhd	100%	Dormant

It is anticipated that the Group would, in the ordinary course of business, continue to enter into transactions with the Related Parties, details of which are set out in Section 2.2.7 below and is likely that such transactions will occur with some degree of frequency and could arise at any time.

As such, the Board proposes to seek shareholders' approval for the Proposed RRPT Mandate to enter into transactions in the normal course of business, provided that such transactions are entered into at arm's length, on terms which are not more favourable to the Related Parties than generally available to the public and are not detrimental to the minority shareholders. Such mandate will enable the Group to enter into the RRPT(s) without the necessity, in most instances, to make the relevant announcement or to convene meetings in order to procure specific prior approval of its shareholders. The RRPT(s) will also be subject to the review procedures set out in Section 2.2.3 below.

### **2.2.2 Validity period of the Proposed Renewal of RRPT Mandate**

The Proposed Renewal of RRPT Mandate is subject to annual renewal and if approved by the shareholders of SYF at the forthcoming AGM, shall take effect from the passing of the ordinary resolution and shall continue to be in force until:-

- (a) the conclusion of the next AGM at which the Proposed Renewal of RRPT Mandate is passed, and will lapse, unless renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is earlier.

### **2.2.3 Review methods or procedures for RRPT(s)**

The SYF Group has established various methods and procedures to ensure the RRPT(s) are undertaken on arms' length and on normal commercial terms, which are consistent with its usual business practices and policies, on terms which are not more favourable to the Related Party(ies) than those extended to the public and are not detrimental to the minority shareholders.

The review and disclosure procedures are as follows:-

- (i) the Related Party(ies) will be advised that they are subject to the shareholders' mandate and will also be advised of the review and disclosure procedures;
- (ii) the transaction prices, terms and conditions which are market driven are to be determined at arms' length on a customer/supplier relationship basis at mutually agreed rates after due consideration of benefits to be derived from the transaction, under similar commercial terms for transactions with unrelated third parties, which depend on demand and supply, quality, level of service and other related factors;
- (iii) some transactions may be on a cost recovery basis, being recovery of part of the costs for sharing or provision of some services or on a negotiated basis where both parties would contract on terms which are mutually acceptable and beneficial;
- (iv) that all RRPT(s) are required to be undertaken on an arm's length basis and on normal commercial terms. Where practicable and feasible, quotation and/or tenders will be obtained from at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities, which will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Party(ies) is/are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. Where it is impractical or impossible for quotes and/or tenders to be obtained from unrelated parties, or where there has not been any similar or substantially similar transactions between the SYF Group and unrelated third parties, the terms of the transactions for the products or services will be in accordance to the usual business practices of the Group to ensure that the RRPT(s) is/are not detrimental to the SYF Group;



- (v) although there are no specific thresholds for approval of RRPT(s) within the SYF Group, all RRPT(s) are subject to the approval of the appropriate levels of authority as determined by the senior management and/or the Board from time to time, subject to the provisions in the Listing Requirements and/or the Act, where applicable. Where any Director has an interest (direct or indirect) in any RRPT(s), such Director shall abstain from deliberation and decision making.
- (vi) records will be maintained by the respective companies to capture all RRPT(s) which are entered pursuant to the shareholders' mandate;
- (vii) the Board shall have overall responsibility for the determination of the review procedures. If a member of the Board and Audit Committee has an interest in the transaction to be reviewed by the Board and Audit Committee, as the case may be, he will abstain from any decision making by the Board or Audit Committee in respect of the said transaction.

#### **2.2.4 Outstanding RRPT(s) receivables**

Pursuant to paragraphs 16A and 16B of Annexure Practice Note 12-A of the Listing Requirements, there is no sum due and owing to the Group by its Related Party(ies) pursuant to the RRPT(s).

#### **2.2.5 Disclosure in annual report**

Disclosure will be made in the annual report of the Company for each subsequent financial year after the Proposed Renewal of RRPT Mandate has been obtained, detailing the breakdown of the aggregate value of the RRPT(s) entered into during the financial year based on the type of RRPT(s) made and names of the Related Party(ies) involved in each RRPT and their relationship with the SYF Group.

#### **2.2.6 Statement by the Audit Committee**

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPT(s) are appropriate and will review and ascertain when deemed necessary, whether the procedures established to monitor RRPT(s) have been complied with. If it is determined that the procedures stated in Section 2.2.3 are inadequate to ensure that (i) the RRPT(s) will be conducted at arms' length and on normal commercial terms and (ii) such transactions are not prejudicial to the interest of the shareholders, the Company will obtain a fresh shareholders' mandate based on the new procedures.

The Audit Committee will also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such requests to be appropriate. Such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit Committee has seen and reviewed the procedures set out in Section 2.2.3 above and is of the view that SYF has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner and is of the opinion that the procedures are sufficient to ensure that the RRPT(s) will be carried out at arms' length in accordance with the Group's normal commercial terms, and hence, will not be prejudicial to the shareholders or disadvantageous to SYF, not be more favourable to the Related Party(ies) than generally available to the public and not detrimental to the minority shareholders of SYF.

### 2.2.7 Classes of Related Party(ies) and Nature of RRPT(s)

The nature of the RRPT(s) with Related Party(ies) of which approval is being sought under the Proposed Renewal of RRPT Mandate shall include, but are not limited to those described below:-

Related Party and principal activities	Transacting Party	Nature of Transaction	Estimated aggregate value <sup>(1)</sup> RM'000	Actual value transacted <sup>(2)</sup> RM'000	Estimated value of transaction <sup>(3)</sup> RM'000	Nature of relationship
Mieco Manufacturing Sdn Bhd, a wholly-owned subsidiary of MIECO, which is involved in the manufacturing and marketing of chipboards and related products	Seng Yip Furniture Sdn Bhd, a wholly-owned subsidiary of SYF	# Rental payable for log yard	100	60	100	Dato' Sri Ng Ah Chai is the Group Managing Director of MIECO and he is a major shareholder of MIECO via his shareholdings of 56.77% in MIECO. He is also the Executive Chairman & Chief Executive Officer and Major Shareholder of SYF.  Ng Wei Ping is the son of Dato' Sri Ng Ah Chai. He is also the Executive Director of SYF and MIECO. He has no direct interest in SYF and MIECO.
Great Platform, a wholly-owned subsidiary of MIECO, which is involved in the manufacturing and trading of chipboard and medium density fibreboard	Seng Yip Furniture Sdn Bhd, a wholly-owned subsidiary of SYF	* Rental payable for sawmill	-	-	500	Dato' Sri Ng Ah Chai is the Group Managing Director of MIECO and he is a major shareholder of MIECO via his shareholdings of 56.77% in MIECO. He is also the Executive Chairman & Chief Executive Officer and Major Shareholder of SYF.  Ng Wei Ping is the son of Dato' Sri Ng Ah Chai. He is also the Executive Director of SYF and MIECO. He has no direct interest in SYF and MIECO.

## 2.2.7 Classes of Related Party(ies) and Nature of RRPT(s) (Cont'd)

The nature of the RRPT(s) with Related Party(ies) of which approval is being sought under the Proposed Renewal of RRPT Mandate shall include, but are not limited to those described below (Cont'd):-

Related Party and principal activities	Transacting Party	Nature of Transaction	Estimated aggregate value <sup>(1)</sup> RM'000	Actual value transacted <sup>(2)</sup> RM'000	Estimated value of transaction <sup>(3)</sup> RM'000	Nature of relationship
MIECO Group which is involved in the manufacturing and marketing of chipboards, medium density fibreboard and related products	SYF Group	Sales of logs, slabs, sawdust and chipboards to the MIECO Group and to receive sales commission from the MIECO Group	30,000	13,122	30,000	Dato' Sri Ng Ah Chai is the Group Managing Director of MIECO and he is a major shareholder of MIECO via his shareholdings of 56.77% in MIECO. He is also the Executive Chairman & Chief Executive Officer and Major Shareholder of SYF.
	SYF Group	Purchase of chipboards from the MIECO Group	20,000	3,516	20,000	Ng Wei Ping is the son of Dato' Sri Ng Ah Chai. He is also the Executive Director of SYF and MIECO. He has no direct interest in SYF and MIECO.

Notes:-

(1) As disclosed in the Circular to shareholders dated 30 November 2018.

(2) From date of the last AGM on 8 January 2019 up to the LPD.

(3) From the date of the forthcoming AGM to the date of next AGM. The estimated values are calculated based on the historical data and best estimates by the management. Accordingly, the actual value of the transaction may vary from the estimated value disclosed above.

# Seng Yip Furniture Sdn Bhd, a wholly-owned subsidiary of SYF, is renting a log yard of a total area of 68,864 square feet located at Lot 3, Kawasan Perindustrian Kechau Tui 27100 Lipis, Pahang, from Mico Manufacturing Sdn Bhd, a wholly-owned subsidiary of MIECO for a period of 3 years from 1 July 2019 to 30 June 2022. The rental amount is based on the market rate and payable on monthly basis.

\* Seng Yip Furniture Sdn Bhd, a wholly-owned subsidiary of SYF, is renting 1 block of KD rooms, 1 block of boiler room and 3 blocks of single storey factory (79,103 square feet) erected on the piece of the land held under Lot No. 487, 488, 489, 490, 436, 437 and 152 held under Title No. GRN 15139, GRN 15140, GRN 15141, GRN 15142, GRN 62413, GRN 62414, GRN 72378, all in Mukim of Romplin, District of Jempol, Negeri Sembilan for sawmill operation and kiln dry processing from Great Platform, a wholly-owned subsidiary of MIECO.

**2.2.8 Existing mandates on RRPPT(s) which approval have been obtained at the last AGM and the renewal of mandate is not being sought during the forthcoming AGM are as follows:**

<b>Related Party and principal activities</b>	<b>Transacting Party</b>	<b>Nature of Transaction</b>	<b>Estimated aggregate value<sup>(1)</sup> RM'000</b>	<b>Actual value transacted<sup>(2)</sup> RM'000</b>	<b>Estimated value of transaction<sup>(3)</sup> RM'000</b>	<b>Nature of relationship</b>
Great Platform, a wholly-owned subsidiary of MIECO, which is involved in the manufacturing and trading of chipboard and medium density fibreboard	Seng Yip Furniture Sdn Bhd, a wholly-owned subsidiary of SYF	^Rental payable for sawmill	540	-	-	Dato' Sri Ng Ah Chai is the Group Managing Director of MIECO and he is a major shareholder of MIECO via his shareholdings of 56.77% in MIECO. He is also the Executive Chairman & Chief Executive Officer and Major Shareholder of SYF.  Ng Wei Ping is the son of Dato' Sri Ng Ah Chai. He is also the Executive Director of SYF and MIECO. He has no direct interest in SYF and MIECO.

**Notes:-**

(1) As disclosed in the Circular to shareholders dated 30 November 2018.

(2) From date of the last AGM on 8 January 2019 up to the LPD.

(3) From the date of the forthcoming AGM to the date of next AGM. The estimated values are calculated based on the historical data and best estimates by the management. Accordingly, the actual value of the transaction may vary from the estimated value disclosed above.

^ Seng Yip Furniture Sdn Bhd, a wholly-owned subsidiary of SYF, is renting a sawmill of a total area of 146,449 square feet located at PT 1150, Mukim Gemas, 73400 Daerah Tampin, Negeri Sembilan, from Great Platform, a wholly-owned subsidiary of MIECO. Seng Yip Furniture Sdn Bhd has terminated the tenancy with effect from 31 December 2018.

## **2.3 Proposed Renewal of Share Buy-Back Authority**

The Board proposes to seek the authority from the shareholders of the Company to purchase up to 10% of its total number of issued shares.

The Proposed Renewal of Share Buy-Back Authority is subject to compliance with Section 127 of the Act, the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines, and requirements issued by the relevant authorities.

The approval from the shareholders for the Proposed Renewal of Share Buy-Back Authority will be effective immediately upon the passing of the ordinary resolution at the forthcoming AGM and shall be valid until:-

- (a) the conclusion of the next AGM of the Company, at which time the said authority shall lapse unless by an 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 AGM of the Company 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.

### **2.3.1 Funding for the Proposed Renewal of Share Buy-Back Authority**

The maximum amount of funds to be utilised for the share buy-back shall not exceed the retained profits of the Company at the time of purchase. Based on the latest audited financial statements of the Company, the Company's retained profits as at 31 July 2019 stood at RM6,557,000. The number of issued shares of the Company as at the LPD is 619,239,012 (including treasury shares of 26,846,800).

The Proposed Renewal of Share Buy-Back Authority 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 and external borrowings to be utilised for the Proposed Renewal of Share Buy-Back Authority. 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 Authority, 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.

### **2.3.2 Treatment of Treasury Shares**

In accordance with Section 127 of the Act, the Board is able to deal with any Purchased Shares in the following manner:-

- (i) cancel the Purchased Shares; or
- (ii) retain the Purchased Shares as Treasury Shares and held by the Company; or
- (iii) retain part of the Purchased Shares as Treasury Shares and cancel the remainder; or
- (iv) distribute all or part of the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
- (v) transfer all or part of the Treasury Shares for purposes of an employees' share scheme, and/or as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

The SYF Shares purchased are held as Treasury Shares, the rights attached to them in relation to voting, dividends and participation in any other distribution and otherwise are suspended. The Treasury Shares shall not be taken into account in calculating the number or percentage of Shares or of a class of Shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at meetings.

The Company will make an immediate announcement to Bursa Securities of any purchase or resale of the SYF Shares and whether the Purchased Shares will be cancelled or retained as Treasury Shares or a combination of both.

### **2.3.3 Advantages and disadvantages of the Proposed Renewal of Share Buy-Back Authority**

The potential advantages of the Proposed Renewal of Share Buy-Back Authority 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 SYF Shares purchased are cancelled, the earnings per share of the 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 Authority, which may increase the likelihood of a higher dividend rate being declared in the future, if any; and
- (d) if the SYF Shares purchased are retained as Treasury Shares, it will provide the Board with an option to sell the SYF Shares purchased at higher price and therefore make a gain for the Company. Alternatively, the SYF 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 Authority to the Company and its shareholders are as follows:-

- (i) reduction of the financial resources of the Company available for distribution to the shareholders of the Company in the foreseeable future;
- (ii) 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 Authority; and
- (iii) deprive the SYF Group of interest income that can be derived from the funds utilised for the Proposed Renewal of Share Buy-Back Authority. Further, if the Proposed Renewal of Share Buy-Back Authority is financed via bank borrowings, SYF Group would have to service interest obligations.

Nevertheless, the Proposed Renewal of Share Buy-Back Authority 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 Authority.

### 2.3.4 Purchase, resale, transfer and cancellation of purchased shares made in the previous twelve (12) months

The Company has purchased its own shares in the preceding 12 months and details of the purchases are as follows:-

Date of Purchase	No. of Shares Purchased	Purchase Price		Average Price (RM)	Total Consideration (RM)
		Lowest (RM)	Highest (RM)		
01-Nov-18	150,000	0.240	0.240	0.240	36,000.00
07-Nov-18	60,000	0.230	0.230	0.230	13,800.00
30-Nov-18	200,000	0.220	0.230	0.227	45,400.00
04-Dec-18	50,000	0.230	0.235	0.233	11,625.00
05-Dec-18	150,000	0.230	0.235	0.233	34,990.00
07-Dec-18	568,100	0.225	0.230	0.225	127,973.00
12-Dec-18	300,000	0.230	0.240	0.237	71,160.00
13-Dec-18	160,000	0.230	0.240	0.235	37,658.00
14-Dec-18	250,000	0.230	0.240	0.235	58,845.00
17-Dec-18	60,000	0.230	0.235	0.231	13,850.00
18-Dec-18	590,000	0.225	0.240	0.232	136,847.50
24-Dec-18	100,000	0.230	0.230	0.230	23,000.00
26-Dec-18	250,000	0.225	0.225	0.225	56,250.00
27-Dec-18	70,000	0.230	0.230	0.230	16,100.00
28-Dec-18	70,000	0.230	0.230	0.230	16,100.00
02-Jan-19	110,000	0.230	0.230	0.230	25,300.00
03-Jan-19	322,000	0.230	0.235	0.232	74,864.00
04-Jan-19	50,000	0.240	0.240	0.240	12,000.00
09-Jan-19	80,000	0.225	0.225	0.225	18,000.00
30-Apr-19	200,000	0.215	0.220	0.218	43,677.00
03-May-19	230,000	0.215	0.225	0.223	51,300.00
08-May-19	730,000	0.200	0.215	0.203	148,045.50
13-May-19	1,570,000	0.205	0.210	0.205	321,900.00
14-May-19	2,300,000	0.200	0.205	0.200	460,150.00
15-May-19	2,010,000	0.200	0.205	0.200	402,050.00
21-May-19	750,000	0.185	0.200	0.196	147,250.00
23-May-19	550,000	0.190	0.200	0.196	108,043.50
24-May-19	180,000	0.195	0.200	0.199	35,815.00
27-May-19	430,000	0.190	0.200	0.195	83,650.50
28-May-19	120,000	0.195	0.200	0.200	23,960.00
29-May-19	50,000	0.200	0.200	0.200	10,000.00
31-May-19	172,000	0.195	0.200	0.199	34,150.00
03-Jun-19	130,000	0.200	0.200	0.200	26,000.00
04-Jun-19	110,000	0.200	0.200	0.200	22,000.00
05-Aug-19	200,000	0.200	0.200	0.200	40,000.00
07-Aug-19	220,000	0.195	0.200	0.198	43,450.00
08-Aug-19	50,000	0.200	0.200	0.200	10,000.00

Date of Purchase	No. of Shares Purchased	Purchase Price		Average Price (RM)	Total Consideration (RM)
		Lowest (RM)	Highest (RM)		
09-Aug-19	120,000	0.200	0.200	0.200	24,000.00
13-Aug-19	20,000	0.200	0.200	0.200	4,000.00
15-Aug-19	110,000	0.200	0.200	0.200	22,000.00
30-Aug-19	195,000	0.190	0.190	0.190	37,050.00
05-Sep-19	227,000	0.185	0.190	0.189	42,880.00
06-Sep-19	260,000	0.190	0.190	0.190	49,400.00
26-Sep-19	235,000	0.175	0.185	0.183	42,982.00
27-Sep-19	310,000	0.180	0.185	0.184	57,100.00
01-Oct-19	140,000	0.180	0.185	0.183	25,605.00
02-Oct-19	159,000	0.185	0.190	0.187	29,715.00
03-Oct-19	30,000	0.190	0.195	0.193	5,800.00
04-Oct-19	20,000	0.195	0.195	0.195	3,900.00
10-Oct-19	385,000	0.180	0.190	0.186	71,800.00
11-Oct-19	280,000	0.190	0.195	0.192	53,818.00
22-Oct-19	118,000	0.200	0.205	0.204	24,071.50
23-Oct-19	10,000	0.200	0.200	0.200	2,000.00

There was no cancellation or re-sale of Treasury Shares in the preceding 12 months.

### **2.3.5 Public shareholding spread**

As at the LPD, the public shareholding spread of the Company was 27.95%. In implementing the Proposed Renewal of Share Buy-Back Authority, the Company will ensure that the minimum public shareholding spread of twenty five percent (25%), pursuant to paragraph 12.14 of the Listing Requirements is complied with.

### **2.3.6 Implications relating to the Malaysian Code on Take-Overs and Mergers, 2016**

There is no implication arising from the provision of the Malaysian Code on Take-Overs and Mergers, 2016 to the Company if the Proposed Renewal of Share Buy-Back Authority is carried out in full.



### 2.3.7 Historical share prices

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

	High (RM)	Low (RM)
<b>2018</b>		
November	0.256	0.199
December	0.228	0.204
<b>2019</b>		
January	0.245	0.209
February	0.235	0.215
March	0.235	0.210
April	0.230	0.205
May	0.225	0.175
June	0.225	0.190
July	0.215	0.190
August	0.210	0.180
September	0.195	0.170
October	0.215	0.175
Last traded price on Bursa Securities as at the LPD		RM0.200

*(Source: Bloomberg)*

## 3. RATIONALE FOR THE PROPOSALS

### 3.1 Proposed Renewal of RRPT Mandate

The Proposed Renewal of RRPT Mandate will enable the SYF Group to carry out RRPT(s) necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to announce and convene separate general meetings (if applicable) from time to time to seek shareholders' mandate for such transaction. This will substantially reduce the expenses, time and other resources associated with convening of general meetings on an ad hoc basis, improve administrative efficiency and allow financial and manpower resources to be channelled towards attaining other corporate objectives.

The RRPT(s) carried out within the SYF Group creates mutual benefits for the companies in the Group, such as expediency and increased efficiency necessary for day-to-day operations.

In addition, the RRPT(s) are intended to meet the business needs of the Group on the best possible terms. By transacting with the Related Party(ies), the Group would have an advantage of familiarity with the background and management of the Related Party(ies), thus enabling more informed commercial decisions to be made. In most dealings with the Related Party(ies), the Group and the Related Party(ies) have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPT(s).

### 3.2 Proposed Renewal of Share Buy-Back Authority

The implementation of the Proposed Renewal of Share Buy-Back Authority, 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 Authority, 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 earnings per share.

The SYF Shares purchased can also be held as Treasury Shares and resold 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.

#### 4. EFFECTS OF THE PROPOSALS

The Proposed Renewal of RRPT Mandate will not have any effect on the issued share capital, substantial shareholders' shareholdings, earnings and earnings per share, net assets, gearing ratio and net assets per share of the Group.

The effects of the Proposed Renewal of Share Buy-Back Authority are illustrated as follows:-

<i>Minimum Scenario</i>	: Assuming that the Proposed Renewal of Share Buy-Back Authority is undertaken in full and that none of the outstanding 5,622,000 Employees' Share Option Scheme (" <b>ESOS</b> ") options of the Company, which are exercisable as at the LPD, are exercised into new SYF Shares
<i>Maximum Scenario</i>	: Assuming that the Proposed Renewal of Share Buy-Back Authority is undertaken in full and that all outstanding 5,622,000 ESOS options are exercised into SYF Shares

(a) Issued share capital

	<b>Minimum Scenario No. of Shares</b>	<b>Maximum Scenario No. of Shares</b>
Number of issued and paid-up shares as at the LPD	619,239,012	619,239,012
To be issued assuming full exercise of the total outstanding ESOS options	-	5,622,000
Resultant issued and paid-up share capital	619,239,012	624,861,012
Maximum number of SYF Shares that may be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority (including 26,846,800 treasury shares held by the Company as at the LPD)	61,923,901	62,486,101
Resultant share capital after cancellation of SYF Shares bought back	557,315,111	562,374,911

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

(b) Net assets

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

In the case where the SYF Shares purchased are treated as Treasury Shares and subsequently resold, the net assets per SYF Share 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 net assets of the 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 Authority, as and when implemented, will reduce the working capital and cash flow of the Group, the quantum of which depends on, amongst others, the number of SYF Shares purchased and the purchase price(s) of SYF Shares. For SYF 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 per share (EPS)

The effects of the Proposed Renewal of Share Buy-Back Authority 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 Authority.

The reduction in the number of SYF Shares applied in the consolidated earnings per share pursuant to the Proposed Renewal of Share Buy-Back Authority 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 Authority is implemented. Should the SYF Shares purchased be resold, the extent of the impact to the earnings of the 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 Authority 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 Authority.

(f) Gearing

The utilisation of external borrowings to implement the Proposed Renewal of Share Buy-Back Authority will increase the gearing of the Group, if any.

## **5. APPROVALS REQUIRED AND CONDITIONALITY**

The Proposals are subject to the approval being obtained from the shareholders of SYF at the forthcoming AGM of the Company to be convened.

The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by SYF.

Save for the Proposals, there are no other corporate exercises announced but pending completion.

**6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

*Proposed Renewal of RRPT Mandate*

As at the LPD, the direct and indirect interests of the Directors and/or Major Shareholders and/or persons connected to the Directors and/or Major Shareholders of SYF who are interested and/or do not consider themselves independent in the RRPT(s) are as follows:-

	Direct Interest		Indirect Interest	
	No. of SYF Shares	%	No. of SYF Shares	%
<b><u>Interested Director</u></b>				
Dato' Sri Ng Ah Chai	337,276,200	56.93	1,920,000 <sup>^</sup>	0.32
Ng Wei Ping	-	-	339,196,200*	57.26
<b><u>Interested Major Shareholder</u></b>				
Dato' Sri Ng Ah Chai	337,276,200	56.93	1,920,000 <sup>^</sup>	0.32
<b><u>Persons connected to Interested Director and/or Major Shareholder</u></b>				
Datin Sri Chee Ah Kuan	1,920,000 <sup>^</sup>	0.32	-	-
Ng Wei Ping	-	-	339,196,200*	57.26

*Notes:-*

<sup>^</sup> Disclosure made pursuant to Section 59(11)(c) of the Act on interest held by his spouse.

\* Disclosure made pursuant to Section 197 of the Act on interest held by his parents.

Dato' Sri Ng Ah Chai, the Interested Director and Interested Major Shareholder and Ng Wei Ping, the Interested Director in the RRPT(s), have abstained and will continue to abstain from board deliberations and voting on the resolution pertaining to the Proposed Renewal of RRPT Mandate. The Interested Directors and Interested Major Shareholder will abstain from voting and have undertaken to ensure that persons connected to them will abstain from voting in respect of his/her direct and/or indirect shareholdings in the Proposed Renewal of RRPT Mandate at the forthcoming AGM.

Save as disclosed in this Statement/Circular, none of the other Directors and/or Major Shareholders and/or persons connected to the Directors and/or Major Shareholders of SYF has any interest, direct or indirect, in the Proposed Renewal of RRPT Mandate.

*Proposed Renewal of Share Buy-Back Authority*

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 Authority, none of the Directors, Major/substantial Shareholders and/or person connected to them have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority or resale of Treasury Shares.

The direct and indirect interest of the Directors and Major/substantial Shareholders of the Company as at 31 October 2019, being the LPD are set out in the tables below together with the effect of the Proposed Renewal of Share Buy-Back Authority assuming that SYF implements the Proposed Renewal of Share Buy-Back Authority in full and all the Shares purchased are fully cancelled under the following scenarios:-

**Minimum Scenario**

Assuming that the Proposed Renewal of Share Buy-Back Authority is undertaken in full and that none of the outstanding 5,622,000 ESOS options of the Company, which are exercisable as at the LPD, are exercised into new SYF Shares.

**Maximum Scenario**

Assuming that the Proposed Renewal of Share Buy-Back Authority is undertaken in full and that all outstanding 5,622,000 ESOS options are exercised into SYF Shares.

**Minimum Scenario**

	No of Shares held as at the LPD		% <sup>^</sup>	After Proposed Renewal of Share Buy-Back Authority		% <sup>#</sup>
	Direct	Indirect		Direct	Indirect	
<b>Directors</b>						
Dato' Sri Ng Ah Chai	337,276,200	1,920,000 <sup>(a)</sup>	56.93	337,276,200	1,920,000 <sup>(a)</sup>	0.34
Dato' Sri Chee Hong Leong, JP	37,656,600	-	6.36	37,656,600	-	-
Ng Wei Ping	-	339,196,200 <sup>(b)</sup>	-	-	339,196,200 <sup>(b)</sup>	60.86
Datuk Mohamed Arsad Bin Sehan	-	-	-	-	-	-
Dato' Mohamad Azmi Bin Ali	-	-	-	-	-	-
Dato' Abdul Rashid Bin Mat Amin	-	-	-	-	-	-
Dato' Wong Gian Kui	-	-	-	-	-	-
<b>Major/substantial Shareholder</b>						
Dato' Sri Ng Ah Chai	337,276,200	1,920,000 <sup>(a)</sup>	56.93	337,276,200	1,920,000 <sup>(a)</sup>	0.34
Dato' Sri Chee Hong Leong, JP	37,656,600	-	6.36	37,656,600	-	-
Dato' Sri Thong Kok Khee	-	50,015,200 <sup>(c)</sup>	-	-	50,015,200 <sup>(c)</sup>	8.97
Insas Berhad	-	50,015,200 <sup>(d)</sup>	-	-	50,015,200 <sup>(d)</sup>	8.97

Notes:-

- <sup>^</sup> Calculated based on the issued share capital (less treasury shares of 26,846,800) of 592,392,212 Shares as at the LPD.
- <sup>#</sup> Calculated based on the issued share capital (less treasury shares of 61,923,901) of 557,315,111 Shares, under the Minimum Scenario.
- (a) Disclosure made pursuant to Section 59(1)(c) of the Act on interest held by his spouse, Datin Sri Chee Ah Kuan.
- (b) Disclosure made pursuant to Section 197 of the Act on interest held by his parents, Dato' Sri Ng Ah Chai and Datin Sri Chee Ah Kuan.
- (c) Disclosure made pursuant to Section 8 of the Act on indirect interest held by Insas Berhad.
- (d) Disclosure made pursuant to Section 8 of the Act on interest held by Insas Plaza Sdn Bhd and Montego Assets Limited, wholly-owned subsidiaries of Insas Berhad.

**Maximum Scenario**

	No. of Shares held as at the LPD				Assuming full exercise of the				(II)				
	Direct		Indirect		Direct		Indirect		Direct		Indirect		
	% <sup>^</sup>	% <sup>^</sup>	% <sup>^</sup>	% <sup>^</sup>	% <sup>#</sup>	% <sup>#</sup>	% <sup>#</sup>	% <sup>#</sup>	% <sup>@</sup>	% <sup>@</sup>	% <sup>@</sup>	% <sup>@</sup>	
<b>Directors</b>													
Dato' Sri Ng Ah Chai	337,276,200	56.93	1,920,000 <sup>(a)</sup>	0.32	340,276,200	56.90	1,920,000 <sup>(a)</sup>	0.32	340,276,200	60.51	1,920,000 <sup>(a)</sup>	0.34	
Dato' Sri Chee Hong Leong, JP	37,656,600	6.36	-	-	37,656,600	6.30	-	-	37,656,600	6.70	-	-	
Ng Wei Ping	-	-	339,196,200 <sup>(b)</sup>	57.26	-	-	342,196,200 <sup>(b)</sup>	57.22	-	-	342,196,200 <sup>(b)</sup>	60.85	
Datuk Mohamed Arsad Bin Sehan	-	-	-	-	-	-	-	-	-	-	-	-	
Dato' Mohamad Azmi Bin Ali	-	-	-	-	-	-	-	-	-	-	-	-	
Dato' Abdul Rashid Bin Mat Amin	-	-	-	-	-	-	-	-	-	-	-	-	
Dato' Wong Gian Kui	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Major/substantial Shareholder</b>													
Dato' Sri Ng Ah Chai	337,276,200	56.93	1,920,000 <sup>(a)</sup>	0.32	340,276,200	56.90	1,920,000 <sup>(a)</sup>	0.32	340,276,200	60.51	1,920,000 <sup>(a)</sup>	0.34	
Dato' Sri Chee Hong Leong, JP	37,656,600	6.36	-	-	37,656,600	6.30	-	-	37,656,600	6.70	-	-	
Dato' Sri Thong Kok Khee	-	-	50,015,200 <sup>(c)</sup>	8.44	-	-	50,015,200 <sup>(c)</sup>	8.36	-	-	50,015,200 <sup>(c)</sup>	8.89	
Insas Berhad	-	-	50,015,200 <sup>(d)</sup>	8.44	-	-	50,015,200 <sup>(d)</sup>	8.36	-	-	50,015,200 <sup>(d)</sup>	8.89	

Notes:-

- <sup>^</sup> Calculated based on the issued share capital (less treasury shares of 26,846,800) of 592,392,212 Shares as at the LPD.
- <sup>#</sup> Calculated based on the issued share capital (less treasury shares of 26,846,800) of 598,014,212 Shares, under the Maximum Scenario.
- <sup>@</sup> Calculated based on the issued share capital (less treasury shares of 62,486,101) of 562,374,911 Shares, under the Maximum Scenario.
- (a) Disclosure made pursuant to Section 59(1)(c) of the Act on interest held by his spouse, Datin Sri Chee Ah Kuan.
- (b) Disclosure made pursuant to Section 197 of the Act on interest held by his parents, Dato' Sri Ng Ah Chai and Datin Sri Chee Ah Kuan.
- (c) Disclosure made pursuant to Section 8 of the Act on indirect interest held by Insas Berhad.
- (d) Disclosure made pursuant to Section 8 of the Act on interest held by Insas Plaza Sdn Bhd, Montego Assets Limited, wholly-owned subsidiaries of Insas Berhad.

## **7. DIRECTORS' STATEMENT**

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority and after careful deliberation, is of the opinion that they are in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM of the Company.

The Board (save for Dato' Sri Ng Ah Chai and Ng Wei Ping) having considered all aspects of the Proposed Renewal of RRPT Mandate and after careful deliberation, is of the opinion that the Proposed Renewal of RRPT Mandate is in the best interest of the Company. Accordingly, the Board (save for Dato' Sri Ng Ah Chai and Ng Wei Ping) recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of RRPT Mandate to be tabled at the forthcoming AGM of the Company.

## **8. AGM**

The AGM, the notice of which is enclosed in this Statement/Circular, will be held at Emerald 1 Room, RHR Hotel @ Kajang, Wisma MKH, Jalan Semenyih, 43000 Kajang, Selangor on Wednesday, 8 January 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, to pass with or without modification, the resolution to give effect to the Proposals.

If you are unable to attend and vote in person at the AGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions contained, to be deposited at the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the AGM. You can also have the option to lodge the proxy appointment electronically via TIIH Online at website: <https://tiih.online> before the proxy form lodgement refer to the Annexure to Proxy Form. The lodging of the Form of Proxy will not preclude you from attending the AGM and voting in person should you subsequently wish to do so.

## **9. FURTHER INFORMATION**

Shareholders are requested to refer to the attached appendices for further information.

Yours faithfully,  
For and on behalf of the Board of Directors of,  
**SYF RESOURCES BERHAD**

**DATO' SRI NG AH CHAI**  
Executive Chairman & Chief Executive Officer

**FURTHER INFORMATION**

**1. RESPONSIBILITY STATEMENT**

This Statement/Circular has been seen and approved by the Directors and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement misleading.

**2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, the SYF Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the SYF Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the SYF Group.

**3. MATERIAL CONTRACTS**

Save as disclosed below, as at the LPD, the SYF Group has not entered into any material contracts (including contracts not reduced in writing), not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Statement/Circular:

- (a) On 29 January 2019, the Company's indirect wholly-owned subsidiary, SYF Development Sdn. Bhd. entered into a conditional share sale agreement ("SSA") with Kiara Susila Sdn. Bhd. ("KSSB") for the proposed acquisition of the entire equity interest in Giat Armada Sdn. Bhd. ("GASB"), for a cash purchase price of RM6,500,000 together with the settlement of advances owing by GASB to KSSB amounting to RM64,535,134. The SSA was completed on 5 July 2019.

**4. CONTINGENT LIABILITIES**

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the SYF Group, which upon becoming enforceable, may have a material impact in the ability of the Company to meet the obligations as and when they fall due:-

	<b>RM'000</b>
Corporate guarantees given by SYF to licensed banks for credit facilities granted to subsidiaries	84,946

**5. MATERIAL COMMITMENTS**

As at the LPD, the Board is not aware of any material commitments contracted or known to be contracted by SYF and/or its subsidiaries, that is likely to have an impact on SYF and/or its subsidiaries' profits or net assets upon becoming enforceable.



## **6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of the Company at Suite 10.02 Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) from the date of this Statement/Circular up to the date of the AGM:-

- (i) The Constitution of the Company;
- (ii) Audited consolidated financial statements of SYF for the financial years ended 31 July 2019 and 31 July 2018; and
- (iii) Material contract referred in Section 3 above.

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**SYF RESOURCES BERHAD**  
[Registration No. 199501035170 (364372-H)]  
(Incorporated in Malaysia)

**EXTRACT OF NOTICE OF THE TWENTY-FOURTH ANNUAL GENERAL MEETING**

**ORDINARY RESOLUTION 7  
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF RRPT  
MANDATE")**

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in the Statement/Circular to Shareholders dated 29 November 2019, provided that such transactions and/or arrangements are:-

- (a) necessary for the day-to-day operations;
- (b) are undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
- (c) are not detrimental to the minority shareholders of the Company.

AND THAT such approval, shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- (b) the expiration of the period within the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting, whichever is earlier;

AND THAT the estimated aggregate value of the transactions conducted pursuant to the Proposed Renewal of RRPT Mandate during a financial year will be disclosed, in accordance with the Listing Requirements, in the Annual Report of the Company for the said financial year;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of RRPT Mandate."

**ORDINARY RESOLUTION 8  
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN  
SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

"THAT, subject to the Companies Act, 2016 ("the Act"), the provisions of Constitution of the Company, the Main Market Listing Requirements ("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 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:-

- (i) the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares be backed by an equivalent amount of retained profits; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends;

AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

- (i) the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

