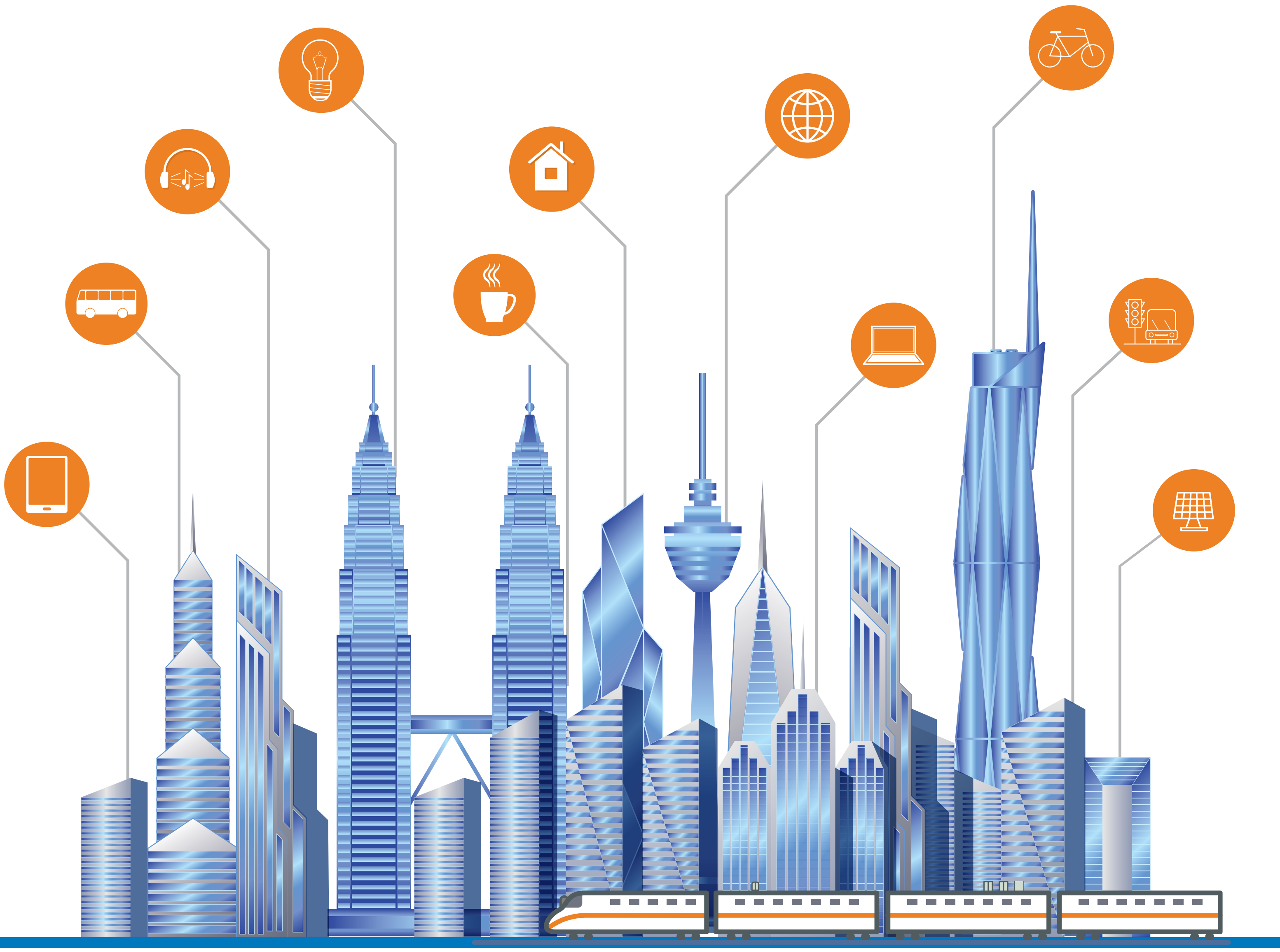
METRONIC GLOBAL BERHAD

200301029648 (632068-V)



ANNUAL REPORT 2022

METRONIC

Metronic Global Berhad

200301029648 (632068-V)

19th

ANNUAL GENERAL MEETING

From the broadcast venue at
Level 10, Tower 11, Avenue 5,
No. 8, Jalan Kerinchi, Bangsar South,
59200 Kuala Lumpur

Wednesday, 30 November 2022

10.30 a.m.

OUR VISION

To be an internationally recognized leading engineering and technology total solution provider.

OUR MISSION

- To apply our unique management style that incorporates our manpower resources, experience, expertise, innovation and creative approach.
- To continously seek new technologies that meet our clients' requirements.
- To create a workplace that motivates our employees.
- To develop strategic relationships with partners who have skill that enhance and complement our own.
- To continually improve the effectiveness of the quality management system.
- To maximize value of our stakeholders.

WHAT'S INSIDE

CORPORATE PROFILE

COMPANY HISTORY AND DEVELOPMENT

Background of Company

Metronic Global Berhad ("the Company'' or "MGB'') was incorporated in Malaysia under the Companies Act, 1965 on 22 October 2003. The company was listed on MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities'') on 24 May 2004 and subsequently transferred to the Main Board (now known as Main Market) of Bursa Securities on 12 July 2007.

The subsidiary of the Company specializes in system integration of intelligent building management systems ("IBMS'') and integrated security management system ("ISMS''), and a project management of mechanical and electrical service contracts. One of the Company's subsidiary has a land that was planned for mix development. In 2020, the Company had ventured into a smart technology and smart city system with artificial intelligent products, e-service apps and smart private workstation to meet growing market trend and better lifestyle. In 2021, the Company subsequently ventured into Solar Energy Business ("SEB"). The Group believes that the fundamental to the Company and its subsidiaries ("the Group'' or "MGB Group'')'s success is driven by the mission to continuously seeking new technology solutions and offerings, and improve its quality service and deliveries that are exceeded customers' increasing expectations.

The Evolution of the MGB Group

The origin of the MGB Group can be traced back to August 1984 when Metronic Engineering Sdn Bhd ("MESB") was incorporated to provide building automation service specializing in the field of IBMS and ISMS. MESB subsequently expanded its business activities to include e-Project Management ("e-PM") of mechanical and electrical service and supply of engineering systems.

During the early years, MESB played a pivotal role in nation building by providing state-of-the-art e-project management and system integration services for hospitals, office building, shopping complexes, airports, oil refineries and manufacturing plants. Over the years, the Group has leveraged its expertise to develop unique and innovative IBMS and ISMS products, solution and services, mainly in the areas of "intelligent buildings".

Over the years, the Group has strengthened its position in the value chain towards becoming an Integrated Control and Monitoring System ("ICMS") provider. By converging newer technologies with the Java Based Control & Monitoring Software™ ("JBCM™") platform, the Group is able to provide a value-added proposition for its customers by enhancing and expanding its product applications that will significantly enhance application security, manageability, reliability and availability of any application while lowering the cost of operations for its customers.

As technology progresses, intelligent buildings have evolved from mere stand-alone entities into interconnected hubs within the citywide infrastructure, known as "intelligent cities". With the convergence of technology, stand-alone buildings are slowly forming into smaller, ecosystems comprising a tightly integrated network of buildings that better enable the management and optimization of systems and resources. The driving force of the evolution of intelligent solutions is the ability to reduce cost, optimize manpower utilization and enhance service levels through aggregation, service integration and process automation.

In a move to diversify and complement its existing core business, in 2008, the Group via Metronic iCares Sdn Bhd, ventured into a Third-Party Administration and Managed Care Organization business for healthcare sector via the connectivity applications and infrastructure for the exchange of transactional information through internet. The Group however disposed it in 2013 due to unfavorable business prospects and the opportunity to realize the investment at an attractive return.

In 2015, the Group via its wholly owned subsidiary MGL Development Sdn Bhd ("MGL") ventured into property development. MGL had acquired a 7.9 acres freehold land in Kuala Krai, Kelantan which was planned for the development of retail and commercial shops, terrace houses and bungalows.

In 2020, the Group ventured into a research and development, importation and distribution of medical related products via its wholly owned subsidiary Metronic Medicare Sdn Bhd ("MMSB"). In addition to that, the Group through its wholly owned subsidiary, Metronic Smart Tech Sdn Bhd ("MST") has also

CORPORATE PROFILE (CONT'D)

ventured into Smart City System development during the year. The venture was in line with the Group's intention to expand business into the provision of smart solutions services, and Internet of Things ("IoT"). MST focuses on research, development and marketing of building automation and security system products, modules and production of an automated storage and retrieval system based on technologies of Industry 4.0 to be used for smart factories.

In 2021, in its pursuit to create new revenue stream and the favourable outlook of renewable energy business, the Group has leveraging on its experience in the engineering business to venture into solar photovoltaic ("PV") business. The Group, through a joint venture arrangement, shall carry out the design, research and development, and installation of solar power system at the customers' premises. The solar energy business is not just expected to contribute positively towards the Group's future earning but it is also enable the Group to contribute towards environmental conservation by reducing carbon emissions.

PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

Presently, MGB Group, through its subsidiary, MESB specializes in design, supply, install, testing and commissioning, and service and maintenance of Integrated Building Management System ("IBMS"), Building Management System ("BMS"), Energy Management System ("EMS"), Security System (Card Access, Closed Circuit TV System, Guard Tour and Car Parking System), Information and Communication Technology System ("ICT"), Extra Low Voltage System ("ELV") and Audio-Visual System and Information Technology System ("AVS"). While, the Group's wholly owned subsidiary, MGL, has 7.9 acres of lands in Kuala Krai, Kelantan. Based on the development plan, the project shall consist 179 units of retail and commercial shops, terrace houses and bungalows with the estimated Gross Development Value ("GDV") of about RM73.9 million.

The Group is also involved in the research and development of medical related products under its wholly owned subsidiary MMSB. MMSB has participated in the research program of COVID-19 Neutralizing Antibody Test Kit ("Test Kit"). The test kit is expected to provide an easy way to assess the patients' immunity system against the COVID-19 infection. MMSB has obtained an Establishment License from Medical Device Authority ("MDA") on 11 August 2022 and is presently in the process of product registration with MDA.

In addition to that, the Group, through its wholly owned subsidiary, MST which has ventured into Smart City System is presently undertaking a research, development and preparing proposal for marketing of building automation and security system products, modules and production of an automated storage and retrieval system based on technologies of Industry 4.0 to be used for smart factories.

Subsequent to the joint venture agreement entered and the acquisition of 70% interest in the joint venture company, Sinaran PPA Sdn Bhd ("SPSB"), the Group has placed its footing in the solar PV business that will be involved in the marketing, design, research and development and installation of solar power system as well as to provide after-sales services support thereafter. During the year SPSB has obtained the required registration as a Registered Solar PV Investor ("RPVI") with Sustainable Energy Development Authority ("SEDA"). SPSB has also secured two (2) power purchase agreements ("PPA") with a total capacity of 4.121 Megawatt ("MW"). Currently, SPSB is in the midst of conducting the engineering, procurement, construction and commissioning ("EPCC") for the said projects in Northern Region.

At present, in view of the status progress of its other ventures, the Group main focus remains for its engineering services works related to the building management system that encompass design, supply, install, testing and commissioning, and service and maintenance of IBMS, BMS, EMS, Security System (Card Access, Closed Circuit TV System, Guard Tour and Car Parking System), ICT, ELV and Audio-Visual System and Information Technology System ("AVS").

In the pursuit to achieve its vision to be a leading engineering and technology solution provider, the Group continues to explore new technologies, solutions and pursue available business options in order to improve its offering to clients.

CERTIFICATIONS AND RECOGNITIONS

MESB, is accredited as an ISO 9001: 2015 total solution company for "Design, Engineering, Construction, Project Management, Commissioning, Service and Maintenance of Intelligent Building Management System ("IBMS"), Intelligent Building Security Systems ("IBSS") and Mechanical – Electrical Services"

MESB, remains the ECOXpert™ partner of Schneider that enables MESB to enjoy better costing and other privileges such as marketing and training funds.

SPSB, a Registered Solar Power Investor certified by SEDA.

CORPORATE INFORMATION

BOARD OF DIRECTORS

HOO WAI KEONG
Executive Director cum Chief Executive Officer

DORIS WONG SING EE
Executive Director

DATO' KUA KHAI SHYUAN
Non-Independent Non-Executive Director

MUHAMMAD FALIQ BIN MOHD REDZUAN
Independent Non-Executive Director

ONG TEE KEIN
Independent Non-Executive Director

AUDIT COMMITTEE

Ong Tee Kein
Chairman

Dato' Kua Khai Shyuan
Member

Muhammad Faliq Bin Mohd Redzuan
Member

NOMINATION COMMITTEE

Muhammad Faliq Bin Mohd Redzuan
Chairman

Ong Tee Kein
Member

Dato' Kua Khai Shyuan
Member

REMUNERATION COMMITTEE

Muhammad Faliq Bin Mohd Redzuan
Chairman

Ong Tee Kein
Member

Dato' Kua Khai Shyuan
Member

EMPLOYEES SHARE OPTION SCHEME COMMITTEE

Dato' Kua Khai Shyuan
Chairman

Hoo Wai Keong
Member

COMPANY SECRETARIES

Tan Tong Lang
(SSM PC No. 202208000250)
(MAICSA 7045482)

Thien Lee Mee
(SSM PC No. 201908002254)
(LS0010621)

REGISTERED OFFICE

Level 5, Block B, Dataran PHB
Saujana Resort, Seksyen U2
40150 Shah Alam, Selangor
Tel: 03-7890 0638
Fax: 03-7890 1032

SHARE REGISTRAR

Aldpro Corporate Services Sdn Bhd
Level 5, Block B, Dataran PHB
Saujana Resort, Seksyen U2
40150 Shah Alam, Selangor
Tel: 03-7890 0638
Fax: 03-7890 1032

AUDITORS

Chengco PLT (AF 0886)
Wisma Cheng & Co
No. 8-2, 10-1 & 10-2, Jalan 2/114
Kuchai Business Centre
58200 Kuala Lumpur
Tel : 03- 2242 3780
Fax : 03-2242 2780

SOLICITORS

Messrs Chong + Kheng Hoe

BANKERS

Malayan Banking Berhad
SME Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock name : Mtronic
Stock code : 0043

CORPORATE WEBSITE

www.metronic-group.com

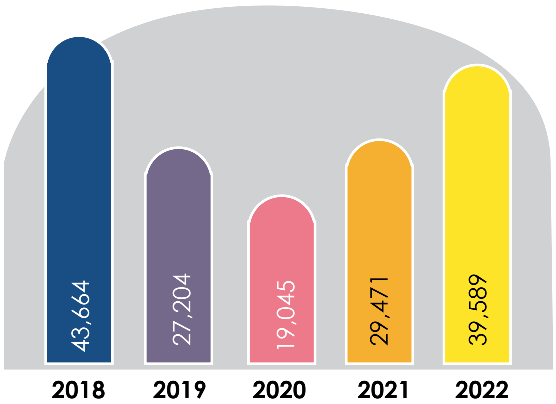
CORPORATE STRUCTURE

METRONIC
Metronic Global Berhad
[Registration No. 200301029648 (632068-V)]

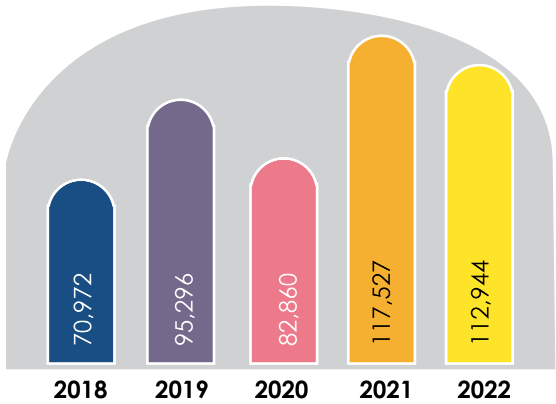
- 100% METRONIC ENGINEERING SDN BHD [198401012848 (125404-M)]
- 100% MGL DEVELOPMENT SDN BHD [200601013298 (733049-M)]
- 100% M TWO COUNTRY DEVELOPMENT SDN BHD [200201022663 (590326-A)]
- 100% METRONIC SMART TECH SDN BHD [200601034232 (753991-V)]
  - 80% METRONIC JF SYSTEM PTE LTD (202040085W)
- 100% METRONIC INTEGRATED SYSTEM SDN BHD [199501002838 (332032-D)]
- 100% METRONIC MEDICARE SDN BHD [202001028932 (1385252-X)]
- 70% BONANZA PARTNERS SDN BHD [201501004084 (1129416-H)]
- 100% METRONIC VIETNAM COMPANY LIMITED
- 70% SINARAN PPA SDN BHD [202101019729(1420029-T)]

FIVE-YEAR FINANCIAL HIGHLIGHTS

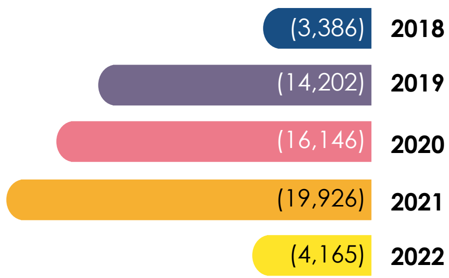
REVENUE
(RM'000)



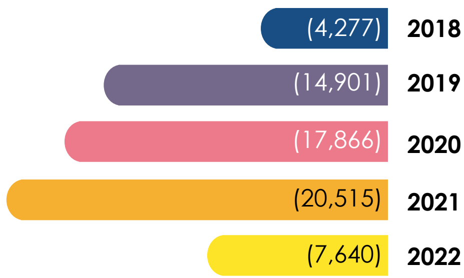
SHAREHOLDERS' FUNDS
(RM'000)



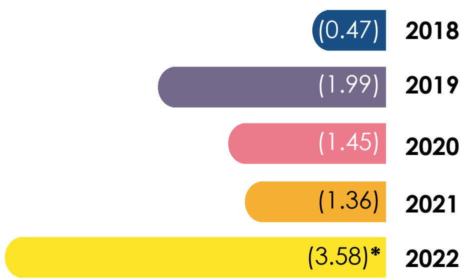
LOSS BEFORE TAX
(RM'000)



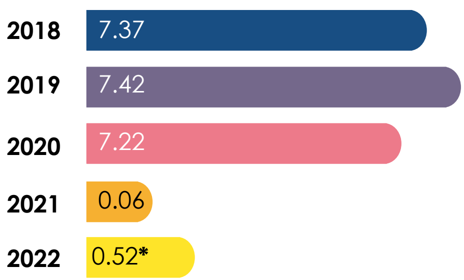
LOSS FOR THE YEAR
(RM'000)



NET LOSS PER SHARE
(SEN)



NET ASSETS PER SHARE
(SEN)



* During the financial year, the Company undertook a share consolidation exercise which involved the consolidation of every ten (10) existing shares in the Company into one (1) share of the Company.

PROFILE OF DIRECTORS

HOO WAI KEONG

Malaysian, Male, Aged 46 years
Executive Director cum Chief Executive Officer

Mr. Hoo Wai Keong ("Mr. Brian") was appointed to the Board of Metronic Global Berhad ("MGB") as Executive Director on 3 July 2017. Subsequently, he was redesignated to Executive Director cum Chief Executive Officer on 1 March 2019. He is the member of Employees Share Option Scheme Committee.

He graduated from Singapore Nanyang Polytechnics with a Higher Diploma in Industries Studies and Industrial Automation Control Systems in year 1997. He has over twenty-five (25) years of working experiences in engineering services and involvement in top management level operation as well as full operation experiences in various industries and different sectors from contract manufacturing to components fabrication, design and build for Industrial 4.0, renewable energy saving engineering in commercial and industrial, construction engineering and building automation smart technology system in commercial and infrastructure which he also specializing in business development, strategic planning, consultancy and corporate advisory in merger and acquisition as well as joint venture across Malaysia, Singapore, Europe, United States of America and China.

He started his career in Singapore as a mechanical engineer in factory automation machinery and system company which he in-charged the design and building automation system and electronics, project management, installation, testing and commissioning. He then appointed as a mechanical strategic buyer for audio electronics systems for Multinational company ("MNC"), which involved in strategic sourcing and negotiating, perform cost analysis and cost saving program under products value analysis, managing Just-In-Time ("JIT") on vendors daily delivery operation. He proceeds his career as a Sales and Project Development Manager for semiconductors electronics equipment, where he handled daily customer service, new project development and ensure all specification meet customers' requirements and manage the whole supply chain in order to fulfil customers delivery schedule.

In year 2005, he setup his own company in Singapore which deals with engineering fabrication ranging from precision machinery spare parts and components to fabrication of higher precision for banking machines, semiconductor equipment and automotive components. He extended his business and factory setup in China in year 2009, where he has full range of facilities in terms of Computerize Numerical Control ("CNC") machineries, sheet metal fabrication, plastics moulding production, sub-assembly services and cosmetics secondary processes. He was the managing director of the company until 2018. After he left his own company, he joined MGB where he currently acts as the Executive Director cum Chief Executive Officer.

Mr. Brian also sit on the Board of BSL Corporation Berhad as an Executive Director.

He has no family relationship with any of the Directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offences, if any.

PROFILE OF DIRECTORS (CONT'D)

DORIS WONG SING EE

Malaysian, Female, Aged 41 years
Executive Director

Ms. Doris Wong Sing Ee ("Ms. Doris") was appointed to the Board of MGB as Executive Director on 1 October 2020.

She holds Master in Corporate Governance and also Graduate Cert. in Accounting from HELP University. Prior to that, she graduated from Multimedia University with B.Sc. (Hons) in Creative Multimedia, majoring in Media Innovation. She has more than 20 years of experience in management level across various industries ranging from advertising, property development, F&B, and oil & gas, specializing in Business Development, Strategic Consultancy, Restructuring and Corporate Advisory in Merger & Acquisition and Joint Venture across Malaysia, Singapore, China, Japan, Thailand and Indonesia.

Starting off as a Business Development Manager in her career path, her enthusiastic attitude has molded her to become Business Development Director within just a year before she was promoted to Managing Director in Niagamatic Sdn Bhd. In 2012, she was appointed as Business Consultant in a legal firm ("JLPW Law Firm") where she gained exposures in handling international Restructuring, Merger & Acquisition and Joint Venture deals. She was then appointed by a leading Japanese advertising firm listed in Tokyo Stock Exchange, Asatsu-DK ("ADK") as Malaysia's country General Manager in 2015 in one of its subsidiaries, Dai-Ichi Kikaku Sdn Bhd to turn around the company.

She currently sits on the Board of Trive Property Group Berhad, as an Non-Independent Non-Executive Director.

She has no family relationship with any of the Directors and/ or major shareholders of the Company and its subsidiaries. She does not have any conflict of interest with the Company and she has not been convicted for any offence in the past five (5) years.

DATO' KUA KHAI SHYUAN

Malaysian, Male, Aged 38 years
Non-Independent Non-Executive Director

Dato' Kua Khai Shyuan was appointed to the Board of MGB as Non-Independent Non-Executive Director on 30 March 2017. He is currently the Chairman of Employees Share Option Scheme Committee and member of Audit Committee, Nomination Committee and Remuneration Committee.

He completed his Degree with Bachelor in Commerce Management and Marketing from Curtin University of Technology in the year 2006 to the Board of MGB. He began his career in year 2007, acting as the Regional Manager for Malaysia Region in a Multi-International Healthcare Products Company that is responsible to manage the overall mobile sales team as well as the supply chain management of the company's products range. In year 2009, he joined into a local company specializing in the fabrication of plastics moulds and plastic injection moulding as a Head of Marketing Division.

He now serves as Executive Director of Trive Property Group Berhad, the Executive Director of DGB Asia Berhad, and the Non-Independent Non-Executive Director of M N C Wireless Berhad.

He has no family relationship with any of the Directors and/or major shareholders of the Company. He does not have conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offences, if any.

PROFILE OF DIRECTORS (CONT'D)

MUHAMMAD FALIQ BIN MOHD REDZUAN

Malaysian, Male, Aged 36 years
Independent Non-Executive Director

Encik Muhammad Faliq Bin Mohd Redzuan was appointed to the Board of MGB as an Independent Non-Executive Director on 6 September 2018. He is currently the Chairman of Nomination and Remuneration Committee and member of Audit Committee.

He started his career as an IT support System administrator in South Melbourne, Victoria , Australia. He was responsible for supporting hardware and software related issues within the company to ensure high level of availability of supported business applications.

In 2010, he joined Gagnar Solutions Sdn Bhd, an Information Technology company which holds licenses with Adobe, Autocat and HP to distribute their products. He assisted and managed in implementing a number of projects with various government agencies and local schools and universities throughout the country. He was responsible for developing markets in Malaysia in respect of Process Controls and Safety Instrument Systems.

In 2013, he joined Seahorse Platforms Asia Sdn Bhd ("SPA") as a planning manager in the engineering, procurement and construction sectors of the Proprietary Seahorse Lightweight Platform Technology for the Tembikai Field Development project.

Currently he is involved in the construction industry with Gagnar Contracting Sdn Bhd. He is overseeing the supply of raw construction materials to Concrete Batching Plants and the Sungei Besi - Ulu Kelang Elevated Expressway ("SUKE") highway project in Kuala Lumpur. He has forged extensive partnerships with various suppliers throughout the country to supply construction related products such as soil, sand and rocks.

He does not hold any directorship in other public companies.

He has no family relationship with any of the Directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

ONG TEE KEIN

Malaysian, Male, Aged 65 years
Independent Non-Executive Director

Mr Ong Tee Kein was appointed as Independent Non-Executive Director on 17 April 2019. He is a member of Audit Committee. He is a member of the Malaysian Institute of Accountants ("MIA"). Mr Ong has several years of experience in industry and financial consultancy.

He is currently a director in Sanichi Technology Berhad, DGB Asia Berhad, Fintec Global Berhad, and Mlabs Systems Berhad. He is also a director of several private limited companies.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Economic And Industry Overview

We foresee year 2022 as another challenging but also hugely rewarding year for the construction industry. Over the past year, our sector has reached significant recovery from the 2020 recession resulting from the COVID-19 outbreak. On 15 June 2021, the Malaysian Government instigated the National Recovery Plan ("NRP"), which aims to alleviate the country from the economic fallout brought about by the COVID-19 pandemic. The successful rollout of the country's COVID-19 vaccination programme further expedited the resumption of business activities and economic recovery.

Malaysia's Gross Domestic Product ("GDP") grew by 3.1% in 2021 from a contraction of 5.6% in the previous year because of the intensive efforts to normalise business operations and public lifestyle[(1)]. The construction sector displayed a 2.4% growth in Q1 of 2022 — its first positive growth since Q2 of 2021[(2)].

Nevertheless, the construction industry has also faced a number of headwinds that are expected to persist. These include a worsening labor shortage, hostile cost environment, supply chain disruption, lower outstanding order book, etc.

Operating Environment Overview

Similar to most companies, the Group's business operations were affected by the COVID-19 outbreak during the first half of this financial year. Most construction works either halted or limited their operations to restrain the spread of the virus in pursuant to the Movement Control Order ("MCO"). Even after the MCO was lifted, we continued to encounter disruptions, such as having to abide by stringent standard operating procedures ("SOPs") for the health and safety of our construction sites. These obstructions have impeded the progress of our projects as originally and normally envisaged. Additional costs were incurred whenever a COVID-19 case was detected, as all personnel at our sites had to undergo COVID-19 testing and the entire project site must be sanitized before any work is resumed.

We are delighted that for the financial year ended 2022 ("FYE 2022"), the government has refocused on continuing existing projects and reiterating previously planned infrastructure projects. However, the global inflation and the escalated tensions between Ukraine and Russia have impacted the global supply prices of necessary commodities, such as crude oil, coal, natural gas, aluminum and steel. As a result, project tenders have become trickier as most contracts are typically executed on a fixed price basis. Nonetheless, with the reopening of global borders and the transition towards endemicity,

CHIEF EXECUTIVE OFFICER'S STATEMENT (CONT'D)

we can foresee a clear path where the Group can proceed in executing backlog projects as well as new projects.

Financial Performance

MGB registered a favourable financial performance in FYE 2022 primarily by regaining momentum in revenue as the country transitions to COVID-19 endemicity. There were also no operational interferences in the second half of FYE 2022. MGB's revenue was increased by RM10.12 million or 34.3% to RM39.59 million from last year's reported revenue of RM29.47 million. The Group's net loss from continuing operations was significantly decreased by RM14.76 million from last year's RM22.12 million to RM7.36 million in FYE 2022. This tremendous improvement is mainly due to a higher revenue coupled with lower expenses as a result of the reversal of impairment losses on assets amounting to RM2.52 million in FYE 2022 as compared to impairment losses on assets amounting to RM8.77 million in the previous financial year.

Outlook

Malaysia's Construction Market is expected to grow at a Compound Annual Growth Rate ("CAGR") of approximately 6% during the forecast period of 2022-2027[3]. The projected boom will be driven by improved economic conditions, the government's focus on completing large-scale infrastructure projects, and increased investment in energy projects. In September 2021, the government announced its plan to establish the Public Private Partnership ("PPP") 3.0 model, a specialized mechanism to fund infrastructure projects in the 12th Malaysia Plan ("12MP") between 2021 and 2025. Targeted to capture growth opportunities, this will greatly benefit the construction industry in the future.

Observing increased global demand and expenditure in the private sector, Bank Negara Malaysia ("BNM") projects Malaysia's GDP to expand between 5.3% and 6.3% 2022[4]. After movement restrictions were eased in Malaysia in April 2022, economic recovery is expected to accelerate as all sectors are now permitted to recommence full operations.

Additionally, mega projects, such as the Mass Rapid Transit ("MRT") Sungai Buloh-Serdang-Putrajaya ("SPP") Line ("MRT2"), can be constructed in full swing to meet the target completion date by end of the year. The East Coast Rail Link ("ECL") project, which has been delayed due to the lockdown, has now been resumed. We are optimistic that our proven and reliable track record in rail and other construction projects proves that we can attain future prospective projects, including the Johor Bahru – Singapore Rapid Transit System ("RTS") and the Mass Rapid Transit 3 ("MRT3").

As part of our earning diversification strategy, we have ventured into the Solar Energy Business ("SEB"). With this approach, the Group can create new revenue streams that will produce prolonged, consistent and stable cash flows. This will expand our earnings feasibility, allowing us to eventually provide returns to our shareholders.

The Group will also continue to apply different measures that will enhance our operational efficiency and effective cost management in order to improve our performance.

Appreciation and Acknowledgement

I would like to take this opportunity to express my sincerest gratitude to the management team and the entire group for their unwavering commitment and enthusiasm towards MGB's growth.

To my fellow Board members, I give you my cordial appreciation for being a great pleasure to work with, especially during these unprecedented times.

We would like to express our sincere gratitude to our former Chairman, Y.Bhg Tan Sri Dato' Sri Appandi Bin Ali and Deputy Chairman, Datuk Seri Tan Chun Hwa for their guidance and thoughtful leadership which were indeed very valuable and immensely benefited the company.

My appreciation also goes to the shareholders, customers, suppliers, business associates, financial institutions, consultancies and other stakeholders for your loyal and continued support.

[1] Bank Negara Malaysia (2022) Quarterly Bulletin VOL.36 No.4
[2] Bank Negara Malaysia (2022) Quarterly Bulletin VOL.37 No.2
[3] https://www.mordorintelligence.com/industry-reports/malaysia-construction-market
[4] Bank Negara Malaysia (2022) Economic and Monetary Review 2021

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF METRONIC GLOBAL BERHAD AND ITS SUBSIDIARIES ("THE GROUP")'s BUSINESS AND OPERATIONS

Metronic Global Berhad ("the Company" or "MGB") through its wholly owned subsidiary, Metronic Engineering Sdn Bhd ("MESB"), is involved in the engineering services works. MESB has been in the industry since 1984 and considered to be one of the local pioneers in the engineering services business. MESB specializes in design, supply, install, testing and commissioning, and service and maintenance of Integrated Building Management System ("IBMS"), Building Management System ("BMS"), Energy Management System ("EMS"), Security System ("Card Access, CCTV System, Guard Tour and Car Parking System"), Information and Communication Technology System ("ICT"), Extra Low Voltage System ("ELV"), Integrated Security Management System ("ISMS''), e-Project Management ("e-PM'') of mechanical and electrical service, sales and distribution of electronic products and integrated facilities management system. The business operations are primarily located in Malaysia with offices in Shah Alam, north and south of Peninsular Malaysia.

MGB previously ventured into property development under a wholly owned subsidiary MGL Development Sdn Bhd ("MGL"). MGL presently has 7.9 acres freehold development land in Kuala Krai Kelantan which was planned for the development of retail and commercial shops, terrace houses and bungalows.

MGB has also previously ventured into a research and development, importation and distribution of medical related products under a wholly owned subsidiary Metronic Medicare Sdn Bhd ("MMSB"). MMSB has participated in the research program of COVID-19 Neutralizing Antibody Test Kit ("Test Kit"). The test kit is expected to provide an easy way to assess the patients' immunity system against the COVID-19 infection. MMSB has obtained an Establishment License from Medical Device Authority ("MDA") on 11 August 2022 and is presently in the process of product registration with MDA.

In line with the Group's intention to expand its business into the provision of smart solutions services, and Internet of Things ("IoT"), the Group, through its wholly owned subsidiary, Metronic Smart Tech Sdn Bhd ("MST") has ventured into Smart City System development. MST focuses on research, development and marketing of building automation and security system products, modules and production of an automated storage and retrieval system based on technologies of Industry 4.0 to be used for smart factories within the estate of Jurong Town Corporate, Singapore.

The Group, in the pursuit to create new revenue stream, has also ventured into solar business through a joint venture arrangement. The diversification that has been approved by the shareholders on 21 March 2022 is expected to provide a steady and recurring income to the Group which has been relying from contracts works.

The Group foresees the growth in E-Commerce businesses shall be able to provide opportunities to the Group. The Group therefore had embarked its E-Commerce business through a development of E-Commerce platform to market and sell various engineering products and services. The E-Commerce business is synergized to the existing engineering business as it is expected to facilitate the existing customers ordering process as well as being a business enabler for its service and maintenance works.

During the financial year, the Group has deconsolidated its subsidiaries namely, Metronic Microsystem (Beijing) Co. Ltd, Anhui Lai'an Metronic Water Supply Co. Ltd. and Metronic Engineering Private Limited. The companies have been inactive for years due to resignation of local key management personnel and have a very challenging business prospects. Notwithstanding that, MGB remains as a shareholder.

During the financial year, the key source of revenue for the Group remains from the engineering services segment. The property development in Kuala Krai, Kelantan undertaken by its wholly owned subsidiary MGL remained stalled temporarily due to impending finalization of actions plans to resume the development works. The Group has yet to register any revenue from its ventures into Smart City, medical products and solar business that are presently under development.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS TRANSFORMATION PROGRAM

The Group has commenced a transformation journey in 2020 whereby it has undertaken a comprehensive review of the viability of its business and operation. Based on the results of the review, the Group has identified and undertaken several improvements measures includes to enhance all the current workflows, procedures, policies and practices used by various divisions for efficiency, effectiveness and most importantly, strengthening the corporate governance and policies. The Group has also explored and pursued other potential business opportunities towards expanding the revenue stream.

The Movement Control Orders ("MCO") implemented by the Government resulted from the COVID-19 outbreak has somehow affected the execution plans.

During the financial year, the management continues to review the performance of the Group's business and operations, and formulate action plans required to meet the corporate objectives. The management places greater emphasize towards rationalization and optimization of its projects and operational costs in order to deliver higher margin to the business operations.

A part of its transformation program, the Group, leveraging on its experience in the engineering services, ventured into smart system technology, Solar PV business, and E-Commerce. The solar business segment shall be able to provide opportunity to diversify into a stable and recurring revenue stream besides contributing towards reducing carbon emission. The smart system solution and E-Commerce business are complement and synergistic with its existing core business in engineering services. A capital raising exercise has also been undertaken to address the working capital requirements particularly for its new ventures.

FINANCIAL HIGHLIGHTS

	FYE 22 RM '000	FYE 21 RM '000
Revenue (continuing operation)	39,589	29,471
Gross profit (continuing operation)	13,685	8,736
Loss before taxation (continuing operation)	(3,887)	(21,527)
Net loss after tax	(7,362)	(22,116)
Total assets	220,134	162,599
Total Liabilities	107,190	45,072
Total borrowings	9,874	7,831
Shareholders' equity	112,944	117,527
Net asset per share (sen)	0.52	0.06

For the financial Year ended 30 June 2022 ("FYE 2022"), the Group recorded a revenue of RM39.59 million, increased by 34.3% compared to RM29.47 million recorded in the same period last year. The favorable performance recorded mostly due to Group's ability to make a keen advancement on engineering progress billing from the ongoing key project namely Projek Mass Rapid Transit Laluan 2 Sungai Buloh – Serdang Putrajaya ("MRT 2"), Merdeka PNB KL 118 project for the main tower, as well as new Extra Low Voltage System works for a Belfield Tunnel project.

The Group's financial performance during the year continues to be impacted by the residual effects of the COVID-19 pandemic, that had resulted to supply chain disruption, labor shortage and increase in material price. For the FYE 2022, the Group registered a net loss before tax of RM3.89 million. The amount was however improved from the net loss before tax of RM21.53 million recorded last year. During the financial year, the Group recorded a loss after tax of RM7.36 million resulted from a reversal of deferred tax assets of RM3.56 million as it anticipated the amount may not be able to be utilized within the stipulated period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS TRANSFORMATION PROGRAM (CONT'D)

FINANCIAL HIGHLIGHTS (CONT'D)

As at 30 June 2022, the Group's total assets stood at RM220.13 million, increased by 35.4% compared to RM162.60 million as at 30 June 2021. The significant increase mainly reported in its fixed deposits balance resulted from the placement of funds of RM77.97 million received towards end of the financial year from the Group's rights issue exercise.

Meanwhile, the Group also recorded higher total liabilities as at 30 June 2022 of RM107.19 million as compared to RM45.07 million as at 30 June 2021. The increase was mainly attributed to the funds from rights issue exercise received towards end of the financial year impending conversion into share capital.

Total outstanding borrowings as at 30 June 2022 was RM9.87 million, increased marginally from RM7.83 million reported as at the end of the previous financial year.

As at 30 June 2022, the Group's total equity stood at RM112.94 million, lower compared to RM117.53 million as at 30 June 2021. The decrease was mainly resulted from the loss after tax recorded during the current financial year however the amount had been partially offset by RM2.21 million increased in capital raised through a private placement exercise undertook during the financial year.

The MRT2 project secured in March 2018 worth RM50.00 million has started the installation work in December 2020 after a long delayed due to the change in government back in the year 2018 and the revision of the design. During the financial year, the Group has been able to perform about 39.0% of the contracts works and the revenue generated from the project accounted 54.3% of the Group's total revenue from engineering contract works.

During the financial period, about 36.1% of the Group's revenue from engineering contracts works was contributed by Merdeka PNB 118 three packages consists of Audio Visual and Information Technology System for Tower, and the supply, deliver, installation, testing and commissioning of the Audio-Visual System and Information Technology System for the Retail Mall and Hotel respectively with the total contact value collectively of RM59.00 million. The installation work for the tower that was started gradually in year 2020 only started picking up after the upliftment of MCO restriction in July 2021. For the Retail Mall and Hotel, the physical works only commenced in fourth quarter 2020.

The Group's services and maintenance division had been badly affected by the pandemic in last financial year mostly due to suspension or postponement of services requested by customers as well as cancellation of contracts due to closure of the customers' business. During the financial year, the services and maintenance segment started to pick up and it had contributed about 9.2% of the Group's total revenue.

The Group managed to record a higher gross margin of 34.6% as compared to previous year of 29.6% due to various measures undertook by the management included a cost optimization for project and operation costs, tight control on treasury operations and better management of the delivery lead time from oversea manufacturers.

Operational achievements

During the financial year, the Group has prioritized its resources towards accelerating the progress of its ongoing key projects namely MRT2, PNB Merdeka 118 that consist three packages for Tower, Hotel and Retail Mall. The Group has been able to obtain the extension of time ("EOT") required mainly resulted from the delay in contract works due to the delay in other civil and construction works. The Group's work progress was very much dependent on the site readiness that were undertook by other contractors.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS TRANSFORMATION PROGRAM (CONT'D)

FINANCIAL HIGHLIGHTS (CONT'D)

Operational achievements (Cont'd)

MGL which is the Group's property development's arm, is currently in the midst of finalizing actions plans to develop its 7.9 acres freehold development land in Kuala Krai Kelantan. Based on the original plan, the project consisted the development of 179 units retail and commercial shops, terrace houses and bungalows, if resume, is estimated to record a Gross Development Value ("GDV") of RM73.9 million.

The Group continued to pursue progress for its SMART solution project under joint venture arrangement with Singapore based JF Strategic Management Pte Ltd ("JFSM"). The progress however has been affected due to the resurgence of COVID-19 cases in both countries during the financial year.

Under the arrangement, a joint venture company – Metronic JF System Pte Ltd has been setup in Singapore to undertake the research, development and marketing of building automation and security system products, modules and any kinds of smart products. The company is also expected to participate in the development of Smart Factories and Space Optimization with the following scope of work:

a) of development of digital factory for plating processes with space and process re-design, process management, automation and project management;
b) implementation of radio shuttle pallet storage system and Vertical Lift Modula for entire warehouse; and
c) development and building of SMART warehouse of storage of scaffold or/and construction material through implementation of Radio Shuttle pallet system and customized heavy duty Automated Storage and Retrieval System ("ASRS").

The team is currently in the final stage preparation for the proposals to be marketed to manufacturing companies operating in Singapore and expected to approach potential customers by the end 2022.

During the financial year, the Group has ventured into Solar Power Purchase Project subsequent to the Memorandum of Agreement ("MOA") entered with Earthech Energy Sdn Bhd ("ETSB") on 1 July 2021 and the subsequent Subscription and Joint Venture Agreement ("the SJV Agreement") entered on 15 October 2021 with ETSB and Mr Chew Keng Yaw. The SJV agreement detailed out the terms of agreements for the parties in the proposed undertaking that will include to carry out the marketing, design, research and development and installation of solar power system as well as to provide after-sales services support thereafter.

In pursuant to the SJV Agreement, a new joint-venture company, namely Sinaran PPA Sdn Bhd ("SPSB"), has been incorporated and MGB has acquired a 70% interest in SPSB that shall be used as a vehicle to undertake the project. SPSB has been registered as Solar PV Investor ("RPVI") with Sustainable Energy Development Authority ("SEDA").

During the financial year, SPSB has secured two (2) power purchase agreements ("PPA") with a total capacity of 4.121 Megawatt ("MW"). Currently, SPSB is in the midst of conducting the engineering, procurement, construction and commissioning ("EPCC") for the said projects in Northern Region.

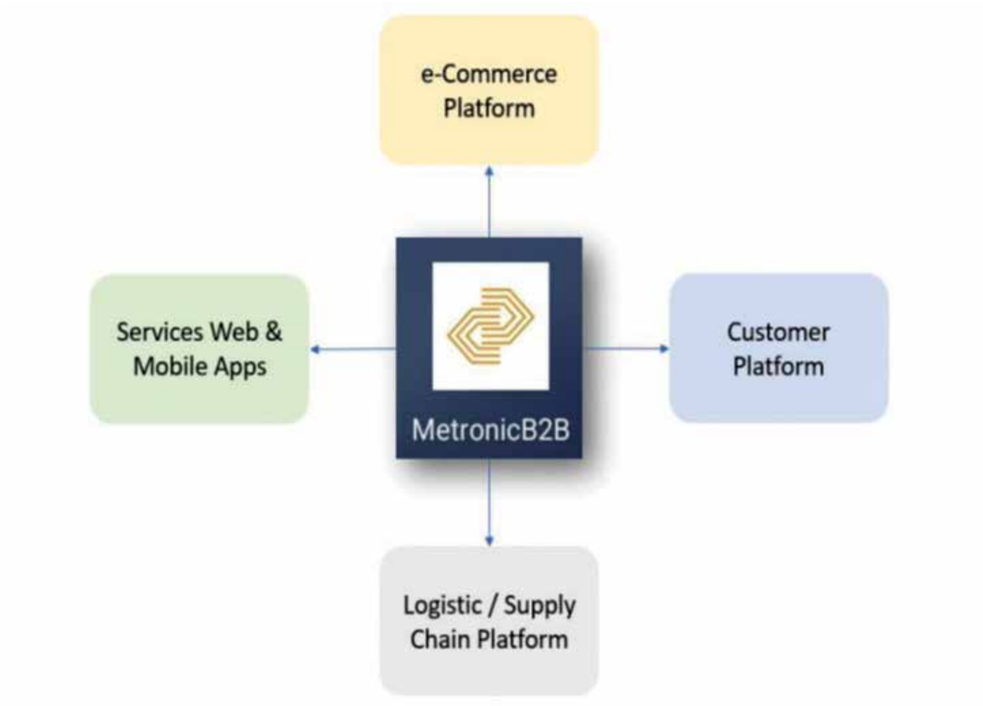
The Group, during the financial year, has also deployed resources and allocated substantial investment to develop the Information Technology system and on-line platform that will enable to integrate the Group's various systems includes Services Web & Mobile Apps, e-Commerce Platform, Customer Platform and Logistic/supply chain Platform. The systems and platforms are not just expected to provide additional revenue, instead, also becoming a business processes enabler that will improve the business process efficiency and effectiveness , and customer experience.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS TRANSFORMATION PROGRAM (CONT'D)

FINANCIAL HIGHLIGHTS (CONT'D)

Operational achievements (Cont'd)



During the financial year, the Company has undertaken the following corporate exercises the objectives among others to enable the Group to diversify into an additional income stream, to improve capital structure and to raising funds required for its working capital. The exercises are as follows;

i) The consolidation of the Company's every 10 existing ordinary shares into 1 Share ("Consolidated Shares");

ii) The diversification of the Group's existing business to include the design, research and development, installation, engineering, procurement, construction, commissioning and maintenance of solar PV panels, equipment and facilities and other related activities including solar leasing; and

iii) The issuance of rights issue shares with free warrants on the basis of 6 Rights Shares together with 2 free Warrants B for every 1 Consolidated Share held by the entitled shareholders.

The above exercises have been approved by Bursa securities and the shareholders on 24 January 2022 and 21 March 2022 respectively. The share consolidation was completed on 23 May 2022.

The Group continues to pursue recovery and resolutions of the on-going legal cases in China with regard to the recovery of outstanding rental and unauthorized transfer of one unit of office property held by its wholly owned subsidiary, Metronic Microsystem (Beijing) Co. Ltd. The progress has been slow due to various restriction imposed by the local government to contain the COVID-19 outbreak.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS TRANSFORMATION PROGRAM (CONT'D)

FINANCIAL HIGHLIGHTS (CONT'D)

Operational challenges and Improvement initiatives

In the pursuit to propel and remain ahead in the competitive industry, the Group is mindful of the challenges and risks, and has continued to take necessary measures to ensure its ability to achieve its operational and financial objectives.

The Group acknowledged the importance of all relevant stakeholders and has given high attention particularly the customers and suppliers.

The Group's financial performance is very much dependent on work order and its margin. During the financial year, the construction industry specifically related to building management system became more competitive with limited opportunity as a result of the delay in the projects award, entrance of new players and an increase in contract costs. It was very challenging to secure new contracts with decent profit margin especially after the COVID-19 pandemic hits the country. The cost of equipment kept increasing whilst suppliers and sub-contractors tightened their contract terms. It was also a challenge to the Company in getting timely payment from client. Despite these challenges, the Group has taken appropriate measures to address these challenges with the view of maximizing profit margin and reducing cost in mind.

Being involved in the skilled intensive industry, the retention of skilled and experienced personnel and engineers remains key challenges despite continuous effort and measures being undertaken to maintain our talent pool in anticipation of securing more major projects ahead. Efforts have been put to upgrade the employees' technical skill and maintain a competent team to stay competitive.

During the financial period, the Group continued to place the required resources towards attending several long outstanding issues such as the recovery of its property in Beijing, China under legal proceedings. It is foreseen that the case nature may take time and lot of resources needed to resolve the case especially in this post COVID-19 global pandemic outbreak and the implementation of rigid control measurements in China in line with their zero-COVID-19 policy.

Notwithstanding the above, the Group continues to leverage its long-term strategic relationship with the existing and potential business associates and partners that would enable to smoothen and improve the business process efficiency as well as cost effectiveness. MESB continues to pursue progress of its joint venture arrangements in order to meet the objectives.

The Group has also formed a dedicated team to explore and engage with engineering products suppliers and manufacturers for distributorship and Original Equipment Manufacturing ("OEM") arrangements.

The Group's Business Transformation Program to strengthen its business foundation is still on-going. The program amongst other, has identified key action plans required to improve its capability and competency, and it covered the improvement of the governance structure, business policies and work processes, performance management system and other work processes enablers.

The Group believes the diversification into Solar business which has favorable outlook due to the increase in environmental awareness and available incentives will be able to spur the business segment and subsequently contributing towards a long-term stable income stream and positively improving the financial performance.

Despite all the challenges and difficulties faced by the Group, we are committed in ensuring the Group's long-term growth by continuously exploring and pursuing available opportunities that are prospective to increase shareholders' value.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS TRANSFORMATION PROGRAM (CONT'D)

ANTICIPATED OR KNOWN RISKS

Following are risks identified which may affect its ability to achieve its operational and financial objectives:

1) Reducing construction and infrastructure projects due to economic and political environment;
2) Lower success rate in securing tender due to highly competitive pricing and entrance of new players; and
3) Loss of talented and skilled employee.

Plans to mitigate risks, among others:

1) Collaborate with key players in the complement works such as ICT, Mechanical & Electrical contractors and Air Cond contractors will create synergy in the pursuit to bid and participate in more sizable contract works;
2) Collaborate with the key equipment suppliers to enhance product features and the required certifications to improve bidding price competitiveness;
3) Establish a Research and Development unit to create better BMS solution and reduce product cost. The center will also play a pivotal role in creating more functions and interfacing with more devices, technology and IoT;
4) Form dedicated teams to explore other similar or complement business related opportunities;
5) To place greater focus on staff development programs;
6) Attract talented staff by changing working environment to a more conducive and corporate image, and adopting latest technology to improve efficiency and productivity of staff.

SIGNIFICANT CORPORATE DEVELOPMENTS

During the period, the Company has undertaken several corporate developments which was part of its transformation program towards improving financial performance, capital structure and addressing working capital requirements.

On 1 July 2021, the Company announced that it had entered into a Memorandum of Agreement ("MOA") with ETSB to regulate their working relationship in the formation of a joint venture for the Solar Power Purchase Project.

Subsequently on 15 October 2021, the Company entered into a Subscription and Joint Venture Agreement ("the SJV Agreement") with ETSB and Mr Chew Keng Yaw. The SJV agreement detailed out the terms of agreements for the parties on the proposed undertaking that will include to carry out the marketing, design, research and development, and installation of solar power system as well as to provide after-sales services support thereafter. In pursuant to the SJV Agreement, the Company has acquired a 70% interest in SPSB that shall be used as a vehicle to undertake the project.

On 19 November 2021, the Company announced its proposal to undertake the following corporate exercises:

i) proposed diversification of its existing core business in engineering services to include the design, research and development, installation, engineering, procurement, construction, commissioning and maintenance of solar PV panels, equipment and facilities and other related activities including solar leasing ("Solar Energy Business") ("Proposed Diversification");

ii) proposed consolidation of every its existing 10 ordinary shares in into 1 Share ("Consolidated share"); and

iii) proposed issuance of renounceable rights issue of up to 1,742,433,306 new Shares together with up to 580,811,102 free detachable warrants in the Company on the basis of 6 Rights Shares together with 2 free Warrants B for every 1 Consolidated Share held by the entitled shareholders on the entitlement date ("Proposed Rights Issue with Warrants").

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

BUSINESS TRANSFORMATION PROGRAM (CONT'D)

SIGNIFICANT CORPORATE DEVELOPMENTS (CONT'D)

On 24 January 2022, the Company announced that the above proposals have been approved by Bursa Securities. Subsequently on 21 March 2022, the proposal had also been approved by the shareholders in their Extraordinary General Meeting.

On 15 March 2022, the Company announced the expiry of its warrant A 2019/2022 issued in pursuant to a Deed Poll dated 1 March 2019 constituting the Warrants 2019/2022.

On 20 May 2022 the Company announced the consolidation of its every 10 existing shares into 1 share.

On 23 May 2022, the Company announced the completion of its shares consolidation exercise following to the listing and quotation of 216,857,919 Consolidated Shares on the Main Market of Bursa Securities.

On 13 July 2022, the Company announced the completion of its rights issue exercise following to the listing and quotation of 1,299,562,731 Rights Share and 433,187,525 Warrants B on the Main Market of Bursa Securities.

FORWARD-LOOKING STATEMENT

The Group is mindful of the challenges ahead for the engineering segment with the industry intense competition, supply chain disruption, prices increase and the uncertainty in economic and political situation. The delay in the implementation of mega rail infrastructure projects namely High-Speed Rail, MRT3 and other commercial projects has also affected the construction industries overall. The Group however remains optimistic of the prospect in the engineering services works, which consist of BMS, ELV and AVS businesses continue to grow with the expected commencement of high profiled construction project such as MRT3 and few other commercial building projects.

The Group to-date has submitted tenders for RM70.56 million and identified few potential works in the pipelines. Based on the various initiative undertaken to mitigate the risks, with our combined expertise and experience, financial resources and technical strength, we are optimistic to secure more contracts, and regain our market share and leadership position in this engineering services and building management system technology solutions provider industry.

The Group continues to strengthen the team and business strategies in order to build up a strong order book, as well as to further progress in its ventures into solar and E-commerce business. The Group will continue taking various measures to enhance operational efficiency and effective cost management in order to improve the financial performance of the Group.

SUSTAINABILITY STATEMENT

We have applied our expertise to create a new wave of pivotal infrastructure that is sustainable, resilient, and beneficial to the environment, customers, society and future generations.

ABOUT THIS REPORT

This is our first comprehensive Sustainability Statement, which affirms our commitment to sustainable development. With this disclosure, our stakeholders can be informed of the various sustainability strategies and initiatives that we have applied in the development and delivery of our products and services.

Scope and Boundary:

Reporting Period:

This report contains the Economic, Environmental and Social ("EES") activities implemented from 1 July 2021 to 30 June 2022. Our sustainability progress is contextualised by the inclusion of historical data from previous years to illustrate trends and provide a basis for comparison.

Reporting Guideline:

Bursa Malaysia Sustainability Reporting Guide (2nd Edition)

Reporting Cycle:

Annually, coinciding with our annual reporting.

Feedback:

We welcome your feedback. Email us at: corporate@metronic-group.com

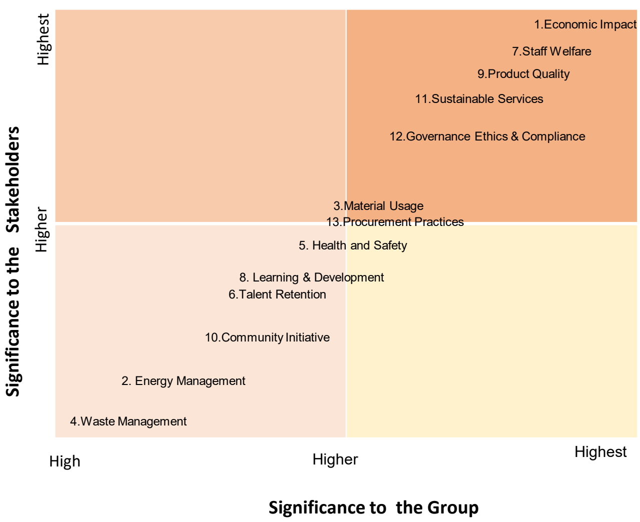
MATERIALITY MATTERS

Materiality analysis identifies the important EES themes where our actions can make an impact on sustainable development according to the assessment of our Group and our stakeholders.

We determined the material issues by collecting survey responses from our stakeholders and by conducting meetings with key management and Head of Departments ("HODs"). The materiality assessment revealed the EES issues that presented risks and opportunities. The collated data also allowed us to address the concerns of our stakeholders.

Materiality Matrix

Our materiality matrix is shown in the diagram below. The horizontal axis denotes the significance of the EES issues to our Group, and the vertical-axis reflects their significance to our stakeholders. Therefore, the EES issues that are deemed most important by both our Group and our stakeholders are those graphed on the top right-hand quadrant.



MATERIAL MATTERS	
ECONOMY	
1.	Economic Impact
ENVIRONMENT	
2.	Energy Management
3.	Material Usage
4.	Waste Management
SOCIAL	
5.	Health and Safety
6.	Talent Retention
7.	Staff Welfare
8.	Learning & Development
9.	Product Quality
10.	Community Initiatives
11.	Sustainable Services
12	Governance Ethics and Compliance
13.	Procurement Practices

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT

We recognise that our business operations are intertwined with various stakeholders, whose interests and concerns significantly impact the Group's decision-making process. Thus, we endeavour to build the trust of our stakeholders by maintaining open communication through a robust stakeholder engagement approach. Our process involves systematic identification, analysis, planning and implementation of actions that meet the stakeholders' needs and expectations.

The table below demonstrates how we engage with our stakeholders and address their most significant issues.

KEY STAKEHOLDERS	STAKEHOLDER INTEREST	ENGAGEMENT OBJECTIVES	ENGAGEMENT METHODS
Customers	Efficient and satisfactory services and deliveries	Deliver value-added and quality services and solutions that meet our customers' needs	• Customer satisfaction surveys • Personalised services Strategic alliance • Regular meetings • ISO 9001 Certification
Employees	Employee welfare Training and development Employee engagement	Create a safe workplace with good employee welfare, open communications and career advancement	• Safety briefing & toolbox meetings Workshops, seminars & training • Quarterly staff meetings Posters/memos
Supply Chain	Strategic partnership Sustainable practices	Drive sustainability across our supply chain	• Constant Communication • Periodical Evaluation • Supplier selection via pre-qualifications and tendering process
Government & Regulatory Bodies	Regulatory compliance Annual reporting Sustainability reporting	Comply with applicable laws and regulations across our entire operations	• Good relationships with government officials • Continuous update for any new regulations
Investors	Timely and transparent disclosure	Assist inventors in making informed investment decisions by providing timely and regular updates on financial performance, business strategy and other issues	• Quarterly financial result announcements Immediate announcement of material events Annual General Meeting • Corporate website
Local Communities	Community development initiatives	Support the economic, environmental and social development of local communities	• Local sourcing Donations and corporate contributions

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE

SUSTAINABILITY STRUCTURE

Our corporate governance structure ensures that a consistent sustainability direction is assimilated into all decision-making processes across the organisation.

The Board is the highest governing body that oversees the integration and promotion of sustainability in all our business activities. Their duties include the following:

- Promulgates the Group's strategic direction
- Approves corporate sustainability targets
- Monitors sustainability performance
- Assesses whether existing strategies are aligned with current best practices

The Senior Management is accountable for the success of our sustainability programmes. Their responsibilities include:

- Approves and assigns sustainability initiatives
- Proposes sustainability targets
- Updates the Board on the Group's sustainability progress

The HODs support the senior management in implementing sustainability actions. Their tasks include:

- Implement sustainability plans
- Monitor targets and compliance
- Recommend programmes to be initiated
- Update the seniour management on the status of the programmes and targets

COMPLIANCE AND ETHICS

Ethics and Transparency

All directors and employees of the Group and other concerned parties must abide by the Code of Conduct and the Anti-Corruption Policy, established to serve as guidance and inculcate a standard of ethical behaviour. These policies clarify important items, such as Conflicts of Interest, Related Party Transactions and Bribery, Corruption, Business Courtesies and facilitation payments. In addition, the Group does not support any political parties or contribute funds to groups whose activities are deemed to promote party interests or the election of a specific candidate.

Grievance Mechanism

The Whistleblowing Policy was enacted to reinforce our Core Values and Code of Ethics. It provides a platform through which our stakeholders can raise legitimate concerns and report in good faith any suspected misconduct, discrimination or other unethical issues regarding any aspect of our operations.
The Whistleblowing Policy is posted on our website and applies to all employees, directors, shareholders, consultants, vendors, contractors, external agencies or any parties with a business relationship with the Group.

SUSTAINABILITY RISK MANAGEMENT

Sustainability risk management is the system by which we align our profit growth with sustainability policies. We accomplish this by identifying our impacts and devising ways of minimising them. Risk management enables us to discover emerging issues in the areas of Human Resources, Contract Management, Sales and Marketing, Purchasing, Quality, Health and safety, Corruption, and Environmental Protection.

We carry out risk assessment by performing the following activities:

- Identification of risk areas with the process area;
- Assessment of existing controls in place;
- Identification of control weaknesses, if any;
- Identification of related risks left uncontrolled; and
- Highlighting the need for improvements.

SUSTAINABILITY STATEMENT (CONT'D)

EMPLOYEE

Mission: *'To create a workplace that motivates our employees'*

Consistent with our mission, "To create a workplace that motivates our employees", the material matters that are deemed important by both the Group and our stakeholders are:

- Health and Safety
- Talent Retention
- Staff Welfare
- Learning & Development

The above-mentioned themes are directly related to our Employees. Thus, we have established various policies with corresponding measures to promote their protection, well-being, productivity and growth.

EMPLOYEE PROTECTION POLICIES	
Employee Code of Conduct Policy	Security And Safety Policy
Employee Remote Work Policy	Sexual Harassment Policy
Equal Opportunity Employer Policy	Training & Development Policy
No Retaliation in Workplace Policy	Health And Safety Policy
Harassment Policy	

STAFF WELFARE

We have exerted great efforts to ensure that our employees enjoy worthwhile lives. Good well-being stems from a multi-faceted life comprising the financial and non-financial benefits of work life and the joys of personal life with their families, society and the community. To this end, we strived to improve the lifestyle and workstyle of our employees to fulfil our mission: *To create a workplace that motivates our employees.*

Picture: The Group donated RM5,000 to employees affected by the unprecedented flood and heavy rainfall in Peninsular Malaysia

LEARNING AND DEVELOPMENT

We aspire to foster an inclusive organisation that is conducive to the development of our employees. We have realised this goal by instituting training and development policies. All employees can take advantage of these learning opportunities tailored to their specific business areas and locations.

Our career ladder include; internal posting, secondment and promotion. A performance development appraisal is conducted at each level, followed by a performance improvement plan.

PERIOD	Training Hours	No. of Employees
1 July 2019 - 30 June 2022 ("FYE 2020")	138 hrs	101
1 July 2020 - 30 June 2021 ("FYE 2021")	135.5 hrs	14
FYE 2022	879.5 hrs	46

In the year under review, we have conducted 879.5 hours of training for 46 employees.

SUSTAINABILITY STATEMENT (CONT'D)

Diversity And Inclusivity

We aim to cultivate a responsible workplace that respects human rights and promotes inclusion to ensure the just development of diversified talent. We intend to nurture a working environment where all employees, regardless of their background or demographics, can contribute, thrive, perform, and grow.

OUR WORKFORCE

PERIOD	FYE 2022	FYE 2021	FYE 2020
Age Composition			
20-30	40 (37.04%)	38 (35.51%)	37 (32.17%)
31-45	52 (48.15%)	53 (49.53%)	62 (53.91%)
46-60	16 (14.81%)	16 (14.95%)	16 (13.91%)
Total	108	107	115
Gender Distribution			
Male	79 (73.15%)	77 (71.96%)	86 (74.78%)
Female	29 (26.85%)	30 (28.04%)	29 (25.22%)
Ethnic /Nationality Distribution			
Malays	81 (75%)	82 (76.63%)	84 (73.04%)
Other Ethnic Minorities	26 (24.07%)	23 (21.5%)	29 (25.22%)
Non-Malaysian	1 (0.93%)	2 (1.87%)	2 (1.74%)
New Employee Hires			
Male	18	6	7
Female	8	13	5
Employee Turnover			
Male	14	17	13
Female	5	14	9

Employee Retention by Gender						
PERIOD	FYE 2022		FYE 2021		FYE 2020	
Gender	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Turnover	14	5	17	14	13	9
Newly Hired	18	8	6	13	7	5

Workforce by Job Classification and Gender Distribution						
PERIOD	FYE 2022		FYE 2021		FYE 2020	
Gender	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Top Management	2	1	3	1	3	1
Management	15	6	17	5	16	5
Senior Executive	29	10	25	10	28	12
Executive	32	12	31	14	38	11
General Executive	1	-	1	-	1	-
Sub Total	**79**	**29**	**77**	**30**	**86**	**29**
Total	**108**		**107**		**115**	

SUSTAINABILITY STATEMENT (CONT'D)

HEALTH AND SAFETY

Having up-to-date health and safety standards remains a key priority. We take the health and well-being of our employees very seriously. Our team conducts rigorous due diligence to ensure that health and safety precautions are practiced across our organisation at all times.

SAFETY POLICY

MESB Engineering Sdn. Bhd. is dedicated to the promotion of Safety and Health principles at the workplace to this and comply with the Occupational Safety and Health Act, 1994 and its Regulations will be the mutual objective of the company and its employees.

It is the responsibility of the company, so far as is practicable to;

Provide and maintain a safe and healthy working environment for our employees and the public.

Ensure that employees are given adequate introduction/training to enable a "Safe Work Culture" at the workplace.

To review and update the above policy when necessary.

Although the Company must protect employees against hazards, our employees are also responsible in fully complying with this policy by:
- Exercising self-regulation and taking reasonable care of themselves and others;
- Using personal protective equipment or the provided clothing, and to avoid negligence and abuse;
- Reporting accidents or dangerous occurrences that have led to injury; and
- Adhering to company rules and procedures about health and safety at the workplace.

All accidents or injuries experienced by our employees and stakeholders must be promptly reported to the HODs or the HR Department, who will then accomplish a written incident report. Any employee or external stakeholders who have witnessed an accident or injury must notify those in charge as reporting a minor accident could help to avoid future occurrences.

Employees are entitled to comprehensive health and welfare programmes. Our remuneration package generally includes outpatient, hospitalisation and dental programmes, as well as applicable allowances. All employees are also covered with personal accident insurance.

CUSTOMER

We consider it essential to meet or even exceed our customers' expectations regarding the quality of our products and how we integrate sustainability across our entire value chain. We analyse our customer's needs and demands and translate them into action.

Mission: To continually improve the effectiveness of the quality management system.

QUALITY MANAGEMENT SYSTEM

We have established, implemented, maintained and continually improved our quality system according to international industry standards.

Our ISO 9001:2015 certification signifies that our quality meets our customers' and other stakeholders' needs within the statutory and regulatory requirements relating to our products and services. We are also a Construction Industry Development Board ("CIDB") certified contractor for Mechanical and Electrical Standard G-7, a Construction Industry Standard ("CIS') on the base quality requirement for the industry.

Lloyd's Register
ISO 9001:2015
Lloyd's Register

CIDB MALAYSIA
Mechanical & Electrical - G7
CIDB Malaysia

SUSTAINABILITY STATEMENT (CONT'D)

QUALITY POLICY

Metronic Engineering Sdn Bhd Quality Policy:

i. To promote value-added of our service and product to the satisfaction of our client.
ii. To enhance our performance and capability in order to obtain the best result and customer expectation.
iii. To motivate our staff being more productive, effective and more efficient.
iv. To continuously improve and innovate in our work.
v. To develop a good and strategic relationship with our partner, supplier and subcontractor.
vi. To maximize the value of our stakeholders.

We established our quality policy to ensure that our customers receive only the best products. This policy involves making strategic growth targets, building a framework, setting objectives that satisfy applicable requirements, and continuously improving the quality management system.

CUSTOMER ENGAGEMENT

METRONIC
Metronic Global Berhad
200301029648 (632068-V)

Customer Survey Form

Dear Valued Customer,

We are conducting a survey on our sales and marketing support, project site operation, and maintenance service. We would really appreciate it if you could take a few minutes to complete the following survey in order to help us improve our effectiveness in our future undertakings with your esteemed company. Last but not least THANK YOU for your time.

Your sincerely,
Metronic Group

Customer engagement is our strategy of cultivating an ongoing relationship between the Company and the consumers that goes beyond the transaction. We approach our engagements by providing consistent value at every customer interaction.

Aside from in-person meetings, we also conduct online surveys to reach out to our customers. By gathering feedback via customer satisfaction surveys, we can determine how to take care of our customers best and monitor changes in customer sentiment. We use the survey responses to understand the customer's satisfaction levels with products, services, and experiences.

ADVANCED PRODUCTS AND SERVICES

Mission: *To continuously seek new technologies that meet our clients' requirements.*

Innovation and technology are valuable assets that companies of all sizes must learn to embrace. Nowadays, more customers are becoming increasingly interested in implementing some form of advanced technology solution into their organisation.

Therefore, more than ever, we have added more solutions that are right for our customers and complement our strategic direction moving forward. The Group is in the midst of completing the final stage of the e-Commerce platform for trading engineering products and services. We will continue to source and introduce the latest technology solutions to meet the current market trend and customers' needs.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT

Environmental protection is embedded in all our business activities. We abide by our corporate duty to ecological stewardship in accordance with the pertinent rules and regulations and the national environmental agenda.

Sustainable Products and Services

Our environmental contribution is to reduce the ecological impact of our customers and improve the life cycle of their products and operations.

Green Building Facilitation

Green Building Index (GBI) Facilitators

Green Building Index

One of our services is a Green Building Index ("GBI") facilitation. We aid our customers in achieving their environmental targets in resource use – energy, water, and materials.

Smart Buildings

We offer smart building management solutions, such as the Integrated Building Management System ("IBMS"), Building Management System ("BMS"), and Energy Management System ("EMS"), which can help optimize electricity consumption during the buildings' life cycle. We have also ventured into Smart City System development by focusing on the research, development and marketing of building automation and security system products, modules and any type of intelligent products. We believe that smart cities can reduce the ecological burden because of their utilisation of Internet of things ("IOT") and innovative technologies.

Renewable Energy

MGB's business has recently expanded into renewable energy operation as an Engineering, Procurement, Construction and Commissioning ("EPCC") for solar system to be installed at the customer building facilities. The installation of solar system could enable customer to source their electricity supply from renewable source. MGB has entered into a Memorandum of Agreement ("MOA") to jointly operate solar power procurement, including the installation of solar power system, with a company that specialises in the solar industry.

Waste and Material Management

Material usage goes hand in hand with waste generation. Good material management will reduce wastage which translates to savings in the utilisation of natural resources.

At MGB, we minimise waste by efficiently focusing on the first of the 3Rs, "reduce," followed by "reuse", and then "recycle". We abide by the Department of Environment's laws, regulations and ordinances in the handling and disposal of our waste.

GROUP ENERGY CONSUMPTION			
Period	Electricity (KwH)	Petrol (Litres)	Diesel (Litres)
FYE 2022	148,946	66,731.31	2,935.87
FYE 2021	172,891	71,473.32	4,060.02
FYE 2020	153,583	72,408.78	4,675.56

SUSTAINABILITY STATEMENT (CONT'D)

PROCUREMENT PRACTICES

Mission: *To develop strategic relationships with partners who have skills that enhance and complement our own.*

Our strategy is aligned with our mission to develop partnerships that enhance and complement our products, services and values. Our procurement practices follow a stringent process.

The Gift Policy underpins the standard of conduct that is expected of employees regarding the receiving of gifts, whereas the Anti-Corruption Policy focuses more on the offering or giving of gifts. The Gift Policy is in place to avoid situations which may influence the employee's judgment in a decision-making process or put them in a position of conflict or perceived obligation to provide a business advantage.

Any gaps in our procurement practices are documented in our risk register to be used as a risk management tool.

COMMUNITY

HUMAN RIGHTS

We uphold the human rights which are intrinsic to each individual. These rights are based on shared universal values, such as dignity, fairness, equality, respect and independence. It is our social responsibility to empower and support our stakeholders and their rights. As such, we have enacted policies to ensure that the community where we operate and our employees can assert if their rights are violated or hampered.

Our Policies, which we deem our anchor to social justice, ensure that the health, safety and human rights of our employees and the community where we operate are respected and considered. These policies also seek to prevent all forms of violence against workers and women. We have enacted a Sexual Harassment Policy and an Anti-Harassment Policy to delineate what sort of actions are considered forms of harassment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Metronic Global Berhad ("Metronic" or "the Company") has acknowledged the importance of the good corporate governance ("CG") in a corporate. The Board is fully committed to apply high standards of CG practices throughout the Company and its subsidiaries ("the Group") by adhering to the principles and best practices of CG through observing and practising the core values of Malaysian Code on Corporate Governance 2021 ("MCCG") and the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The commitment from the Board paves the way for the management team and all employees to ensure the Company's businesses and affairs are effectively managed in the best interest of all stakeholders.

The Board is pleased to presents an overview on the application of the principles as set out in the MCCG during the financial year ended 30 June 2022 ("FYE 2022").

This statement also serves as a compliance with Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and shall be read together with the CG Report 2022 of Metronic ("CG Report") which is available on Metronic's website at www.metronic-group.com ("Metronic's Website").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through Metronic's Website. The Board Charter has been recently reviewed and updated on 17 October 2022.

It is the primary governance responsibility of the Board to provide stewardship and directions for the management of the Group. The Board's responsibilities in respect of the stewardship of the Company include review and approve strategic plans and key business initiatives, corporate governance and internal control frameworks and promote a sound corporate culture which reinforces ethical, prudent and professional behaviour. While the Board sets the platform of strategic planning and policies, the Executive Directors are responsible for implementing the operational and corporate decisions while the Independent Non-Executive Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of shareholders and investors.

The Board has defined the roles and responsibilities for its Directors in the Board Charter. In discharging their fiduciary responsibilities, the Directors deliberate and review the financial performance, the execution of strategic plans, the principal risks faced and the effectiveness of management mitigation plans, the appraisal of Executive Management and Key Senior Management, succession plan as well as the integrity of management information and systems of internal control of the Group.

The day-to-day management of the business operations of Metronic is led by the Executive Directors. The Board is constantly updated the team on the implementation of all business and operational initiatives and significant operational and regulatory challenges faced.

The Board is headed by an Independent Non-Executive Chairman with a wealth of experiences garnered from both the public and private sector during the FYE 2022. The roles of the Independent Non-Executive Chairman are clearly stated in the Board Charter.

The positions of the Chairman and the Chief Executive Officer ("CEO") are separately held by different personnel to ensure balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Chairman, the individual Board Members as well as the Executive Directors one of whom is also the CEO of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(a) BOARD RESPONSIBILITIES (CONT'D)

Board meetings are scheduled at quarterly intervals with additional meetings convened as and when necessary. Through the Board meetings held, the Board had deliberated on the Group's financial performance, significant investments, business plans and other issues which are significant on the Group's performance. The Board also recognised that the decisions making process is highly dependent on the quality information furnished. As such, the Board expects and receives adequate, timely and quality information on an ongoing basis to enable them to effectively discharge their duties.

In relation thereto, unless otherwise agreed, notice of each meeting together with the relevant meeting materials will be provided to each Director no later than seven (7) days before the meeting date.

During the FYE 2022, five (5) board meetings were held and the details of the attendance of each Director are as follow:-

Name of Directors	No of meeting attended	Percentage of Attendance
Hoo Wai Keong	5/5	100%
Doris Wong Sing Ee	5/5	100%
Dato' Kua Khai Shyuan	5/5	100%
Muhammad Faliq Bin Mohd Redzuan	5/5	100%
Ong Tee Kein	5/5	100%
Tan Sri Dato' Sri Mohamed Apandi Bin Ali *(Resigned w.e.f 14 July 2022)*	3/5	60%
Datuk Seri Tan Choon Hwa *(Resigned w.e.f 12 July 2022)*	4/5	80%
Dato' Zaidi Bin Mat Isa @ Hashim *(Resigned w.e.f 1 July 2021)*	-	-

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("AC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")
- Employees Share Option Scheme Committee

The Board has defined the terms of reference for each Board Committee and the Chairman of these respective committee report and update the Board on significant matters and salient matters deliberated in the Committees.

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and Executive Directors/CEO are strictly separated. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the Executive Director and CEO takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

The Company adhered with Practice 1.4 of the MCCG whereby the Chairman of the Board should not be a member of the AC, NC or RC. Before Tan Sri Dato' Sri Mohamed Apandi Bin Ali resigned as the Chairman of the Company, he is not a member of any of the AC, NC or RC. However, he is being invited into the Board Committees meeting, when it is necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(a) BOARD RESPONSIBILITIES (CONT'D)

The Board is supported by two (2) qualified and competent Company Secretaries. The Company Secretaries of Metronic are qualified to act as Company Secretaries under Section 235 of the Companies Act 2016, of which they are the Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators and a Licensed Secretary under Companies Commission of Malaysia. The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's Constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation. The Company Secretaries also ensure that the discussions at the Board and Board Committees meetings are well documented and circulated to the Board in timely manner.

Continuous training is vital for the Directors in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to gain insight and keep abreast with developments and issues relevant to the Group's business, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors during the FYE 2022 are as follows:

Name of Directors	Training attended	Date
Dato' Kua Khai Shyuan	• Budget Proposal 2021 and Legislations Changes – Director's Liability under Section 75A of Income Tax Act (ITA) 1967 • Webinar on Transfer Pricing • Transactions & RPT Rules Simplified	26.08.2021 01.09.2021 13.06.2022
Mr Brian Hoo Wai Keong	Strategic Planning Theories, Tools and Practice for Business	12.08.2021
Ms Doris Wong Sing Ee	The Updated Malaysian Code on Corporate Governance (MCCG)	08.12.2021
Mr Ong Tee Kein	• Business Taxation Principle and Practice • Replacing the M&A with Constitution under Companies ACT 2016 • An Overview of the Malaysian Private Entities Reporting Standard (MPERS) – Practical approach to recognition and measurement principles including updates	23.09.2021 08.10.2021 13.10.2021 – 14.10.2021

Saved as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company. In addition, during the financial year under review, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings and suitable training and education programmes were identified for their participation from time to time.

(b) BOARD COMPOSITION

Metronic is led and managed by a diverse, competent and experienced Board with a mix of suitably qualified and experienced professionals that are relevant to the business which enable the Board to carry out its responsibilities in an effective and competent manner.

The profile of each Director is set out in pages 7 to 9 of this Annual Report. The Board acknowledged the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(b) BOARD COMPOSITION (CONT'D)

The Board currently has five (5) members including two (2) Independent Directors. The Company has complied with the Paragraph 15.02 of the MMLR of having at least two (2) or one third (1/3) of the Board comprising independent directors. In the event of any vacancy of the Board, resulting in non-compliance with the Paragraph 15.02 of the MMLR, the Company will fill the vacancy within three (3) months.

During the FYE 2022, the Board through its NC has conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively. The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises. NC has also undertaken an assessment on each of the Directors on their training needs. Through the assessment, the Board has empowered the Directors of the Company to determine their own training requirements as they consider necessary to enhance their knowledge as well as understanding of the Group's business and operations.

As at the date of this CG Overview Statement, the Board has yet to adopt a policy on limiting the tenure of the Independent Directors. Nevertheless, the Board has adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years as per MCCG and twelve (12) years term limit as stated in MMLR. When the Board retains an Independent Director who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval through a two-tier voting process. Currently, none of the Independent Directors has served the Company for a cumulative term of nine (9) years.

The Company also noted that the re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the concerned Directors. Therefore, the Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). The above provisions are adhered to by the Board at every AGM.

(c) REMUNERATION

The RC and Board are mindful of the need to remunerate and retain its Directors to ensure that their commitment remain and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

The RC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors which should be aligned with the business strategy and long-term objectives of the Group taking into consideration that the remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Group's activities.

Directors' fees and benefits are reviewed by RC, and recommended by the Board for shareholders' approval at the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(c) REMUNERATION (CONT'D)

Details of Directors' remuneration who were in service during the FYE 2022 are as follows:

	Directors Fees (RM)	Salaries & Allowance (RM)	Benefits in-kind (RM)	Total (RM)
Executive Director				
Hoo Wai Keong	-	293,800	63,000	356,800
Doris Wong Sing Ee	24,000	248,200	-	272,200
Non-Executive Directors				
Dato' Kua Khai Shyuan	60,000	-	-	60,000
Muhammad Faliq Bin Mohd Redzuan	36,000	-	-	36,000
Ong Tee Kein	36,000	-	-	36,000
Tan Sri Dato' Sri Mohamed Apandi Bin Ali *(Resigned w.e.f 14 July 2022)*	96,000	-	-	96,000
Datuk Seri Tan Choon Hwa *(Resigned w.e.f 12 July 2022)*	24,000	-	-	24,000
Total	**276,000**	**542,000**	**63,000**	**881,000**

Key Senior Management Remuneration

The range of remuneration of the key senior management for the FYE 2022 includes salary and other emoluments are as follows:

Range of remuneration during the period	Number of key senior management
RM0 – RM100,000	1
RM100,001 – RM200,000	3

The Company noted that Practice 8.2 of the Code on the need for transparency in the disclosure of its key senior management remuneration. The Board is of the opinion that disclosure on named basis is not required due to security and privacy reasons and the disclosures presented above is sufficient to allow shareholders to make an informed decision in respect of their investments.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) AUDIT COMMITTEE

The AC currently comprises of three (3) members, all of whom are Non-Executive Directors with a majority of them are Independent Directors. The AC Chairman is Mr Ong Tee Kein. The Board took note on the Practice 9.2 of the MCCG to have a policy that requires a former audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. This was included in the AC Terms of Reference, which has been recently reviewed and revised on 17 October 2022.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.

Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the Independence Guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on page 37 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(b) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

During FYE 2022, the Board and AC were assisted by the Executive Director to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to an external consultant which, reports directly to the AC in respect of the adequacy of the Group's risk management and internal control system. The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control in this Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(a) COMMUNICATION WITH STAKEHOLDERS

Metronic is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

The Company maintains various methods of dissemination of information important to shareholders, stakeholders and the public at large through the timely announcement of events, the quarterly announcement of financial results and product information on the Company's website at www.metronic-group.com.

(b) CONDUCT OF GENERAL MEETINGS

The Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the MCCG.

The Chairman has highlighting to the shareholders and proxy holders on their rights to pose questions for clarification during the general meetings. The Board will ensure that the general meetings are conducted in an efficient manner, with the supply of comprehensive and timely information to shareholders and encourage the participation of the shareholders at the general meetings.

The Board had adopted the recommendation of the MCCG on the twenty-eights (28) days' notice period prior to the general meetings, so that the shareholders are given sufficient time to consider on the resolutions that to be discussed during the general meetings, wherever possible.

The outcome of resolutions tabled and passed at the AGM will be released to Bursa Securities on the same meeting day.

COMPLIANCE STATEMENT

The Board is of the view that the Group upholds adequate CG and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.

This CG Overview Statement was approved by the Board on 17 October 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. STATUS UTILISATION OF PROCEEDS RAISED FROM THE CORPORATE PROPOSALS

a. Private Placement

On 8 August 2019, the Company announced that the Company proposed to undertake private placement of up to 10% of the total number of issued shares of the company (excluding treasury shares) to third party investor(s) ("Private Placement up to 10%"). The Private Placement up to 10% was completed following the listing and quotation of 113,250,000 placement shares at the offered price of RM0.0451 per share. Following is the status of the utilisation of the Private Placement of 10%, as at 17 October 2022:-

Purposes	Timeframe for Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance to be utilized (RM'000)
Development of smart city solutions in Malaysia	Within 48 months	4,948	3,232	1,716
Private Placement expenses	Immediate	160	160	-
Total		**5,108**	**3,392**	**1,716**

b. Private Placement

On 11 May 2021, the Company announced that the Company proposed to undertake private placement of up to 30% of the existing total number of issued shares of the company (excluding treasury shares) to third party investor(s) ("Private Placement up to 30%"). The Private Placement up to 30% was completed following the listing and quotation of 500,428,000 placement shares at the offered price of RM0.0425 per share. Following the status of the utilization of the Private Placement of 30% as at 17 October 2022:-

Purposes	Timeframe for Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance to be utilized (RM'000)
Funding for business acquisition	Within 24 months	21,789	-	21,789
Private Placement expenses	Immediate	920	855	65
Total		**22,709**	**855**	**21,854**

c. Right Issue

On 13 July 2022, the Group announced that the Rights Issue of Shares with Warrants ("Rights Issue with Warrants") proposed on 19 November 2021 has been completed following the listing and quotation for 1,299,562,731 Rights Share and 433,187,525 Warrants B on the Main Market of Bursa Securities. The Group has received a total of RM77.97 million from the exercise. Following is the breakdown utilisation of the Rights Issue with Warrants proceeds as at 17 October 2022:

Purposes	Timeframe for Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance to be utilized (RM'000)
Funding for solar projects	Within 24 months	56,000	1,840	54,160
Funding for engineering projects	Within 24 months	20,000	3,605	16,395
Working capital	Within 24 months	1,224	668	556
Right issue expenses	Immediate	750	750	-
Total		**77,974**	**6,863**	**71,111**

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

2. AUDIT AND NON-AUDIT FEES

The amount if audit fees and non-audit fees paid or payable to the Company's External Auditors by the Group and the Company for the financial year ended 30 June 2022 ("FYE 2022") are as below:-

Type of Fees	Group (RM)	Company (RM)
Audit Fees	169,868	65,000
Non-audit Fees	5,000	5,000
Total	**174,868**	**70,000**

3. MATERIAL CONTRACTS

Save as disclosed in Note 44 to Note 46 of the Financial Statements, During the FYE 2022, there was no material contract or contracts entered into by the Company and/or its subsidiaries involving Directors and major shareholders' interest.

4. EMPLOYEES SHARE OPTION SCHEME

A ESOS which involves up to 15% of the total number of issued shares of the Company for the eligible Directors and employees of the Group ("ESOS") was approved by the Shareholders of the Company at an Extraordinary General Meeting held on 31 March 2021 and it is governed by the by-laws.

The ESOS was implemented on 1 April 2021 and shall be in force for a period of five (5) years and may be extended for a further period of up to 5 years at the discretion of the Board upon recommendation from the ESOS Committee, provided always that the ESOS shall not in aggregate exceed a duration of ten (10) years.

However, the Company has yet to grant any options under the ESOS to the employees and Directors of the Company.

Total new number of options outstanding as at 1 July 2021	Total number of options granted during the financial year ended 30 June 2022	Total number of options exercised during the financial year ended 30 June 2022	Total options outstanding as at 30 June 2022
311,966,723	-	-	311,966,723

AUDIT COMMITTEE REPORT

The Board of Metronic Global Berhad ("the Board") are pleased to present the Audit Committee ("AC") Report for the financial year ended 30 June 2022 ("FYE 2022").

The AC operating within the specific terms of reference was established to assist the Board in discharging their duties and responsibilities.

A. MEMBERS

The AC currently comprises of the following members:-

Members	Designation
Ong Tee Kein	Chairman
Dato' Kua Khai Shyuan	Member
Muhammad Faliq Bin Mohd Redzuan *(Appointed w.e.f. 9 July 2021)*	Member
Dato' Zaidi Bin Mat Isa @ Hashim *(Resigned w.e.f. 1 July 2021)*	Member

B. TERMS OF REFERENCE

The Terms of Reference of AC is available on the Company's corporate website at www.metronic-group.com for shareholders' reference pursuant to Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad. The Board reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee effectiveness evaluation. The Board is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference.

C. INDEPENDENCE OF AUDIT COMMITTEE

The Company recognises the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company were former audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years period in the event any potential candidate to be appointed as a member of AC was an audit partner of the external auditors of the Group.

D. SUMMARY OF AC'S ACTIVITIES

The AC conducted five (5) meetings during the FYE 2022 and the attendance of the AC members is set out as below:-

Name of Committee Members	No. of Meetings Attended
Ong Tee Kein	5/5
Dato' Kua Khai Shyuan	5/5
Muhammad Faliq Bin Mohd Redzuan *(Appointed w.e.f. 9 July 2021)*	5/5
Dato' Zaidi Bin Mat Isa @ Hashim *(Resigned w.e.f. 1 July 2021)*	-

AUDIT COMMITTEE REPORT (CONT'D)

D. SUMMARY OF AC'S ACTIVITIES (Cont'd)

In line with the terms of reference, the following activities were carried out by the AC during the FYE 2022:

i) Reviewed unaudited quarterly financial results of the Company including the announcements pertaining thereto prior to submission to the Board for the consideration and approval.
ii) Reviewed the audited financial statements of the Group and of the Company for the FYE 2022 and issues arising from the audited thereof prior to submission to the Board for consideration and approval.
iii) Reviewed the audit plan presented by the external auditors prior to their annual report as to their scope of work and strategy.
iv) Reviewed matters arising from the statutory audit of the Group in a meeting with the External Auditors without the presence of any executive officer of the Group.
v) Reviewed the annual audit plan prepared by the internal auditors to ensure adequate scope and coverage on their activities.
vi) Reviewed internal audit report prepared by the internal auditors especially with regards to issues raised, recommendations made and management's response to their recommendations.
vii) Reviewed the risk assessment reports prepared by the internal auditors and the recommendations made.
viii) Reviewed the related party transactions and recurrent related party transactions that may arise within the Group on a quarterly basis to ensure that the transactions entered into were on arm's length basis and on normal commercial terms and not detrimental to the interests of minority shareholders.
ix) Reviewed the performance of the internal and external auditors and made recommendations to the Board on their reappointment and remuneration.
x) Reviewed the AC's Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement and its recommendations to the Board for inclusion in the Annual Report.

E. INTERNAL AUDIT FUNCTION

The Group appointed an external consulting company to undertake the internal audit function for the FYE 2022. The total cost incurred for the internal audit function was RM26,375 for the FYE 2022. The internal audit function is outsourced to Kloo Point Risk Management Services Sdn. Bhd.

The role and responsibilities of the internal audit function are as follows:

i) To undertake independent and regular reviews of the system of internal controls and give assurance that such system continues to operate satisfactorily and effectively.
ii) To review the risk identification and evaluation process and ensure controls implemented by the management are consistent with Group's risk management policy.

The Internal Auditors have carried out their duties in accordance with the terms of reference and the internal audit plan as approved by the AC for the FYE 2022. Further details of the internal audit function and its activities are provided in the Statement on Risk Management and Internal Control, set out in pages 39 to 40 of this Annual Report.

The report is approved by the Board of Directors on 17 October 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Statement on Risk Management and Internal Control below outlines the nature and scope of internal controls of Metronic Global Berhad and its subsidiaries ("the Group") during the financial year ended 30 June 2022 ("FYE 2022").

1. Board's Responsibility

The Board recognizes the importance of a sound framework of risk management and internal controls for a good corporate governance in order to safeguard the shareholders' interest and Group's assets. The Board affirms its overall responsibility for the Group's system of risk management and internal control ("the System") which includes establishment of an appropriate control environment and framework as well as reviewing and ensuring its effectiveness, adequacy and integrity.

In view of the inherent limitations in any risk management and internal control system, the Board recognizes that the Group's System that put into effect can only manage, rather than eliminate, the risks of failure to achieve the Group's business objectives or goals. Accordingly, the System can only provide reasonable but not absolute assurance against material misstatement and loss.

2. Risk Management Framework

The Board confirms that there is an on-going process of reviewing, identifying, evaluating and managing significant risks faced by the Group. Risk assessment and evaluation are integral part of the Group's business and operating processes. The daily running of the business is entrusted to the Executive Director, who is also the Chief Executive Officer ("ED/CEO") and their management team. Under the purview of the ED/CEO, the respective Head of Departments is responsible for identifying, evaluating and managing the risks of his/her respective department as part of their day-to-day duties.

3. Internal Audit Function

The internal audit function is outsourced to an external consultant during the FYE 2022. The internal auditors adopted a risk-based approach and prepared the audit plan based on the risk profile of the Group. The internal auditors provided independent reviews on risk management and control processes implemented by the management and reported to the Audit Committee ("AC") which reviewed the adequacy, integrity and effectiveness of the System.

The findings of internal audit were communicated to the management of the Group and the AC.

The AC reviewed the reports from internal auditors and responses from the management before reporting the findings and making recommendations to the Board in strengthening the System.

4. Other Internal Control Process

Apart from risk management and internal audit, the Group's other key control processes include the following:

i) There is an organization structure with well-defined reporting lines of responsibility and accountability, which has a documented delegation of authority that sets out decisions that need to be taken and the appropriate authority level of management, includes matters that requires the Board's approval.
ii) Documented policies and procedures are updated where necessary to reflect any changing operational risks. The Board approves appropriate responses or amendments in the Group policies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

4. Other Internal Control Process (cont'd)

Apart from risk management and internal audit, the Group's other key control processes include the following: (cont'd)

iii) The AC comprises three (3) Non-Executive Directors. The AC was established with a view to assist the Board in the effective discharge of its fiduciary responsibility in respect of the System and financial reporting.
iv) Quarterly results are reviewed by the AC and approved by the Board before announcement to the Bursa Securities.
v) There are management meetings attended by the ED/CEO and the management team to discuss and report on operational performance, business strategy, key operating statistics, legal and regulatory matters of each business unit.
vi) The Group's principal operating subsidiary, Metronic Engineering Sdn Bhd is ISO 9001:2015 accredited. Its employees are guided by the Quality Manual where standard operating procedures are to be followed. In addition to the periodic external ISO audit, internal audit is carried out on periodical basis where the findings or issues are documented and deliberated by the management team in the management review meetings.

5. Review of the Statement by External Auditors

Pursuant to paragraph 15.23 of the MMLR of the Bursa Security, the external auditors have reviewed this Statement on Risk Management & Internal Control for the inclusion in the annual report for the FYE 2022. The external auditors conducted the review in accordance with the "Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether the Statement on Risk Management & Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls for the Group. AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management & Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. AAPG also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that caused them to believe that the Statement on Risk Management & Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of risk management and internal control of the Group.

6. Conclusion

There was no material or significant breakdown or weakness in the System of the Group that resulted in material losses or contingencies for the year under review. The Board and the management will continually review and improve the existing risk management processes and internal control system to ensure their adequacy and effectiveness in the dynamic business environment.

This statement is approved by the Board of Directors on 17 October 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITY
IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The Directors are required by the Companies Act 2016 ("the Act") and Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare the financial statements of the Group in accordance with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirement of the Act in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and Company for the FYE 2022, and of the results and cash flows for the financial year then ended.

In preparing the financial statements of the Group and the Company for FYE 2022, the Directors of the Company have ensured the following: -

- Applied the appropriate and relevant accounting policies and on a consistent basis;
- Made reasonable and prudent judgments and estimates;
- Applicable Approved Accounting Standards in Malaysia have been followed; and
- the financial statements were prepared on a "going concern" basis as the Board has a reasonable expectation, having made enquiries, that the Group and the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are also having general responsible to take reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud, other irregularities and material misstatements.

This Statement is approved by the Board on 17 October 2022.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in Note 9 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss attributable to:		
Owners of the Company	(7,676,555)	(3,951,107)
Non-controlling interests	36,166	-
	(7,640,389)	(3,951,107)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

ISSUANCE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issue share capital from RM188,881,025 to RM191,099,433 by way of:

a) On September 2021, issuance of 88,744,924 new ordinary shares at issue price at RM0.0249 per ordinary share via Private Placement.

b) On 22 April 2022, issuance of 71,600 new ordinary shares as a result of the exercise of Warrants ("Warrants") by the registered holders of the Warrants ("Warrant holders") at an exercise price of RM0.08 per ordinary share.

The newly issued shares rank pari passu in respect with the previously issued shares. There was no issue of any debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted to the Company's Employee Share Option Scheme.

DIRECTORS' REPORT (CONT'D)

WARRANT

The details of warrant are disclosed in Note 23(b) to the Financial Statements.

DIRECTORS

The directors who served since the date of the last report and at the date of this report are as follow:

Dato' Kua Khai Shyuan
Hoo Wai Keong
Muhammad Faliq Bin Mohd Redzuan
Ong Tee Kein
Doris Wong Sing Ee
Datuk Seri Tan Choon Hwa (resigned on 12 July 2022)
Tan Sri Dato' Sri Mohamed Apandi Bin Ali (resigned on 14 July 2022)

NAME OF DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY

The name of the directors of the company's subsidiaries in office at any time during the financial year and during the period from the end of the financial year up to the date of the report, excluding those who are already listed above are:

Soh Kewei
Ho Jen Wai (appointed on 26 October 2021)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial year in the shares in the Company during the financial year are as follows:

		Number of ordinary share			
	At 01.07.2021	Bought	Share consolidation (Note 22(iii))	Sold after share consolidation	At 30.06.2022
Direct interest in the Company					
Dato' Kua Khai Shyuan	333,333	-	(300,000)	-	33,333
Datuk Seri Tan Choon Hwa	18,637,000	-	(16,773,300)	(1,863,700)	-
Hoo Wai Keong	-	1,000,000	(900,000)	-	100,000

By virtue of his interests in the shares of the Company, the directors are deemed to have interests in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest.

None of the other directors holding office at the end of financial year held any interest in the ordinary shares of the Company and its related corporations.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit *(other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown under Directors' remuneration below, or the fixed salary of a full-time employee of the Company)* by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any deemed benefit which may have arisen by virtue of those transactions as disclosed in Note 38 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration during the financial year are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Defined contribution plan	30,480	59,160	30,480	59,160
Salaries, wages, allowances, overtime, bonus and fees	878,000	623,267	818,000	623,267
Other employee benefits expenses	1,847	1,025,149	1,847	-
	910,327	1,707,576	850,327	682,427

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and

(b) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in accounting records of the Group and the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amounts written off as bad debts or the amounts of the allowance for doubtful debts in the financial statements inadequate to any substantial extent of the Group and of the Company; or

(b) which have arisen which render values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction, or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

There was no indemnity given to or insurance effected for any director, officer or auditors of the Group and of the Company during the financial year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 44 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The significant events subsequent to the financial year are disclosed in Note 45 to the financial statements.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and Company are amounted to RM174,868 and RM70,000 (2021: RM188,105 and RM70,000) during the financial year.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, CHENGCO PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in
accordance with a resolution of the Directors

DATO' KUA KHAI SHYUAN
Director

HOO WAI KEONG
Director

Kuala Lumpur,
Date:

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act, 2016

We, DATO' KUA KHAI SHYUAN and HOO WAI KEONG, being two of the directors of METRONIC GLOBAL BERHAD, do hereby state on behalf of the directors that in the opinion of the directors, the financial statements of the Group and of the Company set out on pages 53 to 140 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of the results of the financial performance and cash flows of the Group and of the Company for the financial year then ended on that date.

Signed on behalf of the board of directors in accordance with a resolution of the directors.

....
DATO' KUA KHAI SHYUAN
Director

....
HOO WAI KEONG
Director

Kuala Lumpur,
Date:

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, HOO WAI KEONG, being the director primarily responsible for the financial management of METRONIC GLOBAL BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 53 to 140 , are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
Hoo Wai Keong at Puchong in the)
State of Selangor Darul Ehsan)
on this)

Before me,

....
HOO WAI KEONG
Director

SAMUEL JOHN A/L PONNIAH
No. PJS: B347
Commissioner of Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of METRONIC GLOBAL BERHAD, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 140.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matters
<u>**Group**</u> **Impairment of Trade Receivables** The Group's trade receivables amounting to RM11.07 million, representing approximately 6% of the Group's total current assets as at 30 June 2022. The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms.	Our audit procedures included, among others: - - We obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures; - We assessed the recoverability of trade receivables by checking past payment trend and assessing the receipts during the financial year and subsequent to year end collections; - We have reviewed the appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

Key Audit Matters (cont'd)

Revenue recognition	How we addressed the key audit matters
Metronic Group's main sources of income are construction projects RM35.9 million and service maintenance RM3.6 million representing approximately 90.6% and 9.2% of the Group's total revenue respectively. For construction projects, the Group uses percentage of completion of the projects for recognition of revenue. Percentage of completion is measured based on the actual cost incurred as compared to estimated cost for the construction projects.	Our audit procedures included, among others: - - Performed walkthrough of the revenue controls process and tested the design and implementation of key controls identified to ascertain that key controls are operating effectively; - Tested selected revenue transactions relating to the construction contract and services by assessing and evaluating the MFRS 15 five-step model; - Tested the budget of certain project; - Verification of cost incurred on individual projects.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD (INCORPORATED IN MALAYSIA) (CONT'D)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries, of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

CHENGCO PLT
201806002622
(LLP0017004-LCA) & AF0886
Chartered Accountants

NG KEE SIANG
03643/03/2024 J
Chartered Accountant

Kuala Lumpur,
Date:

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Group 2022 RM	Group 2021 RM (Restated)	Company 2022 RM	Company 2021 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	9,378,409	9,609,863	-	-
Right-of-use assets	6	286,634	231,118	77,248	-
Investment properties	7	3,425,468	3,425,468	-	-
Intangible assets	8	23,118,400	24,149,272	-	-
Investment in subsidiary companies	9	-	-	61,783,439	34,683,439
Investment in associate company	10	-	-	-	-
Other investment	11	4,081,521	3,980,386	3,485,858	3,369,416
Deferred tax assets	12	-	3,555,609	-	-
		40,290,432	44,951,716	65,346,545	38,052,855
CURRENT ASSETS					
Property development costs	13	13,769,115	12,565,680	-	-
Inventories	14	893,250	254,813	-	-
Current tax assets		147,356	-	184,812	-
Trade receivables	15	11,068,451	9,925,513	-	-
Amount due from contract customers	16	4,758,018	13,590,975	-	-
Other receivables and deposits	17	1,093,157	3,314,631	281,790	1,389,123
Amount due from subsidiary companies	18	-	-	14,535,168	31,423,353
Amount due from associate company	19	-	171,378	-	-
Fixed deposits	20	141,476,107	68,518,791	126,843,948	55,295,364
Cash and bank balances	21	6,638,520	9,305,781	5,950,416	8,812,740
		179,843,974	117,647,562	147,796,134	96,920,580
TOTAL ASSETS		220,134,406	162,599,278	213,142,679	134,973,435

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2022 (CONT'D)

	Note	Group 2022 RM	Group 2021 RM (Restated)	Company 2022 RM	Company 2021 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	191,099,433	188,881,025	191,099,433	188,881,025
Other reserve	23	5,647,891	21,602,467	(248,540)	16,547,902
Accumulated losses		(83,955,555)	(93,072,511)	(61,860,225)	(74,702,629)
Total equity attributable to owners of the Company		112,791,769	117,410,981	128,990,668	130,726,298
Non-controlling interests		152,650	116,454	-	-
TOTAL EQUITY		112,944,419	117,527,435	128,990,668	130,726,298
LIABILITIES					
NON-CURRENT LIABILITIES					
Lease liabilities	24	237,301	213,205	37,060	-
CURRENT LIABILITIES					
Trade payables	25	10,867,427	17,649,866	-	-
Other payables and accruals	26	86,107,796	19,069,998	79,436,247	2,697,738
Amount due to directors	27	341,060	388,802	318,632	388,802
Amount due to subsidiary companies	18	-	-	3,681,566	-
Lease liabilities	24	91,489	24,925	42,291	-
Current tax liabilities		-	132,417	-	117,800
Short-term borrowings	28	9,544,914	7,592,630	636,215	1,042,797
		106,952,686	44,858,638	84,114,951	4,247,137
		107,189,987	45,071,843	84,152,011	4,247,137
TOTAL EQUITY AND LIABILITIES		220,134,406	162,599,278	213,142,679	134,973,435

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
REVENUE	29	39,588,541	29,470,623	-	-
COST OF SALES	30	(25,903,413)	(20,734,658)	-	-
GROSS PROFIT		13,685,128	8,735,965	-	-
OTHER OPERATING INCOME	31	4,143,258	2,042,624	2,876,085	1,020,137
ADMINISTRATIVE EXPENSES		(15,392,239)	(17,619,124)	(2,560,780)	(3,946,058)
OTHER OPERATING EXPENSES		(5,739,658)	(14,132,170)	(4,293,709)	(5,910,659)
SHARE OF RESULT OF ASSOCIATE, NET OF TAX		-	(64,280)	-	-
LOSS FROM OPERATIONS		(3,303,511)	(21,036,985)	(3,978,404)	(8,836,580)
FINANCE COSTS	32	(583,097)	(490,204)	(99,315)	(96,714)
LOSS BEFORE TAX	33	(3,886,608)	(21,527,189)	(4,077,719)	(8,933,294)
TAX (EXPENSE)/REFUND	34	(3,475,352)	(588,860)	126,612	(525,654)
LOSS AFTER TAX FOR THE FINANCIAL YEAR FROM CONTINUING OPERATIONS		(7,361,960)	(22,116,049)	(3,951,107)	(9,458,948)
OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS					
Item that may be reclassified subsequently to profit or loss - foreign currency translation		5,986	(10,096)	-	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR FROM CONTINUING OPERATIONS		(7,355,974)	(22,126,145)	(3,951,107)	(9,458,948)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Discontinued Operations					
(Loss)/Profit before and after tax for the financial year		(278,429)	1,601,449	-	-
Other comprehensive income					
Exchange translation differences for foreign operations		835,880	(190,418)	-	-
Profit for the financial year from discontined operations		557,451	1,411,031	-	-
Loss attributable to:					
Owners of the Company					
- continuing operations		(7,227,228)	(21,958,019)	(3,951,107)	(9,458,948)
- discontinued operations		(449,327)	1,510,917	-	-
		(7,676,555)	(20,447,102)	(3,951,107)	(9,458,948)
Non-controlling interests					
- continuing operations		(134,732)	(158,030)	-	-
- discontinued operations		170,898	90,532	-	-
		36,166	(67,498)	-	-
		(7,640,389)	(20,514,600)	(3,951,107)	(9,458,948)
Total comprehensive loss for the financial year attributable to:					
Owners of the Company					
- continuing operations		(7,221,242)	(21,968,115)	(3,951,107)	(9,458,948)
- discontinued operations		386,553	1,320,499	-	-
		(6,834,689)	(20,647,616)	(3,951,107)	(9,458,948)
Non-controlling interests					
- continuing operations		(134,732)	(158,030)	-	-
- discontinued operations		170,898	90,532	-	-
		36,166	(67,498)	-	-
		(6,798,523)	(20,715,114)	(3,951,107)	(9,458,948)
LOSS/EARNING PER SHARE (sen)	36				
- Basic (loss)/earning per share					
Continuing operations		(3.37)	(1.46)		
Discontinued operations		(0.21)	0.10		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	<---- Attributable to owners of the Company						---->			
	<---- Non-distributable					---->	Distributable			
Group	**Share capital RM**	**Revaluation reserve RM**	**Fair value reserve RM**	**Warrant reserve RM**	**ESOS reserve RM**	**Foreign currency translation reserve RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 July 2020	133,680,926	5,669,118	(248,540)	16,797,466	-	(414,039)	(72,625,409)	82,859,522	(120,768)	82,738,754
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	304,720	304,720
Isuance of share: (Note 22)										
- private placement	49,536,441	-	-	-	-	-	-	49,536,441	-	49,536,441
- warrant exercised	3,023	-	-	-	-	-	-	3,023	-	3,023
- ESOS granted	-	-	-	-	854,833	-	-	854,833	-	854,833
- ESOS exercised	5,660,635	-	-	-	(854,833)	-	-	4,805,802	-	4,805,802
- warrant reserve adjustment	-	-	-	(1,024)	-	-	-	(1,024)	-	(1,024)
Continuning operations										
Loss after tax	-	-	-	-	-	-	(21,958,019)	(21,958,019)	(158,030)	(22,116,049)
Other comprehensive expense:										
Foreign currency translation differences	-	-	-	-	-	(10,096)	-	(10,096)	-	(10,096)
	-	-	-	-	-	(10,096)	(21,958,019)	(21,968,115)	(158,030)	(22,126,145)
Discontinued operations										
Profit after tax	-	-	-	-	-	-	1,510,917	1,510,917	90,532	1,601,449
Other comprehensive expense:										
Foreign currency translation differences	-	-	-	-	-	(190,418)	-	(190,418)	-	(190,418)
	-	-	-	-	-	(190,418)	1,510,917	1,320,499	90,532	1,411,031
Total comprehensive loss for the financial year	-	-	-	-	-	(200,514)	(20,447,102)	(20,647,616)	(67,498)	(20,715,114)
At 30 June 2021	188,881,025	5,669,118	(248,540)	16,796,442	-	(614,553)	(93,072,511)	117,410,981	116,454	117,527,435

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

Group	Share capital RM	Revaluation reserve RM	Fair value reserve RM	Warrant reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
	<-------------------- Attributable to owners of the Company					-------------------->			
	<----------------------- Non-distributable				----------------------->	Distributable			
At 1 July 2021	188,881,025	5,669,118	(248,540)	16,796,442	(614,553)	(93,072,511)	117,410,981	116,454	117,527,435
Incorporation of subsidiary companies (Note 9(a))	-	-	-	-	-	-	-	30	30
Issuance of share under: (Note 22)									
- private placement	2,209,749	-	-	-	-	-	2,209,749	-	2,209,749
- warrant exercised	8,659	-	-	(2,931)	-	-	5,728	-	5,728
- warrant reserve adjustment	-	-	-	(16,793,511)	-	16,793,511	-	-	-
Continuing operations									
Loss after tax	-	-	-	-	-	(7,227,228)	(7,227,228)	(134,732)	(7,361,960)
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	5,986	-	5,986	-	5,986
	-	-	-	-	5,986	(7,227,228)	(7,221,242)	(134,732)	(7,355,974)
Discontinued operations									
Loss after tax	-	-	-	-	-	(449,327)	(449,327)	170,898	(278,429)
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	835,880	-	835,880	-	835,880
	-	-	-	-	835,880	(449,327)	386,553	170,898	557,451
Total comprehensive loss for the year	-	-	-	-	841,866	(7,676,555)	(6,834,689)	36,166	(6,798,523)
Balance at 30 June 2022	191,099,433	5,669,118	(248,540)	-	227,313	(83,955,555)	112,791,769	152,650	112,944,419

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

	<------	Non-distributable	------	------>		
Company	**Share capital RM**	**Fair value reserve RM**	**Warrant reserve RM**	**ESOS reserve RM**	**Accumulated losses RM**	**Total equity RM**
Balance at 1 July 2020	133,680,926	(248,540)	16,797,466	-	(65,243,681)	84,986,171
Issuance of shares: (Note 22)						
- private placement	49,536,441	-	-	-	-	49,536,441
- warrant exervised	3,023	-	-	-	-	3,023
- ESOS granted	-	-	-	854,833	-	854,833
- ESOS exercised	5,660,635	-	-	(854,833)	-	4,805,802
- warrant reserve adjustment	-	-	(1,024)	-	-	(1,024)
Total comprehensive loss for the financial year	-	-	-	-	(9,458,948)	(9,458,948)
Balance at 30 June 2021 and 1 July 2021	188,881,025	(248,540)	16,796,442	-	(74,702,629)	130,726,298
Issuance of shares: (Note 22)						
- private placement	2,209,749	-	-	-	-	2,209,749
- warrant exercised	8,659	-	(2,931)	-	-	5,728
- warrant reserve adjustment	-	-	(16,793,511)	-	16,793,511	-
Total comprehensive loss for the financial year	-	-	-	-	(3,951,107)	(3,951,107)
Balance at 30 June 2022	191,099,433	(248,540)	-	-	(61,860,225)	128,990,668

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Group		Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax				
- Continuing operations	(3,886,608)	(21,527,189)	(4,077,719)	(8,933,294)
- Discontinued operations	(278,429)	1,601,449	-	-
Adjustments for:				
Amortisation of intangible assets	1,009,600	-	-	-
Bad debts written off	-	174,089	-	508,326
Bad debts recovered	(47,293)	-	-	-
Depreciation of property, plant and equipment	403,448	418,362	-	-
Depreciation of right-of-use assets	110,358	-	42,135	-
Gain on disposal of associate company	(64,280)	-	-	-
Gain on disposal of property, plant and equipment	(4,167)	-	-	
Impairment losses on:				
- amount due from associate company	-	1,248,312	-	-
- amount due from subsidiary companies	-	-	17,509	3,482,453
- investment in associate company	-	235,720	-	-
- investment properties	-	379,751	-	-
- other receivables	813,628	700,000	-	-
- property development costs	-	4,832,581	-	-
- trade receivables	1,061,119	1,375,905	-	-
Interest expenses	583,097	490,204	99,315	96,714
Interest income	(1,218,046)	(1,210,758)	(1,083,791)	(990,725)
Loss/(Gain) on foreign exchange - unrealised	15,307	(35,458)	-	-
Loss on disposal of quoted shares classified as fair value through profit or loss	3,411,128	1,778,387	3,411,128	1,778,387
Provision for contingent liabilities	-	596,424	-	-
(Reversal)/Provision for defect liabilities	(5,495,238)	648,523	-	-
Reversal of impairment losses on:				
- amount due from subsidiary companies	-	-	(1,711,721)	(29,412)
- inventories	(673,178)	-	-	-
- investment in associate company	(235,720)	-	-	-
- property development cost	(303,435)	-	-	-
- trade receivables	(1,311,427)	(83,665)	-	-
Share based payment	-	854,833	-	854,833
Share of loss from associate	-	64,280	-	-
Waiver of debts	-	(1,920,935)	-	-
Written off on:				
- amount due from subsidiary companies	-	-	858,004	40,720
- intangible assets	21,272	-	-	-
- property, plant and equipment	103,572	-	-	-
Operating loss before working capital changes	(5,985,292)	(9,379,185)	(2,445,140)	(3,191,998)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

	Group		Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Changes in:				
Amount due from contract customers	8,832,957	(9,356,521)	-	-
Inventories	34,741	351,892	-	-
Property development cost	(900,000)	(7,034,000)	-	-
Trade and other receivables	733,887	(2,654,809)	1,107,333	155,690
Trade and other payables	66,631,551	13,099,595	76,738,509	198,377
Cash generated from/(used in) operations	69,347,844	(14,973,028)	75,400,702	(2,837,931)
Interest paid	(471,293)	(382,928)	-	-
Tax paid	(199,516)	(489,674)	(176,000)	(407,854)
Net cash generated from/(used in) operating activities	68,677,035	(15,845,630)	75,224,702	(3,245,785)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of associate	-	(300,000)	-	-
Incorporation of subsidiary company	30	304,720	(1,000,000)	(100,000)
Interest paid	(93,748)	(96,714)	(93,748)	(96,714)
Interest received	1,218,046	1,210,758	1,083,791	990,725
Placement of fixed deposits	(71,646,778)	(61,641,762)	(71,548,584)	(54,879,987)
Proceeds from disposal of quoted shares classified as fair value through profit or loss	10,469,097	5,526,743	10,469,097	5,526,743
Proceeds from disposal of property, plant and equipment	170,000	-	-	-
Proceeds from disposal of associate company	300,000	-	-	-
Purchase of quoted shares classified as fair value through profit or loss	(13,996,667)	(6,683,905)	(13,996,667)	(6,683,905)
Purchase of investment properties	-	(1,160,926)	-	-
Purchase of property, plant and equipment	(441,399)	(971,001)	-	-
Purchase of intangible assets	-	(24,149,272)	-	-
Subscription of shares in subsidiary	-	-	(26,100,000)	-
Net cash used in investing activities	(74,021,419)	(87,961,359)	(101,186,111)	(55,243,138)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advance to associate company	-	(1,419,690)	-	-
(Advance to)/Repayment from subsidiary companies	-	-	21,405,959	(42,356,073)
(Repayment)/Drawdown of bankers' acceptances	(357,128)	459,611	-	-
(Repayment to)/advances from directors	(47,742)	138,802	(70,170)	138,802
Interest paid	(18,056)	(10,562)	(5,567)	-
Issuance of share capital	2,215,477	54,344,242	2,215,477	54,344,242
Placement of fixed deposits pledged as securities	(1,310,538)	(1,363,448)	-	-
Repayment of margin financing	(406,582)	(980,417)	(406,582)	(980,417)
Repayment of lease liabilities	(75,214)	(25,295)	(40,032)	-
Net Cash generated from financing activities	217	51,143,243	23,099,085	11,146,554

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022 (CONT'D)

	Group		Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM (Restated)
Net decrease in cash and cash equivalents	(5,344,167)	(52,663,746)	(2,862,324)	(47,342,369)
Effects of changes in exchange rate	(39,088)	(339,256)	-	-
Cash and cash equivalents at beginning of financial year	6,435,098	59,438,100	8,812,740	56,155,109
Cash and cash equivalents at end of financial year (Note 21)	1,051,843	6,435,098	5,950,416	8,812,740
Cash and cash equivalents				
Cash and cash equivalents at the end of the financial year comprise:				
Cash and bank balances	6,638,520	9,305,781	5,950,416	8,812,740
Fixed deposit	141,476,107	68,518,791	126,843,948	55,295,364
	148,114,627	77,824,572	132,794,364	64,108,104
Less: Bank overdrafts	(5,586,677)	(2,870,683)	-	-
Less: Fixed deposit pledged as securities	(7,772,190)	(6,461,652)	-	-
Less: Fixed deposit placed with a cooperative	(133,703,917)	(62,057,139)	(126,843,948)	(55,295,364)
	1,051,843	6,435,098	5,950,416	8,812,740

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in Note 9. There were no significant changes in the nature of these activities during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The address of the registered office of the Company is Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor.

The address of the principal place of business of the Company is No. 2, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

2.2 Adoption of new and amended standards

The Group and the Company has adopted the following MFRS and Interpretations (collectively referred to as "MFRSs'), issued by the Malaysian Accounting Standards Board ("MASB") and effective for the financial periods beginning on or after 1 January 2021;

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

2.3 Standard issued but not yet effective

The Group and the Company has not adopted the following standards that have been issued as at the reporting date but are not yet effective:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- Amendments to MFRS 3, Reference to the Conceptual Framework, (Business Combinations)
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018-2020 Cycle)
- MFRS 116, Property, Plant and Equipment – Proceeds Before Intended Use
- Amendments to MFRS 137, Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018-2020 Cycle)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.3 Standard issued but not yet effective (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023
- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Estimates
- Amendments to MFRS 112, Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed
- Amendments to MFRS 10 and MFRS 128, Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2.4 Functional and presentation currency

The financial statements of the Company measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structure entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquiree.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the group obtains control of the acquirees until the date the Group losses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

(i) the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

(ii) the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus

(iii) if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less

(iv) the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred equity to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combinations occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets and liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiaries from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains an interest in the former subsidiaries, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in loss of control accounted for as equity transactions. The different between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(c) Associates (cont'd)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities

(d) Translations eliminated on consolidation

Inter-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statement

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.14(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transaction and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions. All exchange differences are taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transaction and operations (cont'd)

(a) Translation of foreign currency transactions (cont'd)

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

Cost of assets, includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful life.

Freehold land is determined to have an indefinite useful life. Hence, it is not subject to depreciation.

	Method	**Useful life (year)**
Freehold buildings	Straight-line	50
Motor vehicles	Straight-line	5
Fittings and equipment	Straight-line	3 - 5
Renovation	Straight-line	25

The residual values, useful life and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.5 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.22.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.7 Intangible assets

(a) Research and development costs

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(b).

(b) Amortisation

The amortisation methods used and the estimated useful life are as follows:

	Method	**Useful life (year)**
Database system	Straight-line	5
Website and mobile application	Straight-line	10
E-commerce software	-	-

The residual values, useful life and amortisation methods are reviewed at the end of each reporting period.

The E-commerce software is not subject to amortisation as it has an indefinite useful life. Instead, the E-commerce software are reviewed at the end of each reporting period to determine whether there is any indication of impairment in accordance with the accounting policy on impairment of non-financial assets in Note 3.14(b).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follow:

- Trading goods: purchase costs on a first-in first-out basis.
- Cost of building automation equipment and parts: costs of direct costs are assigned on a weighted average cost basis.

Net realisable value is the estimate of the selling price less the estimated cost of selling expenses. Write down is made where necessary for damage, obsolete and slow-moving inventories.

3.9 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.14(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customers.

3.10 Cash and cash equivalent

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.11 Property development cost

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognized in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognized only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognized as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defect's liability period, is recognized as an expense immediately.

Property development costs not recognized as an expense are recognized as an asset, which is measured at the lower of cost and net realizable value.

The excess or revenue recognized in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognized in profit or loss is classified as progress billings within trade payables.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Amount due from/to contract customers

Construction contracts are stated at cost plus attributable profits less applicable progress billings and allowances for foreseeable losses, if any.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the reporting date. The stage of completion is determined by the actual costs incurred for work performed to-date in relation to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

When it is probable the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to contract customers.

3.13 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company becomes a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component of for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risk of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirely as a financial asset at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Financial instruments (cont'd)

(a) Subsequent measurement

The Group and the Company categories the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurements, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains or losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains or losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics for the financial assets.

The Group and the Company reclassifies financial assets when and only when its business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. These are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the financial asset is derecognized, modified or impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.14(a).

- **Fair value through other comprehensive income (FVOCI)**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycle to profit or loss. The policy for the recognition and measurement of impairment is in accordance with Note 3.14(a).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Debt instruments (cont'd)

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value thorugh profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measures all equity investments at fair value. Upon initial recognition, the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains or losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefits from such proceeds as a recovery of part of the cost of financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classifies its financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

(ii) Financial liabilities (cont'd)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequently to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company has transferred its rights to receive cash flows from the asset or have assumed on obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continues to recognise the transferred asset to extent of their continuing involvement. In that case, the Group and the Company also recognises an associate liability. The transferred asset and the associate liability are measured on a basis that reflects the rights and obligations that the Group and the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Financial instruments (cont'd)

(c) Derecognition (cont'd)

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.14 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measures loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group and the Company applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Impairment of assets (cont'd)

(a) Impairment of financial assets (cont'd)

The Group and the Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company considers a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Impairment of assets (cont'd)

(a) Impairment of financial assets (cont'd)

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and of the Company makes an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.16 Share-based payment

Share-based payments are measured at grant date fair value. For share options granted to employees, in many cases market prices are not available and therefore the fair value of the options granted shall be estimated by applying an option pricing model. Option pricing models need input data such as expected volatility of the share price, expected dividends or the risk-free interest rate for the life of the option. The overall objective is to approximate the expectations that would be reflected in a current market or negotiated exchange price for the option. Such assumptions are subject to judgements and may turn out to be significantly different than expected.

Fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's and the Company's estimate of equity instruments that will eventually vest. The estimate of the number of equity instruments expected to vest is revised by the Group and the Company at the end of each reporting period through settlement. Revisions of the original estimates, if any, is recognised in profit or loss so that the cumulative expense includes the revised estimate, with the corresponding adjustment to the reserve for employee equity-settled benefits.

3.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Related parties

A party is related to an entity if: -

(i) directly, or indirectly through one or more intermediaries, the party: -

(a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiary companies and fellow subsidiary companies);
(b) has an interest in the entity that gives it significant influence over the entity; or
(c) has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venture;

(iv) the party is a member of the key senior management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the entity is a post-employment benefit plan for the benefit of the employees of either the Group and the Company or an entity related to the Group and the Company. If the Group and the Company itself is such a plan, the sponsoring employers are also related to the Group and the Company.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key senior management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key senior management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

3.19 Revenue and other income

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group measures revenue at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the expected cost plus margin approach.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Revenue and other income (cont'd)

Financing components

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) *Sales of goods*

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of due from the date of invoices, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

When consideration is collected from customer in advance for sale of goods, an advance from customers is recognised for the customer deposits. Advance from customers would be recognised as revenue upon sale of goods to the customer.

(b) *Engineering contracts*

Revenue from contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on estimated total project costs incurred to date over the year.

(c) *Rending of services*

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

(d) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method.

(e) *Property development*

Contract with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for the performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Revenue and other income (cont'd)

(e) Property development (cont'd)

If control of the asset transfer over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of that asset.

3.20 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plan

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.22 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.23 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.24 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decision.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.25 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

3.27 Leases

As lessee

The Group and the Company recognized a right-of-use assets ("ROU") and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the restore the underlying asset or site on which it is located, lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciated, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3.9 on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.27 Leases (cont'd)

As lessee (cont'd)

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or at the end of the lease term. The estimated useful life of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

	Method	Useful life
Motor vehicles	Straight-line	5 years
Buildings	Straight-line	Over the remaining lease term

The ROU assets are subject to impairment.

The lease liabilities are initially measured at the present value of future lease payments at the commencement date, discounted using the respective entities' incremental borrowing rates. Lease payments included in the measurement of the lease liabilities include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognized as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liabilities are measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Company changes its assessment of whether it will exercise an extension or termination option. Lease payments associated with short-term leases and leases of low value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option.

As lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Company recognized assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Company recognizes lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognized is included as part of the "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Depreciation of property, plant and right-of-use assets

As disclosed in Note 3.4, the Group review the residual values, useful life and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful life and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's property, plant and equipment and right-of-use assets are disclosed in Note 5 and Note 6.

(b) Impairment of financial assets

The impairment provisions for financial assets is based on assumptions about risk of default and expected loss rate. The Group and the Company uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group and the Company uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates are depending on the number of days that a trade receivable is past due. The Group and the Company uses the grouping according to the customer segments that have similar loss patterns. The criteria include geographical region, product type, customer type and rating, collateral or trade credit insurance.

The provision matrix is initially based on the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected life of the financial assets. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets is disclosed in Note 40(b)(i).

(c) Measurement of income taxes

The Group and the Company operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group and the Company as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the tax payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Group and the Company is disclosed in Note 34.

(d) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance and taxable profits of the subsidiaries.

The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(e) Share-based payment

The Group and the Company grants share option to directors who have met the specified conditions. The share options granted are measured at fair value at grant date using a binomial option pricing model. The key assumptions or inputs used in the binomial option pricing model include: (a) the current price, (b) the exercise price, (c) the risk-free rate, (d) the volatility of the share price (e) the dividend yield and (f) the time period to maturity, and with an adjustment for an early exercise of option based on the Group's and the Company's past experience with earlier exercises. As the volatility of the share price is estimated based on past price movements, the actual volatility may not coincide with the estimates made. Similarly, the actual early exercise of options granted may not coincide with the estimates made. These differences may affect the fair value measurement of the options granted but they are not adjusted retrospectively because the equity component of the options granted is not remeasured to fair value subsequent to their initial recognition.

(f) Write down of obsolete or slow-moving inventories

The Group write down their obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 14.

(g) Impairment of non-financial assets

The Group and the Company assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group and the Company use its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's and the Company's financial positions and results if the actual cash flows are less than the expected.

The carrying amounts of the non-financial assets are disclosed in Notes 5, 6, 7, 8, 9, 10, 11,12 and 13.

(h) Engineering contracts

The Group recognised engineering contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by reference to the proportion of progress billing for work performed to date to the total project value.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as recoverability of the contract costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists and status of negotiation with the counterparties.

The carrying amounts of amount due from contract customers are disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group	Freehold land (Valuation) RM	Freehold buildings (Valuation) RM	Motor vehicles (Cost) RM	Fittings and equipment (Cost) RM	Renovation (Cost) RM	Total RM
At 1 July 2020	5,613,114	2,579,795	78,652	6,329,256	1,063,000	15,663,817
Additions	-	-	552,000	68,076	610,925	1,231,001
Foreign currency differences	-	-	-	418	4,671	5,089
Written off	-	-	(14,846)	(4,433,863)	-	(4,448,709)
At 30 June 2021						
As previously reported	5,613,114	2,579,795	615,806	1,963,887	1,678,596	12,451,198
Reclassification (Note 48)	-	-	(283,000)	-	-	(283,000)
As restated at 1 July 2021	5,613,114	2,579,795	332,806	1,963,887	1,678,596	12,168,198
Addition	-	-	388,000	53,399	-	441,399
Disposal	-	-	(199,000)	-	-	(199,000)
Written off	-	-	-	(10,431)	(129,062)	(139,493)
At 30 June 2022	5,613,114	2,579,795	521,806	2,006,855	1,549,534	12,271,104

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land (Valuation) RM	Freehold buildings (Valuation) RM	Motor vehicles (Cost) RM	Fittings and equipment (Cost) RM	Renovation (Cost) RM	Total RM
Accumulated depreciation						
At 1 July 2020	-	317,569	75,459	5,738,284	508,979	6,640,291
Charge for the year	-	51,596	91,740	201,960	73,066	418,362
Write off	-	-	(14,846)	(4,433,863)	-	(4,448,709)
Foreign currency differences	-	-	-	39	234	273
At 30 June 2021						
As previously reported	-	369,165	152,353	1,506,420	582,279	2,610,217
Reclassification (Note 48)	-	-	(51,882)	-	-	(51,882)
As restated at 1 July 2021	-	369,165	100,471	1,506,420	582,279	2,558,335
Charge for the year	-	51,596	59,268	152,757	139,827	403,448
Disposal	-	-	(33,167)	-	-	(33,167)
Write off	-	-	-	(5,140)	(30,781)	(35,921)
At 30 June 2022	-	420,761	126,572	1,654,037	691,325	2,892,695
Net carrying amount						
At 30 June 2021	5,613,114	2,210,630	232,335	457,467	1,096,317	9,609,863
At 30 June 2022	5,613,114	2,159,034	395,234	352,818	858,209	9,378,409

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) During the financial year, the Group acquired property, plant and equipment by following means:

	Group 2022 RM	2021 RM
Cash payments	441,399	971,001
Lease liability	-	260,000
	441,399	1,231,001

(b) Management determined that the freehold land and buildings constitute a separate class of asset under MFRS 13 Fair Value Measurements, based on the nature, characteristics and risks of the properties.

Fair value of the freehold land and buildings was determined using the market/comparison method. For valuation using market/comparison method, valuations performed by independent professional valuer are based on transacted marketed prices, adjusted for differences in location, size, tenure and other differences of the specific land and buildings.

The freehold land and buildings of the Group were revalued in 28 March 2018 based on valuation performed by an independent professional valuer with experience in valuing land and buildings of similar nature. The management are of the opinion that this is a level 3 in the fair value hierarchy as the last valuation was more than 4 years ago.

(c) Had the revalued freehold land and buildings been carried at historical cost less accumulated depreciation, the carrying amount of the freehold land and buildings that would have been included in the financial statements of the Group and Company is as follows:

	Group 2022 RM	2021 RM
Freehold land		
Cost	4,851,314	4,851,314
Freehold buildings		
Cost	2,124,481	2,124,481
Less: Accumulated depreciation	(1,276,535)	(1,201,597)
	847,946	922,884

(d) The net carrying amount of the property, plant and equipment pledged for credit facilities are as follows:

	Group 2022 RM	2021 RM
Freehold land and building	7,772,148	7,823,744

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

6. RIGHT-OF-USE ASSETS

Group	Motor vehicle RM	Building RM	Total RM
Cost			
At 1 July 2020	-	-	-
Additions	-	-	-
Reclassification (Note 48)	283,000	-	283,000
At 30 June 2021 (Restated) and 1 July 2021	283,000	-	283,000
Additions	-	165,874	165,874
At 30 June 2022	283,000	165,874	448,874
Accumulated depreciation			
At 1 July 2020	-	-	-
Charge for the financial year	-	-	-
Reclassification (Note 48)	51,882	-	51,882
At 30 June 2021 (Restated) and 1 July 2021	51,882	-	51,882
Charge for the financial year	56,600	53,758	110,358
At 30 June 2022	108,482	53,758	162,240
Net carrying amount			
At 30 June 2021 (Restated)	231,118	-	231,118
At 30 June 2022	174,518	112,116	286,634

Company	Building RM	Total RM
Cost		
At 1 July 2020, 30 June 2021 and 1 July 2021	-	-
Additions	119,383	119,383
At 30 June 2022	119,383	119,383
Accumulated depreciation		
At 1 July 2020, 30 June 2021 and 1 July 2021	-	-
Charge for the financial year	42,135	42,135
At 30 June 2022	42,135	42,135
Net carrying amount		
At 30 June 2021	-	-
At 30 June 2022	77,248	77,248

The above motor vehicle was previously stated as property, plant and equipment in Note 5.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

7. INVESTMENT PROPERTIES

Group Cost	Freehold land RM (Fair value)	Freehold building RM (Fair value)	Leasehold buildings RM (Fair value)	Building in progress RM (Cost)	Total RM
At 1 July 2020	290,000	121,600	379,751	1,852,942	2,644,293
Addition	-	-	-	1,160,926	1,160,926
At 30 June 2021, 1 July 2021, and 30 June 2022	290,000	121,600	379,751	3,013,868	3,805,219
Accumulated depreciation					
At 1 July 2020, 30 June 2021, 1 July 2021 and 30 June 2022	-	-	-	-	-
Accumulated impairment losses					
At 1 July 2020, 30 June 2021, 1 July 2021 and 30 June 2022	-	-	379,751	-	379,751
Net carrying amount					
At 30 June 2021	290,000	121,600	-	3,013,868	3,425,468
At 30 June 2022	290,000	121,600	-	3,013,868	3,425,468

The estimated fair values of the investment properties are arrived at based on the directors' estimation at the fair values of the investment properties. Such fair values are arrived at based on comparisons with prices of similar properties in the same location or adjacent locations. Location differences may significantly affect the estimate of the fair value. The above valuations are level 3 in the fair value hierarchy as it is unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

7. INVESTMENT PROPERTIES (CONT'D)

If these investment properties were measured using the cost model, the net carrying amount would be as follows:

Group	Freehold land RM	Freehold building RM	Leasehold buildings RM	Buildings in progress RM	Total RM
2021					
Cost	245,909	121,600	379,751	3,013,868	3,761,128
Less: Accumulated depreciation	-	(22,535)	(94,274)	-	(116,809)
	245,909	99,065	285,477	3,013,868	3,644,319
2022					
Cost	245,909	121,600	379,751	3,013,868	3,761,128
Less: Accumulated depreciation	-	(24,789)	(97,606)	-	(122,395)
	245,909	96,811	282,145	3,013,868	3,638,733

8. INTANGIBLE ASSETS

Group	Software under development RM	Database system RM	E-commerce software RM	Website and mobile application RM	Total RM
Cost					
At 1 July 2020	-	-	-	-	-
Additions	24,149,272	-	-	-	24,149,272
At 30 June 2021, 1 July 2021 and 30 June 2022	24,149,272	-	-	-	24,149,272
Reclassification (to)/from	(24,128,000)	18,000	14,050,000	10,060,000	-
Written off	(21,272)	-	-	-	(21,272)
At 30 June 2022	-	18,000	14,050,000	10,060,000	24,128,000
Accumulated amortisation					
At 1 July 2020, 30 June 2021 and 1 July 2021	-	-	-	-	-
Charge for the financial year	-	3,600	-	1,006,000	1,009,600
At 30 June 2022	-	3,600	-	1,006,000	1,009,600

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

8. INTANGIBLE ASSETS (CONT'D)

Group	Software under development RM	Database system RM	E-commerce software RM	Website and mobile application RM	Total RM
Net carrying amount					
At 30 June 2021	24,149,272	-	-	-	24,149,272
At 30 June 2022	-	14,400	14,050,000	9,054,000	23,118,400

Intangible assets represent database system, website and mobile application and e-commerce software.

Database systems and website and mobile application

Intangible assets with finite life such as database system and website and mobile application are initially measured at costs. After initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite life are amortised on a straight-line basis over their estimated useful life.

E-commerce software

The useful life of the e-commerce software is estimated to be indefinite as the management believes there is no foreseeable limit to the period over which the e-commerce software are expected to generate cash flows to the Group. The e-commerce software is initially measured at costs. After initial recognition, the e-commerce software is reviewed annually and adjusted for impairment losses where they are considered necessary.

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by management covering a 10 year period.

The key assumptions used for value-in-use calculations were:

	Group	
	2022 RM	**2021 RM**
Growth rate		
E-commerce software	30% - 80%	-
Discount rate		
E-commerce software	11.30%	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

8. INTANGIBLE ASSETS (CONT'D)

The following describe each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and license:

(i) Growth rate

Growth rate is the forecasted annual growth rate over 10 year projection period. The revenues are generated whenever customers transact using the platform which comprised of transactional fees, merchant commission and advertising income and it is based on certain percentage of Gross Merchandise Value.

The growth rate forecasted was based on market research by an independent valuer, that the e-commerce market is expected to grow.

(ii) Discount rate

Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects and management's estimate of the risks specific to the CGU at the date of assessment.

Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying value of the CGUs to exceed its recoverable amount. The estimated recoverable amount exceeds that of the carrying amount of the CGUs.

9. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2022 **RM**	**2021** **RM**
Unquoted shares, at cost		
- In Malaysia	63,554,928	36,454,928
- Outside Malaysia	9,753,435	9,753,435
	73,308,363	46,208,363
Less: Accumulated impairment losses	(11,524,924)	(11,524,924)
	61,783,439	34,683,439

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation	Effective equity interest 2022 %	2021 %	Principal activities
Metronic Engineering Sdn. Bhd.	Malaysia	100	100	General trading and services, system integration in the field of intelligent building management systems and integrated management systems, e-project management of mechanical and electrical services, and supply of engineering systems.
Metronic Integrated System Sdn. Bhd. ("MISSB")	Malaysia	100	100	Currently dormant. Intended principal activities are to engage in procurement of contracts in relation to engineering works, integrated security management system and sale of engineering equipment.
MGL Development Sdn. Bhd.	Malaysia	100	100	Property development.
Metronic Smart Tech Sdn. Bhd. ("MST")	Malaysia	100	100	Currently dormant. Intended principal activities are research development and marketing of building automation and security system products, modules and related parts.
Metronic JF System Pte. Ltd. ("MJFS")*@	Singapore	80	80	Currently dormant.
Metronic Medicare Sdn. Bhd. ("MMSB")	Malaysia	100	100	Currently dormant.
Metronic Microsystem (Beijing) Co. Ltd. ("MMBCL")**	People's Republic of China	-	100	Currently dormant.
Metronic Vietnam Company Ltd.*	Vietnam	100	100	Currently dormant.
Anhui Lai'An Metronic Water Supply Company Limited ("ALAM")**	People's Republic of China	-	100	Currently dormant.
Metronic Engineering Private Limited ("MEPL")**	India	-	89	Currently dormant.
M Two Country Development Sdn. Bhd.	Malaysia	100	100	Currently dormant.
Bonanza Partners Sdn. Bhd. ("BPSB")	Malaysia	70	70	Currently dormant.
Sinaran PPA Sdn. Bhd. ("SPSB")	Malaysia	70	-	Currently dormant.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

* Subsidiary companies not audited by CHENGCO PLT
The financial statements of these subsidiary companies were consolidated based on the management accounts as the management is of the view that the financial position, results and cash flows of these subsidiary companies are insignificant.

** Loss of control of subsidiary companies
During the financial year, the Company has deconsolidated its subsidiaries namely, MMBCL, ALAM and MEPL. The companies have been inactive for years due to resignation of local key management personnel and have a very challenging business prospects. Notwithstanding that, the Company remains as a shareholder.

@ Equity interest held through MST.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances, except for those loss of control subsidiaries.

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

(a) Joint incorporation of a subsidiary company

On October 2021, the Company entered into a joint venture agreement with Earthtech Energy Sdn. Bhd. to undertake the business activities of carrying out the marketing, design, research and development and installation of solar power system as well as to provide after-sales service support thereafter.

On 30 November 2021, the Company jointly incorporated a 70% owned subsidiary company, SPSB, comprising 70 ordinary shares with a total cash subscription of RM1,000,000.

(b) Subscription of shares in subsidiary

On 30 June 2022, the Company acquired additional shares issued by MISSB, by way of debt capitalisation of RM26,100,000 of the amount due from the subsidiary.

Impairment loss recognised

Impairment loss was provided for investment in subsidiary companies in which these subsidiary companies had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, performance and cash flows of these subsidiary companies were not able to generate sufficient recoverable amount to justify the carrying amount of the investment in these subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Material partly-owned subsidiary companies

The Group's subsidiary companies that has material non-controlling interest is as follow:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2022	2021	2022	2021	2022	2021
	%	%	RM	RM	RM	RM
MJFS	20	20	(73,771)	(153,828)	(71,795)	(153,828)
BPSB	30	30	(3,143)	(4,202)	(23,037)	(19,894)
SPSB	30	30	(57,818)	-	(57,818)	-
MEPL	11	11	170,898	90,532	-	57,258

(i) Summarised statement of financial position

	MJFS		BPSB		SPSB		MEPL	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM	RM	RM
Non-current assets	35,654	634,673	-	-	-	-	-	-
Current assets	1,222,046	42,227	10	10	1,090,892	-	-	49,204
Current liabilities	(51,615)	(236,063)	(76,790)	(66,313)	(283,590)	-	-	(1,019,975)
Net assets/(liabilities)	1,206,085	440,837	(76,780)	(66,303)	(807,302)	-	-	(970,771)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Material partly-owned subsidiary companies (cont'd)

(ii) Summarised statement profit or loss and other comprehensive income

	MJFS		BPSB		SPSB		MEPL	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	-	-	-	-	-	-	-	-
Profit/(Loss) before and after tax for the financial year	400,287	(769,142)	(10,477)	(14,008)	(192,728)	-	-	823,014
Total comprehensive income/(loss) for the financial year	400,287	(769,142)	(10,477)	(14,008)	(192,728)	-	-	823,014

(iii) Summarised statement of cash flows

	MJFS		BPSB		SPSB		MEPL	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Net cash used in operating activities	1,063166	(730,047)	(6,964)	(5,634)	(278,212)	-	-	34,265
Net cash used in investing activities	-	(634,673)	-	-	-	-	-	-
Net cash generated from financing activities	(1,063,166)	1,364,720	6,964	5,634	279,104	-	-	-
Net increase in cash and cash equivalents	-	-	-	-	892	-	-	34,265

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

10. INVESTMENT IN ASSOCIATE COMPANY

	Group 2022 RM	Group 2021 RM
At 1 July	-	-
Additions	-	300,000
Share of post-acquisition reserves	-	(64,280)
Less: Accumulated impairment losses	-	(235,720)
At 30 June	-	-

Movements on accumulated impairment losses:

	Group 2022 RM	Group 2021 RM
At 1 July	235,720	-
Additions	-	235,720
Reversal	(235,720)	-
At 30 June	-	235,720

Details of the associate company is as follows:

Name of associate company	Country of incorporation	Effective equity interest 2022 %	Effective equity interest 2021 %	Principal activities
Matlamat Dinamik Sdn Bhd *	Malaysia	-	30%	System integration specializing in the field of intelligent building management and integrated security management system, fire alarm system, extra low voltage services and related services

* The associate company is not audited by CHENGCO PLT.

The Company has disposed of the investment in the Matlamat Dinamik Sdn. Bhd. during the financial year. Hence, it is no longer an associate company.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

10. INVESTMENT IN ASSOCIATE COMPANY (CONT'D)

(i) *Summarised statement of financial position*

	Matlamat Dinamik Sdn. Bhd. 2022 RM	2021 RM
Non-current assets	-	242,533
Current assets	-	370,120
Non-Current liabilities	-	-
Current liabilities	-	2,875,456
Net liabilities	-	(2,262,803)

(ii) *Summarised statement of profit or loss and other comprehensive income*

	Matlamat Dinamik Sdn. Bhd. 2022 RM	2021 RM
Revenue	-	-
Loss for the financial year	-	(214,267)
Total comprehensive loss for the financial year	-	(214,267)

(iii) *Summarised statement of cash flows*

	Matlamat Dinamik Sdn. Bhd. 2022 RM	2021 RM
Net cash generated from operating activities	-	244,117
Net cash used in investing activities	-	(176,000)
Net cash used in financing activities	-	(68,435)
Net decrease in cash and cash equivalents	-	(318)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

11. OTHER INVESTMENT

Group	Unquoted shares RM	Quoted shares RM	REIT RM	Total RM
2021				
- Cost	144,897	-	-	144,897
Less: Accumulated impairment losses	(144,897)	-	-	(144,897)
Net carrying amount	-	-	-	-
- Fair value through other comprehensive income	-	-	1,224,211	1,224,211
- Fair value through profit or loss	-	2,756,175	-	2,756,175
	-	2,756,175	1,224,211	3,980,386
2022				
- Cost	144,897	-	-	144,897
Less: Accumulated impairment losses	(144,897)	-	-	(144,897)
Net carrying amount	-	-	-	-
- Fair value through other comprehensive income	-	-	1,224,211	1,224,211
- Fair value through profit or loss	-	2,857,310	-	2,857,310
	-	2,857,310	1,224,211	4,081,521
Company				
2021				
- Cost	144,897	-	-	144,897
Less: Accumulated impairment losses	(144,897)	-	-	(144,897)
Net carrying amount	-	-	-	-
- Fair value through other comprehensive income	-	-	1,224,211	1,224,211
- Fair value through profit or loss	-	2,145,205	-	2,145,205
	-	2,145,205	1,224,211	3,369,416

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

11. OTHER INVESTMENT (CONT'D)

Company	Unquoted shares RM	Quoted shares RM	REIT RM	Total RM
2022				
- Cost	144,897	-	-	144,897
Less: Accumulated impairment losses	(144,897)	-	-	(144,897)
Net carrying amount	-	-	-	-
- Fair value through other comprehensive income	-	-	1,224,211	1,224,211
- Fair value through profit or loss	-	2,261,647	-	2,261,647
	-	2,261,647	1,224,211	3,485,858

Investment in unquoted shares of the Group and the Company are measured at cost less impairment losses.

Investment in quoted shares of the Group and of the Company are designated as fair value through profit or loss ("FVTPL") financial assets and are measured at fair value.

Investment in real estate investment trusts ('REIT') of the Group and of the Company are designated as fair value through other comprehensive income financial assets ("FVTOCI") are stated at fair value.

Impairment losses on investment in quoted shares

The Group and the Company assessed the fair value of investment in quoted shares and determined that an impairment loss should be recognised as the fair value is lower than the carrying amount. The fair value of investment in quoted shares is determined based on the fair value of the quoted shares as at the end of the reporting period.

12. DEFERRED TAX ASSETS

	Group 2022 RM	2021 RM
At 1 July/30 June	3,555,609	3,555,609
Transfer to statements of profit or loss and other comprehensive income	(3,555,609)	-
At 30 June	-	3,555,609

The deferred tax assets were derecognised during the financial year as the Management did not foresee there will be a taxable profit to set off against in the near future.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

12. DEFERRED TAX ASSETS (CONT'D)

Deferred tax assets have been recognised in respect of the following items:

	Group	
	2022 **RM**	**2021** **RM**
Unutilised capital allowances	-	301,918
Unabsorbed business losses	-	17,713,644
Other temporary differences	-	(3,200,525)
	-	14,815,037

Unutilised tax losses arising from year of assessment 2021 can be carried forward for a period of 10 years for set off against future taxable profits. However, unutilised tax losses which arose up to the year of assessment 2021 to be utilised up to the year of assessment 2028.

13. PROPERTY DEVELOPMENT COSTS

Group	**Land** **RM**	**Development expenditure** **RM**	**Total** **RM**
Cost			
At 1 July 2020	9,908,261	7,248,260	17,156,521
Additions	-	7,034,000	7,034,000
At 30 June 2021 and 1 July 2021	9,908,261	14,282,260	24,190,521
Additions	-	900,000	900,000
At 30 June 2022	9,908,261	15,182,260	25,090,521
Accumulated impairment losses			
At 1 July 2020	-	6,792,260	6,792,260
Additions	-	4,832,581	4,832,581
At 30 June 2021 and 1 July 2021	-	11,624,841	11,624,841
Reversal of impairment losses	-	(303,435)	(303,435)
At 30 June 2022	-	11,321,406	11,321,406
Net carrying amount			
At 30 June 2021	9,908,261	2,657,419	12,565,680
At 30 June 2022	9,908,261	3,860,854	13,769,115

Property development costs consist of a mixed development project with a total of 179 units of residential and commercial lot. The development project is expected to be completed by the second quarter of 2025.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

13. PROPERTY DEVELOPMENT COSTS (CONT'D)

The Group have hired an independent professional valuer for the valuation of the property development project. The valuation method is by comparing with the carrying amount and the recoverable amount of the development project. The recoverable amount of an asset is the greater of its fair value less cost to sell and its value in use. The development project is assessed to have a higher recoverable amount as compared to its carrying amount. Hence, there is a reversal of impairment losses during the financial year.

14. INVENTORIES

	Group 2022 RM	2021 RM
At cost		
Building automation equipment and parts	2,311,428	2,346,169
Security system	10,862	10,862
	2,322,290	2,357,031
Less: Accumulated impairment losses	(1,429,040)	(2,102,218)
	893,250	254,813
Recognised in profit or loss:		
Inventories recognised as cost of sales (Note 30)	42,198	334,125

Movements of the accumulated impairment losses of inventories:

	Group 2022 RM	2021 RM
At 1 July	2,102,218	2,102,218
Reversal	(673,178)	-
At 30 June	1,429,040	2,102,218

15. TRADE RECEIVABLES

	Group 2022 RM	2021 RM
Trade receivables	8,148,237	8,841,789
Retention sums on contracts (Note 16)	6,146,506	4,560,324
	14,294,743	13,402,113
Less: Accumulated impairment losses	(3,226,292)	(3,476,600)
	11,068,451	9,925,513

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

15. TRADE RECEIVABLES (CONT'D)

The Group's normal trade credit terms granted to trade receivables ranged from 60 to 120 days (2021: 60 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

Movements of the accumulated impairment losses (individually impaired):

	Group	
	2022 **RM**	**2021** **RM**
At 1 July	3,476,600	2,184,360
Additions	1,061,119	1,375,905
Reversal	(1,311,427)	(83,665)
At 30 June	3,226,292	3,476,600

The information about the credit exposures are disclosed in Note 40(b)(i).

16. AMOUNT DUE FROM CONTRACT CUSTOMERS

	Group	
	2022 **RM**	**2021** **RM**
Contract costs incurred to date	179,356,740	161,883,175
Add: Attributable profits	39,267,010	33,538,302
	218,623,750	195,421,477
Less: Progress billings received and receivable	(213,865,732)	(181,830,502)
	4,758,018	13,590,975
Represented by:		
Amount due by contract customers	4,758,018	13,590,975
Retention sums on contracts, included within trade receivables (Note 15)	6,146,506	4,560,324

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

17. OTHER RECEIVABLES AND DEPOSITS

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Other receivables	1,368,703	2,577,525	117,340	53,357
Reclassification from amount due from associate company (Note 19)	4,013,790	-	-	-
Less: Accumulated impairment losses	(4,731,790)	(718,000)	-	-
	650,703	1,859,525	117,340	53,357
Deposits	292,454	1,305,106	14,450	1,185,766
Staff advance	150,000	150,000	150,000	150,000
	1,093,157	3,314,631	281,790	1,389,123

Movements of the accumulated impairment losses (individually impaired):

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
At 1 July	718,000	1,969,850	-	-
Additions	813,628	700,000	-	-
Reclassification from/(to) amount due from associate company (Note 19)	3,200,162	(1,951,850)	-	-
At 30 June	4,731,790	718,000	-	-

18. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

	Company	
	2022 RM	**2021 RM**
Amount due by subsidiary companies		
- non-trade	34,393,325	52,975,722
Less: Accumulated impairment losses	(19,858,157)	(21,552,369)
	14,535,168	31,423,353
Amount due to subsidiary companies		
- non-trade	3,681,566	-

Amount due from/to subsidiary companies are unsecured, interest-free and recoverable on demand.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

18. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES (CONT'D)

Movements of the accumulated impairment losses (individually impaired):

	Company 2022 RM	2021 RM
At 1 July	21,552,369	18,099,328
Additions	17,509	3,482,453
Reversals	(1,711,721)	(29,412)
At 30 June	19,858,157	21,552,369

19. AMOUNT DUE FORM ASSOCIATE COMPANY

	Group 2022 RM	2021 RM
Amount due from associate company		
- non-trade	4,013,790	3,371,540
Reclassification to other receivables and deposits (Note 17)	(4,013,790)	-
Less: Accumulated impairment losses	-	(3,200,162)
	-	171,378

Amount due from associate company is non-trade in nature, unsecured, interest-free and recoverable on demand.

Movements of the accumulated impairment losses (individually impaired):

	Group 2022 RM	2021 RM
At 1 July	3,200,162	-
Reclassification (to)/from impairment losses on other receivables and deposits (Note 17)	(3,200,162)	1,951,850
Additions	-	1,248,312
At 30 June	-	3,200,162

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

20. FIXED DEPOSITS

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Fixed deposits with licensed bank	7,772,190	6,461,652	-	-
Fixed deposits with a cooperative licensed by Suruhanjaya Koperasi Malaysia	133,703,917	62,057,139	126,843,948	55,295,364
At 30 June	141,476,107	68,518,791	126,843,948	55,295,364

The fixed deposits with licensed bank earn effective interest rate ranging from 1.40% to 1.95% (2021: 1.85% to 2.15%) per annum and have maturity of 1 to 6 months (2021: 3 to 6 months).

The fixed deposits with a cooperative represent the fixed deposit placed with Koperasi Maal Nizami Negeri Selangor ("Komani"), a cooperative licensed by Suruhanjaya Koperasi Malaysia. The fixed deposit earns effective interest rate ranging from 1.80% to 2.10% (2021: 1.85% to 2.10%) and have maturity of 1 to 6 months (2021: 3 to 6 months).

21. CASH AND BANK BALANCES

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Cash in hand	22,457	187	-	-
Cash in bank	6,616,063	9,305,594	5,950,416	8,812,740
	6,638,520	9,305,781	5,950,416	8,812,740

For the purpose of presenting the statement of cash flow, cash and cash equivalent comprise the following:

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Cash and bank balances	6,638,520	9,305,781	5,950,416	8,812,740
Fixed deposits	141,476,107	68,518,791	126,843,948	55,295,364
	148,114,627	77,824,572	132,794,364	64,108,104
Less:				
Bank overdrafts	(5,586,677)	(2,870,683)	-	-
Fixed deposits pledged as securities	(7,772,190)	(6,461,652)	-	-
Fixed deposits placed with a cooperative	(133,703,917)	(62,057,139)	(126,843,948)	(55,295,364)
	1,051,843	6,435,098	5,950,416	8,812,740

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

22. SHARE CAPITAL

	Group and Company			
	2022	2021	2022	2021
	Number of ordinary shares		RM	RM
Issued and fully paid:				
At 1 July	2,079,778,155	1,245,765,493	188,881,025	133,680,926
Issued during the financial year :				
- Private placement	88,744,924	785,420,076	2,209,749	49,536,441
- Warrant exercised	71,600	24,999	8,659	3,023
- ESOS exercised	-	48,567,587	-	5,660,635
Share consolidation	(1,951,736,760)	-	-	-
At 30 June	216,857,919	2,079,778,155	191,099,433	188,881,025

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

During the financial year, the Company:

(i) on 30 September 2021, issued 88,744,924 new ordinary shares at an issue price of RM0.0249 per placement share for a total cash consideration of RM2,209,749 as disclosed in Note 44(d);

(ii) on 22 April 2022, issued 71,600 new ordinary shares at an issue price of RM0.08 per Warrant for a total cash consideration of RM5,728 as disclosed in Note 44(g); and

(iii) during the financial year, the Company undertook a share consolidation exercise which involved the consolidation of every ten (10) existing shares in the Company held by the shareholders on the entitlement date of 20 May 2022 into one (1) share ("Consolidated share(s)") of the Company. On 23 May 2022, the Company completed its share consolidation exercise as disclosed in Note 44(h) to the financial statements.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

23. OTHER RESERVES

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable					
Other reserves:					
Revaluation reserve	(a)	5,669,118	5,669,118	-	-
Warrant reserve	(b)	-	16,796,442	-	16,796,442
Fair value reserve		(248,540)	(248,540)	(248,540)	(248,540)
Foreign currency translation reserve	(c)	227,313	(614,553)	-	-
		5,647,891	21,602,467	(248,540)	16,547,902

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

23. OTHER RESERVES (CONT'D)

(a) Revaluation reserve

The revaluation reserve represents the cumulative changes arising from the valuation of freehold land, freehold and leasehold buildings which are non-distributable.

(b) Warrant reserve

The warrant was constituted under the Deed Poll dated 1 March 2019.

Salient features of the above warrants are as follows:

i. Each of the warrant entitles the holder to the right of exercise of one ordinary share in the Company. The number of warrants is subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
ii. The close of business on the warrants is three (3) years from the date of issuance of the warrants: thereafter the outstanding warrants will cease to be valid for any purpose.
iii. The new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.
iv. The warrant is quoted on the main market of Bursa Malaysia on 23 April 2019. Each warrant entitles its holder the right to subscribe for one ordinary share each in the Company at any time up to the expiry date of 16 April 2022 at an exercise price of RM0.08 payable in cash.

The movement in the Warrants are as follow:

	Entitlement for ordinary shares			
	As at 1.7.2021	**Exercised**	**Expired**	**As at 30.6.2022**
Warrant A	410,253,977	(71,600)	(410,182,377)	-

During the year, a total of 71,600 warrants A were exercised before the expiry date of the warrants on 22 April 2022 ("Expiry Date") which resulted in 71,600 new ordinary shares being allotted, issued and listed. As at Expiry Date, 410,182,377 unexercised warrants become null, void and ceased to be exercisable and the same amount was removed from the official list of Bursa Securities with effect from 23 April 2022.

(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange difference arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

24. LEASE LIABILITIES

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
At 1 January	238,130	3,425	-	-
Additions	165,874	260,000	119,383	-
Accretion of interest	18,056	10,562	5,567	-
Payments	(93,270)	(35,857)	(45,599)	-
	328,790	238,130	79,351	-
Presented as:				
Non-current	237,301	213,205	37,060	-
Current	91,489	24,925	42,291	-
	328,790	238,130	79,351	-

The maturity analysis of lease liabilities of the Group and Company at the end of the reporting period are as follows:

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Future minimum lease payments				
Not later than 1 year	105,492	35,292	45,600	-
Later than 1 year but not later than 5 years	191,468	141,168	38,000	-
Later than 5 years	73,460	108,753	-	-
	370,420	285,213	83,600	-
Less: Future finance charges	(41,630)	(47,083)	(4,249)	-
	328,790	238,130	79,351	-
Present value of liabilities				
Not later than 1 year	91,489	24,925	42,291	-
Later than 1 year but not later than 5 years	167,095	111,889	37,060	-
Later than 5 years	70,206	101,316	-	-
	328,790	238,130	79,351	-
Analysed as:				
Due within 12 months	91,489	24,925	42,291	-
Due after 12 months	237,301	213,205	37,060	-
	328,790	238,130	79,351	-

The lease liabilities bear effective interest rates ranging from 2.46% to 5.50% (2021: 2.46% to 2.85%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

25. TRADE PAYABLES

	Group	
	2022 RM	2021 RM
Trade payables	10,867,427	17,649,866

The normal trade credit terms granted by trade payables to the Group ranged from 30 to 90 days (2021: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Other payables	84,331,658	10,089,827	77,991,434	1,249,839
Accruals	1,776,138	1,729,759	1,444,813	1,447,899
Provision for contingent liabilities	-	1,755,174	-	-
Provision for defect liabilities	-	5,495,238	-	-
	86,107,796	19,069,998	79,436,247	2,697,738

27. AMOUNT DUE TO DIRECTORS

Amount due to directors are non-trade in nature, unsecured, interest-free and repayable on demand.

28. SHORT-TERM BORROWINGS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Bank overdrafts	5,586,677	2,870,683	-	-
Bankers' acceptances	3,322,022	3,679,150	-	-
Margin financing	636,215	1,042,797	636,215	1,042,797
	9,544,914	7,592,630	636,215	1,042,797

As at 30 June 2022, the Group has bank facilities amounted to RM37,000,000 (2021: RM14,000,000). The bank overdraft and bankers' acceptances are secured as follows:

(i) Legal charge on the freehold land and buildings as mentioned in Note 5;
(ii) Pledged of fixed deposits with licensed bank as mentioned in Note 20; and
(iii) Corporate guarantee for RM37,000,000 executed by Metronic Global Berhad to its subsidiaries.

The borrowings bear effective interest rates ranging from 2.12% to 6.40% (2021: 2.81% to 8.00%) per annum.

The margin financing granted by securities company is secured by quoted shares as disclosed in Note 11 and bear the interest of 9.5% (2021: 9.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

29. REVENUE

Disaggregation of revenue from contract with customer: -

	Group	
	2022	**2021**
	RM	**RM**
Contract work	35,895,058	24,803,630
Maintenance services	3,627,393	4,383,467
Sale of equipment	66,090	283,526
	39,588,541	29,470,623
Timing of transfer of good or service		
At point of time	66,090	283,526
At over time	39,522,451	29,187,097
	39,588,541	29,470,623
Geographical market		
Malaysia	39,588,541	29,470,623

30. COST OF SALES

	Group	
	2022	**2021**
	RM	**RM**
Contract costs	24,642,957	19,498,428
Maintenance services	1,215,790	897,562
Cost of equipment sold	42,198	334,125
Freight charges	2,468	4,543
	25,903,413	20,734,658

The cost of sales are inclusive of reversal of provision for defect liabilities during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

31. OTHER OPERATING INCOME

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Continuing operations:				
Bad debts recovered	47,293	-	-	-
Gain on disposal of associate company	64,280	-	-	-
Gain on disposal of property, plant and equipment	4,167	-	-	-
Gain on foreign exchange - realised	-	2,517	-	-
Gain on foreign exchange - unrealised	-	35,458	-	-
Interest income	1,218,046	1,210,758	1,083,791	990,725
Other income	285,712	649,393	80,573	-
Reversals of impairment losses on:				
- amount due by subsidiaries	-	-	1,711,721	29,412
- inventories	673,178	-	-	-
- investment in associate company	235,720	-	-	-
- property development costs	303,435	-	-	-
- trade receivables	1,311,427	83,665	-	-
Waiver of debts	-	60,833	-	-
	4,143,258	2,042,624	2,876,085	1,020,137
Discontinued operations:				
Waiver of debts	-	1,860,102	-	-
	4,143,258	3,902,726	2,876,085	1,020,137

32. FINANCE COSTS

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Bank overdrafts interest	385,235	295,118	-	-
Bankers' acceptances interest	86,058	87,810	-	-
Lease interest	18,056	10,562	5,567	-
Margin financing interest	93,748	96,714	93,748	96,714
	583,097	490,204	99,315	96,714

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

33. LOSS BEFORE TAX

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Loss before tax is stated after charging				
Auditors' remuneration:				
Statutory audits - current	169,868	188,105	65,000	70,000
Statutory audits - underprovision in prior financial year	-	2,680	-	-
Non-statutory audits - current	5,000	-	5,000	-
Bad debts written off	-	174,089	-	508,326
Depreciation of property, plant and equipment (Note 5)	403,448	418,362	-	-
Depreciation of right-of-use assets (Note 6)	110,358	-	42,135	-
Impairment losses on:				
- amount due from associate company	-	1,248,312	-	-
- amount due from subsidiary companies	-	-	17,509	3,482,453
- investment in associate company	-	235,720	-	-
- investment properties	-	379,751	-	-
- other receivables	813,628	700,000	-	-
- property development cost	-	4,832,581	-	-
- trade receivables	1,061,119	1,375,905	-	-
Amortisation of intangible assets	1,009,600	-	-	-
Loss on foreign exchange - unrealised	15,307	-	-	-
Loss on disposal of quoted shares classified as fair value through profit or loss	3,411,128	1,778,387	3,411,128	1,778,387
Short-term leases	38,390	127,891	12,000	55,900
Staff costs (Note 35)	6,935,726	8,293,627	574,327	1,498,310
Write off on:				
- amount due from subsidiary companies	-	-	858,004	40,729
- intangible assets	21,272	-	-	-
- property, plant and equipment	103,572	-	-	-

For short-term leases with lease term of 12 months or less and for lease of fair value assets of low value items the Group and the Company has availed the exemption in MFRS 16 not to recognised the right-of-use assets and lease liabilities. Instead, payments made for these leases are charged as expenses when incurred.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

34. TAX EXPENSE/(CREDIT)

(a) Major components of tax expense/(credit)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysian income tax:				
- current year's provision	38,142	282,800	2,043	237,800
- (over)/underprovision in respect of prior financial year	(118,399)	306,060	(128,655)	287,854
	(80,257)	588,860	(126,612)	525,654
Deferred tax:				
- current year's provision	3,555,609	-	-	-
	3,475,352	588,860	(126,612)	525,654

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There was no tax for the foreign subsidiary companies in China, India, Vietnam and Singapore as they were in a tax loss position for the current financial year.

(b) Relationship between tax expense and accounting loss

The reconciliation from the tax amount of the statutory income tax rate to the Group's and Company's tax expenses are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before tax:				
- continuing operations	(3,886,608)	(21,527,189)	(4,077,719)	(8,933,294)
- discontinued operations	(278,429)	1,601,449	-	-
	(4,165,037)	(19,925,740)	(4,077,719)	(8,933,294)
Income tax expense at Malaysian statutory tax rate of 24% (2021: 24%)	(999,609)	(4,782,177)	(978,653)	(2,143,991)
- expenses not deductible for tax purposes	3,520,774	4,707,319	1,281,343	1,819,330
- income not subject to tax	(1,193,222)	(346,573)	(419,720)	-
- deferred tax assets not recognised during the financial year	-	704,231	119,073	562,461
- reversal of deferred tax assets previously recognised	2,265,808	-	-	-
- (over)/under provision of income tax in respect of prior financial year	(118,399)	306,060	(128,655)	287,854
	3,475,352	588,860	(126,612)	525,654

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

34. TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting loss (cont'd)

The amount of temporary differences of which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Unutilised capital allowances	13,388	11,228	-	-
Unabsorbed tax losses	13,198,012	18,649,662	496,138	-
	13,211,400	18,660,890	496,138	-

Deferred tax assets have not been recognised in respect of these items as it is not probable that the future taxable profits of the Group or of the Company will be available against which the deductible temporary differences can be utilised.

Unutilised tax losses arising from year of assessment 2021 can be carried forward for a period 7 years for set off against future taxable profits. However, unutilised tax losses which arose up to the year of assessment 2021 to be utilised up to the year of assessment 2028.

35. STAFF COSTS

The staff costs recognised in profit or loss are as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Salaries and wages	5,742,075	6,348,435	456,000	414,000
Defined contribution plan	723,860	845,912	30,480	59,160
Other employee benefit expenses	805,791	1,640,033	363,847	379,583
Share based payment	-	855,857	-	855,857
	7,271,726	9,690,237	850,327	1,708,600

Remuneration to directors, who are also the key senior management personnel of the Group and of the Company which included in the staff cost above as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Salaries and wages	456,000	414,000	456,000	414,000
Defined contribution plan	30,480	59,160	30,480	59,160
Other employee benefit expenses	87,847	1,025,149	87,847	-
Directors fees	336,000	209,267	276,000	209,267
	910,327	1,707,576	850,327	682,427

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

36. (LOSS)/EARNING PER SHARE

Basic (loss)/earning per share

The basic (loss)/earning per ordinary share as at 30 June 2022 is arrived at by dividing the Group's (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	2022 RM	**2021 RM**
(Loss)/Profit attributable to owners of the Company (RM)		
- from continuing operations	(7,227,228)	(21,958,019)
- from discontinued operations	(449,327)	1,510,917
	(7,676,555)	(20,447,102)
Weighted average number of ordinary shares issued as at 30 June	214,635,042	1,508,040,072
Basic (loss)/earning per share (sen)		
- from continuing operations	(3.37)	(1.46)
- from discontinued operations	(0.21)	0.10
	(3.58)	(1.36)

Diluted loss per share

The loss per share amount is not adjusted for the following ordinary share transactions occurred during the end of the financial year to the date of the report:

i) issue of new ordinary shares and new warrants; and
ii) the conversion warrants into new ordinary shares.

This is because such transactions do not affect the amount of capital used to produce profit or loss for the financial period.

37. OPERATING SEGMENTS

For management purpose, the Group segment reporting format is determined to be geographical as the Group's risks and rates of return are affected predominantly by the location of where revenue is generated. The Group's geographical segments are divided into two categories.

(i) Malaysia

The operations in this area are system integration specialising in the field of intelligent building management system and integrated security management system, e-project management of mechanical and electrical services, supply of engineering systems and equipment, and marketing and distribution of intelligent healthcare.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

37. OPERATING SEGMENTS (CONT'D)

(ii) Overseas

The Group has subsidiaries companies and branch in Vietnam, India, People's Republic of China, Singapore and United Arab Emirates. The companies were previously involved in the system integration specialising in the field of intelligent building management system and integrated security management system and supply of engineering systems and equipment. However, all overseas subsidiaries have ceased their operation except MJFS which has not commenced since its date of incorporation.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements. Transfer pricing between operating segments is on arm's length basis in a manner similar to transactions with third parties.

The following table provides an analysis of the Group's revenue, results, assets and liabilities by geographical segment.

Group **2022**	**Note**	**Malaysia RM**	**Overseas RM**	**Elimination RM**	**Total RM**
Revenue					
Continuing operations					
Sales to external customers		39,588,541	-	-	39,588,541
Total revenue		39,588,541	-	-	39,588,541
Group revenue	*A*				39,588,541
Results					
Segment results	*B*	(3,668,805)	14,515	(867,267)	(4,521,557)
Interest income		1,218,046	-	-	1,218,046
Interest expense		(583,097)	-	-	(583,097)
Loss before tax		(3,033,856)	14,515	(867,267)	(3,886,608)
Tax expense		(3,475,352)	-	-	(3,475,352)
Loss after tax		(6,509,208)	14,515	(867,267)	(7,361,960)
Assets					
Segment assets	*C*	219,752,557	381,849	-	220,134,406
Other segment information					
Amortisation of intangible assets		1,009,600	-	-	1,009,600
Bad debt recovered		(47,293)	-	-	(47,293)
Depreciation of property, plant and equipment		403,448	-	-	403,448
Depreciation of right-of-use assets		110,358	-	-	110,358
Gain on disposal of associate company		(64,280)	-	-	(64,280)
Gain on disposal of property, plant and equipment		(4,167)	-	-	(4,167)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

37. OPERATING SEGMENTS (CONT'D)

Group **2022**	Note	Malaysia RM	Overseas RM	Elimination RM	Total RM
Impairment losses on:					
- other receivable		813,628	-	-	813,628
- trade receivables		1,061,119	-	-	1,061,119
Loss on foreign exchange					
- unrealised		15,307	-	-	15,307
Loss on disposal of quoted shares classified as fair value through profit or loss		3,411,128	-	-	3,411,128
Reversal of defect liabilities		(5,495,238)	-	-	(5,495,238)
Reversal of impairment losses on:					
- inventories		(673,178)	-	-	(673,178)
- investment in associate company		(235,720)	-	-	(235,720)
- property development costs		(303,435)	-	-	(303,435)
- trade receivables		(1,311,427)	-	-	(1,311,427)
Written off on:					
- intangible assets		21,272	-	-	21,272
- property, plant and equipment		103,572	-	-	103,572

Group **2021**	Note	Malaysia RM	Overseas RM	Elimination RM	Total RM
Revenue					
Continuing operations					
Sales to external customers		29,470,623	-	-	29,470,623
Total revenue		29,470,623	-	-	29,470,623
Group revenue	*A*				29,470,623
Results					
Segment results	*B*	(22,086,201)	1,439,907	-	(20,646,294)
Interest income		1,210,758	-	-	1,210,758
Interest expense		(490,204)	-	-	(490,204)
Loss before tax		(21,365,647)	1,439,907	-	(19,925,740)
Tax expense		(588,860)	-	-	(588,860)
Loss after tax		(21,954,507)	1,439,907	-	(20,514,600)
Assets					
Segment assets	*C*	162,550,074	49,204	-	162,599,278

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

37. OPERATING SEGMENTS (CONT'D)

Group 2021	Note	Malaysia RM	Overseas RM	Elimination RM	Total RM
Other segment information					
Bad debts written off		-	174,089	-	174,089
Depreciation of property, plant and equipment		418,362	-	-	418,362
Gain on foreign exchange - unrealised		(35,458)	-	-	(35,458)
Impairment losses on financial assets		3,324,217	-	-	3,324,217
Impairment losses on non-financial assets		5,448,052	-	-	5,448,052
Loss on disposal of quoted shares classified as fair value through profit or loss		1,778,387	-	-	1,778,387
Reversal of impairment losses on trade receivables		(83,665)	-	-	(83,665)
Share of loss from associate		64,280	-	-	64,280
Waiver of debts		-	(1,920,935)	-	(1,920,935)

The Group's revenue is derived from numerous customers and there is no one major customer that contributes significantly to the revenue during the current financial year.

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements are as follows:

A Inter-segment revenues are eliminated on consolidation.

B Inter-segment results are eliminated on consolidation.

C Inter-segment assets are eliminated on consolidation.

38. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key senior management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key senior management personnel services to the Group. The key senior management personnel include all the Directors of the Group and certain members of senior management of the Group.

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

38. RELATED PARTY DISCLOSURES (CONT'D)

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial period:

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Rental of premises paid to a subsidiary company	-	-	12,000	12,000

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Key senior management personnel compensation:				
Short-term employee benefits (Note 35)	910,327	1,707,576	850,327	682,427
Key senior management personnel balances:				
Staff advance (receivable)	150,000	150,000	150,000	150,000
Advance received (payable)	341,060	388,802	318,632	388,802

The related party is related by the Group has investment and has common key senior management personnel in the holding company of the entity.

The Group has purchase investment properties from the related entity and has capital commitment as disclosed above.

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1 July RM	**Financing cash flows (i) RM**	**New Lease RM**	**At 30 June RM**
2022				
Group				
Amount due to directors	388,802	(47,742)	-	341,060
Bankers' acceptance	3,679,150	(357,128)	-	3,322,022
Lease liabilities	238,130	(75,214)	165,874	328,790
Margin financing	1,042,797	(406,582)	-	636,215
	5,348,879	(886,666)	165,874	4,628,087
Company				
Amount due to a director	388,802	(70,170)	-	318,632
Lease liability	-	(40,032)	119,383	79,351
Margin financing	1,042,797	(406,582)	-	636,215
	1,431,599	(516,784)	119,383	1,034,198

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

	At 1 July RM	Financing cash flows (i) RM	New Lease RM	At 30 June RM
2021				
Group				
Amount due to a director	250,000	138,802	-	388,802
Banker acceptances	3,219,539	459,611	-	3,679,150
Lease liability	3,425	(25,295)	260,000	238,130
Margin financing	2,023,214	(980,417)	-	1,042,797
	5,496,178	(407,299)	260,000	5,348,879
Company				
Amount due to a director	250,000	138,802	-	388,802
Margin financing	2,023,214	(980,417)	-	1,042,797
	2,273,214	(841,615)	-	1,431,599

(i) The financing cash flows represent repayment of lease liabilities and net proceeds from/repayment of margin financing and advances/repayment to directors.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

(i) Fair value through profit or loss ("FVPL")
(ii) Amortised cost ("AC")
(iii) Fair value through other comprehensive income ("FVOCI')

2022	*Group* RM	*Company* RM
Financial assets		
Fair value through other comprehensive income		
Other investment	1,224,211	1,224,211
Fair value through profit or loss		
Other investment	2,857,310	2,261,647
At amortised cost		
Trade receivables	11,068,451	-
Amount due from contract customer	4,758,018	-
Other receivables	943,157	131,790
Amount due from subsidiary companies	-	14,535,168
Fixed deposits	141,476,107	126,843,948
Cash and bank balances	6,638,520	5,950,416
	164,884,253	147,461,322

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (cont'd)

2022	Group RM	Company RM
Financial liabilities		
At amortised cost		
Trade payables	10,867,427	-
Other payables and accruals	86,107,796	79,436,247
Amount due to directors	341,060	318,632
Lease liabilities	328,790	79,351
Short-term borrowings	9,544,914	636,215
	107,189,987	80,470,445

2021	Group RM	Company RM
Financial assets		
Fair value through other comprehensive income		
Other investment	1,224,211	1,224,221
Fair value through profit or loss		
Other investment	2,756,715	2,145,205
At amortised cost		
Trade receivables	9,925,513	-
Amount due from contract customer	13,590,975	-
Other receivables	3,164,631	1,239,123
Amount due from subsidiary companies	-	31,423,535
Amount due from associate company	171,378	-
Fixed deposits	68,518,791	55,295,364
Cash and bank balances	9,305,781	8,812,740
	104,677,069	96,770,762
Financial liabilities		
At amortised cost		
Trade payables	17,649,866	-
Other payables and accruals	19,069,998	2,697,738
Amount due to a director	388,802	388,802
Lease liability	238,130	-
Short-term borrowings	7,592,630	1,042,797
	44,939,426	4,129,337

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk and market price risk. The Group's and the Company's overall financial risk management objective is to optimise value for its shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's directors. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables is not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Credit risk concentration profile

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or groups of receivables.

The Group applies the simplified approach to providing for loss allowance for impairment prescribed by MFRS 9, which permits the use of the lifetime expected credit losses provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

The information about the credit risk exposure on the Group's trade receivables using provision matrix are as follows:

	Group	
	2022 **RM**	**2021** **RM**
Not past due	3,915,555	3,370,385
Past due but not impaired:		
- less than 3 months	1,978,714	1,206,869
- 3 to 6 months	265,562	269,837
- more than 6 months	1,988,406	3,994,698
	4,232,682	5,471,404
Retention sums	6,146,506	4,560,324
Impaired	(3,226,292)	(3,476,600)
	11,068,451	9,925,513

Other receivables and financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 120 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

As at the end of the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.14(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee

The Company provides unsecured financial guarantees to licensed bank for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The Company's maximum exposure in this respect is RM43 million (2021: RM43 million), representing the outstanding banking facilities to the subsidiary companies would default on repayment as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guarantee loans individually using internal information available.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

Maturity analysis

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

Group 2022	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM
Trade payables	-	10,867,427	10,867,427	10,867,427	-	-
Other payables and accruals	-	86,107,796	86,107,796	86,107,796	-	-
Amount due to directors	-	341,060	341,060	341,060	-	-
Lease liabilities	2.46 - 5.50	328,790	370,420	105,492	191,468	73,460
Short-term borrowings	2.12 - 9.50	9,544,914	9,544,914	9,544,914	-	-
		107,189,987	107,231,617	106,966,689	191,468	73,460

Group 2021	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM
Trade payables	-	17,649,866	17,649,866	17,649,866	-	-
Other payables and accruals	-	19,069,998	19,069,998	19,069,998	-	-
Amount due to a director	-	388,802	388,802	388,802	-	-
Lease liability	2.46 - 2.85	238,130	285,213	35,292	141,168	108,753
Short-term borrowings	2.81 - 9.50	7,592,630	7,592,630	7,592,630	-	-
		44,939,426	44,986,509	44,736,588	141,168	108,753

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(ii) Liquidity risk (cont'd)

The maturity analysis of the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

Company **2022**	**Weighted Average Effective Rate %**	**Carrying Amount RM**	**Contractual Undiscounted Cash Flows RM**	**Within 1 Year RM**	**1 - 2 Years RM**	**2 - 5 Years RM**
Other payables and accruals	-	79,436,247	79,436,247	79,436,247	-	-
Amount due to a director	-	318,632	318,632	318,632	-	-
Lease liability	5.50	79,351	83,600	45,600	38,000	-
Short-term borrowings	9.50	636,215	636,215	636,215	-	-
		80,470,445	80,474,694	80,436,694	38,000	-

Company **2021**	**Weighted Average Effective Rate %**	**Carrying Amount RM**	**Contractual Undiscounted Cash Flows RM**	**Within 1 Year RM**	**1 - 2 Years RM**	**2 - 5 Years RM**
Other payables and accruals	-	2,697,738	2,697,738	2,697,738	-	-
Amount due to a director	-	388,802	388,802	388,802	-	-
Short-term borrowings	9.50	1,042,797	1,042,797	1,042,797	-	-
		4,129,337	4,129,337	4,129,337	-	-

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposures to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and the Group's and the Company's net investments in foreign subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iii) Foreign currency risk (cont'd)

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

Group **2022**	**Australian Dollar (AUD) RM**	**Chinese Yuan Renmimbi (RMB) RM**	**Vietnamese Dong (VND) RM**	**Indian Rupee (RUPEE) RM**	**Singapore Dollar (SGD) RM**	**Total RM**
Financial Assets						
Other investment	1,819,875	-	-	-	-	1,819,875
Bank balances	68,369	-	-	-	-	68,369
	1,888,244	-	-	-	-	1,888,244
Financial Liabilities						
Other payables and accruals	-	-	31,828	-	51,615	83,443
	-	-	31,828	-	51,615	83,443
Net currency exposure	1,888,244	-	(31,828)	-	(51,615)	1,804,801

Group **2021**	**Australian Dollar (AUD) RM**	**Chinese Yuan Renmimbi (RMB) RM**	**Vietnamese Dong (VND) RM**	**Indian Rupee (RUPEE) RM**	**Singapore Dollar (SGD) RM**	**Total RM**
Financial Assets						
Other investment	1,835,181	-	-	-	-	1,835,181
Other receivables and deposits	-	-	-	-	42,227	42,227
	1,835,181	-	-	-	42,227	1,877,408
Financial Liabilities						
Other payables and accruals	-	25,445	15,912	8,366	77,183	126,906
	-	25,445	15,912	8,366	77,183	126,906
Net currency exposure	1,835,181	(25,445)	(15,912)	(8,366)	(34,956)	1,750,502

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iii) Foreign currency risk (cont'd)

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows: (cont'd)

Company **2022**	**Australian Dollar (AUD) RM**	**Total RM**
Financial Assets		
Other investment	1,224,211	1,224,211
Bank balances	68,369	68,369
	1,292,580	1,292,580
2021		
Financial Assets		
Other investment	1,224,211	1,224,211

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to Australian Dollar ("AUD"), Chinese Yuan Renminbi (RMB), Vietnamese Dong (VND), Indian Rupee (RUPEE) and Singapore Dollar (SGD).

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, RMB, VND, SGD and RUPEE, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Group		***Company***	
	2022 RM Increase/ (Decrease)	**2021 RM Increase/ (Decrease)**	**2022 RM Increase/ (Decrease)**	**2021 RM Increase/ (Decrease)**
Effects on profit after tax/equity				
Strengthened by 10%				
- RMB	-	(1,934)	-	-
- VND	(2,419)	(1,209)	-	-
- AUD	143,507	139,474	98,236	93,040
- SGD	(3,923)	(2,657)	-	-
- RUPEE	-	(635)	-	-
Weakened by 10%				
- RMB	-	1,934	-	-
- VND	2,419	1,209	-	-
- AUD	(143,507)	(139,474)	(98,236)	(93,040)
- SGD	3,923	2,657	-	-
- RUPEE	-	635	-	-

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposures to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Group's policy to manage their interest rate risk is to hedge all material floating rate borrowings using interest rate swaps.

The interest rate profile of the Group's and Company's significant interest-bearing financial instruments, based on carrying amount as at the end of the reporting period are as follows:

	Group		***Company***	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Fixed rate				
Financial assets				
Fixed deposits	141,476,107	68,518,791	126,843,948	55,295,364
Financial liabilities				
Lease liabilities	328,790	238,130	79,351	-
Floating rate				
Short-term borrowings	9,554,914	7,592,630	636,215	1,042,797

The Group's and the Company's borrowings at variable rates are denominated in Ringgit Malaysia ("RM"). At reporting date, if the RM interest rate had been 50 basis point ("b.p.") higher/lower with all other variable including tax rate being held constant, the profit after tax will be lower/higher by RM36,309 (2021: RM28,852) and RM2,418 (2021: RM3,963) for the Group and the Company as a result of higher/lower interest expenses on these borrowings.

(v) Market price risk

Market price risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market price (other than interest or exchange rates).

The Group's investments in quoted equity instruments are subject to market price risk.

<u>Sensitivity analysis for equity price risk</u>
A 10% increase in the market price of the quoted shares as at the end of the reporting period would have increased equity by RM285,731 (2021: RM275,618) and RM226,165 (2021: RM214,521) for the Group and for the Company respectively. A 10% decrease in market price would have had equal but opposite effect on equity.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments, except for:

(i) Quoted shares in fair value through profit or loss ("FVTPL") financial assets

Quoted shares in FVTPL financial assets are carried at fair value by reference to their quoted closing prices at the end of the reporting period.

(ii) Unquoted shares in fair value through other comprehensive income (FVTOCI financial assets

(iii) Unquoted shares in FVTOCI financial assets are carried at fair value assessed by management at the end of the reporting period. The management regularly reviews significant unobservable inputs and valuation adjustments.

Other long-term financial assets and liabilities are reasonable approximation of fair value because they are floating instruments which are re-priced to market interest rates or estimated by discounting future cash flows using current lending rates for similar types or arrangements.

It is not practical to determine the fair value of lease liabilities which are at fixed rate due to lack of market information of comparable instruments with similar characteristic and risk profile.

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments.

	Group	
	2022 RM	**2021 RM**
Level 1		
Quoted shares	2,857,310	2,756,175
Level 3		
REIT	1,224,211	1,224,211
Property, plant and equipment	8,192,909	8,192,909
Investment properties	791,351	791,351
	10,208,471	10,208,471

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement (cont'd)

	Company 2022 RM	2021 RM
Level 1		
Quoted shares	2,261,647	2,145,205
Level 3		
REIT	1,224,211	1,224,211

Policy on transfer between levels

The fair value of asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There was no transfer between the fair value measurement hierarchy.

(i) Level 1 - Quoted shares (unadjusted) in active markets for identical assets and liabilities
(ii) Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Transfer between Level 1 and Level 2

There have been no transfers between Level 1 and Level 2 during the financial year.

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

41. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended under review.

The Company monitors capital using gearing ratio. The gearing ratio is calculated as total debts divided by equity attributable to the owners of the Company. The gearing ratio at 30 June 2021 and 30 June 2022 are as follows:

	Group		*Company*	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Trade payables	10,867,427	17,649,866	-	-
Other payables and accruals	86,107,796	19,069,998	79,436,247	2,697,738
Amount due to directors	341,060	388,802	318,632	388,802
Amount due to subsidiary companies	-	-	3,681,566	-
Lease liabilities	328,790	238,130	79,351	-
Short-term borrowings	9,544,914	7,592,630	636,215	1,042,797
	107,189,987	44,939,426	84,152,011	4,129,337
Less: Fixed deposits	(141,476,107)	(68,518,791)	(126,843,948)	(55,295,364)
Cash and bank balances	(6,638,520)	(9,305,781)	(5,950,416)	(8,812,740)
Net debt	(40,924,640)	(32,885,146)	(48,642,353)	(59,978,767)
Total equity	112,944,419	117,527,435	128,990,668	130,726,298
Total capital	72,019,779	84,642,289	80,348,315	70,747,531
Gearing ratio	**	**	**	**

** Not meaningful as the Group and the Company are in net cash position

There were no changes in the Group's and the Company's approach to capital management during the financial years under review.

The Group and the Company are not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

42. CONTINGENT LIABILITIES

Corporate Guarantees

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(i) Secured: Performance and financial guarantees issued by the licensed banks to third parties	8,799,461	8,890,014	-	-

The above bank guarantees and letters of credit are secured on the freehold land and buildings, leasehold buildings and fixed deposits with licensed banks of the Group.

43. CAPITAL COMMITMENTS

	Group	
	2022 RM	2021 RM
Approved and contracted but not provided for	25,152,200	25,152,200

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 1 July 2021, the Company announced that its wholly owned subsidiary MMSB had on 26 February 2021 executed and provided the Sale and Purchase Agreement ("SPA") for the supply of Thirty Million (30,000,000) units of COVID-19 Immune System Test Kit to MTPS Innotech Company Limited ("MTSP") and the SPA was subsequently executed by MTPS on 20 May 2021 being the effective date of the SPA.

(b) On 1 July 2021, the Company announced that its wholly owned subsidiary MMSB had on 26 February 2021 executed and provided the Sale and Purchase Agreement ("SPA") for the supply of twenty million (20,000,000) units of COVID-19 Immune System Test Kit to Genesprint Group Limited ("Genesprint") and the SPA was subsequently executed by MTPS on 20 May 2021 being the effective date of the SPA.

(c) On 2 July 2021, the Company announced that the Company had on 1 July 2021 entered into a Memorandum of Understanding ("MOU") with Earthtech Energy Sdn. Bhd. to regulate their working relationship in the formulation of a joint venture for the Solar Power Purchase Project.

(d) On 30 September 2021, the Company announced the completion of Private Placement exercise following the listing and quotation of 88,744,924 placement shares on the Main Market of Bursa Securities.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

44. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(e) On 15 October 2021, the Company announced that the Company had on 15 October 2021 entered into a Subscription and Joint Venture Agreement ("the SJV Agreement") with Earthtech Energy Sdn Bhd and Mr Chew Keng Yaw. The SJV agreement detailed out the terms of agreements for the parties in the proposed undertaking that will include to carry out the marketing, design, research and development and installation of solar power system as well as to provide after-sales services support thereafter.

In pursuant to the SJV Agreement, a new joint-venture company, namely SPSB, has been incorporated and the Company has acquired a 70% interest in SPSB that shall be used as a vehicle to undertake the project.

On 13 January 2022, the Company announced that the SPSB had on 7 December 2021 signed a Solar Power Agreement with Wang You Polymer Industries Sdn Bhd and Technology PP Industries (Northern) Sdn Bhd to govern the obligations of the Parties to sell and purchase solar energy under the solar leasing model.

SPSB has commenced the works as per the agreement whereby the works were partially funded by the proceeds from right issue exercise undertaken by the Company.

(f) On 15 March 2022, the Company announced the expiry of its warrant A 2019/2022 issued in pursuant to a Deed Poll dated 1 March 2019 constituting the Warrants 2019/2022 on 15 April 2022.

(g) On 22 April 2022, the Company announced the issuance of 71,600 new ordinary shares as a result of the exercise of Warrant A at an exercise price of RM0.08; and

(h) On 23 May 2022, the Company announced the completion of its shares consolidation exercise followed by the listing and quotation of 216,857,919 Consolidated Shares on the Main Market of Bursa Securities.

45. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

On 13 July 2022, the Company announced the completion of its rights issue exercise followed by listing and quotation for 1,299,562,731 Rights Share and 433,187,525 Warrants B on the Main Market of Bursa Securities.

46. MATERIAL LITIGATION

(a) On 19 May 2016, MMBCL, a wholly-owned subsidiary of the Company, has filed a legal claim against 英泰格瑞房地产投资顾问有限公司, which has occupied MMBCL's property in Beijing at No. 18, Level 8, Top Fine International Centre, Dong San Huan Middle Road, Chao Yang District, Beijing, People's Republic of China ("Beijing Property"), for outstanding rental and late payment charges amounting to RMB7.25 million (approximately RM4.77 million (1)) ("Claim"). The amount comprises outstanding rental amounting to RMB5.81 million (approximately RM3.82 million(1)) and late payment charges of RMB1.44 million (approximately RM0.95 million(1)).

The case was heard before the Beijing Chaoyang Municipal Council Court on 8 December 2016 and 2 June 2017, respectively. The Beijing Chaoyang Municipal Council Court had appointed a professional valuer to conduct a valuation on the Beijing Property. Based on the valuation report provided, MMBCL had on 11 May 2018 submitted the justification of Claim to the Beijing Chaoyang Municipal Court.

On 19 October 2018, the Beijing Chaoyang Municipal Council Court had awarded the outstanding rental amounting to RMB3.97 million (approximately RM2.61 million(1)) payable to MMBCL. The outstanding rental however has yet to be paid.

Necessary documents had been submitted to court on 10 July 2019, pending the court's execution order for rental payment from tenant. The progress has been slow due to COVID-19 pandemic in China. Currently MMBCL is in the midst of seeking legal advice for the alternative course of action in recovering the judgement sum.

Note:- (1) Based on BNM's exchange rate of RMB1:RM0.6581 as at the 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

46. MATERIAL LITIGATION (CONT'D)

(b) On 3 June 2019, the Company announced that it had initiated investigation on unauthorized transfer of office ownership for its property held by its wholly owned subsidiary, MMBCL had acquired 1 unit office in Beijing, China at Room 801, Level 8, Top Fine International Centre, Dong San Huan, Middle Road, Chao Yang District, Beijing, China measuring 700.53 square metre at a purchase consideration of approximately RM4.0 million. The current valuation price of the said property is at RM15.8 million.

The Board of Directors, in the announcement, informed that Mr Tan Ew Chew ("TEC") was advisor for the Company from 1 January 2013 to 16 May 2017 and Mr Tan Kian Hong ("TKH"), son of TEC, was director of MGB from 8 February 2013 to 10 April 2017. During the controlling time under both TEC and TKH in July 2016, the ownership of the above office unit in Beijing has been allegedly transferred to a third party without consent and/or Board resolution from the Company. Once the above made aware to the new Board of Directors in 2017, the Board of Directors requested lawyer in China to investigate on the above and found that the said office has been transferred to third party with the name of Shouguang Yaoweiping ("Shouguang") in China. Subsequently in October 2018, the Court from China via documents issued, confirmed the said transfer of property to Shouguang.

The Company also announced that on 3 June 2019, it had lodged a police report on investigation against TEC and TKH on the alleged breach of trust and causing the Company from suffering a loss of more than RM15.7 million.

The case is currently under police investigation and still in the midst of gathering evidence and obtaining statements from the relevant parties. The management will seek legal advice upon receiving the police report on the findings.

47. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements for the financial year ended 30 June 2022 were authorised for issue by the Board of Directors in accordance with a resolution of the directors.

48. RECLASSIFICATION OF COMPARATIVE FIGURES

		Group	
	As previously stated RM	**Reclassification RM**	**As restated RM**
Statement of financial posistion as at 1 July 2021			
Property, plant and equipment (Note 5)	9,840,981	(231,118)	9,609,863
Right-of-use assets (Note 6)	-	231,118	231,118

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2022 (CONT'D)

48. RECLASSIFICATION OF COMPARATIVE FIGURES (CONT'D)

	Group		
	As previously stated RM	**Reclassification RM**	**As restated RM**
Statements of Cash flows for the financial year ended 30 June 2021			
Net cash used in investing activities	(31,707,503)	(56,253,856)	(87,961,359)

	Company		
	As previously stated RM	**Reclassification RM**	**As restated RM**
Statements of Cash flows for the financial year ended 30 June 2021			
Net cash used in investing activities	(5,751,057)	(49,492,081)	(55,243,138)

LIST OF PROPERTIES
AS AT 30 JUNE 2022

Location	Description / Existing use	Land area sq. ft	Built - up area sq. ft	Date of certificate of fitness	Approximate age of building / Tenure	Net book value as at 30.06.2022 RM'000	Last date of revaluation or if none, date of acquisition
Metronic Engineering Sdn Bhd No. 2 Jalan Astaka U8/83 Bukit Jelutong Seksyen U8 40150 Shah Alam Selangor Darul Ehsan	3-storey semi-detached office cum factory	23,838	25,112	17 November, 2000	22 years / Freehold	7,896	5 October, 2012
Lot 1888 College Heights Garden Resort Nilai Seremban	Vacant residential land	12,340	N/A	N/A	N/A / Freehold	245	Friday, August 28, 1998
Unit no. 3F-47 3rd Floor Lot 1 JB Water Front City Jalan Tun Sri Lanang 80000 Johor Bahru Johor	Shop lot for investment purposes	N/A	475	23 February, 2001	22 years / Leasehold for 99 years expiring on 4 December 2095	283	20 February, 1993
No: 19 Jalan Kemboja 4C/12 Section BS8, Bukit Sentosa III 48300 Rawang Selangor	single storey terrace house	2,131.25 (198 square metres)	2,691	N / A	Freehold Geran 80986, Lot 12604 Mukim Serendah Daerah Ulu Selangor Negeri Selangor	97	20 September, 2012

ANALYSIS OF SHAREHOLDINGS
AS AT 23 SEPTEMBER 2022

Total Issued Share	:	1,531,096,683 Ordinary Shares
Types of Shares	:	Ordinary Share
Voting Rights	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS AS AT 23 SEPTEMBER 2022

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
Less than 100	1,684	30,270	0.0020
100 to 1,000	3,600	2,138,799	0.1397
1,001 to 10,000	6,364	29,582,695	1.9321
10,001 to 100,000	3,880	159,100,677	10.3913
100,001 to less than 5% of issued shares	1,655	1,025,525,276	66.9798
5% and above of issued shares	1	314,718,966	20.5551
Total	**17,184**	**1,531,096,683**	**100.0000**

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		Direct Interest		Indirect Interest	
	Name	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Dato' Kua Khai Shyuan	25,033,333	1.635	-	-
2.	Hoo Wai Keong	100,000	0.007	-	-
3.	Doris Wong Sing Ee	-	-	-	-
4.	Muhammad Faliq Bin Mohd Redzuan	-	-	-	-
5.	Ong Tee Kein	-	-	-	-

SUBSTANTIAL SHAREHOLDER AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
	Name	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Cita Realiti Sdn Bhd	314,718,966	20.555	-	-

ANALYSIS OF SHAREHOLDINGS
AS AT 23 SEPTEMBER 2022 (CONT'D)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 23 SEPTEMBER 2022)

	Name	No. of Shares	Percentage of Shareholdings (%)
1.	CITA REALITI SDN BHD	314,718,966	20.5551
2.	SANICHI TECHNOLOGY BERHAD	50,166,666	3.2765
3.	BC MEDICARE SDN BHD	35,000,000	2.2859
4.	DATO' KUA KHAI SHYUAN	25,000,000	1.6328
5.	CHEAH YOW FONG	24,000,000	1.5675
6.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BC MEDICARE SDN BHD	23,250,000	1.5185
7.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU KAH CHIONG	16,433,900	1.0733
8.	BUMI RESOURCES HUB(M) SDN BHD	15,000,000	0.9797
9.	LEE KOWI ENG	14,000,000	0.9144
10.	CHOK PUI WOON	12,190,500	0.7962
11.	TAN ENG HOCK	11,832,800	0.7728
12.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEONG KIM FONG	10,000,000	0.6531
13.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SU YOU (E-KKU/BFT)	9,950,000	0.6499
14.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SU YOU (E-KKU)	8,000,000	0.5225
15.	TEO TIEW	7,000,000	0.4572
16.	CHIN YAT YIN	6,500,000	0.4245
17.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEU ING DEE (E-KKU/BFT)	6,500,000	0.4245
18.	TAN LEE CHIN	6,315,000	0.4124
19.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHONG CHOON (MP0553)	6,000,000	0.3919
20.	CHONG CHIEN MING	6,000,000	0.3919
21.	FONG SENG CHENG	5,967,200	0.3897
22.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO YOCK MAIN (REM 857-MARGIN)	5,800,000	0.3788
23.	YIN YIT FUN	5,462,000	0.3567
24.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WAI YUAN (MY0867)	4,800,030	0.3135
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG CHOW HUAT	4,658,155	0.3042
26.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LIAN HONG (8092237)	4,100,000	0.2678
27.	CHUAH CHAI WAN	4,100,000	0.2678
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIM LEE AIK	4,000,000	0.2612
29.	CHING POH NIU	3,950,000	0.2580
30.	MOHD TARMIZI BIN ABD.WAHAB	3,850,000	0.2514

ANALYSIS OF WARRANTS B
AS AT 23 SEPTEMBER 2022

Total Issued Warrants B	:	418,511,492
Total Exercised Warrants B	:	0
Total Outstanding Warrants B	:	418,511,492

DISTRIBUTION OF WARRANTS B
AS AT 23 SEPTEMBER 2022

Size of Warrant Holdings	No. of Warrants Holders	No. of Warrants	Percentage of Warrants Holdings (%)
Less than 100	21	865	0.0002
100 to 1,000	107	54,460	0.0130
1,001 to 10,000	491	3,115,546	0.7444
10,001 to 100,000	1,358	66,965,657	16.0009
100,001 to less than 5% of issued warrants	753	348,374,964	83.2414
5% and above of issued warrants	-	-	-
Total	**2,730**	**418,511,492**	**100.0000**

DIRECTORS' WARRANT B HOLDINGS
AS PER THE REGISTER OF DIRECTORS' WARRANT B HOLDINGS

None of the Directors hold any warrants in the Company as per the Register of Director's Warrant holdings.

THIRTY LARGEST WARRANT B HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 23 SEPTEMBER 2022)

	Names	No. of Warrants	Percentage of Warrants Holdings (%)
1.	MOHAMMAD YASID BIN AHMAD	13,500,000	3.2257
2.	TAN YIH - JIA	8,000,000	1.9115
3.	STEVEN TOH SOON LAI	6,500,000	1.5531
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIN SEOH	6,000,000	1.4337
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MOHD AZMER BIN IBRAHIM	4,006,000	0.9572
6.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN FOOK WENG	3,300,000	0.7885
7.	CHAI KIM SWEE	3,000,000	0.7168
8.	ONG PO SIM	3,000,000	0.7168
9.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG GUAT CHU (E-TAI)	3,000,000	0.7168
10.	YONG KIM HONG	3,000,000	0.7168
11.	YONG WYE HONG	3,000,000	0.7168
12.	ONG SIOW TECK	2,685,000	0.6416
13.	JASMINE TAN JIA MAY	2,602,200	0.6218
14.	KOH PENG CHEONG	2,601,000	0.6215
15.	MOHD TARMIZI BIN ABD.WAHAB	2,600,000	0.6212

ANALYSIS OF WARRANTS B
AS AT 23 SEPTEMBER 2022 (CONT'D)

THIRTY LARGEST WARRANT B HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 23 SEPTEMBER 2022)

	Names	No. of Warrants	Percentage of Warrants Holdings (%)
16.	CHIN YAT YIN	2,500,000	0.5974
17.	CHUA HEE BOON	2,500,000	0.5974
18.	LIM KIEN HUA	2,500,000	0.5974
19.	NOOR HADI BIN MISKUN	2,500,000	0.5974
20.	TAN LEE CHIN	2,500,000	0.5974
21.	ZEN HERITAGE CAPITAL SDN BHD	2,343,500	0.5600
22.	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SIM KEAM CHONG (STA 1)	2,250,000	0.5376
23.	CHUAH CHAI WAN	2,200,000	0.5257
24.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG TENG CHAI (J BENDAHARA-CL)	2,000,000	0.4779
25.	FONG SENG CHENG	2,000,000	0.4779
26.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VINCENT PHUA CHEE EE	2,000,000	0.4779
27.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOO CHE MEN (E-JBU)	1,800,000	0.4301
28.	NG SOOK KIN	1,750,000	0.4181
29.	MOHD KASARUDIN BIN SUUDI	1,726,700	0.4126
30.	ROOPAK SINGH A/L RAGHBIR SINGH	1,658,500	0.3963

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting ("**19th AGM**") of the Company will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue at Level 10, Tower 11, Avenue 5, No. 8, Jalan Kerinchi, Bangsar South, 59200 Kuala Lumpur on Wednesday, 30 November 2022 at 10.30 a.m. or at any adjournment thereof for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and Auditors thereon. — **Please refer to Explanatory Note to Ordinary Business**

2. To re-elect the following Directors who retire pursuant to Clause 105 of the Company's Constitution:-

   a) Ms Doris Wong Sing Ee — **Ordinary Resolution 1**
   b) Dato' Kua Khai Shyuan — **Ordinary Resolution 2**

3. To approve the payment of Directors' fees of RM276,000 for the financial year ended 30 June 2022. — **Ordinary Resolution 3**

4. To approve the payment of Directors' benefits of RM63,000 for the financial year ended 30 June 2022. — **Ordinary Resolution 4**

5. To re-appoint Messrs Chengco PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting ("**AGM**") at such remuneration to be determined by the Directors of the Company. — **Ordinary Resolution 5**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

6. Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016 — **Ordinary Resolution 6**

   THAT subject to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Securities on 16 April 2020, its subsequent letter dated 23 December 2021 on extension of implementation of the 20% General Mandate and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time ("20% General Mandate"); AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities which would be utilised before 31 December 2022 and thereafter, the 10% general mandate will be reinstated;

   AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

   AND THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 61 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Companies Act 2016.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 & SSM PC No. 202202000250)
THIEN LEE MEE (LS0010621 & SSM PC No. 201908002254)
Company Secretaries

Selangor

Dated : 31 October 2022

NOTES:

1. *Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. Shareholders will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting.*
2. *A member of the Company entitled to attend and vote at this meeting may appoint up to two (2) proxies to attend and vote in his stead. A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.*
3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.*
4. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.*
7. *To be valid the form of proxy duly completed must be deposited at the Share Registrar's office, Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
8. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 November 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 19th AGM.*
9. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of polling.*

<u>Explanatory Notes to Ordinary Business:</u>

a. <u>Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 June 2022</u>

This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes:

a. Ordinary Resolution 1 to 2 – Re-election of the Directors who retire pursuant to the Clause 105 of the Company's Constitution

Ms Doris Wong Sing Ee and Dato' Kua Khai Shyuan ("**the Retiring Directors**") who are standing for re-election as the Directors of the Company pursuant to the Clause 105 at the forthcoming 19th AGM and who are being eligible for re-election have offered themselves for re-election in accordance with the Company's Constitution.

The Board of Directors through the Nomination Committee has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the respective Director concerned) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

b. Ordinary Resolution 6 - Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016

The Proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company, with the authority to issue and allot shares in the Company up to an amount not exceeding 20% of the total number of issued shares (excluding treasury shares) of the Company until 31 December 2022 or a later date as may be allowed by the relevant authorities. With effect from 1 January 2023 or a later date as may be allowed by the relevant authorities, the 20% General Mandate will be reinstated to a 10% limit ("**Proposed General Mandate**") according to Paragraph 6.03 of the MMLR of Bursa Securities. The said authority shall continue in force until the conclusion of the next AGM of the Company or expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

Up to the date of Notice, previous mandate was not utilised and accordingly no proceeds were raised.

The Board of Directors of the Company, having considered the unprecedented uncertainty during this challenging time caused by COVID-19 pandemic and future financial needs of the Group, is of the opinion that this 20% General Mandate is in the best interest of the Company and its shareholders. This Proposed General Mandate if passed will also provide flexibility to the Company for any possible fund-raising activities quickly and efficiently, including but not limited to further placing of shares, for the purpose of funding future investment projects, working capital and/or acquisitions, or strategic opportunities involving equity deals, which may require the allotment and issuance of new shares. In addition, any delay arising from, and cost involved in convening a General Meeting to approve such issuance of shares should be eliminated.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 61 of the Constitution of the Company, the shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

The proposed Ordinary Resolution 6, if passed, would allow the Directors to issue new shares to any person under the general mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities:-

1. Details of individual who are standing for election as Directors (excluding Directors for re-election).

   No individual is seeking election as a Director at the 19th AGM of the Company.

2. General mandate for issue of securities in accordance with Paragraph 6.03 of the Listing Requirements of Bursa Securities.

   The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 is set out under Explanatory Note.

METRONIC GLOBAL BERHAD
[Registration No. 200301029648 (632068-V)]
(Incorporated in Malaysia)

CDS Account No.	_ _ _ - _ _ _ _ - _ _ _ _ _ _ _ _ _
No. of Shares Held	

FORM OF PROXY

I / We ____
(FULL NAME IN BLOCK LETTERS)

(NRIC No. / Passport No. / Company Registration No. ________________________)

of ____
(FULL ADDRESS)

(Contact No. ________________ and Email Address ____________________)

being a member/members of **METRONIC GLOBAL BERHAD**, hereby appoint

Name of Proxy (1)	**NRIC No./Passport No.**	**% of Shareholdings to be Represented**
Address		
Contact No.		**Email Address**

and/or failing him/her

Name of Proxy (2)	**NRIC No./Passport No.**	**% of Shareholdings to be Represented**
Address		
Contact No.		**Email Address**

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Nineteenth Annual General Meeting ("**19th AGM**") of the Company which to be conducted virtually through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue at Level 10, Tower 11, Avenue 5, No. 8, Jalan Kerinchi, Bangsar South, 59200 Kuala Lumpur on Wednesday, 30 November 2022 at 10.30 a.m. or at any adjournment thereof.

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
1.	To re-elect Ms Doris Wong Sing Ee who retires pursuant to Clause 105 of the Company's Constitution.		
2.	To re-elect Dato' Kua Khai Shyuan who retires pursuant to Clause 105 of the Company's Constitution.		
3.	To approve the payment of Directors' fees of RM276,000 for the financial year ended 30 June 2022.		
4.	To approve the payment of Directors' benefits of RM63,000 for the financial year ended 30 June 2022.		
5.	To re-appoint Messrs Chengco PLT as Auditors of the Company.		
6.	Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016.		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this ……………… day of ………….………………. 2022

____
Signature(s) of member(s)

Fold this flap for sealing

NOTES:

1. *Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. Shareholders will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting.*
2. *A member of the Company entitled to attend and vote at this meeting may appoint up to two (2) proxies to attend and vote in his stead. A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.*
3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.*
4. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.*
7. *To be valid the form of proxy duly completed must be deposited at the Share Registrar's office, Aldpro Corporate Services Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
8. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 November 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 19th AGM.*
9. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of polling.*

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AFFIX
STAMP

The Share Registrar of
METRONIC GLOBAL BERHAD [200301029648 (632068-V)]
c/o Aldpro Corporate Services Sdn Bhd
Level 5, Block B, Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam,
Selangor

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METRONIC GLOBAL BERHAD
200301029648 (632068-V)

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