



XIN SYNERGY GROUP BERHAD

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(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTY-FOURTH ANNUAL GENERAL MEETING (“24TH AGM”) OF XIN SYNERGY GROUP BERHAD (“XIN SYNERGY” OR “THE COMPANY”) HELD ON FRIDAY, 11 SEPTEMBER 2026

REPLY TO QUESTIONS FROM THE MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”)

Operational & Financial Matters

- 1) The Group's investment portfolio recorded losses across two apparent positions during FY2026, neither of which is identified by name in the Annual Report (AR) 2026.

A quoted investment held for medium- to long-term strategic purposes was carried at RM50.04 million as at 31 March 2025, recorded a fair value loss of RM41.04 million through other comprehensive income, and was reduced to nil by 31 March 2026 (Pages 64 and 124 of the AR 2026).

The Group recognised a RM2.74 million realised loss on disposal of other investments and a RM935,172 fair value loss on other investments, both through profit or loss, relating to a different investment position (Pages 63 and 70 of AR 2026).

- a) Which quoted investment(s) were involved in each of these losses, and are they the same holding or separate positions?

The quoted investment involved in the realised loss on disposal of other investments amounting to RM2.74 million was mainly on MMAG Holdings Berhad (“MMAG”).

The Company and its subsidiaries (“Group”) initially invested in MMAG with the intention of holding the investment for the long term, based on management’s assessment of MMAG’s strong fundamentals, business prospects, sustainable growth potential and ability to create lasting value for shareholders.

However, during the financial year, MMAG experienced an unexpected adverse development which resulted in significant volatility and a sharp decline in its share price. The decline in the quoted market price consequently resulted in a substantial reduction in the fair value of the Group’s investment in MMAG. As a result, the fair value gain previously recognised in respect of the MMAG investment was fully reversed, with the cumulative fair value gain reduced to Nil.

The RM935,172 fair value loss on other investments comprises a diversified portfolio of quoted investments and does not relate to a single investment holding. The fair value loss arose primarily from the slight decrease in the market price of the respective quoted investments as at 31 March 2026, resulting in the portfolio being remeasured to its fair value at the reporting date.

The investments within this portfolio are separate from the investment position relating to the RM2.74 million realised loss on disposal of other investments.

The Group continues to monitor the performance and market values of its diversified investment portfolio and makes investment decisions based on the underlying companies' prospects, financial performance and future potential.

- b) Based on the monitoring done by the Group, does the Group expect a further decrease in the fair value of the RM6.44 million quoted investment newly acquired during the year and still held as at 31 March 2026 (Page 124 of AR 2026), or is the market value of this investment expected to recover?**

At this juncture, the Group does not have a specific expectation of a further decrease or recovery in the market value, as future movements in the quoted share price are subject to market conditions and the performance of the respective investee companies.

However, the Group continuously monitors the performance and developments of the investee companies, as well as relevant market conditions. Based on the Group's current assessment, the investment is held with consideration of the underlying companies' prospects and future potential, and the Group does not base its investment decision solely on short-term movements in the quoted market price.

- c) Given the scale of losses recorded across the portfolio this year, has this triggered a change in the Group's policy for quoted investments? Please explain.**

The Group's investment policy remains focused on companies with sound fundamentals and sustainable growth prospects, with quoted investments generally held on a medium- to long-term basis. Where the fundamentals remain healthy, the Group allows profits to run without imposing a specific profit-taking target.

On the downside, a decline of approximately 20% from acquisition cost generally triggers a reassessment, following which the Group may cut its position or average down, depending on the fundamentals and outlook of the investee company.

Following the Group's experience with its investment in MMAG during the financial year, while the Group's core investment philosophy remains unchanged, the Board will adopt a more disciplined approach to portfolio monitoring and consider partial profit-taking where appropriate to better manage investment risk.

- 2) The Group's 30% equity interest in Sanjung Square Development Sdn. Bhd. is carried at RM6.99 million (Page 121 of AR 2026), based on a discounted cash flow model applying a 13% to 22% margin assumption (Page 123 of AR 2026) and an 8.10% discount rate (Page 124 of AR 2026). Sanjung Square held a net liability position of RM3.14 million as at 31 March 2026, while its financial year end of 30 June is not coterminous with that of the Group (Page 123 of AR 2026).**

- a) What sensitivity analysis has been performed on the recoverable amount? What movement in the discount rate or budgeted gross margin assumptions would be required before an impairment loss is triggered?**

The sensitivity analysis was performed on the cash flow projections of Sanjung Square Development Sdn. Bhd.'s subsidiary based on the financial budget. The stress tests considered the impact of changes in:

- i) gross development values of unsold units;
- ii) overall gross development costs; and
- iii) additional costs of legal fees and contingent sum provision.

Based on the analysis, indication of impairment loss is triggered when the discount rate shifting up to 11% or budgeted gross margin dropping down to range of 1% to 8%.

- b) With current liabilities of RM20.31 million against current assets of RM17.17 million at the associate level (Page 122 of AR 2026), is there any further funding commitment or guarantee exposure to this entity?**

The Group is aware of the financial position of Sanjung Square Development Sdn. Bhd. ("Sanjung Square"), including its current liabilities of RM20.31 million against the current assets of RM17.17 million as at 31 March 2026. Sanjung Square is an investment holding company which holds a subsidiary company principally involved as a property developer. Notwithstanding its current financial position, this subsidiary has demonstrated commendable progress regarding its development project. The Group maintains a positive stance on this venture.

The Group confirms that there is no further funding commitment and/or guarantee exposure by the Group to Sanjung Square.

- 3) During FY2026, two subsidiary disposals were each followed by the related receivable becoming fully unrecoverable: Only Korea (M) Sdn. Bhd. (RM41 consideration, 51% to 10% stake) and Jadem IG Solutions Sdn. Bhd. (RM1,000 consideration) (Page 118 of AR 2026). The RM1.5 million owed by Only Korea was fully impaired, and a RM7.07 million amount was written off against amounts owing from subsidiaries (Page 112 of AR 2026), the latter corresponding to Jadem IG Solutions' balance falling to nil in FY2026 (Page 114 of AR 2026), together totalling RM8.57 million against RM1,041 in proceeds.**

A further RM10.33 million is owed by nine other subsidiaries, led by Great Marvel Sdn. Bhd. at RM5.03 million (Page 114 of AR 2026), with recoverability flagged as a Key Audit Matter (Page 58 of AR 2026).

- a) What were XSGB's commercial terms and rationale for disposing of Jadem IG Solutions and Only Korea for nominal consideration while carrying unrecovered receivables of RM7.07 million and RM1.5 million respectively, and were these balances assessed as impaired before or only upon disposal?**

The disposal of Jadem IG Solutions Sdn. Bhd. and Only Korea (M) Sdn. Bhd. was undertaken as part of the Group's review and rationalisation of its investments and subsidiaries. The nominal consideration for the respective disposals reflected the commercial circumstances and financial position of the entities at the time of disposal, as well as the Group's assessment of the value attributable to the respective equity interests. The disposals were not undertaken primarily for the purpose of recovering the outstanding receivables.

With regard to the amounts owing by Jadem IG Solutions and Only Korea, both receivables had already been assessed for recoverability and fully impaired in the prior financial year, before the respective disposals were made. The impairment assessment was based on the circumstances at that time, including the financial position and ability of the respective entities to repay the outstanding amounts. Accordingly, the subsequent disposals for nominal consideration did not give rise to the initial impairment of these receivables. The receivables had already been recognised as impaired in the prior financial year, and the disposals subsequently reflected the Group's decision to exit its interests in the respective entities.

b) What is the financial position and repayment capacity of Great Marvel Sdn. Bhd., the largest remaining subsidiary debtor at RM5.03 million, and what safeguards are in place to prevent a similar disposal-and-impairment outcome?

Great Marvel Sdn. Bhd. ("Great Marvel") remains in a strong financial position, with total assets of approximately RM65.04 million as at 31 March 2026.

Great Marvel has a substantial asset base comprising, among others:

- Investment properties with a carrying amount of RM12.00 million;
- Fixed deposits with licensed banks of approximately RM2.54 million;
- Lands and property development costs with a carrying amount of approximately RM15.91 million; and
- Unsold development property of approximately RM1.35 million.

In addition, Great Marvel is progressing with its ongoing property development activities in Simpang Ampat. This provides Great Marvel with a potential source of cash proceeds to support its working capital requirements and financial obligations.

Taking into consideration Great Marvel's overall asset base, cash and fixed deposits, investment properties, lands and development assets as abovementioned, justifies that Great Marvel has the financial capacity and capability to repay the amount owing to Xin Synergy Group Berhad.

To mitigate the risk of a similar disposal-and-impairment outcome, Great Marvel will make the repayment once it secures an optimal liquidity position. Further, the Group continues to closely monitor Great Marvel's financial position, cash flow, project development progress and the recoverability of the amount due to the Group.

QUESTION RAISED BY SHAREHOLDER DURING THE MEETING

Q1: It was noted that the Company was recently involved in litigation with its former Directors. What controls have been implemented across the Group to mitigate the risk of similar breaches occurring in the future?

A1: The Board is committed to upholding the highest standards of corporate governance and to discharging its duties diligently. The Group has implemented additional internal controls to strengthen its governance and oversight framework.

The Board, particularly the Independent Directors, would raise and address any red flags identified with the Executive Directors and Management. The Board will continue to enhance the Group's governance and control environment to mitigate the risk of similar occurrences in the future.