6. BATCHING PLANTS OF EXPO GROUP

As at LPD, EXPO Group's batching plants are as follows:-

No.	Batching plant	Location / Land information	Area (Acres)	Plant status (owned or rented)	Landlord/Lessor / (Tenancy/Lease period)	Rental per month (RM)
1.	Lahad Datu	Land held under title no. CL115108686 at KM2, Jalan Tengah Nipah, in the District of Lahad Datu, Sabah	3.0	Rented	Soo Chik Soon & Sons (Sabah) Enterprise Sdn. Bhd. / (1 July 2023 to 30 June 2028)	5,000
2.	Lok Kawi	Land held under title nos. CL265313979 (formerly known as CL215313974) and CL265313960 (formerly known as CL215313965) at Kg. Meruntum, in the District of Penampang, Sabah	6.7[(a)]	Rented[(b)]	Gemijadi Sdn. Bhd. / (1 March 2019 to 28 February 2023[(b)])	20,000[(b)]
3.	Kimanis	Land held under title no. NT023110778 at Mile 1 1/2, in the District of Papar, Sabah	2.9	Rented	Olivia Chong Shiow Hui/ (1 March 2022 to 28 February 2032)	3,000
4.	Bandar Sierra	Land held under part of title nos. CL015483780, CL015483799, CL015483806, CL015483815, CL015483824, CL015483833, CL015483842, CL015483851, CL015483888, CL015483897, CL015483860 and CL015483879	3.0	Rented	Hap Seng Building Materials Sdn. Bhd. / (1 October 2021 to 30 September 2026)	27,500

No.	Batching plant	Location / Land information	Area (Acres)	Plant status (owned or rented)	Landlord/Lessor / (Tenancy/Lease period)	Rental per month (RM)
5.	Labuan	Land held under PN1447, Lot 205328865 at Kg. Sungai Buton, in the Federal Territory of Labuan	2.4	Rented	Tan Beng Soon / (1 July 2020 to 30 June 2024)	22,500
6.	Beluran	Land held under title no. CL085320350 at Sandakan, in the District of Beluran, Sabah	4.0	Rented	Christopher Ubing / (1 April 2022 to 31 March 2032)	3,200
7.	Tawau	Land held under title no. CL105549451 at Jalan Kau Sing, in the District of Tawau, Sabah	3.5	Rented	Lee Hon Yin / (1 July 2022 to 30 June 2032)	3,500 from 1 July 2022 to 30 June 2025 4,500 from 1 July 2025 to 30 June 2028 5,500 from 1 July 2028 to 30 June 2032

No.	Batching plant	Location / Land information	Area (Acres)	Plant status (owned or rented)	Landlord/Lessor / (Tenancy/Lease period)	Rental per month (RM)
8.	Ranau	Land held under title no. NT063039145 at Kg. Lohan, in the District of Ranau, Sabah	2.0	Rented	Lee Yun Phin and Lydia Lee Yee Cen trading as Zoxiufin Enterprise / (1 August 2022 to 31 July 2025)	3,000
	Ranau (access road to Ranau batching plant)	Land held under title no. NT063013712 (Lot 3), in the District of Ranau, Sabah	1.2	Rented	Janry Bin Jaafar @ Awang Jaafar / (1 July 2022 to 30 June 2025)	1,500
9.	Kolombong	Lands held under part of title no. CL015011346 at Kolombong, in the District of Kota Kinabalu, Sabah	9,984.8 square metres (1st portion) 714 square metres (2nd portion)	Rented	Grand Likas Villas Sdn. Bhd. / (1 July 2022 to 30 June 2025)	22,600
10.	Sepanggar	Land held under title no. NT013111503 in the District of Sepanggar, Sabah	5.0	Rented	Gregory Chong On Liok / (1 September 2023 to 31 August 2025)	3,000
11.	Kota Marudu	Land held under title no. CL225321022 at Kota Marudu, in the District of Kota Marudu, Sabah	3.5	Rented	Chong Ngit Yin / (1 May 2023 to 30 April 2028)	4,000 from 1 May 2023 to 30 April 2025 4,500 from 1 May 2025 to 30 April 2028

No.	Batching plant	Location / Land information	Area (Acres)	Plant status (owned or rented)	Landlord/Lessor / (Tenancy/Lease period)	Rental per month (RM)
12.	Sipitang	Land held under title no. NT193077846 at Kg. Pantai Lama, in the District of Sipitang, Sabah	3.5	Rented	Omar Bin Tali, Subuh Bin Tali and Napiseh Bin Tali / (1 May 2023 to 30 April 2028)	3,500
		Land held under title no. NT193077806 at Kg. Pantai Lama, in the District of Sipitang, Sabah	1.2	Rented	Ahad Bin Nudin / (1 May 2023 to 30 April 2025)	1,500
13.	Kota Belud	Land held under title no. NT033078376 at Kg. Rangalau, in the District of Kota Belud, Sabah	1.5	Rented	Chin Tai Fatt / (1 May 2022 to 30 April 2025)	3,600
14.	Beaufort	Land held under title no. CL175090945 (Lot 1) at Kg. Selagon, in the District of Beaufort, Sabah	1.7	Rented	Yong Wei Hau / (1 May 2021 to 30 April 2026)	RM5,000 from 1 May 2021 to 30 April 2024; and RM5,750 from 1 May 2024 to 30 April 2026
15.	Pitas	Land held under title no. NT233029635 at Kg. Batu, Pitas, in the District of Kudat, Sabah	13.6	Rented	Suhaibun Bin Gisin @ Yusof / (1 December 2022 to 31 December 2027)	1,500 from 1 December 2022 to 31 December 2025 2,000 from 1 January 2026 to 31 December 2027

No.	Batching plant	Location / Land information	Area (Acres)	Plant status (owned or rented)	Landlord/Lessor / (Tenancy/Lease period)	Rental per month (RM)
16.	Kudat	Land held under lease no. 055112297 at Sikuati, in the District of Kudat, Sabah	3.5	Rented	Tay Kit Siong / (1 September 2022 to 31 August 2032))	RM3,000 from 1 September 2022 to 31 August 2027; and RM3,500 from 1 September 2027 to 31 August 2032

Notes:-

(a) The land is approximately 6.7 acres, of which approximately 0.3 acres had been sub-leased to 3 tenants (4,000 square feet each tenant) with a total rental of RM15,000 per month.

(b) EXPO had on 29 September 2023 entered into 2 sale and purchase agreements with Gemijadi Sdn. Bhd. to acquire the 2 lands bearing the title of CL265313979 (formerly known as CL215313974) and CL265313960 (formerly known as CL215313965) for a cash consideration of RM5,620,000 and RM6,380,000 respectively. As at LPD, the said acquisitions are still pending completion.

Nevertheless, EXPO still continue to rent the premises at RM20,000 per month from Gemijadi Sdn. Bhd. until the completion of the abovementioned sale and purchase agreements.

7. ASSETS OWNED BY EXPO

Based on the audited financial statements of EXPO for FYE 30 June 2022, the total assets of EXPO Group (excluding STL&T) amount to approximately RM95.8 million.

Type of assets	Audited net book value as at 30 June 2022
	RM
Property, plant and equipment	39,249,338
Investment properties	10,684,005
Investment in associates	1,205,000
Inventories	3,098,911
Trade and other receivables	34,427,064
Cash and bank balances	7,111,216
Total assets	**95,775,534**

Based on the audited financial statements of STL&T for FYE 31 December 2022, the total assets of STL&T amount to approximately RM0.4 million.

Type of assets	Audited net book value as at 31 December 2022
	RM
Plant and equipment	260,720
Deferred tax assets	65,709
Trade receivable[(a)]	68,165
Other receivables, deposits and prepayment	18,291
Cash and cash equivalents	30,886
Total assets	**443,771**

Note:-

(a) Comprised amount due from EXPO.

8. FINANCIAL INFORMATION

The summary of the historical financial performance and financial position of EXPO Group based on the audited consolidated financial statements for the FYEs 30 June 2020, 30 June 2021, 30 June 2022 are as follows:-

	Audited[(a)]			**Unaudited[(a)]**
	FYE 30 June 2020	**FYE 30 June 2021[(b)]**	**FYE 30 June 2022[(c)]**	**FYE 30 June 2023**
	RM	RM	RM	RM
Revenue	100,441,550	91,407,592	114,767,665	139,023,654
Gross profit	3,091,486	5,875,344	9,692,096	11,451,839
PBT	339,608	2,756,208	5,304,606	5,342,118
(LAT) / PAT	(669,701)	1,422,181	4,046,182	4,023,368
(LAT) / PAT attributable to:				
- Owners of the company	(669,701)	1,420,269	4,044,611	4,080,765
- Non-controlling interest	-	1,912	1,571	(57,397)
	(669,701)	1,422,181	4,046,182	4,023,368
PAT margin (%)	-	1.56	3.53	2.89
Share capital	4,600,000	4,600,000	4,600,000	4,600,000
Shareholders' equity / NA	16,930,329	18,350,598	22,395,209	26,475,974
Total equity	16,930,329	18,380,979	22,427,161	26,392,439
Total borrowings (including lease liabilities)	42,592,077	43,494,186	46,086,836	54,899,285
Current assets	37,489,952	41,568,112	44,637,191	49,290,007
Current liabilities	50,318,997	54,004,287	59,193,799	67,609,194
Number of ordinary shares	3,100,000	3,100,000	3,100,000	3,100,000
(LPS) / EPS	(0.22)	0.46	1.31	1.30
NA per share	5.46	5.92	7.22	8.54
Current ratio (times)	0.75	0.77	0.75	0.73
Gearing ratio (times)	2.52	2.37	2.05	2.08

Notes:-

(a) The financial statements had been prepared in accordance with Malaysian Private Entities Reporting Standard.

(b) Expo Quarry Resources Sdn. Bhd., a wholly-owned subsidiary of EXPO, was excluded from the consolidated financial statements of EXPO for the FYE 30 June 2021, as the Directors of Expo Quarry Resources Sdn. Bhd. had the intention of disposing the said subsidiary within the 1 year from the date of its acquisition on 3 March 2021. EXPO had disposed 65.0% equity interest in Expo Quarry Resources Sdn. Bhd. in the FYE 30 June 2022.

(c) STL&T, a 65.0%-owned subsidiary of EXPO, was excluded from the consolidated financial statements of EXPO for the FYE 30 June 2022, as the directors of STL&T intends to change the financial year end of STL&T prior to include the financial statements of STL&T in the consolidation of EXPO Group. For information, the directors of STL&T had on 8 August 2022 passed a resolution to change the financial year end of STL&T from 31 December to 30 June.

Commentaries:-

FYE 30 June 2020 ("FYE 2020") compared to FYE 30 June 2019 ("FYE 2019")

EXPO Group's revenue decreased by RM5.2 million from RM105.6 million in FYE 2019 to RM100.4 million in FYE 2020, which was mainly due to the outbreak of COVID-19 pandemic in Malaysia that led to a decline in economic activities across various sectors, which had reduced demand for EXPO Group's products.

EXPO Group recorded a LAT of RM0.7 million in FYE 2020 as compared to a PAT of RM1.0 million in FYE 2019. The LAT is mainly attributable higher operating expenses as a result of increase in impairment loss on receivables RM0.2 million and recognition of bad debts written off of RM0.1 million in FYE 2020.

FYE 30 June 2021 ("FYE 2021") compared to FYE 2020

EXPO Group's revenue decreased by RM9.0 from RM100.4 million in FYE 2020 to RM91.4 million in FYE 2021, which was mainly due to the implementation of movement control order by the Government of Malaysia which had resulted in fewer construction projects being initiated or delayed.

Despite the decrease in revenue, EXPO Group had recorded a PAT of RM1.4 million in FYE 2021 as compared to a LAT of RM0.7 million in FYE 2020, which was mainly due to higher gross profit margin in FYE 2021 (FYE 2021: 6.4%; FYE 2020: 2.9%); The higher gross profit margin was due to lower manufacturing cost arising from:

(i) lower material cost due to more cost-effective source of supply; and

(ii) lower salaries and wages as a result of organisational restructuring.

FYE 30 June 2022 ("FYE 2022") compared to FYE 2021

EXPO Group's revenue increased by RM23.4 million from RM91.4 million in FYE 2021 to RM114.8 million in FYE 2022, which was mainly due to the reopening of the Malaysian economy, which led to increased activity in the construction sector. The uptick in construction activity resulted in an increased demand for ready-mixed concrete, contributing significantly to the company's improved financial performance.

EXPO Group's PAT had increased by RM2.6 million from RM1.4 million in FYE 2021 to RM4.0 million in FYE 2022, which was mainly due to higher gross profit margin in FYE 2022 (FYE 2022: 8.4%; FYE 2021: 6.4%). The higher gross profit margin was mainly attributable to increase in selling price as a result of the increase in demand of ready-mixed concrete.

FYE 30 June 2023 ("FYE 2023") compared to FYE 2022

EXPO Group's revenue increased by RM24.3 million from RM114.8 million in FYE 2022 to RM139.0 million in FYE 2023, which was mainly due to increased activity in the construction sector as a result of the recovery of economy from the COVID-19 pandemic.

Despite increase in the revenue, the PAT in FYE 2023 had only increased marginally. This was due to increase in the administrative expenses of EXPO Group of RM1.9 million in FYE 2023 which was mainly due to increase in the depreciation of property, plant and equipment as a result of purchase new plant and equipment of RM0.6 million as well as increase in the professional fee mainly for loan documentation purpose of RM0.2 million.

EXPO Group's borrowing increased by RM8.8 million from RM46.1 million in FYE 2022 to RM54.9 million in FYE 2023, which was mainly due to acquisition of additional plant and equipment i.e. single doggle crusher, concrete pumps, mixer trucks, etc which are required for the business operations.

Accounting policies and accounting qualification

For information, the audited consolidated financial statements of EXPO Group had been prepared in accordance with Malaysian Private Entities Reporting Standard.

For the past 3 FYEs 30 June 2020, 30 June 2021 and 30 June 2022 under review:-

(i) there were no exceptional or extraordinary items;

(ii) there are no accounting policies adopted by EXPO Group which are peculiar to EXPO Group due to the nature of its business or the industry in which it is involved in; and

(iii) EXPO Group's external auditors had not issued any audit qualification on its financial statements.

The summary of the historical financial performance and financial position of STL&T based on the audited financial statements for the FYEs 31 December 2020, 31 December 2021, 31 December 2022 are as follows:-

	Audited[(a)]			Unaudited[(a)]
	FYE 31 December 2020	**FYE 31 December 2021**	**FYE 31 December 2022**	**[(b)]6-month FPE 30 June 2023**
	RM	RM	RM	RM
Revenue	176,897	254,979	406,732	295,313
Gross profit	90,050	103,227	181,350	155,801
LBT	(131,144)	(131,803)	(145,796)	(56,911)
LAT	(111,957)	(110,468)	(124,242)	(56,482)
PAT margin (%)	n/a	n/a	n/a	n/a
Share capital	100,000	100,000	100,000	100,000
Shareholders' equity / Net liabilities ("**NL**")	(71,183)	(165,971)	(290,213)	(346,695)
Total equity	(71,183)	(165,971)	(290,213)	(346,695)
Total borrowings	-	-	-	-
Current assets	135,323	91,456	117,342	169,827
Current liabilities	483,086	575,822	733,984	825,895
Number of ordinary shares	100,000	100,000	100,000	100,000
LPS	(1.12)	(1.10)	(1.24)	(0.56)
NL per share	(0.71)	(1.66)	(2.90)	(3.47)
Current ratio (times)	0.28	0.16	0.16	0.21
Gearing ratio (times)	n/a	n/a	n/a	n/a

Notes:-

(a) The financial statements had been prepared in accordance with Malaysian Private Entities Reporting Standard.

(b) The directors of STL&T had on 8 August 2022 passed a resolution to change the financial year end of STL&T from 31 December to 30 June. As such, the coming audited financial statements will only cover 6-month period from 1 January 2023 to 30 June 2023.

For information, EXPO acquired 50.0% equity interest in STL&T and STL&T was an associated company of EXPO in the FYE 31 December 2021. EXPO further acquired 15.0% equity interest in STL&T in the FYE 31 December 2022 and STL&T became a 65.0%-owned subsidiary of EXPO. STL&T was excluded from the consolidated financial statements of EXPO for the FYE 30 June 2022, as the directors of STL&T intend to change the financial year end of STL&T prior to include the financial statements of STL&T in the consolidation of EXPO Group. For information, the directors of STL&T had on 8 August 2022 passed a resolution to change the financial year end of STL&T from 31 December to 30 June.

Commentaries:-

FYE 31 December 2020 ("FYE 2020") compared to FYE 31 December 2019 ("FYE 2019")

STL&T's revenue increased by RM163,897 from RM13,000 in FYE 2019 to RM176,897 in FYE 2020, which was mainly due to an increase in the frequency of its transportation services as STL&T hired staff for its services rather than subcontracting to third parties.

Despite the increase in revenue, STL&T's LAT had increased by RM68,976 from RM42,981 in FYE 2019 to RM111,957 in FYE 2020, which was mainly due to hiring of staff and the payment of staff-related expenses. For information, prior to FYE 2020, all the work was assigned to subcontractors for execution, hence the staff cost was minimal.

FYE 31 December 2021 ("FYE 2021") compared to FYE 2020

STL&T's revenue increased by RM78,082 from RM176,897 in FYE 2020 to RM254,979 in FYE 2021, which was mainly due to the increase in the demand for its transportation services.

STL&T's LAT had decreased by RM1,489 from RM111,957 in FYE 2020 to RM110,468 in FYE 2021, which was mainly due to increase in the revenue as aforementioned, receipt of wages subsidy from government as well as of RM4,800 and increase in miscellaneous income as a result of STL&T assisting Sunny Wise Sdn. Bhd. in administrative works. The increase in the revenue and other income was offset against the increase in the administrative expenses which was mainly due to increase in staff related expenses of RM30,175 of as a result of hiring of new staff and increase in the depreciation of plant and equipment of RM16,800 as a result of purchase new plant and equipment in FYE 2021.

FYE 31 December 2022 ("FYE 2022") compared to FYE 2021

STL&T's revenue increased by RM151,753 from RM254,979 in FYE 2021 to RM406,732 in FYE 2022, which was mainly due to the reopening of the Malaysian economy which led to increase in the demand of transportation service.

Despite the increase in the revenue, STL&T's LAT had increased by RM13,774 from RM110,468 in FYE 2021 to RM124,242 in FYE 2022, which was mainly due to the following:

(i) increase in the depreciation of plant and equipment by RM17,970 as a result of purchase new motor vehicles in FYE 2022;

(ii) payment of directors' fee and directors' salaries and contribution to employee provident fund of RM49,200 in FYE 2022;

(iii) one-off wage subsidy from government of RM4,800 that only existed in FYE 2021;

(iv) payment of road tax of RM2,900 in relation to the purchase of new motor vehicle; and

(v) payment of secretarial fee and filing fees of RM3,320 in FYE 2022.

The increase in administrative expenses was offset against the increase in the revenue.

6-month FPE 30 June 2023 ("6M FPE2023")

The directors of STL&T had on 8 August 2022 passed a resolution to change the financial year end of STL&T from 31 December to 30 June. In view of this, the coming audited financial statements will only cover 6-month period from 1 January 2023 to 30 June 2023. As such, there is no comparative figure for the period.

STL&T recorded revenue of RM0.3 million in 6M FPE2023 which was solely from the provision of transportation services.

STL&T recorded a LAT of RM0.1 million after taking into account, amongst others, staff costs and directors' salaries, depreciation of plant and equipment and rental of premises.

Accounting policies and accounting qualification

For information, the audited financial statements of STL&T had been prepared in accordance with Malaysian Private Entities Reporting Standard.

For the past 3 FYEs 31 December 2020, 31 December 2021 and 31 December 2022 under review:-

(i) there were no exceptional or extraordinary items;

(ii) there are no accounting policies adopted by EXPO Group which are peculiar to EXPO Group due to the nature of its business or the industry in which it is involved in; and

(iii) STL&T's external auditors had not issued any audit qualification on its financial statements.

9. MATERIAL CONTRACTS

Save as disclosed below, EXPO Group has not entered into any material contracts (not being contract entered into in the ordinary course of business) within the past 2 years up to LPD:

(i) EXPO had on 10 April 2023 entered into a sale and purchase agreement with Renofajar Sdn. Bhd. for the acquisition of Unit 2-75 (MDLD 11160), Ground and First Floors, Phase 2, First Palm City Centre measuring 1,707 square feet for a consideration of RM589,050. For information, this sale and purchase agreement was completed on 10 April 2023.

(ii) EXPO had on 10 April 2023 entered into a sale and purchase agreement with Renofajar Sdn. Bhd. for the acquisition of Unit 2-76 (MDLD 11161), Ground and First Floors, Phase 2, First Palm City Centre measuring 1,707 square feet for a consideration of RM589,050. For information, this sale and purchase agreement was completed on 10 April 2023.

(iii) EXPO had on 2 May 2023 entered into a sale and purchase agreement with Lembaga Pembangunan Perumahan dan Bandar for the acquisition of Lot No. S-20-8, Level 20, Block Shorea, Shorea & Astoria, The Logg, Kota Kinabalu, Sabah measuring 1,238 square feet for a consideration of RM1,005,000. For information, this sale and purchase agreement is pending completion.

(iv) EXPO had on 2 May 2023 entered into a sale and purchase agreement with Lembaga Pembangunan Perumahan dan Bandar for the acquisition of Lot No. S-20-9, Level 20, Block Shorea, Shorea & Astoria, The Logg, Kota Kinabalu, Sabah measuring 1,313 square feet for a consideration of RM1,052,000. For information, this sale and purchase agreement is pending completion.

(v) EXPO had on 29 September 2023 entered into a sale and purchase agreement with Gemijadi Sdn. Bhd. for the acquisition of 1 parcel of land known as CL265313979 (formerly known as CL215313974), measuring 3.1 acres more or less, in the District of Putatan, State of Sabah, Malaysia for a consideration of RM5,620,000.00. For information, this sale and purchase agreement is pending completion.

(vi) EXPO had on 29 September 2023 entered into a sale and purchase agreement with Gemijadi Sdn. Bhd. for the acquisition of 1 parcel of land known as CL265313960 (formerly known as CL215313965), measuring 3.5 acres more or less, in the District of Putatan, State of Sabah, Malaysia for a consideration of RM6,380,000. For information, this sale and purchase agreement is pending completion.

(vii) EXPO had on 27 October 2023 entered into the Subscription Agreement with MBGB (as the Subscriber) and CKK (as the Promoter) for the subscription of 500,000 Subscription Shares for the Subscription Consideration of RM5,000,000, to be satisfied via cash. The Subscription Agreement is still pending completion.

(viii) EXPO had on 27 October 2023 entered into the Shareholders Agreement with MBGB and CKK to regulate the affairs of EXPO and their relationship inter se as shareholders of EXPO upon the completion of the Proposed Acquisition. The Shareholders Agreement is still pending implementation.

10. MATERIAL LITIGATION

As at LPD, there are no material litigations, claims or arbitrations involving EXPO Group and the Directors of EXPO is not aware of any proceedings pending or threatened against EXPO Group.

11. MATERIAL COMMITMENTS

As at LPD, save as disclosed below, there is no material commitment incurred or known to be incurred by EXPO Group which may have a material impact on the profits and/or NA of EXPO upon becoming enforceable:-

	RM
Acquisition of 2 lands bearing the title of CL265313979 (formerly known as CL215313974) and CL265313960 (formerly known as CL215313965)	10,742,000
Expansion of batching plants	7,500,000
Acquisition of 2 properties in Block Shorea, Shorea & Astoria, The Logg, Kota Kinabalu, Sabah (as detailed in Section 9(iii) and 9(iv) of this Appendix IV)	2,057,000
Unbilled amounts of the properties included within investment properties under buildings in progress	740,100
	21,039,100

12. CONTINGENT LIABILITIES

As at LPD, save as disclosed below, there is no contingent liabilities incurred or known to be incurred by EXPO Group which may have a material impact on the profits and/or NA of EXPO Group upon becoming enforceable:-

	RM'000
Bank guarantees provided by EXPO Group in favour of the suppliers	1,419

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COMPANY NO: 200201008130 (575793-A)

EXPOGAYA SDN. BHD.
Company No: 200201008130 (575793-A)

FINANCIAL STATEMENTS
30TH JUNE, 2022

bakertilly
Baker Tilly LSC
Chartered Accountants (AF 1435)
(formerly known as
Lim Su Chung & Co.)

Company No.: 200201008130 (575793-A)

EXPOGAYA SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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Company No : 200201008130 (575793-A)

EXPOGAYA SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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

PRINCIPAL ACTIVITY

The Company is principally engaged in the business of manufacturing of ready mix concrete.

The principal activities of its subsidiary companies are set out in Note 8 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year attributable to:		
Owners of the Company	4,044,611	3,265,941
Non-controlling interests	1,571	-
	4,046,182	3,265,941

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

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year. The directors do not recommend that a dividend to be paid in respect of the current financial year.

RESERVES AND PROVISIONS

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

SHARES OR DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Group and of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Group and of the Company. As of the end of the financial year, there were no unissued shares of the Group and of the Company under options.

Company No : 200201008130 (575793-A)

DIRECTORS

The directors who held office during the financial year and during the period commencing from the end of the financial year and ending on the date of the report are:

Chang Ket Keong
Chin Siew Yen
Fung Chun Fatt

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements 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 as disclosed in Note 26 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholding required to be kept under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Group and of the Company and its related corporations during the financial year are as follows:

		Number of Ordinary Shares			
		At			**At**
Direct Interests		**01.07.2021**	**Bought**	**Sold**	**30.06.2022**
Chang Ket Keong		1,924,000	-	-	1,924,000
Chin Siew Yen		338,000	-	-	338,000
Fung Chun Fatt		338,000	-	-	338,000
Deemed Interests					
Chang Ket Keong	I	250,000	-	-	250,000

NOTE

I. Deemed interest through share held in Beton Chemicals Technology Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016.

DIRECTORS' REMUNERATION

The amounts of the remunerations of the directors or past directors of the Company comprising remunerations received/receivables from the Company during the year are as follows:

	Group RM	**Company RM**
Directors' defined contribution plans	97,920	61,920
Directors' other emoluments	817,848	516,924
	915,768	578,844

Company No : 200201008130 (575793-A)

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

OTHER STATUTORY INFORMATION

Before the statement of comprehensive income and the statement of financial position 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 have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

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

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

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

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

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

As of 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 and secures the liability 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 year in which this report is made.

INDEMNITIES TO 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.

Company No : 200201008130 (575793-A)

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company during the financial year is RM62,000 and RM35,000 respectively.

AUDITORS

The auditors, Messrs. **BAKER TILLY LSC,** have indicated their willingness to continue in office.

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

Chang Ket Keong **Director**	Fung Chun Fatt **Director**

Kota Kinabalu
Date: 14 DEC 2022

EXPOGAYA SDN. BHD.
(Incorporated in Malaysia)

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

The directors of Expogaya Sdn. Bhd. state that, in their opinion, the financial statements are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2022 and of the results of its business and the cash flows of the Group and of the Company for the financial year ended on that date.

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

Chang Ket Keong	Fung Chun Fatt
Director	**Director**

Kota Kinabalu
Date: 14 DEC 2022

STATUTORY DECLARATION
Pursuant to Section 251 (1) (b) of the Companies Act, 2016

I, Chang Ket Keong, the director primarily responsible for the financial management of Expogaya Sdn. Bhd., do solemnly and sincerely declare that the financial statements are in my opinion, 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)
the above-named Chang Ket Keong)
at Kota Kinabalu this 14 DEC 2022)

Chang Ket Keong
(NRIC NO. 720719-12-5273)

Before me,

PESURUHJAYA SUMPAH
No. PJS : S 147
MOHD FIRDAUS MOUNG ABDULLAH
1.1.2021 - 26.2.2023
MALAYSIA

Shoplot 7, 2nd Floor,
Taman Layang-Layang
Jalan Kolam, Luyang,
88300 Kota Kinabalu
Sabah

bakertilly

Baker Tilly LSC
Chartered Accountants (AF 1435)
(formerly known as
Lim Su Chung & Co.)
No. 1-3-1A, 3rd Floor, Block B,
Kolam Centre Phase II,
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Company No.: 200201008130 (575793-A)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPOGAYA SDN. BHD.
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Expogaya Sdn. Bhd.**, which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 46.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard 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.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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Company No.: 200201008130 (575793-A)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPOGAYA SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (Continued)

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report 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 Directors' Report and, in doing so, consider whether the Directors' Report 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors of the Group and 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 Private Entities Reporting Standard 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 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 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 skepticism 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 and of the Company's internal control.

Company No.: 200201008130 (575793-A)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPOGAYA SDN. BHD. (CONTINUED)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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 and of 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 and of the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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. The financial statements of the Company for the financial year ended 30 June 2021 were audited by another auditor whose report dated 30 December 2021 expressed an unqualified opinion.

BAKER TILLY LSC	**LIM SU CHUNG**
Firm No. : AF - 1435	Chartered Accountant
Chartered Accountants (Malaysia)	No. Kelulusan 2257/04/2024 J

Kota Kinabalu
Date: 14 DEC 2022

Company No : 200201008130 (575793-A)

EXPOGAYA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
	NOTE	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	39,249,338	40,393,173	27,738,060	28,186,572
Investment properties	7	10,684,005	5,208,587	8,864,992	3,369,365
Investment in subsidiaries	8	-	-	3,360,000	2,195,001
Investment in associates	9	1,205,000	202,682	1,080,000	80,000
		51,138,343	45,804,442	41,043,052	33,830,938
CURRENT ASSETS					
Inventories	10	3,098,911	5,156,934	2,062,377	3,626,976
Trade and other receivables	11	34,427,064	28,024,229	31,014,884	27,343,902
Amount owing by directors	12	-	315,842	-	315,841
Cash and bank balances	13	7,111,216	8,071,107	6,505,647	6,778,403
		44,637,191	41,568,112	39,582,908	38,065,122
TOTAL ASSETS		95,775,534	87,372,554	80,625,960	71,896,060
EQUITY AND LIABILITIES					
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	14	4,600,000	4,600,000	4,600,000	4,600,000
Retained profit	15	17,795,209	13,750,598	18,015,665	14,749,724
		22,395,209	18,350,598	22,615,665	19,349,724
Non-controlling interests		31,952	30,381	-	-
		22,427,161	18,380,979	22,615,665	19,349,724
NON-CURRENT LIABILITIES					
Deferred tax liabilities	16	3,147,006	3,122,426	2,235,872	2,075,139
Bank borrowings	17	5,156,791	6,152,369	2,988,351	3,426,430
Finance lease liabilities	18	5,850,777	5,712,493	5,612,033	5,195,896
		14,154,574	14,987,288	10,836,256	10,697,465

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

Company No : 200201008130 (575793-A)

EXPOGAYA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
	NOTE	RM	RM	RM	RM
CURRENT LIABILITIES					
Trade and other payables	19	21,483,953	20,343,071	20,571,348	16,504,882
Amount owing to directors	12	2,325,279	1,876,773	1,036,792	452,634
Bank borrowings	17	31,029,973	27,332,242	21,475,937	21,042,625
Finance lease liabilities	18	4,049,295	4,297,082	3,794,297	3,675,408
Taxation		305,299	155,119	295,665	173,322
		59,193,799	54,004,287	47,174,039	41,848,871
TOTAL LIABILITIES		73,348,373	68,991,575	58,010,295	52,546,336
TOTAL EQUITY AND LIABILITIES		95,775,534	87,372,554	80,625,960	71,896,060

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

Company No : 200201008130 (575793-A)

EXPOGAYA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
	NOTE	RM	RM	RM	RM
Revenue	20	114,767,665	91,407,592	91,732,658	75,857,319
Cost of sales		(105,075,569)	(85,532,248)	(86,453,399)	(73,119,618)
Gross profit		9,692,096	5,875,344	5,279,259	2,737,701
Other operating income		2,620,998	3,446,252	3,465,066	3,294,962
Other operating expenses		(824,368)	(666,571)	(274,368)	(19,320)
Administrative expenses		(3,736,742)	(3,629,912)	(2,271,389)	(2,262,759)
Profit from operations		7,751,984	5,025,113	6,198,568	3,750,584
Finance costs	21	(2,449,696)	(2,391,587)	(1,885,309)	(1,751,902)
Share of profit of associates		2,318	122,682	-	-
Profit before tax	22	5,304,606	2,756,208	4,313,259	1,998,682
Tax expense	24	(1,258,424)	(1,334,027)	(1,047,318)	(1,155,249)
Profit for the financial year representing total comprehensive income for the year		4,046,182	1,422,181	3,265,941	843,433
Profit attributable to:					
Owners of the Company		4,044,611	1,420,269	-	-
Non-controlling interests		1,571	1,912	-	-
		4,046,182	1,422,181	-	-

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

Company No : 200201008130 (575793-A)

EXPOGAYA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Group	Share Capital RM	Retained profits RM	Sub-total RM	Non-controlling interests RM	Total RM
At 01 July 2020	4,600,000	12,330,329	16,930,329	-	16,930,329
Non-controlling interests on acquisition of a subsidiary	-	-	-	28,469	28,469
Non-owner changes in equity					
Profit for the financial year	-	1,420,269	1,420,269	1,912	1,422,181
At 30 June 2021 / 01 July 2021	4,600,000	13,750,598	18,350,598	30,381	18,380,979
Non-owner changes in equity					
Profit for the financial year	-	4,044,611	4,044,611	1,571	4,046,182
At 30 June 2022	4,600,000	17,795,209	22,395,209	31,952	22,427,161

Company	Share Capital RM	Retained profits RM	Total RM
At 01 July 2020	4,600,000	13,906,291	18,506,291
Non-owner changes in equity			
Profit for the financial year	-	843,433	843,433
At 30 June 2021 / 01 July 2021	4,600,000	14,749,724	19,349,724
Non-owner changes in equity			
Profit for the financial year	-	3,265,941	3,265,941
At 30 June 2022	4,600,000	18,015,665	22,615,665

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

Company No : 200201008130 (575793-A)

EXPOGAYA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		5,304,606	2,756,208	4,313,259	1,998,682
Adjustments for :					
Amortisation of investment properties		135,782	127,077	115,573	72,175
Bargain purchase from acquisition of subsidiary company		-	(445,903)	-	-
Depreciation of property, plant and equipment		4,432,058	4,652,828	3,501,277	3,591,124
Gain on disposal of property, plant and equipment		(320,846)	(228,330)	(287,346)	(122,163)
Gain on disposal of investment properties		(112,280)	-	(112,280)	-
Impairment loss on receivables		824,368	564,398	274,368	16,320
Interest expense		2,449,696	2,391,587	1,885,309	1,751,902
Interest income		(120,643)	(268,954)	(65,871)	(135,425)
Share of profit of associates		(2,318)	(122,682)	-	-
Operating profit before working capital changes		12,590,423	9,426,229	9,624,289	7,172,615
Changes in inventories		2,058,023	(1,461,507)	1,564,599	(720,680)
Changes in receivables		(11,027,309)	(2,612,012)	(7,745,456)	(2,009,320)
Changes in payables		1,035,758	2,119,145	4,066,466	1,387,943
Net change in operations		4,656,895	7,471,855	7,509,898	5,830,558
Interest paid		(2,449,696)	(2,391,587)	(1,885,309)	(1,751,902)
Interest received		120,643	268,954	65,871	135,425
Tax paid		(1,088,640)	(845,751)	(764,242)	(753,137)
Tax refunded		4,976	-	-	-
Net change in operating activities		1,244,178	4,503,471	4,926,218	3,460,944
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	I	(2,920,820)	(2,829,316)	(2,660,522)	(2,366,862)
Proceeds from disposal of property, plant and equipment		1,460,189	442,500	1,390,189	172,500
Proceeds from disposal of investment properties		900,000	-	900,000	-
Increase in investment in associates		(1,000,000)	(50,000)	(1,000,000)	(50,000)
Increase in investment in subsidiaries		-	302,030	(1,164,999)	(185,001)
Placement of fixed deposits		(69,658)	(452,731)	(66,871)	(135,425)

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

Company No : 200201008130 (575793-A)

EXPOGAYA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group		Company	
		2022	2021	2022	2021
	NOTE	RM	RM	RM	RM
CASH FLOW FROM INVESTING ACTIVITIES (CONT'D)					
Withdrawal of fixed deposits		825,933	-	-	-
Net change in investing activities		(804,356)	(2,587,517)	(2,602,203)	(2,564,788)
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of bank borrowings		272,900	2,886,508	200,000	2,486,508
Repayment of bank borrowings		(1,517,370)	(1,812,710)	(1,219,665)	(2,462,266)
Repayment of finance lease liabilities		(4,215,063)	(4,644,249)	(3,558,874)	(3,723,550)
Changes in banker's acceptance		4,644,613	2,559,046	913,522	3,838,289
Changes in financing to directors		764,348	94,025	899,999	-
Net change in financing activities		(50,572)	(917,380)	(2,765,018)	138,981
NET CHANGE IN CASH AND CASH EQUIVALENTS		389,250	998,574	(441,003)	1,035,137
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		(4,152,802)	(5,151,376)	(1,977,466)	(3,012,603)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	II	(3,763,552)	(4,152,802)	(2,418,469)	(1,977,466)

NOTE

I. **Purchase of property, plant and equipment**
During the financial year, the purchase of property, plant and equipment was financed as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cost of property, plant and equipment purchased	7,026,380	5,823,816	6,754,422	5,361,362
Amount financed through finance lease	(4,105,560)	(2,994,500)	(4,093,900)	(2,994,500)
Net cash disbursed	2,920,820	2,829,316	2,660,522	2,366,862

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

Company No : 200201008130 (575793-A)

EXPOGAYA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

NOTE (CONT'D)

II. **Cash and cash equivalents**

Cash and cash equivalents included in the statement above comprise the following amounts:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash and bank balances	518,191	826,931	374,834	714,461
Fixed deposits with licensed bank	6,593,025	7,244,176	6,130,813	6,063,942
Bank overdrafts	(4,295,228)	(4,993,218)	(2,793,303)	(2,691,927)
	2,815,988	3,077,889	3,712,344	4,086,476
Fixed deposits pledged to bank	(6,579,540)	(7,230,691)	(6,130,813)	(6,063,942)
	(3,763,552)	(4,152,802)	(2,418,469)	(1,977,466)

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

Company No.: 200201008130 (575793-A)

EXPOGAYA SDN. BHD.
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

1 GENERAL INFORMATION

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office and principal place of business are located at Lot 18-02, Block C, HS Commercial Centre, Jalan Penampang, 89500 Penampang, Sabah.

The Company is principally engaged in the business of manufacturing of ready mix concrete. The principal activities of its subsidiary companies are set out in Note 8 to the financial statements.

The financial statements of the Group and of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates. The functional currency of the Group and of the Company is Ringgit Malaysia as the sales and purchases are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

2 COMPLIANCE WITH FINANCIAL REPORTING STANDARDS AND THE COMPANIES ACT 2016

The financial statements of the Company have been prepared in compliance with the Malaysian Private Entities Reporting Standard ("MPERS") issued by the Malaysian Accounting Standards Board ("MASB") and requirements of the Malaysian Companies Act 2016.

3 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared using cost bases (which include historical cost, amortised cost, and lower of cost and net realisable value).

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reported period. Judgements and assumptions are applied in the measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving significant judgements and estimation uncertainties are disclosed in Note 5 to the financial statement

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below:

4.1 BUSINESS COMBINATIONS AND CONSOLIDATION

i) Business combinations

The Group applies the acquisition method to account for all business combinations except for business combinations under common control. If the acquisition of an asset or a group of assets does not constitute a business, it is accounted for as an asset acquisition.

The Group identifies the acquisition date of a business combination as the date on which the Group obtains control of an acquiree. Control is obtained when the Group commences to have the power to direct financial and operating policy decisions of the investee so as to obtain benefits from its activities. This may require fulfilment of precedent conditions, such as completion of due diligence audit, and shareholders' approvals if they are specified in a sale and purchase agreement.

Company No.: 200201008130 (575793-A)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 BUSINESS COMBINATIONS AND CONSOLIDATION (CONT'D)

i) Business combinations (Cont'd)

As of the acquisition date, the Group recognises, separately from goodwill, the identifiable assets acquired (including identifiable intangible assets), the liabilities assumed (including contingent liabilities) and any non-controlling interest in the acquiree. The identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, except for those permitted or required to be measured on other basis by MPERS. Non-controlling interest at the acquisition date is measured at its acquisition date share of net assets, excluding goodwill.

The cost of a business combination is measured at fair value, 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. Expenses incurred in connection with a business combination are capitalised in the cost of business combinations.

The cost of a business combination is allocated to the share of net assets acquired to determine the initial amount of goodwill on combination. In a business combination achieved in stages (including acquisition of a former associate or a former joint venture), the cost of each exchange transaction is compared with the share of net assets to determine the goodwill of each exchange transaction on a step-by-step basis. Any increase in equity interest in an investee after the acquisition date is accounted as an equity transaction between the parent and the non-controlling interests and the effect is adjusted directly in equity.

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

ii) Subsidiaries and basis of consolidation

The Group recognises a subsidiary based on the criterion of control. A subsidiary is an entity (including special purpose entities) over which the Group has the power to govern the financial and operating policy decisions of the investee so as to obtain benefits from its activities. In circumstances where the voting rights are not more than half or when voting rights are not the dominant determinant of control, the Group uses judgements to assess whether it has de facto control, control by other arrangements (including control of special purpose entities), or by holding substantive potential voting rights.

The financial statements of the parent company and all its subsidiaries used in the preparation of the consolidated financial statements are prepared as of the same reporting date. The consolidated financial statements are prepared using uniform accounting policies for like transactions, other events and conditions in similar circumstances.

The carrying amount of investment in each subsidiary of a parent in the Group is eliminated against the parent's portion of equity in each subsidiary. The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company and all its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition (which is the date the Group assumes control of an investee) or up to effective date of disposal (which is the date the Group ceases to have control or an investee).

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 BUSINESS COMBINATIONS AND CONSOLIDATION (CONT'D)

ii) Subsidiaries and basis of consolidation (Cont'd)

All intra-group balances and transactions are eliminated in full on consolidation. Unrealised profits or losses arising from intra-group transactions are also eliminated in full on consolidation, except when an unrealised loss is an impairment loss.

When the Group ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount at the date that control is lost is recognised in profit or loss in the statement of comprehensive income as a gain or loss on disposal of the subsidiary. The cumulative amount of any exchange differences that relate to a foreign subsidiary recognised in other comprehensive income is not reclassified to profit or loss on disposal of the subsidiary. If the Group retains an equity interest in the former subsidiary, it is accounted for as a financial asset (provided it does not become an associate or a joint venture). The carrying amount of the investment retained at the date that the entity ceases to be a subsidiary is regarded as the cost on initial measurement of the financial asset.

Any decrease in equity stake in a subsidiary that does not result in a loss of control is accounted for as an equity transaction and the financial effect is adjusted directly in the consolidated statement of changes in equity.

iii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

4.2 SEPARATE FINANCIAL STATEMENTS

In a separate financial statement of the Company, investments in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses. Cost at initial recognition comprises cash, and fair values of other considerations transferred and liabilities assumed, and it includes acquisition-related expenses. Dividend declared by an investee is recognised as income when the Company's right to receive dividend has been established, which is generally the date the dividend is appropriately authorised by the investee.

4.3 ASSOCIATES

The Company recognises an associate based on the criterion of significant influence. Significant influence exists when the Company has the power to participate in the financial and operating policy decisions of the investee but has no control or joint control of those policies. This is normally (though not necessarily) accomplished when the Company, directly or indirectly through associates, holds twenty percent or more of the voting rights of the investee. When the Company's voting rights in an investee are less than twenty percent, the Company assesses whether it has significant influence by examining all relevant facts and circumstances, including the existence of potential voting rights that are substantive, representation on the board of directors, participation in policy-making processes, material transactions between the Company and the investee, interchange of managerial personnel and provision of essential technical information.

The Company measures its investments in associates under the cost method.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 PROPERTY, PLANT AND EQUIPMENT

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Group obtains control of the asset. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspections) but excludes internal profits. For an exchange of non-monetary asset that has commercial substance, cost is measured by reference to the fair value of the asset received. For an asset transferred from a customer or a grantor, cost is measured by reference to the fair value of the asset.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Leasehold land is amortised over the remaining lease period of 14 years.

All other property, plant and equipment are depreciated on a straight-line basis by allocating the depreciable amount of a significant component or of an item over the remaining useful life. The principal annual rates of depreciation used are as follows:

	Rate
Buildings	2%
Heavy equipment	10%
Leasehold land	14 years
Motor vehicles and mixer trucks	10% - 20%
Office equipment and furniture fittings	10% - 20%
Plant and machineries	13 - 20 years
Renovation	10%

Buildings in progress is not depreciated as this asset is not available for use. Depreciation will commence on this asset when it is ready for its intended use.

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

4.5 INVESTMENT PROPERTIES

The Group recognises land, building, or both land and building, including a property under construction, as an investment property if they are within the Group's business model objective of holding the properties for capital appreciation, rental income or both. Investment properties are recorded at cost on initial recognition. Cost of investment properties comprise purchase price plus all directly attributable costs incurred to bring the properties to their present location and condition intended for use as investment properties. Cost of self-constructed investment properties comprise all direct and indirect construction costs but exclude internal profits.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 INVESTMENT PROPERTIES (CONT'D)

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses as their fair value are not readily determinable without undue cost and effort. This is because an external professional valuation on a recurring basis would involve significant costs that substantially exceed the benefits to users and there are no directly comparable market prices on an ongoing basis.

For the purpose of subsequent measurement, items of equipment that are irremovable and items that are physically attached to a building, such as lifts, elevators, electrical system and air-conditioning system, are treated as integral part of the properties. Investment properties are measured at cost less accumulated depreciation and impairment loss as the fair value cannot be measured reliably without undue cost or effort.

Building in progress is not depreciated as this asset is not available for use. Depreciation will commence on this asset when it is ready for its intended use.

Investment properties are depreciated on a straight-line basis by allocating the depreciable amount of a significant component or of an item over the remaining useful life. The principal annual rate of depreciation used is as follows:

	Rate
Buildings	2%

At the end of each reporting period, the residual values, useful lives and depreciation methods for the investment properties are reviewed for reasonableness. Any change in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

4.6 GOODWILL

The Group does not recognise internally generated goodwill.

In a business combination accounted for under the acquisition method, purchased goodwill is recognised as an asset as of the acquisition date, measured at the difference between cost of investment and share of net assets acquired. Non-controlling interests' share of goodwill is not recognised.

In the rare occasion when the share of net assets acquired exceeds the cost of combination, a reassessment of the acquisition-date accounting is performed, and any remaining excess is recognised immediately in profit or loss as a bargain purchase gain and attributed to the owners of the parent Company only.

Purchased goodwill, including goodwill on acquisition of an interest in an associate or a joint venture, is amortised on the straight-line basis over 10 years and is subject to impairment test whenever there is any indication of impairment.

4.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

An impairment loss arises when the carrying amount of a Group's asset exceeds its recoverable amount. At the end of each reporting date, the Group assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONT'D)

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash-generating unit, at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Group determines the fair value less cost to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecasts of five years and extrapolation of cash inflows for period beyond the five-year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in profit or loss. For a property, plant and equipment measured on the revaluation model, any impairment loss is treated as a revaluation decrease. For a cash-generating unit, any impairment loss is allocated to the assets of the unit pro rata based on the relative carrying amounts of the assets.

The Group reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed. Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

4.8 INVENTORIES

All inventories are measured at the lower of cost and net realisable value (which is the estimated selling price less costs to complete and sell). Cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition. For manufactured goods, cost includes conversion costs of labour and variable and fixed production overheads. For items of inventory that are individually significant or are segregated for individual projects, cost is measured using the specific identification method. Cost is determined on the first in first out basis. Net realisable value is determined on an item-by-item basis or on group of similar items basis.

4.9 FINANCIAL INSTRUMENTS

i) Initial recognition and measurement

The Group recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 FINANCIAL INSTRUMENTS (CONT'D)

i) Initial recognition and measurement (Cont'd)

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred. For contractual arrangements that constitute a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

ii) Derecognition of financial instruments

For derecognition purposes, the Group first determines whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Group acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more when compared with the carrying amount of the original liability.

iii) Subsequent measurement of financial assets

For the purpose of subsequent measurement, the Group classifies financial assets into two categories, namely: (i) financial assets at fair value through profit or loss; and (ii) financial assets at amortised cost.

After initial recognition, the Group measures investments in quoted preference shares, quoted ordinary shares and derivatives that are assets at their fair value by reference to their active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 FINANCIAL INSTRUMENTS (CONT'D)

(iv) Subsequent measurement of financial liabilities

After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method, except for derivatives instruments that are liabilities, which are measured at fair value.

(v) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique.

(vi)Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(vii)Impairment of financial assets

The Group applies the incurred loss model to recognise impairment losses of financial assets. At the end of each reporting period, the Group examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issue or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payment; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other financial reorganisation; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable whenever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due period. A collective allowance is estimated for a class group based on the Company's experiences of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Group expects to receive for the asset if it were sold at the reporting date. The Group may estimate the recoverable amount using an adjusted net asset value approach.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 SHARE CAPITAL AND DISTRIBUTIONS

i) Share Capital

Ordinary shares issued that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

ii) Distributions

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Company measures the dividend payable at the fair value of the assets to be distributed.

4.11 PROVISIONS

The Group recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount. A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these conditions are not met.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

Any A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company's experience of similar transactions and supplemented with current facts and circumstances. For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely outcome as the best estimate of the liability by reference to current prices that contractors would charge to undertake such obligations, and taking into account likely future events that may affect the amount required to settle an obligation. For an onerous contract, a provision is measured based on the amount by which costs to fulfil the contract exceed the benefits. For a lawsuit provision, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgments made in similar cases and advice of legal experts.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 PROVISIONS (CONT'D)

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

4.12 INCOME RECOGNITION

The Group measures revenue from sale of goods or service transactions at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to the customer.

Revenue from a sale of goods is recognised when: (a) the Company has transferred to the buyer the significant risks and rewards of the ownership of the goods; (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control the goods sold; (c) the amount of revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other income items of the Company are recognised using the following bases:

i) Interest income from a debt instrument is recognised using the effective interest method.

ii) Rental income from investment property is recognised on the straight line basis over the term of the relevant tenancy agreement.

4.13 EMPLOYEE BENEFITS

The Group recognises a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group consumes the economic benefits, arising from service provided by an employee in exchange for employee benefits.

i) Short-Term Employee Benefits

Wages and salaries are usually accrued and paid on a monthly basis and are recognised as expenses, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non- accumulating paid absences, recognised as and when the absences occur.

Profit sharing and bonus payments are recognised when, and only when, the Group has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

ii) Post-Employment Benefits – Defined Contribution Plans

The Group makes statutory contributions to approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Group has no further payment obligations.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

4.15 TAX ASSETS AND TAX LIABILITIES

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the entity expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Group and the Company treat these as part of initial recognition differences.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probably that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probably that sufficient taxable profit will be available.

A current or deferred tax is recognised as income and expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

Deferred tax assets and liabilities arising from a business combination, including tax effects of any fair value adjustments, are recognised as part of the net assets acquired.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 BORROWING COSTS

Borrowing costs of the Group include interest on loans, finance lease liabilities and interest expense of other debt instruments calculated using the effective interest method. All borrowing costs are recognised as an expense when incurred.

4.17 FINANCE AND OPERATING LEASES

The Group recognises a lease whenever there is an agreement, whether explicitly stated as a lease or otherwise, whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Title may or may not eventually be transferred. All other leases that do not meet this criterion are classified as operation leases.

If an entity in the Group is a lessee, it capitalises the underlying assets and the related lease liability in a finance lease. The amount recognised at the commencement date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lease are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the financial charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Capitalised lease assets are classified by nature and accounted for in accordance with applicable Standards in MPERS. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

For operating leases, the Group does not capitalise the underlying leased assets or recognise a lease liability. Instead, lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

4.18 FAIR VALUE MEASUREMENT

For assets, liability and equity instruments (whether financial or non-financial items) that require fair value measurement or disclosure, the Group establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Group can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset or liability.

In the absence of both market price and observable inputs, a fair value measurement of an item is estimated by an established valuation techniques using unobservable inputs, including internally developed assumptions that are reasonable and supportable.

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4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 RELATED PARTY

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to a reporting entity or if that person:

(i) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;

(ii) has control or joint control over the reporting entity, or

(iii) has significant influence over the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the entity is a member);

(iii) both entities are joint ventures of the same third entity;

(iv) one entity is a joint ventures of a third party and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) the entity, or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity;

(viii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

5.1 JUDGMENT AND ASSUMPTIONS APPLIED

In the selection of accounting policies for the Group, the areas that require significant judgements and assumptions are as follows:

i) Classification of Investment Property

Certain property comprises of a portion that is held to earn rental income or capital appreciation, or for both, whilst the remaining portion is held for use in the production or supply of goods and services or for administrative purposes. If the portion held for rental and/or capital appreciation could be sold separately (or leased out separately as a finance lease), the Group accounts for that portion as an investment property. If the portion held for rental and/or capital appreciation could not be sold or leased out separately, it is classified as an investment property only if an insignificant portion of the property is held for use in the production or supply of goods and services or for administrative purposes.

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5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

5.1 JUDGMENT AND ASSUMPTIONS APPLIED (CONT'D)

i) Classification of Investment Property (Cont'd)

Management uses its judgement to determine whether any ancillary services are of such significance that a property does not qualify as an investment property.

ii) Classification of Finance and Operating Lease

The Group classifies a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incident to ownership of the underlying asset lie. As a lessee, the Group recognises a lease as a finance lease if it is exposed to significant risks and rewards incident to ownership of the underlying asset. In applying judgements, the Group considers whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for at least 75% of the remaining economic life of the underlying asset, the present value of lease payments is at least 90% of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used substantially by the lessee. All other leases that do not result in a significant transfer of risk and rewards are classified as operating leases.

The Group classifies a lease of land as a finance lease if the fair value of the leasehold land is 90% or more of the fair value of an equivalent freehold land or if the lease period, determined at the inception of the lease, is 50 years or more. Leases of land that do not meet any of these criteria are classified as operating leases.

5.2 SOURCES OF ESTIMATION UNCERTAINTY

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Group are as follows:

i) Measurement of a Provision

The Company uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Company's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor's price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made. The actual outcome may differ from the estimate made and this may have a significant effect on the Company's financial position and results.

ii) Determining the Value-in-Use

In determining the value-in-use of a stand-alone asset or cash- generating unit, management uses reasonable and supportable inputs about sales, cost of sales and other expenses based upon past experience, current events and reasonably possible future developments. Cash flows are projected based on those inputs and discounted at an appropriate discount rate(s). The actual outcome or event may not coincide with the inputs or assumptions and the discount rate applied in the measurement, and this may have a significant effect on the Company's financial position and results.

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5 CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

5.2 SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

iii) Impairment or Write-Down of Slow-Moving and Obsolete Inventories

The Company writes down its slow-moving and obsolete inventories based on assessment of their fair value less costs to sell. Inventories are written down when events and circumstances indicate that the carrying amounts may not recoverable. Management uses its judgement to analyse past sales trend and current economic trends to evaluate the adequacy of the impairment loss for slow-moving and obsolete inventories. The actual impairment loss can only be confirmed in any subsequent sales of those inventories and this may differ from the estimates made earlier. This may affect the Company's financial position and results.

iv) Loss Allowance of Financial Assets

The Company recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All other loans and receivables are categorised into credit risk classes and tested for impairment collectively, using the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's financial position and results.

v) Depreciation of Property, Plant and Equipment

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

vi) Measurement of Income Taxes

Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company is uncertain. When the final outcome of the taxes payable is determined with the tax authorities, the amounts might be different for the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences as over or under-provision of current or deferred taxes in the current period in which those differences arise.

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6 PROPERTY, PLANT AND EQUIPMENT

Group	At 01.07.2021 RM	Additions RM	Reclassification RM	Disposals RM	At 30.06.2022 RM
Cost					
Buildings	2,966,200	-	-	-	2,966,200
Buildings in progress	2,731,717	1,128,397	(2,598,814)	-	1,261,300
Freehold land	3,793,000	-	-	-	3,793,000
Heavy equipment	18,486,827	611,000	-	(310,000)	18,787,827
Leasehold land	550,000	-	-	-	550,000
Motor vehicles and mixer trucks	22,364,185	3,320,293	-	(473,096)	25,211,382
Office equipment and furniture fittings	1,222,252	143,391	-	-	1,365,643
Plant and machineries	26,440,813	1,535,116	-	(1,871,698)	26,104,231
Renovation	1,944,820	288,183	-	-	2,233,003
	80,499,814	7,026,380	(2,598,814)	(2,654,794)	82,272,586

	At 01.07.2021 RM	Additions RM	Reclassification RM	Disposals RM	At 30.06.2022 RM
Accumulated depreciation					
Buildings	361,951	65,199	-	-	427,150
Buildings in progress	-	-	-	-	-
Freehold land	189,651	31,607	-	-	221,258
Heavy equipment	9,285,944	1,628,863	-	(305,040)	10,609,767
Leasehold land	50,286	11,000	-	-	61,286
Motor vehicles and mixer trucks	14,561,014	1,695,478	-	(379,047)	15,877,445
Office equipment and furniture fittings	974,010	89,748	-	-	1,063,758
Plant and machineries	13,292,925	747,992	-	(831,364)	13,209,553
Renovation	1,390,860	162,171	-	-	1,553,031
	40,106,641	4,432,058	-	(1,515,451)	43,023,248

	2022 RM	2021 RM
Carrying Amounts		
Buildings	2,539,050	2,604,249
Buildings in progress	1,261,300	2,731,717
Freehold land	3,571,742	3,603,349
Heavy equipment	8,178,060	9,200,883
Leasehold land	488,714	499,714
Motor vehicles and mixer trucks	9,333,937	7,803,171
Office equipment and furniture fittings	301,885	248,242
Plant and machineries	12,894,678	13,147,888
Renovation	679,972	553,960
	39,249,338	40,393,173

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6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	At 01.07.2021 RM	Additions RM	Reclassification RM	Disposals RM	At 30.06.2022 RM
Cost					
Buildings	1,250,000	-	-	-	1,250,000
Buildings in progress	1,725,957	872,857	(2,598,814)	-	-
Heavy equipment	15,258,027	611,000	-	(310,000)	15,559,027
Leasehold land	550,000	-	-	-	550,000
Motor vehicles and mixer trucks	18,677,374	3,320,293	-	(368,096)	21,629,571
Office equipment and furniture fittings	1,084,339	139,800	-	-	1,224,139
Plant and machineries	22,578,225	1,532,436	-	(1,871,698)	22,238,963
Renovation	1,657,268	278,036	-	-	1,935,304
	62,781,190	6,754,422	(2,598,814)	(2,549,794)	64,387,004

	At 01.07.2021 RM	Additions RM	Reclassification RM	Disposals RM	At 30.06.2022 RM
Accumulated depreciation					
Buildings	200,001	24,999	-	-	225,000
Buildings in progress	-	-	-	-	-
Heavy equipment	8,019,132	1,307,482	-	(305,040)	9,021,574
Leasehold land	50,286	11,000	-	-	61,286
Motor vehicles and mixer trucks	12,750,573	1,329,196	-	(310,547)	13,769,222
Office equipment and furniture fittings	860,198	79,003	-	-	939,201
Plant and machineries	11,507,362	616,334	-	(831,364)	11,292,332
Renovation	1,207,066	133,263	-	-	1,340,329
	34,594,618	3,501,277	-	(1,446,951)	36,648,944

	2022 RM	2021 RM
Carrying Amounts		
Buildings	1,025,000	1,049,999
Buildings in progress	-	1,725,957
Heavy equipment	6,537,453	7,238,895
Leasehold land	488,714	499,714
Motor vehicles and mixer trucks	7,860,349	5,926,801
Office equipment and furniture fittings	284,938	224,141
Plant and machineries	10,946,631	11,070,863
Renovation	594,975	450,202
	27,738,060	28,186,572

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6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The net carrying amounts of the property, plant and equipment acquired under finance lease are as follows:

	2022 RM	2021 RM
Group		
Heavy equipment	5,294,490	7,158,600
Motor vehicles and mixer trucks	6,261,542	4,476,594
Plant and machineries	3,845,430	4,047,007
	15,401,462	15,682,201
Company		
Heavy equipment	4,036,740	5,694,350
Motor vehicles and mixer trucks	5,699,258	3,827,011
Plant and machineries	3,575,940	3,759,551
	13,311,938	13,280,912

(b) Buildings of the Group and of the Company with an net carrying amount of RM2,169,000 (2021: RM2,219,999) and RM1,025,000 (2021: RM1,049,999) respectively are pledged to licensed banks to secure and loans and borrowings granted to the Group and the Company as disclosed in Note 17 to the financial statements.

(c) The title deed to the building of the Group with net carrying amount of RM663,850 (2021: RM678,050) has yet to be issued by the relevant authorities.

7 INVESTMENT PROPERTIES

Group	At 01.07.2021 RM	Additions RM	Reclassification RM	Disposals RM	At 30.06.2022 RM
Cost					
Buildings	5,518,353	3,800,106	524,818	(838,000)	9,005,277
Buildings in progress	-	-	2,073,996	-	2,073,996
	5,518,353	3,800,106	2,598,814	(838,000)	11,079,273

	At 01.07.2021 RM	Additions RM	Reclassification RM	Disposals RM	At 30.06.2022 RM
Accumulated amortisation					
Buildings	309,766	135,782	-	(50,280)	395,268
Buildings in progress	-	-	-	-	-
	309,766	135,782	-	(50,280)	395,268

	2022 RM	2021 RM
Carrying Amounts		
Buildings	8,610,009	5,208,587
Buildings in progress	2,073,996	-
	10,684,005	5,208,587

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7 INVESTMENT PROPERTIES (CONT'D)

Company	At 01.07.2021 RM	Additions RM	Reclassification RM	Disposals RM	At 30.06.2022 RM
Cost					
Buildings	3,608,738	3,800,106	524,818	(838,000)	7,095,662
Buildings in progress	-	-	2,073,996	-	2,073,996
	3,608,738	3,800,106	2,598,814	(838,000)	9,169,658

	At 01.07.2021 RM	Additions RM	Reclassification RM	Disposals RM	At 30.06.2022 RM
Accumulated amortisation					
Buildings	239,373	115,573	-	(50,280)	304,666
Buildings in progress	-	-	-	-	-
	239,373	115,573	-	(50,280)	304,666

	2022 RM	2021 RM
Carrying Amounts		
Buildings	6,790,996	3,369,365
Buildings in progress	2,073,996	-
	8,864,992	3,369,365

(a) Investment properties of the Group and of the Company with net carrying amount of RM3,007,778 (2021: RM3,053,279) and RM1,188,765 (2021: RM1,214,057) respectively are pledged to licensed banks to secure the bank borrowings granted to the Group and the Company as disclosed in Note 17 to the financial statements.

(b) The title deed to the buildings of the Group and of the Company with net carrying amount of RM7,639,639 (2021: RM4,227,105) and RM6,790,996 (2021: RM3,369,365) respectively have yet to be issued by the relevant authorities.

8 INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM	**2021 RM**
Unquoted shares at cost: -		
At 1 July	2,195,001	2,010,000
Acquisition of subsidiaries	-	95,001
Additional capital contribution	1,115,000	90,000
Transfer from investment in associates (Note 9)	49,999	-
At 30 June	3,360,000	2,195,001

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8 INVESTMENT IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiary company, which are incorporated in Malaysia are as follows:

Subsidiary company	Principal activities	Percentage at equity 2022 %	2021 %
Jesselton Concrete Sdn. Bhd.	Supply of ready mix concrete	100	100
CCF Development Sdn. Bhd.*	Investment holding	100	100
Optimise Gain Sdn. Bhd.	Supply of building material and cement	99.38	95
S.T. Logistic & Transportation Sdn. Bhd. #	Providing transportation services	65	50

* Audited by firms of auditors other than Baker Tilly LSC.

S.T. Logistic & Transportation Sdn. Bhd. is excluded from the consolidated financial statements as the Directors of the Company have the intention to change the financial year end of the Company before including in the consolidation.

Additional capital contribution

On 27 August 2021 and 15 June 2021, CCF Development Sdn. Bhd. further increased its issued and paid up share capital to 500,000 ordinary shares by way of issuance of 100,000 and 300,000 ordinary shares respectively to the Company for cash consideration of RM400,000.

On 13 October 2021, Optimise Gain Sdn. Bhd. further increased its issued and paid up share capital to 800,000 ordinary shares by way of issuance of 700,000 ordinary shares to the Company for cash consideration of RM700,000.

On 10 February 2022, the Company further acquired 15% equity interests in S.T. Logistics & Transportation Sdn. Bhd., being 15,000 ordinary share in S.T. Logistics & Transportation Sdn. Bhd. for a cash consideration of RM15,000.

9 INVESTMENT IN ASSOCIATES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Unquoted shares at cost: -				
At 1 July	80,000	30,000	80,000	30,000
Acquisition of associates	200,000	50,000	200,000	50,000
Additional capital contribution	849,999	-	849,999	-
Transfer to investment in subsidiaries (Note 8)	(49,999)	-	(49,999)	-
At 30 June	1,080,000	80,000	1,080,000	80,000
Share of post-acquisition reserves	125,000	122,682	-	-
	1,205,000	202,682	1,080,000	80,000

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9 INVESTMENT IN ASSOCIATES (CONT'D)

	Group	
	2022	**2021**
Represented by:	RM	RM
Group's share of net assets	1,267,666	202,682

Particulars of the associate company, which are incorporated in Malaysia are as follows:

Associate company	**Principal activities**	**Percentage at equity**	
		2022	**2021**
		%	**%**
Expo Bricks Sdn. Bhd.	Supply and manufacturing cement sand brick	29	-
Expo Quarry Resources Sdn. Bhd.	Mining and quarrying services	35	100
Sunny Wise Sdn. Bhd.	Supply of sand and stone	30	30

Acquisition of associates

On 30 August 2021, the Company acquired 29% equity interests in Expo Bricks Sdn. Bhd., being 200,000 ordinary shares in Expo Bricks Sdn. Bhd. for a total cash consideration of RM200,000.

Additional capital contribution

On 18 December 2021, the Company had acquired 35% equity interests in Expo Quarry Resources Sdn. Bhd., being 849,999 ordinary shares in Expo Quarry Resources Sdn. Bhd. for a total cash consideration of RM849,999.

10 INVENTORIES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Measured at lower of cost and net realisable value :				
Raw materials	3,098,911	5,156,934	2,062,377	3,626,976

Inventories recognised as expenses by the Group and the Company are RM70,209,420 (2021: RM53,209,056) and RM55,253,820 (2021: RM45,421,970) respectively during the financial year.

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11 TRADE AND OTHER RECEIVABLES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Trade receivables	29,951,909	24,971,704	23,039,497	19,693,514
Non-trade receivables	3,271,082	2,452,785	7,072,534	6,547,544
Deposits	522,008	479,788	455,908	414,888
Prepayments	1,099,965	981,935	864,845	835,224
	34,844,964	28,886,212	31,432,784	27,491,170
Less: Allowance for impairment	(417,900)	(861,983)	(417,900)	(147,268)
	34,427,064	28,024,229	31,014,884	27,343,902

Included in the aboves are the following related party balances:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Trade receivables				
- Owing by associates	-	135,000	-	135,000
- Owing by related parties	2,652,715	-	150,000	-
Non-trade receivables				
- Owing by associates	552,187	128,468	552,187	89,363
- Owing by subsidiaries	-	-	3,417,754	3,430,603
- Owing by related parties	196,792	1,015,404	156,757	1,015,404

The normal trade credit terms granted to the customers ranges from 30 to 90 days.

The related party balances are unsecured, interest-free and repayable on demand.

12 AMOUNT OWING BY / (TO) DIRECTORS

This amount is unsecured, interest-free and repayable on demand.

13 CASH AND BANK BALANCES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Cash and bank balances	518,191	826,931	374,834	714,461
Fixed deposits with licensed banks	6,593,025	7,244,176	6,130,813	6,063,942
	7,111,216	8,071,107	6,505,647	6,778,403

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13 CASH AND BANK BALANCES (CONT'D)

The weighted average effective interest rates of fixed deposits with licensed banks of the Group and of the Company at the end of the financial year are 1.76% (2021: 2.13%) and 1.8% (2021: 2.26%) per annum respectively.

Included in fixed deposits with licensed bank are RM6,489,408 (2021: RM7,141,008) and RM6,064,744 (2021: RM5,974,259) respectively that have been pledged as security for banking facilities granted to the Group and the Company as disclosed in Note 17 to the financial statement.

Fixed deposits with licensed bank of the Group and of the Company have weighted average maturity period of 10 (2021: 10) months and 12 (2021: 12) months respectively.

Fixed deposits of the Group and of the Company registered under one of the Directors of the Company which is held in trust for the Company is RM66,069 (2021: RM64,566).

14 SHARE CAPITAL

	Numbers of shares			
	2022 Units	2021 Units	2022 RM	2021 RM
Issued and fully paid:	3,100,000	3,100,000	4,600,000	4,600,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

15 RETAINED PROFITS

The Group's policy is to treat all gains and losses that pass through the statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.

16 DEFERRED TAX LIABILITIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
As at 1 July	3,122,426	2,507,754	2,075,139	1,564,419
Recognised in Statement of Comprehensive Income (Note 24)	24,580	614,672	160,733	510,720
As at 30 June	3,147,006	3,122,426	2,235,872	2,075,139

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off current tax assets against current tax liabilities and deferred tax relate to income taxes levied by the same taxation authority on the same taxable entity. The amounts of deferred tax liabilities, after appropriate offsetting, are included in the statement of financial position, as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax liabilities				
- Property, plant and equipment	3,147,006	3,122,426	2,235,872	2,075,139

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17 BANK BORROWINGS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Non-current borrowings:				
- Term loans	5,156,791	6,152,369	2,988,351	3,426,430
Current borrowings:				
- Term loans	2,340,119	2,589,011	1,548,181	2,129,767
- Bank overdrafts	4,295,228	4,993,218	2,793,303	2,691,927
- Banker acceptances	24,394,626	19,750,013	17,134,453	16,220,931
	31,029,973	27,332,242	21,475,937	21,042,625
Total bank borrowings	36,186,764	33,484,611	24,464,288	24,469,055

Bank overdrafts

Bank overdrafts of the Group and of the Company have a facility limit of RM10,400,000 and RM7,300,000 respectively and bear effective interest rates ranging from 6.70% to 8.39% (2021: 6.75% to 8.39%) and 6.70% to 7.39% (2021: 6.75% to 7.45%) respectively per annum.

Banker acceptances

Banker acceptances of the Group and of the Company have a facility limit of RM22,020,000 and RM16,620,000 respectively and bear effective interest rates ranging from 2.24% to 5.24% (2021: 2.21% to 5.18%) and 2.24% to 5.10% (2021: 2.21% to 5.01%) respectively per annum.

Term loans

Term loans of the Groups and of the Company bear effective interest rates ranging from 3.27% to 10.70% (2021: 3.17% to 7.70%) and 3.50% to 7.95% (2021: 3.27% to 7.70%) per annum respectively.

The banking facilities are secured by:

(i) Third party first legal charge over the building registered under the name of the Director;
(ii) First legal charge over properties of the Company as disclosed in Note 6 and 7 to the financial statements;
(iii) Fixed deposits pledged under lien to bank as disclosed in Note 13 to the financial statements; and
(iv) Joint and several guarantees by all the Directors of the Company.

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18 FINANCE LEASE LIABILITIES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Future lease payments payable:				
Not later than one year	3,450,453	4,838,136	3,168,669	4,165,751
Between one year to five years	6,425,617	3,239,256	6,177,387	2,924,297
More than five years	814,400	2,904,232	814,400	2,668,646
Total future minimum lease payments	10,690,470	10,981,624	10,160,456	9,758,694
Less: Future finance charges	(790,398)	(972,049)	(754,126)	(887,390)
Present value of minimum lease payments	9,900,072	10,009,575	9,406,330	8,871,304
Payment due within 12 months as current	(4,049,295)	(4,297,082)	(3,794,297)	(3,675,408)
Non-current portion of finance lease liabilities	5,850,777	5,712,493	5,612,033	5,195,896

The finance lease liabilities of the Group and of the Company bear effective interest rates ranging from 4.22% to 8.00% (2021: 4.46% to 8.00%) and 4.22% to 8.00% (2021: 4.46% to 8.00%) respectively per annum.

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Trade payables	19,103,324	17,715,557	19,261,426	10,805,899
Non-trade payables	1,748,380	1,985,869	790,943	5,241,781
Accruals	570,899	621,295	483,429	436,852
Deposits received	61,350	20,350	35,550	20,350
	21,483,953	20,343,071	20,571,348	16,504,882

Included in the above are the following related party balances:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Trade payables				
- Owing to associates	1,921,709	-	1,921,709	-
- Owing to corporate shareholder	92,069	-	92,069	-
- Owing to subsidiaries	-	-	6,169,313	-
- Owing to related parties	3,927,526	1,401,200	721,984	1,132,912
Non-trade payables				
- Owing to associates	-	1,020,284	-	936,706
- Owing to corporate shareholder	-	1,561,953	-	1,223,579
- Owing to subsidiaries	-	-	-	1,562,359
- Owing to related parties	-	32,738	-	-

Company No.: 200201008130 (575793-A)

20 REVENUE

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Sales of ready mix concrete	105,851,469	89,439,490	89,100,459	73,934,417
Sales of raw materials	6,411,854	19,014	549,431	451,595
Hiring income	2,007,187	1,737,393	1,673,418	1,332,978
Rental income	35,100	27,000	-	-
Transportation income	462,055	184,695	409,350	138,329
	114,767,665	91,407,592	91,732,658	75,857,319

21 FINANCE COSTS

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Bank overdraft interest	275,501	321,243	144,265	169,200
Bankers' acceptance interest	904,721	815,194	692,833	557,280
Finance lease interest	853,594	841,083	799,291	703,900
Other interest	51,940	97,448	23,749	79,962
Term loan interest	363,940	316,619	225,171	241,560
	2,449,696	2,391,587	1,885,309	1,751,902

22 PROFIT BEFORE TAX

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
After charging:				
Amortisation of investment properties	135,782	127,077	115,573	72,175
Auditors' remuneration	62,000	59,500	35,000	35,000
Depreciation of property, plant and equipment	4,432,058	4,652,828	3,501,277	3,591,124
Employee benefits expenses (Note 23)	7,839,209	7,676,574	5,235,276	5,274,637
Impairment loss on receivables	824,368	666,571	274,368	19,320
Rental of land	1,614,427	1,696,569	1,375,477	1,467,254
Rental of machineries	116,424	49,823	321,662	255,667
Rental of premises	93,160	74,310	89,560	70,560

Company No.: 200201008130 (575793-A)

22 PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
and crediting:				
Bargain purchase from acquisition of a subsidiary	-	(445,903)	-	-
Gain on disposal of investment properties	(112,280)	-	(112,280)	-
Gain on disposal of property, plant and equipment	(320,846)	(228,330)	(287,346)	(122,163)
Interest income	(120,643)	(268,954)	(65,871)	(135,425)
Late payment interest income on receivables	(349,720)	(279,688)	(349,720)	(279,688)
Legal fee back charge	(3,692)	-	-	-
Rental income	(605,799)	(531,390)	(578,834)	(507,690)
Reversal of impairment loss on receivables	(38,202)	(102,173)	-	(3,000)
Sundry income	(444,129)	(423,564)	(1,703,915)	(1,361,546)
Wage subsidy programme	(625,687)	(1,166,250)	(367,100)	(885,450)

23 EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Staff defined contribution plans	632,556	599,947	409,437	398,282
Staff short-term benefits	6,290,885	6,160,860	4,246,995	4,297,512
	6,923,441	6,760,807	4,656,432	4,695,794
Directors' defined contribution plans	97,920	97,920	61,920	61,920
Directors' other emoluments	817,848	817,847	516,924	516,923
	915,768	915,767	578,844	578,843
	7,839,209	7,676,574	5,235,276	5,274,637

24 TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current taxation				
- Current tax provision	1,372,469	508,125	1,015,137	419,779
- (Over)/Under provision in prior year	(138,625)	211,230	(128,552)	224,750
	1,233,844	719,355	886,585	644,529
Deferred taxation:				
- Origination and reversal of temporary differences	434,267	614,672	487,147	510,720
- Over provision in prior year	(409,687)	-	(326,414)	-
	24,580	614,672	160,733	510,720
	1,258,424	1,334,027	1,047,318	1,155,249

Company No.: 200201008130 (575793-A)

24 TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

Profit before tax	5,302,272	2,756,208	4,313,259	1,998,682
Tax at Malaysian statutory tax rate of 24%	1,272,545	661,490	1,035,183	479,684
Expenses not deductible for tax purposes	554,122	531,053	467,101	450,815
Non-taxable income	-	(81,315)	-	-
Movement in deferred tax assets not recognized during the year	(19,931)	11,569	-	-
- (Over)/Under provision of income tax in prior year	(138,625)	211,230	(128,552)	224,750
- Over provision of deferred taxation in prior year	(409,687)	-	(326,414)	-
	1,258,424	1,334,027	1,047,318	1,155,249

25 FINANCIAL INSTRUMENTS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Financial assets				
Trade and other receivables	33,327,099	27,042,294	30,150,039	26,508,678
Amount owing by directors	-	315,842	-	315,841
Cash and bank balances	7,111,216	8,071,107	6,505,647	6,778,403
	40,438,315	35,429,243	36,655,686	33,602,922
Financial liabilities				
Trade and other payables	21,483,953	20,343,071	20,571,348	16,504,882
Amount owing to directors	2,325,279	1,876,773	1,036,792	452,634
Bank borrowings	36,186,764	33,484,611	24,464,288	24,469,055
Finance lease liabilities	9,900,072	10,009,575	9,406,330	8,871,304
	69,896,068	65,714,030	55,478,758	50,297,875

26 RELATED PARTY DISCLOSURES

Key management personnel compensation

The Group's and the Company's Director and other key management personnel compensation, including compensation paid to management entities that provide key management personnel services are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Directors' defined contribution plans	97,920	97,920	61,920	61,920
Directors' other emoluments	817,848	817,847	516,924	516,923
	915,768	915,767	578,844	578,843

Company No.: 200201008130 (575793-A)

26 RELATED PARTY DISCLOSURES (CONT'D)

Related party transactions

The Group's and the Company's related party transactions are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Subsidiaries				
- Sales of ready mixed concrete	-	-	(46,200)	-
- Sales of raw materials	-	-	(438,498)	(396,675)
- Hire rental income	-	-	(37,900)	(18,000)
- Transportation income	-	-	(600)	-
- Rental income	-	-	(48,000)	(38,000)
- Sundry income	-	-	(1,290,967)	(1,009,452)
- Purchase of raw materials	-	-	20,128,996	7,561,549
- Purchase of property, plant and Equipment	-	-	-	240,000
- Transportation and freight charges	-	-	4,408,396	3,820,712
- Fuel and oil	-	-	9,600	4,800
- Rental of machineries	-	-	205,238	190,844
- Rental of premises	-	-	36,000	18,000
	-	-	22,926,065	10,373,778
Associates				
- Sales of ready mixed concrete	(152,678)	-	(152,678)	-
- Sales of raw materials	(15,173)	-	(15,173)	-
- Hire rental income	-	(18,000)	-	(18,000)
- Transportation income	(134,698)	-	(134,698)	-
- Disposal of property, plant and equipment	(109,999)	-	(109,999)	-
- Sundry income	(280,766)	(43,966)	(280,766)	(43,966)
- Purchase of raw materials	2,681,360	2,730,331	2,681,360	2,347,196
- Transportation and freight charges	1,341	-	1,341	-
- Upkeep of plant and machinery	1,586	-	1,586	-
	1,990,973	2,668,365	1,990,973	2,285,230
Corporate shareholder				
- Sales of raw materials	-	(10,195)	-	(10,195)
- Hire rental income	(8,400)	(9,800)	(8,400)	(9,800)
-Transportation income	-	(30)	-	(30)
- Disposal of property, plant and equipment	(120,900)	-	(120,900)	-
- Rental income	-	(120,000)	-	(120,000)
- Sundry income	(16,409)	(72,248)	(16,409)	(72,248)
- Purchase of raw materials	3,157,795	3,716,324	3,157,795	3,322,024
- Upkeep of plant and machinery	280	-	280	-
- Vehicle running expenses	-	1,553	-	1,553
	3,012,366	3,505,604	3,012,366	3,111,304

Company No.: 200201008130 (575793-A)

26 RELATED PARTY DISCLOSURES (CONT'D)

Related party transactions (Cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Related parties				
- Sales of raw materials	-	(102,760)	-	(102,760)
- Transportation income	-	(160)	-	(160)
- Rental income	(17,654)	(12,750)	(17,654)	(12,750)
- Disposal of property, plant and equipment	-	(170,000)	-	(170,000)
- Sundry income	(148,960)	(329,000)	(148,960)	(295,751)
- Purchase of raw materials	12,709,974	4,209	39,736	4,209
- Purchase of property, plant and equipment	-	11,400	-	11,400
- Fuel and oil	-	100	-	100
- Laboratory	1,179,792	1,100,580	1,179,792	917,292
- Site maintenance	94,573	40,707	94,573	40,689
- Transportation and freight charges	-	150	-	150
- Upkeep of motor vehicles	215,461	195,320	215,461	195,320
	14,033,186	737,796	1,362,948	587,739
Director of the Company				
- Rental of premises	38,400	38,400	38,400	38,400

27 COMMITMENTS AND CONTINGENCIES

(a) Capital commitment

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Investment properties				
Contracted but not provided for in the financial statements	252,049	1,436,300	252,049	950,300

Capital commitments related to the unbilled amounts of the properties included within investment properties under buildings in progress.

(b) Contingent liabilities

	Group/Company	
	2022	2021
	RM	RM
Bank guarantees in favour of third parties	969,000	69,000
Bank guarantees in favour of subsidiaries	1,064,029	1,064,029
	2,033,029	1,133,029

Company No.: 200201008130 (575793-A)

28 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on 14 DEC 2022.

LODGER INFORMATION

Name	: Teo Hui Ling (f) (MIA no. 17988)
SSM PC no.	: 202008001267
Nric no.	: 691204-12-5004
Address	: ScaleUp Corporate Services Sdn. Bhd. (200101018100 (553857-A)) No.1-2-1B, 2nd Floor, Block B, Kolam Centre Phase II Jalan Lintas, Luyang, 88300 Kota Kinabalu, Sabah.
Telephone number	: 088-270221
Email	: gacosec@gmail.com

Company No : 200801009252 (810540-T)

S.T. LOGISTIC & TRANSPORTATION SDN. BHD. (200801009252 (810540-T))
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31ST DECEMBER, 2022

Company No : 200801009252 (810540-T)

S.T. LOGISTIC & TRANSPORTATION SDN. BHD. (200801009252 (810540-T))
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2022

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31st December, 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in providing transportation services. There have been no significant changes in the nature of the activities during the financial year.

RESULTS

	RM
Loss after tax	(124,242)

DIVIDENDS

No dividends have been paid or declared since the end of the previous financial year. The directors do not recommend that a dividend to be paid 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.

SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

Company No : 200801009252 (810540-T)

DIRECTORS

The directors of the Company in office since the beginning of the financial year and at the date of this report are:

Chang Ket Keong	
Mohd Raffee Bin Mohd Shakir	(Resigned on 23rd March, 2022)
Yong Fook Loong	
Josephine Binti Longik	(Appointed on 1st August, 2022)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements 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 benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 19 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholding under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company during the financial year are as follows:

	Number of Ordinary Shares			
	At 01.01.2022	**Bonght**	**Sold**	**At 31.12.2022**
Direct Interest In The Company				
Yong Fook Loong	35,000	-	-	35,000
Indirect Interest In The Company				
Chang Ket Keong	50,000	15,000	-	65,000
Direct Interest In Holding Company				
Chang Ket Keong	1,924,000	-	-	1,924,000

None of the other director in office at the end of the financial year have interest in shares of the Company during the financial year ended 31st December, 2022.

DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the directors or past directors of the Company comprising remunerations received/receivable from the Company during the financial year are disclosed in note 17 to the financial statements.

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company during the financial year.

Company No : 200801009252 (810540-T)

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the financial year.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were prepared, 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 have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business have been written down to their estimated realisable values.

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

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

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

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

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

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

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

(b) any contingent liability 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 Company to meet its obligations as and when they fall due.

In the opinion of the directors:

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

(b) 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 operations of the Company for the financial year in which this report is made.

HOLDING COMPANY

During the year, Expogaya Sdn. Bhd. become its ultimate holding company through an acquisition of additional 15% of its paid up share capital which makes total shareholding of 65%.

Company No : 200801009252 (810540-T)

AUDITORS' REMUNERATIONS

The auditors' remuneration is disclosed in Note 15 to the financial statements.

AUDITORS

The auditors, Messrs. **KL LAW & CO.**, have expressed their willingness to continue in office.

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

Chang Ket Keong	Yong Fook Loong

Kota Kinabalu
Date: 15 JUN 2023

Company No : 200801009252 (810540-T)

S.T. LOGISTIC & TRANSPORTATION SDN. BHD. (200801009252 (810540-T))
(Incorporated in Malaysia)

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

The directors of S.T. Logistic & Transportation Sdn. Bhd. state that, in their opinion, the financial statements of the Company set out on pages 9 to 28 are drawn up in accordance with Malaysian Private Entities Reporting Standard 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 Company as at 31st December, 2022 and of its financial performance and cash flows for the financial year then ended.

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

Chang Ket Keong

Yong Fook Loong

Kota Kinabalu
Date: 15 JUN 2023

STATUTORY DECLARATION
Pursuant to Section 251 (1) (b) of the Companies Act, 2016

I, Chang Ket Keong, the director primarily responsible for the financial management of S.T. Logistic & Transportation Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 28 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be truc, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
at Kota Kinabalu in the State of Sabah)
on 15 JUN 2023)

Chang Ket Keong
(NRIC NO: 720719-12-5273)

Before me

JUSTICE OF THE PEACE
JAKSA PENDAMAI
Ref. JP. 2016/06
MAJAPS NO. 211
ALBERT FOK JP
SABAH, MALAYSIA

Lot 132, 1st Flr, Wisma Sabah.
88000 Kota Kinabalu
Tel: 088-201840
H/P: 012-8330433

劉嘉龍會計樓
KL LAW & CO.
CHARTERED ACCOUNTANTS (AF1542)

A Firm Registered with the Malaysian Institute of Accountants

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF S.T. LOGISTIC & TRANSPORTATION SDN. BHD.
(Incorporated in Malaysia)
(Company No: 200801009252 (810540-T))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of S.T. Logistic & Transportation Sdn. Bhd., which comprise the statement of financial position as at 31st December, 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 28.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December, 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Private Entities Reporting Standard 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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss after taxation of RM124,242 (2021: RM110,468) for the financial year ended 31st December, 2022, and as of that date, the Company had capital deficiency of RM290,213 (2021: RM165,971). As stated in Note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

A-1-1, Block A, Lot 1, 1st Floor, Iramanis Centre, Jalan Lintas, 88450 Kota Kinabalu, Sabah.
Tel: 088-431 666 Fax: 088-432 667 E-mail: kllawco@gmail.com

Company No : 200801009252 (810540-T)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF S.T. LOGISTIC & TRANSPORTATION SDN. BHD.
(Incorporated in Malaysia)
(Company No: 200801009252 (810540-T))

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysiau Private Entities Reporting Standard 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing 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 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 assuranee about whether the financial statements 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 staudards 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 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Company No : 200801009252 (810540-T)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF S.T. LOGISTIC & TRANSPORTATION SDN. BHD.
(Incorporated in Malaysia)
(Company No: 200801009252 (810540-T))

- 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 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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.

KL LAW & CO.	**LAW KHA LEONG**
AF : 1542	02407/05/2024 J
Chartered Accountants	Chartered Accountant

Kota Kinabalu
Date: 15 JUN 2023

Company No : 200801009252 (810540-T)

S.T. LOGISTIC & TRANSPORTATION SDN. BHD. (200801009252 (810540-T))

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2022

	NOTE	2022 RM	2021 RM Restated
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	**2 (a),(b)&4**	260,720	274,240
Deferred tax assets	**5**	65,709	44,155
		326,429	318,395
CURRENT ASSETS			
Trade receivable	**6**	68,165	51,328
Other receivables, deposits and prepayment	**7**	18,291	29,940
Amount due from directors	**8**	-	1,500
Cash and cash equivalents	**9**	30,886	8,688
		117,342	91,456
TOTAL ASSETS		443,771	409,851
EQUITY AND LIABILITIES			
CAPITAL AND RESERVE			
Share capital	**10**	100,000	100,000
Accumulated loss		(390,213)	(265,971)
SHAREHOLDERS' FUND DEFICIT		(290,213)	(165,971)
CURRENT LIABILITIES			
Trade payables	**11**	377,103	181,922
Other payables and accruals	**12**	270,965	353,555
Amount due to directors	**8**	81,571	36,000
Current tax liabilities		4,345	4,345
		733,984	575,822
TOTAL LIABILITIES		733,984	575,822
TOTAL EQUITY AND LIABILITIES		443,771	409,851

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

Company No : 200801009252 (810540-T)

S.T. LOGISTIC & TRANSPORTATION SDN. BHD. (200801009252 (810540-T))
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2022

	NOTE	2022 RM	2021 RM Restated
REVENUE	13	406,732	254,979
LESS : COST OF SALES		(225,382)	(151,752)
GROSS PROFIT		181,350	103,227
Other operating income	14	5,950	15,000
Administrative expenses		(333,096)	(250,030)
LOSS FROM OPERATIONS		(145,796)	(131,803)
Finance cost		-	-
LOSS BEFORE TAX	15	(145,796)	(131,803)
LESS : INCOME TAX EXPENSE	16	21,554	21,335
LOSS AFTER TAX		(124,242)	(110,468)
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE INCOME		(124,242)	(110,468)

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

Company No : 200801009252 (810540-T)

S.T. LOGISTIC & TRANSPORTATION SDN. BHD. (200801009252 (810540-T))
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2022

		Share Capital	Accumulated Loss	Total
2022		**RM**	**RM**	**RM**
Balance as at 1st January, 2022		100,000	(265,971)	(165,971)
Total comprehensive income		-	(124,242)	(124,242)
Balance as at 31st December, 2022		100,000	(390,213)	(290,213)
2021				
Restated				
Balance as at 1st January, 2021		100,000	(155,503)	(55,503)
Total comprehensive income		-	(110,468)	(110,468)
Balance as at 31st December, 2021	**21**	100,000	(265,971)	(165,971)

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

Company No : 200801009252 (810540-T)

S.T. LOGISTIC & TRANSPORTATION SDN. BHD. (200801009252 (810540-T))
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2022

	NOTE	2022 RM	2021 RM Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(145,796)	(131,803)
Adjustments for :			
Depreciation of plant and equipment		103,370	85,400
Operating Loss Before Working Capital Changes		(42,426)	(46,403)
(Increase)/decrease in trade receivable		(16,837)	15,634
Decrease/(increase) in other receivables, deposits and prepayment		11,649	(3,940)
Decrease in amount due from directors		1,500	37,762
Increase in trade payables		195,181	69,085
Decrease in other payables and accruals		(82,590)	(12,349)
Increase in amount due to directors		45,571	-
Net Cash From Operating Activities		112,048	59,789
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of plant and equipment	4	(89,850)	(90,200)
Net Cash Used In Investing Activity		(89,850)	(90,200)
CASH FLOWS FROM FINANCING ACTIVITY			
Advances by a director		-	36,000
Net Cash From Financing Activity		-	36,000
Net increase in cash and cash equivalents		22,198	5,589
Cash and cash equivalents at beginning of the financial year		8,688	3,099
Cash and cash equivalents at end of the financial year	9	30,886	8,688

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

Company No : 200801009252 (810540-T)

S.T. LOGISTIC & TRANSPORTATION SDN. BHD. (200801009252 (810540-T))
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2022

1. GENERAL INFORMATION

The Company is a private limited company incorporated and domiciled in Malaysia.

The registered office is located at Lot 12, 2nd Floor, Lorong Medan Inanam, Inanam Square, 88450 Kota Kinabalu, Sabah.

The principal place of business is located at No. A-0-2, Lot 2, Ground Floor, Block A, Taman Permai Stage 3, Phase 1, Manggatal Plaza, 88400 Kota Kinabalu, Sabah.

The Company is principally engaged in providing transportation services. There have been no significant changes in the nature of the activities during the financial year.

The Company is a subsidiary of Expogaya Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.

The number of employees of the Company at the end of the financial year were 5 (2021: 5).

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Ringgit Malaysia as the sales and purchases are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act, 2016.

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

The Company incurred a net loss after taxation of RM124,242 (2021: RM110,468) for the financial year ended 31st December, 2022, and as of that date, the Company had capital deficiency of RM290,213 (2021: RM165,971). These events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Continuation of the Company as a going concern, on which basis the financial statements have been prepared, is dependent on the continuous financial support from its shareholders, directors, holding company and other payables related to the company and on it attaining sufficient cash inflows from future profitable operations.

The shareholder, directors, holding company and other payables related to the Company have agreed to provide financial support to the extent that the Company will be able to meet its liabilities as and when they fall due and not to recall the amounts advanced to the Company during the next twelve months from 31st December, 2022.

On this basis, the directors consider that it is appropriate to prepare the financial statements on the going concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of the carrying amounts of assets or the amount and classification of liabilities that may be necessary should the Company be unable to continue as going concern.

The principal accounting policies adopted are set out below:

(a) Plant and Eqnipment

The cost of an item of plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. After recognition as an asset, an item of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight-line method so as to write off the depreciable amount of the following assets over their estimated useful lives. The annual rates of depreciation are as follows:

	Rate
Furniture and fittings	10% - 20%
Motor vehicles	20%
Office equipment	10%
Workshop equipment	20%

Depreciation of an asset begins when it is ready for its intended use.

If there is an indication of a significant change in factors affecting the residual value, useful life or asset consumption pattern since the last annual reporting date, the residual values, depreciation method and useful lives of depreciable assets are reviewed, and adjusted prospectively.

The carrying amounts of items of plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognitlon of items of plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

(b) Impairment of Asscts, Other Than Inventories and Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

When there is an indication that an asset may be impaired but it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset and a cash-generating unit is the higher of the fair value less costs to sell and 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.

Company No : 200801009252 (810540-T)

If the recoverable amount of an asset or a cash-generating unit is less than the carrying amount, an impairment loss is recognised to reduce the carrying amount to its recoverable amount. An impairment loss for a cash-generating unit is firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then, to the other non-current assets of the unit pro rata on the basis of the carrying amount of each appropriate asset in the cash-generating unit. Impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case it is treated as a revaluation decrease.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less to sell, value in use and zero.

An impairment loss recognised in prior periods for an asset or the appropriate assets of a cash-generating unit is reversed when there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

(c) Financial Assets

Financial assets are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at transaction price, include transaction costs for financial assets not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the counterparty to the arrangement.

After initial recognition, financial assets are classified into one of three categories: financial assets measured at fair value through profit or loss, financial assets that are debt instruments measured at amortised cost, and financial assets that are equity instruments measured at cost less impairment.

(i) Financial assets measured at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial assets are within the scope of Section 12 of the MPERS or if the financial assets are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

Changes in fair value are recognised in profit or loss.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(ii) Financial assets that are debt instruments measnred at amortised cost

After initial recognition, debt instruments are measured at amortised cost using the effective interest method. Debt instruments that are classified as current assets are measured at the undiscounted amount of the cash or other consideration expected to be received.

Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactiy discounts estimate future cash receipts through the expected life of the financial assets or, when appropriate, a shorter period, to the carrying amount of the financial assets.

(iii) Financial assets that are equity instruments measnred at cost less impairment

Equity instruments that are not publiciy traded and whose fair value cannot otherwise be measured reliably without undue cost or effort, and contracts linked to such instruments that, if exercised, wili result in delivery of such instruments, are measured at cost less impairment.

(iv) Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is any objective evidence that financiai assets that are measured at cost or amortised cost, are impaired.

Objective evidence could include:
- significant financial difficulty of the issuer; or
- a breach of contract; or
- the lender granting to the borrower a concession that the iender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initiai recognition of those assets.

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment.

Impairment losses, in respect of financial assets measured at amortised cost, are measured as the differences between the assets' carrying amounts and the present values of their estimated cash flows discounted at the assets' original effective interest rate.

If there is objective evidence that impairment losses have been incurred on financial assets measured at cost less impairment, the amount of impairment losses are measured as the difference between the asset's carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade receivables which are reduced through the use of an allowance account. Any impairment loss is recognised in profit or loss immediately. If, in subsequent period, the amount of an impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previousiy provided in the allowance account. The reversal is recognised in profit or loss immediately.

(v) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or are settled, or the Company transfers to another party substantially all of the risks and rewards of ownership of the financial assets.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses are recognised in profit or loss in the period of the transfer.

(d) Cash and Cash Equivaleuts

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances, short-term bank deposits and other short-term, highly liquid investments that have a short maturity of three months or less from the date of acquisition, net of bank overdrafts.

(e) Liabilities and Equity

(i) Classification of liabilities and equity

Financial liabilities and equity instruments are classified in accordance with the substance of the contractual arrangement, not merely its legal form, and in accordance with the definitions of a financial liability and an equity instrument.

(ii) Equity instrumeuts

Ordinary shares are classified as equity.

Equity instruments are any contracts that evidence a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company, other than those issued as part of a business combination or those accounted for in paragraph 22.15A to 22.15B, are measured at the fair value of the cash or other resources received or receivable, net of transaction costs. If payment is deferred and the time value of money is material, the initial measurement shall be on a present value basis.

The Company accounts for the transaction costs of an equity as a deduction from equity. Income tax relating to the transaction costs is accounted for in accordance with Section 29 of the MPERS.

Distributions to owners are deducted from the equity. Related income tax is accounted for in accordance with Section 29 of the MPERS.

(f) Financial Liabilities

Financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at transaction price, include transaction costs for financial liabilities not measured at fair value through profit or loss, unless the arrangement constitutes, in effect, a financing transaction for the Company to the arrangement.

After initial recognition, financial liabilities are classified into one of three categories: financial liabilities measured at fair value through profit or loss, financial liabilities measured at amortised cost, or loan commitments measured at cost less impairment.

(i) Financial liabilities measnred at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are within the scope of Section 12 of the MPERS or if the financial liabilities are publicly traded or their fair value can otherwise be measured reliably without undue cost or effort.

If a reliable measure of fair value is no longer available for an equity instrument that is not publicly traded but is measured at fair value through profit or loss, its fair value at the last date that instrument was reliably measurable is treated as the cost of the instrument, and it is measured at this cost amount less impairment until a reliable measure of fair value becomes available.

(ii) Financial liabilities measured at amortised cost

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

Effective interest method is a method of calculating the amortised cost of financial liabilities and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liabilities or, when appropriate, a shorter period, to the carrying amount of the financial liabilities.

(iii) Loan commitments measured at cost less impairment

Commitments to receive loan that meet the conditions of Section 11 of the MPERS are measured at cost less impairment.

(iv) Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of the financial liabilities derecognised and the consideration paid is recognised in profit or loss.

(g) Provisions

A provision is recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties are taken into account in reaching the best estimate of a provision. When the effect of the time value of money is material, the amount recognised in respect of the provision is the present value of the expenditure expected to be required to settle the obligation.

(h) Leases

(i) Operating leases

As lessee

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(i) Government Grants

Government grants that do not impose specified future performance conditions are measured at the fair value of the assets received or receivable and recognised in income when the grant proceeds are receivable.

Government grants that impose specified future performance conditions are recognised at their fair value in income only when the performance conditions are met.

Government grants received before the revenue recognition criteria are satisfied are recognised as a liability.

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts, prompt settlement discounts, volume rebates and indirect taxes applicable to the revenue. Revenue is recognised in profit or loss based on the following:

(i) Rendering of services

Revenue from rendering of services is measured by reference to the stage of completion of the transaction at the reporting date.

(k) Employment Benefits

(i) Short-term employment benefits

Short-term employment benefits, such as wages, salaries and other benefits, are recognised at the undiscounted amount as a liability and an expense when the employees have rendered services to the Company.

The expected cost of accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences. The expected cost of non-accumulating compensated absences, such as sick and medical leaves, are recognised when the absences occur.

The expected cost of accumulating compensated absences are measured at the undiscounted additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

The expected cost of profit-sharing and bonus payments are recognised when the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Company has no realistic alternative but to make the payments.

(ii) Defined contribution plan

Contributions payable to the defined contribution plan are recognised as a liability and an expense when the employees have rendered services to the Company.

(l) Taxes

(i) Income tax

Tax expense is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised in other comprehensive income.

Tax payable on taxable profit for current and past periods is recognised as a current tax liability to the extent unpaid. If the amount paid in respect of the current and past periods exceeds the amount payable for those periods, the excess is recognised as a current tax asset.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered, using the tax rates and laws that have been enacted or substantially enacted by the reporting date.

Current tax liabilities and assets are offset if, and only if the Company has a legally enforceable right to set off the amounts and plan either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred tax

Deferred tax is provided in full on temporary differences which are the differences between the carrying amounts in the financial statements and the corresponding tax base of an asset or liability at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all deductible temporary differences that are expected to reduce taxable profit in the future and the carry forward of unused tax losses and unused tax credits.

Deferred tax liabilities and assets are not recognised in respect of the temporary differences associated with the initial recognition of an asset or a liability in a transaction that is not a business combination and at the time of the transactions, affects neither accounting profit nor taxable profit. Deferred tax liabilities are also not recognised for temporary difference associated with the initial recognition of goodwill.

Deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amounts of their assets and liabilities and are measured at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements for the financial year ended 31st December, 2022 other than the followings :-

(a) Depreciation of plant and equipment

The economic useful lives of plant and equipment are estimated and revised (where necessary) by the management in the ordinary course of business.

(b) Impairment loss for trade receivables

The Company recognises impairment losses for receivables using the incurred loss model. Individually significant receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested impairment collectively, using the past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's future financial position and financial performance.

(c) Impairment of assets

The value-in-use amount involves the estimation of the expected future cash flows from the assets and a suitable discount rate to calculate the present value of those cash flows.

4. PLANT AND EQUIPMENT

	At 01.01.2022 RM Restated	Additions RM	Disposals RM	At 31.12.2022 RM
<u>Cost</u>				
Furniture and fittings	310	800	-	1,110
Motor vehicles	413,800	89,050	-	502,850
Office equipment	1,225	-	-	1,225
Workshop equipment	13,200	-	-	13,200
	428,535	89,850	-	518,385

	At 01.01.2022 RM Restated	Depreciation RM	Disposals RM	At 31.12.2022 RM
<u>Accumulated depreciation</u>				
Furniture and fittings	310	160	-	470
Motor vehicles	148,720	100,570	-	249,290
Office equipment	1,225	-	-	1,225
Workshop equipment	4,040	2,640	-	6,680
	154,295	103,370	-	257,665

	2022 RM	2021 RM Restated
<u>Carrying Amounts</u>		
Furniture and fittings	640	-
Motor vehicles	253,560	265,080
Office equipment	-	-
Workshop equipment	6,520	9,160
	260,720	274,240

During the financial year, the Company acquired plant and equipment by the following means:

	2022 RM	2021 RM
Cash payment	89,850	90,200

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5. DEFERRED TAX ASSETS

The following are the movements of deferred tax assets and liabilities (before offsetting):

	Unabsorbed business losses RM	Unutilised capital allowances RM	Total RM
Deferred Tax Assets			
At 1st January, 2021	8,703	23,140	31,843
Charge to profit or loss	6,640	18,126	24,766
At 1st January, 2022	15,343	41,266	56,609
Charge to profit or loss	6,824	20,590	27,414
At 31st December, 2022	22,167	61,856	84,023

	Plant and equipment RM	Total RM
Deferred Tax Liabilities		
At 1st January, 2021	9,023	9,023
Charge to profit or loss	3,431	3,431
At 1st January, 2022	12,454	12,454
Charge to profit or loss	5,860	5,860
At 31st December, 2022	18,314	18,314

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off current tax assets against current tax liabilities and deferred tax relate to income taxes levied by the same taxation authority on the same taxable entity. The amounts of deferred tax assets, after appropriate offsetting, are included in the statement of financial position, as follows:

	2022 RM	2021 RM
Deferred tax assets	(84,023)	(56,609)
Deferred tax liabilities	18,314	12,454
	(65,709)	(44,155)

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6. TRADE RECEIVABLES

	2022 RM	2021 RM
Related party		
- Holding company	662	-
Amount due from related party	662	-
Third party	67,503	51,328
	68,165	51,328

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

	2022 RM	2021 RM
Related parties		
- Company in which a director of the Company has interest	-	850
- Shareholder of the Company	-	15,000
Amount due from related parties	-	15,850
Third party	-	-
Total other receivables	-	15,850
Deposits	11,100	11,100
Prepayments	7,191	2,990
	18,291	29,940

The outstanding amounts due from related parties are unsecured, interest-free and repayable on demand.

8. AMOUNT DUE FROM / (TO) DIRECTORS

This amount is unsecured, interest-free and repayable on demand.

9. CASH AND CASH EQUIVALENTS

	2022 RM	2021 RM
Cash at bank	30,886	8,688

Company No : 200801009252 (810540-T)

10. SHARE CAPITAL

	Number of shares		Amounts	
	2022	**2021**	**2022**	**2021**
	Units	**Units**	**RM**	**RM**
Issued and fully paid ordinary shares				
At beginning and end of the year	100,000	100,000	100,000	100,000

Ordinary shares of the Company have no par value. The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

11. TRADE PAYABLES

	2022	2021
	RM	RM
Related party		
- Company in which certain directors of the Company have interests	-	133,998
- Holding company	306,353	-
Amount due to related party	306,353	133,998
Third parties	70,750	47,924
	377,103	181,922

12. OTHER PAYABLES AND ACCRUALS

	2022	2021
	RM	RM
Related parties		
- Company in which certain directors of the Company have interests	-	135,000
- Company in which a director of the Company has interest	36,980	25,219
- Entity owned by a director of the Company	221,918	166,919
Amount due to related parties	258,898	327,138
Third parties	1,250	648
Total other payables	260,148	327,786
Accruals	10,817	25,769
	270,965	353,555

The outstanding amounts due to related parties are unsecured, interest-free and repayable on demand.

13. REVENUE

Revenue represents net invoiced value for providing transportation services rendered during the financial year.

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14. OTHER OPERATING INCOME

The other operating income included in the financial statements consists of the followings:-

	2022 RM	2021 RM
Government grant on wages subsidy	-	4,800
Miscellaneous income	5,950	10,200
	5,950	15,000

15. LOSS BEFORE TAX

	2022 RM	2021 RM Restated
After charging :-		
Auditors' remuneration		
- current year provision	2,000	2,000
- under provision in previous year	-	600
Depreciation of plant and equipment	103,370	85,400
Rental of premises	25,364	23,201

16. INCOME TAX EXPENSE

A reconciliation of income tax expense applicable to loss before tax at statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follow:

	2022 RM	2021 RM Restated
Current tax expense	-	-
Deferred tax expense related to the origination and reversal of temporary differences	(21,554)	(21,335)
Deferred tax assets for the financial year	(21,554)	(21,335)

Reconciliation of the effective tax rate

	2022 RM	2021 RM Restated
Loss before tax	(145,796)	(131,803)
Taxation at statutory tax rate 17% (2021: 17%) for chargeable income up to RM600,000	(24,785)	(22,407)
Expenses not deductible for tax purposes	389	1,144
Under / (over) provision of deferred tax in current year	2,842	(72)
Deferred tax assets for the financial year	(21,554)	(21,335)

16. INCOME TAX EXPENSE (CONTINUED)

The Company has unabsorbed business loss and unutilised capital allowance carried forward amounting to RM130,396 (2021: RM90,256) and RM363,860 (2021: RM242,740) respectively available to offset future taxable profit.

The unabsorbed business loss for each year of assessment is only allowed to be carried forward for a maximum period of ten (10) consecutive years of assessment retrospectively from year of assessment 2019.

17. KEY MANAGEMENT PERSONNEL COMPENSATION

	2022 RM	2021 RM
Directors' employee provident fund	5,200	-
Directors' employment insurance system	78	-
Director's fee	4,000	-
Directors' salaries	40,000	-
Directors' social security organisation	686	-
	49,964	-

18 EMPLOYEE INFORMATION

	2022 RM	2021 RM
Staff employment insurance system	137	111
Staff employee provident fund	8,945	7,457
Staff incentive	-	480
Staff overtime	4,337	1,335
Staff salaries	86,054	88,729
Staff social security organisation	1,198	922
	100,671	99,034

19. RELATED PARTY TRANSACTIONS

	2022 RM	2021 RM
Transaction with a shareholder of the Company:		
- Advances given	-	100
Transactions with a company in which certain directors of the Company have interests:		
- Purchase of motor vehicle	-	48,000
- Repair and maintenance	-	58,939

Company No : 200801009252 (810540-T)

19. RELATED PARTY TRANSACTIONS (CONTINUED)

	2022 RM	2021 RM
Transactions with a holding company:		
- Advances received	30,000	-
- Fuel and oil expenses	91,246	-
- Repair and maintenance expenses	13,022	-
- Sales	1,620	-
Transactions with companies in which a director of the Company has interest:		
- Administrative income received	5,950	10,200
Expenses sharing		
- Rental	15,000	15,000
- Salary	21,500	26,115
- Utilities bills	2,280	2,205
- Repair and maintenance	846	-
Transactions with an entity owned by a director of the Company:		
- Purchase of motor vehicles	55,000	-

20. FINANCIAL INSTRUMENTS

	2022 RM	2021 RM
Financial assets		
Financial assets measured at fair value through profit or loss	-	-
Financial assets that are debt instruments measured at amortised cost	110,151	88,466
Financial assets that are equity instruments measured at cost less impairment	-	-
	110,151	88,466
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost	729,639	571,477
Loan commitments measured at cost less impairment	-	-
	729,639	571,477

Company No : 200801009252 (810540-T)

21. COMPARATIVE FIGURES

Certain comparative figures for statement of financial position and statement of comprehensive income have been restated to affect the prior year adjustments.

The effects are detailed below:

	As previously reported 2021 RM	Prior year adjustment 2021 RM	As restated 2021 RM
Statement of financial position			
Plant and equipment	257,520	16,720	274,240
Other receivable, deposits and prepayments	26,950	2,990	29,940
Accumulated loss - 1st January, 2021	171,183	(15,680)	155,503
- current year	114,498	(4,030)	110,468
	285,681	(19,710)	265,971
Statement of comprehensive income			
Cost of sales	157,952	(6,200)	151,752
Administrative expenses	247,860	2,170	250,030

As at 1st January, 2021, the prior year adjustment was due to motor vehicles total cost of RM19,600 previously expense off in year 2020 as transportation charges now adjusted as cost of motor vehicles. The corresponding depreciation of RM3,920 was charge as expenses for the cost capitalised.

For current year 2021, workshop equipment of RM6,200 wrongly expense off as repair and maintenance now capitalised as cost of workshop equipment. The additional depreciation charge during the year was RM5,160 for the motor vehicles and workshop equipment due to adjustment made on capitalisation. Adjustment was also made due to prepayment of RM2,990 wrongly expense off as insurance expense.

22. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on 15 JUN 2023.

LODGER INFORMATION

Name	: Wong King Tung
NRIC No	: 721019-13-5483
Licenced No./Prescribed Body Membership No.	: MIA 15646
Practicing Certificate No	: 201908001225
Address	: A-2-1, Block A, Shoplot 2, 1st Floor, Iramanis Centre, Jalan Lintas, 88450 Kota Kinabalu, Sabah
Tel	: 088-435711
Email	: pcskk08@gmail.com

The financial summary of MBGB Group based on its audited financial results for the 18-month FPE 30 June 2021, FYE 30 June 2022 and FYE 30 June 2023 and the unaudited financial statements for the 3-month FPE 30 September 2022 and 3-month FPE 30 September 2023 are as follows:

	Audited			**Unaudited**	
	18-month FPE 30 June 2021[(a)]	**FYE 30 June 2022**	**FYE 30 June 2023**	**3-month FPE 30 September 2022**	**3-month FPE 30 September 2023**
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	20,899	25,705	34,067	8,669	10,431
(LBT) / PBT	(107,332)	6,470	10,966	1,075	484
(LAT) / PAT	(100,418)	4,075	8,709	1,075	484
PAT margin (%)	-	15.85	25.56	12.40	4.64
Share capital	133,877	181,668	184,112	140,354	187,873
NA / Total equity	71,253	161,581	238,738	187,442	241,504
Total bank borrowings (including lease liabilities)	56,502	22,514	27,301	23,261	29,462
Current assets	36,648	100,901	155,359	124,385	164,077
Current liabilities	49,882	53,603	49,467	51,998	59,997
Weighted number of ordinary shares ('000)	325,230	827,556	2,059,211	1,785,607	2,350,005
Basic (LPS) / EPS (sen)	(30.88)	0.49	0.42	0.06	0.02
Number of ordinary shares ('000)	356,710	1,565,808	2,338,785	1,947,346	2,366,959
NA per share (RM)	0.20	0.10	0.10	0.10	0.10
Current ratio (times)	0.73	1.88	3.14	2.39	2.73
Gearing ratio (times)	0.79	0.14	0.11	0.12	0.12

Note:-

(a) On 30 October 2020, the Company had announced the change of its financial year from 31 December to 30 June.

Commentaries:-

18-month FPE 30 June 2021 ("18M FPE 2021")

In view of the change in the financial year end from 31 December 2020 to 30 June 2021, there is no comparative financial information available for the 18M FPE 2021. Revenue for the 18M FPE 2021 was recorded at RM20.9 million, derived from the Group's hospitality segment (RM13.2 million), investment properties segment (RM4.2 million) and property development segment (RM3.5 million) respectively.

The Group's LAT of RM100.4 million for the 18M FPE 2021 was mainly due to significant impairment on the Group's hotel and investment properties amounting to RM27.3 million and RM20.0 million respectively and write down on the Group's property development inventories of RM43.9 million, which was arrived at based on the valuation performed by the valuer.

FYE 30 June 2022 ("FYE 2022")

The Group recorded a revenue of RM25.7 million in FYE 2022, representing an increase of 23.0% or RM4.8 million as compared to RM20.9 million in 18M FPE 2021. The increase in revenue was mainly contributed by the increase in the revenue from hospitality segment of RM9.4 million in FYE 2022 which was mainly due to the improvement in occupancy rate and food and beverages sales in the hotel. The increase in the revenue in hospitality segment was negated by the decrease in the revenue of investment properties and property development segments of RM1.4 million and RM3.1 million respectively, which was due to waiver/reduced rental as support to the tenant during movement control order period and halt in the property development activities in view of the market sentiments.

The Group recorded a PAT of RM4.1 million for FYE 2022 as compared to a LAT of RM100.4 million in 18M FPE 2021. The turnaround from a LAT to a PAT was mainly due to the following :

(i) improvement of performance in the hospitality segment in FYE 2022 with a registered RM10.0 million operating profit;

(ii) increase in hotel's valuation by RM7.6 million being recognised as reversal of impairment in FYE 2022;

(iii) decrease in interest expense by RM2.0 million as a result of repayment of bank borrowings of RM40.0 million in FYE 2022;

(iv) RM27.3 million impairment loss in the hotel building in property, plant and equipment, and RM20.0 million fair value loss in the investment properties which only existed in 18M FPE 2021; and

(v) RM43.9 million write-down in property development costs in inventories to net realisable value in which only existed in 18M FPE 2021.

FYE 30 June 2023 ("FYE 2023")

The Group recorded a revenue of RM34.1 million in FYE 2023, representing an increase of 32.5% or RM8.4 million as compared to RM25.7 million in FYE 2022. The increase in revenue was mainly contributed by the following:

(i) increase in the revenue from property segment of RM4.4 million as a result of progress billings made in relation to the development of the Damai project and the sale of completed Bandar Tasek Raja project's shoplots and Kota Sri Mutiara's condominium (which had been completed since 2001);

(ii) increase in the revenue from hospitality segment of RM3.3 million which was mainly due to increase in the food and beverage sales; and

(iii) increase in the revenue from leasing and financing segment of RM0.4 million as a result of the Group managing to procure customers for its moneylending business.

The Group recorded a PAT of RM8.7 million for FYE 2023, representing an increase of RM4.6 million as compared to RM4.1 million in FYE 2022. The increase in PAT was mainly due to the following:

(i) increase in the Group's revenue as aforementioned; and

(ii) increase in hotel's valuation by RM7.4 million being recognised as reversal of impairment in FYE 2023.

3-month FPE 30 September 2023 ("FPE 2023") compared to 3-month FPE 30 September 2022 ("FPE 2022")

The Group recorded a revenue of RM10.4 million in FPE 2023, representing an increase of 20.3% or RM1.8 million as compared to RM8.7 million in FPE 2022. The increase in revenue was mainly attributed to the increase in revenue of RM1.5 million from the property development segment, which was mainly attributed to the disposal of 2 shop lots in Bandar Tun Razak and accrued project revenue from the Damai project.

The Group recorded a PAT of RM0.5 million in FPE 2023, representing a decrease of 55.0% or RM0.6 million as compared to RM1.1 million in FPE 2022. The decrease in PAT was mainly attributed to the cost incurred for the Group's corporate exercise to diversify into the leasing business of RM0.2 million, as well as increase in the depreciation of property, plant and equipment of RM0.4 million arising from the refurbishment of The Grand Renai Hotel in FPE 2023.

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1. DIRECTOR'S RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there is no false or misleading statement or other facts the omission of which would make any information in this Circular false or misleading.

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS

Malacca Securities, being the Principal Adviser for the Proposals and Proposed New Shareholders' Mandate, has given and has not subsequently withdrawn its written consent for the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Malacca Securities has given its written confirmation that there is no conflict of interest which exists or is likely to exist in its capacity as the Principal Adviser in respect of the Proposals and Proposed New Shareholders' Mandate.

3. MATERIAL LITIGATION

As at LPD, the Group is not engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant, which may have a material and adverse effect on the financial position or business of the Group and the Board is not aware of any proceeding, pending or threatened against the Group, or of any fact likely to give rise to any proceeding which may have material impact on the business or financial position of the Group.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 MATERIAL COMMITMENTS

Save for the Proposed Acquisition and as disclosed below, as at LPD, there are no material commitments incurred or known to be incurred by the Group which upon becoming due or enforceable, may have a material impact on the financial position or business of the Group.

	RM'000
Approved and contracted for	
Refurbishment of The Grand Renai Hotel	511
Development of solar photovoltaic generating facilities	8,339
Purchase of heavy equipment in relation to the Leasing Business	9,225
Approved and not contracted for	
Refurbishment of The Grand Renai Hotel	702
Total material commitments	**18,777**

4.2 CONTINGENT LIABILITIES

As at LPD, there are no contingent liabilities incurred or known to be incurred by the Group, which upon becoming due or enforceable, may have a material impact on the financial position or business of the Group.

5. MATERIAL CONTRACTS

Save as disclosed below, the Board confirmed that there are no material contracts (not being contracts entered into the ordinary course of business) which have been entered into by the Group during the 2 years preceding LPD:-

(i) The deed poll dated 3 January 2022 in respect of the warrants 2022/2032 in MBGB;

(ii) The Company had on 18 March 2022 entered into a conditional sale and purchase agreement with FBO Land, Top Land Resources Sdn. Bhd., Mentiga Development & Construction Sdn. Bhd. and LVSB ("**CSPA – BTR**") in respect of the acquisition of 92 commercial units comprising the ground and first floors within 46 stratified 2-storey shop/offices within Bandar Tun Razak Business Park, 26400 Bandar Tun Abdul Razak Jengka, Maran, Pahang Darul Makmur for a total purchase consideration of RM24,800,000 which was satisfied via the issuance of 381,538,461 new ordinary shares in MBGB at an issue price of RM0.065 each. For information, the CSPA – BTR had been completed on 8 August 2022;

(iii) FBO Land had on 6 December 2022 entered into a conditional sale and purchase agreement with Zog Engineering Sdn. Bhd. ("**ZOG**") in relation to the purchase of all rights, title, benefits, interests, covenants, undertakings, duties, liabilities and obligations of ZOG under the energy performance contract entered into between Kenanga Investment Bank Berhad and ZOG on 10 June 2020 for a total cash consideration of RM2,300,000.00 ("**Acquisition of Project Rights**"). For information, the Acquisition of Project Rights had been completed on 31 March 2023;

(iv) FBO Land had on 22 February 2023 entered into a conditional sale and purchase agreement with Kinsabina Sdn. Bhd. (as vendor) for the acquisition of 2 parcels of land held under 2 Country Lease Title Deed Nos. 215354582 and 215354591 respectively, measuring a total of approximately 0.502 acres in the District of Penampang, Sabah (hereinafter collectively referred to as the "**CL Properties**") together with an approved development plan obtained by KSB on 13 April 2022 ("**Development Plan**") for the development of a project known as "Penampang Industrial and Trade Hub" on the CL Properties and NT Properties (defined herein) for a total cash consideration of RM1,004,000 ("**Proposed Acquisition**") ("**CSPA – Proposed Acquisition**"). For information, the Proposed Acquisition had been terminated on 16 May 2023;

(v) FBO Land had on 22 February 2023 entered into a conditional sublease agreement with Goh Wah Yong @ Gerald Goh (as sublessor) to sublease the 3 parcels of land held under Native Title Nos. 213091028, 213066865 and 213217157 respectively, measuring a total area of approximately 9.148 acres in the District of Penampang, Sabah (hereinafter collectively referred to as the "**NT Properties**") (together with the full rights, interest and benefits of the Development Plan) for a total cash consideration of RM18,276,000, for a period of 30 years ("**Sublease Agreement**") ("**Proposed Sublease**"). For information, the Proposed Sublease had been terminated on 16 May 2023;

(vi) Eastern Biscuit Factory Sdn. Bhd. ("**EBF**"), a wholly owned subsidiary of the Company had on 22 March 2023 entered into a sale and purchase agreement with Explicit Vantage Sdn. Bhd. ("**EVSB**") to purchase all the 1 plot of vacant land erected onto 1 piece of 66 years malay reserve leasehold land expiring on 1 March 2075 known as HSD 7868, PT300 Seksyen 21, Bandar Kota Bharu, Tempat of Jajahan Kota Bharu, State of Kelantan measuring approximately 5766.975 square metres at a total purchase consideration of RM500,000.00 ("**SPA - EVSB**"). For information, the SPA - EVSB had been completed on 22 March 2023;

(vii) The Company had on 30 May 2023 entered into a memorandum of understanding with Koperasi Kakitangan Istana Pahang Berhad ("**KKIPB**") to explore the collaboration as joint venture partners to undertake the installation and operation of Grid-Connected Photovoltaic ("**GCPV**") system on the rooftop of mosque's within the state of Pahang through the implementation of the Supply Agreement with Renewable Energy Scheme along with the Net Metering Scheme as endorsed by the Sustainable Energy Development Authority of Malaysia. The Company and KKIPB further intend to explore the potential collaboration in respect of undertaking energy efficiency projects for any identified buildings under the energy performance contract scheme ("**MOU**"). For information, the MOU is currently valid and subsisting;

(viii) FBO Land had on 14 August 2023 entered into a Heads of Agreement ("**HOA**") with GE Mining to appoint FBO Land to design, develop, supply, install, test, commission, operate and maintain a GCPV System of no less than 2 megawatt on the site legally or beneficially owned by GE Mining to be determined by the parties. Further to the HOA, FBO Land had on 18 September 2023 issued a conditional letter of offer ("**CLO**") to GE Mining, which was accepted by GE Mining on 20 September 2023. According to the CLO, FBO Land is to develop, design, finance, install, construct, commission, operate and maintain the solar photovoltaic generating plant(s) at GE Mining's site as set out in the CLO ("**CLO Site**") at FBO Land's own cost, and also to supply, where GE Mining is to purchase all the renewable electricity generated by the plants at the CLO Site in accordance with the terms of engagement of the CLO and such other documentation and/or agreements to be entered into. For information, the HOA is currently valid and subsisting;

(ix) The Company had on 15 August 2023 entered into a strategic alliance agreement ("**Strategic Alliance Agreement**") with Prominent Synergy Sdn. Bhd. ("**PSSB**") to formalise their collaboration on mutually beneficial projects and initiatives within their respective areas of expertise, capabilities and resources. FBO Land and PSSB also intend to collaborate and form a strategic alliance to leverage on each other's expertise, capabilities and resources for the mutual benefit and growth of their respective businesses, encompassing the following area namely technical partnership, joint business opportunities, and sharing of information necessary for the successful implementation of the strategic alliance. For information, the Strategic Alliance Agreement is currently valid and subsisting;

(x) The Company had on 26 September 2023 entered into a partnership agreement ("**Partnership Agreement**") with Samaiden Sdn. Bhd. ("**Samaiden**"), a wholly-owned subsidiary of Samaiden Group Berhad for the following objectives:

   (a) to formalise and standardize the relationship between the Company and Samaiden on a non-exclusive basis in order to provide consistency in the relationship and a focal point, for the preparation and administration of collaboration and cooperation;

   (b) to develop and maintain a strategic relationship between the Company and Samaiden to pursue business opportunities in the clean energy sector; and

   (c) to explore the possibilities of cooperation on the basis of mutual interest and benefit.

   For information, the Partnership Agreement is currently valid and subsisting;

(xi) The Company (as the Subscriber) had on 27 October 2023 entered into the Subscription Agreement with EXPO and CKK (as the Promoter) for the subscription of 500,000 Subscription Shares for the Subscription Consideration of RM5,000,000, to be satisfied via cash. The Subscription Agreement is still pending completion;

(xii) The Company had on 27 October 2023 entered into the CSSA with the Vendors for the acquisition of 2,020,000 Sale Shares for the Purchase Consideration of RM23,040,000, to be satisfied via the issuance of 98,461,536 Consideration Shares at the Issue Price of RM0.234 each. The CSSA is still pending completion; and

(xiii) The Company had on 27 October 2023 entered into the Shareholders Agreement with EXPO and CKK to regulate the affairs of EXPO and their relationship inter se as shareholders of EXPO upon the completion of the Proposed Acquisition. The Shareholders Agreement is still pending implementation.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of MBGB at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the Company's forthcoming EGM:-

(i) Constitution of the Company;

(ii) Memorandum of Association and Articles of Association of EXPO;

(iii) the audited consolidated financial statements of MBGB for the FYEs 30 June 2021, 30 June 2022 and 30 June 2023 and latest unaudited consolidated financial statements of MBGB for the 3-month FPE 30 September 2023;

(iv) the audited consolidated financial statements of EXPO for the FYEs 30 June 2020, 30 June 2021 and 30 June 2022 and the latest unaudited consolidated financial statements of EXPO for the FYE 30 June 2023;

(v) the audited financial statements of STL&T for the FYEs 31 December 2020, 31 December 2021 and 31 December 2022 and latest unaudited financial statements for the 6-month FPE 30 June 2023;

(vi) the Subscription Agreement;

(vii) the CSSA;

(viii) the Shareholders Agreement;

(ix) the material contracts of EXPO Group referred to in Section 9 of Appendix IV;

(x) the material contracts of MBGB Group referred to in Section 5 of this Appendix VIII; and

(xi) the letter of consent and declaration of conflict of interest referred to in Section 2 of this Appendix VIII.

META BRIGHT GROUP BERHAD
Registration No.: 200001013359 (515965-A)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Meta Bright Group Berhad ("**MBGB**" or the "**Company**") will be held at Merbok Room, Level 6, The Grand Renai Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan, Malaysia, on Monday, 15 January 2024 at 3.00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing the following resolutions, with or without modifications:-

<u>ORDINARY RESOLUTION 1</u>

PROPOSED SUBSCRIPTION AND ACQUISITION OF 2,520,000 ORDINARY SHARES IN EXPOGAYA SDN. BHD. ("EXPO") ("EXPO SHARES"), REPRESENTING 70.0% OF THE ENLARGED ISSUED SHARES OF EXPO, FOR A TOTAL PURCHASE CONSIDERATION OF RM28,040,000, TO BE SATISFIED VIA CASH CONSIDERATION OF RM5,000,000 AND ISSUANCE OF 98,461,536 ORDINARY SHARES IN MBGB AT AN ISSUE PRICE OF RM0.234 EACH ("PROPOSED ACQUISITION")

"**THAT** subject to the approvals of all relevant authorities and/or parties being obtained (where applicable) and to the extent permitted by law and the Constitution of the Company and conditional upon the passing of the Ordinary Resolution 2, approval be and is hereby given to the Board of Directors of MBGB ("**Board**") to:

(i) subscribe 500,000 EXPO Shares, representing approximately 13.9% of the enlarged issued shares of EXPO, pursuant to the conditional subscription agreement entered into between MBGB (as the Subscriber), EXPO and Chang Ket Keong ("**CKK**") (as the Promoter) on 27 October 2023 ("**Subscription Agreement**"), for a cash consideration of RM5,000,000, subject to the terms and conditions of the Subscription Agreement; and

(ii) acquisition of 2,020,000 EXPO Shares ("**Sale Shares**"), representing approximately 56.1% of the enlarged issued shares of EXPO, pursuant to the conditional shares sale agreement entered into between MBGB (as the Purchaser) and CKK, Beton Chemical Technology Sdn. Bhd. ("**BCTSB**"), Fung Chun Fatt ("**FCF**") and Chin Swee Yen ("**CSY**") (CKK, BCTSB, FCF and CSY collectively, referred to as the "**Vendors**") ("**CSSA**"), for a total purchase consideration of RM23,040,000, which shall be satisfied via the issuance of 98,461,536 new ordinary shares in MBGB at an issue price of RM0.234 each ("**Consideration Shares**"), subject to the terms and conditions of the CSSA;

THAT, the Board be and is hereby authorised to allot and issue from time to time such number of the Consideration Shares to the Vendors as detailed in Section 2 of Part A of the circular to shareholders dated 28 December 2023 ("**Circular**") pursuant to the terms and conditions of the CSSA;

THAT, the Consideration Shares shall, upon allotment and issuance, rank equally in all respects with the existing MBGB Shares, save and except that the Consideration Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Consideration Shares;

THAT, the pre-emptive rights of the existing shareholders to be offered new shares in the Company in proportion to their shareholdings in the Company pursuant to Section 85 of the Companies Act, 2016 ("**Act**") read together with Clause 59 of the Company's Constitution be and is hereby waived in respect of the issuance and allotment of the Consideration Shares;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Acquisition including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or appropriate in order to carry out, finalise and give full effect to the Proposed Acquisition in the best interest of the Company."

ORDINARY RESOLUTION 2

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF MBGB AND ITS SUBSIDIARIES ("MBGB GROUP" OR "GROUP") TO INCLUDE MANUFACTURING, TRADING AND SUPPLY OF BUILDING MATERIALS INCLUDING CEMENT, READY-MIXED CONCRETE AND ITS RELATED PRODUCTS AS WELL AS PROVISION OF RELATED SERVICES INCLUDING TRANSPORTATION SERVICES AND EQUIPMENT RENTAL ("CONCRETE BUSINESS") ("PROPOSED DIVERSIFICATION")

"**THAT** subject to the approvals of all relevant authorities and/or parties being obtained (where applicable) and to the extent permitted by law and the Company's Constitution and conditional upon the passing of the Ordinary Resolution 1, approval be and is hereby given to MBGB Group to diversify the existing principal activities of MBGB Group to include the Concrete Business;

AND THAT the Board be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Diversification including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or appropriate in order to carry out, finalise and give full effect to the Proposed Diversification in the best interest of the Company."

ORDINARY RESOLUTION 3

PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE IN RELATION TO THE CONCRETE BUSINESS ("PROPOSED CONCRETE BUSINESS RRPT")

"**THAT** subject to and the approvals of all relevant authorities and/or parties being obtained (where applicable) and to the extent permitted by law and the Company's Constitution and conditional upon the passing of the Ordinary Resolution 1 and Ordinary Resolution 2, approval be and is hereby given to MBGB Group, to enter and give effect to the recurrent related party transactions of a revenue or trading nature ("**RRPTs**") in relation to the Concrete Business with the related parties as set out in Section 2.3 of Part B of the Circular which are necessary for the MBGB Group's day-to-day operations subject further to the following:

(i) the RRPTs contemplated are in the ordinary course of business and are carried out on an arm's length basis and normal commercial terms of MBGB Group which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company;

(ii) The Proposed Concrete Business RRPT, if approved by MBGB's shareholders at the EGM, is subject to annual renewal. In this respect, any authority conferred by the Proposed Concrete Business RRPT will take effect from the date of this EGM until:-

(a) the conclusion of the next annual general meeting of MBGB ("**AGM**") following this EGM at which the Proposed Concrete Business RRPT is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by MBGB's shareholders in a general meeting;

AND THAT the Board (save for Lee Chee Kiang, being the interested Director), be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Concrete Business RRPT including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or appropriate in order to carry out, finalise and give full effect to the Proposed Concrete Business RRPT."

ORDINARY RESOLUTION 4

PROPOSED NEW SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE IN RELATION TO THE RENEWABLE ENERGY AND ENERGY EFFICIENCY RELATED TECHNOLOGY AND BUSINESS ("ENERGY RELATED BUSINESS") ("PROPOSED ENERGY BUSINESS RRPT")

"**THAT** subject to and the approvals of all relevant authorities and/or parties being obtained (where applicable) and to the extent permitted by law and the Constitution of the Company, approval be and is hereby given to MBGB Group, to enter and give effect to the RRPTs in relation to the Energy Related Business with the related parties as set out in Section 2.3 of Part B of the Circular which are necessary for the MBGB Group's day-to-day operations subject further to the following:

(i) the RRPTs contemplated are in the ordinary course of business and are carried out on an arm's length basis and normal commercial terms of MBGB Group which are not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company;

(ii) The Proposed Energy Business RRPT, if approved by MBGB's shareholders at the EGM, is subject to annual renewal. In this respect, any authority conferred by the Proposed Energy Business RRPT will take effect from the date of this EGM until:-

(a) the conclusion of the next AGM following this EGM at which the Proposed Energy Business RRPT is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by MBGB's shareholders in a general meeting;

AND THAT the Board (save for Dato' Lee Wai Mun, DIMP., JMK., JP., being the interested Director), be and is hereby empowered and authorised to do all acts, deeds and such things and to execute, enter into, sign and deliver on behalf of the Company, all such documents and/or agreements as the Board may deem necessary and/or expedient and/or appropriate to implement and give full effect to complete the Proposed Energy Business RRPT including without limitation, with full power to assent to any conditions, modifications, variations and/or amendments as the Board in their absolute discretion may deem fit or expedient or appropriate in order to carry out, finalise and give full effect to the Proposed Energy Business RRPT."

By Order of the Board
META BRIGHT GROUP BERHAD

TAI YIT CHAN
(MAICSA 7009143)
(SSM PC No. 202008001023)
Secretary
Selangor Darul Ehsan
28 December 2023

Notes:-

1. A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to attend and vote at the meeting is entitled to appoint a maximum of 2 proxies to attend, participate, speak and vote on his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.

2. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The Form of Proxy shall be signed by the appointer or his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.

5. The original instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Share Registrar's office at Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 8 January 2024 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

7. Pursuant to Clause 78 of the Company's Constitution, all the resolutions set out in the Notice of the EGM will be put to vote by way of poll.

Personal data privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

META BRIGHT GROUP BERHAD
Registration No.: 200001013359 (515965-A)
(Incorporated in Malaysia)

FORM OF PROXY

(Before completing the form please refer to the notes below)

No. of shares held	CDS Account No. of Authorised Nominee

I/We ____ NRIC/Passport/Co. No.______________________
(FULL NAME IN BLOCK LETTERS)
of ____ Tel No.__________________
(ADDRESS)
Email Address____
being a member of **META BRIGHT GROUP BERHAD**, hereby appoint

Proxy 1 – Full name in Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			
Email Address:			

Proxy 2 – Full name in Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			
Email Address:			

or failing him/her, the Chairman of the Meeting, as my/our proxy(ies) to vote for me/us and on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at Merbok Room, Level 6, The Grand Renai Hotel, Kota Sri Mutiara, Jalan Sultan Yahya Petra, 15150 Kota Bharu, Kelantan, Malaysia, on Monday, 15 January 2024 at 3.00 p.m., or any adjournment thereof.

My/our proxy(ies) shall vote as follows:

ORDINARY RESOLUTIONS		For	Against
(1)	Proposed Acquisition		
(2)	Proposed Diversification		
(3)	Proposed Concrete Business RRPT		
(4)	Proposed Energy Business RRPT		

(Please indicate with an "X" in the space provided how you wish your vote to be cast on the resolutions specified in the Notice of the Extraordinary General Meeting. If you do not do so, the proxy(ies) will vote or abstain from voting at his/her/their discretion).

Dated this _______ day of __________________ 2023/2024

____
Signature/Seal of Shareholder

Notes:-

1. A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to attend and vote at the meeting is entitled to appoint a maximum of 2 proxies to attend, participate, speak and vote on his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.

2. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The Form of Proxy shall be signed by the appointer or his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.

5. The original instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be deposited at the Share Registrar's office at Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at 8 January 2024 and only Members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

7. Pursuant to Clause 78 of the Company's Constitution, all the resolutions set out in the Notice of the EGM will be put to vote by way of poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 28 December 2023.

Fold this flap for sealing

Then fold here

Affix
Stamp

META BRIGHT GROUP BERHAD
Registration No.: 200001013359 (515965-A)
c/o Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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