SHARIAH PRONOUNCEMENT

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"SHARIAH ADVISER"

Prepared for:

KBSE BULLION SDN BHD
(202101005918)
"THE COMPANY"

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بسم الله الرحمن الرحيم

الحمد لله رب العالمين والصلاة والسلام على أشرف الأنبياء والمرسلين وعلى آله وأصحابه أجمعين

1. INTRODUCTION

Elzar Shariah & Technology Solutions Sdn Bhd ("**Shariah Adviser**") has undertaken a reassessment of the Shariah compliance of the business activities, operational structures, transaction mechanisms, procedures and related arrangements undertaken by **KBSE Bullion Sdn Bhd ("the Company") under its MEEM Gold business and brand**.

The reassessment was conducted as part of the renewal of the Company's Shariah certification and was intended to determine whether the relevant structures and operational mechanisms continue to conform with the applicable principles and requirements of Shariah.

Following the reassessment, the Shariah Adviser is satisfied, subject to the conditions and qualifications stated in this Pronouncement, that the structures and operational mechanisms reviewed are **Shariah compliant**.

This Pronouncement shall be read together with the Company's approved standard operating procedures, operational guidelines, transaction documents, terms and conditions and other materials reviewed and approved by the Shariah Adviser.

2. SCOPE OF SHARIAH REVIEW

For purposes of the current Shariah certification renewal, the Shariah Adviser has reviewed the following areas:

1. Company Legal Background and Corporate Structure;
2. Sale of Physical Gold Products;
3. Gold Safe Storage ("GSS") Structure and Operational Mechanism;
4. Procedures of Physical Gold Trade-In;
5. GSS Exchange;
6. Operation of the Gold Hub;
7. Sales Mechanisms Utilised on TikTok Shop;
8. Pre-Order and Standing Instruction Sales Procedures;
9. Affiliate Programme and Dealership Operations;
10. Assaying Certification Process by KL Assay Office (M) Sdn Bhd;
11. Standard Operating Procedures, Guidelines and Terms & Conditions; and
12. Silver Safe Storage.

The above scope corresponds directly with the areas covered under the renewed Shariah Certificate.

3. GENERAL SHARIAH PRINCIPLES APPLICABLE TO GOLD TRANSACTIONS

Gold constitutes a **ribawi item**, and transactions involving gold against currency are therefore subject to the principles governing **Bai' al-Sarf**.

Accordingly, the Company shall ensure, where applicable, that:

3.1 Spot Settlement

The relevant exchange of consideration shall be completed within the permissible Shariah parameters applicable to a spot transaction.

Any operational arrangement shall not result in an impermissible deferment of either countervalue which may give rise to **riba al-nasi'ah**.

3.2 Ownership

The Company shall not sell any gold unless the relevant gold is owned by the Company or the Company otherwise possesses the necessary Shariah-recognised authority to undertake the transaction.

3.3 Possession (*Qabd*)

The purchaser shall acquire either:

a) actual possession (*qabd haqiqi*); or

b) valid constructive possession (*qabd hukmi*),

of the purchased gold in accordance with the transaction structure.

Where a representative or employee is appointed to take possession on behalf of the purchaser, such arrangement shall be properly established under the applicable principles of **wakalah**.

The previous Pronouncement similarly recognised constructive possession through an appointed *wakeel* where the relevant gold was identified and possessed on behalf of the customer.

3.4 Identification and Allocation

Where ownership relates to allocated gold, the relevant quantity or unit of gold shall be sufficiently identified, recorded and allocated to the customer so that ownership and possession are capable of being ascertained.

3.5 Transparency

The material characteristics of the gold and the applicable transaction shall be sufficiently disclosed, including where relevant:

a) type of product;

b) purity;

c) weight;

d) price;

e) applicable fees and charges;

f) method of delivery or collection; and

g) other material transaction terms.

Such disclosure is necessary to minimise *gharar*, misunderstanding and dispute between the parties.

4. COMPANY LEGAL BACKGROUND AND CORPORATE STRUCTURE

The Shariah Adviser has reviewed the Company's legal background and corporate structure as part of the current reassessment.

Based on the documents and information made available to the Shariah Adviser, no Shariah objection has been identified which would prevent the Company from undertaking the approved activities referred to in this Pronouncement.

Shariah Status: APPROVED / SHARIAH COMPLIANT

This approval remains subject to the Company maintaining all applicable corporate, operational and regulatory requirements relevant to its activities.

5. SALE OF PHYSICAL GOLD PRODUCTS

The Company undertakes the sale of physical gold products through the sales channels and processes approved by the Shariah Adviser.

The sale of physical gold shall be conducted in accordance with the requirements of **Bai' al-Sarf**, particularly in relation to ownership, payment, possession and avoidance of impermissible deferment.

The Company shall ensure that the gold being sold is available and capable of being delivered or validly possessed by the purchaser at the relevant time.

Where constructive possession is utilised, adequate operational records shall evidence the transfer of ownership and possession to the customer.

All material information concerning the product, price and applicable fees shall be disclosed prior to completion of the transaction.

Shariah Status: APPROVED / SHARIAH COMPLIANT, subject to continued compliance with the approved transaction sequence and operational procedures.

The earlier Pronouncement similarly approved physical gold sales where the transaction was conducted on a spot basis in accordance with *Bai' al-Sarf*.

6. GOLD SAFE STORAGE (GSS)

The Shariah Adviser has reviewed the structure and operational mechanism of the Company's **Gold Safe Storage ("GSS")** facility.

The GSS structure shall ensure that:

a) any gold sold to a customer genuinely exists and is supported by sufficient physical gold;
b) the relevant customer's ownership is properly recorded;
c) the quantity of gold owned by each customer is ascertainable;
d) the relevant gold is appropriately allocated, identified or otherwise capable of being specifically accounted for;
e) the customer obtains Shariah-recognised possession of the relevant gold;
f) the Company's records accurately reflect the customer's gold ownership;
g) the customer is able to exercise the rights attached to ownership in accordance with the approved terms and procedures; and
h) the Company shall not create, sell or represent gold ownership in excess of the underlying physical gold available under the approved structure.

The previous Pronouncement expressly recognised the use of an appointed *wakeel*, constructive possession and identification of allocated gold for GSS transactions.

Shariah Status: APPROVED / SHARIAH COMPLIANT, subject to continued adherence to the approved GSS structure and operating procedures.

7. PHYSICAL GOLD TRADE-IN

The Company's physical gold trade-in mechanism has been reviewed by the Shariah Adviser.

For Shariah purposes, a trade-in involving old gold and new gold shall not be structured as a direct net exchange which could give rise to a prohibited exchange of unequal quantities of ribawi items.

Accordingly, the approved mechanism shall preserve the separation between:

1. the Company's purchase of the customer's existing gold; and
2. any subsequent purchase of another gold product by the customer.

The first transaction shall be properly completed before the second transaction is entered into.

The customer shall remain free, following completion of the first transaction, either to retain the sale proceeds or to enter into a separate purchase transaction.

This principle is consistent with the earlier Pronouncement, which required the purchase and subsequent sale to be executed separately in order to avoid potential *riba* or other Shariah concerns.

Shariah Status: APPROVED / SHARIAH COMPLIANT.

8. GSS EXCHANGE (GOLD–SILVER EXCHANGE)

The Shariah Adviser has reviewed the mechanism relating to the exchange between gold held under the **Gold Safe Storage ("GSS")** arrangement and silver held under the **Silver Safe Storage ("SSS")** arrangement.

Under the reviewed mechanism, the applicable gold-to-silver exchange ratio ("**G:S Ratio**") is determined by reference to the prevailing respective prices of gold and silver at the relevant time of the exchange.

For operational purposes, the equivalent quantity of silver or gold is determined based on the applicable GSS and SSS prices, and the resulting exchange quantity may be expressed in the applicable unit of weight in accordance with the Company's approved operational mechanism. The operational document illustrates, for example, the determination of a G:S Ratio by dividing the prevailing GSS price per gram by the prevailing SSS price per gram.

From the Shariah perspective, gold and silver are both **ribawi commodities of different genera**. Accordingly, an exchange between gold and silver may be undertaken at different quantities or values, provided that the transaction satisfies the applicable requirements of **Bai' al-Sarf**, particularly the requirement for the reciprocal exchange and possession of both countervalues within the permissible transaction session.

Accordingly, the Company shall ensure that:

a) the applicable GSS and SSS prices and the corresponding exchange ratio are determined and disclosed prior to completion of the transaction;
b) the quantity of gold and silver forming the subject matter of the exchange is clearly ascertainable;
c) both the gold and silver forming the subject matter of the exchange are owned, available and capable of being transferred under the approved structure;
d) the respective ownership and possession of the exchanged gold and silver are transferred in accordance with the applicable requirements of *Bai' al-Sarf*;
e) the Company's system and records accurately reflect the corresponding debit and credit of gold and silver following completion of the exchange; and
f) no impermissible deferment is introduced into either side of the exchange.

8.1 Exchange Charge

The reviewed operational mechanism provides for an **exchange charge of 1.0%**, calculated by reference to the relevant quantity of gold or silver involved in the

transaction. The operational document provides examples of the calculation of such charge in gold and silver units.

The application of any exchange charge shall be subject to the following conditions:

a. the charge shall be clearly disclosed to the customer prior to the transaction;

b. the basis and method of calculation shall be transparent and ascertainable;

c. the charge shall represent a legitimate fee associated with the relevant service or operational arrangement and shall not constitute an additional deferred countervalue under the *Bai' al-Sarf* transaction; and

d. the treatment of the charge in the Company's system and accounting records shall remain consistent with the mechanism reviewed and approved by the Shariah Adviser.

8.2 Physical Gold–Silver Exchange

Where the exchange involves physical gold and silver products, including the exchange between **Dinar and Dirham**, the Company shall ensure that the relevant product specifications, weight, applicable premium, product price and final exchange quantity are determined and disclosed prior to completion of the transaction.

The operational document submitted for review illustrates the determination of a physical Dinar–Dirham exchange using the respective product prices and the corresponding ratio.

Any rounding mechanism applied in determining the final physical quantity shall be implemented in accordance with the approved operational procedure and shall be sufficiently disclosed to the customer before the transaction is concluded.

Shariah Status: APPROVED, subject to the proper execution of the exchange in accordance with the applicable requirements of *Bai' al-Sarf* and the approved operational mechanism.

9. GOLD HUB

The Shariah Adviser has reviewed the operational mechanism of the Company's **Gold Hub**.

Transactions conducted through the Gold Hub shall comply with the same substantive Shariah requirements applicable to the underlying gold transaction, notwithstanding the channel or platform through which the transaction is facilitated.

In particular, utilisation of the Gold Hub shall not:

a) permit the sale of gold not owned or available for sale;
b) cause impermissible deferment in a transaction governed by *Bai' al-Sarf*;

c) prevent the customer from obtaining the requisite possession of the purchased gold;
d) result in inaccurate or duplicate allocation of the same gold; or
e) alter the approved transaction sequence without prior Shariah approval.

Shariah Status: APPROVED / SHARIAH COMPLIANT, subject to implementation in accordance with the reviewed operational process.

10. SALES THROUGH TIKTOK SHOP

The Shariah Adviser has reviewed the mechanism utilised by the Company for the sale of its products through **TikTok Shop**.

The use of a third-party electronic marketplace does not, in itself, alter the Shariah character of the underlying transaction.

Accordingly, sales undertaken through TikTok Shop shall continue to satisfy the relevant requirements relating to:

a) ownership and availability of the gold;
b) clear product description;
c) price transparency;
d) payment;
e) contractual formation;
f) possession;
g) delivery; and
h) applicable fees and charges.

The electronic platform shall merely facilitate the transaction and shall not cause the underlying transaction to depart from the approved Shariah structure.

Shariah Status: APPROVED / SHARIAH COMPLIANT, subject to the continued operation of the sales mechanism in accordance with the process reviewed by the Shariah Adviser.

11. PRE-ORDER AND STANDING INSTRUCTION SALES PROCEDURES

The Company may utilise pre-order and/or standing instruction arrangements only in accordance with the mechanisms reviewed and approved by the Shariah Adviser.

Where the underlying gold is not yet available for immediate sale, a pre-order or standing instruction shall not be treated as a completed sale of gold before the relevant Shariah requirements for the actual sale have been satisfied.

Accordingly, any preliminary instruction, reservation or commitment shall be distinguished from the eventual gold sale contract.

The actual sale shall only be completed when the requirements relating to ownership, consideration and possession applicable to the relevant transaction have been satisfied.

Shariah Status: APPROVED / SHARIAH COMPLIANT, provided that the pre-order or standing instruction does not itself result in an impermissible deferred exchange of gold and currency.

12. AFFILIATE PROGRAMME AND DEALERSHIP OPERATIONS

The Shariah Adviser has reviewed the Company's affiliate programme and dealership operations.

Any commission, incentive, reward or benefit payable to an affiliate or dealer shall be linked to genuine and permissible services or sales activities undertaken in accordance with the Company's approved programme.

The reward structure shall:

a) be sufficiently disclosed;
b) be linked to legitimate commercial activities;
c) not constitute payment for prohibited activities;
d) not involve deception, misrepresentation or unlawful exploitation; and
e) comply with the applicable terms and conditions approved by the Shariah Adviser.

The previous Pronouncement also recognised incentive arrangements where rewards were connected to the performance of specified sales activities and satisfaction of stipulated conditions.

Shariah Status: APPROVED / SHARIAH COMPLIANT, subject to compliance with the approved incentive and dealership structure.

13. ASSAYING AND GOLD CERTIFICATION

The Company utilises assaying and certification processes to determine and verify the purity and fineness of its gold products.

The Shariah Adviser recognises the importance of this process in reducing uncertainty and ensuring that material characteristics of the gold are accurately represented to customers.

The earlier Pronouncement similarly approved the assaying process on the basis that verification of gold quality and purity assists in eliminating *gharar* concerning the fineness of the gold.

The current reassessment includes the **assaying certification process undertaken by KL Assay Office (M) Sdn Bhd**.

Shariah Status: APPROVED / SHARIAH COMPLIANT.

14. STANDARD OPERATING PROCEDURES, GUIDELINES AND TERMS & CONDITIONS

The Company's Standard Operating Procedures ("SOPs"), operational guidelines and relevant Terms & Conditions form an integral part of the Shariah-compliant implementation of the approved structures.

The Company shall ensure that such documents remain consistent with this Pronouncement and with any specific conditions or directions issued by the Shariah Adviser.

Where there is any material inconsistency between the actual operational practice and the approved documents, the matter shall be referred to the Shariah Adviser for review and rectification.

15. SILVER SAFE STORAGE (SSS)

The Shariah Adviser has reviewed the structure and operational mechanism of the Company's **Silver Safe Storage ("SSS")** facility.

Under the reviewed mechanism, customers are able to acquire and maintain silver through the SSS account based on the applicable selling price determined by the Company.

The operational documentation submitted for review demonstrates that the SSS selling price may incorporate a *spread* or *markup* over the applicable silver base price. It also provides examples of purchase amounts, applicable FPX charges and the resulting gross profit calculation.

For Shariah purposes, the SSS arrangement shall be subject to the following requirements:

15.1 Ownership and Availability of Silver

The Company shall ensure that any silver sold to a customer is supported by actual silver owned by the Company or otherwise held under a Shariah-recognised arrangement that validly authorises the Company to undertake the sale.

The Company shall not sell silver which it does not own or over which it does not possess the necessary Shariah-recognised authority.

15.2 Identification and Allocation

The quantity of silver purchased by each customer shall be accurately determined and properly recorded in the Company's system.

Where the arrangement involves allocated silver, the relevant silver shall be sufficiently identified, allocated or otherwise accounted for in accordance with the approved mechanism so that the customer's ownership can be objectively established.

15.3 Possession (*Qabd*)

The customer shall obtain valid possession of the purchased silver, whether through actual possession (*qabd haqiqi*) or constructive possession (*qabd hukmi*), in accordance with the approved operational structure.

Where constructive possession is utilised, the Company's system and supporting records shall provide sufficient evidence that ownership and control of the relevant quantity of silver have been transferred to the customer.

15.4 Pricing and Disclosure

The applicable selling price of silver, including any relevant *spread*, markup, transaction charge or other fee, shall be sufficiently disclosed to the customer before completion of the purchase.

Any variation in the selling price resulting from changes in the underlying silver price, applicable spread or other pricing component shall be reflected transparently in the relevant transaction.

15.5 Payment

Payment for the purchase of silver shall be effected in accordance with the approved transaction mechanism and the applicable requirements governing transactions involving ribawi commodities.

Any third-party payment or FPX charge shall be separately identifiable and shall not create uncertainty as to the actual purchase price of the silver.

15.6 Customer Records

The Company's system shall maintain accurate records relating to, where applicable:

a) quantity of silver purchased;

b) applicable price;

c) date and time of transaction;

d) customer ownership balance;

e) relevant charges;

f) subsequent sale or exchange; and

g) withdrawal or physical conversion, where available.

15.7 Sale, Withdrawal and Exchange

Where a customer subsequently sells, withdraws or exchanges the silver held under the SSS account, such transaction shall be undertaken through a separate and clearly identifiable transaction in accordance with the applicable Shariah requirements and approved operational procedures.

Where SSS silver is exchanged for GSS gold, the transaction shall additionally comply with the requirements set out under **Section 8 – Gold–Silver Exchange** of this Pronouncement.

Shariah Status: APPROVED, subject to continued implementation in accordance with the structure, pricing mechanism, transaction procedure and operational controls reviewed and approved by the Shariah Adviser.

16. CONTINUING SHARIAH COMPLIANCE

The Shariah approval contained in this Pronouncement is based on the information, documents, structures, transaction sequences and operational processes made available to and reviewed by the Shariah Adviser.

Accordingly, the Company shall continue to:

1. implement the transactions according to the approved structures and sequences;
2. maintain sufficient documentary and system records evidencing ownership, possession, allocation and completion of the relevant transactions;
3. ensure that its actual operational practices remain consistent with the documents reviewed by the Shariah Adviser;
4. submit any proposed **material amendment** to the existing structures, procedures, products or mechanisms to the Shariah Adviser for prior review and approval;
5. provide the Shariah Adviser with reasonable access to relevant information and documents for purposes of periodic Shariah review or audit; and
6. promptly rectify any Shariah non-compliance identified through subsequent monitoring or review.

This is consistent with the renewed Certificate, which expressly makes the certification conditional upon continued adherence to approved structures and processes and reserves to the Shariah Adviser the right to conduct periodic reviews, audits and necessary amendments.

17. SHARIAH PRONOUNCEMENT AND APPROVAL

Based on the documents, information, representations, structures, mechanisms and operational procedures made available to and reviewed by us, and subject to the conditions set out in this Pronouncement, Elzar Shariah & Technology Solutions Sdn Bhd, in its capacity as Shariah Adviser, is of the view that the business activities, structures and operational mechanisms of KBSE Bullion Sdn Bhd (MEEM Gold) falling within the scope of this Pronouncement are acceptable and compliant with Shariah principles.

Accordingly, the Shariah Adviser hereby confirms its Shariah approval in respect of the reviewed structures and operations, subject at all times to:

a) proper implementation and execution of the approved transaction structures and operational mechanisms;
b) continued compliance with the applicable Shariah requirements;
c) adherence to the approved Standard Operating Procedures, Guidelines and Terms & Conditions;
d) maintenance of adequate operational and transactional records; and
e) prior review and approval by the Shariah Adviser of any material amendment to the approved structure, process or operational mechanism.

This Pronouncement shall apply for the certification period commencing on 14 April 2026 and ending on 13 April 2028, unless earlier amended, replaced, suspended or withdrawn by the Shariah Adviser.

This Pronouncement supersedes the previous Shariah Pronouncement dated 22 August 2022 insofar as the structures and operations covered therein have subsequently been reassessed and are within the scope of this renewed Pronouncement.

And Allah knows best.

23 April 2026 / 5 Zulkaedah 1447H

MUHAMMAD HAZRI ABDULLAH
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