METRONIC

METRONIC GLOBAL BERHAD

200301029648 (632068-V)

2023 ANNUAL REPORT

20th ANNUAL GENERAL MEETING

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

Thursday,
30 November 2023

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 subsidiaries of the Company has parcels of land 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 Company and its subsidiaries (collectively referred to as "the Group" or "MGB Group") believe that the fundamental to Group's success is driven by the mission in continuously seeking new technology solutions and offerings, and improve its quality service and deliveries that exceeds 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-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 building management system integration services for hospitals, office building, shopping complexes, airports, oil refineries and manufacturing plants. The Group 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 provider. By converging newer technologies with the Java Based Control & Monitoring Software™ platform, the Group is able to provide 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 optimizing 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, 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 in 2008. 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.

Corporate Profile (Cont'd)

In 2020, the Group ventured into the healthcare industry whereby its wholly owned subsidiary, Metronic Medicare Sdn Bhd ("MM"), undertook a research and development, importation and distribution of medical related products. In addition to that, the Group through its wholly owned subsidiary, Metronic Smart Tech Sdn Bhd ("MST") ventured into Smart City System development. The business venture was in line with the Group's strategic plan 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 in view of the favourable outlook of renewable energy business, the Group leveraged on its experience in the engineering services to venture into solar photovoltaic ("PV") business. The Group, through a joint venture arrangement, had carried out the design, research, development, and installation of solar power system at the customers' premises. The solar energy business is expected to contribute positively towards the Group's future earning and enabling the Group to increase its sustainability initiatives.

PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

Presently, the Group, through MESB specializes in design, supply, install, testing and commissioning, and service and maintenance of 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 a 7.9 acres of land in Kuala Krai, Kelantan with a development plan to develop 179 units of retail and commercial shops, terrace houses and bungalows with an estimated Gross Development Value ("GDV") of about RM73.9 million.

The Group is also involved in the research and development of medical related products via its wholly owned subsidiary MM. MM 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' immune system against the Covid-19 infection. MM 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, the Group, through its wholly owned subsidiary, Metronic Smart Tech Sdn Bhd ("MST") has undertaken a research and development of Smart City System Solution. MST has been preparing proposals to factories focuses in southern region for the proposed SMART solution related to building automation and security system and products, modules and production of an automated storage and retrieval system based on technologies of Industry 4.0.

The Group, via its 70% joint venture company, Sinaran PPA Sdn Bhd ("SPSB"), is involved in the marketing, design and installation of solar power system. SPSB is a Registered Solar PV Investor (RPVI) with the Sustainable Energy Development Authority ("SEDA"). 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.

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 CCTV 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 ECO Expert 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

MUHAMMAD FALIQ BIN MOHD REDZUAN
Independent Non-Executive Director

ONG TEE KEIN
Independent Non-Executive Director

KOH WAI CHEE
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Ong Tee Kein
Chairman

Muhammad Faliq Bin Mohd Redzuan
Member

Koh Wai Chee
Member

NOMINATION COMMITTEE

Muhammad Faliq Bin Mohd Redzuan
Chairman

Ong Tee Kein
Member

Koh Wai Chee
Member

REMUNERATION COMMITTEE

Muhammad Faliq Bin Mohd Redzuan
Chairman

Ong Tee Kein
Member

Koh Wai Chee
Member

EMPLOYEES SHARE OPTION SCHEME COMMITTEE

Koh Wai Chee
Chairman

Hoo Wai Keong
Member

PRINCIPAL PLACE OF BUSINESS

No. 2, Jalan Astaka U8/83
Seksyen U8
Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel: 03-7847 2111
Fax: 03-7847 5111
Email: corporate@metronic-group.com
Website: metronic-group.com

REGISTERED OFFICE

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia
Tel: 03-9770 2200
Fax: 03-9770 2239
Email:
boardroom@boardroom.com.my

AUDITORS

Chengco PLT
No. 8-2, 10-1 & 10-2, Jalan 2/114
Kuchai Business Centre
Off Jalan Klang Lama
58200 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia
Tel: 03-7985 9999
Fax: 03-7980 0191

COMPANY SECRETARIES

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

Tan Lay Khoon
(MAICSA No. 7077867 /
SSM PC No. 202208000544)

SHARE REGISTRAR

Aldpro Corporate Services Sdn. Bhd.
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur
Malaysia
Tel: 03-9770 2200
Fax: 03-9770 2239
Email: admin@aldpro.com.my

PRINCIPAL 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 STRUCTURE

METRONIC

METRONIC GLOBAL BERHAD
200301029648 (632068-V)]

100%
MGL DEVELOPMENT SDN BHD
200601013298
(733049-M)

100%
METRONIC ENGINEERING SDN BHD
198401012848
(125404-M)

50%
MAT JV SDN BHD
202301007282
(1501203-D)

100%
METRONIC INTEGRATED SYSTEM SDN BHD
199501002838
(332032-D)

100%
M TWO COUNTRY DEVELOPMENT SDN BHD
200201022663
(590326-A)

70%
SINARAN PPA SDN BHD
202101019729
(1420029-T)

100%
METRONIC MEDICARE SDN BHD
202001028932
1385252-X

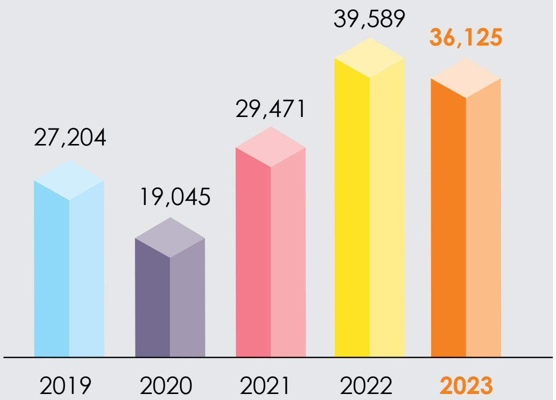
100%
METRONIC SMART TECH SDN BHD
200601034232
(753991-V)

80%
METRONIC JF SYSTEM PTE LTD
202040085W

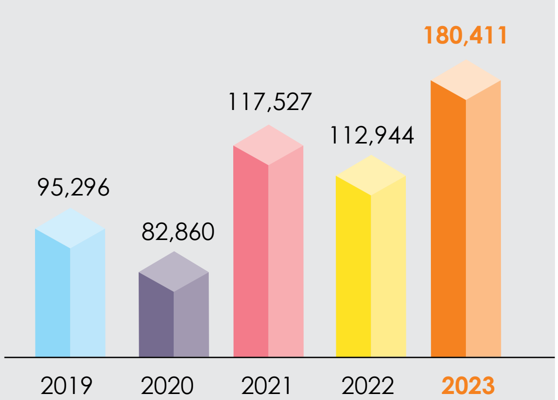
100%
METRONIC VIETNAM COMPANY LIMITED

FIVE-YEAR
FINANCIAL HIGHLIGHTS

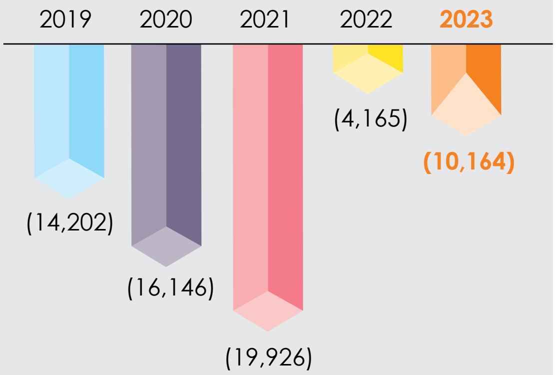
REVENUE
(RM'000)



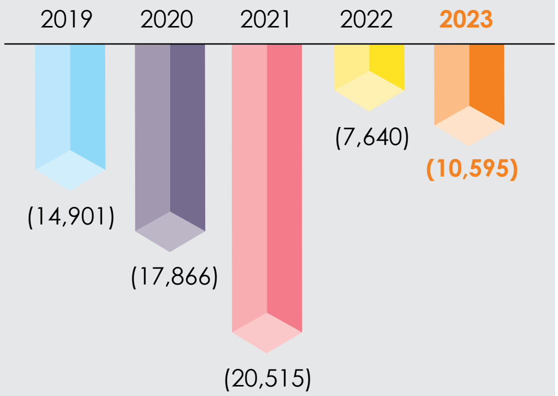
SHAREHOLDERS' FUNDS
(RM'000)



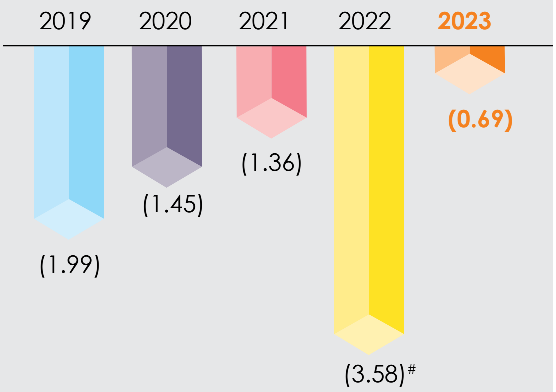
LOSS BEFORE TAX
(RM'000)



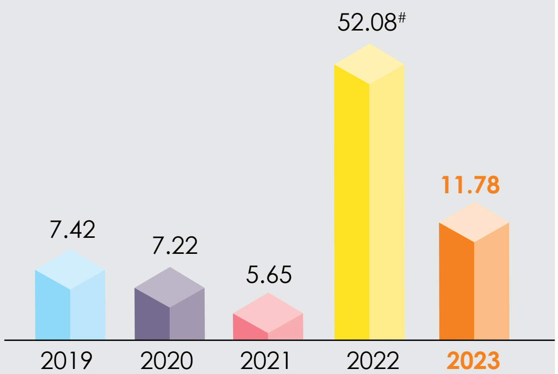
LOSS FOR THE YEAR
(RM'000)



NET LOSS PER SHARE
(SEN)



NET ASSETS PER SHARE
(SEN)



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

PROFILE OF DIRECTORS

HOO WAI KEONG

Executive Director cum Chief Executive Officer

Aged 47 I Malaysian I Male

Date of Appointment:

6 July 2018

Board Committee membership:

Member of Employees Share Option Scheme Committee

Qualification:

Higher Diploma in Industries Studies and Automation Nanyang Technology Polytechnic from Singapore

Working Experience and Occupation

Mr. Hoo Wai Keong 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 & 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 and consultancy and corporate advisory in merger & acquisition and joint venture across Malaysia, Singapore, Europe, US and China.

He started his career in Singapore as a mechanical engineer in factory automation machinery & system company which he in-charged the design & building automation system and electronics, project management and installation, testing and commissioning.

He then was appointed as a mechanical strategic buyer for audio electronics systems for Multinational company, which involved in strategic sourcing and negotiating, perform cost analysis and cost saving program under products value analysis, managing Just-In-Time 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 machineries, sheet metal fabrication, plastics moulding production, sub-assembly services and cosmetics secondary processes. He was the managing director of the company until 2018.

Directorship of public companies and listed issuers

BSL Corporation Berhad (Executive Director cum Chief Executive Officer)

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

Profile of Directors (Cont'd)

DORIS WONG SING EE

Executive Director

Aged 42 | Malaysian | Female

Date of Appointment:

1 October 2020

Board Committee membership:

N/A

Qualification:

a) Master in Corporate Governance from HELP University
b) Bachelor in Creative Multimedia, majoring in Media Innovation from Multimedia University
c) Graduate Certificate in Accounting from HELP University

Working Experience and Occupation

Ms. Doris Wong Sing Ee has more than twenty (20) years of experience in management level across various industries ranging from advertising, property development, F&B and oil & gas. She specializes 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 JLPW Law Firm where she gained exposure 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 as Malaysia's country General Manager in 2015 in one of its subsidiaries, Dai-Ichi Kikaku Sdn Bhd to turn around the company.

Directorship of public companies and listed issuers

Trive Property Group Berhad (Non-Independent Non-Executive Director)

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

MUHAMMAD FALIQ BIN MOHD REDZUAN

Independent Non-Executive Director

Aged 37 | Malaysian | Male

Date of Appointment:

6 September 2018

Board Committee membership:

a) Member of Audit and Risk Management Committee
b) Chairman of Nomination Committee
c) Chairman of Remuneration Committee

Qualification:

a) Bachelor of Information Systems from University of Melbourne
b) Foundation Studies for University of Melbourne at Trinity College Foundation Studies

Working Experience and Occupation

Encik Muhammad Faliq Bin Mohd Redzuan 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 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 oversaw 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.

Directorship of public companies and listed issuers

Nil

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

Profile of Directors
(Cont'd)

ONG TEE KEIN
Independent Non-Executive Director

Aged 66 | Malaysian | Male

Date of Appointment:

17 April 2019

Board Committee membership:

a) Chairman of Audit and Risk Management Committee
b) Member of Nomination Committee
c) Member of Remuneration Committee

Qualification:

a) Associate Institute of Chartered Accountants from England & Wales
b) Associate of the Institute of Chartered Secretaries & Administrators from UK
c) Fellow Chartered Institute of Management Accountants of Malaysian Institute of Accountants
d) Chartered Accountant of Malaysian Institute of Accountants
e) Master Degree in Business Administration from University of Miami

Working Experience and Occupation

Mr. Ong Tee Kein has several years of experience in industry and consultancy practice. After qualifying as an accountant in the United Kingdom, he joined a management consultancy practice firm based in the United Kingdom, which specializes in provision of consulting services to governments and international funding agencies.

He subsequently joined a management corporate advisory division of an international accounting firm and was involved with various corporate restructuring exercises.

Directorship of public companies and listed issuers

a) Sanichi Technology Berhad (Independent Non-Executive Director)
b) DGB Asia Berhad (Independent Non-Executive Director)
c) Fintec Global Berhad (Independent Non-Executive Director)
d) Mlabs Systems Berhad (Non-Independent and Non-Executive Director)

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

Profile of Directors (Cont'd)

KOH WAI CHEE

Independent Non-Executive Director

Aged 46 | Malaysian | Male

Date of Appointment:

1 March 2023

Board Committee membership:

a) Member of Audit and Risk Management Committee
b) Member of Nomination Committee
c) Member of Remuneration Committee

Qualification:

a) Bachelor of Business (Banking and Finance) from Monash University - Melbourne, Australia
b) Certified Credit Professional of Business Credit from Asian Institute of Chartered Bankers
c) Diploma in Business Studies from Edith Cowan University, Australia

Working Experience and Occupation

Mr. Koh Wai Chee has over twenty (20) years of experience in financial services, having worked in Labuan, Indonesia and Singapore.

He was the Associate Director for AmInvestment Bank Berhad from 1999 to 2010, where he managed the offshore and onshore investment businesses. In 2010, he joined OSK Investment Bank Ltd in Malaysia as member of the Board and as its Chief Operating Officer. He was a key senior management team member who helped grow OSK Investment Banks regional business via offshore financing throughout ASEAN.

Following the disposal of OSK Investment Bank by OSK Holdings Berhad to RHB Capital Berhad in 2012, he joined RHB Investment Bank Bhd as Director of Structured Lending, where he managed the specialty finance and investment banking origination since 2013. He last held the position of Director and a Head of Department in Group Corporate Banking with RHB Bank Berhad until 2017.

He has additional experiences in managing the leading large enterprises over the preceding four (4) years. He was also the former Executive Director of Metronic Global Berhad, which he resigned on 31 May 2018. He owned and managed a company listed on the Australian Stock Exchange that involved in aquaculture.

He currently involves in property development in Australia and managing an engineering company in S.A.R. Hong Kong.

Directorship of public companies and listed issuers

BSL Corporation Berhad (Independent Non-Executive Director)

Relationship with other directors/ shareholders/ listed issuer

Nil

Conflict of interest with listed issuer

Nil

Any other convictions (aside from traffic offence)

Nil

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I have the pleasure of presenting to you the Annual Report and Audited Financial Statements of Metronic Global Berhad for the financial year ended 30 June 2023.

OVERVIEW

Metronic Global Berhad, through its subsidiary Metronic Engineering Sdn Bhd, has been a pioneer in the engineering services industry since 1984, specializing in a range of services including design, installation, testing, and maintenance of integrated building management systems, energy management systems, security systems, and more. Additionally, we are expanding into smart solutions and Internet of Things through our subsidiary, Metronic Smart Tech Sdn Bhd.

We have also ventured into various sectors such as property development, medical products, solar power, and e-commerce, aligning with our strategic expansion plan and future growth opportunities. Despite facing challenges such as a competitive market and supply chain disruptions, we remain optimistic about the engineering business segment's growth due to anticipated high-profile construction projects.

FINANCIAL PERFORMANCE

The Group recorded revenue of RM36.1 million for the financial year ended 30 June 2023, representing a slight decrease of RM3.5 million compared to the previous financial year. The decrease is primarily due to the lower revenue generated by MRT2 and KL118 Tower projects that were in the final stage of completion during the current year. However, this was partially offset by the increase in revenue from KL118 Hotel project. MRT2, KL118 Tower and KL118 Hotel project accounted for 21%, 8% and 35% respectively of the total revenue for the year.

For the period of twelve months, the Group reported a Loss Before Tax ("LBT") of RM10.2 million as compared to a LBT of RM4.8 million reported last year. In addition to the lower revenue and gross profit, the Group's performance during the financial year was affected by an impairment of intangible assets.

As at 30 June 2023, the total equity attributable to shareholders at the Group level stood at approximately RM180.5 million, contributing to net assets per share of 11.78 sen.

Chief Executive Officer's Statement (Cont'd)

PROSPECTS

The Group is aware of the upcoming challenges in the engineering sector, including stiff competition, disruptions in the supply chain, rising prices, and economic uncertainties. Nevertheless, the Group holds an optimistic view of the engineering business segment's potential for growth, driven by the anticipated start of prominent construction projects.

Up to this point, the Group has pursued potential contracts totaling RM219 million and identified several potential projects in the pipeline. Considering the proactive steps taken to mitigate risks, alongside our combined expertise, financial resources, and technical capabilities, we are confident in securing additional contracts, thereby regaining our market share and leadership position in the engineering services and building management system technology solutions provider industry.

Furthermore, the Group is convinced that venturing into the solar business, given its promising outlook due to heightened environmental awareness and available incentives, will positively impact our financial performance once the construction of systems is completed. We are committed to reinforcing our team and refining our business strategies to fortify our order book and advance our solar and E-commerce ventures. The Group will persist in implementing various measures to streamline operations and manage costs effectively to enhance our overall financial performance

ACKNOWLEDGEMENT

As a Group, our enduring commitment is to uphold our long-term business strategies, aimed at fostering profitable growth, strengthening earnings resilience, and augmenting shareholder value.

We are filled with optimism regarding our ability to attain these objectives, and this optimism is greatly indebted to the dedication and hard work of those who surround us. I would like to take this opportunity to extend my warmest gratitude to our shareholders, customers, suppliers and business associates for their unrelenting support and confidence in the Group.

Additionally, I want to extend my sincere appreciation to our management and staff for their consistent commitment, diligence, and perseverance throughout the past year. Their efforts have been pivotal to our successes.

Last but not least, I'd like to convey my admiration and gratitude to my fellow members of the Board. Their contributions and sage counsel have been invaluable in our pursuit of shared goals. A special note of appreciation is extended to Dato' Kua Khai Shyuan for his contribution and knowledge, who have left us to pursue other personnel commitment.

On behalf of the Board, I would also like to offer a warm welcome to our new director, Mr Koh Wai Chee. We eagerly anticipate the fresh perspectives and insights he will bring to our team.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Metronic Global Berhad ("MGB" or "the Group") 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 industry. 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, Selangor and Johor Bharu, Johor.

MGB's wholly owned subsidiary, MGL Development Sdn Bhd ("MGL"), has 7.9 acres of freehold lands in Kuala Krai, Kelantan which is planned for a mixed development consist of retail and commercial shops, terrace houses and bungalows.

MGB, via its wholly owned subsidiary Metronic Medicare Sdn Bhd ("MM") has participated in a 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. MM 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. MM is also expected to be involved in the importation and distribution of medical related products.

In line with the Group's expansion plan 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") that has formed a joint venture company, Metronic JF System Pte Ltd, has undertaken a research and development of smart city system solution. Presently the company is focusing on 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.

The Group, via its 70% owned subsidiary, Sinaran PPA Sdn Bhd ("SPSB"), is involved in the marketing, design and installation of solar power system. SPSB is a Registered Solar PV Investor ("RPVI") with Sustainable Energy Development Authority ("SEDA"). SPSB, has secured two (2) Power Purchase Agreements ("PPA") with a total capacity of 4.121 Megawatt ("MW").

The Group foreseen the growth in E-Commerce businesses shall be able to provide opportunities to the group. The Group therefore, via its wholly owned subsidiary, Metronic Integrated System Sdn Bhd ("MISSB"), 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 main contributor to the Group's revenue derived 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.

During the financial year, the management continued to review the performance of the Group's business and operations, and formulated action plans required to meet corporate objectives. The management placed greater emphasize towards rationalization and optimization of its projects and operational costs in order to improve profit margin.

As part of its transformation program, the Group by leveraging on its experience in the engineering services, ventured into smart system technology, Solar PV business, and E-Commerce. The solar business segment would 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 complemented and synergistic with its existing core business in engineering services. A capital raising exercise had also been undertaken to address the working capital requirements particularly for its new ventures.

FINANCIAL HIGHLIGHTS

	FYE 23 RM '000	FYE 22 RM '000 Restated
Revenue	36,125	39,589
Gross profit	5,558	13,685
Loss before taxation	(10,164)	(4,787)
Net loss after tax	(10,595)	(8,262)
Total assets	211,103	218,134
Total borrowings	9,586	9,874
Shareholders' equity	180,411	112,044
Net asset per share (sen)	11.78	52.08

For the financial ended 30 June 2023, the Group recorded a revenue of RM36.1 million, 9% lower compared to RM39.6 million recorded in the same period last year, mainly due to lower revenue recorded for MRT2 and KL118 Tower projects that were in the final stage of completion during the current year. However, this was partially offset by the increase in revenue from KL118 Hotel project. MRT2, KL118 Tower and KL118 Hotel projects accounted for 21%, 8% and 35% respectively of the total revenue for the year.

For the period of twelve months, the Group reported a Loss Before Tax ("LBT") of RM10.1 million as compared to a LBT of RM4.8 million reported last year. In addition to the lower revenue and gross profit, the Group's performance during the financial year was affected by an impairment of intangible assets of RM3.0 million, loss on fair value change of investment in quoted shares of RM1.2 million and amortization of intangible assets of RM1.2 million.

As at 30 June 2023, the Group's total assets stood at RM211.1 million, signifying a reduction of 3.2% compared to RM218 million as at 30 June 2022. The reduction in total asset mainly attributed to the reduction in the fixed deposits and cash balance of RM10.7 million due to withdrawal and utilization for business and operational requirements.

Management Discussion and Analysis (Cont'd)

FINANCIAL HIGHLIGHTS (CONT'D)

Meanwhile, the Group reported a total liability of RM30.7 million, representing a reduction of RM75.4 million, compared to 30 June 2022 of RM106.1 million. The significant reduction was attributed to the conversion of proceeds from the rights issue exercise received towards end of the financial year, which were converted into share capital.

Total outstanding borrowings as at 30 June 2023 recorded RM9.6 million, representing a slight reduction as compared to the previous financial year of RM9.9 million.

As at 30 June 2023, the Group's total equity stood at RM180.4 million, which is higher compared to RM112.0 million as at 30 June 2022. The increase was due to the issuance of new shares from rights issue exercise of RM78.0 million, which was partially offset by a loss after tax recorded during the current financial year of RM10.6 million.

The MRT2 project secured in March 2018 worth RM49 million has started the installation work in December 2020. During the financial year, the Group has been able to perform approximately 20% of the contracts works and the revenue generated from the project accounted to 21% of the Group's total revenue.

During the financial period, about 49% 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 contract value collectively of RM58.7 million.

The Group's services and maintenance works had contributed about 9.8% of the Group's total revenue.

The Group recorded a gross profit of 15% during the year, which is lower compared to 34% recorded in financial year 2022, mainly due to lower contribution from MRT2 project that has higher gross profit margin compared to Merdeka PNB118 Projects.

OPERATIONAL ACHIEVEMENTS

During the financial year, the Group had prioritized its resources towards accelerating the progress of its ongoing key projects namely MRT2, PNB Merdeka 118 that consist three packages of Tower, Hotel and Retail Mall. The Group has been able to obtain extensions of time 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.

During the financial year, the Group, via its wholly owned subsidiary – Metronic Engineering Sdn Bhd ("MESB") received a sub-contract work of RM2.0 million for building and supervisory system for Hospital Pasir Gudang, Johor.

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 about RM73.9 million.

The Group continues to pursue progress for its SMART solution project under the joint venture arrangement with Singapore based JF Strategic Management Pte Ltd ("JFSM"). Under the arrangement, a joint venture company – Metronic JF System Pte Ltd has undertaken 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:

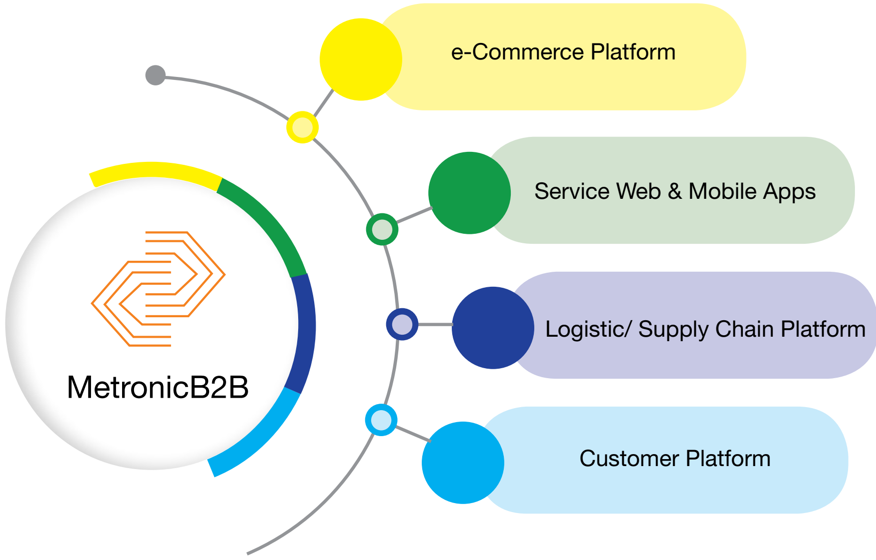
a) of development of digital factory for plating processes with space and process re-design, process management, automation and project management;
b) implementation of radio shuttle pallet storage system and Vertical Lift Modula for entire warehouse; and
c) development and building of SMART warehouse 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").

Management Discussion and Analysis (Cont'd)

OPERATIONAL ACHIEVEMENTS (CONT'D)

The Group, via its 70% owned subsidiary Sinaran PPA Sdn Bhd ("SPSB") has commenced the preliminary design and construction works of solar power system for its 2 secured contracts two (2) Power Purchase Agreements ("PPA") with a total capacity of 4.121 Megawatt ("MW").

The Group, during the financial year, has also deployed resources and allocated substantial investment towards completing the development of its 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 to improve the business process efficiency and effectiveness, and customer experience.



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.

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 orders and 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. The cost of equipment kept increasing whilst suppliers and sub-contractors tightened their contract terms. It was also a challenge to the Group in receiving timely payments from Clients. Despite these challenges, the Group has taken appropriate measures to address these challenges with the view of improving profit margin and optimizing cost in mind.

Being involved in the skilled intensive industry, the retention of skilled and experienced personnel and engineers remains a key challenge. 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.

Management Discussion and Analysis (Cont'd)

OPERATIONAL CHALLENGES AND IMPROVEMENT INITIATIVES (CONT'D)

Notwithstanding the above, the Group continues to leverage its long-term strategic relationship with the existing and potential business associates and partners that would improve the business process efficiency and cost effectiveness. The Group 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 arrangements.

As part of the Group's Business Transformation Program, the Group amongst other, had identified key action plans required to improve its capability and competency, which includes 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 which will spur the business segment and subsequently contributing towards a long-term stable income stream.

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.

ANTICIPATED OR KNOWN RISKS

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

1) Reducing construction and infrastructure projects due to economic condition;
2) Unsuccessful tenders due to highly competitive pricing and entrance of new players;
3) Project costs overrun due to prolongation of contracts period and increase in equipment price; and
4) 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 internet of things ("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 DEVELOPMENT

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

FORWARD-LOOKING STATEMENT

The Group is mindful of the challenges ahead for the engineering segment due to the intense competition, supply chain disruption, prices increase and the uncertainty in economic situation. The Group however remains optimistic of the prospect in the engineering business segment as it will continue to grow due to the expected commencement of high profiled construction projects.

The Group to-date is pursuing contracts totaling to RM219 million and identified few potential works in the pipelines. Based on the various initiatives undertaken to mitigate the risks and the 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 the engineering services and building management system technology solutions provider industry.

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

SUSTAINABILITY **STATEMENT**

Our focus on Sustained Growth is to partner with our stakeholders to apply 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

We remain committed to ensuring our business activities are performed 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 while taking into account the evolving stakeholders' expectations of sustainable practices.

Our commitment extends to the day-to-day operations with high work ethics and values to achieve our goals.

Scope and Boundary:

The Group is committed to integrate sustainable practices and prepared this Statement pursuant to the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and Sustainability Reporting Guide.

This Group's Sustainability Report contains the Economic, Environmental and Social ("EES") activities implemented from 1 July 2022 to 30 June 2023. The scope and boundaries include all of our entities and operations in Malaysia which comply with MMLR. Our sustainability progress is contextualised by the inclusion of historical data from previous years to illustrate trends and provide a basis for comparison.

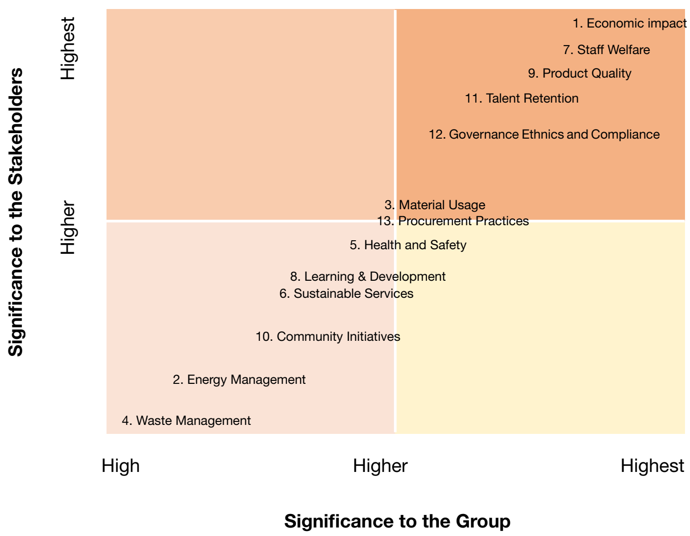
MATERIALITY MATTERS

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.	Sustainable Services
7.	Staff Welfare
8.	Learning & Development
9.	Product Quality
10.	Community Initiatives
11.	Talent Retention
12.	Governance Ethnics and Compliance
13.	Procurement Practices

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 senior 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 applies to all employees, directors, shareholders, consultants, vendors, contractors, external agencies or any parties with a business relationship with the Group.

Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement in the Annual Report and also available on the Company's website at www.metronic-group.com ("**Metronic's Website**").

SUSTAINABILITY GOVERNANCE (CONT'D)

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.

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	Sexual Harassment Policy
Employee Remote Work Policy	Security And Safety Policy
Equal Opportunity Employer Policy	Training & Development Policy
No Retaliation in Workplace Policy	Health And Safety Policy
Harassment Policy	

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.

In this year under review, we have conducted 352 hours of training for 49 employees.

PERIOD	Training Hours	No. of Employees
2020	138.0 hrs	101
2021	135.5 hrs	14
2022	879.5 hrs	46
2023	**352.0 hrs**	**49**

Sustainability Statement (Cont'd)

EMPLOYEE (CONT'D)

LEARNING AND DEVELOPMENT (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	2023	2022	2021	2020
Age Composition				
20-30	30 (29.41%)	40 (37.04%)	38 (35.51%)	37 (32.17%)
31-45	55 (53.94%)	52 (48.15%)	53 (49.53%)	62 (53.91%)
46-60	17 (16.67%)	16 (14.81%)	16 (14.95%)	16 (13.91%)
Total	**102**	**108**	**107**	**115**
Gender Distribution				
Male	76 (74.50%)	79 (73.15%)	77 (71.96%)	86 (74.78%)
Female	26 (25.49%)	29 (26.85%)	30 (28.04%)	29 (25.22%)
Ethnic /Nationality Distribution				
Malays	83 (81.37%)	81 (75%)	82 (76.63%)	84 (73.04%)
Other Ethnic Minorities	19 (18.63%)	26 (24.07%)	23 (21.5%)	29 (25.22%)
Non- Malaysian	0 (0%)	1 (0.93%)	2 (1.87%)	2 (1.74%)
New Employee Hires				
Male	10	18	6	7
Female	6	8	13	5
Employee Turnover				
Male	13	14	17	13
Female	13	5	14	9

Employee Retention by Gender

PERIOD	2023		2022		2021		2020	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Turnover	13	11	14	5	17	14	13	9
Newly Hired	10	6	18	8	6	13	7	5

EMPLOYEE (CONT'D)

OUR WORKFORCE (CONT'D)

Employee Retention by Gender								
PERIOD	2023		2022		2021		2020	
Gender	Male	Female	Male	Female	Male	Female	Male	Female
Top Management	3	1	2	1	3	1	3	1
Management	9	6	15	6	17	5	16	5
Senior Executive	29	9	29	10	25	10	28	12
Executive	31	11	32	12	31	14	38	11
General Executive	2	1	1	–	1	–	1	–
Sub Total	**74**	**28**	**79**	**29**	**77**	**30**	**86**	**29**
Total	**102**		**108**		**107**		**115**	

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

Metronic 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.

Sustainability Statement
(Cont'd)

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.

QUALITY POLICY

<u>Metronic Engineering Sdn Bhd Quality Policy:</u>

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

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.

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

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, customers are becoming increasingly interested in implementing advanced technology solution into their organisation especially after the recent pandemic has brought attention to workplace safety and accessibility in order to improve the critical outcomes.

Most notably, the rising adoption of IoT-enabled technology is a driver of this trend, producing new building management systems, increasing awareness of space utilization, adhering to industry standards and regulations and responding to demand for energy-efficient systems.

The group, has also deployed resources and allocated investment towards completing the development of its on-line platform that will enable to integrate the Group's various systems includes Services Web and Mobile Apps, e-Commerce Platform and Customer Platform which provided additional revenue as well as improving the efficiency and effectiveness of its business processes.

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

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

The Group via its 70% owned subsidiary ventured into Solar PV business. The solar business segment would provide opportunity to diversify the Group's business revenue but also contributing towards reducing carbon emission. The Group has commenced the preliminary design and construction works of solar power system for its two (2) secured Power Purchase Agreements ("PPA") with a total capacity of 4.121 Megawatt ("MW").

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)**
2023	**181,924**	**71,996.67**	**2,863.30**
2022	148,946	66,731.31	2,935.87
2021	172,891	71,473.32	4,060.02
2020	153,583	72,408.78	4,675.56

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 ("**the Board**") recognises the importance of corporate governance and is committed to ensure that the principles and best practices in corporate governance as set out in the Malaysian Code on Corporate Governance ("**MCCG**") and Corporate Governance Guide are observed and practised throughout the Group so that the affairs of the Group are conducted with integrity and professionalism, in compliance with the law, regulatory requirements and rules, and ethically with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value as well as sustainable development.

This statement outlines the following principles and recommendations which the Group has comprehended and applied with the best practices outlined in the MCCG:

PRINCIPLE A: Board Leadership and Effectiveness
PRINCIPLE B: Effective Audit and Risk Management
PRINCIPLE C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This statement is prepared in compliance with Main Market of Listing Requirements of Bursa Malaysia Securities Berhad and it is meant to be read together with the Corporate Governance Report. The Corporate Governance Report provides details on how the Group has applied each practice as set out in the MCCG, a copy of which is available on the Group's website at www.metronic-group.com as well as via an announcement on Bursa Securities website.

The Board will continue to take measures to improve compliance with the principles and recommended best practices along with our course of business.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Board of Directors

Metronic Global Berhad ("**the Company**") and its subsidiaries (collectively referred to as "**the Group**") acknowledge the pivotal role played by the Board of Directors ("**the Board**") in the stewardship of its directions and operations, and ultimately the enhancement of long-term shareholders' value. To fulfil this role, the Board plays a critical role in setting the appropriate tone at the top and is charged with leading and managing the Group in an effective, good governance and ethical manner. The directors individually have a legal duty to act in the best interest of the Group and are also collectively aware of their responsibilities to the stakeholders for the manner in which the affairs of the Group are managed. The Board's responsibilities, amongst others include the following:

(a) reviewing and adopting a strategic plan for the Company and the Group, and subsequently monitoring the implementation of the strategic plan by the Management to ensure sustainable growth of and optimization of returns for the Company and Group;

(b) overseeing and evaluating the conduct and performance of the Company and the Group's business;

(c) evaluating principal risks of the Company and the Group and ensuring the implementation of appropriate risk management and internal control systems to manage these risks;

(d) reviewing the adequacy and the integrity of the Company and the Group's risk management and internal control systems;

(e) overseeing management performance and ensure a sound succession plan for key positions within the Company;

(f) providing input and overseeing the development and implementation of the investor relations and shareholder communications policy and programme for the Company and the Group; and

(g) reviewing the adequacy and the integrity of the management information of the Company and the Group.

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

I. Board Responsibilities (Cont'd)

1. Board of Directors (Cont'd)

To assist in the discharge of its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide recommendations and advice:

(i) Nomination Committee ("**NC**")
(ii) Remuneration Committee ("**RC**")
(iii) Audit and Risk Management Committee ("**ARMC**")
(iv) Employees' Share Option Scheme ("**ESOS**") Committee

Each Board Committee operates within their approved terms of reference set by the Board which are periodically reviewed. The Board appoints the Chairman and members of each Board Committee.

The Chairman of the respective Board Committees will report to the Board on the outcome of any discussions and make recommendations thereon to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board may form other committees delegated with specific authorities to act on their behalf. These committees will operate under approved terms of reference or guidelines and are formed whenever required.

Board meeting agenda includes statutory matters, governance and management reports, which include strategic risks, strategic projects and operational items. The Board approves an annual performance contract setting the priorities director and performance targets for the Group within the parameters of the corporate plan.

The profile of each Director is presented in the Annual Report of the Company.

2. Separation of position of the Chairman and Chief Executive Officer

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. The roles of the Chairman and Chief Executive Officer of the Company are separately held and each has clearly accepted division of responsibilities and accountability to ensure a balance of power and authority. This segregation of roles also facilitates a healthy open, exchange of views between the Board and Management in their deliberation of the business, strategic aims and key activities of the Company.

The Chairman of the Board leads the Board with focus on governance and compliance and acts as a facilitator at Board meetings to ensure that relevant views and contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates the discussion. The Chairman's key responsibility, amongst others, includes the following:

(a) lead the Board and ensure its effectiveness in discharging its responsibilities;

(b) ensure the efficient conduct of the Board's function and meetings;

(c) facilitate the effective contribution of all Directors at Board meetings;

(d) promote constructive and respectful relations between Directors, and between the Board and Management;

(e) ensure the proper and timely flow of information to the Board; and

(f) ensure effective communication between the Board and the Management with shareholders, stakeholders and the public generally.

Corporate Governance Overview Statement
(Cont'd)

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

I. Board Responsibilities (Cont'd)

2. Separation of position of the Chairman and Chief Executive Officer (Cont'd)

Presently, the Company has not appointed a Chairman of the Board and will endeavour to identify a suitable candidate to be appointed as Chairman of the Board.

The Board delegates the Chief Executive Officer, Hoo Wai Keong, and the Management, to oversee the day-to-day management of the Group's business operations and implementation of policies and strategies adopted by the Board to achieve the Group's objective of creating long term value for its shareholders.

3. Supply of and Access to Information

All Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs in a timely manner to enable them to discharge their duties effectively.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors and Board Committees in advance of the scheduled meetings. Notices of meetings are sent to Directors at least seven (7) days before the meetings. Management provides the Board with detailed meeting materials at least seven (7) days in advance of the Board or Board Committees' meetings. Senior Management may be invited to join the meetings to brief the Board and Board Committees on the requisite information on matters being discussed, where necessary.

Technology is effectively used in the meetings of Board and Board Committees and in communication with the Board, where the Directors may receive agenda and meeting materials online and participate in meetings via audio or video conferencing.

4. Commitment of the Board

The Board would meet at least four (4) times a year, at quarterly intervals which are scheduled at the onset of the financial year to help facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board. All Board meetings are furnished with proper agendas with due notice given and Board papers are prepared by the Management and circulated to all Directors prior to the meetings.

All pertinent issues discussed at the Board meetings are properly recorded by the Company Secretaries.

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

I. Board Responsibilities (Cont'd)

4. Commitment of the Board (Cont'd)

The Board met five (5) times during the financial year ended 30 June 2023 ("**FYE2023**"). The attendance of each Director at the Board Meeting held during the FYE2023 is as follow:

Directors	Number of meetings attended	%
Hoo Wai Keong	5/5	100%
Doris Wong Sing Ee	5/5	100%
Muhammad Faliq Bin Mohd Redzuan	5/5	100%
Ong Tee Kein	5/5	100%
Koh Wai Chee [1]	1/1	100%
Dato' Kua Khai Shyuan [2]	4/4	100%

Note:
[1] Appointed as a Director of the Company with effect from 1 March 2023
[2] Resigned as a Director of the Company with effect from 27 February 2023

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at each Board meeting.

It is the Board's policy for Directors to notify the Board before accepting any new directorship notwithstanding that the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") allow a Director to sit on the board of a maximum of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment. At present, all Directors of the Company have complied with the MMLR where they do not sit on the board of more than five (5) listed issuers.

5. Continuous Development of the Board

The Board, via the NC, continues to identify and attend appropriate briefings, seminars, conferences and courses to keep abreast of changes in legislations and regulations affecting the Group.

All Directors have completed the Mandatory Accreditation Programme. The Directors are mindful that they would continue to enhance their skills and knowledge to maximize their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually updated on the Group's business and the regulatory requirements.

Corporate Governance Overview Statement
(Cont'd)

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

I. Board Responsibilities (Cont'd)

5. Continuous Development of the Board (Cont'd)

Details of training programmes attended by the Directors during the financial year under review are as follows:

No.	Name of Director	Type of Training	Date
1.	Hoo Wai Keong	• Webinar Series: Purchasing Cost Reduction Strategies	1 & 2 February 2023
2.	Doris Wong Sing Ee	• Immersive Session: The Board "Agender" • Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • 5G Introduction for Management	1 Dec 2022 13 Sept 2022 19 June 2023
3.	Ong Tee Kein	• MIA Blended Learning Series: An Overview of the Malaysian Private Entities Reporting Standard (MPERS) – Practical approach to recognition and measurement principles including updates. • MIA Webinar Series: Companies Act 2016 Voluntary Winding Up, Judicial Management & Corporate Voluntary Arrangement.	5 & 6 December 2022 16 December 2022
4.	Muhammad Faliq Bin Mohd Redzuan	• Webinar Series: Reading, Understanding and Analysing of Financial Statement for Better Decision Making.	7 April 2023

Saved as disclosed above, Mr Koh Wai Chee was unable to attend any training during financial year under review due to his busy schedule. However, he has constantly been updated with the relevant changes in the rules and regulations from time to time.

The Company Secretaries also highlights the relevant guidelines on statutory and regulatory requirements from time to time to the Board. The external auditors on the other hand, briefed the Board on changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

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

I. Board Responsibilities (Cont'd)

6. Board Committees

ARMC

The ARMC monitors internal control policies and procedures designed to safeguard the Group's assets and to maintain the integrity of financial reporting. The ARMC maintains direct, unfettered access to the Company's external auditor, internal auditor and management.

Prior to the formation of the ARMC, the ARMC was formerly known as AC and it comprises of three (3) members, all of whom are Independent Non-Executive Directors. The present members of the ARMC are as follows:

Director	Designation
Ong Tee Kein	Chairman
Muhammad Faliq Bin Mohd Redzuan	Member
Koh Wai Chee [1]	Member
Dato' Kua Khai Shyuan [2]	Member

Note:
[1] Appointed as a member of the ARMC with effect from 1 March 2023
[2] Resigned as a member of the ARMC with effect from 27 February 2023

A copy of the ARMC's Terms of Reference can be found in the Company's website at www.metronic-group.com.

NC

The NC oversees matters related to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board.

The NC comprises three (3) members, all of whom are Independent Non-Executive Directors. The present members of the NC are as follows:

Director	Designation
Muhammad Faliq Bin Mohd Redzuan	Chairman
Ong Tee Kein	Member
Koh Wai Chee [1]	Member
Dato' Kua Khai Shyuan [2]	Member

Note:
[1] Appointed as a member of the NC with effect from 1 March 2023
[2] Resigned as a member of the NC with effect from 27 February 2023

Corporate Governance Overview Statement
(Cont'd)

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

I. Board Responsibilities (Cont'd)

6. Board Committees (Cont'd)

NC (Cont'd)

During the FYE2023, the NC held one (1) meeting. Below is a summary of the key activities undertaken by the NC in discharge of its duty:

(a) Reviewed the composition of the Board and Board Committees with regards to the mix of skills, independence and diversity in accordance with its policy.
(b) Determined the Directors who stand for re-election and re-appointment by rotation.
(c) Assessed the effectiveness and performance of the Board and its committees. This is carried out through a self-assessment document that is completed by each Director. The assessment criteria include the following:
- Board composition
- Board process
- Performance of Board Committees
- Information provided to the Board
- Role of the Board in strategy and planning
- Risk management framework
- Accountability and standard of conduct of Directors

(d) Assessed and reviewed the independence and continuing independence of the Independent Directors.
(e) Reviewed and recommend the appointment of the newly appointed Independent Non-Executive Director, Mr Koh Wai Chee who is appointed on 1 March 2023.

A copy of the NC's Terms of Reference can be found in the Company's website at www.metronic-group.com.

RC

The RC is responsible for recommending to the Board the remuneration principles and the framework for members of the Board and Senior Management.

The RC comprises three (3) members, all of whom are Independent Non-Executive Directors. The present members of the RC are as follows:

Director	Designation
Muhammad Faliq Bin Mohd Redzuan	Chairman
Ong Tee Kein	Member
Koh Wai Chee [1]	Member
Dato' Kua Khai Shyuan [2]	Member

Note:
[1] Appointed as a member of the RC with effect from 1 March 2023
[2] Resigned as a member of the RC with effect from 27 February 2023

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

I. Board Responsibilities (Cont'd)

6. Board Committees (Cont'd)

RC (Cont'd)

During the FYE2023, the RC held one (1) meeting and all members registered full attendance. Below is a summary of the key activities undertaken by the RC in discharge of its duty:

(a) Reviewed and recommended to the Board on the Directors' Fees for the financial year ended 30 June 2022; and
(b) Reviewed and recommended to the Board on the Directors' Benefits for the financial year ended 30 June 2022.

A copy of the RC's Terms of Reference can be found in the Company's website at www.metronic-group.com.

ESOS Committee

The ESOS Committee was established on 1 April 2021. The ESOS Committee is primarily responsible for administering the Company's ESOS Option in accordance with the approved ESOS By-Laws and regulations. The present members of the ESOS Committee are as follows:

Director	Designation
Koh Wai Chee [1]	Chairman
Dato' Kua Khai Shyuan [2]	Chairman
Hoo Wai Keong	Member

Note:
[1] Appointed as a Chairman of the ESOS with effect from 1 March 2023
[2] Resigned as a Chairman of the ESOS with effect from 27 February 2023

The ESOS Committee meets as and when required. No meeting was held during the financial year. Approval on matter requiring the sanction of the ESOS Committee was sought by way of written resolution.

7. Board Charter

The Company has established a Board Charter to promote high standards of corporate governance and the Board Charter is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its committees. The Board Charter clearly sets out the key values and principles of the Company and further sets out the duties and responsibilities of the Board, and the Board Committees. The Board Charter also provides structure guidance and ethical standards for the Board in discharging their duties towards the Group as well as its operating practices. The Board Charter further entails the following issues and decisions reserved for the Board:

a) corporate exercise;
b) change in group corporate structure and major business investment proposal, including investment of new business, divestment of existing business and joint ventures;
c) establishment of policies and procedures;
d) corporate strategic plan and annual budget;
e) acceptance of credit facilities and provision of the corporate guarantee;
f) quarterly financial results and annual audited account of the Company;
g) implementation of the voluntary separation scheme and/or retrenchment plan, if any;

Corporate Governance Overview Statement
(Cont'd)

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

I. Board Responsibilities (Cont'd)

7. Board Charter (Cont'd)

The Board Charter further entails the following issues and decisions reserved for the Board: (Cont'd)

h) amendments to the terms of reference of the Board Committees;
i) appointment and/or removal of Company Secretary;
j) appointment and/or removal of the Internal Auditors and their remuneration; and
k) related party transaction, recurrent related party transaction and matters involving any conflict of interest relating to substantial shareholder or director.

The Board Charter is reviewed periodically by the Board to ensure it complies with legislations and best practices, and remains effective and relevant to the Board's objectives.

A copy of the Board Charter can be found in the Company's website at www.metronic-group.com.

8. Code of Conduct and Ethics

The Company has established a Code of Conduct and Ethics which is also enshrined in the Board Charter to promote a corporate culture which engenders ethical conduct that permeates throughout the Group. The Code of Conduct is based on principles in relation to instil the underlying values and commitment to lay standards of trust, ethics, integrity, responsibility, excellence, commitment, dedication, diligence and professionalism contributing towards enhancing social values and sustaining environmental growth of the surroundings in which the Company operates.

All directors and employees of the Group and other concerned parties must abide by the Code of Conduct and Ethics and the Anti-Corruption Policy, established to serve as guidance and inculcate a standard of ethical behavior. 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.

Notices on the closed period for trading in the Company's shares are sent to Directors and principal officers on a quarterly basis specifying the timeframe during which they are prohibited from dealing in the Company's shares, unless they comply with the procedures for dealings during closed period as stipulated in the MMLR.

Details of the Code of Conduct, Code of Ethics and Fit and Proper Policy can be found in the Company's website at www.metronic-group.com.

Corporate Governance Overview Statement
(Cont'd)

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

I. Board Responsibilities (Cont'd)

9. Whistleblower Policy and Procedure

The Company has adopted a Whistleblower Policy as the Board believes that a sound whistleblowing system will strengthen, support good management and at the same time, demonstrate accountability, good risk management and sound corporate governance practices. The policy is to encourage reporting of any major concerns over any wrongdoings within the Group.

The policy outlines the relevant procedures such as when, how and to whom a concern may be properly raised about the genuinely suspected or instances of wrongdoing at the Company and its subsidiaries. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retaliation.

Details of the Whistleblower Policy and Procedure can be found in the Company's website at www.metronic-group.com.

10. Company Secretaries

The Board is assisted by qualified and competent Company Secretaries who play a vital role in advising the Board in relation to the Group's Constitution, policies, procedures and compliance with the relevant regulatory requirements, codes, guidance and legislations. All the Directors have unrestricted access to the advice and services of the Company Secretaries for the purpose of the conduct of the Board's affairs and the business.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes. The Company Secretaries have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or the Malaysian Institute of Chartered Secretaries and Administrators for practising company secretaries. The Board is satisfied with the performance and support rendered by the Company Secretary in discharging its functions.

In addition, the Company Secretaries are also accountable to the Board and is responsible for the following:

(a) advising and updating the Board and Management on governance issues, latest statutory and regulations requirement and the resultant implications;
(b) ensuring compliance with listing and related statutory obligations;
(c) attending Board, Committees and general meetings, and ensure the proper recording of minutes;
(d) ensuring proper upkeep of statutory registers and records;
(e) assisting the Chairman in the preparation for and conduct of meetings;
(f) assisting the Chairman in determining the annual Board plan and the administration of other strategic issues; and
(g) assisting in the induction of new directors, and continuously update the Board on changes to listing rules, other related legislations and regulations.

Corporate Governance Overview Statement
(Cont'd)

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

II. Board Composition

1. Composition and Diversity

The Directors are of the opinion that the current Board size and composition is adequate for facilitating effective decision making given the cope and nature of the Group's businesses and operations. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors which is reflected in the diversity of backgrounds and competencies of the Directors. Such competencies include finance, accounting, legal, digital and other relevant industry knowledge, entrepreneurial and management experience and familiarity with regulatory requirements and risk management.

The NC ensures that the composition of the Board is refreshed periodically while the tenure, performance and contribution of each Director is assessed by the NC through the Board Evaluation. In addition, each of the retiring Directors will provide their annual declaration/confirmation on their fitness and propriety as well as independence, where applicable.

As at the date of this Statement, the Board consists of three (3) Independent Non-Executive Directors and two (2) Executive Directors. The composition of the Board ensures that the Independent Non-Executive Directors will be able to exercise independent judgment on the affairs of the Company.

The Company has also complied with the recent MMLR requirement which is to maintain at least one (1) female director on Board.

The Board of Directors' profile can be found in the Annual Report of the Company.

2. Independency of Independent Directors

The Independent Directors play a crucial role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders. The Board, via the NC assesses each Director's independence to ensure on-going compliance with this requirement annually. The NC is satisfied that the Independent Directors are independent of Management and free from any business or other relationships which could interfere with the exercise of independent judgement, objectivity and the ability to act in the best interest of the Company.

The Board Charter has set out that the tenure of the Independent Directors shall not exceed nine (9) years and they may continue to serve on the Board subject to their re-designation as Non-Independent Directors and seek shareholders' approval through two-tier voting. In the event that the Board wish to appoint or re-appoint the Independent Director who has served as an independent director in the Company or in any one or more of its related corporations for more than twelve (12) years before and observed the requisite 3-year cooling period, the Company should make justification for the appointment as an individual as an independent director and explanation why there is no other eligible candidate in the statement accompanying a notice of annual general meeting and the immediate announcement in relation to the appointment of such independent director.

As at the date of this statement, none of the Independent Directors has exceeded a cumulative term of nine (9) years.

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

II. Board Composition (Cont'd)

3. Appointment of Board and Senior Management

The Board of Directors comprise of a collective of individuals having an extensive complementary knowledge and competencies, as well as expertise to make an active, informed and positive contribution to the management of the Group in terms of the business' strategic direction and development. The appointment of the Board and its Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The NC will assess the suitability of the candidates before formally considering and recommending them for appointment to the Board or senior management. In proposing its recommendation, the NC will consider and evaluate the candidates' required skills, knowledge, expertise, competence, experience, characteristics, professionalism. For appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in MMLR of Bursa Securities and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and Annual General Meeting ("**AGM**").

4. Gender Diversity

While the Board of Directors acknowledge the need to promote gender diversity within its composition and endeavour to increase female participation in the Board and Senior Management, it has decided not to set any specific targets as the Board believes that it is more important to have the right mix and skills for such positions.

The Company has adopted a diversity policy which outlines its approach to achieving and maintaining diversity (including gender diversity) on its Board and in Senior Management positions. This includes requirements for the Board to establish measurable objectives for achieving diversity on the Board and in management positions, and for the appropriate Board Committees to monitor the implementation of the policy, assess the effectiveness of the Board nomination process and the appointment process for management positions at achieving the objectives of the policy.

5. Identifying Suitable Candidates

The Board has scrutinised the Company's requirement in relation to the Board's appointment of Independent Directors in order to identify directors which has the right mix of skills and experience and able to contribute positively to the Board. In order to achieve such outcome, the Board had sourced suitable candidates through various means such as recommendation from the existing Board, Senior Management, directors' registry and the use of independent search firms. The NC would be guided by the Directors' Fit and Proper Policy for the Board Members in assessing the suitability of the potential candidates for the appointment to the Board.

6. Chairman of the NC

The NC is led by Muhammad Faliq Bin Mohd Redzuan, the Independent Non-Executive Director, who directs the NC for succession planning and appointment of Board members and Senior Management by conducting annual review of board effectiveness and skill assessments. This provides the NC with relevant information of the Group's needs, allowing them to source for suitable candidates when the need arises.

Corporate Governance Overview Statement
(Cont'd)

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

II. Board Composition (Cont'd)

7. Annual Evaluation

The NC is responsible in evaluating performance and effectiveness of the entire Board, the Board Committees and individual Director on a yearly basis. The evaluation process is led by the NC Chairman and supported by the Company Secretary via questionnaires. The NC reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for them to form the basis of recommending relevant Directors for re-election at the AGM.

The evaluation process was carried out by sending the following customized assessment forms to Directors:-

i. Assessment on the Internal Auditor;
ii. External Auditors' Evaluation
iii. Board and Board Committee Performance Evaluation Form;
iv. Evaluation of Level of Independence of a Director; and
v. Performance Evaluation.

Any appointment of a new Director to the Board or Board Committee is recommended by the NC for consideration and approval by the Board. In accordance with the Company's Constitution, one-third (1/3) of the Directors for the time being shall retire from office at each AGM. A retiring director shall be eligible for re-election. The Constitution also provides that all directors shall retire at least once every three (3) years.

During the year, the Board conducted an internally facilitated Board assessment. The results and recommendations from the evaluation of the Board and Committees are reported to the Board for full consideration and action. The Board was comfortable with the outcome and that the skills and experience of the current Directors satisfy the requirements of the skills matrix and that the Chairman possesses the leadership to safeguard the stakeholders' interest and ensure the development of the Group.

The NC also considered the results of the evaluation when considering the re-election of Directors and recommended to the Board for endorsement the Directors standing for re-election at forthcoming AGM of the Company.

III. Remuneration

The objective of the Group's remuneration policy is to provide fair and competitive remuneration to its Board and senior management in order for the Company to attract and retain Board and senior management of calibre to run the Group successfully. The responsibilities for developing the remuneration policy and determining the remuneration packages of Executive Directors and senior management lie with the RC. Nevertheless, it is ultimately the responsibility of the Board to approve the remuneration of Executive Directors and Senior Management.

Based on the remuneration framework, the remuneration packages for the Executive Directors and Senior Management compose of a fixed component (i.e. salary, allowance and etc.) and a variable component (i.e. bonus, benefit-in kind-and etc.) which is determined by the Group's overall financial performance in each financial year which is designed to support our strategy and provides a balance between motivating and challenging our senior managements to deliver our business priorities, as set out by Executive Directors, and strong performance while also driving the long-term sustainable success of the Group.

The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. The fees for Directors are determined by the Board with the approval from shareholders at the AGM and no Director is involved in deciding his/her own remuneration.

The detailed disclosure on named basis for the remuneration of individual Directors that includes fees, salary, bonus, benefits in-kind and other emoluments from the Company and the Group for the FYE2023 are set out in the Corporate Governance Report.

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. ARMC

Presently, the ARMC consists of three (3) Independent Non-Executive Directors and all of them are financial literate and have sufficient understanding of the Group's business. All the members of the ARMC undertook continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

The Chairman of the ARMC is not the Chairman of the Board, ensuring that the impairment of objectivity on the Board's review of the ARMC's findings and recommendation remains intact.

The ARMC has adopted a Terms of Reference which sets out its goals, objectives, duties, responsibilities and criteria on the composition of the ARMC which includes a former audit partner of the Group to observe a cooling-off period of at least three (3) years before being able to be appointed as a member of the ARMC.

In presenting the annual audited financial statements and interim financial statements on a quarterly basis to the shareholders, the Board is responsible to present a clear, balanced and understandable assessment of the Group's performance and position. The ARMC is entrusted to provide assistance to the Board in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure accuracy, adequacy, completeness and compliance with the accounting standards.

The Board places great emphasis on the objectivity and independence of the external auditors. Through the ARMC, the Board maintains a transparent relationship with the external auditors in seeking professional advice on the internal control and ensuring compliance with the appropriate accounting standards. The ARMC is empowered to communicate directly with the external auditors to highlight any issues of concern at any point in time.

The ARMC ensures the External Audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the external auditors in order to make sure that it does not give rise to conflict of interests. The excluded contracts would include management consulting, internal audit and standard operating policies and procedures documentation.

For the FYE2023, fees paid to the external auditors, Messrs Chengco PLT and its affiliated firms by the Company and the Group are stated in the table below:

Nature of Services	Group (RM)	Company (RM)
Total Audit fees	**178,588.00**	**79,000.00**
Non-Audit:	**6,000.00**	**6,000.00**
Review of the Statement on Risk Management and Internal Control	**5,000.00**	**5,000.00**
Total Non-audit fees	**189,588.00**	**90,000.00**

The External Auditors have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

Further information on the roles and responsibilities of the ARMC may be found in the Annual Report of the Company.

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. Risk Management and Internal Control Framework

The Board assumes ultimate responsibility for the effective management of risk across the Group, determining its risk appetite as well as ensuring that each business area implements appropriate internal controls. In order to achieve such objective, a risk management framework has been adopted by the Group. The Group's risk management systems are designed to manage and eliminate risks (where possible) to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated its responsibility for reviewing the effectiveness of the Group's systems of internal control to the ARMC. This covers all material controls including financial, operational, compliance and risk management systems. The ARMC is further supported by a number of sources of internal assurance within the Group in order to determine the adequacy and effectiveness of the framework.

The Group has outsourced the internal audit function as being the most cost effective means of implementing an internal audit function. The independent third-party service provider of the internal audit services for the FYE2023, which reported directly to the ARMC as specified in the Terms of Reference of the ARMC. The Internal Auditor carries out is function in accordance with the approved annual Internal Audit Plan approved by the ARMC.

Further information may be found in the Statement on Risk Management and Internal Control and the Management Discussion and Analysis of this Annual Report.

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

I. Communication with stakeholders

The Board believes that stakeholders' communication is an essential requirement of the Group's sustainability. In view thereof, stakeholders are informed of all material business events and risks of the Group in a factual, timely and widely available manner. The Board has formalised a corporate disclosure policy and procedure not only to comply with the discourse requirements as stipulated in the MMLR, but also sets out the persons authorised and responsible to approve and disclose material information to all stakeholders.

The Group has set up an investor relations program to facilitate effective two-way communication with investors and analyst to provide a greater understanding of the Group's vision, strategies, developments and financial prospects. A variety of engagement initiatives including direct meetings and dialogues with stakeholders are constantly conducted to learn about their needs enabling sustainability and growth of the Group.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. It is the Group's practice that any material information for public announcement, including annual, quarterly financial statements, press releases, and presentation to investors, analyst and media are factual and reviewed internally before issuance to ensure accuracy and is expressed in a clear and objective manner.

The Company's corporate website includes a dedicated Investor Relations section which provides all relevant information on the Group, including announcements to Bursa Securities, share price information as well as the corporate and governance structure of the Group. Stakeholders are also able to subscribe to e-mail alerts from the Group via the Investor Relation page.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders, allowing shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. To ensure shareholders have sufficient time to go through the Annual Report, it is circulated at least twenty-eight (28) clear days before the date of the AGM. Shareholders are encouraged to vote on the proposed motions by appointing a proxy in the event they are unable to attend the meeting.

During the AGM, a presentation was shown to the shareholders on the Group's performance and major activities which were carried out during the financial year under review. The Board also encourages participation from shareholders by having "question and answer" session during the AGM during which the Directors (inclusive of the Chairman of the ARMC, NC and RC) are available to provide meaningful response to questions raised by the shareholders.

In line with the MMLR, the Company has implemented and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will also be appointed to validate the votes cast at any general meeting of the Company.

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 Corporate Governance Overview Statement was approved by the Board on 26 October 2023.

ADDITIONAL COMPLIANCE **INFORMATION**

1. UTILISATION OF PROCEEDS

a) On 15 October 2019, the Group announced that it offered a total of 156,826,100 new shares under the private placement which represents 10% of the total number of issued shares of the company (excluding treasury shares) at RM0.06 per shares. The private placement has been completed with a total share subscribed of 113,250,000 at the offered price of RM0.0451 per share during the exercise. Following is the status utilisation of the RM5.11 million proceeds received from the private placement:

Utilisation of proceeds	Approved utilisation (RM'000)	Amount utilisation (RM'000)	Balance to be utilised (RM'000)	Intended Timeframe for Utilisation	Revised intended timeframe for utilisation
Development of smart city solutions in Malaysia	4,948	3,232	1,716	Within 48 months	Within 60 months^
Expenses in relation to the private placement	160	160	–	Immediate	–
Total	**5,108**	**3,392**	**1,716**		

^ The Company has on 19 September 2023 announced on the extension of timeframe for the utilisation of proceeds from the intended timeframe for utilisation to additional 12 months, up to 13 October 2024.

b) On 11 May 2021, Bursa Malaysia Securities Berhad ("**Bursa Securities**") approved the Group's proposal of a total of 500,428,000 new shares offered under the private placement which represents 30% of the existing total number of issued shares, to independent third-party investor(s). The private placement exercise was fully completed on 13 September 2021 with a total of RM22.71 million received. Following is the status utilisation of the proceeds from the private placement:

Utilisation of proceeds	Approved utilisation (RM'000)	Amount utilisation (RM'000)	Balance to be utilised (RM'000)	Intended Timeframe for Utilisation	Revised intended timeframe for utilisation
Funding for business acquisition	21,789	–	21,789	Within 24 months	Within 36 months#
Expenses in relation to the private placement	920	855	65	Immediate	Within 36 months#
Total	**22,709**	**855**	**21,854**		

The Company has on 19 September 2023 announced on the extension of timeframe for the utilisation of proceeds from the intended timeframe for utilisation to additional 12 months, up to 30 September 2024.

Additional Compliance Information
(Cont'd)

1. UTILISATION OF PROCEEDS (CONT'D)

c) On 13 July 2022, the Group announced that the Rights Issue of Shares 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 proceeds:

Utilisation of proceeds	Approved utilisation (RM'000)	Amount utilisation (RM'000)	Balance to be utilised (RM'000)	Timeframe for utilisation
Funding for solar projects	56,000	2,255	53,745	Within 24 months
Funding for engineering projects	20,000	3,605	16,395	Within 24 months
Working Capital	1,224	847	377	Within 24 months
Expenses in relation to right issues	750	750	–	Immediate
Total	**77,974**	**7,457**	**70,517**	

2. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests during the financial year.

3. CONTRACT RELATED TO LOANS

There were no material contracts relating to loans entered into by the Group during the financial year involving Directors and major shareholders.

4. RECURRENT RELATED PARTY TRANSACTIONS

Details of transactions with related parties undertaken by the Group during the financial year ended 30 June 2023 are disclosed in the audited financial statements.

Additional Compliance Information
(Cont'd)

5. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company is governed by the ESOS By-Laws and was approved by shareholders on 31 March 2021. The ESOS options granted may be exercised any time upon the satisfaction of vesting conditions of each offer. The ESOS is in force for a period of five (5) years effective from 1 April 2021 and may be extended for a further period of up to five (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.

A brief detail on the number of ESOS Options granted, exercised, forfeited and outstanding since commencement to 30 June 2023 are set out in the table below:

	Number of Options	
Description	Grand Total	Directors and Chief Executives
Granted	–	–
Exercised	–	–
Forfeited	–	–
Outstanding	–	–

The percentages of options applicable to Directors and Senior Management under the ESOS during the financial year and since its commencement up to 30 June 2023 are set out below:

	Percentage	
Directors and Senior Management	During the financial year	Since commencement up to 30 June 2023
Aggregate maximum allocation	70%	70%
Actual options granted	–	–

The details of the options offered to and exercised by the Non-Executive Directors of the Company pursuant to the ESOS in respect of the financial year are as follows:

	Number of Options	
Name	Number of Options Granted	Number of Options Exercised
Muhammad Faliq Bin Mohd Redzuan	–	–
Koh Wai Chee	–	–
Ong Tee Kein	–	–

AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**

OBJECTIVE

The purpose of establishing the Audit and Risk Management Committee ("**ARMC**" or "**the Committee**") is to assist the Board of Directors in discharging its responsibilities to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal control with the overall objective of ensuring the Management creates and maintain an effective control environment in the Group. The Committee also provides a communication channel between the Board of Directors, Management, External Auditors and Internal Auditors.

COMPOSITION AND MEETING ATTENDANCE

The present ARMC members comprise of three (3) members, all of whom are Independent Non-Executive Directors.

Prior to the formation of the ARMC, the Committee was known as Audit Committee ("AC") and that during the financial year ended 30 June 2023 ("**FYE2023**"), the ARMC held five (5) meetings and the records of the attendance of ARMC members are as follow:

Directors	Designation	Number of meetings attended	%
Ong Tee Kein [1]	Chairman	5/5	100%
Muhammad Faliq Bin Mohd Redzuan	Member	5/5	100%
Koh Wai Chee [2]	Member	1/1	100%
Dato' Kua Khai Shyuan [3]	Member	4/4	100%

Note:
[1] Member of the Malaysian Institute of Accountants
[2] Appointed as a Member of the ARMC of the Company with effect from 1 March 2023
[3] Resigned as a Member of the ARMC of the Company with effect from 27 February 2023

TERMS OF REFERENCE

The scope of duties and responsibilities of the ARMC stated in the Terms of Reference ("**TOR**") is made available on the Company's website at www.metronic-group.com. The Board has reviewed and assessed the performance of the ARMC and is satisfied that the ARMC has discharged its functions, duties and responsibilities in accordance with its TOR.

Audit and Risk Management Committee Report
(Cont'd)

SUMMARY OF ACTIVITIES OF THE ARMC

A brief summary and an overview of the activities of the ARMC in discharging their duties and responsibilities during the FYE2023 are as follows:

a) Reviewed the unaudited quarterly financial results of the Group including the announcements pertaining thereto, before recommending to the Board for approval and release the results to Bursa Malaysia Securities Berhad ("**Bursa Securities**");

b) Reviewed with the External Auditors on their Audit Planning Memorandum for the FYE2023;

c) Reviewed the Audited Financial Statements of the Company and its subsidiaries ("**the Group**") for the FYE2023 before recommending to the Board for approval and release of the results to Bursa Securities;

d) Reviewed and discussed with the External Auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;

e) Evaluated the performance of the External Auditors for the FYE2023 covering areas such as caliber, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the External Auditors;

f) Reviewed and approved the non-audit services provided/to be provided by the External Auditors and its affiliates to ensure the provision of the non-audit services does not impair their independence or objectivity as External Auditors of the Group and the Company;

g) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;

h) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;

i) Reviewed and approved on the Internal Audit Planning Memorandum for the FYE2023 to ensure adequate scope and coverage of the activities of the Group and the Company which was prepared based on risk-based approach;

j) Reviewed the effectiveness of the Group's system of internal control;

k) Reviewed the proposed fees for the External Auditors and Internal Auditors in respect of their audit of the Company and the Group;

l) Reviewed related party transactions and conflict of interest situation that may arise within the Group and/or the Company, to ensure that transactions entered into were on arm's length basis and on normal commercial terms;

m) Reviewed the Company's compliance with the Main Market Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;

n) Report to the Board on its activities and significant findings and results;

o) Reviewed the ARMC Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and

p) Reviewed the valuation report of the investment property.

Audit and Risk Management Committee Report
(Cont'd)

INTERNAL AUDIT FUNCTION

The internal audit function is designed based on a risk-based approach to evaluate and enhance the Group's risk management, controls and governance processes to assist the Senior Management in achieving its corporate goals.

During the FYE2023, the internal audit function of the Group is outsourced to an independent internal audit professional firm, Kloo Point Risk Management Services Sdn. Bhd. ("**Kloo**"), which reports directly to the ARMC and assists the Board in monitoring and managing risks and internal controls. The ARMC is satisfied that Kloo's independence have been maintained as adequate measures are in place. The ARMC is contented that Kloo has sufficient resources and is able to access information to undertake its duties effectively.

The internal audit reviews were carried out in accordance with the approved internal audit plan which covered the adequacy and effectiveness of the operational controls in mitigating risks, compliance with established policies and procedures, authority limits and applicable laws. The results of the reviews were formally reported to the ARMC and in this regard, Senior Management has taken note of the findings and duly acted upon the recommendations made by Kloo. The internal audit reviews did not reveal any significant weaknesses and consequential provides reasonable assurance on the effectiveness of the Group's systems of internal control and the adequacy of these systems to mitigate business risks and to safeguard the Group's assets and resources.

The total cost incurred for the internal audit function for the financial year under review was approximately RM76,991.00. Further details of the internal audit function are set out in the Risk Management and Internal Control Statement of the Annual Report.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

INTRODUCTION

The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the Statement on Risk Management and Internal Control ("**Statement**"), which outlines the nature and scope of risk management and internal control of the Company and its subsidiaries ("**the Group**") during the financial year ended 30 June 2023 ("**FYE2023**").

This Statement is made by the Board pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and after taking into consideration of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("**Guidelines**") and taking into consideration the recommendations of the Malaysian Code on Corporate Governance.

BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility towards maintaining a sound system of risk management and internal control, and reviewing its adequacy and effectiveness to ensure shareholders' interest and the Group's assets are safeguarded.

Given the inherent limitations in the risk management and internal control system, such a system put into effect by the Management is designed to identify, evaluate, manage and monitor risks rather than eliminate risks that may impede the Group's achievement of the corporate objectives. Therefore, such a system can only provide reasonable and not absolute assurance against any material misstatement or loss, contingencies, fraud or irregularities.

RISK MANAGEMENT FRAMEWORK

The Board acknowledges that the management of principal risks plays an important and integral part in achieving the Group's corporate objectives. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This is to ensure that all potential risks are adequately addressed at various levels within the Group including but not limited to the effects of natural disasters, rioting by workers, fire, acts of sabotage and other debilitating incidents.

The Board believes that the sound system of risk management and internal control is built on a clear understanding and appreciation of the Group's risk management framework with the following key elements:

- risk management is embedded in the Group's management and operational framework and the employees are exposed and subjected to trainings on the Group's policies and procedures;
- risk management processes applied should aim to take advantage of opportunities, manage uncertainties and minimise threats; and
- regular reporting and monitoring activities emphasise accountability and responsibility for managing risks.

The Board appointed Kloo Point Risk Management Services Sdn. Bhd. ("**Kloo**"), an independent firm to assist the management in improving the current Risk Management Framework.

INTERNAL AUDIT FUNCTION

The Group has appointed an outsourced internal audit service provider, namely Kloo, to carry out the internal audit function. Kloo discharges its independent assessment of the effectiveness and adequacy of the Group's system of internal control. This provides the Audit and Risk Management Committee ("**ARMC**") and Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function and internal control.

The assessment of the adequacy and effectiveness of the internal controls established by the management in mitigating risks is conducted regularly through interviews and discussions with key management staff, review of the relevant established policies and procedures, and authority limits and observing and testing of the internal controls on a sample basis. The results of the internal audit reviews including action plans to be taken by the management to address the identified weaknesses and recommendation of enhancement opportunities are then reported to the ARMC, which in turn reports these matters to the Board.

Statement on Risk Management and Internal Control
(Cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

During the FYE2023, internal audit works were carried out in accordance with the risk based on internal audit plan which has been reviewed and approved by the ARMC. The results of the audit reviews were discussed with the management and subsequently, the audit findings, including the recommendations for improvement were reported to the ARMC at the quarterly meetings.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this report. The total costs incurred for the internal audit function for FYE2023 was approximately RM76,991.00.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The other key elements of the Group's internal control systems are:

a) Quarterly review of the financial performance of the Group by the ARMC and the Board.
b) Clearly defined and structured lines of reporting and responsibility.
c) Operations review meetings are held to monitor the progress of business operations, deliberate significant issues and formulate corrective measures.
d) Documented internal policies as set out in a series of memorandums to various departments within the Group.
e) Whistle Blower Policy which provides an avenue for employees to report suspected malpractices, misconduct or violations of the Company's policies and regulations in a secure and confidential manner.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the FYE2023.

Their review was performed in accordance with Audit and Assurance Practice Guide (AAPG) 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on external auditor review, nothing has come to their attention that cause them to believe that this statement is not prepared, in all respects, in accordance with the disclosures required by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

CONCLUSION

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Board has received assurance from the Executive Directors that, to the best of their knowledge, the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

During the financial year under review, the Board is satisfied that no material losses, deficiencies or errors were arising from any inadequacy or failure of the Group's internal control system that will require disclosure in the Annual Report.

The Board will continue to take measures to strengthen the system of internal control maintained by the Group and ensure shareholders' investment and the Group's assets are consistently safeguarded.

This Statement was approved by the Board on 26 October 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs, the results and cash flows of the Group and of the Company at the end of the financial year.

In preparing those financial statements, the Directors of the Company have:

- oversee the company's business conduct and that of the group;
- adopted suitable accounting policies and then applied them consistently;
- made judgments and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016 and applicable approved accounting standards. The Directors are also responsible for the assets of the Group and of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group and the Company or the financial period ended 30 June 2023, appropriate accounting policies were used and applied consistently, and adopted to include new and revised Malaysian Financial Reporting Standards where applicable. The Directors are also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

This Statement was approved by the Board of Directors on 26 October 2023.

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 2023.

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	(10,283,538)	(1,245,501)
Non-controlling interests	(263,922)	–
	(10,547,460)	(1,245,501)

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 RM191,099,433 to RM263,942,757 by way of:

a) On July 2022, issuance of 1,299,562,731 new ordinary shares at issue price at RM0.06 per ordinary share via Rights Issue Exercise.

b) In August 2022, issuance of 14,676,033 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 RM0.06 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

Warrant 2022/2025 ("Warrants B")

On 13 July 2022, the Company listed and quoted 498,773,212 Warrants B pursuant to the Rights Issue of Shares with Warrants Exercise on the basis of 2 Warrants B for every 1 Existing Share. Warrants B are constituted by the Deed Poll dated 25 May 2022.

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 13 July 2022. 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 5 July 2025 at an exercise price of RM0.06 payable in cash.

The movement in the Warrants B are as follow:

		Entitlement for ordinary shares		
	As at 1.7.2022	**Issued**	**Exercised**	**As t 30.6.2023**
Warrant B	-	433,187,525	(14,676,033)	418,511,492

DIRECTORS

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

Hoo Wai Keong
Doris Wong Sing Ee
Muhammad Faliq Bin Mohd Redzuan
Ong Tee Kein
Koh Wai Chee (Appointed on 1 March 2023)

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 22 February 2023)
Chew Keng Yaw (Appointed on 30 November 2021)
Chang Yew Cheong (Appointed on 1 March 2023)
Chiam Soon Hong (Appointed on 1 March 2023)

Directors' Report
(Cont'd)

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 01.07.2022	Bought	Sold	At 30.06.2023
Direct interest in the Company				
Hoo Wai Keong	100,000	–	–	100,000
Koh Wai Chee	33,333	–	–	33,333

By virtue of their 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' 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 36 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries, wages, allowances, overtime, bonus and fees	891	880	756	819
Social security contributions	1	1	1	1
Defined contribution plan	–	30	–	30
	892	911	757	850

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 of 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.

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 42 to the financial statements.

Directors' Report
(Cont'd)

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and Company are amounted to RM189,588 and RM79,000 (2022: RM174,868 and RM70,000) during the financial year.

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

....
DORIS WONG SING EE
Director

....
HOO WAI KEONG
Director

Kuala Lumpur,
Date: 26 October 2023

STATEMENT BY **DIRECTORS**

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

We, **DORIS WONG SING EE** 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 66 to 151 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 2023 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.

....	....
DORIS WONG SING EE Director	**HOO WAI KEONG** Director

Kuala Lumpur,
Date: 26 October 2023

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 66 to 151 , 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 26 October 2023)

....
HOO WAI KEONG
Director

Before me,

....
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 2023 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 to 151.

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 2023 and of their financial performance and their cash flows for the financial 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.

Independent Auditors' Report
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<u>**Group**</u> **Impairment of Trade Receivables** The Group's trade receivables amounting to RM11.35 million, representing approximately 7% of the Group's total current assets as at 30 June 2023. 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.
Revenue recognition Metronic Group's main sources of income are construction projects RM32.5 million and maintenance services RM3.5 million representing approximately 90% and 9.8% 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.

Independent Auditors' Report
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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.

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.

Independent Auditors' Report
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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: (Cont'd)

- 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.

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	**NG KEE SIANG**
201806002622	03643/03/2024 J
(LLP0017004-LCA) & AF0886	Chartered Accountant
Chartered Accountants	

Kuala Lumpur,
Date: 26 October 2023

STATEMENTS OF **FINANCIAL POSITION**

AS AT 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM (Restated)	Company 2023 RM	Company 2022 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	10,671,099	9,378,409	–	–
Right-of-use assets	6	165,066	286,634	35,113	77,248
Investment properties	7	3,425,468	3,425,468	–	–
Intangible assets	8	19,265,904	23,118,400	–	–
Investment in subsidiary companies	9	–	–	61,783,439	61,783,439
Other investment	10	6,750,579	4,081,521	6,750,579	3,485,858
Deferred tax assets	11	–	–	–	–
		40,278,116	40,290,432	68,569,131	65,346,545
CURRENT ASSETS					
Property development costs	12	11,768,565	11,768,565	–	–
Inventories	13	779,121	893,250	–	–
Current tax assets		226,874	147,356	185,182	184,812
Trade receivables	14	11,346,822	11,068,451	–	–
Amount due from contract customers	15	7,548,509	4,758,018	–	–
Other receivables and deposits	16	1,759,171	1,093,157	649,485	281,790
Amount due from subsidiary companies	17	–	–	17,270,029	14,535,168
Fixed deposits	18	136,926,481	141,476,107	123,719,428	126,843,948
Cash and bank balances	19	469,000	6,638,520	90,832	5,950,416
		170,824,543	177,843,424	141,914,956	147,796,134
TOTAL ASSETS		211,102,659	218,133,856	210,484,087	213,142,679

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

Statements of Financial Position
(Cont'd)

	Note	Group 2023 RM	Group 2022 RM (Restated)	Company 2023 RM	Company 2022 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	263,942,757	191,099,433	263,942,757	191,099,433
Other reserves	21	11,718,190	5,647,891	5,762,461	(248,540)
Accumulated losses		(95,139,093)	(84,855,555)	(63,105,726)	(61,860,225)
Total equity attributable to owners of the Company		180,521,854	111,891,769	206,599,492	128,990,668
Non-controlling interests		(111,272)	152,650	–	–
TOTAL EQUITY		180,410,582	112,044,419	206,599,492	128,990,668
LIABILITIES					
NON-CURRENT LIABILITIES					
Lease liabilities	22	160,766	237,301	–	37,060
CURRENT LIABILITIES					
Trade payables	23	9,055,778	10,867,427	–	–
Other payables and accruals	24	11,070,610	85,007,246	2,604,232	79,436,247
Amount owing to a director	25	979,130	341,060	956,702	318,632
Amount owing to subsidiary companies	17	–	–	–	3,681,566
Lease liabilities	22	77,421	91,489	37,060	42,291
Short term borrowings	26	9,348,372	9,544,914	286,601	636,215
		30,531,311	105,852,136	3,884,595	84,114,951
TOTAL LIABILITIES		30,692,077	106,089,437	3,884,595	84,152,011
TOTAL EQUITY AND LIABILITIES		211,102,659	218,133,856	210,484,087	213,142,679

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 2023

	Note	Group 2023 RM	Group 2022 RM (Restated)	Company 2023 RM	Company 2022 RM
REVENUE	27	36,125,153	39,588,541	–	–
COST OF SALES	28	(30,567,401)	(25,903,413)	–	–
GROSS PROFIT		5,557,752	13,685,128	–	–
OTHER OPERATING INCOME	29	4,810,135	4,143,258	2,961,705	2,876,085
ADMINISTRATIVE EXPENSES		(3,427,668)	(16,292,239)	(764,049)	(2,560,780)
OTHER OPERATING EXPENSES		(16,706,179)	(5,739,658)	(3,001,186)	(4,293,709)
LOSS FROM OPERATIONS		(9,765,960)	(4,203,511)	(803,530)	(3,978,404)
FINANCE COSTS	30	(398,258)	(583,097)	(56,571)	(99,315)
LOSS BEFORE TAX	31	(10,164,218)	(4,786,608)	(860,101)	(4,077,719)
TAX (EXPENSE)/CREDIT	32	(431,187)	(3,475,352)	(385,400)	126,612
LOSS AFTER TAX FOR THE FINANCIAL YEAR FROM CONTINUING OPERATIONS		(10,595,405)	(8,261,960)	(1,245,501)	(3,951,107)
OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS					
Item that may be reclassified subsequently to profit or loss					
- foreign currency translation		59,298	5,986	–	–
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR FROM CONTINUING OPERATIONS		(10,536,107)	(8,255,974)	(1,245,501)	(3,951,107)

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

Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

	Note	Group 2023 RM	Group 2022 RM (Restated)	Company 2023 RM	Company 2022 RM
Discontinued Operations					
Profit/(Loss) before and after tax for the financial year		47,945	(278,429)	–	–
Other comprehensive income					
Exchange translation differences for foreign operations		–	835,880	–	–
Profit for the financial year from discontined operations		47,945	557,451	–	–
Loss attributable to:					
Owners of the Company					
- continuing operations		(10,331,483)	(8,127,228)	(1,245,501)	(3,951,107)
- discontinued operations		47,945	(449,327)	–	–
		(10,283,538)	(8,576,555)	(1,245,501)	(3,951,107)
Non-controlling interests					
- continuing operations		(263,922)	(134,732)	–	–
- discontinued operations		–	170,898	–	–
		(263,922)	36,166	–	–
		(10,547,460)	(8,540,389)	(1,245,501)	(3,951,107)
Total comprehensive loss for the financial year attributable to:					
Owners of the Company					
- continuing operations		(10,331,483)	(8,121,242)	(1,245,501)	(3,951,107)
- discontinued operations		47,945	386,553	–	–
		(10,283,538)	(7,734,689)	(1,245,501)	(3,951,107)
Non-controlling interests					
- continuing operations		(263,922)	(134,732)	–	–
- discontinued operations		–	170,898	–	–
		(263,922)	36,166	–	–
		(10,547,460)	(7,698,523)	(1,245,501)	(3,951,107)
LOSS PER SHARE (sen)	34				
- Basic (loss)/earning per share					
Continuing operations		(0.69)	(3.79)		
Discontinued operations		–	(0.21)		
		(0.69)	(4.00)		

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

STATEMENTS OF
CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	<--- Attributable to owners of the Company					--->			
	<--- Non-distributable				--->	Distributable			
	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
Group									
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
Acquisition of subsidiary companies	–	–	–	–	–	–	–	30	30
Issuance of shares: (Note 20)									
- private palcement	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									
- As perviously reported	–	–	–	–	–	(7,227,228)	(7,227,228)	(134,732)	(7,361,960)
- Prior year adjustment (Note 45)	–	–	–	–	–	(900,000)	(900,000)	-	(900,000)
As restated	–	–	–	–	–	(8,127,228)	(8,127,228)	(134,732)	(8,261,960)
Other comprehensive income:									
Foreign currency translation difference	–	–	–	–	5,986	–	5,986	–	5,986
	–	–	–	–	5,986	(8,127,228)	(8,121,242)	(134,732)	(8,255,974)
Discontinued operations									
Loss after tax	–	–	–	–	–	(449,327)	(449,327)	170,898	(278,429)
Other comprehensive income:									
Foreign currency translation difference	–	–	–	–	835,880	–	835,880	–	835,880
	–	–	–	–	835,880	(449,327)	386,553	170,898	557,451
Total comprehensive loss for the year	–	–	–	–	841,866	(8,576,555)	(7,734,689)	36,166	(7,698,523)
Balance at 30 June 2022	191,099,433	5,669,118	(248,540)	–	227,313	(84,855,555)	111,891,769	152,650	112,044,419

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

Statements of Changes in Equity
(Cont'd)

	<----- Attributable to owners of the Company					----->			
	<----- Non-distributable				----->	Distributable			
	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
Group									
At 1 July 2022 (Restated)	191,099,433	5,669,118	(248,540)	–	227,313	(84,855,555)	111,891,769	152,650	112,044,419
Issuance of share under: (Note 20)									
- rights issues	71,751,973	–	–	6,221,790	–	–	77,973,763	–	77,973,763
- warrant exercised	1,091,351	–	–	(210,789)	–	–	880,562	–	880,562
Continuing operations									
Loss after tax	–	–	–	–	–	(10,331,483)	(10,331,483)	(263,922)	(10,595,405)
Other comprehensive income:									
Foreign currency translation differences	–	–	–	–	59,298	–	59,298	–	59,298
	–	–	–	–	59,298	(10,331,483)	(10,272,185)	(263,922)	(10,536,107)
Discontinuing operations									
Profit after tax	–	–	–	–	–	47,945	47,945	–	47,945
Total comprehensive loss for the year	–	–	–	–	59,298	(10,283,538)	(10,224,240)	(263,922)	(10,488,162)
Balance at 30 June 2023	263,942,757	5,669,118	(248,540)	6,011,001	286,611	(95,139,093)	180,521,854	(111,272)	180,410,582

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

Statements of Changes in Equity
(Cont'd)

	Share capital RM	Fair value reserve RM	Warrant reserve RM	Accumulated losses RM	Total equity RM
	<--------- Non-distributable		--------->		
Company					
Balance at 1 July 2021	188,881,025	(248,540)	16,796,442	(74,702,629)	130,726,298
Issuance of shares: (Note 20)					
- 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 and 1 July 2022	191,099,433	(248,540)	–	(61,860,225)	128,990,668
Issuance of shares: (Note 20 and 21)					
- rights issue	71,751,973	–	6,221,790	–	77,973,763
- warrant exercised	1,091,351	–	(210,789)	–	880,562
Total comprehensive loss for the financial year	–	–	–	(1,245,501)	(1,245,501)
Balance at 30 June 2023	263,942,757	(248,540)	6,011,001	(63,105,726)	206,599,492

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

STATEMENTS OF **CASH FLOWS**

FOR THE YEAR ENDED 30 JUNE 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax				
- Continuing operations	(10,164,218)	(4,786,608)	(860,101)	(4,077,719)
- Discontinued operations	47,945	(278,429)	–	–
Adjustments for:				
Amortisation of intangible assets	1,009,600	1,009,600	–	–
Bad debts written off	1,073,295	–	–	–
Bad debts recovered	–	(47,293)	–	–
Depreciation of property, plant and equipment	423,460	403,448	–	–
Depreciation of right-of-use assets	123,221	110,358	42,135	42,135
Loss on fair value change of investment in quoted share	1,200,630	–	1,200,630	–
Gain on disposal of associate company	–	(64,280)	–	–
Gain/(Loss) on disposal of property, plant and equipment	14,000	(4,167)	–	–
Impairment losses on:				
- amount due from subsidiary companies	–	–	–	17,509
- intangible assets	2,963,170	–	–	–
- other receivables	283,103	813,628	–	–
- trade receivables	–	1,061,119	–	–
Interest expenses	398,258	583,097	56,571	99,315
Interest income	(3,266,003)	(1,218,046)	(2,828,259)	(1,083,791)
Loss on foreign exchange - unrealised	–	15,307	–	–
Loss on disposal of quoted shares classified as fair value through profit or loss	1,504,590	3,411,128	942,473	3,411,128
Loss on lease modification	47	–	–	–
Reversal of defect liabilities	–	(5,495,238)	–	–
Reversal of impairment loss on:				
- amount due from subsidiary companies	–	–	–	(1,711,721)
- inventories	–	(673,178)	–	–
- investment in associate company	–	(235,720)	–	–
- property development cost	–	(303,435)	–	–
- trade receivables	(1,400,719)	(1,311,427)	–	–
Written off on:				
- amount due from subsidiary companies	–	–	–	858,004
- intangible assets	–	21,272	–	–
- property, plant and equipment	7,375	103,572	–	–
Operating loss before working capital changes	(5,782,246)	(6,885,292)	(1,446,551)	(2,445,140)

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

Statements of Cash Flows
(Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Operating loss before working capital changes	(5,782,246)	(6,885,292)	(1,446,551)	(2,445,140)
Changes in:				
Amount due from contract customers	(2,790,491)	8,832,957	–	–
Inventories	114,129	34,741	–	–
Trade and other receivables	(2,711,713)	733,887	(367,695)	1,107,333
Trade and other payables	(73,936,636)	66,631,551	(76,832,015)	76,738,509
Cash (used in) / generated from operations	(85,106,957)	69,347,844	(78,646,261)	75,400,702
Interest paid	(330,908)	(471,293)	–	–
Tax paid	(510,705)	(199,516)	(385,770)	(176,000)
Net cash (used in) / from operating activities	(85,948,570)	68,677,035	(79,032,031)	75,224,702
CASH FLOWS FROM INVESTING ACTIVITIES				
Incorporation of subsidiary company	–	30	–	(1,000,000)
Interest paid	–	(93,748)	–	(93,748)
Interest received	3,266,003	1,218,046	2,828,259	1,083,791
Placement of fixed deposits	4,549,626	(71,646,778)	3,124,520	(71,548,584)
Proceeds from disposal of quoted shares classified as fair value through profit or loss	3,689,402	10,469,097	3,655,856	10,469,097
Proceeds from disposal of property, plant and equipment	28,000	170,000	–	–
Proceeds from disposal of associate company	–	300,000	–	–
Purchase of quoted shares classified as fair value through profit or loss	(9,063,680)	(13,996,667)	(9,063,680)	(13,996,667)
Purchase of property, plant and equipment	(1,762,841)	(441,399)	–	–
Purchase of intangible assets	(120,274)	–	–	–
Subscription of shares in subsidiary	–	–	–	(26,100,000)
Net cash from/(used in) investing activities	586,236	(74,021,419)	544,955	(101,186,111)

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

Statements of Cash Flows
(Cont'd)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
(Advance to)/Repayment from subsidiary companies	–	–	(6,416,427)	21,405,959
Net drawdown/(repayment) of bankers' acceptances (Note 37)	2,047,316	(357,128)	–	–
Advances/(repayment to) from directors (Note 37)	638,070	(47,742)	638,070	(70,170)
Interest paid	(67,350)	(18,056)	(56,571)	(5,567)
Issuance of share capital	78,854,325	2,215,477	78,854,325	2,215,477
Placement of fixed deposits pledged as securities	–	(1,310,538)	–	–
Repayment margin financing (Note 37)	(349,614)	(406,582)	(349,614)	(406,582)
Repayment of lease liabilities (Note 37)	(92,303)	(75,214)	(42,291)	(40,032)
Net cash from financing activities	81,030,444	217	72,627,492	23,099,085
Net decrease in cash and cash equivalents	(4,331,890)	(5,344,167)	(5,859,584)	(2,862,324)
Effects of changes in exchange rate	56,614	(39,088)	–	–
Cash and cash equivalents at beginning of financial year	1,051,843	6,435,098	5,950,416	8,812,740
Cash and cash equivalents at end of financial year (Note 19)	(3,223,433)	1,051,843	90,832	5,950,416
Cash and cash equivalents				
Cash and cash equivalents at the end of the financial year comprise:				
Cash and bank balances	469,000	6,638,520	90,832	5,950,416
Fixed deposit	136,926,481	141,476,107	123,719,428	126,843,948
	137,395,481	148,114,627	123,810,260	132,794,364
Less: Bank overdraft	(3,692,433)	(5,586,677)	–	–
Less: Fixed deposit pledged as securities	(6,156,048)	(7,772,190)	–	–
Less: Fixed deposit placed with a cooperative	(130,770,433)	(133,703,917)	(123,719,428)	(126,843,948)
	(3,223,433)	1,051,843	90,832	5,950,416

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

NOTES TO THE
FINANCIAL STATEMENTS
– 30 JUNE 2023

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 B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

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 2022;

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)

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. BASIS OF PREPARATION (CONT'D)

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 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 1 January 2024

- Amendments to MFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7, Supplier Finance Arrangements

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates: Lack of Excahangeability

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 Group and 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 Group's and the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and 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
(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combinations occur, 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 is accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates is 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.

Notes to the Financial Statements
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(c) Associates (Cont'd)

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.

When the Group's interest in an associate decrease 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.

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.

Notes to the Financial Statements
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (Cont'd)

(a) *Recognition and measurement (Cont'd)*

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.

(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 3.21.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investment properties (Cont'd)

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.

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).

Notes to the Financial Statements
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Intangible assets (Cont'd)

(b) Amortisation

Software under development are not depreciated until the intangible assets are ready for use.

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 is 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).

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 equivalents

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Notes to the Financial Statements
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

Notes to the Financial Statements
(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

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).

- **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 through 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.

Notes to the Financial Statements
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Financial instruments (Cont'd)

(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.

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.

Notes to the Financial Statements
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Impairment of assets (Cont'd)

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

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.

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.

Notes to the Financial Statements
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets (Cont'd)

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.

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 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 pre-tax 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 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 is itself 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 include 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.

3.18 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Revenue and other income (Cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Revenue and other income (Cont'd)

(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 does 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.

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.

3.19 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.

Notes to the Financial Statements
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

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.

3.20 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.

3.21 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 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.

3.23 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.

3.24 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.

3.25 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.

Notes to the Financial Statements
(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.26 Leases

As lessee

The Group and the Company recognized a right-of-use assets ("ROU") and a lease liabilities 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 3.14 (b) on impairment of non-financial assets.

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 is 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.26 Leases (Cont'd)

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

The Group and the Company recognises 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 recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they earned.

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 equipment 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.

Notes to the Financial Statements
(Cont'd)

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

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: (Cont'd)

(b) Impairment of financial assets

The impairment provisions for financial assets are 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 38(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.

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

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: (Cont'd)

(d) 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 13.

(e) 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 and 12.

(f) 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 15.

Notes to the Financial Statements
(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

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

	Freehold land (Valuation) RM	Freehold buildings (Valuation) RM	Motor vehicles (Cost) RM	Fittings and equipment (Cost) RM	Renovation (Cost) RM	Total RM
Group						
At 1 July 2021	5,613,114	2,579,795	332,806	1,963,887	1,678,596	12,168,198
Additions	–	–	388,000	53,399	–	441,399
Disposal	–	–	(199,000)	–	–	(199,000)
Written off	–	–	–	(10,431)	(129,062)	(139,493)
At 30 June 2022 and 1 July 2022	5,613,114	2,579,795	521,806	2,006,855	1,549,534	12,271,104
Addition	–	–	–	1,762,841	–	1,762,841
Disposal	–	–	(70,000)	–	–	(70,000)
Foreign currency differences	–	–	–	4,029	–	4,029
Written off	–	–	–	(12,827)	–	(12,827)
At 30 June 2023	5,613,114	2,579,795	451,806	3,760,898	1,549,534	13,955,147

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

	Freehold land (Valuation) RM	Freehold buildings (Valuation) RM	Motor vehicles (Cost) RM	Fittings and equipment (Cost) RM	Renovation (Cost) RM	Total RM
Group						
Accumulated depreciation						
At 1 July 2021	–	369,165	100,471	1,506,420	582,279	2,558,335
Charge for the financial year	–	51,596	59,268	152,757	139,827	403,448
Disposal	–	–	(33,167)	–	–	(33,167)
Written off	–	–	–	(5,140)	(30,781)	(35,921)
At 30 June 2022 and 1 July 2022	–	420,761	126,572	1,654,037	691,325	2,892,695
Charge for the financial year	–	51,596	88,100	143,937	139,827	423,460
Disposal	–	–	(28,000)	–	–	(28,000)
Writen off	–	–	–	(5,452)	–	(5,452)
Foreign currency differnces	–	–	–	1,345	–	1,345
At 30 June 2023	–	472,357	186,672	1,793,867	831,152	3,284,048
Net carrying amount						
At 30 June 2022	5,613,114	2,159,034	395,234	352,818	858,209	9,378,409
At 30 June 2023	5,613,114	2,107,438	265,134	1,967,031	718,382	10,671,099

Notes to the Financial Statements
(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	
	2023	**2022**
	RM	**RM**
Cash payments	1,762,841	441,399

(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 5 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	
	2023	**2022**
	RM	**RM**
Freehold land		
Cost	4,851,314	4,851,314
Freehold buildings		
Cost	2,124,481	2,124,481
Less: Accumulated depreciation	(1,335,533)	(1,276,535)
	788,948	847,946

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

	Group	
	2023	**2022**
	RM	**RM**
Freehold land and building	7,720,552	7,772,148

6. RIGHT-OF-USE ASSETS

	Motor vehicle RM	Building RM	Total RM
Group			
Cost			
At 1 July 2021	283,000	–	283,000
Additions	–	165,874	165,874
At 30 June 2022 and 1 July 2022	283,000	165,874	448,874
Modification of lease	–	1,653	1,653
At 30 June 2023	283,000	167,527	450,527
Accumulated depreciation			
At 1 July 2021	51,882	–	51,882
Charge for the financial year	56,600	53,758	110,358
At 30 June 2022 and 1 July 2022	108,482	53,758	162,240
Charge for the financial year	56,600	66,621	123,221
At 30 June 2023	165,082	120,379	285,461
Net carrying amount			
At 30 June 2022	174,518	112,116	286,634
At 30 June 2023	117,918	47,148	165,066

	Building RM	Total RM
Company		
Cost		
At 1 July 2021	–	–
Additions	119,383	119,383
At 30 June 2022, 1 July 2022 and 30 June 2023	119,383	119,383
Accumulated depreciation		
At 1 July 2021	–	–
Charge for the financial year	42,135	42,135
At 30 June 2022 and 1 July 2022	42,135	42,135
Charge for the financial year	42,135	42,135
At 30 June 2023	84,270	84,270
Net carrying amount		
At 30 June 2022	77,248	77,248
At 30 June 2023	35,113	35,113

Notes to the Financial Statements
(Cont'd)

7. INVESTMENT PROPERTIES

	Freehold land RM (Fair value)	Freehold building RM (Fair value)	Leasehold buildings RM (Fair value)	Building in progress RM (Cost)	Total RM
Group					
Cost					
At 1 July 2021, 30 June 2022, 1 July 2022 and 30 June 2023	290,000	121,600	379,751	3,013,868	3,805,219
Accumulated depreciation					
At 1 July 2021, 30 June 2022, 1 July 2022 and 30 June 2023	–	–	–	–	–
Accumulated impairment losses					
At 1 July 2021, 30 June 2022, 1 July 2022 and 30 June 2023	–	–	379,751	–	379,751
Net carrying amount					
At 30 June 2022	290,000	121,600	–	3,013,868	3,425,468
At 30 June 2023	290,000	121,600	–	3,013,868	3,425,468

7. INVESTMENT PROPERTIES (CONT'D)

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.

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

	Freehold land RM	Freehold building RM	Leasehold buildings RM	Buildings in progress RM	Total RM
Group					
2023					
Cost	245,909	121,600	379,751	3,013,868	3,761,128
Less: Accumulated depreciation	–	(27,221)	(100,938)	–	(128,159)
	245,909	94,379	278,813	3,013,868	3,632,969
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

Notes to the Financial Statements
(Cont'd)

8. INTANGIBLE ASSETS

	Software under development RM	Database system RM	E-commerce software RM	Website and mobile application RM	Total RM
Group					
Cost					
At 1 July 2021	24,149,272	–	–	–	24,149,272
Reclassfication (to)/from	(24,128,000)	18,000	14,050,000	10,060,000	–
Written off	(21,272)	–	–	–	(21,272)
At 30 June 2022 and 1 July 2022	–	18,000	14,050,000	10,060,000	24,128,000
Additions	111,074	–	–	9,200	120,274
At 30 June 2023	111,074	18,000	14,050,000	10,069,200	24,248,274
Accumulated depreciation					
At 1 July 2021	–	–	–	–	–
Charge for the financial year	–	3,600	–	1,006,000	1,009,600
At 30 June 2022 and 1 July 2022	–	3,600	–	1,006,000	1,009,600
Charge for the financial year	–	3,600	–	1,006,000	1,009,600
At 30 June 2023	–	7,200	–	2,012,000	2,019,200
Accumulated impairment					
At 1 July 2021, 30 June 2022 and 1 July 2022	–	–	–	–	–
Charge for the financial year	–	–	2,963,170	–	2,963,170
At 30 June 2023	–	–	2,963,170	–	2,963,170
Net carrying amount					
At 30 June 2022	–	14,400	14,050,000	9,054,000	23,118,400
At 30 June 2023	111,074	10,800	11,086,830	8,057,200	19,265,904

Notes to the Financial Statements
(Cont'd)

8. INTANGIBLE ASSETS (CONT'D)

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 is 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	
	2023 **RM**	**2022** **RM**
Growth rate		
E-commerce software	16% - 346%	30% - 80%
Discount rate		
E-commerce software	11.75%	11.30%

Notes to the Financial Statements
(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 a 10-year projection period due to the nature of the intangible assets which required a longer time to mature. 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	
	2023 RM	2022 RM
Unquoted shares, at cost		
- In Malaysia	63,554,928	63,554,928
- Outside Malaysia	9,753,435	9,753,435
	73,308,363	73,308,363
Less: Accumulated impairment losses	(11,524,924)	(11,524,924)
	61,783,439	61,783,439

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation	Effective equity interest 2023 %	2022 %	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.

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (Cont'd)

Name of subsidiary companies	Country of incorporation	Effective equity interest 2023 %	2022 %	Principal activities
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 Vietnam Company Ltd.*	Vietnam	100	100	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	70	Currently dormant.

* 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.

** Strike off of subsidiary companies

@ 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.

Notes to the Financial Statements
(Cont'd)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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.

Material partly-owned subsidiary company

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

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2023 %	2022 %	2023 RM	2022 RM	2023 RM	2022 RM
MJFS	20	20	(6,698)	(73,771)	(78,493)	(71,795)
SPSB	30	30	(257,224)	(57,818)	(315,042)	(57,818)

(i) Summarised statement of financial position

	MJFS		SPSB	
	2023 RM	2022 RM	2023 RM	2022 RM
Non- current assets	29,157	35,654	1,752,985	–
Current assets	1,297,943	1,222,046	5,356	1,090,892
Current liabilities	(14,518)	(51,615)	–	(283,590)
Net assets/(liabilities)	1,312,582	1,206,085	1,758,341	(807,302)

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

	MJFS		SPSB	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	–	–	–	–
Profit/(Loss) before and after tax for the financial year	33,492	400,287	(857,412)	(192,728)
Total comprehensive income/(loss) for the financial year	33,492	400,287	(857,412)	(192,728)

9. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Material partly-owned subsidiary company (Cont'd)

(iii) Summarised statement of cash flows

	MJFS		SPSB	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Net cash (used in)/ from operating activities	(1,075)	1,063,166	(586,341)	(278,212)
Net cash used in investing activities	–	–	(1,752,985)	–
Net cash (used in)/ from financing activities	–	(1,063,166)	2,343,790	279,104
Net (decrease)/increase in cash and cash equivalents	(1,075)	–	4,464	892

10. OTHER INVESTMENT

	Unquoted shares RM	Quoted shares RM	REIT RM	Total RM
Group				
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
2023				
- 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	–	5,526,368	–	5,526,368
	–	5,526,368	1,224,211	6,750,579

Notes to the Financial Statements
(Cont'd)

10. OTHER INVESTMENT (CONT'D)

	Unquoted shares RM	Quoted shares RM	REIT RM	Total RM
Company				
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
2023				
- 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	–	5,526,368	–	5,526,368
	–	5,526,368	1,224,211	6,750,579

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") 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 ("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.

11. DEFERRED TAX ASSETS

	Group 2023 RM	Group 2022 RM
At 1 July/30 June	–	3,555,609
Recognised in profit or loss (Note 32)	–	(3,555,609)
At 30 June	–	–

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.

12. PROPERTY DEVELOPMENT COSTS

	Land RM	Development expenditure RM (Restated)	Total RM
Group			
Cost			
At 1 July 2022			
- As previously reported	9,908,261	15,182,260	25,090,521
- Prior year adjustment (Note 45)	–	(2,000,550)	(2,000,550)
At 30 June 2022 (Restated), 1 July 2022 and 30 June 2023	9,908,261	13,181,710	23,089,971
Accumulated impairment losses			
At 1 July 2021	–	11,624,841	11,624,841
Reversal of impairment losses	–	(303,435)	(303,435)
At 30 June 2022, 1 July 2022 and 30 June 2023	–	11,321,406	11,321,406
Net carrying amount			
At 30 June 2022 (Restated)	9,908,261	1,860,304	11,768,565
At 30 June 2023	9,908,261	1,860,304	11,768,565

Notes to the Financial Statements
(Cont'd)

12. PROPERTY DEVELOPMENT COSTS (CONT'D)

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.

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 during the financial year.

13. INVENTORIES

	Group	
	2023	**2022**
	RM	**RM**
At cost		
Building automation equipment and parts	2,208,161	2,311,428
Security system	–	10,862
	2,208,161	2,322,290
Less: Accumulated impairment losses	(1,429,040)	(1,429,040)
	779,121	893,250
Recognised in profit or loss:		
Inventories recognised as cost of sales (Note 28)	18,717	42,198

Movements of the accumulated impairment losses of inventories:

	Group	
	2023	**2022**
	RM	**RM**
At 1 July	1,429,040	2,102,218
Reversal	–	(673,178)
At 30 June	1,429,040	1,429,040

14. TRADE RECEIVABLES

	Group 2023 RM	Group 2022 RM
Trade receivables	5,347,663	8,148,237
Retention sums on contracts (Note 15)	7,824,732	6,146,506
	13,172,395	14,294,743
Less: Accumulated impairment losses	(1,825,573)	(3,226,292)
	11,346,822	11,068,451

The Group's normal trade credit terms granted to trade receivables ranged from 30 to 90 days (2022: 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 2023 RM	Group 2022 RM
At 1 July	3,226,292	3,476,600
Additions	–	1,061,119
Reversal	(1,400,719)	(1,311,427)
At 30 June	1,825,573	3,226,292

The information about the credit exposures are disclosed in Note 38(b)(i).

15. AMOUNT DUE FROM CONTRACT CUSTOMERS

	Group 2023 RM	Group 2022 RM
Contract costs incurred to date	209,405,284	179,356,740
Add: Attributable profits	42,742,369	39,267,010
	252,147,653	218,623,750
Less: Progress billings received and receivable	(244,599,144)	(213,865,732)
	7,548,509	4,758,018
Represented by:		
Amount owing by contract customers	7,548,509	4,758,018
Retention sums on contracts, included within trade receivables (Note 14)	7,824,732	6,146,506

Notes to the Financial Statements
(Cont'd)

16. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	6,570,395	5,382,493	635,035	117,340
Less: Accumulated impairment losses	(5,014,893)	(4,731,790)	–	–
	1,555,502	650,703	635,035	117,340
Deposits	203,669	292,454	14,450	14,450
Staff advance	–	150,000	–	150,000
	1,759,171	1,093,157	649,485	281,790

Movements of the accumulated impairment losses (individually impaired):

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 July	4,731,790	3,918,162	–	–
Additions	283,103	813,628	–	–
At 30 June	5,014,893	4,731,790	–	–

17. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

	Company	
	2023 RM	2022 RM
Amount owing by subsidiary companies		
- non-trade	37,128,186	34,393,325
Less: Accumulated impairment losses	(19,858,157)	(19,858,157)
	17,270,029	14,535,168
Amount owing to subsidiary companies		
- non-trade	–	3,681,566

Amount due from/to subsidiary companies are unsecured, interest-free and recoverable/repayable on demand.

Movements of the accumulated impairment losses (individually impaired):

	Company	
	2023 RM	2022 RM
At 1 July	19,858,157	21,552,369
Additions	–	17,509
Reversals	–	(1,711,721)
At 30 June	19,858,157	19,858,157

18. FIXED DEPOSITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed deposits with licensed bank	6,156,048	7,772,190	–	–
Fixed deposits with a cooperative licensed by Suruhanjaya Koperasi Malaysia	130,770,433	133,703,917	123,719,428	126,843,948
At 30 June	136,926,481	141,476,107	123,719,428	126,843,948

The fixed deposits with licensed bank earn effective interest rate ranging from 1.45% to 2% (2022: 1.40% to 1.95%) per annum and have maturity of 1 to 6 months (2022: 1 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 1.95% to 3.10% (2022: 1.80% to 2.10%) and have maturity of 3 to 6 months (2022: 1 to 6 months).

Notes to the Financial Statements
(Cont'd)

19. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash in hand	–	22,457	–	–
Cash in bank	469,000	6,616,063	90,832	5,950,416
	469,000	6,638,520	90,832	5,950,416

For the purpose of presenting the statement of cash flow, cash and cash equivalent comprise the following:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	469,000	6,638,520	90,832	5,950,416
Fixed deposits	136,926,481	141,476,107	123,719,428	126,843,948
	137,395,481	148,114,627	123,810,260	132,794,364
Less:				
Bank overdraft (Note 26)	(3,692,433)	(5,586,677)	–	–
Fixed deposits pledged as securities (Note 18)	(6,156,048)	(7,772,190)	–	–
Fixed deposits placed with a cooperative (Note 18)	(130,770,433)	(133,703,917)	(123,719,428)	(126,843,948)
	(3,223,433)	1,051,843	90,832	5,950,416

Notes to the Financial Statements
(Cont'd)

20. SHARE CAPITAL

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares		RM	RM
Issued and fully paid:				
At 1 July	216,857,919	2,079,778,155	191,099,433	188,881,025
Issued during the financial year :				
- Private placement	–	88,744,924	–	2,209,749
-Warrant exercised	14,676,033	71,600	880,562	8,659
-Rights issue	1,299,562,731	–	71,962,762	–
Share consolidation	–	(1,951,736,760)	–	–
At 30 June	1,531,096,683	216,857,919	263,942,757	191,099,433

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 13 July 2022, issued 1,299,562,731 new ordinary shares with warrant of 433,187,525 at an issue price of RM0.06 for a total cash consideration of RM77,973,764 in pursuant to the rights issue exercise.

(ii) between 4 August 2022 to 19 August 2022, issued 14,676,033 new ordinary shares at an issue price of RM0.06 per Warrant for a total cash consideration of RM880,562 in pursuant to the exercised of warrant by Warrant B holders.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

21. OTHER RESERVES

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Non-distributable					
Other reserves:					
Revaluation reserve	(a)	5,669,118	5,669,118	–	–
Warrant reserve	(b)	6,011,001	–	6,011,001	–
Fair value reserve		(248,540)	(248,540)	(248,540)	(248,540)
Foreign currency translation reserve	(c)	286,611	227,313	–	–
		11,718,190	5,647,891	5,762,461	(248,540)

Notes to the Financial Statements
(Cont'd)

21. 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 25 May 2022.

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 13 July 2022. 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 5 July 2025 at an exercise price of RM0.06 payable in cash.

The movement in the Warrants are as follow:

		Entitlement for ordinary shares		
	As at 1.7.2022	**Issued**	**Exercised**	**As at 30.6.2023**
Warrant B	–	433,187,525	(14,676,033)	418,511,492

During the year, a total of 14,676,033 warrants B were exercised before the expiry date which resulted in 14,676,033 new ordinary shares being allotted, issued and listed. The expiry date of the warrants is on 5 July 2025.

(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
(Cont'd)

22. LEASE LIABILITIES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
At 1 July	328,790	238,130	79,351	–
Additions	–	165,874	–	119,383
Accretion of interest	14,088	18,056	3,309	5,567
Modification of lease	1,700	–	–	–
Payments	(106,391)	(93,270)	(45,600)	(45,599)
At 30 June	238,187	328,790	37,060	79,351
Presented as:				
Non-current	160,766	237,301	–	37,060
Current	77,421	91,489	37,060	42,291
	238,187	328,790	37,060	79,351

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Future minimum lease payments				
Not later than 1 year	86,492	105,492	38,000	45,600
Later than 1 year but not later than 5 years	141,168	191,468	–	38,000
Later than 5 years	38,092	73,460	–	–
	265,752	370,420	38,000	83,600
Less: Future finance charges	(27,565)	(41,630)	(940)	(4,249)
	238,187	328,790	37,060	79,351
Present value of liabilities				
Not later than 1 year	77,421	91,489	37,060	42,291
Later than 1 year but not later than 5 years	123,565	167,095	–	37,060
Later than 5 years	37,201	70,206	–	–
	238,187	328,790	37,060	79,351
Analysed as:				
Due within 12 months	77,421	91,489	37,060	42,291
Due after 12 months	160,766	237,301	–	37,060
	238,187	328,790	37,060	79,351

The lease liabilities bear effective interest rates ranging from 2.46% to 5.50% (2022: 2.46% to 5.50%) per annum.

Notes to the Financial Statements
(Cont'd)

23. TRADE PAYABLES

	Group	
	2023	**2022**
	RM	**RM**
Trade payables	9,055,778	10,867,427

The normal trade credit terms granted by trade payables to the Group ranged from 30 to 90 days (2022: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
		(Restated)		
Other payables	8,635,601	83,231,108	1,126,683	77,991,434
Accruals	2,435,009	1,776,138	1,477,549	1,444,813
	11,070,610	85,007,246	2,604,232	79,436,247

25. AMOUNT DUE TO DIRECTORS

Amount due to directors are non-trade in nature, unsecured, interest-free and repayable on demand.

26. SHORT-TERM BORROWINGS

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Bank overdrafts	3,692,433	5,586,677	–	–
Bankers' acceptances	5,369,338	3,322,022	–	–
Margin financing	286,601	636,215	286,601	636,215
	9,348,372	9,544,914	286,601	636,215

As at 30 June 2023, the Group has bank facilities amounted to RM23,500,000 (2022: RM37,000,000). 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 18; and
(iii) Corporate guarantee for RM31,500,000 executed by Metronic Global Berhad to its subsidiaries.

The borrowings bear effective interest rates ranging from 2.2% to 8.5% (2022: 2.12% to 6.40%) per annum.

The margin financing granted by securities company is secured by quoted shares as disclosed in Note 10 and bear the interest of 9.5% (2022: 9.5%) per annum.

Notes to the Financial Statements
(Cont'd)

27. REVENUE

Disaggregation of revenue from contract with customer:

	Group 2023 RM	Group 2022 RM
Contract work	32,514,679	35,895,058
Maintenance services	3,537,484	3,627,393
Sale of equipment	72,990	66,090
	36,125,153	39,588,541
Timing of transfer of good or service		
At point of time	2,511,250	66,090
At over time	33,613,903	39,522,451
	36,125,153	39,588,541
Geographical market		
Malaysia	36,125,153	39,588,541

28. COST OF SALES

	Group 2023 RM	Group 2022 RM
Contract costs	29,111,363	24,642,957
Maintenance services	1,437,321	1,215,790
Cost of equipment sold	18,717	42,198
Freight charges	–	2,468
	30,567,401	25,903,413

Notes to the Financial Statements
(Cont'd)

29. OTHER OPERATING INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 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	–	–
Interest income	3,266,003	1,218,046	2,828,259	1,083,791
Other income	143,413	285,712	133,446	80,573
Reversals of impairment losses on:				
- amount due from subsidiaries	–	–	–	1,711,721
- inventories	–	673,178	–	–
- investment in associate company	–	235,720	–	–
- property development costs	–	303,435	–	–
- trade receivables	1,400,719	1,311,427	–	–
	4,810,135	4,143,258	2,961,705	2,876,085

30. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Bank overdraft interest	296,998	385,235	–	–
Bankers' acceptances interest	33,910	86,058	–	–
Lease interest	14,088	18,056	3,309	5,567
Margin financing interest	53,262	93,748	53,262	93,748
	398,258	583,097	56,571	99,315

31. LOSS BEFORE TAX

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss before tax is stated after charging:				
Auditors' remuneration:				
Statutory audits - current	184,588	169,868	74,000	65,000
Statutory audits - overprovision in prior financial year	–	–	(2,000)	–
Non-statutory audits - current	5,000	5,000	5,000	5,000
Bad debts written off	1,073,295	–	–	–
Depreciation of property, plant and equipment (Note 5)	423,460	403,448	–	–
Depreciation of right-of-use assets (Note 6)	123,221	110,358	42,135	42,135
Impairment losses on:				
- amount due from subsidiary companies	–	–	–	17,509
- other receivables (Note 16)	283,103	813,628	–	–
- trade receivables (Note 14)	–	1,061,119	–	–
- intangible assets (Note 8)	2,963,170	–	–	–
Amortisation of intangible assets (Note 8)	1,009,600	1,009,600	–	–
Loss on disposal of property, plant and equipment	14,000	–	–	–
Loss on disposal of quoted shares classified as fair value through profit or loss	1,504,590	3,411,128	942,473	3,411,128
Loss on foreign exchange - unrealised	–	15,307	–	–
Loss on fair value changes of investment in quoted shares	1,200,630	–	1,200,630	–
Short-term leases	–	38,390	13,000	12,000
Staff costs (Note 33)	7,422,754	6,935,726	586,622	574,327
Write off on:				
- amount due from subsidiary company	–	–	–	858,004
- intangible assets	–	21,272	–	–
- property, plant and equipment	7,375	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
(Cont'd)

32. TAX EXPENSE/(CREDIT)

(a) Major components of tax expense/(credit)

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Malaysian income tax:				
- current year's provision	434,165	38,142	385,400	2,043
- overprovision in respect of prior financial year	(2,978)	(118,399)	–	(128,655)
	431,187	(80,257)	385,400	(126,612)
Deferred tax: (Note 11)				
- current year's provision	–	3,555,609	–	–
	431,187	3,475,352	385,400	(126,612)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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 Vietnam and Singapore as they were in a tax loss position for the current financial year.

32. TAX EXPENSE/(CREDIT) (CONT'D)

(b) Relationship between tax expense/(credit) 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss before tax:				
- continuing operations	(10,164,218)	(4,786,608)	(860,101)	(4,077,719)
- discontinued operations	47,945	(278,429)	–	–
Income tax expense at Malaysian statutory tax rate of 24% (2022: 24%)	(2,427,906)	(1,215,609)	(206,424)	(978,653)
- expenses not deductible for tax purposes	2,219,182	3,736,774	591,824	1,281,343
- income not subject to tax	(93,638)	(1,193,222)	–	(419,720)
- balancing charges	20,000	–	–	–
- deferred tax assets not recognised during the financial year	716,527	–	–	119,073
- reversal of deferred tax assets previously recognised	–	2,265,808	–	–
- over provision of income tax in respect of prior financial year	(2,978)	(118,399)	–	(128,655)
	431,187	3,475,352	385,400	(126,612)

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Unutilised capital allowances	49,753	13,388	–	–
Unabsorbed tax losses	14,939,112	11,766,934	–	496,138
Other temporary differences	(223,014)	–	–	–
	14,765,851	11,780,322	–	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 2023 can be carried forward for a period 10 years for set off against future taxable profits. However, unutilised tax losses which arose up to the year of assessment 2018 to be utilised up to the year of assessment 2028.

Notes to the Financial Statements
(Cont'd)

33. STAFF COSTS

The staff costs recognised in profit or loss are as follows:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Salaries and wages	6,235,696	5,742,075	715,807	456,000
Defined contribution plan	732,449	723,860	–	30,480
Other employee benefit expenses	759,609	805,791	40,815	363,847
	7,727,754	7,271,726	756,622	850,327

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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Salaries and wages	545,807	456,000	545,807	456,000
Defined contribution plan	–	30,480	–	30,480
Other employee benefit expenses	40,815	87,847	40,815	87,847
Directors fees	305,000	336,000	170,000	276,000
	891,622	910,327	756,622	850,327

34. LOSS PER SHARE

Basic loss per share

The basic loss per ordinary share as at 30 June 2023 is arrived at by dividing the Group's (loss)/earning attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	2023 RM	**2022 RM (Restated)**
Loss attributable to owners of the Company (RM)		
- from continuing operations	(10,331,483)	(8,127,228)
- from discontinued operations	47,945	(449,327)
	(10,283,538)	(8,576,555)
Weighted average number of ordinary shares issued as at 30 June	1,486,657,419	214,635,042
Basic (loss) per share (sen)		
- from continuing operations	(0.69)	(3.39)
- from discontinued operations	–	(0.21)
	(0.69)	(4.00)

34. LOSS PER SHARE (CONT'D)

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.

35. 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.

(ii) Overseas

The Group has subsidiaries companies and branch in Vietnam and Singapore. 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.

Notes to the Financial Statements
(Cont'd)

35. OPERATING SEGMENTS (CONT'D)

The following table provides an analysis of the Group's revenue, results, assets and liabilities by geographical segment.

	Note	Malaysia RM	Overseas RM	Elimination RM	Total RM
Group					
2023					
Revenue					
Continuing operations					
Sales to external customers		36,125,153	–	–	36,125,153
Total revenue		36,125,153	–	–	36,125,153
Group revenue	A				36,125,153
Results					
Segment results	B	(13,031,963)	(33,492)	338,672	(12,726,783)
Interest income		3,266,003	–	–	3,266,003
Interest expense		(398,258)	–	–	(398,258)
Loss before tax		(10,164,218)	(33,492)	338,672	(9,859,038)
Tax expense		(431,187)	–	–	(431,187)
Loss after tax		(10,595,405)	(33,492)	338,672	(10,290,225)
Assets					
Segment assets	C	211,073,502	29,157	–	211,102,659
Other segment information					
Amortisation of intangible assets		(1,009,600)	–	–	(1,009,600)
Bad debt written-off		(1,073,295)	–	–	(1,073,295)
Depreciation of property, plant and equipment		(413,741)	(9,719)	–	(423,460)
Depreciation of right-of-use assets		(123,221)	–	–	(123,221)
Loss on disposal of property, plant and equipment		(14,000)	–	–	(14,000)
Impairment losses on:					
- other receivable		(283,103)	–	–	(283,103)
- intangible assets		(2,963,170)	–	–	(2,963,170)
Loss on foreign exchange - realised		(11,077)	–	–	(11,077)
Loss on disposal of quoted shares classified as fair value through profit or loss		(1,504,590)	–	–	(1,504,590)
Loss on changes in fair value of investment in quoted shares		(1,200,630)	–	–	(1,200,630)
Reversal of impairment losses:					
- trade receivables		1,395,720	–	–	1,395,720
Written off on:					
- property, plant and equipment		(7,375)	–	–	(7,375)

Notes to the Financial Statements
(Cont'd)

35. OPERATING SEGMENTS (CONT'D)

	Note	Malaysia RM	Overseas RM	Elimination RM	Total RM
Group					
2022					
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)/Profit before tax		(3,033,856)	14,515	(867,267)	(3,886,608)
Tax expense		(3,475,352)	–	–	(3,475,352)
(Loss)/Profit after tax		(6,509,208)	14,515	(867,267)	(7,361,960)
Assets					
Segment assets	C	217,752,007	381,849	–	218,133,856
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)
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 loss 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

Notes to the Financial Statements
(Cont'd)

35. OPERATING SEGMENTS (CONT'D)

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.

36. 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.

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term lease paid to a subsidiary company	–	–	12,000	12,000
Key management personnel compensation:				
Staff costs (Note 33)	891,622	910,327	756,622	850,327
Key management personnel balances:				
Staff advance (receivable)	–	150,000	–	150,000
Advance received (payable)	979,130	341,060	956,702	318,632

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.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At 1 July RM	Financing cash flows (i) RM	New Lease RM	At 30 June RM
2023				
Group				
Amount due to directors	341,060	638,070	–	979,130
Bankers' acceptance	3,322,022	2,047,316	–	5,369,338
Lease liabilities	328,790	(90,603)	–	238,187
Margin financing	636,215	(349,614)	–	286,601
	4,628,087	2,245,169	–	6,873,256
Company				
Amount due to directors	318,632	638,070	–	956,702
Lease liability	79,351	(42,291)	–	37,060
Margin financing	636,215	(349,614)	–	286,601
	1,034,198	246,165	–	1,280,363
2022				
Group				
Amount due to directors	388,802	(47,742)	–	341,060
Banker acceptances	3,679,150	(357,128)	–	3,322,022
Lease liability	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 directors	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

(i) The financing cash flows represent repayment of lease liabilities and net proceeds from/repayment of margin financing and advances/repayment to directors.

Notes to the Financial Statements
(Cont'd)

38. 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')

	Group RM	Company RM
2023		
Financial assets		
Fair value through other comprehensive income		
Other investment	1,224,211	1,224,211
Fair value through profit or loss		
Other investment	5,526,368	5,526,368
At amortised cost		
Trade receivables	11,346,822	–
Amount due from contract customer	7,548,509	–
Other receivables	1,759,171	649,485
Amount due from subsidiary companies	–	17,270,029
Fixed deposits	136,926,481	123,719,428
Cash and bank balances	469,000	90,832
	158,049,983	141,729,774
Financial liabilities		
At amortised cost		
Trade payables	9,055,778	–
Other payables and accruals	11,070,610	2,604,232
Amount due to directors	979,130	956,702
Lease liabilities	238,187	37,060
Short-term borrowings	9,348,372	286,601
	30,692,077	3,884,595

Notes to the Financial Statements (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

	Group RM	Company RM
2022		
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	1,093,157	281,790
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
	165,034,253	147,611,322
Financial liabilities		
At amortised cost		
Trade payables	10,867,427	–
Other payables and accruals	85,007,246	79,436,247
Amount due to directors	341,060	318,632
Lease liability	328,790	79,351
Short-term borrowings	9,544,914	636,215
	106,089,437	80,470,445

Notes to the Financial Statements
(Cont'd)

38. 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 and Risk Management 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.

<u>Credit risk concentration profile</u>

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
(Cont'd)

38. 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	
	2023	**2022**
	RM	**RM**
Not past due	2,754,293	3,915,555
Past due but not impaired:		
- less than 3 months	468,863	1,978,714
- 3 to 6 months	582,215	265,562
- more than 6 months	1,542,292	1,988,406
	2,593,370	4,232,682
Retention sums	7,824,732	6,146,506
Impaired	(1,825,573)	(3,226,292)
	11,346,822	11,068,451

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
(Cont'd)

38. 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 RM9.1 million (2022: 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.

Notes to the Financial Statements
(Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(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.

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:

	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
Group						
2023						
Trade payables	–	9,055,778	9,055,778	9,055,778	–	–
Other payables and accruals	–	11,070,610	11,070,610	11,070,610	–	–
Amount due to directors	–	979,130	979,130	979,130	–	–
Lease liabilities	2.46 - 5.50	238,187	265,752	86,492	141,168	38,092
Short-term borrowings	2.20 - 9.50	9,348,372	9,348,372	8,348,372	1,000,000	–
		30,692,077	30,719,642	29,540,382	1,141,168	38,092
2022						
Trade payables	–	10,867,427	10,867,427	10,867,427	–	–
Other payables and accruals	–	85,007,246	85,007,246	85,007,246	–	–
Amount due to a director	–	341,060	341,060	341,060	–	–
Lease liability	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	–	–
		106,089,437	106,131,067	105,866,139	191,468	73,460

Notes to the Financial Statements
(Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (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:

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM
Company						
2023						
Other payables and accruals	–	2,604,232	2,604,232	2,604,232	–	–
Amount due to a director	–	956,702	956,702	956,702	–	–
Lease liability	5.50	37,060	38,000	38,000	–	–
Short-term borrowings	9.50	286,601	286,601	286,601	–	–
		3,884,595	3,885,535	3,885,535	–	–
2022						
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	2.46 - 5.5	79,351	83,600	45,600	38,000	–
Short-term borrowings	2.12 - 9.5	636,215	636,215	636,215	–	–
		80,470,445	80,474,694	80,436,694	38,000	–

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(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.

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Australian Dollar (AUD) RM	Vietnamese Dong (VND) RM	Singapore Dollar (SGD) RM	Total RM
Group				
2023				
Financial Assets				
Other investment	1,224,211	–	–	1,224,211
Bank balances	36,215	–	–	36,215
	1,260,426	–	–	1,260,426
Financial Liabilities				
Other payables and accruals	–	31,828	14,518	46,346
	–	31,828	14,518	46,346
Net currency exposure	1,260,426	(31,828)	(14,518)	1,214,080
2022				
Financial Assets				
Other investment	1,819,875	–	–	1,819,875
Other receivables and deposits	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

Notes to the Financial Statements
(Cont'd)

38. 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)

	Australian Dollar (AUD) RM	**Total RM**
Company		
2023		
Financial Assets		
Other investment	1,224,211	1,224,211
Bank balances	36,215	36,215
	1,260,426	1,260,426
2022		
Financial Assets		
Other investment	1,224,211	1,224,211
Bank balances	68,369	68,369
	1,292,580	1,292,580

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to Australian Dollar ("AUD"), Vietnamese Dong ("VND") and Singapore Dollar ("SGD").

Notes to the Financial Statements
(Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, VND and SGD, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Group		Company	
	2023 RM Increase/ (Decrease)	**2022 RM Increase/ (Decrease)**	**2023 RM Increase/ (Decrease)**	**2022 RM Increase/ (Decrease)**
Effects on profit after tax/equity				
Strengthened by 10%				
- VND	(2,419)	(2,419)	–	–
- AUD	95,792	143,507	95,792	98,236
- SGD	(1,103)	(3,923)	–	–
Weakened by 10%				
- VND	2,419	2,419	–	–
- AUD	(95,792)	(143,507)	(95,792)	(98,236)
- SGD	1,103	3,923	–	–

Notes to the Financial Statements
(Cont'd)

38. 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**	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Fixed rate				
Financial assets				
Fixed deposits	136,926,481	141,476,107	123,719,428	126,843,948
Financial liabilities				
Lease liabilities	238,187	328,790	37,060	79,351
Floating rate				
Short-term borrowings	9,348,372	9,554,914	286,601	636,215

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 RM35,523 (2022: RM36,309) and RM1,096 (2022: RM2,418) for the Group and the Company as a result of higher/lower interest expenses on these borrowings.

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(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.

Sensitivity analysis for equity price risk

A 10% increase in the market price of the quoted shares as at the end of the reporting period would have increased equity by RM552,637 (2022: RM285,731) and RM552,637 (2022: RM226,165) for the Group and for the Company respectively. A 10% decrease in market price would have had equal but opposite effect on equity.

(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")

Quoted shares in FVTPL 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")

(iii) Unquoted shares in FVTOCI 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.

Notes to the Financial Statements
(Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement (Cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments.

	Group 2023 RM	Group 2022 RM
Level 1		
Quoted shares	5,526,368	2,857,310
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

	Company 2023 RM	Company 2022 RM
Level 1		
Quoted shares	5,526,368	2,261,647
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)

39. 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 Group and 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 2022 and 30 June 2023 are as follows:

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Trade payables	9,055,778	10,867,427	–	–
Other payables and accruals	11,070,610	85,007,246	2,604,232	79,436,247
Amount due to directors	979,130	341,060	956,702	318,632
Amount owing to subsidiary companies	–	–	–	3,681,566
Lease liabilities	238,187	328,790	37,060	79,351
Short-term borrowings	9,348,372	9,544,914	286,601	636,215
	30,692,077	106,089,437	3,884,595	84,152,011
Less: Fixed deposits	(136,926,481)	(141,476,107)	(123,719,428)	(126,843,948)
Cash and bank balances	(469,000)	(6,638,520)	(90,832)	(5,950,416)
Net debt	(106,703,404)	(42,025,190)	(119,925,665)	(48,642,353)
Total equity	180,410,582	112,044,419	206,599,492	128,990,668
Total capital	73,707,178	70,019,229	86,673,827	80,348,315
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
(Cont'd)

40. CONTINGENT LIABILITIES

Corporate Guarantees

	Group		Company	
	2023 **RM**	**2022** **RM**	**2023** **RM**	**2022** **RM**
(i) Secured: Performance and financial guarantees issued by the licensed banks to third parties	6,676,357	8,799,461	–	–

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.

41. CAPITAL COMMITMENTS

	Group	
	2023 **RM**	**2022** **RM**
Approved and contracted but not provided for	20,950,380	25,152,200

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) 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.

43. 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 RM4.68 million (1)) ("Claim"). The amount comprises outstanding rental amounting to RMB5.81 million (approximately RM3.75 million(1)) and late payment charges of RMB1.44 million (approximately RM0.93 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 RM2.56 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:RM0.6455 as at the 30 June 2023.

43. 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.

44. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements for the financial year ended 30 June 2023 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 October 2023.

45. PRIOR YEAR ADJUSTMENT

	Group		
	As previously stated RM	**Adjustment RM**	**As restated RM**
Statement of financial posistion as at 1 July 2022			
Property development costs	13,769,115	(2,000,550)	11,768,565
Other payables and accruals	86,107,796	(1,100,550)	85,007,246
Accumulated losses	(83,955,555)	(900,000)	(84,855,555)

LIST OF **PROPERTIES**

AS AT 30 JUNE 2023

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 30.06.2023 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	23 years / Freehold	7,825	05 October 2012
Lot 1888 College Heights Garden Resort Nilai Seremban	Vacant residential land	12,340	N/A	N/A	N/A / Freehold	290	28 August 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	23 years / Leasehold for 99 years expiring on 4 December 2095	–	20 February 2001
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	122	20 September 2012

ANALYSIS OF **SHAREHOLDINGS**

AS AT 29 SEPTEMBER 2023

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 29 SEPTEMBER 2023

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
Less than 100	1,715	31,910	0.0021
100 to 1,000	3,492	2,059,392	0.1345
1,001 to 10,000	6,027	27,715,893	1.8102
10,001 to 100,000	3,434	140,273,921	9.1617
100,001 to less than 5% of issued shares	1,631	1,096,296,601	71.6020
5% and above of issued shares	1	264,718,966	17.2895
Total	**16,300**	**1,531,096,683**	**100.0000**

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		Direct Interest		Indirect Interest	
	Names	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Hoo Wai Keong	100,000	0.007	–	–
2.	Doris Wong Sing Ee	–	–	–	–
3.	Koh Wai Chee	33,333	0.002	–	–
4.	Muhammad Faliq Bin Mohd Redzuan	–	–	–	–
5.	Ong Tee Kein	–	–	–	–

SUBSTANTIAL SHAREHOLDER AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
	Names	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Cita Realiti Sdn Bhd	264,718,966	17.2895	–	–

Analysis of Shareholdings
(Cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 29 SEPTEMBER 2023)

	Names	No. of Shares	Percentage of Shareholdings (%)
1.	CITA REALITI SDN BHD	264,718,966	17.2895
2.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAH YOW FONG (MF00245)	36,000,000	2.3513
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAU KAH CHIONG	30,270,000	1.9770
4.	LEE KOWI ENG	27,000,000	1.7634
5.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BC MEDICARE SDN BHD	23,250,000	1.5185
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIM LEE AIK	22,500,000	1.4695
7.	AFFIN HWANG INVESTMENT BANK BERHAD IVT (WLT) TAN WOEI LIN	19,800,000	1.2932
8.	BC MEDICARE SDN BHD	14,437,500	0.9430
9.	TAN ENG HOCK	11,832,800	0.7728
10.	LEONG NANG SENG	10,000,000	0.6531
11.	LIM POH FONG	8,500,210	0.5552
12.	YIN YIT FUN	8,062,000	0.5266
13.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SU YOU (E-KKU)	8,000,000	0.5225
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LIAN HONG (8092237)	7,573,300	0.4946
15.	ER KA YONG	7,537,000	0.4923
16.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE AH YEW (E-KKU/INN)	7,000,000	0.4572
17.	TEO TIEW	7,000,000	0.4572
18.	STEVEN TOH SOON LAI	6,500,000	0.4245
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO CHI THAU @ DAVID HO (012)	6,499,000	0.4245
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FRANCIS CHAI KIM LUNG	6,000,000	0.3919

Analysis of Shareholdings
(Cont'd)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 29 SEPTEMBER 2023)

	Names	No. of Shares	Percentage of Shareholdings (%)
21.	LEOW HENG GIAP	6,000,000	0.3919
22.	TAN HUNG CHEW	6,000,000	0.3919
23.	FONG SENG CHENG	5,967,200	0.3897
24.	GOH CHENG FOONG	5,700,000	0.3723
25.	WAH AHMAD SHAIPUDDIN BIN WAN IBRAHIM	5,500,000	0.3592
26.	LIAN LEE CHEN	5,255,100	0.3432
27.	CHEN LEE HAN	5,000,063	0.3266
28.	INIMAS CORPORATE SERVICE SDN BHD	5,000,000	0.3266
29.	LOK WEI SEONG	5,000,000	0.3266
30.	CHOK PUI WOON	4,690,500	0.3063

ANALYSIS OF **WARRANTS B**

AS AT 29 SEPTEMBER 2023

Total Issued Warrants B	:	433,187,525
Total Exercised Warrants B	:	14,676,033
Total Outstanding Warrants B	:	418,511,492

DISTRIBUTION OF WARRANTS B AS AT 29 SEPTEMBER 2023

Size of Warrant Holdings	No. of Warrant Holders	No. of Warrants	Percentage of Warrants Holdings (%)
Less than 100	24	1,090	0.0003
100 to 1,000	104	52,335	0.0125
1,001 to 10,000	416	2,605,546	0.6226
10,001 to 100,000	1,072	52,209,797	12.4751
100,001 to less than 5% of issued warrants	680	363,642,724	86.8895
5% and above of issued warrants	0	0	0
Total	**2,296**	**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 29 SEPTEMBER 2023)

	Name	No. of Warrants	Percentage of Warrants Holdings (%)
1.	MOHAMMAD YASID BIN AHMAD	13,500,000	3.2257
2.	TAN CHIN SEOH	13,000,000	3.1062
3.	STEVEN TOH SOON LAI	10,000,000	2.3894
4.	NG SOOK KIN	9,430,000	2.2532
5.	YONG WYE HONG	8,000,000	1.9115
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIN SEOH	6,000,000	1.4337
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MOHD AZMER BIN IBRAHIM	4,006,000	0.9572
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON PING	4,001,000	0.9560
9.	CHUA HEE BOON	4,000,000	0.9558
10.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN FOOK WENG (PENANG-CL)	3,300,000	0.7885

Analysis of Warrants B
(Cont'd)

THIRTY LARGEST WARRANT B HOLDERS (CONT'D)
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 29 SEPTEMBER 2023)

	Name	No. of Warrants	Percentage of Warrants Holdings (%)
11.	AFFIN HWANG INVESTMENT BANK BERHAD IVT (YKL) LEE KHEE YIP	3,092,300	0.7389
12.	CHAI KIM SWEE	3,000,000	0.7168
13.	ONG PO SIM	3,000,000	0.7168
14.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG GUAT CHU (E-TAI)	3,000,000	0.7168
15.	HOW YANG SHEE	2,900,000	0.6929
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD IDRIS BIN ABDUL AZIZ	2,763,700	0.6604
17.	NOOR HADI BIN MISKUN	2,751,800	0.6575
18.	MOHD KASARUDIN BIN SUUDI	2,726,700	0.6515
19.	ONG SIOW TECK	2,685,000	0.6416
20.	MOHD TARMIZI BIN ABD.WAHAB	2,652,000	0.6337
21.	KOH PENG CHEONG	2,601,000	0.6215
22.	LEE YEW KONG	2,500,000	0.5974
23.	TAN WAH KIONG	2,377,400	0.5681
24.	CHIN YAT YIN	2,320,800	0.5545
25.	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SIM KEAM CHONG (STA 1)	2,250,000	0.5376
26.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG TENG CHAI (J BENDAHARA-CL)	2,000,000	0.4779
27.	FONG SENG CHENG	2,000,000	0. 4779
28.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VINCENT PHUA CHEE EE	2,000,000	0. 4779
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD NADZRI BIN MISNI	1,936,000	0.4626
30.	CHIM LUANG ENG	1,847,000	0.4413

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting ("**20th 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 30 November 2023 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 2023 together with the Reports of the Directors and Auditors thereon. ***Please refer to Explanatory Note to Ordinary Business***

2. To re-elect Mr Hoo Wai Keong who retires pursuant to Clause 105 of the Company's Constitution and who being eligible, has offered himself for re-election. ***Ordinary Resolution 1***

3. To re-elect Mr Koh Wai Chee who retires pursuant to Clause 114 of the Company's Constitution and who being eligible, has offered himself for re-election. ***Ordinary Resolution 2***

4. To approve the payment of Directors' fees of RM170,000.00 for the financial year ended 30 June 2023. ***Ordinary Resolution 3***

5. To approve the payment of Directors' fees of RM250,000.00 for the period from 1 July 2023 up to the conclusion of 21st AGM. ***Ordinary Resolution 4***

6. To approve the payment of Directors' benefits of RM35,292.00 for the financial year ended 30 June 2023. ***Ordinary Resolution 5***

7. To approve the payment of Directors' benefits of RM50,000.00 for the period from 1 July 2023 up to the conclusion of 21st AGM. ***Ordinary Resolution 6***

8. To re-appoint Messrs Chengco PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at such remuneration to be determined by the Directors of the Company. ***Ordinary Resolution 7***

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

9. **Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016** ***Ordinary Resolution 8***

   THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 ("**the Act**") and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time 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 issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

Notice of Annual General Meeting
(Cont'd)

AND THAT pursuant to Section 85 of the Act 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 Act.

10. 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. 202208000250)
TAN LAY KHOON (MAICSA 7077867 & SSM PC NO. 202208000544)
Company Secretaries

Kuala Lumpur

Dated : 31 October 2023

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 proxy form duly completed must be deposited at the Share Registrar's office, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, 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 16 November 2023 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 20th 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.

Notice of Annual General Meeting
(Cont'd)

Explanatory Notes to Ordinary Business:

a. **Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 June 2023**

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.

Explanatory Notes:

a. **Ordinary Resolution 1 and 2 – Re-election of the Directors who retire pursuant to the Clause 105 and Clause 114 of the Company's Constitution**

Mr Hoo Wai Keong and Mr Koh Wai Chee ("**the Retiring Directors**") who are standing for re-election as the Directors of the Company pursuant to the Clause 105 and Clause 114 of the Company's Constitution respectively at the forthcoming 20th AGM and who are being eligible for re-election have offered themselves for re-election.

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 Retiring Directors who abstained) 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.

Mr Koh Wai Chee has declared his independency based on the Main Market Listing Requirements of Bursa Securities and shall remain independent in exercising his judgement and carry out his roles as an Independent Non-Executive Director of the Company.

b. **Ordinary Resolution 8 - Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Ordinary Resolution 8 is primarily to give a renewal mandate to the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be time consuming to organise a general meeting. The general mandate will provide flexibility and expediency to the Company for any possible fund-raising activities involving the issuance or placement of shares to facilitate business expansion or strategic merger and acquisition opportunities involving equity deals or part equity or to fund future investment project(s) or working capital requirements, which the Directors of the Company consider to be in the best interest of the Company. The general mandate, unless revoked or varied at general meeting, will expire at the next AGM of the Company.

As at the date of this notice, no shares had been allotted and issued since the general mandate granted to the Directors at the previous annual general meeting held on 30 November 2022 and this authority will lapse at the conclusion of the 20th AGM of the Company.

Pursuant to Section 85 of the Act read together with Clause 61 of the Constitution of the Company, 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.

Explanatory Notes: **(Cont'd)**

b. **Ordinary Resolution 8 - Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016 (Cont'd)**

Section 85(1) of the Act provides as follows:

"85. Pre-emptive rights to new shares

(1) Subject to the Constitution, where a Company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Clause 61 of the Constitution of the Company provides as follows:

"61. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may, likewise, also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause."

The proposed Ordinary Resolution 8, if passed, will exclude your pre-emptive right to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Ordinary Resolution.

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 20th 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.

ADMINISTRATIVE GUIDE

Date	Time	Broadcast Venue
30 November 2023	**10.30 a.m.**	AGM will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting ("RPV") Facilities via online meeting platform at https://rebrand.ly/MetronicAGM operated by InsHub Sdn. Bhd. from the broadcast venue at Level 10, Tower 11, Avenue 5, No. 8, Jalan Kerinchi, Bangsar South, 59200 Kuala Lumpur

MODE OF MEETING

The AGM will be conducted entirely through live streaming from the Broadcast Venue.

All shareholders of the Company, whether Individual Shareholders, Corporate Shareholders, Proxy Holders, Authorised Nominees or Exempt Authorised Nominees who wish to attend the AGM will have to register to attend remotely by using the Remote Participation and Voting Facilities ("RPV"), the details of which is set out below.

RPV Facilities

1. The AGM will be conducted entirely through live streaming and online remote voting. Should you wish to attend the AGM you will be required to do so by registering yourself using the RPV Facilities in accordance with the instructions set out under Section 4 below.

   With the RPV Platform, you may exercise your rights as a Shareholder to participate (including to pose questions to the Board of Directors ("Board") and vote at the AGM.

2. If a shareholder is unable to attend the AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

3. For proxies or corporate representatives / authorised nominees / exempt authorised nominees who wishes to use the RPV Facilities at the AGM, please ensure the duly executed proxy forms or the original certificate of appointment of its corporate representative must submitted to Share Registrar's office, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof.

Adminstrative Guide
(Cont'd)

4. The procedures for the RPV in respect of the live streaming and remote voting at the AGM is as follows:

Procedures		Action
Before AGM		
1.	Register as participant in Virtual AGM	• Using your computer, access the registration website at https://rebrand.ly/MetronicAGM. • Click on the **Register** link to register for the AGM session. • If you are using mobile devices, you can also scan the QR provided on the left to access the registration page. Click **Register** and enter your email followed by **Next** to fill in your details to register for the AGM session. • Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. • The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS).
2.	Submit your online registration	• Shareholders who wish to participate and vote remotely at the AGM via RPV Facilities are required to register prior to the meeting. The registration will be open from **5.00 p.m. on 31 October 2023** and the registration will close at **10.30 a.m. on 29 November 2023**. • Clicking on the link mentioned in item 1 will redirect you to the AGM event page. Click on the **Register** link for the online registration form. • Complete your particulars in the registration page. Your name **MUST** match your CDS account name (not applicable for proxy). • Insert your CDS account number(s) and indicate the number of shares you hold. • Read and agree to the Terms & Conditions and confirm the Declarations. • Please ensure all information given is accurate before you click **Submit** to register your remote participation. Failure to do so will result in your registration being rejected. • System will send an email to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors of the Company as at **16 November 2023**, the system will send you an email to notify you if your registration is approved or rejected after **17 November 2023**. • If your registration is rejected, you can contact the Company's Poll Administrator or the Company for clarifications or to appeal.

Adminstrative Guide
(Cont'd)

On the day of AGM		
3.	Attending Virtual AGM	• Two reminder emails will be sent to your inbox. First is one day before the AGM day, while the 2nd will be sent 1 hour before the AGM session. • Click **Join Event** in the reminder email to participate the RPV.
4.	Participate with live video	• You will be given a short brief about the system. • Your microphone is muted throughout the whole session. • If you have any questions for the Chairman/Board, you may use the **Q&A panel** to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email. • The session will be recorded. • Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.
5.	Online Remote Voting	• The Chairman will announce the commencement of the Voting session and the duration allowed at the respective AGM. • A link to vote for the resolution(s) will be posted at the right-hand side of your computer screen under "chat". You are required to access the link and to indicate your votes for the resolutions within the given stipulated time frame. • Click on the Submit button when you have completed. • Votes cannot be changed once it is submitted.
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the AGM, the live session will end.

Revocation of Proxy

Please note that if a Shareholder has submitted his/her Form of Proxy prior to the AGM and subsequently decides to personally attend and participate in the AGM via RPV Facilities, the Shareholder must contact Aldpro Corporate Services Sdn Bhd to revoke the appointment of his/her proxy no later than 10.30 a.m. on 28 November 2023.

Adminstrative Guide
(Cont'd)

Poll Voting

The voting at the AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Aldpro Corporate Services Sdn Bhd as Poll Administrator to conduct the poll by way of electronic means and KW Ng & Co. as Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting. The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed or otherwise.

The results of the voting for all resolutions will be announced at the AGM and on Bursa Malaysia website at www.bursamalaysia.com.

No Recording or Photography

Strictly NO recording or photography of the proceedings of the AGM is allowed.

No Breakfast/Lunch Packs, Door Gifts or Food Vouchers

There will be no distribution of breakfast / lunch packs, door gifts or food vouchers.

Enquiry

If you have any enquiry prior to the meeting, please contact the following officers during office hours (from 9.00 a.m. to 5.30 p.m. (Monday to Friday)):

For Registration, logging in and system related:	For Proxy matters:
InsHub Sdn. Bhd. Name: Ms Eris / Mr Calvin Telephone No: +603 7688 1013 Email: vgm@mlabs.com	**Aldpro Corporate Services Sdn Bhd** Name: Ms Jennie Wong / Mr. Simon Teo / Ms Martini Telephone No: +603 9770 2200 Email: admin@aldpro.com.my

This page has been intentionally left blank

METRONIC

METRONIC GLOBAL BERHAD
[REGISTRATION NO. 200301029648 (632068-V)]
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	– –
No. of Shares Held	

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 Twentieth Annual General Meeting ("**20th 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 30 November 2023 at 10.30 a.m. or at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To re-elect Mr Hoo Wai Keong who retires pursuant to Clause 105 of the Company's Constitution.		
2.	To re-elect Mr Koh Wai Chee who retires pursuant to Clause 114 of the Company's Constitution.		
3.	To approve the payment of Directors' fees of RM170,000.00 for the financial year ended 30 June 2023.		
4.	To approve the payment of Directors' fees of RM250,000.00 for the period from 1 July 2023 up to the conclusion of 21st AGM.		
5.	To approve the payment of Directors' benefits of RM35,292.00 for the financial year ended 30 June 2023.		
6.	To approve the payment of Directors' benefits of RM50,000.00 for the period from 1 July 2023 up to the conclusion of the 21st AGM.		
7.	To re-appoint Messrs Chengco PLT as Auditors of the Company.		
8.	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 ____________________ 2023

____
Signature(s) of member(s)

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 proxy form duly completed must be deposited at the Share Registrar's office, Aldpro Corporate Services Sdn Bhd at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, 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 16 November 2023 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 20th 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.

1st Fold Here

AFFIX
STAMP

The Share Registrar
METRONIC GLOBAL BERHAD [200301029648 (632068-V)]
c/o Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur

2nd Fold Here

Fold This Flap For Sealing

METRONIC GLOBAL BERHAD
200301029648 (632068-V)

No. 2, Jalan Astaka U8/83, Seksyen U8,
Bukit Jelutong 40150 Shah Alam, Selangor Darul Ehsan.
Tel : 03-7847 2111 | Fax : 03-7847 5111

www.metronic-group.com