ZEN TECH INTERNATIONAL BERHAD

ANNUAL REPORT

2023

Reimagine Refocus Revitalise

REIMAGINE
REFOCUS
REVITALISE

The tagline that we are choosing for the 2023 Annual Report is "Reimagine, Refocus, and Revitalize". We are going with this to reflect the present times where the landscape has changed post Covid-19 pandemic and to take into account climate change and how businesses around the world are doing more to be sustainable.

Reimagine signifies the need to continuously innovate and think creatively. It urges companies to challenge the status quo, embrace new technologies, and explore fresh ideas to stay relevant and competitive.

Refocus emphasizes the importance of strategic realignment. Businesses must periodically assess their goals, markets, and priorities. It's about shifting resources, strategies, and efforts to meet evolving customer needs and market trends.

Revitalize encapsulates the drive for renewal and energy. It underscores the importance of re-energizing both the organization and its workforce. Whether through employee development or rejuvenating product lines, revitalization ensures sustained growth.

Together, this tagline encourages businesses to be agile, forward-thinking, and adaptable. It acknowledges that the modern business environment demands constant evolution, and by reimagining, refocusing, and revitalizing, Zen Tech International Berhad can navigate change successfully and position itself for long-term success.

18TH

ANNUAL GENERAL MEETING
ZEN TECH INTERNATIONAL BERHAD

Thursday
30 November 2023
10.30 a.m.

virtual basis through live streaming and online remote voting via the remote participation and voting (RPV) facilities at https://zentech-agm.digerati.com.my provided by Digerati Technologies Sdn Bhd in Malaysia (Domain registration number D1A119533)

Scan this to view our Annual Report online.
Our Annual Report, financial and other information about ZEN TECH INTERNATIONAL BERHAD at **www.ztech.com.my**

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CHAIRMAN'S STATEMENT

On behalf of the Board of Directors ("Board"), it is my privilege to share the Annual Report and Audited Financial Statements of Zen Tech International Berhad ("Zen Tech" or the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2023 ("FY2023").

I wish to express my gratitude to the Board of Directors and the Management team for their invaluable support in entrusting me with the responsibility to lead this Company in a fiercely competitive market. We are commited to elevating our brand's perception among investors and external stakeholders. As we reflect on the past year, I am proud to report that Zen Tech has successfully navigated through these turbulent times and emerged stronger than ever before.

The lessons learned from the preceding year, especially during the transition to the endemic phase, brought forth distinctive challenges that necessitated resilience, adaptability, and innovation from our Company. Our foremost priority remained the safeguarding of our employees' safety and well-being, all the while upholding our steadfast commitment to providing top-notch gloves to the global market. I am thrilled to announce that we successfully met these objectives with great acclaim.

Despite these challenges, I am pleased to report that Zen Tech continued its upward trajectory in terms of financial performance. Our revenue for the

FY2023 amounted to RM31,674,000, representing a 19.6% increase over the previous year. This growth is a testament to the dedication of our team and the trust of our valued customers.

Our manufacturing facilities worked tirelessly to ensure uninterrupted production during the past one year. We implemented rigorous safety protocols, including regular testing, social distancing, and enhanced cleaning procedures. Our commitment to employee well-being was unwavering, and I am proud to report that we maintained a safe and healthy work environment throughout the year.

The disruptions in global supply chains posed significant challenges to the manufacturing industry. However, our robust supply chain management strategies allowed us to minimize disruptions and ensure a steady supply of raw materials. We diversified our supplier base and enhanced inventory management, which proved crucial in meeting the surging demand for gloves.

At Zen Tech, we recognize our responsibility to society and the environment. During the pandemic, we continued to invest in sustainable practices, including energy efficiency improvements and waste reduction initiatives. We are commited to being a responsible corporate citizen and will continue to prioritize sustainability in our operations.

Our commitment to giving back to the community remained steadfast during these trying times. We donated gloves to healthcare facilities, supported local initiatives, and provided relief aid to those affected by the pandemic. We believe that a strong community is the foundation of a thriving business, and we will continue to support those in need.

As we move forward, Zen Tech is well-positioned to capitalize on the opportunities that lie ahead. We will continue to invest in research and development to innovate our product offerings and remain at the forefront of the industry. We are also exploring expansion opportunities in new markets to further diversify our business.

In conclusion, I want to express my deepest gratitude to our employees, customers, suppliers, and shareholders for their unwavering support during these challenging times. It is their dedication and trust that have allowed Zen Tech to not only weather the storm but also thrive in the face of adversity. It has been a privilege to be on the journey of progress with all the Board of Directors and the Management team. I am truly grateful for all your contributions. We welcome Mr. Wong Kok Fong who was appointed as Independent Non-Executive Director. We look forward to Mr Wong imparting his expertise towards the Group. Our utmost gratitude to Dato' Megat Fairouz Junaidi Bin Megat Junid who has resigned from the Board after serving for more than 12 years as an Independent Non-Executive Director, we thank him for all his valuable contribution and service.

As we embark on the next phase of our journey, we are confident that Zen Tech will continue to be a leader in the glove manufacturing industry, delivering value to our shareholders, and making a positive impact on society.

Thank you for your continued trust in Zen Tech.

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir
Independent Non-Executive Chairman
Zen Tech International Berhad

CORPORATE INFORMATION

BOARD OF DIRECTORS

YBhg Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir
Independent Non-Executive Chairman

Mr. Siva Kumar Kalugasalam
Executive Director

Mr. Edwin Silvester Das
Senior Independent Non-Executive Director

YBhg Dato' Zhang Li
Executive Director

Mr. Zhang Yang
Non-Independent and Non-Executive Director

Mr. Chow Hung Keey
Executive Director

Mr. Wong Kok Fong
Independent Non-Executive Director
(Appointed w.e.f. 26 June 2023)

AUDIT COMMITTEE

Chairman
- **Mr. Edwin Silvester Das**

Members
- **Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir**
- **Mr. Wong Kok Fong**

NOMINATION COMMITTEE

Chairman
- **Mr. Edwin Silvester Das**

Members
- **Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir**
- **Mr. Wong Kok Fong**

REMUNERATION COMMITTEE

Chairman
- **Mr. Edwin Silvester Das**

Members
- **Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir**
- **Mr. Wong Kok Fong**

RISK MANAGEMENT AND INVESTMENT COMMITTEE

Chairman
- **Mr. Wong Kok Fong**

Members
- **Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir**
- **Mr. Edwin Silvester Das**

COMPANY SECRETARY

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

AUDITORS

SBY Partners PLT
9-C, Jalan Medan Tuanku
Medan Tuanku
50300 Kuala Lumpur.
Tel : +603-2693 8837
Fax: +603-2693 8836

REGISTERED OFFICE

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur.
Tel : +603-9770 2200
Fax: +603-9770 2239
Email: boardroom@boardroom.com.my

CORPORATE OFFICE:

Unit No. 53-6 The Boulevard,
Mid Valley City,
Lingkaran Syed Putra
59200 Kuala Lumpur
W.P. Kuala Lumpur.
Tel : +603-2202 3330
Fax: +603-2202 3337

SHARE REGISTRAR

ALDPRO CORPORATE SERVICES SDN. BHD.
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur
Tel : +603-9770 2200
Fax: +603-9770 2239
Email: registrar@aldpro.com.my

PRINCIPAL BANKERS

- CIMB Bank Berhad
- Bank Islam Malaysia Berhad
- Bank Muamalat Malaysia Berhad
- Malayan Banking Berhad

LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name: ZENTECH
Stock Code: 0094

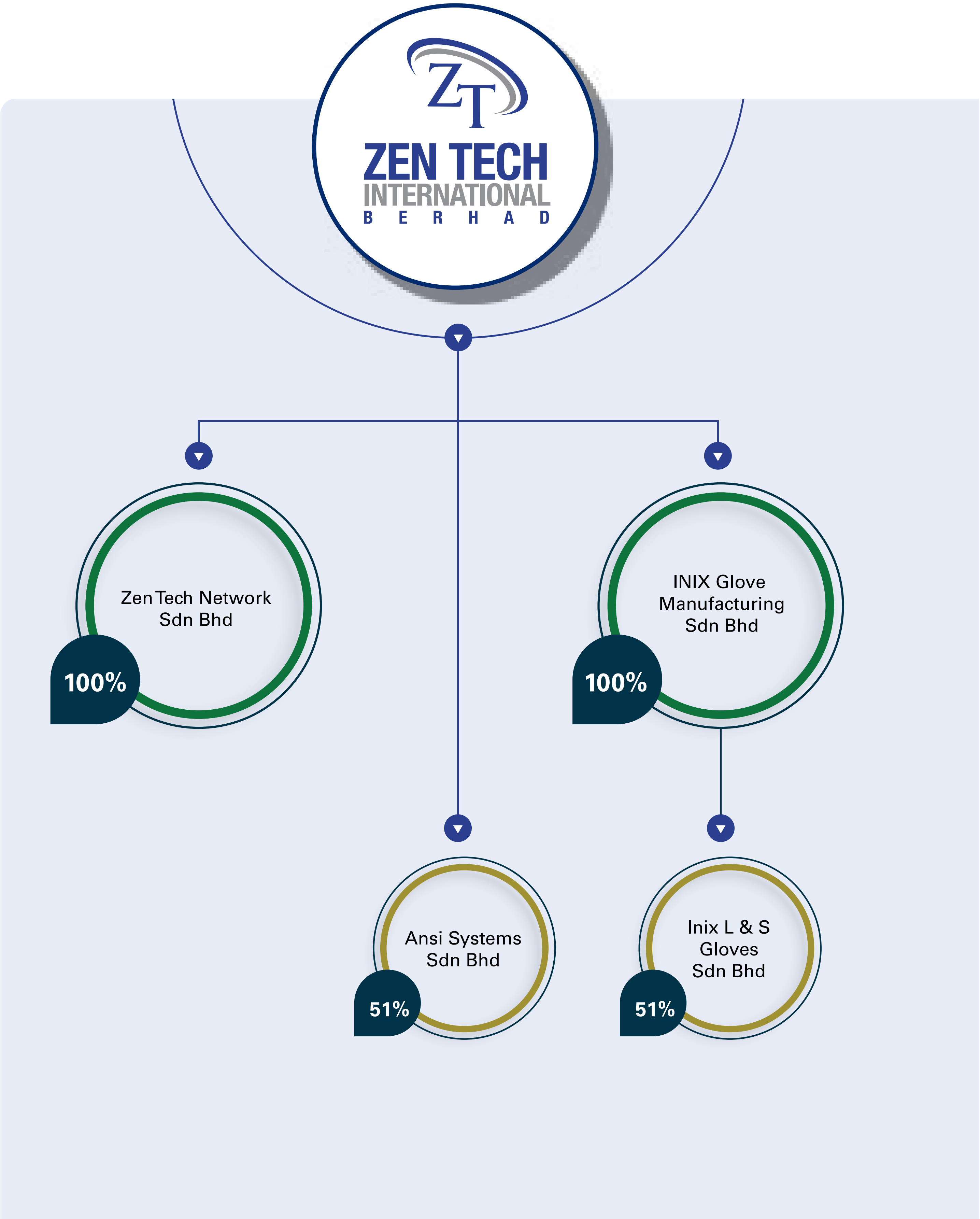
5-YEAR FINANCIAL HIGHLIGHTS

RM'000	01.08.2017 to 31.07.2018	01.08.2018 to 31.01.2020	01.02.2020 to 30.06.2021	01.07.2021 to 30.06.2022	01.07.2022 to 30.06.2023
Revenue	9,447	8,186	18,235	26,480	31,674
Profit/(Loss) before tax	(16,177)	(3,359)	(10,011)	(3,723)	(11,288)
Profit/(Loss) after tax	(16,178)	(3,359)	(10,653)	(4,926)	(10,112)
(Loss) Attributed to Shareholders	(16,178)	(2,738)	(11,393)	(6,375)	(8,528)
Total assets	15,867	16,068	37,991	58,658	83.630
Total current liability	2,981	2,424	9,167	22,620	14,295
Total non-current liability	-	-	3,313	4,127	1,967
Net assets	12,876	13,644	25,511	31,911	67,368
Total number of shares ('000)	259,140	298,254	466,604	513,264	2,628,546
Net assets per share (RM)	0.049	0.046	0.054	0.062	0.26
Basic earnings/(Loss) per share (sen)	(5.92)	(0.92)	(2.44)	(1.24)	(0.32)

KEY ACHIEVEMENTS

- **REVENUE**
  RM31.674 million
- **TOTAL ASSETS**
  RM83.630 million
- **NET ASSETS**
  RM67.368 million
- **TOTAL NUMBER OF SHARES**
  2,628,545,901

GROUP STRUCTURE



DIRECTORS' PROFILE

YBHG TAN SRI SYED MOHD YUSOF BIN TUN SYED NASIR
Independent Non-Executive Chairman

Age: 75 Nationality: Malaysia Gender: Male

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir, is our Independent Non-Executive Chairman. He is the member of our Audit Committee, Nomination Committee, Remuneration Committee and Risk Management and Investment Committee.

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir graduated with a Bachelor of Economics Degree majoring in Accountancy from the University of Tasmania, Australia in 1975. Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir started his career with Petronas. He served in various positions there, rising to Head of Northern Region before leaving Petronas to venture into business.

Tan Sri Syed investments in the local business sphere have resulted in securing international chains like Hard Rock Cafe and Nobu into Malaysia. In the recent year, his company saw to the opening of the prestigious Four Seasons Place in the KL Golden Triangle. He is an entrepreneur who has more than forty (40) years of experience in diverse areas such as property development, construction, media, entertainment, hotel management and hospitality, food and beverage, banking and information technology.

He was formerly the Chairman of Southern Bank Berhad and Killinghall (Malaysia) Bhd, a former Director of Southern Finance Berhad and AM Trustee Berhad. He is also on the Board of various private companies and a trustee of Yayasan Raja Muda Selangor, Yayasan Sultan Kelantan Darul Naim and Yayasan Toh Puan Zurina (Melaka). Currently, he does not hold directorship in any other public listed companies.

He does not have family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

Directors' Profile

YBHG DATO' ZHANG LI
Executive Director

Age: 63 Nationality: China Gender: Female

Dato' Zhang Li, is our Executive Director. She retired on 31 December 2018 and subsequently re-appointed as Executive Director on 15 February 2019.

Dato' Zhang Li has completed her education in Xiamen, China. She joined the business world since 1990 in Huadong, China operating a franchise in health supplements. In 2003, Dato' Zhang Li was involved in multilevel marketing company as its Marketing Advisor in Guan Fang International Marketing (M) Sdn Bhd and a Director in Top Creation Property Sdn Bhd involved in real estate development services. Dato' Zhang Li was the non-executive director of Raya International Berhad, a public company listed on the ACE Market of Bursa Malaysia Securities Berhad from 2008 to 2012.

Dato' Zhang Li has been a director of Top Creation Investment Ltd, a public company involved in property development in Melaka since its admission on AIM of the London Stock Exchange in 2011.

Currently, she does not hold directorship in any other public listed companies. She is mother of Zhang Yang, a Non-Independent and Non-Executive Director of the Company. She does not have any conflict of interest in any business arrangement involving the Company.

She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon her by any relevant regulatory bodies for the financial year ended 30 June 2023.

Directors' Profile

MR. SIVA KUMAR KALUGASALAM
Executive Director

Age: 53 Nationality: Malaysia Gender: Male

Mr. Siva Kumar Kalugasalam, is our Executive Director and he was appointed to the Board on 17 August 2020.

Mr. Siva Kumar's experiences span over 27 years with Public Audit Firms and renowned corporate players in varied industries such as Aviation, Manufacturing, Construction, Security, Education, Talent Management, and International Trading (Import & Export) of FMCG who have local, regional and global presence.

Mr. Siva Kumar was the Group Chief Executive Officer at APFT Berhad since mid-April 2019 until 31 July 2020. He started his career with APFT Berhad in 2016. In August 2018, he was appointed as the Chief Operating Officer. He was appointed as the Executive Director of Zen Tech International Berhad in August 2020, overseeing the Finance and Operations of the Group. In March 2022, he was appointed as the Independent Non-Executive Director and Chairman of the Audit Committee of AHB Holdings Berhad.

Mr. Siva Kumar has a Bachelor of Business in Accounting from University of Technology, Graduate Diploma in Business and Management from University of Sunshine Coast / Segi University and Master of Business Administration from University of Wales Trinity St David, UK. He is also a Fellow of the Institute of Public Accountants, Australia, a Fellow of the Institute Financial Accountants, UK, a Member of the Management Institute of Malaysia, a Fellow of the Chartered Management Institute, UK, a Member of Malaysian Institute of Human Resource Management, Chartered Audit Committee Director of the Institute of Internal Auditors Malaysia and Member of Institute of Corporate Directors Malaysia.

He does not have family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

Directors' Profile

MR. CHOW HUNG KEEY
Executive Director

Age: 35 Nationality: Malaysia Gender: Male

Mr. Chow Hung Keey, is our Executive Director and he was appointed to the Board on 21 December 2021.

Mr. Chow started his career with KPMG Malaysia in 2010 as an audit associate. In 2011, he joined CIMB Bank as a Relationship Manager, developing and maintaining relationship with the bank's high net worth clients. In 2012, he was promoted to Senior Relationship Manager.

From 2012 to 2019, Mr. Chow held executive and non-executive board positions in various listed companies, developing experience in overseeing business operations including of software development, system integration and information technology ("IT") management consultancy services as well as independent oversight of listed companies.

In 2019, Mr. Chow joined Shiya Sdn Bhd (a Bumiputera construction and property development company) as Financial Advisor before being promoted to Corporate Development Director in 2020. During this time, he developed relationship with industry players within the construction and property development industry. In 2021, he became the Executive Director of Zen Tech International Berhad, overseeing the company's business strategy and direction. In 2022, he became an Executive Director of AHB Holdings Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Chow is a member of the Association of Chartered Certified Accountants, the Malaysian Institute of Accountants, the ASEAN Chartered Professional Accountant as well as an affiliate member of the Asian Institute of Chartered Bankers. He also has extensive experience in managing businesses and client relationships, having served in public listed companies as well as private companies engaged in various industries such as IT, air charter services, credit financing, furniture, automotive, manufacturing, healthcare, construction, and property development.

He holds direct 177,600 ordinary shares in the Company and does not have family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

Directors' Profile

MR. EDWIN SILVESTER DAS
Senior Independent Non-Executive Director

Age: 65 Nationality: Malaysia Gender: Male

Mr. Edwin Silvester Das was appointed as Independent Non-Executive Director on 15 February 2019. He was re-designated as Senior Independent Non-Executive Director on 17 October 2023. He is the Chairman of Audit Committee, Nomination Committee and Remuneration Committee and also a member of our Risk Management and Investment Committee.

Mr. Edwin had a long and distinguished banking and corporate career for more than 36 years both in Malaysia and abroad, with exposure to banks and various types of industries locally and abroad.

Mr. Edwin is a graduate (Dean's List) from Southern Illinois University at Carbondale, Illinois, USA. He started his banking career in 1985 and worked in the USA, Europe, Africa, India, Sri Lanka and Malaysia. Throughout this time, he progressed rapidly up the ranks with hard work and measurable contributions in various banking, industrial and management sectors from Operational Banking to Corporate Recovery, Corporate Banking & Corporate Finance and Investment Banking, Restructuring, Human Resource and Management strategies which were under his portfolio.

Mr. Edwin is a Fellow with the Institute of Corporate Directors Malaysia.

He also served with Oracle Corporation (USA) as Industry Expert for the Financial Services Industry (FSI) before taking up a corporate role with an infrastructure company building highways in India. Thereafter, he moved on as a Board of Director with a bank in Sudan where he took the bank to greater heights.

In December 2020, Mr. Edwin was appointed as Executive Director / Chief Executive Officer of Jiankun International Berhad, a company engaged in property development and construction and is listed on Main Market of Bursa Malaysia Securities Berhad.

He does not have family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

Directors' Profile

MR. ZHANG YANG
Non-Independent and Non-Executive Director

Age: 39 Nationality: China Gender: Male

Mr. Zhang Yang was appointed as the Managing Director on 17 January 2020. He was re-designated as Non-Independent Non-Executive Director on 18 September 2018. He holds a Doctorate, major in Business Management from Asian Institution of Management & Science, China.

Mr. Zhang Yang is the Sales Director of EMG Group of Companies in March 2013, he joined Fragrant Prosperity PLC as Operation Director in August 2013. Thereafter, he was the Chief Executive Officer in TF Marketing (HK) Limited in July 2015.

He is not a director of any other public or public listed companies. He is the son of Dato' Zhang Li, the Executive Director of the Company. He does not have any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

Directors' Profile

MR. WONG KOK FONG
Independent Non-Executive Director

Age: 55 Nationality: Malaysia Gender: Male

Mr. Wong Kok Fong was appointed as Independent Non-Executive Director on 26 June 2023. He is the Chairman of Risk Management and Investment Committee, also a member of our Audit Committee, Remuneration Committee, and Nomination Committee.

Mr. Wong began his career as an Audit Clerk at Kok & Co in October 1989 which responsible for external auditing and tax. In June 1990, he worked as an Accounts Assistant at PJ Electronic Trading Sdn Bhd which responsible in accounts payable and general ledger. Following this, he worked as a lecturer at a private college, EU Institute for 19 years, lecturing in Major Cost and Management Accounting, Accounting and Booking keeping, and Library Administration. He also worked as Finance Manager in a few companies such as Beau Heritage Sdn. Bhd., Sun Inns Groups of Hotels, Goh Ban Huat Berhad and BCB Berhad. In September 2010, he then joined Greenyield Berhad as Financial Controller. Currently, he is the Financial Controller in Jiankun International Berhad, a public company listed on Main Market of Bursa Malaysia Securities Berhad.

Mr. Wong is a Fellow member of the Association of Chartered Certified Accountant (ACCA) and a member of the Malaysian Institute of Accountants (MIA).

Currently, he does not hold any directorship in any other public companies and listed issuer.

He does not have family relationship with any other Director and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

KEY SENIOR MANAGEMENT'S PROFILE

MR. SIVA KUMAR KALUGASALAM
Executive Director

Mr. Siva Kumar is responsible for the Finance, Management and Operations of Zen Tech International Berhad. He also oversees the operations of the Glove Division.

The profile of Mr. Siva Kumar is shown under Director's Profile on Page 11 of this Annual Report.

YBHG DATO' ZHANG LI
Executive Director

Dato' Zhang Li is responsible of the Finance and Management of Zen Tech International Berhad. She also oversees the operations of the e-commerce division.

The profile of Dato' Zhang Li is shown under Director's Profile on Page 10 of this Annual Report.

MR. CHOW HUNG KEEY
Executive Director

Mr. Chow Hung Keey is responsible for the business strategy and direction of Zen Tech International Berhad.

The profile of Mr. Chow Hung Keey is shown under Director's Profile on Page 12 of this Annual Report.

Key Senior Management's Profile

TEO XIONG SHENG

Operations Director (Glove)

Age: 36 Nationality: Malaysia Gender: Male

Mr. Teo Xiong Sheng is a Director and shareholder of Inix L&S Gloves Sdn Bhd ("INIX L&S"). He oversees the production department as well as supervises and coordinates the repair and maintenance of production equipment. In 2019, he co-founded INIX L&S with his uncle, Teo Yoek Leong, and is responsible in overseeing the production processes and quality control standards. He has accumulated 14 years of experience in engineering and manufacturing in the glove industry which will drive the expansion of the Group's Glove Business.

Presently, he does not hold any directorship in any other public companies and listed issuer.

He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

TEO YOEK LEONG

Marketing Director (Glove)

Age: 69 Nationality: Malaysia Gender: Male

Mr. Teo Yoek Leong is a Director and shareholder of INIX L&S. He is responsible for the formulation and implementing sales and marketing strategies of the Company. He retired in 2014 and subsequently in 2019, he co-founded INIX L&S with his nephew, Teo Xiong Sheng, and is responsible for the Company's quality control, marketing and communications strategies, as well as branding and image. He has vast experience in developing marketing and sales strategies which will drive the expansion of the Group's Glove Business.

Presently, he does not hold any directorship in any other public companies and listed issuer.

He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

PHILIP LOW ENG HUAT

Factory General Manager (Glove)

Age: 48 Nationality: Malaysia Gender: Male

Mr. Philip Low boasts over three decades of professional experience, encompassing a remarkable tenure of 22 years in the specialized field of glove manufacturing. His expertise spans marketing, production, and logistics within numerous glove manufacturing facilities situated across Malaysia, Thailand, and Vietnam. Over the course of his illustrious career, Mr. Low has demonstrated a commendable track record by successfully leading teams that have excelled in optimizing cost-efficiency, ensuring superior quality, fostering new business ventures, facilitating product ramp-up processes, streamlining manufacturing cycle-times, and enhancing overall productivity.

Currently, Mr. Low holds the responsibility of overseeing key departments, including Glove Manufacturing Operations, Product Research & Development, Quality Assurance, and Operational Excellence.

Presently, he does not hold any directorship in any other public companies and listed issuer.

He has no family relationship with any Directors and/or major shareholders of the Company nor any conflict of interest in any business arrangement involving the Company.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies for the financial year ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the Board of Directors of Zen Tech International Berhad ("Zen Tech" or the "Company"), it is my pleasure to present to you the Management Discussion and Analysis ("MDA") on the Group. The objective of this MDA is to provide shareholders with a better understanding and an overview of the Group's business, operations, financial position in the financial year ended 30 June 2023 ("FY2023") and the outlook for the following year.

Zen Tech is listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") under the Industrial Products category.

Overview of Group's Business and Operations

As reported by MIDF Research, Margma, the Malaysian Rubber Glove Manufacturers Association, anticipated that the global demand for gloves would return to pre-pandemic levels by 2023. The projection indicated that global glove demand would reach 300 billion pieces in 2023, showing a recovery from 280 billion pieces recorded in 2018 and the peak of 340 billion pieces in 2019.

The research firm has also highlighted those persistent challenges faced by glove manufacturers in the short term. The industry continues to grapple with an oversupply of gloves, which has a direct impact on the industry's average selling price (ASP), compounded by sustained low utilization rates.

According to MIDF Research's report, the utilization rate dropped from the range of 35% to 40% in the

Management Discussion and Analysis

fourth quarter of 2022 (4Q22) to a range of 32% to 35% in the first quarter of 2023 (1Q23), marking a significant decline compared to the rates seen in 2019.

Furthermore, the increasing costs of raw materials are poised to further impact on production expenses. Notably, prices for materials such as butadiene have surged by 25.8%, acrylonitrile by 10%, and natural rubber (NR) latex concentrate by approximately 4.5%. These price hikes are partially attributed to high demand for synthetic rubber in downstream applications in other industries.

Nevertheless, the Group anticipated this and based on our long-term strategy and planning, the Group's ongoing supplies of its gloves to markets such as China, India and Egypt continued to expand, and we have intensified our exploration of other new markets for its gloves and are continuously seeking for more collaborations and partnerships to further expand the service offering in the e-commerce sector. The Group will also continue its cost management initiatives throughout its operations to stabilize the financial performance and preserve cash flow.

Glove Manufacturing Business

Despite facing fierce competition, the prevailing global recovery trend is evident, and the Group maintains a positive outlook for this sector. Furthermore, there is an expectation of a continued influx of demand from new markets in the coming years.

The Global Gloves Manufacturing market is poised to experience significant growth between 2023 and 2030. As of FY2023, the market is demonstrating steady growth, and with the Management implementing strategic initiatives, sales are projected to continue its upward trajectory in the foreseeable future.

With the current seven (7) production lines, the Group has an annual production capacity of 55,286 million and is expected increase its estimated annual capacity to 72,518 of examination gloves by 2024 upon the commissioning of an additional two (2) production lines by the end of FY2024.

GLOBAL RUBBER GLOVES MARKET OVERVIEW:

- The Rubber Gloves market across regions including Asia-Pacific, North America, South America, Europe, the Middle East, South Africa, and the Asia Pacific region is anticipated to experience substantial growth with a notable Compound Annual Growth Rate (CAGR) from 2022 to 2027.
- Growth of CAGR: The Rubber Gloves market is expected to grow by approximately 8.3% during the period of 2022 to 2027.
- Rubber Gloves Market Types: The global Rubber Gloves market is divided into segments, with Natural Rubber Gloves, Nitrile Gloves, Others being the largest contributor to this market.
- Rubber Gloves Market Applications: The Healthcare, Industrial, Household, Others segment was the leading contributor to the Rubber Gloves market in terms of applications, generating USD 18700 in 2022, and is projected to reach USD 10770 by 2027.

(Source: Global Rubber Gloves Market Report 2023-2027)

Management Discussion and Analysis

E-Commerce Solution Business

The Group remains dedicated to its IT segment and is steadfast in its efforts to bolster its market presence, thereby reinforcing its long-term sustainability and growth trajectory.

Our ongoing endeavors in exploring innovative e-commerce solutions for both the retail and service sectors are gradually positioning the Group as a formidable player in the industry. As we continue to expand our reach, we aim to cater to a broader audience by implementing affiliate marketing programs for the products and services we offer.

Board Commitments

The Board assumes the responsibility of ensuring the maintenance of a sound internal control and risk management system being implemented in the Group. The Risk Management Framework was established to determine the Group's level of risk tolerance which actively identifies, assess, and monitor key business risks. The Risk Management Framework further enables senior management, operational managers, and employees to understand and effectively manage risks and to promote the awareness of the importance of complying with the Company's policies and prevailing laws and regulations.

Sustainability Practice

The Directors are mindful of the impact of the Group's operations upon the environment, economy, and society in which we operate. As such, sustainability is an ubiquitous component of the Group's strategy to create long-term value for shareholders and other stakeholders. Besides embarking on viable economic activities, the Group is acutely aware of the need to embrace business practices that promote business continuity. We are confident that with the Group's commitment to high standards of governance, ethics and integrity, deployment of meaningful sustainability practices, as well as continued investment in human capital development, we will be poised for future growth in our journey towards creating value for our shareholders and other stakeholders. The Group's approach to the adoption of sustainability practices is covered under the Sustainability Statement of this Annual Report.

Management Discussion and Analysis

FINANCIAL RESULTS REVIEW

Key Financial Indicators

In the face of a challenging business environment marked by persistent concerns and uncertainties, the Group attained a commendable result for FY2023. This achievement is particularly noteworthy, given the intermittent operational disruptions caused by supply chain challenges related to raw materials and the increasing operational costs.

Key Financial Indicators

The following review is to highlight and provide insights on the Group's key financial and operating information.

	FY2022 RM'000	FY2023 RM'000
Revenue	26,480	31,674
Profit/ (Loss) before interest & taxation	(3,382)	(11,163)
Profit/ (Loss) before taxation	(3,723)	(11,288)
Net Profit/(Loss)	(4,926)	(10,112)
Net Profit/ (Loss) attributable to equity holders	(6,375)	(8,528)
Net cash from (used in) operations	7,094	(17,525)
Total Shareholder's fund	31,911	67,368

Segmental contributions to Revenue

	FY2022 RM'000	FY2023 RM'000
Gloves	24,366	24,142
E-Commerce	2,114	7,532

Performance Analysis at Group Level

The Group recorded a revenue of RM31.674 million for FY2023 as compared to RM26.480 milion registered in the financial year ended 30 June 2022 ("FY2022"). The Group revenue surged due to the increase in revenue in the IT segment, and this resulted in an increase in revenue of RM5.194 million or 20% for the year compared to the previous year. The glove segment had contributed RM24.142 million to the group.

The Group however registered a loss after tax and controlling interest of RM10.112 million as compared to the loss of RM4.926 million in FY2022. The increase in losses was mainly due to the impairments of investment in associated company, investment in subsidiary and associate company.

Total current assets of the Group increased from RM10.244 million in FY2022 to RM16.653 million in FY2023 due to increase in trade receivables. Non-current assets registered at RM66.977 million compared with RM48.414 million in FY2022 due to the investment in the property, plant, and equipment for glove manufacturing.

Management Discussion and Analysis

The Group's other payables decreased by RM6.043 million to RM3.205 million from RM9.248 million in FY2022. However, trade payables increased by RM4.174 million from RM3.024 million in FY2022 to RM7.198 million due to the increase in production for the glove business.

The Group currently has a short-term borrowing and a lease liability of RM3.442 million due to the expansion of the production lines for the glove business and for working capital requirements.

GROWTH & STRATEGY

Navigating the global business landscape remains challenging due to prevailing economic concerns. The Group acknowledges the challenges affecting our business sectors, including factors such as high inflation, aggressive interest rate hikes, supply chain disruptions, rising material costs, labor shortages, and increased financial market volatility. These factors have the potential to hinder our ambitions for substantial growth.

Moreover, the Group is acutely aware of the challenges intrinsic to the current operating environment. We are committed to maintaining vigilant monitoring of both local and global developments. Our dedication to cost management and operational efficiency improvements across all facets of our business operations remains unwavering.

In the coming periods, the Group will exercise caution and diligently execute the various strategies adopted during FY 2023. These strategies encompass efforts to enhance efficiency, rationalize costs, and refine our business processes by embracing best management practices. These strategies have already yielded positive results in FY2023.

Furthermore, recognizing the escalating demand for our gloves, the Group maintains a strong belief in the growth potential of the glove industry. We will persistently concentrate our efforts on the development of this sector, aligning with our commitment to innovation and excellence. With the expected completion of the two (2) production lines for our gloves by June 2024, the Group will have nine (9) production lines for our latex powdered and latex powder free polymer gloves.

The Management is expecting a turnover of approximately RM35 million in the next financial year with an approximate net profit of RM4 million for the glove manufacturing operation in anticipation of the increased demand from existing and new markets. We are also expecting a RM8 million turnover from our IT sector with RM2 million in profit.

FUTURE PROSPECTS

Looking ahead, the Group anticipates a continued enhancement in its financial performance, primarily attributed to robust and persistent demand for our gloves across existing markets, the exploration of new markets, and the upcoming completion of production lines.

However, we also anticipate ongoing challenges stemming from escalating costs of latex, chemicals, and other inputs, driven by prevailing global supply chain pressures. To offset a portion of the cost increases, we are taking proactive measures, including securing prices through advanced purchase agreements, and implementing cost-saving initiatives. Management will persist in its endeavors to optimize operational efficiency and maintain effective cost management, thereby preserving the Group's competitive advantage and further bolstering financial performance.

In parallel, the Group will actively seek new business opportunities to diversify its revenue base while nurturing the growth of the glove sales and e-commerce segment.

Furthermore, we continuously evaluate the Group's long-term strategies to ensure its sustained growth trajectory remains steady.

Dividend

In determining the payment of dividends, the Group has reviewed inter alia its available funds, its retained earnings, capital commitments, general financial conditions, distributable reserves and other pertinent considerations.

In respect of FY2023, the Board of the Company do not recommend the payment of dividend.

Mr Siva Kumar Kalugasalam
Executive Director

SUSTAINABILITY STATEMENT

This Sustainability Statement ("Statement") provides a narrative of the commitment of Zen Tech International Berhad and its subsidiaries (the "Group") towards addressing its Environmental, Social and Governance ("ESG") impacts as well as its financial and non-financial value creation for the financial year ended 30 June 2023 ("FY2023"). This Statement also encapsulates the Group's strategy in managing prioritised sustainability-related risks and opportunities. As we continue to recognise the importance of sustainability as an enabler in our business.

We have considered and reviewed the material sustainability matters relating to the three (3) pillars of ESG. We identified our material sustainability matters through a materiality assessment that takes into account our stakeholders' interests. The material matters are reviewed and endorsed by our Board of Directors ("Board") to ensure that the material matters are aligned with our sustainability ambition. Please refer to our "Stakeholder Engagement" and "Materiality Assessment" for our ESG approach.

Report Overview

The Group sustainability approach is consistent with obtaining the trust of stakeholders, increasing shareholder value by leveraging on emerging opportunities in the long term while mitigating risks from pressures of costs and competition both locally and regionally. The strengthening of our organisation's foundation for long term growth is embedded within our corporate responsibility and sustainability management of the Company.

Our Sustainability Commitment reflected in this Statement is evidence that our core values are coherent to work practices across our operations which is illustrated in the Group's Sustainability Framework adapted from the Bursa Malaysia's Sustainability Reporting Requirements and Guideline.

In managing the sustainability outcomes, the Group's leadership has also adopted the principles outlined in the Malaysian Code of Corporate Governance 2021 which underpins incorporating good sustainability practices in all its businesses.

Guidelines and References

Primarily this report is prepared in accordance with guidelines, references and frameworks which objectively communicates our economic, environmental, social and governance performance.

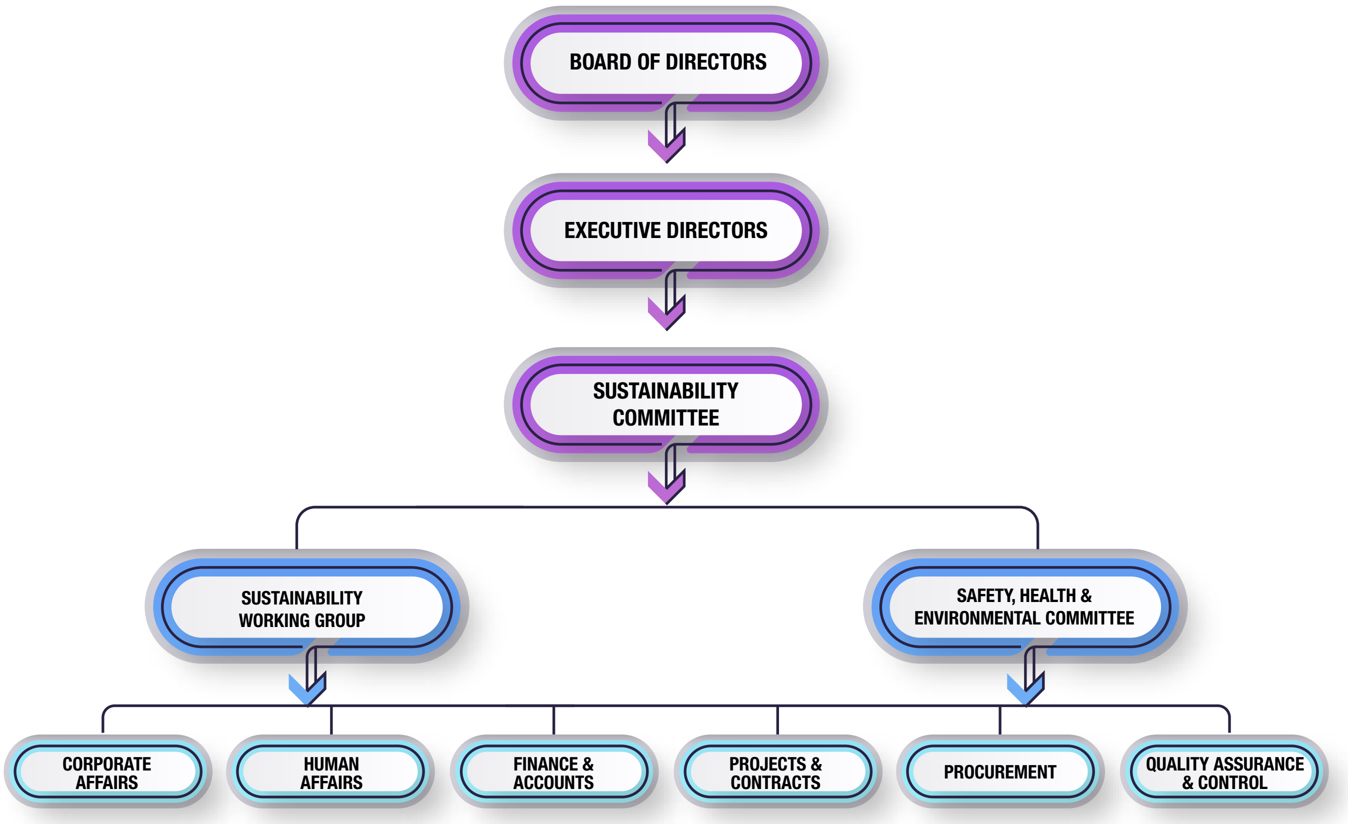
As this statement is the Group's third attempt in preparing a Sustainability Statement, we continued what we had initiated with in our previous year's goals and adapted the changes accordingly in line with the Bursa Malaysia's Sustainability Reporting Guide Supplementary Guidelines, Global Reporting Initiative (GRI) Standards and the United Nation's Sustainable Development Goals (SDGs). During the financial year, we had also reviewed the steps to incorporate standard disclosures in accordance with the GRI reporting guidelines in accordance with the Bursa Malaysia Securities Berhad's ACE Market Listing Requirements on sustainability reporting.

The Governance Structure at Zen Tech International Berhad

At Zen Tech, we believe that a realistic governance structure is vital to integrate ESG across the Group and to strengthen relationships with stakeholders and enhance overall accountability in our business operations.

Sustainability Statement

The Group's sustainability governance structure is illustrated as follows:



At the highest level, our Board plays a key role in supervising and endorsing matters related to risk, audit, remuneration and corporate governance policies. It also oversees the sustainability performance of the Group and provides strategic guidance to the Management team.

Our Executive Directors ("ED") leads and directs sustainability programmes, deploys the necessary resources to implement the programmes and reports the progress to the Board. He is assisted by the Sustainability Committee ("SC") comprising of heads of operating subsidiaries and other department's representatives. The SC operationalises the plans in the respective business units and divisions, coordinates and implements group-wide sustainability activities and collates the data for close monitoring of progress regarding sustainability performance and attaining certain targets to be reported to the Board for review.

Stakeholders' Engagement

The Group defines stakeholders as individuals, entities or organisations that have the capability to impact and influence the Group's business operations and vice versa. We empower respective business divisions to assess the best approach to engage our stakeholders in our mission to achieve meaningful engagements

Sustainability Statement

that fulfil our stakeholders' needs. We constantly engage with our stakeholders across various methods and channels aimed at identifying key concerns of each group of stakeholders, as follows:

Key Stakeholders	Priority	Key Concerns & Interests	Engagement Methods & Channels
Customers (Existing and Potential)	Very Important	• Product Quality	o Corporate Website
		• Customer Satisfaction	o Customer Service Channels
		• End-to-end customer experience	o Social Media
		• Complaints Resolution	o Customer Satisfaction Surveys
		• Company and Development Updates	o Marketing Events
		• Market Outlook	o Timely response to customer's feedback
			o Digitisation of customer engagement platforms
			o Adherence to quality standards
Employees	Very Important	• Career Progression	o Regular updates on company's strategy and performance
		• Learning and Development	o Townhalls/ Meetings
		• Work-Life Integration	o Internal Emails
		• Employee Engagement	o Employee Handbook
		• Conducive Workplaces	o Transparent performance appraisal process and rewarding scheme.
		• Diversity and Inclusion	o Provision of training programmes
		• Job Satisfaction and Retention	
		• Effective Leadership	
Government and Regulatory Authority	Very Important	• Regulatory Compliance	o Compliance with Legislated Framework
		• Labour Practices	o Regular Dialogue with Government Agencies
		• Occupational Safety and Health	
		• Environmental Management and Compliance	
		• Operating License	

Sustainability Statement

Key Stakeholders	Priority	Key Concerns & Interests	Engagement Methods & Channels
Supply Chain (Suppliers and Contractors)	Very Important	• Health and Safety	o Vendor evaluation and selection
		• Anti-corruption and Business Integrity	o Safety, health and environmental policy
		• Timely and Quality Delivery	o Fair and transparent tender process for all procurement
		• Sourcing of Materials	o Project Management Meetings
		• Job and Business Opportunities	o Client-consultant meeting
		• Environmental Management System	
		• Pricing and Timely Payments	
		• Fair Procurement	
Shareholders, Investors and Media	Important	• Corporate Governance	o Annual General Meeting
		• Financial Performance	o Corporate Website
		• Risk Management	o Annual Report
		• Operational Efficiency	o Corporate Announcement
		• Effective Leadership	o Email Communication
Community	Important	• Sustainable Development	o Contributions to local communities
		• Community Engagement	o Collaboration with local higher education institutions
		• Corporate Social Responsibility	o Plenitude Scholarship
		• Health and Safety	o Community Events
		• Affordable Housing	o Residents' Association Meetings
		• Location Connectivity (accessibility)	o Social Media
		• Education	

Materiality

In accordance with the Bursa Malaysia's Guideline on Sustainability Reporting Requirements, reflecting on the management approach disclosures emphasize on matters that matter to the organization's sustainability within a setting or operational boundary, while components represent potential measures of performance these evaluations and omissions are clearly explained in reporting documents for compliance disclosures.

The Group's adoption of sustainability culture pervades amongst its various stakeholders and across its value chain is underpinned by a robust and systematic materiality assessment of the organisation's material topics. In FY2023, the perspectives of our various stakeholders were gathered to identify, assess and prioritise the Company's updated list of material EES topics. This in turn will go on to impact the Group's business strategies and EES management approach going forward.

This assessment was carried out during FY2023 to align more accurately with global EES developments as well as our stakeholders' concerns.

Sustainability Statement

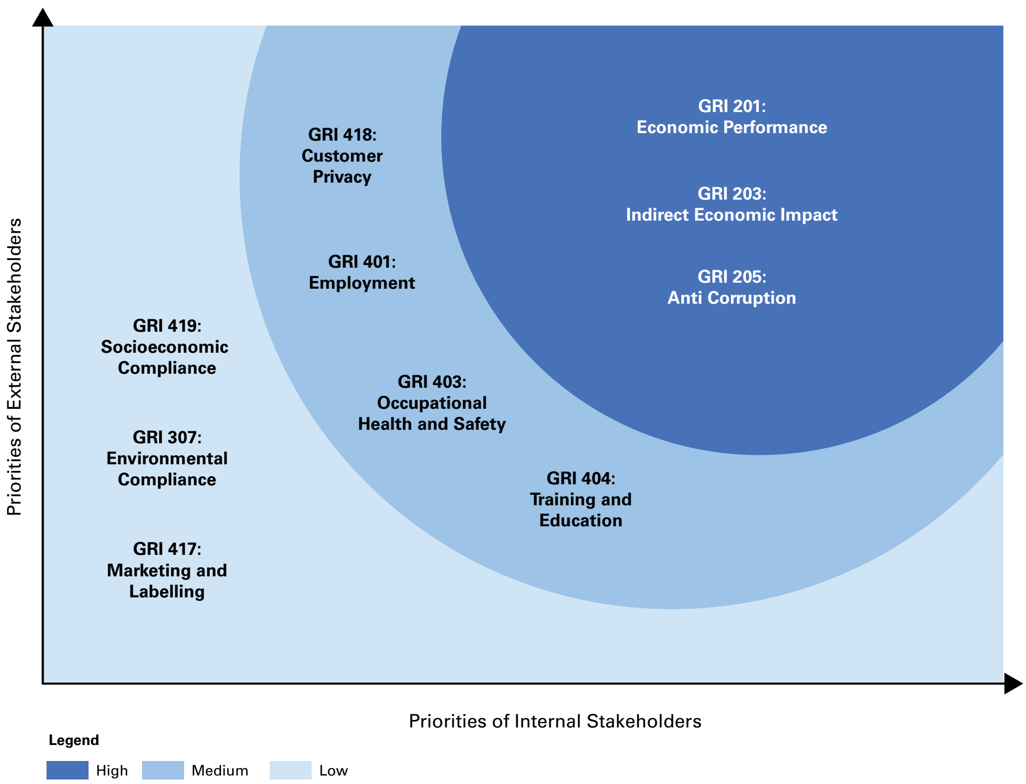
The Group identified, prioritised and assessed its list of material matters by seeking its valued stakeholders' perspectives via a thorough Materiality Assessment Exercise ("MAE"). The initial list of identified material matters included in the MAE is as below:

The Group is also aligned to the GRI 103 Management Approach.

- Disclosure 103-1 Explanation of the material topic and its Boundary
- Disclosure 103-2 The management approach and its components
- Disclosure 103-3 Evaluation of the management approach

Material topics reflect on an organization's significant economic, environment and social impacts which influences decisions of stakeholders. The Group reviewed the disclosure topics for FY 2023, as per GRI 102: General Disclosures and the Group's Statement on Risk Management and Internal Control (SORMIC) for some of its materiality topics.

The MAE has further reaffirmed how the Company prioritises its material matters, as shown below in the materiality matrix:



Sustainability Statement

The Group continues to give a high priority to material issues such as economic performance and regulatory requirements such as GRI 205 Anti-corruption and 419 Socioeconomic compliances, as well as customers as priority by ensuring our practices adhere to all Customer Privacy (GRI 408). Marketing and Labelling (GRI 408) matters continue to receive our attention as we continue to serve more clients in the region.

As the Group persists in its operations, our team of employees also reviewed Profitability and Project Deliverables with a focus on the materiality matters outlined in the subsections of the GRI framework, specifically in Employment (GRI 401), Occupational Health and Safety (GRI 403), and Training and Education (GRI 404).

As we continue to operate within an office premise managed by a third-party building management company, we were mindful to comply with necessary Environmental Compliance requirements as prescribed by the building managers (GRI 307). In view of our continuous expansion to a production site, we will diligently comply with Environment Impact Assessment findings and guidelines going forward, especially with regulators' focus on such topics.

ENVIRONMENTAL IMPACT

Sustainability Statement

Environmental Compliance

The Group is aware of the issue that can cause an Environmental Impact.

There are various environmental compliance issues that can result in legal and regulatory challenges. These compliance issues can arise from the factory's operations and their impact on the surrounding environment such as Air Quality Violations, Water Pollution, Improper Hazardous Waste Management, Improper Handling of Chemicals etc.

We strive to adopt best practices in our daily operations through accountable processes, continuous monitoring and implementation of effective initiatives to reduce and mitigate our environmental footprint.

The team conducts regular environmental assessments to identify and rectify potential compliance risks and implement best practices to minimize environmental impact. In order to manage and ensure ongoing compliance, regular trainings are conducted to train our employees on environmental regulations and safe handling of chemicals whilst maintaining a robust monitoring and reporting system to track environmental performance.

Energy Consumption

Energy consumption is directly linked to carbon emissions which contribute to climate change therefore it is vital to monitor and manage this factor. Specifically, the Group will look closely at both Scope 1 and Scope 2 energy sources.

Scope 1 details the energy, in this case, natural gases, gasoline and propane which is used for heating, vehicles and electricity generation for our operations. Scope 2 details the energy, in this case being electricity consumption in kilowatt per hour, as the local grid uses fossil fuels. We will present the dataset for the above in our next report.

Awareness on environmentally friendly and energy-efficient practices will continue to be cascaded among the workforce. It is crucial for members of the Group to realise the importance of adopting methods that limit our negative impact on the environment.

Water Consumption

The water source for our offices and factory comes from municipal sources. The Company believes that water is a shared and finite resource where access to clean water is a basic human right and must be always upheld.

Waste Management

Proper waste management is essential for the Company as smell and waste can be potentially detrimental to human health and the environment. As such, we strive to minimise the impact of the environment from our operations.

All waste generated such as scrap and trim waste, defective gloves, packaging waste, chemical water and wastewater are collected and disposed by registered contractors to approved disposal facilities and premises for treatment.

All construction wastes from our new production lines are collected and disposed by an appointed licensed scheduled waste collector registered with the Department of Environment.

Sustainability Statement

SOCIAL IMPACT

The Group understands the social material matters and aspects within the organisation and the importance of nurturing our workforce and the importance of the Group's human capital.

Inclusion And Diversity

The Group adopts a non-discriminatory approach, where talents are judged purely on the competence, qualifications, experience, and professional contributions. Matters such as hiring, remuneration, promotions, compensation, gifts and benefits are completely based on merit.

We recognised that it is a shared responsibility to foster a more inclusive society. We appreciate workplace diversity and believes that all employees have the right to equal opportunity and treatment, regardless of race, gender or age, which would encourage positive and effective contribution of our talents.

The Company's employees are encouraged to cultivate an inclusive work environment that respects and protects human rights, free from all form of discrimination, harassment, intimidation or abuse. We also empower women in the workforce. We have in place the Code of Conduct and other relevant policies which promote fair employment practices. As of 30 June 2023, the Group has 116 employees.

Sustainability Statement

Total Number	116	100%
Gender	Total Number	%
Male	67	58%
Female	49	42%

Designation	Total Number	%
Management	6	5%
Head of Departments	3	3%
Contractual Position	107	92%

Nationality	Total Number	%
Malaysian	9	8%
Foreign	107	92%

Talent Retention and Development

Human capital is the backbone of our business. The success and sustainability of an organisation largely depend on the cultivation of a culture that empowers and inspires employees to perform at optimum potential. A total of 44 hours were spent on employee training during the FY2023.

GOVERNANCE IMPACT

Sustainability Statement

The Group continued to generate direct and indirect economic values for the organisation and its stakeholders. The creation of financial values is an important aspect in furthering our sustainability agenda.

Our financial performance also enables the creation of indirect economic values which benefit important stakeholder groups, such as shareholders, investors and our employees. We also create value by paying tax to the government which contribute towards the development of infrastructure in Malaysia.

These indirect economic values help support overall business operations which allow for sustainable development and also help increase the likelihood of selling our products and services to customers.

Customer Satisfaction

We are committed to total customer satisfaction through providing consistently quality products and services as happy and loyal customers help the growth of our businesses. Therefore, serving the needs of customers is essential to build long term and trusting customer relationship.

Thus, we have carried out regular engagements with our customers as we believe that listening to the voice of customers is the key to fulfilling their expectations and need. The engagements provide vital insights for continual improvement in the delivery of our products and services.

Product Quality and Responsibility

The Group prioritises product and service quality as it is essential in ensuring customer satisfaction and experience. Management has adopted the approach of completing all orders for our products with quality, on time and within cost. All processes from production and quality controls are managed through our detailed Standard Operating Procedures ("SOP").

Sustainability Statement

Governance And Regulatory Compliance

Good governance is the foundation of buildings trust among the stakeholders. The Group is committed to maintaining high standards of corporate governance, ethics, integrity and accountability in its daily operations. The Group has in place the following policies to instil integrity at the workplace: -

a. Anti-Bribery and Corruption Policy

b. Whistleblowing Policy

c. Personal Data Protection Policy

d. Directors' Fit and Proper Policy

More details on the Groups' governance practices are available in the Statement on Corporate Governance section of this Annual Report.

Conclusion

Throughout FY2023, the Group remains committed to incorporating sustainability's best practices, fostering responsible environmental and social initiatives alongside economic advancement. Our commitment to transparency remains unwavering, ensuring that our current circumstances are openly communicated, and our leadership is fully responsible for driving positive advancements within our business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Malaysian Code of Corporate Governance 2021 ("MCCG") defines corporate governance as "the process and structure used to direct and manage the business and affairs of the company towards promoting business prosperity and corporate accountability with the ultimate objective of realizing long-term shareholder value, whilst taking into account the interests of the other stakeholders."

The Board of Directors remains committed to subscribe to the principles of good corporate governance that is central to the effective operation of the Company and to ensure the highest standards of accountability and transparency. The Board supports the Corporate Governance Framework and continues to improve existing practices and achieve the objectives of the Company.

The Board is pleased to set out below on how the Group has applied the three main principles in the MCCG. This Corporate Governance Overview Statement is complemented with a Corporate Governance Report (the "CG Report"), in conformity with Rule 15.25(2) of the ACE Market Listing Requirement ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), to provide an extensive overview of the application of the Group's corporate governance practices as specified in the Code throughout the financial year ended 30 June 2023 ("FY2023"). This statement is to be read together with the CG Report 2023 of the Company which is available on Zen Tech International Berhad's website at www.ztech.com.my.

PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

Strategic Aims, Values and Standards

The Board's principal focus is the overall strategic direction, development, and control of the Group. In support of this, the Board maps out and reviews the Group's medium and long-term strategic plans on an annual basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions.
The Board has delegated specific responsibilities to various Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management and Investment Committee whose functions are within their respective terms of reference approved by the Board. The said terms of reference are periodically reviewed by the Board, as and when necessary and the Board appoints the Chairman and members of each committee. These Committees assist the Board in making informed decisions through in-depth discussions on issues in discharge of the respective Committees' terms of reference and responsibilities. The terms of reference of the Board Committees are available at the Company's website at www.ztech.com.my.

Chairman

The Chairman of the Company, Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir, is an Independent Non-Executive Director and responsible for the leadership, effectiveness, conduct and governance of the Board. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.

Separation of the positions of the Chairman and Executive Directors

The positions of the Chairman and Executive Directors are held by different individuals with distinct and separate roles to enhance governance and transparency. The Group aims to ensure a balance of power and authority between the Chairman and Executive Directors with a clear division of responsibility between the running of the Board and the Company's business respectively. The Group also emphasizes and practices a division of responsibility between the Executive and Non-Executive Directors.

Chairman of the Board should not be a member of the Board Committees

Following Practice 1.4 of the MCCG whereby the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee. During FY2023, the Chairman of the Board, Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir was the Chairman of Nomination Committee and Risk Management and

Corporate Governance Overview Statement

Investment Committee, also a member of Audit Committee and Remuneration Committee. On 17 October 2023, Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir was re-designated as a member of the Nomination Committee and the Risk Management and Investment Committee. The Board currently only has three independent non-executive directors, and yet to identify any further qualified candidates. Should more directors be appointed, the Board will reassess who chairs the board committees and their composition.

Company Secretary

The Board is supported by a qualified and competent Company Secretary to provide support and guidance in advising the Board on all secretarial matters of the Company in relation but not limited to Companies Act 2016 (the "Act"), AMLR of Bursa Securities and MCCG.

The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as Company Secretary pursuant to Section 235(2) of the Act.

The Company Secretary supports the Board in carrying out their fiduciary duties and stewardship role in shaping the standard of corporate governance of the Group. The Company Secretary also served as an advisory role to the Board, particularly with regards to the Company's Constitution, Board's policies and procedures and various compliance with regulatory requirement, codes, guidelines, legislation and the principles of corporate governance practices.

The Company Secretary circulated the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on these updates, where applicable at Board meetings. Throughout their period in office, the Directors are continually updated on the Group's business and the regulatory requirements.

The Company Secretary also serves notice to the Directors to notify them of closed periods for trading in the Company's shares, in accordance with Chapter 14 of the AMLR of Bursa Securities. Deliberations during the Board and Board Committees' meetings were properly minuted and documented by the Company Secretary.

Corporate Governance Overview Statement

Access to Information and Advice

All Directors have the right to access to information within the Group and the individual Director or the Board as a whole has unrestricted access to all information pertaining to the Group's business and affair. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, in furtherance of their duties, at the expense of the Group.

Board Charter

The Board Charter has been formalised and adopted by the Board, serves as a primary reference which sets out the composition of the Board, appointments of Directors, re-election of Directors, roles and responsibilities of the Board, Board Committees, Chairman, Executive Directors and Independent Non-Executive Directors.

The roles and responsibilities of the Board Committees, as well as the issues and decisions which required the Board Committees collective decision are also spelled out in the Terms of Reference of the respective Board Committees.

The Board will review the Board Charter from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current law and practices. The Board Charter is available on the Company's website at www.ztech.com.my.

Good Business Conduct and Corporate Culture

The Board encourages employees across the Group to adhere and to maintain the highest standard of ethical behavior, hence the Group has adopted the following policies as a mechanism to minimize any risks that may occur.

1. **Code of Conduct and Ethics**

   The Group adopted the Code of Conduct and Ethics for Directors and employees within the Group that published on the Company's website at www.ztech.com.my for stakeholders' information. This Code of Conduct and Ethics provides good guidance for a standard of ethical behaviour for Directors based on trustworthiness and honest values that are acceptable and to uphold the spirit of responsibility including social responsibility in line with the legislation, regulations, and guidelines for administrating a company.

2. **Whistleblowing Policy**

   The Group had adopted the Whistleblowing Policy that provides a channel to enable employees and other stakeholders to report any suspected breaches of law, regulations or any illegal acts observed in the Group but not limited to financial malpractice or fraud, non-compliance, criminal activity and corruption. The Whistleblowing Policy is available on the

Corporate Governance Overview Statement

Company's website at www.ztech.com.my. There were no reported incidents pertaining to whistleblowing during the financial year.

3. **Anti-Bribery and Corruption Policy**

The Group is committed to conduct business in an ethical and honest manner while upholding zero-tolerance position on bribery and corruption and hence has adopted an Anti-Bribery and Corruption Policy. The Anti-Bribery and Corruption Policy and Guidelines is available on the Company's website at www.ztech.com.my.

PART II – BOARD COMPOSITION

Composition of the Board

The Board comprises members who have vast experience in various industries as well as professionals in the finances and consulting sectors. The Board brings in a wide spectrum of diverse skills and expertise to the Group which allows it to meet its objectives.

A brief profile of each Director is presented on pages 9 to 15 of this Annual Report.

The current Board consists of seven (7) members, comprising of one (1) Independent Non-Executive Chairman, three (3) Executive Directors, one (1) Non-Independent and Non-Executive Directors and two (2) Independent Non-Executive Director. The optimal size with mixture of high caliber individuals with extensive experiences from various professions from both private and public sectors.

The Board acknowledges the call by the Government and MCCG for boards to comprise at least 30% woman on board. The Board does not have specific policy on diversity policy and measures. However, the issue of diversity is discussed by the Nomination Committee. The Board will take steps towards formalising such policy, targets, and measures to reflect the Company's commitment towards gender diversity.

In keeping with this policy, the Board have one (1) female director during the financial year end, which represent 14% of the total number of board members.

The MCCG recommends the practice of at least two (2) or one-third (1/3) of the Board comprises of Independent Directors. Currently, three (3) out of seven (7) of the Board members are Independent Directors. This composition is in line with the MCCG's recommended practice and the requirement of the Rule 15.02 of the AMLR of Bursa Securities whereby the Company must have at least two (2) or one-third (1/3) of the Board, whichever is higher, must be Independent Directors and 1 director of the listed corporation is a woman. None of the Directors of the Company hold more than five (5) directorships of listed companies as provided under Rule 15.06 of the AMLR of Bursa Securities.

Tenure of Independent Directors

In accordance with the Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years from the date of first appointment as Director. In the event the Board wishes to retain the independence status of an Independent Director who has served for more than nine (9) years, Board's justification and shareholders' approval are required. Two tier voting process will be applied in the Annual General Meeting ("AGM") for retaining any Independent Director serving beyond nine (9) years.

Board Meetings

The Board meets on a quarterly basis with additional meetings being convened when necessary, to address urgent matters. All the Directors have complied with the minimum attendance requirements as stipulated by the AMLR of Bursa Securities. The Board met six (6) occasions during the FY2023 and the details of attendance at Board Meetings is set out below: -

Corporate Governance Overview Statement

Name of Directors	Meetings Attended
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	6/6
Dato’ Zhang Li	6/6
Mr. Siva Kumar Kalugasalam	6/6
Mr. Chow Hung Keey	5/6
Mr. Zhang Yang	5/6
Mr. Edwin Silvester Das	6/6
Mr. Wong Kok Fong (Appointed w.e.f. 26 June 2023)	1/1

Directors’ Training

All Directors are encouraged to participate in relevant training programmes for continuous professional development and to further enhance their skills and knowledge. The Directors are aware that they shall receive appropriate training which may be required from time to time to keep them abreast with the current developments in the industry as well as new statutory and regulatory developments including changes in accounting standards.

All Directors of the Company had attended the Mandatory Accreditation Programme prescribed by Bursa Securities for directors of public listed companies. The training programmes, courses, seminars, conferences, talks, briefing attended by the Directors during the FY2023 were as follow:-

Name of Directors	Training programmes, courses, seminars, conferences, talks, briefing attended
Mr. Chow Hung Keey	- Carbon & Climate
	- ESG FUNDAMENTAL
	- Choosing the ideal finance function model
	- The cost of perfectionism
	- Marketing your practice’s services to bring in new revenue streams
	- Presentation of budget information for the public sector in MPSAS 24
	- Are we facing a talent crunch?
	- Coaching skills for managers: increasing your impact through others and for yourself
Mr. Siva Kumar Kalugasalam	- Anti-Corruption Compliance
	- Compliance
Mr. Edwin Silvester Das	- Webinar on Artificial Intelligence (AI) for company directors and executives
Mr. Wong Kok Fong *(Appointed w.e.f. 26 June 2023)*	- Introduction to Environmental Social and Governance (ESG)
	- Fundamental Principles in Preparing a Transfer Pricing Documentation
	- Cloud Computing: Empower Your Business
	- CFO Conference 2022

Corporate Governance Overview Statement

Save as disclosed above, all the other Directors were not able to attend any seminar and/or training programme during the financial year due to busy work schedule. However, the Company Secretary has briefed the Board pertaining to the updates on the AMLR of Bursa Securities, the External Auditors also briefed the Board on any changes to the Malaysian Financial Reporting Standard that affect the Group's Financial Statement.

Nomination Committee

The Company's Nomination Committee ("NC") comprised three (3) Independent Non-Executive Directors. The members of the NC are as follows:-

1. Edwin Silvester Das (Chairman)
2. Tan Sri Syed Mohd Yusof Bin Syed Mohd Nasir
3. Wong Kok Fong (Appointed w.e.f. 26 June 2023)

Full details of the NC's duties and responsibilities are stated in the terms of reference which is available on the Company's website at www.ztech.com.my.

The NC meets as and when required, at least once a year. During FY2023, two (2) meetings was held with full attendances from all its members.

Annual Evaluation

The Board has been through the NC, assessed on an annual basis with the use of board matrix, questionnaires and other evaluation forms, the size, composition, mix of skills, experience, competencies of the existing Board, the individual Directors, the independence and tenure of the Independent Directors, and the effectiveness of the Board and the Board Committees, to identify gaps in the Board composition and the needs to identify and select new members to the Board or Board Committees.

Based on the assessment, the NC concluded that the current structure, size and composition of the Board, which comprises people who possess a wide range of expertise, experience and skills in various fields to enable them to discharge their duties and responsibilities effectively. The Board Chairman had performed in an excellent manner and contributed to the Board.

Re-election of Directors

The Company's Constitution provides that one third (1/3) or nearest to one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all the Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. All the retiring Directors will abstain from deliberations and decisions on their own eligibility to stand for re-election at the Board Meeting.

In considering whether to recommend a Director who is eligible to stand for re-election, the NC would consider a variety of factors, including:

- skills, knowledge, expertise, and experience;
- professionalism;
- time commitment to effectively discharge his role as a director;
- contribution and performance;
- character, integrity, and competence;
- boardroom diversity including gender diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from independent non-executive directors.

Upon the recommendation of the NC and the Board, the Directors who are standing for re-election at the forthcoming AGM of the Company are: -

1. Siva Kumar A/L Kalugasalam
2. Zhang Yang
3. Wong Kok Fong

Corporate Governance Overview Statement

PART III – REMUNERATION

Remuneration Committee

The Remuneration Committee ("RC") comprises three (3) members, majority of whom are Independent Directors. The members of the RC are as follows: -

1. Edwin Silvester Das (Chairman)
2. Tan Sri Syed Mohd Yusof Bin Syed Mohd Nasir
3. Wong Kok Fong (Appointed w.e.f. 26 June 2023)

The RC is responsible for evaluating, deliberating, and recommending to the Board the compensation and benefits that are fairly guided by market norms and industry practices for the business the Company is in. The RC is also responsible for evaluating the Executive Directors' remuneration which is linked to the performance of the Executive Directors and performance of the Group. Individual Director does not participate in the decisions regarding his/her individual remuneration.

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors and Senior Management needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, and after giving due consideration to the Group's performance.

Directors' Remuneration

Pursuant to Section 230(1) of the Act, fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The RC is responsible for reviewing and recommending to the Board the remuneration packages of Board members (i.e. Executive Directors and Non-Executive Directors). None of the Directors participated in any way in determining his/her own remuneration. Individual Directors abstained from all deliberation and approval of his/her own remuneration.

Corporate Governance Overview Statement

The details of the Directors' remuneration comprising remuneration received from the Company in the FY2023 are as follows: -

No	Name	Directorate	Company ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Zhang Li	Executive Director	-	54	278	-	-	-	332
2	Siva Kumar Kalugasalam	Executive Director	-	42	180	-	-	-	222
3	Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	Independent Non-Executive Chairman	120	-	-	-	-	-	120
4	Chow Hung Keey	Executive Director	-	-	144	-	-	-	144
5	Edwin Silvester Das	Senior Independent Non-Executive Director	60	-	-	-	-	-	60
6	Dato' Megat Fairouz Junaidi Bin Megat Junid *(Resigned w.e.f. 29 November 2022)*	Senior Independent Non-Executive Vice Chairman	55	-	-	-	-	-	55
7	Zhang Yang	Non-Independent Non-Executive Director	60	-	-	-	-	-	60
8	Wong Kok Fong *(Appointed w.e.f. 26 June 2023)*	Independent Non-Executive Director	-	-	-	-	-	-	-

Corporate Governance Overview Statement

No	Name	Directorate	Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Zhang Li	Executive Director	-	-	-	-	-	-	-
2	Siva Kumar Kalugasalam	Executive Director	-	-	-	-	-	-	-
3	Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	Independent Non-Executive Chairman	-	-	-	-	-	-	-
4	Chow Hung Keey	Executive Director	18	-	-	-	-	-	18
5	Edwin Silvester Das	Senior Independent Non-Executive Director	-	-	-	-	-	-	-
6	Dato' Megat Fairouz Junaidi Bin Megat Junid *(Resigned w.e.f. 29 November 2022)*	Senior Independent Non-Executive Vice Chairman	-	-	-	-	-	-	-
7	Zhang Yang	Non-Independent Non-Executive Director	-	-	-	-	-	-	-
8	Wong Kok Fong *(Appointed w.e.f. 26 June 2023)*	Independent Non-Executive Director	-	-	-	-	-	-	-

The details of the remuneration of the top Senior Management (including salary, bonus, benefit in kind and other emoluments) in each successive bands of RM50,000 during the FY2023 are as follows:-

Range of Remuneration (RM)	Designation of Top Senior Management
150,001 — 200,000	3
200,001 — 250,000	-

Corporate Governance Overview Statement

PRINCIPLE B — EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Board is assisted by the Audit Committee ("AC") which comprises exclusively three (3) Independent Non-Executive Directors, to oversee the Group's financial reporting process. The members of the AC are as follows: -

1. Edwin Silvester Das (Chairman)
2. Tan Sri Syed Mohd Yusof Bin Syed Mohd Nasir
3. Wong Kok Fong (Appointed w.e.f. 26 June 2023)

In line with the principles of the MCCG, the terms of reference of the AC were amended to include a policy that requires a former audit partner who was part of the engagement team to observe a cooling-off period of at least 3 years before being appointed as a member of the AC.

The Chairman of the AC is not the Chairman of the Board. The AC's Chairman has access to the Executive Directors, Senior Management, External Auditors and Internal Auditors.

The composition of the AC is reviewed annually with the view to maintain an independent and effective AC, and in line with the principles of the MCCG. All members of the AC have continuously improved their financial literacy by attending trainings on the developments and changes in the Malaysian Financial Reporting Standards in order for them to discharge their duties effectively.

The independence, suitability and appointment/re-appointment of the External Auditors are reviewed by the AC annually based on the External Auditors' Appointment.

The AC Report, which provides detailed articulation on the composition of the AC, its responsibilities and main activities during the FY2023, is set out in this Annual Report.

Risk Management and Internal Control Framework

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines.

The Risk Management and Investment Committee ("RMIC") has been formed to assist the Board on the ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process is regularly reviewed and is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Public Listed Companies. The Board has delegated the tasks of operationalising and implementing the risk management and internal control framework to the RMIC. The members of the RMIC are as follows: -

1. Wong Kok Fong (Appointed w.e.f. 26 June 2023) (Chairman)
2. Edwin Silvester Das
3. Tan Sri Syed Mohd Yusof Bin Syed Mohd Nasir

Corporate Governance Overview Statement

The Executive Directors and Senior Management are responsible for the identification and evaluation of key risks applicable to their areas of business activities on a continuous basis. Risks identified are reported in a timely manner during the periodic management meetings to enable corrective actions to be taken.

The RMIC's Terms of Reference can be found on the Company's website at www.ztech.com.my. During the RMIC meetings, matters discussed and any recommendations made are escalated and reported to the Board for a decision.

Internal Audit Function

The Internal Audit Function is carried out by Vaersa Advisory Sdn Bhd., an internal audit consulting firm. The internal audit function is headed by a Director who is assisted by a manager. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders. The AC will review the engagement between the Group and the Internal Auditors to ensure that the Internal Auditors' objectivity and independence are not impaired or affected.

The Board is of the view that the system of internal control and risk management is in place, is sound and sufficient in safeguarding the Group's assets and shareholders' investment and interests of all stakeholders.

The Statement on Risk Management and Internal Control furnished on pages 54 to 59 of this Annual Report provides an overview on the state of risk management and internal controls within the Group.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANING RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Group is committed to regular and proactive communication with shareholders and investors. Formal channels are used to communicate to the shareholders and investors on all major developments of the Group on a timely basis.

In addition to quarterly financial reports and various disclosure and announcements made to Bursa Securities, the other key channel of communication with shareholders and investors is the annual report of the Group, where details on the financial results and activities of the Group are provided.

The Company's annual general meeting is an important forum for dialogue and interaction with shareholders. Shareholders have the liberty to raise questions on the proposed resolutions at the meeting as well as matters relating to the Group's businesses and affairs.

The Group also maintains a website at www.ztech.com.my to enable easy and convenient access to up-to-date information relating to the Group.

Conduct of General Meetings

The AGM represents the principal forum for dialogue and interaction with shareholders, AGM also serves as an important platform for the shareholders to exercise their rights in the Company. The notice of AGM and

Corporate Governance Overview Statement

Annual Report are sent 28 days prior to the AGM, so as to provide sufficient time for shareholders to read through the Annual Report and make the necessary attendance and voting arrangements. Concurrently, the notice of AGM is advertised in a nationally circulated English daily newspaper.

The shareholders are given the opportunity to raise issues and questions pertaining to the Group's strategy or developments during the AGM. All the Directors and key management personnel are available to provide responses to questions raised by the shareholders during the AGM. The Company's External Auditors also attend the AGM and are available to address any relevant queries raised by the shareholders pertaining to the audit matters and audit report.

In compliance with the AMLR of Bursa Securities, voting for all resolutions set out in the Notice of the AGM shall be conducted by poll as it fairly reflects shareholders' views by ensuring that every vote is recognized, in accordance with the "one share one vote" principle which enforces greater shareholders' rights. At least one (1) independent scrutineer is appointed to validate the votes cast at the meeting.

The outcome of the meeting will be announced to Bursa Securities on the same day, the same is also accessible on the Company's website at www.ztech.com.my.

COMPLIANCE STATEMENT

The Board has complied most of the recommended practices of the MCCG throughout the financial year, except for the following: -

1. Practice 1.4 – the Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee;

2. Practice 5.2 — at least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors;

3. Practice 5.9 – the board comprises at least 30% women directors;

4. Practice 5.10 – the board discloses in its annual report the company's policy on gender diversity for the board and senior management;

5. Practice 8.2 — the board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000;

The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standards.

This Statement was approved by the Board of Directors of the Company on 30 October 2023.

ADDITIONAL COMPLIANCE INFORMATION

The following is provided in compliance with the ACE Market Listing Requirement ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"): -

1. Non-audit fees

During the financial year ended 30 June 2023 ("FY2023"), the amount of non-audit fees paid or payable to the External Auditors by the Company is RM8,000.00 for the purpose of review of Statement on Risk Management and Internal Control.

2. Material contracts

There were no material contracts entered into by the Company and/or its subsidiaries that involve Directors' or substantial shareholders' interests either still subsisting at the end of the FY2023 or entered into since the end of the previous financial year.

3. Utilisation of Proceeds Raised from Corporate Proposals

On 28 January 2022, the Company had announced its proposal to undertake the following:

(i) proposed settlement of an amount owing by INIX Glove Manufacturing Sdn. Bhd. (a wholly owned subsidiary of the Company) ("IGM") to its creditor namely, Southborn Capital Sdn. Bhd. ("SCSB"), via issuance of new ordinary shares in the Company ("Zen Tech Shares") ("Settlement Shares") at an issue price of RM0.0750 each ("Proposed Debt Settlement");

(ii) proposed private placement of up to 186,619,200 new Zen Tech Shares ("Placement Shares"), representing up to 30% of the number of Zen Tech Shares in issue (excluding treasury shares, if any) ("Proposed 30% Private Placement");

(iii) proposed renounceable rights issue of up to 1,617,366,440 new Zen Tech Shares ("Rights Shares") on the basis of 2 Rights Shares for every 1 existing Zen Tech Share held on an entitlement date to be determined later, together with up to 1,078,244,293 free detachable warrants ("Warrants") on the basis of 2 Warrants for every 3 Rights Shares subscribed for ("Proposed Rights Issue");

(iv) proposed reduction of the issued share capital of the Company by RM40.00 million pursuant to Section 116 of the Companies Act 2016 ("Act") ("Proposed Share Capital Reduction"); and

(v) proposed establishment of a new employees share option scheme ("ESOS") of up to 30% of the issued share capital of the Company (excluding treasury shares, if any) at any one time during the duration of ESOS for the eligible Directors and employees of the Company and its subsidiaries ("Group") (excluding dormant subsidiaries, if any) ("Proposed ESOS").

On 4 July 2022, the Company announced that the Proposed Debt Settlement was completed following the listing and quotation of 108,607,122 Settlement Shares on the ACE Market of Bursa Securities.

Additional Compliance Information

On 18 July 2022, the Company announced that the Proposed 30% Private Placement was completed following the listing and quotation of 186,561,300 Placement Shares on the ACE Market of Bursa Securities. As at the date of this report, the status of utilization of proceed raised from Proposed Private Placement is as follows: -

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation (from listing date)
Expansion of the manufacturing, marketing, and trading of gloves business	13,796	13,796	Within 12 months
Expenses for Proposed Private Placement	200	200	Within 1 month
Total gross proceeds	13,996	13,996	

On 21 October 2022, the Company had announced that the Company had proposed to vary the undertakings from the Existing Undertaking Shareholders in relation to the Proposed Rights Issue with additional undertakings procured from other shareholders of the Company ("Proposed Variation"). In view of the substantial drop in market price of Zen Tech Shares, the Proposed Variation is required so that the Company can proceed with the implementation of the Proposed Rights Issue to meet the funding requirements for the expansion of the Glove Business, without triggering the Potential General Offer ("Potential GO") by the Existing Undertaking Shareholders in the event none of the other Entitled Shareholders and/or their renounce(s) / transferee(s) (if applicable) subscribe for the Proposed Rights Issue. Pursuant to Rule 8.24 of the AMLR of Bursa Securities, a listed corporation must issue a circular to shareholders and seek shareholders' approval if it proposes to make any material amendment, modification or variation to a proposal which has been approved by shareholders in general meeting.

As the Proposed Variation is deemed a material variation to the Proposed Rights Issue (which had been approved by the shareholders on 9 June 2022), the Company intends to obtain shareholders' approval for the Proposed Variation. On 30 November 2022, the shareholders had approved the Proposed Variation. On 13 February 2023, the Company announced that the Proposed Rights Issue has been completed with the listing of 1,616,864,884 Rights Shares and 1,077,909,475 Warrants on the ACE Market of Bursa Securities. As at the date of this report, the status of utilization of proceed raised from Proposed Rights Issue is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation (from listing date)
Expansion of the gloves business	15,210	10,485	Within 12 months
Working Capital for Glove Business	3,730	630	Within 6 months
Expense in Acquisition of 25% Shares in DS Agriculture Sdn. Bhd.	-	3,100	
Expenses for Proposed Private Placement	1,060	1,060	Within 1 month
Total gross proceeds	20,000	15,275	

Additional Compliance Information

4. Employees Share Option Scheme

During the FY2023, a total of 95,449,637 options over the ordinary shares were exercised pursuant to the Company's Employees' Share Option Scheme ("ESOS").

The total number of options granted, exercised and outstanding under the ESOS as at 30 June 2023 are set out in the table below: -

Description	Number of Options as at 30 June 2023	
	Total	Directors / Staff
Granted	759,902,840	759,902,840
Exercised	95,449,637	95,449,637
Outstanding	664,453,203	664,453,203

Percentage of options applicable to Directors and Senior Management under the ESOS: -

Directors and Senior Management	During the financial period 30 June 2023	Since commencement up to 30 June 2023
Aggregate maximum allocation	607,922,272	80%
Actual granted	607,922,272	80%

5. Recurrent Related Party Transactions

The Group did not have any recurrent related party transactions of revenue or trading nature during the FY2023, which exceeded the materiality threshold stipulated in Rule 10.09(2)(b) of the AMLR of Bursa Securities.

6. Material Properties

The Company and the Group does not own any landed property for the FY2023.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee ("AC") of Zen Tech International Berhad ("Zen Tech" or "the Company") is chaired by an Independent Director and comprises three members, all of whom are Independent Non-Executive Directors. The current composition meets the requirement of Rules 15.09 and 15.10 of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The AC currently comprises the following Independent Non-Executive Directors, namely: -

Directors	Designation	Directorship of Member
Edwin Silvester Das	Chairman	Senior Independent Non-Executive Director
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	Member	Independent Non-Executive Director
Wong Kok Fong (Appointed w.e.f. 26 June 2023)	Member	Independent Non-Executive Director

All members of the AC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the AC.

The AC is authorized by the Board of Directors ("Board") to independently investigate any activity within its terms of reference and shall have unrestricted access to information pertaining to the Group, from the Internal and External Auditors, Management, and all employees.

TERMS OF REFERENCE

The principal objective of the AC is to assist the Board in discharging its fiduciary responsibilities relating to the financial reporting process and internal control of the Group.

The function of the AC is as set out in the Terms of Reference of the AC which can be found on the Company's website at https://www.ztech.com.my.

MEETINGS AND ATTENDANCE

During the financial year ended 30 June 2023 ("FY2023"), the AC conducted five (5) meetings of which all were duly convened with sufficient notices given to all AC members together with the agenda, report, and proposals for deliberation at the meetings. The Executive Directors were invited to all AC meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

The AC meetings and tentative agendas were set in advance at the start of the new financial year in order to allow the Audit Committee to plan and accommodate the meetings into their schedules. The AC meets at least once every three months to review and discuss the Company's risk management reports, the Group's internal audit reports, the Quarterly Financial Reports and Annual Financial Statements (as applicable), and other pertinent items falling under the purview of the AC.

Representatives from the External Auditors and Internal Auditors were in attendance to present the relevant reports and proposals to the AC at the meetings which included inter alia, the Auditors' audit plans and audit reports and the audited financial statements for the FY2023.

Audit Committee Report

In the AC meetings, the External Auditors were given opportunities to raise any matters and gave unrestricted access to the External Auditors to contact them at any time should they become aware of incidents or matters during the course of their audits or reviews. Minutes of the AC meetings were tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation.

The Company Secretary shall be the secretary of the AC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the AC members prior to each meeting. The Company Secretary shall also be responsible for keeping the minutes of meetings of the AC and circulating them to the AC members and to the other members of the Board. The Chairman of the AC shall report key issues discussed at each meeting to the Board.

Details of attendance of the AC members at the AC meetings during the FY2023 are as follows :-

AC members	Meeting attended
Edwin Silvester Das	5/5
Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	5/5
Dato' Megat Fairouz Junaidi Bin Megat Junid *(Resigned w.e.f. 29 November 2022)*	1/2
Wong Kok Fong *(Appointed w.e.f. 26 June 2023)*	N/A

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The following activities were carried out by the AC in fulfilling its obligations during the FY2023: -

a) Internal Controls

- Reviewed and recommended the adequacy and effectiveness of internal control system.
- Reviewed and recommended the AC Report and Statement on Risk Management and Internal Control for disclosure in the Company's annual report for the Board's approval.

b) Financial Reporting

- Reviewed and discussed with the Executive Directors on the Quarterly and Annual Financial Statements of the Group and of the Company focusing particularly on: -
  - significant changes in accounting policies and estimates;
  - significant judgments made by Management;
  - compliance with the applicable financial reporting standards and other relevant regulatory requirements;
  - significant audit adjustments; and
  - comments and responses to audit issues and other legal requirements to ensure that the financial statements present a true and fair view of the Company and of the Group's financial performances prior to the recommendation of the same to the Board for approval and subsequently for public release.

Audit Committee Report

- Deliberated on the management accounts and reports of operating subsidiaries.
- Discussed the implications on the Group and on the Company of any latest changes and pronouncements issued by the statutory and regulatory bodies.
- Deliberated significant accounting / audit issues and unusual events or transactions and reasonableness of accounting standards application highlighted by the External Auditors and / or Management to derive the financial statements and ensured that appropriate action was taken.

c) External Audit

- Reviewed the Audit Planning Memorandum, outlining the audit scope, audit process and areas of emphasis based on the External Auditors' presentation of Audit Plan.
- Reviewed the Audit Review Memorandum and the response from the Management.
- Consideration and recommendation to the Board for approval of the audit fees payable to the external auditors.
- Reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of External Auditors;
- Reviewed and evaluated the factors relating to the independence of the External Auditors.
- Reviewed the financial year end statements with the External Auditors including audit issues and findings noted during the course of audit of the Group's financial statements and Management's response thereto;
- Reviewed, assessed and monitored the performance, suitability and independence of the External Auditors;
- Reviewed any material provision or allowance and writing off of bad debts in the quarterly financial statements and annual financial statements for Board's approval.

d) Internal Audit

- Reviewed the significant issues and concerns arising from the audit.
- Reviewed and assessed the internal auditors' findings and Management's responses thereto and thereafter, making the necessary recommendations or changes to the Board.
- Assessed the adequacy of scope, functions, competency, and resources of the Internal Audit ("IA") function.
- Considered the proposed IA plan for the financial year ending 30 June 2023 and 30 June 2024 respectively.
- Considered and recommended to the Board for approval of the proposed audit fees payable to the internal audit.

Audit Committee Report

e) Review of Related Party Transactions and Conflict of Interest

- Reviewed the recurrent related party transactions ("RPT") and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of Management integrity.
- Reviewed the RPT and conflict of interest situation presented by the Management prior to the Company entering into such transaction.
- Ensure that the adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transaction.

f) Others

- Reviewed and confirmed the minutes of the AC meetings.
- Received an overview of the Group's projects.
- Received and noted on the impact of changes to laws and regulations impacting the Group's business operations, including the Companies Act 2016, Malaysian Code on Corporate Governance and AMLR of Bursa Securities. In its evaluation exercise, the Board is satisfied that the AC has carried out their responsibilities and duties in accordance with the Terms of Reference of AC.

INTERNAL AUDIT FUNCTION AND ACTIVITIES

Within the Group, the IA function is regarded as a crucial component of the assurance framework. The IA function serves an intermediary role by assisting the AC in performing the oversight responsibility given to it by the Board. It helps to ensure that the system of internal controls is adequate and effective from the perspective of governance, risks, and control through frequent evaluation and/or appraisal.

The Group outsources its internal auditing function to Messrs. Vaersa Advisory Sdn. Bhd. ("Vaersa"), which has the resources and authority to carry out its work impartially and independently and to give the AC reasonable assurance regarding the sufficiency and efficiency of internal control and governance systems. The internal audit function is headed by a Director who is assisted by a manager. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.

There are no relationships, conflicts of interest, or undue influences from others on the persons conducting and performing the IA role that could undermine their independence. Vaersa reports directly reporting to the AC.

During the FY2023, the following activities were carried out by the Internal Auditors in discharge of its responsibilities:

- Human Resources Management review for Inix Glove Manufacturing Sdn Bhd
- Procurement and Account Payable Management of Inix Glove Manufacturing Sdn Bhd

For the financial year under review, the total costs incurred by the Group for the internal audit functions was RM14,000.

This AC Report has been reviewed by the AC and approved by the Board on 30 October 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") of Zen Tech International Berhad is committed to maintain a sound, effective and comprehensive risk management framework, and effective internal control system throughout the Group in ensuring shareholders' investment and the Group's assets are adequately safeguarded.

The Board of Directors of Zen Tech International Berhad is pleased to present its Statement on Risk Management and Internal Control which outlines the Group's internal control framework and risk management systems for the financial year ended 30 June 2023 as required by Bursa Malaysia Securities Berhad ("Bursa Securities"). This Statement has been prepared pursuant to Chapter 15.26(b) of ACE Market Listing Requirements, and in accordance with the Statement on Risk Management & Internal Control - Guideline for Directors of Listed Issuers (the Guidelines").

BOARD RESPONSIBILITY

The Board acknowledges its responsibility to establish an acceptable risk management framework and a sound internal control system for the Group. This responsibility is being further enhanced by continuous efforts in establishing an appropriate control environment and framework which is systematically reviewed with regards to its adequacy, integrity, and improvement. Nonetheless, the internal control measures are designed to manage instead of eliminating the risks of failure to achieve the business objectives. Thus, such risk management and a system of internal control can only provide reasonable and not absolute assurance against any material loss or failure.

The Board maintains its responsibility for the Group's risk management and internal control system. However, the Management has been empowered to ensure proper management of operations and business risks which include identification, evaluation and periodical review of the Group's risk profile. The Management is also being entrusted to ensure that a sound internal control system is being adhered to by all the subsidiaries in the Group.

The Board has received assurance from the Executive Directors that the Group's risk management and internal control systems are continuously being enhanced to ensure that it is operating adequately and effectively.

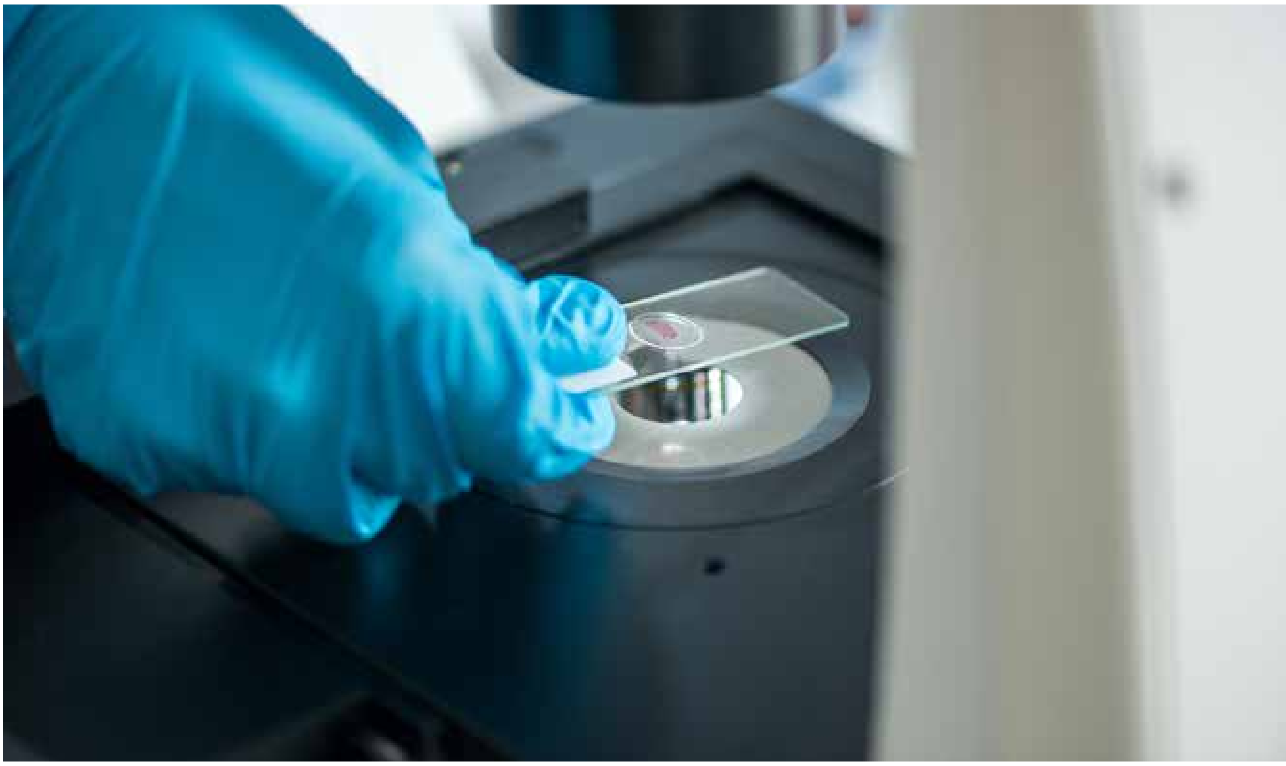
PLANNING, MONITORING AND REPORTING

The Management team are required to prepare the business plans and budgets on an annual basis and are presented to the Board for deliberation and approval.

Once approved, the annual budget will be implemented accordingly towards achieving the Group's targets.
The Group's performance is systematically reviewed at each quarter of the financial year. To ensure proper review, the Board is provided with sufficient information pertaining to the actual performance of each segment against the approved budget.

In addition, the Risk Management Report and the Internal Audit Report are also presented to the Board for deliberation on a quarterly basis.

Statement On Risk Management and Internal Control



POLICIES

The Group's internal policies are properly documented to ensure compliance with the internal controls, prevailing laws, rules, and regulations. The Board has reviewed and approved the 'Whistle Blowing Policy' and 'Anti-Bribery and Corruption Policy' which provides adequate procedures in relation to the appropriate actions to be taken. The Group has adopted the Anti-Bribery and Corruption Policy in view of the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, which became effective on 1 June 2020.

In ensuring the relevancy of the policies, such policies shall be reviewed annually or as and when necessary.

RISK MANAGEMENT FRAMEWORK

The Board recognizes the importance of the risk management framework to manage the risk within the Group and regards it as an integral part of business operations, and to identify, evaluate and manage significant risks of the Group which will be an on-going process of identifying, assessing, and managing risks faced.

The functional management is given a clear line of accountability and delegated authorities were established as part of the internal control efforts through the standard operating practices. The internal audit function supports the review and assists the Audit Committee in conducting their review more effectively and not to engage in speculative transactions.

Statement On Risk Management and Internal Control

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

- Effective and efficient risk management processes contribute to good corporate governance and are integral to the achievement of business objectives.
- Risk management is embedded into day-to-day management processes and is extensively applied in decision making and strategic planning.
- Risk management processes take advantage of opportunities, manage uncertainties, and minimize threats; and
- Regular reporting and monitoring promote a sense of accountability and responsibility in managing risks and crisis.

The top 6 key risks identified during the financial year and the risk descriptions are tabulated below:

Nature	Description of Risks	Mitigating Plan
Operating Risk		
Raw Material Price Volatility	• The potential fluctuations in the prices of critical raw materials, such as latex, chemicals, and rubber, which can significantly affect production costs and profit margins.	• Supplier Negotiations: Negotiate long-term supply contracts with suppliers to secure stable pricing. • Cost Reduction Initiatives: Continuously explore cost-saving initiatives in production processes.
Supply Chain Disruptions	• The risk of interruptions in the supply chain due to factors like raw material shortages, logistical challenges, or global events, impacting production and delivery timelines.	• Diversify Suppliers: Establish relationships with multiple suppliers for critical raw materials to reduce dependence on a single source. • Inventory Management: Maintain strategic stockpiles of essential materials to mitigate shortages during disruptions. • Logistics Optimization: Working closely with the suppliers to ensure the timely delivery of materials.

Statement On Risk Management and Internal Control

Economic and Market Risk		
Exchange Rate Fluctuations	• The exposure to currency exchange rate fluctuations, particularly of a significant portion of revenue is generated in foreign markets, which can impact revenue and profits when converting earnings back to the company's home currency.	• Diversified Markets: Expand market presence in various regions to reduce dependence on a single currency. • Cost Control: Implement cost control measures to offset adverse currency effects on profitability.
Intense Competition	• The risk associated with a highly competitive market, with numerous glove manufacturers vying for market share, potentially leading to price wars and reduced profitability.	• Product Differentiation: To invest in research and development to create unique glove products with enhanced features or benefits. • Marketing Strategies: Develop effective marketing and branding strategies to distinguish products in the market. • Cost Leadership: Focus on cost efficiency to maintain competitive pricing.
Compliance Risk		
Regulatory Changes	• Changes in regulations related to product quality, safety standards, or environmental compliance that could require costly adjustments in manufacturing processes and practices, such as the Minimum Standards of Housing, Accommodation and Employee Facilities Act 1990 (Act 446), Occupational Safety and Health Act 1994 etc.	• Compliance Monitoring: Stay informed about regulatory changes and proactively adapt processes to comply with new requirements. • Government Relations: Maintain constructive relationships with regulatory authorities to influence favorable regulations. • Provision of accommodation for the workers as per the requirements of the under the Act. • Ensuring worker safety and health through proper training and protective measures.

Statement On Risk Management and Internal Control

Environment Risk		
Chemical Waste and Pollution	• The use of various chemicals, such as solvents, plasticizers, and dyes. Inadequate handling and disposal of these chemicals can lead to soil and water contamination, as well as air pollution.	• To enhance the chemical management and waste disposal procedures to prevent pollution. • Conserving water and treating wastewater before disposal. • Reducing, reusing, and recycling materials to minimize solid waste generation.
Water Usage and Contamination	• Glove manufacturing requires a significant amount of water for processes like washing and curing. Improper water usage and wastewater disposal can lead to water scarcity issues and contamination of local water sources.	
Solid Waste Generation	• The generation of solid waste, including scrap materials, defective gloves, and packaging materials and inadequate waste management can lead to landfills and incineration, causing environmental harm.	

INTERNAL CONTROL SYSTEM

The Board maintains an organizational structure with clearly defined levels of responsibility and authority and appropriate reporting procedures. The Board meets regularly and has a schedule of matters that are brought to it for decision making process in order to ensure effective control over strategic, financial, operation and compliance issues can be maintained.

The following outlines the main elements of the Group's internal control system:

i. Having an organizational structure that ensures segregation of duties among employees so that there is an appropriate level of checks and balances on the activities of individual employee.
ii. Supplying comprehensive financial and management reports to the Audit Committee and the Board on a quarterly basis for review, monitoring, decision making and facilitating effective discussion at Board meetings.
iii. A stringent recruitment policy is set to ensure that only capable and competent staffs are employed which in turn ensures each operating unit is functioning effectively.
iv. The Group's performance is monitored through a management meeting attended by Head of Department (HOD). Head of Department within the group exercise a hands-on approach.
v. On the operational and financial affairs of the Group. The Executive Directors are involved in and oversee the day-to-day operations of the Group.
vi. Internal policies and procedures are updated regularly to reflect changing risk or to resolve operational deficiencies.

Statement On Risk Management and Internal Control

The Group's internal control systems are continuously reviewed to ensure that changes in the Group's business and operating environment are adequately managed.

The Board has also received assurance from the Executive Directors that the risk management and internal control system of the Company and its subsidiaries are operating adequately and effectively, in all material aspects, based on the risk management and internal control system adopted.

INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to an independent professional firm, Vaersa Advisory Sdn Bhd to carry out reviews and assess the adequacy and integrity of the system of internal control of the Group. The internal auditors conduct periodic audits with emphasis on risk-based areas, where weaknesses highlighted are rectified, and report directly to the Audit and Risk Management Committee (ARMC) on a quarterly basis.

Findings from the internal audit reviews are discussed with the management, and the management's responses and the internal auditors' recommendations are incorporated in the Internal Audit Reports and presented to the ARMC on a quarterly basis.

The ARMC takes note of the results of the internal audit reviews together with its recommendations and improvements to the system of internal control which are also shared with the management and will be monitored and updated on a quarterly basis.

EMPLOYEES' COMPETENCY

Specific training and development programmes are conducted to ensure that employees are equipped with the necessary knowledge, skills and competency required for them to perform effectively. E.g., Scheduled Wastes Management, Regulatory Compliance & Quality Objectives, Medical Guidance Document Licensing For Establishment and Requirements For Labelling Of Medical Devices.

Statement On Risk Management and Internal Control

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

This Statement has been reviewed by the external auditors as required under Chapter 15.23 of ACE Market Listing Requirements for inclusion in the annual report. Their review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Review of Historical Financial Information and Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on the Risk Management and Internal Control included in this Annual Report issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

AAPG 3 does not require the External Auditors to consider whether the Statement on Risk Management and Internal Control covers all risk and control, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems including the assessment and opinion by the Board and management thereon. The report from the External Auditors was made solely to the Board of Directors in connection with their compliance with the Bursa Malaysia Securities Berhad ACE Market Listing Requirement and for no other purpose or parties. The External Auditors do not assume responsibility to any person other than the Board in respect of any aspect of this statement.

STATE OF INTERNAL CONTROL DURING THE PERIOD UNDER REVIEW

The Board has reviewed the adequacy and effectiveness of the risk management and internal control systems based on the information provided by the key management in the Company and assurances provided by External Auditors.

No material losses were incurred during the financial year under review as a result of weaknesses in risk management and internal control systems. The Board and management will continue to take adequate measures to strengthen the control environment in which the Group operates.

The Board is satisfied that the risk management and internal control systems in place for a financial year ended 30 June 2023 are adequate and effective to safeguard shareholders' investments, the Group's assets, and interest of other stakeholders.

This Statement on Risk Management and Internal Control was approved by the Board on 30 October 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required pursuant to Companies Act 2016 ("the Act") to prepare the financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia.

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

In ensuring the preparation of these financial statements, the Directors have observed the following criteria:

- overseeing the overall conduct of the Group and the Company's business;
- appropriate accounting policies and practices have been adopted and applied consistently;
- the statements are supported by reasonable and prudent judgements and estimates;
- all applicable accounting standards have been followed, subject to any material departure and explained in the financial statements;
- reviewing the adequacy and integrity of internal control systems and management information system in the Company and within the Group; and
- a going-concern basis has been adopted unless it is inappropriate to presume that the Group will continue its business.

The Directors are also responsible for ensuring that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy at any time, thus enabling the financial statements to be complied with the requirements of the Act and have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for taking the necessary steps to ensure appropriate systems are in place to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 30 June 2023, then Group and the Company have used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

Reports and Financial Statements
30 June 2023

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FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year		
Attributable to:		
Owners of the Company	(8,528,348)	(6,885,402)
Non-controlling interests	(1,583,802)	-

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

DIVIDEND

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

MOVEMENTS ON RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has issued the followings:

(a) the issuance of 95,449,637 ordinary shares of RM0.0178 each arising from the exercise of employees share issuance scheme;

(b) the issuance of 186,561,300 ordinary shares of RM0.052 each arising from the exercise of private placement;

(c) the issuance of 1,616,864,884 ordinary shares of RM0.015 each arising from the exercise of right issue;

(d) the issuance of 108,607,122 ordinary shares of RM0.075 each arising from the exercise of settlement of loan; and

(e) the issuance of 107,798,938 ordinary shares of RM0.015 each arising from the exercise of detachable warrants.

Financial Statements

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

There was no issuance of debentures by the Company during the financial year.

WARRANTS

Detachable Warrants B 2023/2025

By virtue of a Deed Poll executed on 22 December 2022 for the 1,077,909,475 Free Detachable Warrants B 2023/2025 ("Warrants B 2023/2025") issued in connection with the Rights Issue allocated and credited on 26 January 2023, each Warrants B 2023/2025 entitled the registered holder the right at any time during the exercise period to subscribe in cash for one new ordinary share at an exercise price of RM0.015 each.

At 30 June 2023, the outstanding Warrants B 2023/2025 are 970,110,537. There are 107,798,938 number of Detachable Warrants B 2023/2025 been exercised. The outstanding warrants will be expired on 1 February 2025.

The salient terms of Warrants B 2023/2025 are disclosed in Note 18(a) to the financial statements.

EMPLOYEES SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 9 June 2022, the Company's shareholders approved the establishment of a new ESOS of up to 30% of the issued and paid-up share capital of the Company at the point of the time throughout the duration of the scheme to eligible Directors and employees of the Group.

The Employees Share Option Scheme ("ESOS") of the Company is governed by the ESOS By -Laws and is to be in force for a period of 5 years effective from 27 January 2023. The ESOS may be extended by the Board of Directors, upon the remuneration of the ESOS Committee.

The salient features and other terms of the ESOS are disclosed in the Note 18(b) to the financial statements.

During the financial year, the details of ESOS granted and exercised are as follows:

		-------------------- No. of Share Option --------------------			
Date of offer	**Exercise price**	**Balance 1.7.2022**	**Granted**	**Exercised**	**Balance 30.6.2023**
	RM				
4.4.2023	0.0178	-	759,902,840	(95,449,637)	664,453,203

The name of the option holders who has been granted and exercised ESOS:

		-------------------- No. of Share Option --------------------			
Name	**Exercise price**	**Balance 1.7.2022**	**Granted**	**Exercised**	**Balance 30.6.2023**
	RM				
Tan Mei Teng	0.0178	-	75,990,284	(67,359,650)	8,630,634
Chang Hui Kee	0.0178	-	75,990,284	(28,089,987)	47,900,297

Financial Statements

OPTIONS GRANTED OVER UNISSUED SHARES

No option has been granted during the financial year to take up the unissued shares of the Company, except for the Employee Share Option Scheme.

DIRECTORS

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

Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	
Dato' Megat Fairouz Junaidi Bin Megat Junid	(Resigned on 29.11.2022)
Dato' Zhang Li	
Edwin Silvester Das	
Siva Kumar A/L Kalugasalam	
Zhang Yang	
Chow Hung Keey	
Wong Kok Fong	(Appointed on 26 June 2023)

DIRECTORS OF SUBSIDIARIES

The directors of the subsidiaries in office since the beginning of the financial year to the date of this report (not including directors who are also directors of the Company) are:

Mahfuzal Bin Othman	
Yew Jim How	
Teo Xiong Sheng	
Teo Yoek Leong	
Manfred Gustav Von Nostitz	(Appointed on 5.7.2023)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors who held office at the end of the financial year in the shares in the Company and its related corporations during the financial year were as follows:

	-------------------- No. of Ordinary Shares --------------------			
Name of directors	Balance 01.07.2022	Bought	Sold	Balance 30.06.2023
Direct interest:				
Dato' Zhang Li [1]	5,981,400	106,733,180	(112,714,580)	-
Zhang Yang [1]	27,703,500	137,265,166	(164,968,666)	-
Chow Hung Keey	177,600	-	-	177,600
Indirect interest:				
Dato' Zhang Li [1]	27,703,500	137,265,166	(164,968,666)	-
Zhang Yang [1]	5,981,400	106,733,180	(112,714,580)	-

[1] Dato' Zhang Li is mother of Zhang Yang.

Financial Statements

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Zhang Li, Zhang Yang and Chow Hung Keey are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

None of the directors except Dato' Zhang Li, Zhang Yang and Chow Hung Keey holding office at the end of the financial year had interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors or the fixed salary of a full-time employee of the Company as shown under Directors' Remuneration section below and Note 32 to the financial statements), 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 benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company are also directors and/or have substantial financial interests as disclosed in Note 34 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

The directors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors' remuneration				
- fees	603,000	542,000	603,000	542,000
- salaries and other emoluments	1,334,451	1,159,052	461,119	364,625
	1,937,451	1,701,052	1,064,119	906,625

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

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

Financial Statements

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and 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 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 in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; 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) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

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

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

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

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

No contingent or other liability has become enforceable, or is likely to become enforceable, within the year of twelve months after the end of the financial year, which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due, except as disclosed in Note 37 to the financial statements.

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 operations of the Group and of the Company for the financial year in which this report is made.

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SIGNIFICANT SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

The significant subsequent events after the financial year are disclosed in Note 36 to the financial statements

AUDITORS

The auditors' remuneration for the financial year ended 30 June 2023 of the Group and of the Company amounted to RM186,500 (2022: RM184,000) and RM116,000 (2022: RM114,000) respectively.

The auditors, Messrs SBY Partners PLT, Chartered Accountants, have expressed their willingness to continue in office.

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

DATO' ZHANG LI
Director

SIVA KUMAR A/L KALUGASALAM
Director

Kuala Lumpur,
Date: 30 October 2023

Financial Statements

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the directors, the financial statements set out on pages 76 to 147 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in Kuala Lumpur on
30 October 2023

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

DATO' ZHANG LI

SIVA KUMAR A/L KALUGASALAM

Financial Statements

STATUTORY DECLARATION

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

I, Siva Kumar A/L Kalugasalam, being the director primarily responsible for the financial management of Zen Tech International Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 76 to 147 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
abovenamed Siva Kumar A/L Kalugasalam
in Kuala Lumpur on 30 October 2023

SIVA KUMAR A/L KALUGASALAM

Before me:

Commissioner for Oaths

Financial Statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZEN TECH INTERNATIONAL BERHAD
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zen Tech International Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year ended 30 June 2023, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 76 to 147.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the financial year ended 30 June 2023 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Financial Statements

Risk area and rationale	Our response
Goodwill on consolidation (Note 5 to the financial statements) Impairment assessment of the carrying amount of goodwill on consolidation. The carrying amount of goodwill on consolidation as at 30 June 2023 amounted to RM6,319,438. We determined this to be a key audit matter as the process is complex and it requires significant judgments and estimates on the future results and key assumptions that is applied across the cash flow projections of the cash generating units (CGU) in determining the recoverable amounts. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for each CGU.	Our audit procedures included, amongst others:- - compared prior year budgets to actual outcomes to assess reliability of management's forecasting process; - assessed and evaluated the key assumptions used in forecasting revenues, operating profits margins, growth rates and the production capacity of the factory; - assessed appropriateness of pre-tax discount rates used by management by comparing to the market data, the market weighted average cost of capital and the relevant risk factors; - challenged and made enquiries on the management on the key inputs used in the measurement methods; - performed sensitivity analysis to stress test the key assumptions used in the cash flow projections to evaluate the impact on the impairment assessment; and - agreed the input data used by management to supporting evidence by verifying the actual results and financial budgets approved by the management.
Other Investment (Note 10 to the financial statements) Impairment assessment of the carrying amount of other investment. The carrying amount of other investment as at 30 June 2023 amounted to RM7,700,000.	Our audit procedures included, amongst others:- - compared prior year budgets to actual outcomes to assess reliability of management's forecasting process; - assessed and evaluated the key assumptions used in forecasting revenues, operating profits margins and the growth rates;

Financial Statements

Risk area and rationale	Our response
Other Investment (Note 10 to the financial statements)	
We determined this to be a key audit matter as the process is complex and it requires significant judgments and estimates about the future results and key assumptions applied to cash flow projections of the cash generating units (CGU) in determining the recoverable amounts of Hyper QB Sdn Bhd. These key assumptions include forecasted revenue growth rates and operating profit margins, as well as determining an appropriate pre-tax discount rate used for each CGU.	- assessed appropriateness of pre-tax discount rates used by management by comparing to the market data, the market weighted average cost of capital and the relevant risk factors; - challenged and made enquiries on the management on the key inputs used in the measurement methods; - performed sensitivity analysis to stress test the key assumptions used in the cash flow projections to evaluate the impact on the impairment assessment; and - agreed the input data used by management to supporting evidence by verifying the actual results and financial budgets approved by the management.
Trade receivables and other receivables, deposits and prepayments *(Notes 12 and 13 to the financial statements)* The carrying amount of Group trade receivables and other receivables, deposits and prepayments as at 30 June 2023 amounted to RM 6,944,756 and RM 6,357,698 respectively. We focused on this area as the significant judgements involved in determining the probability of default and recoverability of trade receivables and other receivables, deposits and prepayments and appropriate forward-looking information in assessing the expected credit loss.	Our audit procedures included, amongst others:- - recomputed the probability of default using the historical data and forward-looking information adjustment applied by the Company; - challenged and made enquiries on the management on the key inputs used in the measurement methods and the rationale underlying the relationship between the forward-looking information used by the Company; - tested the accuracy and completeness of data used in the computation of the expected credit losses; - assessed the ageing analysis of trade receivables; and - reviewed the collection of trade receivables, other receivables and deposits subsequent to the financial year.

Financial Statements

Professional Scepticism

We focused on this area as we were being sceptical on the Management prior years and current year ventures on the acquisition of new business and new Company's share which did not materialized and has an on-going litigation cases to recover the refundable deposits paid by the Company and the subsidiaries of the Company are as follows:

	Company/ Director/Firm	Refundable deposits RM	Impairment
a)	World Gloves International Group Sdn Bhd and Goh Poh Seng	1,000,000	Impairment made in the financial year ended 30 June 2022
b)	Signature Healthland Sdn Bhd ("SHSB") and the Director of SHSB	3,500,000	Impairment made in the financial year ended 30 June 2023
c)	Lim Khai Guan of DS Agriculture Plantation Sdn Bhd ("DS Agri")	3,000,000 (Deposit paid to Messrs NZ Ling & Co)	No impairment made
d)	Messrs NZ Ling & Co	700,000	No impairment made

Our audit procedures included, amongst others:-

- Performed and assessed the company search made by us via Suruhanjaya Syarikat Malaysia;
- Assessed the recent financial statements lodged by the acquiree companies to Suruhanjaya Syarikat Malaysia;
- Obtained litigation confirmations from the solicitors;
- Obtained confirmation balances from the Company/Director/Firm;
- Obtained the appointment letter of Messrs NZ Ling & Co and assessed the scope of work for the consultancy fee of RM700,000;
- Communicated with Messrs NZ Ling & Co as we have questioning in mind over the consultancy fee of RM700,000;
- Read and analysed Board of Director's decision to abort the purchase of sales of business and assets of SHSB;
- Communicated with the Audit Committee Members on the professional scepticism of the new ventures; and
- Enquired on the relationship between the 2 defendant , namely Teh Chee Teong with the Company in relate to the litigation suits by the solicitors of DS Agri.

Financial Statements

Information Other Than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats and safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Financial Statements

Other Matters

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

SBY PARTNERS PLT
Reg. No: 202106000003 (LLP0026726-LCA) AF: 0660
Chartered Accountants

SUKHPAL SINGH A/L KAUR SINGH
03494/05/2024 J
Chartered Accountant

Kuala Lumpur,
Date: 30 October 2023

Financial Statements

STATEMENTS OF FINANCIAL POSITION
as at 30 June 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
ASSETS					
NON-CURRENT ASSETS					
Goodwill on consolidation	5	6,319,438	6,319,438	-	-
Property, plant and equipment	6	50,582,048	31,255,886	185,954	214,419
Right-of-use assets	7	2,375,413	3,138,310	96,886	387,544
Intangible assets	8	-	-	-	-
Investment in subsidiaries	9	-	-	45,967,172	15,824,108
Other investment	10	7,700,000	7,700,000	7,700,000	7,700,000
		66,976,899	48,413,634	53,950,012	24,126,071
CURRENT ASSETS					
Inventories	11	2,262,846	2,129,721	-	-
Trade receivables	12	6,944,756	302,400	-	-
Other receivables, deposits and prepayments	13	6,357,698	6,190,046	4,000,455	200,378
Amount due from subsidiaries	14	-	-	5,304,868	1,691,243
Fixed deposit with a financial institution	15	47,400	529,250	-	-
Cash and bank balances	16	1,040,030	1,092,631	333,857	6,606
		16,252,731	10,244,048	9,639,180	1,898,227
TOTAL ASSETS		83,629,629	58,657,682	63,589,192	26,024,298
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	114,562,408	69,146,726	114,562,408	69,146,726
Reserve	18	14,704,658	-	14,704,658	-
Accumulated losses		(52,937,922)	(29,857,916)	(66,204,746)	(44,767,686)
Total equity attributable to owners of the Company		76,329,144	39,288,810	63,062,320	24,379,040
Non-controlling interests		(8,961,194)	(7,377,392)	-	-
TOTAL EQUITY		67,367,950	31,911,418	63,062,320	24,379,040

Financial Statements

STATEMENTS OF FINANCIAL POSITION
as at 30 June 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
LIABILITIES					
NON-CURRENT LIABILITIES					
Lease liabilities	19	1,966,964	2,596,261	-	104,844
Hire purchase	20	-	325,783	-	-
Deferred tax liabilities	21	-	1,204,595	-	-
		1,966,964	4,126,639	-	104,844
CURRENT LIABILITIES					
Trade payables	22	7,197,945	3,023,655	-	-
Other payables and accruals	23	3,204,845	9,248,025	417,571	493,279
Amount due to directors	24	355,172	1,259,907	3,500	740,091
Lease liabilities	19	410,669	601,450	104,844	306,087
Hire purchase	20	-	118,127	-	-
Short term borrowings	25	3,031,653			
Term loan	26	-	8,000,000	-	-
Current tax liabilities		94,431	368,461	957	957
		14,294,715	22,619,625	526,872	1,540,414
TOTAL LIABILITIES		16,261,679	26,746,264	526,872	1,645,258
TOTAL EQUITY AND LIABILITIES		83,629,629	58,657,682	63,589,192	26,024,298

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

Financial Statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the financial year ended 30 June 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
REVENUE	27	31,674,142	26,479,924	-	-
COST OF SALES		(30,041,240)	(20,190,016)	-	-
CHANGE IN INVENTORIES		133,124	1,361,267	-	-
GROSS PROFIT		1,766,026	7,651,175	-	-
OTHER INCOME		228,064	4,124,088	16,824	10,770,751
ADMINISTRATIVE EXPENSES		(13,156,813)	(15,157,386)	(6,890,925)	(13,966,155)
LOSS FROM OPERATIONS		(11,409,722)	(3,382,123)	(6,874,101)	(3,195,404)
FINANCE COSTS	28	(125,771)	(341,077)	(11,301)	(18,477)
LOSS BEFORE TAXATION	29	(11,288,494)	(3,723,200)	(6,885,402)	(3,213,881)
INCOME TAX CREDIT/ (EXPENSE)	30	1,176,344	(1,202,718)	-	-
LOSS FOR THE FINANCIAL YEAR, REPRESENTING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(10,112,150)	(4,925,918)	(6,885,402)	(3,213,881)
ATTRIBUTABLE TO:					
Owners of the Company		(8,528,348)	(6,374,772)		
Non-controlling interests		(1,583,802)	1,448,854		
		(10,112,150)	(4,925,918)		
LOSS PER SHARE (Sen)					
Basic	31	(0.32)	(1.24)		
Diluted	31	(0.32)	(1.24)		

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

Financial Statements

STATEMENTS OF CHANGES IN EQUITY
for the financial year ended 30 June 2023

Group	Note	Share capital RM	Warrant reserve	Non-distributable Employee Share Option Reserve	Accumulated losses RM	Attributable to owners of the Company RM	Non-controlling interests RM	Total equity RM
At 1 July 2021		64,536,269	-	-	(30,199,731)	34,336,538	(8,826,246)	25,510,292
Transactions with owners:								
Issuance of shares pursuant to the exercise of private placement	17	4,610,457	-	-	-	4,610,457	-	4,610,457
Realisation on disposal of subsidiaries		-	-	-	6,716,587	6,716,587	11,902	6,728,489
Total transactions with owners		4,610,457	-	-	6,716,587	11,327,044	11,902	11,338,946
Total comprehensive loss for the financial year		-	-	-	(6,374,772)	(6,374,772)	1,436,952	(4,937,820)
At 30 June 2022/ 1 July 2022		69,146,726	-	-	(29,857,916)	39,288,810	(7,377,392)	31,911,418
Transactions with owners:								
Issuance of shares pursuant to the exercise of employees share option scheme	17	1,699,003	-		-	1,699,003	-	1,699,003
Issuance of shares pursuant to the exercise of private placement	17	9,701,188	-	-	-	9,701,188	-	9,701,188
Issuance of shares pursuant to the exercise of right issue	17	24,252,973	-	-	-	24,252,973	-	24,252,973
Issuance of shares pursuant to the exercise of settlement of loan	17	8,145,534	-	-	-	8,145,534	-	8,145,534
Issuance of free detachable warrants pursuant to the exercise of right issue	17	-	16,168,642	-	(14,551,658)	1,616,984	-	1,616,984
Exercise of detachable warrants	17	-	(1,616,984)	-	-	(1,616,984)	-	(1,616,984)
Issuance of shares pursuant to the exercise of detachable warrants	17	1,616,984	-	-	-	1,616,984	-	1,616,984
Total transactions with owners		45,415,682	14,551,658	-	(14,551,658)	45,415,682	-	45,415,682
Recognition of share option expenses		-	-	153,000	-	153,000	-	153,000
Total comprehensive loss for the financal year		-	-	-	(8,528,348)	(8,528,348)	(1,583,802)	(10,112,150)
At 30 June 2023		114,562,408	14,551,658	153,000	(52,937,922)	76,329,144	(8,961,194)	67,367,950

Financial Statements

Company	Note	Share capital RM	Warrant reserve RM	Non-distributable Employee Share Option Reserve RM	Accumulated losses RM	Total equity RM
At 1 July 2021		64,536,269	-	-	(41,553,805)	22,982,464
Transactions with owners:						
Issuance of shares pursuant to the exercise of placement	17	4,610,457	-	-	-	4,610,457
Total comprehensive loss for the financial year		-	-	-	(3,213,881)	(3,213,881)
At 30 June 2022/1 July 2022		69,146,726	-	-	(44,767,686)	24,379,040
Transactions with owners:						
Issuance of shares pursuant to the exercise of employees share issuance scheme	17	1,699,003	-	-	-	1,699,003
Issuance of shares pursuant to the exercise of private placement	17	9,701,188	-	-	-	9,701,188
Issuance of shares pursuant to the exercise of right issue	17	24,252,973	-	-	-	24,252,973
Issuance of shares pursuant to the exercise of settlement of loan	17	8,145,534	-	-	-	8,145,534
Issuance of free detachable warrants pursuant to the exercise of right issue	17	-	16,168,642	-	(14,551,658)	1,616,984
Exercise of detachable warrants	17	-	(1,616,984)	-	-	(1,616,984)
Issuance of shares pursuant to the exercise of detachable warrants	17	1,616,984	-	-	-	1,616,984
Total transactions with owners		45,415,682	14,551,658	-	(14,551,658)	45,415,682
Recognition of share option expenses		-	-	153,000	-	153,000
Total comprehensive loss for the financal year		-	-	-	(6,885,402)	(6,885,402)
At 30 June 2023		114,562,408	14,551,658	153,000	(66,204,746)	63,062,320

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

Financial Statements

STATEMENTS OF CASH FLOWS
for the financial year ended 30 June 2023

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(11,288,494)	(3,723,200)	(6,885,402)	(3,213,881)
Adjustments for:				
Bad debts written off	-	399,999	-	399,999
Depreciation:				
Property, plant and equipment	2,710,196	939,988	28,465	26,953
Right-of-use assets	581,847	548,801	290,658	283,620
Impairment loss:				
Investment in subsidiaries	-	-	3,443,387	2,982,184
Other receivables and deposits	3,500,000	1,292,700	-	1,292,700
Loss on disposal of investment in subsidiaries	-	6,448,932	-	6,366,002
Bankers' acceptance interest	22,986	-		
Lease liability interest	86,151	88,849	11,301	18,477
Hire purchase interest	16,634	21,557	-	-
Term loan interest	-	230,575	-	-
Interest expense	-	96	-	-
Dividend income	-	(82,500)	-	(82,500)
Gain on modification of right-of-use assets	(35,793)	-	-	-
Gain on disposal of property, plant and equipment	(32,187)	-	-	-
Gain on foreign exchange - unrealised	(12,700)	-	-	-
Interest income	(9,442)	(12,218)	(21)	(117)
Reversal of impairment:				
Investment in subsidiaries	-	-	-	(6,437,219)
Other investment	-	(3,850,000)	-	(3,850,000)
Trade receivables	-	(125,984)	-	-
Amount due from subsidiaries	-	-	-	(399,999)
Share option expenses	153,000	-	153,000	-
Operating (loss)/profit before working capital changes	(4,307,802)	2,177,595	(2,958,612)	(2,613,781)
Inventories	(133,125)	(1,361,267)	-	-
Trade receivables	(6,642,356)	1,739,180	-	-
Other receivables, deposits and prepayments	(3,667,652)	(293,348)	(3,800,077)	267,726
Amount due from subsidiaries	-	-	-	17,504,117
Trade payables	4,174,290	2,301,164	-	-
Other payables and accruals	(6,043,180)	3,746,505	(75,708)	205,493
Amount due to directors	(904,735)	(955,837)	(736,591)	(76,809)

Financial Statements

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash (used in)/generated from operations	(17,524,560)	7,353,992	(7,570,988)	15,286,746
Interest received	9,442	12,218	21	117
Interest paid	-	(96)	-	-
Tax paid	(302,280)	(272,719)	-	-
Net cash (used in)/generated from operating activities	(17,817,398)	7,093,395	(7,570,967)	15,286,863
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in subsidiaries	-	-	(33,586,451)	(17,605,049)
Purchase of property, plant and equipment	(22,449,171)	(18,530,184)	-	(18,333)
Proceed from disposal of property, plant and equipment	445,000	-	-	-
Proceed from disposal of subsidiaries	-	200,000	-	200,000
Net cash used in investing activities	(22,004,171)	(18,330,184)	(33,586,451)	(17,423,382)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of bankers' acceptance	4,204,034	-	-	-
Drawdown of term loan	-	8,000,000	-	-
Proceed from exercise of employees share issuance scheme	1,699,003	-	1,699,003	-
Proceed from exercise of private placement	9,701,188	4,610,457	9,701,188	4,610,457
Proceed from exercise of right issue	24,252,973	-	24,252,973	-
Proceed from exercise of settlement of loan	8,145,534	-	8,145,534	-
Proceed from exercise of warrants	1,616,984	-	1,616,984	-
Interest paid on bankers' acceptance	(22,986)	-		
Interest paid on lease liabilities	(86,151)	(88,849)	(11,301)	(18,477)
Interest paid on hire purchase	(16,634)	(21,557)	-	-
Interest paid on term loan	-	(230,575)	-	-
Amount due from subsidiaries	-	-	(3,613,625)	(2,182,619)
Repayment of bankers' acceptance	(1,876,515)	-	-	-
Repayment of hire purchase	(443,910)	(110,925)	-	-
Repayment of lease liabilities	(603,236)	(560,376)	(306,087)	(318,748)
Repayment of term loan	(8,000,000)	-	-	-
Net cash generated from financing activities	38,570,284	11,598,175	41,484,669	2,090,613

Financial Statements

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Net (decrease)/increase in cash and cash equivalents	(1,251,285)	361,386	327,251	(45,906)
Effect of change in exchange rate	12,700	-	-	-
Cash and cash equivalents at the beginning of the financial year	1,621,881	1,260,495	6,606	52,512
Cash and cash equivalents at the end of the financial year	383,296	1,621,881	333,857	6,606
Cash and cash equivalents comprises:				
Fixed deposits with a financial institution	47,400	529,250	-	-
Cash and bank balances	1,040,030	1,092,631	333,857	6,606
Less: Bank overdrafts	(704,134)	-	-	-
	383,296	1,621,881	333,857	6,606

NOTE TO STATEMENTS OF CASH FLOWS

(A) Cash outflows for right of use assets are as follows:

Included in net cash used in operating activities				
- Interest paid in relation to lease liabilities	86,151	16,399	11,301	16,399
- Payment related to short-term leases	61,860	193,733	-	121,633
- Payment related to small value assets	42,613	29,040	8,280	2,760
Included in net cash used in financing activities				
- Payment for the principal portion of lease liabilities	603,236	318,748	306,087	318,748
	793,860	557,920	325,668	459,540

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

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

The address of the registered office of the Company is B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia.

The address of the principal place of business of the Company is Unit No. 53-6, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia. The financial statements have been prepared under the historical cost convention, except as disclosed on Note 3 to the financial statements on significant accounting policies.

On 1 July 2022, the Group and the Company have adopted the following Amendment to MFRSs issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 July 2022:-

	Effective for annual periods beginning on or after
MFRSs/Amendments to MFRSs	
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities And Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above standards and amendments has no material impact on the financial statements of the company upon their initial application.

Financial Statements

MFRSs and Amendments to MFRSs that have been issued and applicable to the Group and the Company but are not yet effective.

The MFRSs and amendments to MFRSs that have been issued and applicable to the Group and Company but are not yet effective up to the date of issuance of the Group and the Company's financial statements are disclosed below. The Group and Company intend to adopt these standards when they become effective.

MFRSs and Amendments to MFRSs	**Effective for annual periods beginning on or after**
Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate and Joint Venture	Deferred
Amendments to MFRS 112 International Tax Reform - Pillar Two Model Rules	Refer paragraph 98M of MFRS 112
Amendments to MFRS 121 Lack of Exchangeability	1 January 2025
Amendments to MFRS 107 and MRFS 7 Supplier Finance Arrangements	1 January 2024

The adoption of these MFRSs and Amendments to MFRSs that have been issued but not yet effective and applicable to the Group and of the Company are not expected to have a material impact to the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Financial Statements

(i) Acquisition method of accounting for non-common control business combinations

Acquisition of subsidiary companies is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the years in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(ii) Non-controlling interest

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(b) Investment in Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

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On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to profit or loss.

Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the sold subsidiaries.

(c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, where applicable.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Computer equipment and software	20%
Furniture and fittings	10%
Plant and Machinery	10%
Motor vehicles	20%
Office equipment and telecommunication equipment	10% - 20%
Renovation	10%
Vessel	5%
TNB sub station	10%

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at each end of reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss in determining profit from operations.

(d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year for an intangible asset with a finite useful life is reviewed at

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the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation year, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(e) Impairment of Non-financial Assets

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at each end of the reporting year for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(f) Inventories

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

Cost is determined using the weighted average method. The cost of raw materials comprises the original cost of purchases plus the cost of bringing these inventories to their intended location and condition. The cost of finished goods and work-in-progress includes the cost of raw materials, direct labour and appropriate allocation of manufacturing overheads.

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

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(g) Financial Assets

All regular way purchases or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of Financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (‘FVTOCI’):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (‘FVTPL’).

(ii) Amortised Cost and Effective Interest Method

At initial recognition financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

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Interest income is recognised in profit or loss and is included in the "investment income" line item.

(iii) *Debt Instruments Classified as FVTOCI*

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements of gains or losses in the carrying amount are taken through other comprehensive income ('OCI'), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. Accumulated OCI is reclassified from equity to profit or loss and recognised in other gains/losses upon derecognition of the financial assets. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the profit or loss within other gains/losses in the year in which it arises.

(iv) *Equity Instruments*

The Group and the Company subsequently measure all equity instruments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the instruments. Dividends from such instruments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gain/losses in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity instruments measured at FVTOCI are not reported separately from other changes in fair value.

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(v) *Financial Assets at FVTPL*

This category comprises only in-the-money derivatives. They are carried in the statements of financial position at fair value with changes in fair value recognised in the profit or loss in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group and the Company do not have any assets held for trading nor do they voluntarily classify any financial assets as being at FVTPL.

(vi) *Impairment of Financial Assets*

The Group and the Company recognise a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Any impairment gain or loss arising from such changes is to be recognised in profit or loss.

The Group and the Company always recognise lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(vii) *Derecognition of Financial Assets*

The Group and the Company derecognise a financial asset when the contractual right to the cash flows from the financial asset expired, or the Group and the Company transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfer nor retain substantially all of the risks and rewards of ownership and the Group and the Company do not retain control of the financial asset.

In the event the Group and the Company enter into transactions whereby the Group and the Company transfer assets recognised in statements of financial position, but retain either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

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(h) Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(i) Financial Liabilities At FVTPL

This category comprises only out-of-the-money derivatives. They are carried in the statements of financial position at fair value with changes in fair value recognised in the profit or loss. The Group and the Company do not have any liabilities held for trading nor have the Group and the Company designated any financial liabilities as being at FVTPL.

(ii) Other Financial Liabilities

Other financial liabilities include the following items:

- bank borrowings, where such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the year to repayment is at a constant rate on the balance of the liability carried in the statements of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs as well as any interest payable while the liability is outstanding; and

- payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(iii) Derecognition Of Financial Liabilities

The Group and the Company derecognise a financial liability when their contractual obligations are discharged or cancelled, or expired. The Group and the Company also derecognise a financial liability when their terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(i) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances including bank overdrafts, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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(j) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

All transactions with the owners of the Company are recorded separately within equity.

(k) Lease

The Group and the Company have applied MFRS 16 Leases using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained profits at 1 February 2020. Accordingly, the comparative information presented for financial year ended 31 January 2020 has not been related – i.e it is presented, as previously reported under MFRS 117 Leases and related interpretations.
A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a year of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the year of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what the purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer as the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Recognition And Measurement

(i) Initial Measurement

As a Lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

To clarify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is operating lease.

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If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration in the contract based on stand-alone selling prices.

When the Group and the Company is an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use assets arising from head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sublease as an operating lease.
As a Lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective company's incremental borrowing rate is used. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee;

- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and

- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to early terminate the contract.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the year in which the performance or use occurs.

The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options in determining the lease term.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and lease of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'borrowings' in the statement of financial position.

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(ii) Subsequent measurement

As a Lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

As a Lessee

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

When there is lease modification due to increase in the scope of lease by adding the right-to-use one or more underlying assets, the Group and the Company assess whether the lease modification shall be accounted for as a separate lease or similar to reassessment of lease liability. The Group and the Company account for lease modification as a separate lease when the consideration for the lease increases by an amount that commensurate with the stand-alone price for the increase in scope and any appropriate adjustments.

When there is lease modification due to decrease in scope, the Group and the Company decrease the carrying amount of the right-of-use assets and remeasure the lease liability to reflect the partial or full termination of the lease. The corresponding gain or loss shall be recognised in profit or loss. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use assets.

(l) Revenue Recognition

Revenue which represents income arising in the course of the Group's and the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and the Company and their customer have approved the contract and intend to perform their respective obligations, the Group's and the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is

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probable that the Group and the Company will collect the consideration to which the Group and the Company will be entitled to in exchange of those goods or services.

Recognition And Measurement

At the inception of each contract with customer, the Group and the Company assess the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised. A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and in the Company's customary business practices. A goods or services is distinct if:

- the customer can benefit from the goods or service either on its own or together with other resources that are readily available to the customer; and
- the Group's and the Company's promise to transfer the goods or service to the customer is separately identifiable from other promises in the contract.

If a goods or service is not distinct, the Group and the Company combine it with other promised goods or services until the Group and the Company identify a distinct performance obligation consisting a distinct bundle of goods or services.

Revenue is measured based on the consideration specified in contract with a customer excludes amounts collected on behalf of third parties such as sales and service taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, performance bonuses, penalties or other similar items, the Group and the Company estimate the amount of consideration that they expect to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group and the Company determine whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Controls over the goods or services are transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;

- the Group's and the Company's performances create or enhance a customer-controlled asset; or

- the Group's and the Company's performances do not create an asset with alternative use to the Group and the Company and the Group and the Company have a right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

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The revenue recognition policies of the Group's and of the Company's major activities are described below:

(i) *Revenue From Services Rendered*

Revenue from services is recognised in the accounting year in which the services are rendered and the customer receives and consumes the benefits provided by the Group and the Company, and the Group and the Company have a present right to payment for the services.

(ii) *Revenue From Sale of Goods*

Revenue is measured at the fair value of consideration received or receivables, net of returns and allowances, trade discount and volume rebate. Revenue from sale of goods is recognised when the transfer of significant risks and rewards of ownership of the goods to the customer and there is no continuity management involvement with the goods.

(iii) *Commission from Gateway Platform*

Commission from gateway platform are recognised upon remittance of settlement of payment that are due to the merchants.

(m) <u>Dividend Income</u>

Dividend income is recognised when the right to receive dividend payment is established.

(n) <u>Interest Income</u>

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

(o) <u>Employee Benefits</u>

(i) *Short Term Employee Benefits*

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Company and its subsidiary companies. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting year. Past-service costs are recognised immediately in profit or loss.

(ii) *Defined Contribution Plan*

The Company's and its subsidiary companies' contributions to defined contribution plans regulated and managed by the government are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Company and its subsidiary companies have no further financial obligations.

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(p) Income Tax Expense

Income taxes for the financial year comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting year.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or 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.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting year.
Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each end of the reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(q) Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity).

A related party is:

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

a. has control or joint control of the reporting entity;

b. has significant influence over the reporting entity; or

c. is a member of the key management personnel of the reporting entity or of a holding company of the reporting entity.

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

a. the entity and the reporting entity are members of the same group (which means that each holding company, subsidiary company and fellow subsidiary company is related to the others).

b. 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 other entity is a member).

c. both entities are joint ventures of the same third party.

d. one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

e. 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.

f. the entity is controlled or jointly controlled by a person identified in (i).

g. a person identified in (i)(b) has significant influence over the entity or is a member of the key management personnel of the entity (or of the holding company of the entity).

h. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the holding company of the reporting entity.

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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

(r) Functional and Foreign Currency

(i) *Functional and Presentation Currency*

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

(ii) *Foreign Currency Transactions and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting year are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

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(s) Provisions For Liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each end of reporting date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

(t) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(u) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended years in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the year in which they incurred.

(v) Earnings Per Ordinary Share (“EPS”)

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held, if any.

Diluted EPS is determine by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, if any, for the effect of all dilutive potential ordinary shares, which comprise warrants and share options granted to the employees.

Financial Statements

(w) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision makers to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenues.

(x) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2: fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Level 3: fair value is estimated using unobservable inputs for the financial assets and liabilities.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(a) Depreciation of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The carrying amount of property, plant and equipment is disclosed in Note 6.

(b) Measurement Of Right-of-use Assets And Lease Liabilities

The measurement of a lease liability and the corresponding right-of-use asset includes in-substance fixed payments, variable lease payments linked to an inflation-related index or rate, estimates of lease term, option to purchase, payments under residual value guarantee and penalties for early termination. The actual payments may not coincide with these estimates.

The Group and the Company reassess the lease liability for any change in the estimates and a corresponding adjustment is made to the right-of-use asset.

The carrying amounts of right-of-use asset and lease liabilities are disclosed in Notes 7 and Note 19.

(c) Impairment of Investment in Subsidiaries

The carrying value of investment in subsidiaries is reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company and its subsidiary companies recognise tax liabilities based on their understanding of the prevailing tax laws and estimate of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

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Group

The carrying amount of the current and deferred tax liabilities are RM 94,431 and NIL (2022: RM368,461 and RM1,204,595) respectively.

Company

The carrying amount of the current tax liabilities is RM957 (2022: RM957).

(e) Provision for ECL of Trade Receivables

The Group and the Company use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

(f) Fair Value of Financial Instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting year.

(g) Impairment of Other Receivables

The loss allowances for other financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting year.

(h) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use, the management is required to make an estimate of the expected future cash flows and also to apply a suitable discount rate in order to determine the present value of those cash flows.

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5. GOODWILL ON CONSOLIDATION

	Group	
	2023	2022
	RM	RM
At 1 July 2022/2021	6,319,438	-
Goodwill arising from the acquisition of a subsidiary (Note 9)	-	6,319,438
At 30 June	6,319,438	6,319,438

Goodwill on consolidation is accounted for using the proportionate method. After initial recognition, goodwill on consolidation is measured at cost less any accumulated impairment losses. The carrying amounts of goodwill amounted to RM6,319,438 (2022: RM6,319,438), has been allocated to the investment in Inix L&S Gloves Sdn. Bhd.

The recoverable amount of the CGUs is determined based on the value in use calculations using cash flow projections on financial budgets approved by directors for a five years period. The future cash flows are based on management's five years business plan, which is the best estimate of future performance.

The recoverable amounts of goodwill on consolidation of the CGU is determined based on the value in use calculations using the cash flow projections using the following assumptions:

(i) Budgeted revenue – Revenue is derived based on the 7 production lines, capacity of production of 10,900 gloves per line per hour, 21.49 hours per day and with the 97% capital efficiency of the factory production over the 5 years;

(ii) Budgeted gross margin – Gross margin is based on historical margin achieved and management average target margin of 23%, which is probable to be achieved;

(iii) Growth rates -The growth rate is 2.8% per annum based on Malaysia Consumer Price Index; and

(iv) Pre-tax discount rate - Discount rate of 8.15% represents the cost of capital of the CGU.

The value assigned to the key assumptions which represents directors' assessment of future production lines, pricing mechanism, target margin and the market pricing of rubber gloves based on both external and internal sources.

The Group undertakes an annual test for impairment evaluation. No impairment loss was recognised for the aforesaid carrying amount of goodwill assessed at the reporting date as their recoverable amount were in excess of their carrying amounts.

Sensitivity to changes in assumptions

Directors believe that no reasonable possible changes in any of the key assumptions above will cause the carrying values of the CGU to materially exceed its recoverable amount.

6. PROPERTY, PLANT AND EQUIPMENT

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

Group	Computer equipment and software RM	Furniture and fittings RM	Plant and Machinery RM	Motor vehicles RM	Office equipment and tele-communication equipment RM	Renovation RM	TNB sub station RM	Vessel RM	Capital work-in-progress RM	Total RM
Cost										
At 1 July 2021	172,906	83,369	4,681,116	1,172,921	136,256	288,285	-	5,500,000	9,394,981	21,429,834
Additions	15,691	14,900	3,024,619	-	43,230	91,480	199,290	-	15,140,974	18,530,184
Disposal of subsidiaries	(4,300)	-	(1,717,237)	-	-	-	-	(5,500,000)	-	(7,221,537)
Reclassification *	-	-	1,087,398	-	-	-	-	-	(1,218,048)	(130,650)
At 30 June 2022/ 1 July 2022	184,297	98,269	7,075,896	1,172,921	179,486	379,765	199,290	-	23,317,907	32,607,831
Additions	9,697	-	10,028,124	-	2,157	5,993,741	-	-	6,415,452	22,416,103
Disposal	-	-	-	(728,494)	-	-	-	-	-	(728,494)
Transfer of ownership	-	-	-	-	-	-	-	-	(10,992,709)	-
Reclassification	-	-	2,824,686	-	-	8,168,023	-	-	(10,992,709)	-
At 30 June 2023	193,994	98,269	19,928,706	444,427	181,643	14,541,529	199,290	-	18,740,650	54,328,508
Accumulated depreciation										
At 1 July 2021	87,859	14,374	730,898	151,000	10,622	28,908	-	550,000	-	1,573,661
Charge for the financial year	42,318	15,432	578,561	226,881	25,378	41,453	9,965	-	-	939,988
Disposal of subsidiaries	(4,300)	-	(607,404)	-	-	-	-	(550,000)	-	(1,161,704)

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Group	Computer equipment and software RM	Furniture and fittings RM	Plant and Machinery RM	Motor vehicles RM	Office equipment and tele-communication equipment RM	Renovation RM	TNB sub station RM	Vessel RM	Capital work-in-progress RM	Total RM
At 30 June 2022/ 1 July 2022	125,877	29,806	702,055	377,881	36,000	70,361	9,965	-	-	1,351,945
Charge for the financial year	33,252	16,437	1,391,207	190,456	26,530	1,032,385	19,929	-	-	2,710,196
Disposal	-	-	-	(315,681)	-	-	-	-	-	(315,681)
At 30 June 2023	159,129	46,243	2,093,262	252,656	62,530	1,102,746	29,894	-	-	3,746,460
Accumulated impairment										
At 1 July 2021	-	-	1,109,833	-	-	-	-	4,950,000	-	6,059,833
Disposal of subsidiaries	-	-	(1,109,833)	-	-	-	-	(4,950,000)	-	(6,059,833)
At 30 June 2022/ 1 July 2022/ 30 June 2023	-	-	-	-	-	-	-	-	-	-
Net carrying amount										
At 30 June 2023	34,865	52,026	17,835,444	191,771	119,113	13,438,783	169,396	-	18,740,650	50,582,048
At 30 June 2022	58,420	68,463	6,373,841	795,040	143,486	309,404	189,325	-	23,317,907	31,255,886

* Included in reclassification is the balance of RM33,068 has been transferred from deposits.

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The net carrying amount of property, plant and equipment includes the following asset held under hire purchase agreement as disclosed in Note 20:

Group	2023 RM	2022 RM
Motor vehicles	-	522,088

In previous financial year, certain plant and machinery of the Group for the glove manufacturing line bearing the serial no: IG001/2021, IG002/2021, IG003/2021 and IG004/2021 had been charged as disclosed in Note 26 to the financial statements.

In previous financial year, the Group has impaired the piling machine owned by a subsidiary of the Company as the Board unable to justify the recoverable amount of the piling machine.

Company	Computer equipment and software RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Telecom-munication equipment RM	Total RM
Cost						
At 1 July 2021	21,523	12,740	-	225,285	409	259,957
Addition	9,743	-	8,590	-	-	18,333
At 30 June 2022/ 1 July 2022/ 30 June 2023	31,266	12,740	8,590	225,285	409	278,290
Accumulated depreciation						
At 1 July 2021	14,022	2,118	-	20,758	20	36,918
Charge for the financial year	2,489	1,274	579	22,529	82	26,953
At 30 June 2022/ 1 July 2022	16,511	3,392	579	43,287	102	63,871
Charge for the financial year	3,722	1,274	859	22,528	82	28,465
At 30 June 2023	20,233	4,666	1,438	65,815	184	92,336
Net carrying amount						
At 30 June 2023	11,033	8,074	7,152	159,470	225	185,954
At 30 June 2022	14,755	9,348	8,011	181,998	307	214,419

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7. RIGHT-OF-USE ASSETS

The details of right-of-use assets are as follows:

Group	Office building RM	Factory RM	Total RM
Cost			
At 1 July 2021	903,645	2,177,758	3,081,403
Additions	-	947,077	947,077
Disposal	(31,671)	-	(31,671)
At 30 June 2022/1 July 2022	871,974	3,124,835	3,996,809
Additions	-	1,670,978	1,670,978
Disposal	-	(2,178,794)	(2,178,794)
At 30 June 2023	871,974	2,617,019	3,488,993
Accumulated depreciation			
At 1 July 2021	200,810	108,888	309,698
Charge for the financial year	290,658	265,181	555,839
Disposal	(7,038)	-	(7,038)
At 30 June 2022/1 July 2022	484,430	374,069	858,499
Charge for the financial year	290,658	509,069	799,727
Disposal	-	(544,646)	(544,646)
At 30 June 2023	775,088	338,492	1,113,580
Net carrying amount			
At 30 June 2023	96,886	2,278,527	2,375,413
At 30 June 2022	387,544	2,750,766	3,138,310

(a) The Group and Company lease the buildings of which the leasing activities are summarised below:

(i) Office Building

The Group and Company have entered into 3 years (2022: 3 years) renewable operating lease agreement for the use of the office building. The operating lease will be further reviewed yearly at least one month before the expiry of the tenancy agreement.

(ii) Factory

The Group has entered into 2 lease agreements that have 10 years and 9 years (2022: 10 years and 9 years) with an option to renew the lease after that date.

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(b) The Group and Company have leases with terms of 12 months or less. The Group has applied the “short-term lease” recognition exemptions for these leases.

Company	**Office building RM**
Cost	
At 1 July 2021	903,645
Disposals	(31,671)
At 30 June 2022/At 1 July 2022/30 June 2023	871,974
Accumulated depreciation	
At 1 July 2021	200,810
Charge for the financial year	290,658
Disposals	(7,038)
At 30 June 2022/At 1 July 2022/30 June 2023	484,430
Charge for the financial year	290,658
At 30 June 2023	775,088
Net carrying amount	
At 30 June 2023	96,886
At 30 June 2022	387,544

The Group and the Company lease an office building and a factory. The remaining lease terms of the office building and factory is 1 year and 8 years (2022: 2 years and 9 years) respectively.

8. INTANGIBLE ASSETS

Group	**License RM**	**Software and development RM**	**Total RM**
Cost			
At 1 July 2021/30 June 2022			
1 July 2022/30 June 2023	50,000	3,731,599	3,781,599
Accumulated amortisation			
At 1 July 2021/30 June 2022			
1 July 2022/30 June 2023	50,000	3,731,599	3,781,599
Net carrying amount			
At 30 June 2023	-	-	-
At 30 June 2022	-	-	-

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License relates to the mobile game soft code license where the Group have unlimited usage and modification rights to the Intellectual Property. The estimated useful lives are 2 years.

Software development represents costs incurred on development projects relating to the design and testing of new or improved products. Capitalised development costs are amortised when the asset is ready for use on a straight-line basis over its estimated useful life of 5 years.

9. INVESTMENT IN SUBSIDIARIES

	Company	
	30.6.2023	**30.6.2022**
	RM	**RM**
Unquoted shares in Malaysia, at cost		
At 1 July 2022/2021	1,850,246	2,736,298
Converted from equity contribution	-	5,679,950
Disposals of investment in subsidiaries	-	(6,566,002)
At 30 June	1,850,246	1,850,246
At 1 July 2022/2021	19,119,571	7,194,472
Add: Equity contribution to subsidiaries	33,586,451	17,605,049
Less: Converted to investment	-	(5,679,950)
At 30 June	52,706,022	19,119,571
	54,556,268	20,969,817
Less:Accumulated impairment losses		
At 1 July 2022/2021	5,145,709	8,600,744
Addition during the year	3,443,387	2,982,184
Reversal during the year	-	(6,437,219)
At 30 June	8,589,096	5,145,709
	45,967,172	15,824,108

Equity contribution to subsidiary companies

Equity contribution to subsidiary companies represents balances which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the holding company's net investment in the subsidiary companies.

During the financial year, the Management reassessed and reclassified these amounts from amount owing by subsidiary companies, as these amounts are part of the net investment in the subsidiary companies.

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Impairment loss recognised

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

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation / place of business	Effective equity interest 30.6.2023	30.6.2022	Principal activities
		%	%	
Ansi Systems Sdn. Bhd. ("ASSB")	Malaysia	51	51	Software development and system integration.
Inix Glove Manufacturing Sdn. Bhd. ("Inix Glove")	Malaysia	100	100	Software development, system integration, information technology management consultancy and other related professional services.
Zen Tech Network Sdn Bhd (f.k.a. Inix Network Sdn. Bhd.) ("ZT Network")	Malaysia	100	100	System integration, information technology management consultancy and other related professional services.
Indirect holding: Subsidiaries of Inix Glove				
Inix L&S Gloves Sdn. Bhd.	Malaysia	51	51	Manufacturing of rubber gloves

** Subsidiary companies not audited by SBY Partners PLT.*

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

Disposal of subsidiaries

MRA Global Sdn. Bhd., a direct subsidiary of the Company, had ceased to be a subsidiary on 22 July 2021 pursuant to the completion of disposal of 55% equity interest pursuant to the sales of shares agreement.

Inix Maritime Sdn. Bhd., a direct subsidiary of the Company, had ceased to be a subsidiary on 11 March 2022 pursuant to the completion of disposal of 100% equity interest pursuant to the sales of shares agreement.

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Concrete Milestone Sdn. Bhd., a direct subsidiary of the Company, had ceased to be a subsidiary on 11 March 2022 pursuant to the completion of disposal of 51% equity interest pursuant to the sales of shares agreement.

The disposal has the following effects on the Group's cash flows for the financial year ended 30 June 2022:

	2022 RM
Details of the disposal were as follows:	
Current Assets	
Amount due from related company	125,565
Cash and bank balances	44,467
Current liabilities	
Other payables and accruals	(23,163)
Amount owing to holding company	(49,224)
Trade payables	(5,707)
Amount owing to director	(132,303)
Amount owing to related companies	(125,565)
Other receivables and prepayments	32,015
Net liabilities	(133,915)
Controling interest	(8,422)
Less: Total disposal proceeds	(200,000)
	(208,422)
Non-controling interest	125,493
Loss on disposal of subsidiaries	(82,930)

Non-controlling interests

(a) The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:-

Name of subsidiary companies	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive income/(loss) attributable to non-controlling interests		Accumulated non-controlling interests	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	%	%	RM	RM	RM	RM
ASSB	51	51	(158,879)	(442,141)	(10,579,241)	(10,420,362)
IL&S	51	51	(1,424,923)	1,883,059	1,743,714	3,168,637
			(1,583,802)	1,440,918	(8,835,527)	(7,251,725)

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(b) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of the reporting year are as follows:-

	ASSB RM	IL&S RM
Summarised statements of financial position		
30.6.2023		
Non-current assets	33,523	35,353,302
Current assets	679,686	5,582,669
Non-current liabilities	-	(1,261,180)
Current liabilities	(15,573,157)	(12,358,679)
Net (liabilities)/assets	(14,859,948)	27,316,112
30.6.2022		
Non-current assets	46,377	12,543,404
Current assets	1,080,652	5,566,796
Non-current liabilities	-	(1,530,378)
Current liabilities	(15,662,734)	(10,200,214)
Net (liabilities)/assets	(14,535,705)	6,379,608.00
Summarised statements of profit or loss and other comprehensive income		
2023		
Revenue	2,806,384	24,142,008
Loss for the financial year	(324,243)	(2,908,006)
Total comprehensive loss for the financial year	2,482,141	21,234,002
Summarised statements of profit or loss and other comprehensive income		
2022		
Revenue	2,113,493	24,366,431
Loss for the financial year	(902,328)	3,842,978
Total comprehensive loss for the financial year	1,211,165	28,209,409

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	ASSB RM	IL&S RM
Summarised statements of cash flows		
2023		
Net cash generated from operating activities	(866,915)	(3,673,389)
Net cash used in investing activities	(8,155)	(15,716,879)
Net cash used in financing activities	-	18,054,969
Net decrease in cash and cash equivalents	(875,070)	(1,335,299)
2022		
Net cash generated from operating activities	271,205	9,255,303
Net cash used in investing activities	(11,889)	(8,483,672)
Net cash used in financing activities	-	(578,909)
Net increase in cash and cash equivalents	259,316	192,722

10. OTHER INVESTMENT

	Group and Company	
	2023 RM	2022 RM
Unquoted shares, at cost		
In Malaysia		
At 1 July 2022/2021	7,700,000	7,700,000
Less: Accumulated impairment losses	-	-
At 30 June	7,700,000	7,700,000

On 1 April 2016, the Group and the Company have acquired 25% equity interests in Hyper QB Sdn. Bhd. (“Hyper QB”) with a cash consideration of RM7,700,000. This acquisition is classified as other investment as the Group and the Company do not have significant influence due to followings:

(a) The Group and the Company have limited influence in terms of voting right and have no board representative in Hyper QB;

(b) The Group and the Company have no authority to participate in the financial affairs and operational activities of Hyper QB; and

(c) There are no material transactions entered into between the Group and the Company and Hyper QB.

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Movements in the accumulated impairment losses are as follows:

	Group and Company	
	2023	2022
	RM	RM
At 1 July 2022/2021	-	3,850,000
Reversal during the financial year	-	(3,850,000)
At 30 June	-	-

Fair value of the other investment is categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group and Company				
2023				
Financial asset at fair value				
through profit or loss				
Other investment	-	-	7,700,000	7,700,000
2022				
Financial asset at fair value				
through profit or loss				
Other investment	-	-	7,700,000	7,700,000

There were no transfers between Level 1 and Level 2 during the financial year ended 30 June 2023.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs of the 5 years cash flow projections of Hyper QB Sdn. Bhd.

The recoverable amount of the CGUs is determined based on the value in use calculations using cash flow projections on financial budgets approved by directors for a five years period. The future cash flows are based on management's five years business plan, which is the best estimate of future performance of Hyper QB Sdn. Bhd.

The recoverable amounts for Hyper QB Sdn Bhd's CGU is determined based on the value in use calculations using the cash flow projections using the following assumptions:

(i) Budgeted revenue – Revenue is derived based on the services rendered on consultation, consultancy and professional services in the areas of information technology, business technology, telecommunication and other related areas over the 5 years;

(ii) Budgeted gross margin – Gross margin is based on historical margin achieved and management target margin of 83%, which is probable to be achieved;

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(iii) Growth rates -The growth rate is 2.8% per annum based on Malaysia Consumer Price Index; and

(iv) Pre-tax discount rate - Discount rate of 8.5% represents the cost of capital of the CGU.

Subsequent to financial year end and as at the date of the financial statement were authorised for issue by the Board of Directors on 30 October 2023, the Company received dividend of RM132,500 from Hyper QB Sdn. Bhd.

The value assigned to the key assumptions which represents directors' assessment of future value of services that to be rendered and target margin based on both external and internal sources.

During the financial year ended 30 June 2023, no impairment loss was recognised for the aforesaid carrying amount of other investment as the recoverable amount were in excess of the carrying amounts. In 2021, impairment loss amounting to RM3,850,000 had been recognised in profit or loss as the carrying amount were in excess of the recoverable amounts.

Sensitivity to changes in assumptions

Directors believe that no reasonable possible changes in any of the key assumptions above will cause the carrying values of the CGU to materially exceed its recoverable amount.

11. INVENTORIES

	Group	
	2023	**2022**
	RM	**RM**
At cost:		
Raw materials	839,783	1,126,037
Packing materials	48,725	163,746
Finished goods	1,374,338	839,938
	2,262,846	2,129,721

Inventories recognised in cost of sales for the financial year ended 30 June 2023 amounted to RM18,629,480 (2022: RM14,102,947).

12. TRADE RECEIVABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Trade receivables				
- Third parties	6,962,556	320,200	-	-
Less: Accumulated impairment losses	(17,800)	(17,800)	-	-
	6,944,756	302,400	-	-

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Trade receivables are non-interest bearing and are generally on 30 to 120 days (2022: 30 to 120 days) credit terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the accumulated impairment losses are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At 1 July 2022/2021	17,800	143,784	-	-
Adjustment during the financial year	-	(125,984)	-	-
At 30 June	17,800	17,800	-	-

The information about the credit exposure is disclosed in Note 35(a) to the financial statements.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other receivables				
- Related parties	532,500	546,426	532,500	546,426
- Third parties	5,199,714	5,241,944	4,453,216	4,768,412
	5,732,214	5,788,370	4,985,716	5,314,838
Less: Bad debt written off	-	(399,999)	-	(399,999)
Deposits	9,752,096	6,427,841	5,297,439	1,568,239
	15,484,310	11,816,212	10,283,155	6,483,078
Less: Accumulated impairment losses	(10,092,700)	(6,592,700)	(6,282,700)	(6,282,700)
	5,391,610	5,223,512	4,000,455	200,378
Prepayments	966,088	966,534	-	-
	6,357,698	6,190,046	4,000,455	200,378

Group

Included in the deposits is the total earnest deposits of RM8,200,000 (2022: RM4,500,000) relating to new ventures of the Group. In year 2021, a subsidiary of the Company has entered into a sale of business and assets agreement ("SBA") with Signature Healthland Sdn. Bhd., ("SHSB") and the Director of SHSB to purchase the business and assets of SHSB for a purchase consideration amounted to RM5million.

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In year 2021, the subsidiary of the Company has paid a refundable deposit amounted to RM3,500,000 (2022: RM3,500,000) to SHSB. In previous financial year, the Board of Directors of the Company had accepted the extension of time offered by SHSB to complete the purchase of business and assets of SHSB as the Board of Directors of the Company do understand the impact of COVID-19 to the business of SHSB. As at 31 October 2022, the conditions precedent in relates to the sales of business and assets agreement with SHSB and its Director has yet to be satisfied.

On 28 June 2023, the Board of Director of the Company has aborted the SBA with SHSB due to the performance and viability of the venture have been evaluated and it has become evident that the venture is no longer a viable investment and has not met the expected financial and strategic objectives.

Therefore, the Board of Director, in its fiduciary duty to protect the interest of the Company and its subsidiaries has decided to abort the venture. Consequently, the Company has appointed a solicitor to take appropriate legal action against SHSB and the Director of SHSB to recover the mentioned deposit.

Group / Company

Included in deposits is an amount of RM1,000,000 (2022: RM1,000,000) in regards to the memorandum of agreement entered by the Company with World Glove International Group Sdn. Bhd., (“WGI”). On 28 May 2021, the Company has terminated the memorandum of agreement and the Company has entered into a settlement agreement to recover the refund of the earnest deposit amounted to RM1,000,000. Subsequently, on 10 November 2021, the Company has entered into a revised settlement payment.

In previous financial year, the Company had impaired the RM1,000,000 refundable deposit paid to WGI as WGI was unable to meet the revised settlement payment and consequently, the Company has commenced a legal proceeding against Goh Poh Seng and WGI to recover the refundable deposit of RM1,000,000.

Other receivables and deposits that are individually determined to be impaired relate to receivables that are in significant financial difficulties and have defaulted on payments and the directors are of the opinion that these are not recoverable.

Included in other receivables is an amount of RM35,000 advanced to a Director of the Company for purpose of the Company’s business. The advances will be deducted against the future fees or remunerations that are to be paid to the said Director.

On 27 June 2023, the Company entered into a conditional sale of shares agreement with Lim Khai Guan for the acquisition of 1,250 DS Agriculture Plantation Sdn. Bhd. (“DS Agri”) shares representing 25% equity interest in DS Agri for a purchase consideration of RM5,500,000 to be satisfied entirely via cash. Included in deposit is an amount of RM3,000,000 (2022: RM NIL) deposit paid for the acquisition of 1,250 DS Agri shares.

Included in deposits is an amount of RM700,000 (2022: RM NIL) paid to Messrs NZ Ling & Co for the legal and corporate services in relation to application and registration of various licenses for DS Agri. The aforementioned deposit of RM700,000 is recoverable as the sales of share agreement with DS Agri has been aborted.

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Movements in the accumulated impairment losses are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At 1 July 2022/2021	6,592,700	5,300,000	6,282,700	4,990,000
Additions	3,500,000	1,292,700	-	1,292,700
At 30 June	10,092,700	6,592,700	6,282,700	6,282,700

14. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Amount due from subsidiaries	17,595,524	13,981,899
Less: Accumulated impairment losses	(12,290,656)	(12,290,656)
	5,304,868	1,691,243

Amount due from subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand.

Movements in the accumulated impairment losses are as follows:

	Company	
	30.6.2023	30.6.2022
	RM	RM
At 1 July 2022/2021	12,290,656	12,690,655
Reversal during the financial year	-	(399,999)
At 30 June	12,290,656	12,290,656

Impairment loss recognised

Impairment loss was provided for amount due from subsidiaries in which these subsidiaries had accumulated losses and had deficits in their shareholders' equity.

15. FIXED DEPOSITS WITH A FINANCIAL INSTITUTION

Group

The fixed deposits with a financial institution earn effective interest at 1.85% to 2.65% (2022: 1.85%) per annum and are pledged as securities for banking facilities granted to the Group.

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16. CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and cash equivalent	1,040,030	1,092,631	333,857	6,606

17. SHARE CAPITAL

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares		RM	RM
Issued share capital:				
At 1 July 2022/2021	513,264,020	466,603,720	69,146,726	64,536,269
Issuance of shares pursuant to the exercise of employees share issuance scheme	95,449,637	-	1,699,003	-
Issuance of shares pursuant to the exercise of private placement	186,561,300	46,660,300	9,701,188	4,610,457
Issuance of shares pursuant to the exercise of right issue	1,616,864,884	-	24,252,973	-
Issuance of shares pursuant to the exercise of settlement of loan	108,607,122	-	8,145,534	-
Issuance of shares pursuant to the exercise of warrants	107,798,938	-	1,616,984	-
At 30 June	2,628,545,901	513,264,020	114,562,408	69,146,726

During the financial year, the Company has issued the following:

(a) the issuance of 95,449,637 ordinary shares of RM0.0178 each arising from the exercise of employees share issuance scheme;

(b) the issuance of 186,561,300 ordinary shares of RM0.052 each arising from the exercise of private placement;

(c) the issuance of 1,616,864,884 ordinary shares of RM0.015 each arising from the exercise of right issue;

(d) the issuance of 108,607,122 ordinary shares of RM0.075 each arising from the exercise of settlement of loan; and

(e) the issuance of 107,798,938 ordinary shares of RM0.015 each arising from the exercise of warrants.

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

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

18. RESERVES

(a) Warrant Reserve

The warrant reserve arose from the 1,077,909,475 free detachable warrants issued pursuant to the renounceable right issue on the basis of 2 free warrants for every 3 rights shares subscribed for free detachable Warrants B 2023/2025 ("Warrants B 2023/2025"). The warrant reserve arrived at based or the theoretical fair value of RM0.0289 per warrant determined based on the Trinomial Options Pricing Model.

As at 30 June 2023, 970,110,542 Warrants B 2023/2025 remained unexercised.

The salient terms of Warrants B 2023/2025 are as follows:

(i) The Warrants are contributed by a Deed Poll executed on 22 December 2022;
(ii) The Warrants are traded separately;
(iii) The Warrants may be exercised at any time during tenure of the Warrants 2 years commencing from the date of issuance 26 January 2023 ("Exercise Period") at on exercise price of RM0.015 each. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;
(iv) The exercise price of RM0.015 per share. The exercise price and the number of outstanding warrants shall be subject to the adjustments that may be required during the Exercise Period by the Company, in consultation with and certified by the approved adviser or auditors appointed by the Company in accordance with the terms and provision of the Deed Poll; and
(v) Subject to the provision in the Deed Poll, the Company is free to issue share to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. Warrant holders will not have any participating rights in such issues unless otherwise resolved by the Company in a general meeting.

The total number of Warrants B 2023/2025 converted during the financial year were as follows:

	2023 Units	2022 Units
At 1 July 2022/2021	-	-
Arising from the exercise of right issue	1,077,909,475	-
Converted during the financial year	(107,798,933)	-
At 30 June	970,110,542	-

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(b) Employees Share Option Reserve

The employee share option reserve represents the cash-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of cash-settled share options, and is reduced by the expiry of the share options.
At an Extraordinary General Meeting held on 9 June 2022, the Company's shareholders approved the establishment of a new ESOS of up to 30% of the issued and paid-up share capital of the Company at the point of the time throughout the duration of the scheme to eligible Directors and employees of the Group. The ESOS is to be in force for a period of 5 years effective from 27 January 2023.

The salient features and other terms of the ESOS are as follows:

(i) Any employees of the Group (excluding dormant subsidiaries) shall be eligible to participate if as at the date of offer, the employees of the Group;
(ii) Any Directors of the Group shall be eligible to participate it as at the date of offer, the Directors of the Group:

- is at least eighteen (18) years old;
- has been appointed as a Director of the Company within the Group, which is not dormant; and
- fulfils any other criteria that the Option Committee may from time to time determine at its discretion.

(iii) The maximum number of new shares to be issued pursuant to exercise of the ESOS which may be granted under the ESOS shares shall not exceed thirty percent (30%) of the total issued and paid up share capital of the Company (excluding treasury shares, if any) at any point of the time throughout the duration of the ESOS;
(iv) The Scheme shall be in force for a period of five (5) years commencing from the effective date. The Scheme may be extended by the Board of Directors, upon the recommendations of the ESOS Committee, without having to obtain approval from the Company's shareholders, for a further period up to five (5) years immediately from the expiry of the first five (5) years but will not in aggregate exceed ten (10) years;
(v) The option price shall be determined by the ESOS committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%;
(vi) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all as any part of the new ordinary shares of the Company comprised in the ESOS; and
(vii) All new ordinary shares issued upon exercise od the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allocated and issued, will not be entitled to any dividend, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

Movement in the number of share options and the weighted average exercise process as follows:

		Number of options over ordinary shares			
Date of offer	**Exercise price RM**	**At 1.7.2022**	**Granted**	**Excercised**	**At 30.6.2023**
4.4.2023	0.0178	-	759,902,840	(95,449,637)	664,453,203

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19. LEASE LIABILITIES

The lease liabilities are repayable as follows:

	Future instalments payable	Undue interest	Principal payable
Group	**RM**	**RM**	**RM**
2023			
Shown under current liabilities			
Within 1 year	477,796	(67,127)	410,669
Shown under non-current liabilities			
Between 2 to 5 years	1,488,000	(172,747)	1,315,253
More than 5 years	678,000	(26,289)	651,711
	2,166,000	(199,036)	1,966,964
	2,643,796	(266,163)	2,377,633
2022			
Shown under current liabilities			
Within 1 year	689,388	(87,938)	601,450
Shown under non-current liabilities			
Between 2 to 5 years	1,593,796	(224,009)	1,369,787
More than 5 years	1,302,000	(75,526)	1,226,474
	2,895,796	(299,535)	2,596,261
	3,585,184	(387,473)	3,197,711
Company			
2023			
Shown under current liabilities			
Within 1 year	105,796	(952)	104,844
2022			
Shown under current liabilities			
Within 1 year	317,388	(11,301)	306,087
Shown under non-current liabilities			
Between 2 to 5 years	105,796	(952)	104,844
	423,184	(12,253)	410,931

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Movements of lease liabilities for the financial year are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
At 1 July 2022/2021	3,197,711	2,842,682	410,931	761,350
Additions	1,670,978	947,076	-	-
Disposals	(1,887,820)	(31,671)	-	(31,671)
Accretion interest	86,151	88,849	11,301	18,477
Lease payments - principal portion	(603,236)	(560,376)	(306,087)	(318,748)
Interest paid	(86,151)	(88,849)	(11,301)	(18,477)
At 30 June	2,377,633	3,197,711	104,844	410,931

The Group and the Company lease office building and factory. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Interest rate of the lease liabilities of the Group and Company ranged from 2.75% to 3% (2022: 2.75%).

20. HIRE PURCHASE

	Future instalments payable	Undue interest	Principal payable
2023	**RM**	**RM**	**RM**
Shown under current liabilities			
Within 1 year	-	-	-
2022			
Shown under current liabilities			
Within 1 year	132,912	(14,785)	118,127
Shown under non-current liabilities			
Between 2 to 5 years	343,254	(17,471)	325,783
	476,166	(32,256)	443,910

In previous financial year, included in hire purchase of the Group was an amount of RM443,910 pledged against hire purchase financing for motor vehicles as disclosed in Note 6 to the financial statements. The interest of hire purchase is charged on 4.59% (2022: 4.34%) per annum.

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21. DEFERRED TAX LIABILITIES

	Group	
	2023 RM	2022 RM
At beginning of financial year	1,204,595	445,345
Realised to profit or loss (Note 30)	(1,204,595)	759,250
At end of financial year	-	1,204,595

The deferred tax liabilities are in respect of taxable temporary differences arising from the qualifying property, plant and equipment's total capital allowances claimed excess of corresponding accumulated depreciation.

22. TRADE PAYABLES

	Group	
	2023 RM	2022 RM
Trade payables	7,197,945	3,023,655

Trade payables are non-interest bearing and are generally on 90 days (2022: 90 days) credit terms.

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables				
- Third parties	1,510,274	7,840,623	301,571	343,783
Accruals	1,106,121	1,207,058	116,000	149,496
Deposits	588,450	200,344	-	-
	3,204,845	9,248,025	417,571	493,279

24. AMOUNT DUE TO DIRECTORS

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

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25. SHORT TERM BORROWINGS

	Group 2023 RM	2022 RM
Bank overdrafts	704,134	-
Bankers' acceptance	2,327,519	-
	3,031,653	-

The bankers' acceptance is secured as follows:

(i) against facilities agreement;
(ii) Syarikat Jaminan Pembiayaan Perniagaan (SJPP) Berhad's guarantee under WSGS-I;
(iii) Joint and Several Guarantee (JSG) to be executed by directors;
(iv) personal guaranteed by a director of the company; and
(v) corporate guaranteed by holding company.

Bankers' acceptance bear interest at rates ranging from 3.42% to 3.71% (2022: NIL) per annum.

26. TERM LOAN

	Group 2023 RM	2022 RM
Shown under current liabilities		
Within 1 year	-	8,000,000

In previous financial year, a subsidiary of the Company had signed a moneylending agreement with a licensed money lender company, namely Southborn Capital Sdn. Bhd. ("SCSB") to obtain a secured loan amounted to RM8,000,000.

The repayment terms are as follows:

(a) The amount is repayable without demand at the end of the 12 months from the date of this agreement with option to roll-over for a similar period; and
(b) Any early repayment or partial repayment of the amount shall be first notified to the Lender in writing at least 30 days prior to the early repayment or partial repayment.

The term loan is secured by a charge on the Glove manufacturing line bearing the Serial No: IG001/2021, IG002/2021, IG003/2021 and IG004/2021.

In previous financial year, the term loan borne effective interest rate at 4% per annum on a quarterly basis per annum.

On 4 July 2023, the proposed debt settlement with SCSB is deemed completed upon the listing and quotation of 108,607,122 settlement shares allotted to the holding company of SCSB.

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27. REVENUE

	Group	
	2023	2022
	RM	RM
Commissions from gateway platform	91,158	1,072,989
Sale of hardware	4,725,750	-
Sale of rubber gloves	24,142,008	24,366,431
Software development, system integration and system services	2,715,226	1,040,504
	31,674,142	26,479,924
Timing and recognition:		
- at a point in time	31,674,142	26,479,924

(a) Performance obligations

The performance obligation for sale of hardware and rubber gloves are satisfied upon delivery of goods.

The performance obligation for software development, system integration and system services are satisfied upon services are rendered.

The performance obligation for commissions from gateway platform is satisfied upon remittance of settlement of payment that are due to the merchants.

There were no remaining performance obligations unsatisfied as at the reporting date.

28. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Banker's acceptance interest	22,986	-	-	-
Credit card interest	-	96	-	-
Hire purchase interest	16,634	21,557	-	-
Lease liabilities interest	86,151	88,849	11,301	18,477
Term loan interest	-	230,575	-	-
	125,771	341,077	11,301	18,477

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29. LOSS BEFORE TAXATION

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Loss before taxation is stated after charging:				
Auditors' remuneration				
- current year provision	168,500	184,000	116,000	114,000
- over provision in respect of prior year	(8,000)	(32,500)	-	-
Bad debts written off	-	399,999	-	399,999
Depreciation of property, plant and equipment	2,710,196	939,988	28,465	26,953
Depreciation of right-of-use assets	581,847	548,801	290,658	283,620
Expenses relating to lease of low value assets	20,613	20,610	8,280	8,280
Expenses relating to short term leases	104,828	102,460	-	-
Impairment loss on				
- investment in subsidiaries	-	-	3,443,387	2,982,184
- other receivables and deposits	3,500,000	1,292,700	-	1,292,700
Loss on disposal of investment in subsidiaries	-	6,448,932	-	6,366,002
Share based payment expenses	302,065	315,000	302,065	315,000
Employee benefits (Note 32)	7,551,797	6,863,210	1,496,624	1,349,494
and crediting:				
Dividend income	-	82,500	-	82,500
Gain on modification of right-of-use assets	35,793	-	-	-
Gain on disposal of property, plant and equipment	32,187	-	-	-
Gain on foreign exchange				
- realised	1,060	-	-	-
- unrealised	12,700	-	-	-
Interest income	9,442	12,218	21	117
Rental income	15,000	-	15,000	-
Reversal of impairment on				
- amount due from subsidiaries	-	-	-	399,999
- investment in subsidiaries	-	-	-	6,437,219
- other investment	-	3,850,000	-	3,850,000
- trade receivables	-	125,984	-	-

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30. INCOME TAX (CREDIT) / EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Malaysian income tax:				
- current year provision	2,261	483,182	-	-
- under/(over) provision in respect of prior year	25,990	(39,714)	-	-
	28,251	443,468	-	-
Deferred tax liabilities (Note 21):				
- current year provision	(639,707)	738,866	-	-
- (over)/under provision in respect of prior year	(564,888)	20,384	-	-
	(1,204,595)	759,250	-	-
	(1,176,344)	1,202,718	-	-

Income tax is calculated based on the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profits for the financial year.

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loss before taxation	(11,288,494)	(3,723,200)	(6,885,402)	(3,213,881)
Income tax expense at Malaysian statutory tax rate of 24% (2022: 24%)	(2,709,239)	(893,568)	(1,652,496)	(771,331)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	673,224	4,014,382	1,228,084	2,984,835
- income not subject to tax	(24,662)	(2,488,732)	-	(2,584,732)
- deferred tax assets not recognised during the financial year	1,423,231	589,966	424,412	371,228
- (over)/under provision of deferred tax liabilities in prior year	(564,888)	20,384	-	-
	1,566,184	2,136,000	1,615,776	771,331
• Under/(over) provision of current income tax in respect of prior year	25,990	(39,714)	-	-
	(1,176,344)	1,202,718	-	-

The amount of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Excess of accumulated depreciation over corresponding capital allowances claimed	(11,499,311)	(37,747)	(15,499)	(18,168)
Excess of capital allowances claimed over corresponding accumulated depreciation	3,902	-	-	-
Unutilised capital allowances	11,139,005	132,803	54,900	51,962
Unabsorbed business losses	22,539,161	16,157,572	9,397,360	7,634,582
	22,182,757	16,252,628	9,436,761	7,668,376

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The potential deferred tax assets in respect of these items have not been recognised as it is uncertain whether sufficient future taxable profits will be available against which certain subsidiaries can utilise the benefits. The unabsorbed business losses and unutilised capital allowances of the Company and of the Group are available for offsetting against future taxable profits of respective subsidiaries, subject to no substantial changes in shareholdings of those entities under the Income Tax Act 1967 and subject to the relevant provision of Income Tax Act 1967.

The expiry terms of the unabsorbed business losses of the Group have been extended from 7 years to 10 years, therefore the unabsorbed business losses will now be available for carry forward for a period of 10 (2022: 10) consecutive years. Upon expiry of the 10 (2022: 10) years, the unabsorbed business losses will be disregarded. The expiry terms of the unabsorbed business losses of the Group and Company is until 2033.

31. LOSS PER SHARE

Basic loss per share

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

	Group	
	2023 **RM**	**2022** **RM**
Loss attributable to owners of the Company (RM)	(8,528,348)	(6,374,772)
Weighted average number of ordinary shares (units):		
Ordinary shares as at 1 July 2022/2021	513,264,020	466,603,720
Effect of new ordinary shares issued during the financial year	2,115,281,881	46,660,300
Weighted average number of ordinary shares as at 30 June	3,598,656,438	513,264,020
Basic loss per share (Sen)	(0.32)	(1.24)

Diluted Loss Per Share

The diluted loss per ordinary share calculation is equivalent to the basic loss per share as the Company does not have potential ordinary shares outstanding at the end of the reporting year.

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32. EMPLOYEE BENEFITS

The employee benefits recognised in profit or loss are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Salaries, bonus, wages and allowances	5,788,767	4,912,446	549,062	554,951
Defined contribution plan	342,551	299,751	66,736	61,538
Other employee benefits	1,420,479	1,651,013	880,826	733,005
	7,551,797	6,863,210	1,496,624	1,349,494

Included in employee benefit expenses are directors' remuneration who are also the key management personnel of the Group and of the Company :

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Directors' remuneration				
- fees	603,000	542,000	603,000	542,000
- salaries and other emoluments	1,334,451	1,159,052	461,119	364,625
	1,937,451	1,701,052	1,064,119	906,625

33. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Director as chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Software and books - Involved in software development and system integration.

Corporate - Investment holding and others.

Gloves - Manufacturing of rubber gloves

For the purpose of making decisions about resource allocation, the Executive Director assesses the performance of the operating segments based on operating profits or losses which is measured differently from those disclosed in the financial statements.

The Executive Director is of the opinion that all inter-segment transactions are entered into in the normal course of business and are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

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Group	Software and system integration RM	Corporate RM	Gloves RM	Elimination RM	Total RM
2023					
Revenue					
External customers	7,532,134	-	24,142,008	-	31,674,142
Results					
Depreciation of property, plant and equipment	(99,742)	(28,465)	(2,581,989)	-	(2,710,196)
Segment (loss)/profit	(3,623,517)	(6,885,402)	(6,075,016)	6,471,785	(10,359,149)
Segment assets	5,705,659	63,589,192	86,281,198	(71,946,420)	83,264,630
Segment liabilities	20,155,738	526,872	16,436,180	(20,857,111)	16,296,679
Other non-cash items					
Depreciation of right-of-use assets	-	(290,658)	(291,189)	-	(581,847)
Impairment loss on deposits	(3,500,000)	-	-	-	(3,500,000)
2022					
Revenue					
External customers	2,113,493	-	24,366,431	-	26,479,924
Results					
Depreciation of property, plant and equipment	(109,445)	(26,953)	(803,017)	(573)	(939,988)
Segment profit/(loss)	(1,030,145)	(3,213,881)	2,779,777	(3,461,669)	(4,925,918)
Segment assets	4,898,180	26,024,298	45,908,050	(18,172,846)	58,657,682
Segment liabilities	15,724,742	1,645,258	27,418,977	(18,042,713)	26,746,264
Other non-cash items					
Depreciation of right-of-use assets	-	(283,620)	(265,181)	-	(548,801)
Impairment loss on other receivables	-	(1,292,700)	-	-	(1,292,700)
Loss on disposal of investment in subsidiaries	-	(6,361,054)	-	-	(6,361,054)
Reversal of impairment:					
- Other investment	-	3,850,000	-	-	3,850,000
- Trade receivables	-	-	-	125,984	125,984

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Geographical information

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

34. RELATED PARTY DISCLOSURE

(a) Identity of related parties

(i) The Group has related party relationship with companies in which directors have financial interest and its key management personnel; and

(ii) The Company has related party relationships with its subsidiary companies and key management personnel.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group carried out the following transactions with the related parties during the financial year as follows:

(i) Transaction with related parties

The Group and Company do not have any related party transaction during the financial year.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

(ii) Compensation of key management personnel

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Short-term employee benefit expenses				
Executive Director:-				
- fees	338,000	228,000	338,000	228,000
- salaries and other emoluments	1,334,451	1,159,052	461,119	364,625
	1,672,451	1,387,052	799,119	592,625
Non-executive Directors:-				
- fees	265,000	314,000	265,000	314,000
	1,937,451	1,701,052	1,064,119	906,625

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35. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to interest rate risk, credit risk and liquidity and cash flow risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

(a) Financial Risk Management Policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their interest rate risk, credit risk, and liquidity and cash flow risks. The Group's and the Company's policies in respect of the major areas of treasury activities are as follows:

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposures to interest rate risk arise mainly from interest-bearing financial assets. The Group's policies are to obtain the most favourable interest rates available.

A change in interest rates at the end of the reporting year would not significantly affect profit or loss in view that variable rate financial assets are not significant as at the reporting date.

(ii) Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposures to credit risk arises principally from trade and other receivables. The Company's exposures to credit risk arises principally from advances to subsidiaries. There are no significant changes as compared to previous financial year.

- Trade and other receivables

  Risk management objectives, policies and processes for managing the risk

  The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties and financial institutions.

  At the end of each reporting year, the Group assesses whether any of the trade and other receivables are credit impaired.

  The gross carrying amount of credit impaired trade and other receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not has assets or sources of income that could generate sufficient cash flows to repay the amounts that subject to write-off. Nonetheless, trade and other receivables that are written off could still be subject to enforcement activities.

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There are no significant changes as compared to previous financial period.

Exposure to credit risk, credit quality and collateral

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount in the statements of financial position as at the end of the reporting year.

Concentration of credit risk

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables at the reporting date.

Recognition and measurement of impairment loss

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At the end of each reporting year, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The following table provides information about the exposure to credit risk for trade receivables as at the end of the reporting year:

	Group	
	2023	**2022**
	RM	**RM**
Not past due	6,672,243	302,400
Past due but not impaired:		
- 61 to 90 days	272,512	-
	6,944,755	302,400

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

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At the end of the reporting year, trade receivables that are individually impaired were those that have defaulted in payments. These receivables are not secured by any collateral or credit enhancement.

- Advances to subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to its subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position as at the end of the reporting year.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers the advances to subsidiary companies have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary companies' advances when they are payable, the Company considers the advances to be in default when the subsidiary companies are not able to pay when demanded.

The Company considers a subsidiary company's advances to be credit impaired when the subsidiary company is unlikely to repay its advances to the Company in full or the subsidiary company is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

(iii) Liquidity and Cash Flow Risks

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposures to liquidity and cash flow risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting year):

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Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM	1 - 5 Years RM	Over 5 years RM
2023						
Trade payables	-	7,197,945	7,197,945	7,197,945	-	-
Other payables and accruals	-	3,204,845	3,204,845	3,204,845	-	-
Amount due to directors	-	390,172	390,172	390,172	-	
Bank overdrafts	8.15	704,134	704,134	704,134	-	-
Bankers' acceptance	3.42 - 3.71	2,327,519	2,327,519	2,327,519	-	-
Lease liabilities	3.00	2,377,633	2,643,796	477,796	1,488,000	678,000
		16,202,248	16,468,411	14,302,411	1,488,000	678,000
2022						
Trade payables	-	3,023,655	3,023,655	3,023,655	-	-
Other payables and accruals	-	9,248,025	9,248,025	9,248,025	-	-
Amount due to directors	-	1,259,907	1,259,907	1,259,907	-	
Lease liabilities	2.75	3,197,711	3,585,184	689,388	1,593,796	1,302,000
Hire purchase	4.34	443,910	476,166	132,912	343,254	-
Term loan	4.00	8,000,000	8,160,000	8,160,000	-	-
		25,173,208	25,752,937	22,513,887	1,937,050	1,302,000

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	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM	1 - 5 Years RM
Company					
2023					
Other payables and accruals	-	417,571	417,571	417,571	-
Amount due to directors	-	3,500	3,500	3,500	-
Lease liabilities	2.75	104,844	105,796	105,796	-
		525,915	526,867	526,867	-
2022					
Other payables and accruals	-	493,279	493,279	493,279	-
Amount due to directors	-	740,091	740,091	740,091	-
Lease liabilities	2.75	410,931	423,184	317,388	105,796
		1,644,301	1,656,554	1,550,758	105,796

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(b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt for the Group and the Company are calculated as trade and other payables plus accruals less cash and bank balances and fixed deposit with a financial institution.

The debt-to-equity ratios of the Group and of the Company as at the end of the financial year were as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables	7,197,945	3,023,655	-	-
Other payables and accruals	3,204,845	9,248,025	417,571	493,279
	10,402,790	12,271,680	417,571	493,279
Less: Cash and bank balances	(1,040,030)	(1,092,631)	(333,857)	(6,606)
Less: Fixed deposit with a financial institution	(47,400)	(529,250)	-	-
	9,315,360	10,649,799	83,714	486,673
Total equity	67,367,950	31,911,418	63,062,320	24,379,040
Debt-to-equity ratio	0.14	0.33	0.00	0.02

There were no changes in the Group's and the Company's approach to capital management during the financial year.

(c) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

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The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Financial Assets				
Measured at amortised cost				
Other investment	7,700,000	7,700,000	7,700,000	7,700,000
Trade receivables	6,944,756	302,400	-	-
Other receivables and deposits	5,391,610	5,223,512	4,000,455	200,378
Amount due from subsidiaries		-	5,304,868	1,691,243
Fixed deposit with a financial institution	47,400	529,250	-	-
Cash and bank balances	1,040,030	1,092,631	333,857	6,606
	20,758,797	14,847,793	17,339,180	9,598,227
Financial Liabilities				
Measured at amortised cost				
Trade payables	7,197,945	3,023,655	-	-
Other payables and deposits	2,098,724	8,040,967	417,571	343,783
Amount due to directors	355,172	1,259,907	3,500	740,091
Lease liabilities	2,377,633	3,197,711	104,844	410,931
Hire purchase	-	443,910	-	-
	12,064,474	15,966,150	525,915	1,494,805

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the relatively short term nature.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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(e) Fair Value Hierarchy

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 30 June 2023 are as follows:

(i) Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

(ii) Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

(iii) Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Level 3 fair value measurement of the Group is as follows:

	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
2023				
Financial asset at fair value through profit or loss				
Other investment	-	-	7,700,000	7,700,000
2022				
Financial asset at fair value through profit or loss				
Other investment	-	-	7,700,000	7,700,000

There were no transfers between Level 1 and Level 2 during the financial year ended 30 June 2023.

The Group and the Company do not have any financial assets and financial liabilities carried at fair value as at 30 June 2023.

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36. SIGNIFICANT SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

Significant subsequent events after the financial year are as follows:

(a) On 27 September 2023, the Company has been served with a Writ of Summon and Statement of Claimed dated 27 September 2023 from Messrs Sodhi Chambers, the solicitor acting on behalf of Lim Khai Guan to forfeit and claim the deposit sum of RM3,000,000 in regards to the SSA and the Company's contingent liabilities is the deposit sum of RM3,000,000.

(b) On 21 September 2023, the Company has filed a petition to Kuala Lumpur High Court in relation to the proposed share capital reduction.

On 29 September 2023, the Kuala Lumpur High Court has granted the Company's petition for the share capital reduction pursuant to Section 116 of Companies Act 2016. On 4 October 2023, the Company has lodged the relevant documents with the Registrar of Companies.

The Company received a notice dated 13 October 2023 issued by the Registrar of Companies confirming the reduction of share capital. Consequent, the share capital reduction is effective on 13 October 2023.

37. CAPITAL COMMITMENTS

	Group	
	30.6.2023	**30.6.2022**
	RM	**RM**
Propert, plant and equipment		
Approved and not contracted for	98,000,000	113,216,000
Contingent liabilties		
Termination of agreement/deposits	3,000,000	-

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38. CASH FLOW INFORMATION

The reconciliation of liabilities arising from the financing activities are as follows: -

Company	Amount due from subsidiaries 2023 RM	Amount due from subsidiaries 2022 RM
At 1 July 2022/2021	1,691,243	17,012,741
Changes in financing cashflows		
Advances	37,200,076	2,332,619
Repayment from subsidiaries	-	(150,000)
Non-cash changes		
Amount due from subsidiaries written off	-	(249,999)
Equity contribution from holding company	(33,586,451)	(17,605,049)
Reclassified as other debtor	-	(49,068)
Reversal of impairment loss on amount due from subsidiaries	-	399,999
At 30 June	5,304,868	1,691,243

Group	Amount due to directors 2023 RM	Amount due to directors 2022 RM
At 1 July 2022/2021	1,259,907	2,215,744
Changes in financing cashflows		
Fund transfer from directors	185,000	838,998
Repayment to directors	(2,040,277)	(2,528,334)
Non-cash changes		
Director fees	590,000	562,017
Director salary	360,542	171,482
At 30 June	355,172	1,259,907

Company	Amount due to directors 2023 RM	Amount due to directors 2022 RM
At 1 July 2022/2021	740,091	816,900
Changes in financing cashflows		
Fund transfer from directors	185,000	838,998
Payment on behalf		
Repayment to directors	(1,872,133)	(1,649,306)
Non-cash changes		
Director fees	590,000	562,017
Director salary	360,542	171,482
At 30 June	3,500	740,091

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39. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group and of the Company arising from the financing activities, including both cash and non-cash changes as follows: -

	At 01.07.2022	Net cash flows	Non-cash changes	New leases	At 30.06.2023
	RM	RM	RM	RM	RM
Group					
Lease liabilities	3,197,711	(603,236)	(216,842)	-	2,377,633
Company					
Lease liabilities	410,931	(306,087)	-	-	104,844
Group					
Restated					
Lease liabilities	2,842,682	(560,376)	(31,671)	947,076	3,197,711
Company					
Lease liabilities	761,350	(318,748)	(31,671)	-	410,931

40. MATERIAL LITIGATION

(a) On 16 July 2020, the Company was served with a Writ and Statement of Claim by its former Non-Independent and Non-Executive Director, Mohd Anuar bin Mohd Hanadzlah ("the Plaintiff"). The Plaintiff claimed that Zen Tech International Berhad ("Zen Tech") had made defamatory statements against the Plaintiff for, among others its announcement in Bursa Malaysia Securities Berhad ("Bursa") over the suspension of the Plaintiff from his position in Zen Tech due to the alleged abuse of power and misconduct pending the outcome from the Investigative Working Group. Zen Tech had attempted to strike out the said Writ by its application under Order 18 Rule 19 of the Rules of Court 2012 which was then dismissed by the Kuala Lumpur High Court. At present, Zen Tech is appealing to the Court of Appeal to reverse the High Court decision on the merit that the announcement in Bursa was made in compliance and aligned to the requirements of Bursa.

On 2 December 2022, the Court of Appeal has dismissed the Kuala Lumpur High Court's dismissal application that was filed by Zen Tech to strike out the Plaintiff's Writ and Statement of claim with costs of RM5,000.

The Kuala Lumpur High Court has fixed the matter for trial on 22 June 2022 to 24 June 2022.

The initially scheduled trial dates by the Kuala Lumpur High Court on 22 June 2022 to 24 June 2022 has been adjourned by the Kuala Lumpur High Court due to the change of trial Judge and to pave the way for numerous pre 2020 cases which are yet to be tried.

The case management date is fixed on 8 September 2022 for parties to fix trial dates. The trial is fixed on 4 June 2024 to 7 June 2024 and the final case management is also fixed on 7 May 2024.

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The solicitors of Zen Tech are of the view that Zen Tech has a good chance and merit in its defence and Zen Tech will proceed to defend in the Civil suit and appeal to dismiss the Writ and Statement of Claim at the Court of Appeal.

(b) The Company has appointed a solicitor to commence a legal proceeding against Goh Poh Seng and World Gloves International Group Sdn Bhd ("WGIG") to recover the refund of RM1,000,000 which was initially paid by Zen Tech for the purchase of shares from WGIG.

As such, the above matter is currently ongoing at the Kuala Lumpur High Court whereby the High Court has fixed a case management on 30 September 2022 to update the Court on the status of filing of documents.

On 27 October 2022, the Company has obtained judgement amounted to RM1,018,760.27 against both Defendants and are currently in the process of executing the said judgement where a bankruptcy action and winding petition is being taken out against both parties respectively.

(c) On 28 June 2023, the Board of Directors of the Company has aborted the sales of business and assets ("SBA") with Signature Healthland Sdn Bhd ("SHSB") and the Director of SHSB due to performance and viability of the SBA is no longer viable. The Board of Director of the Company has seek expert legal counsel to pursue the legal recourse to recover the refundable deposit amounted to RM3,500,000.

On 20 October 2023, the Company has appointed a solicitor to take appropriate legal action against SHSB and the Director of SHSB to recover the refundable deposits of RM3,500,000. At the date of the authorization of these financial statements, the solicitors are currently perusing the relevant document and have held several meetings with the Company's management to indicate a legal action against SHSB and the Director of SHSB.

(d) On 27 June 2023, the Company entered into a conditional sale of shares agreement with Lim Khai Guan for the acquisition of 1,250 DS Agriculture Plantation Sdn. Bhd. ("DS Agri") shares representing 25% equity interest in DS Agri for a purchase consideration of RM5,500,000 to be satisfied entirely via cash. Included in deposit is an amount of RM3,000,000 (2022: RM NIL) deposit paid for the acquisition of 1,250 DS Agri shares.

On 25 July 2023, the Company had delivered a termination notice to Lim Khai Guan to terminate the SSA with immediate effect. Consequently, the SSA shall be aborted.

On 27 September 2023, the Company has been served with a Writ of Summon and Statement of Claimed dated 27 September 2023 from Messrs Sodhi Chambers, the solicitor acting on behalf of Lim Khai Guan to forfeit and claim the deposit sum of RM3,000,000 in regards to the SSA.

On 28 July 2023, the Company has appointed a solicitor to defend the Writ of Summon and Statement of Claimed that has been served to the Company. The Company's Solicitor have filed the Memorandum of Appearance on 12 October 2023 and in the midst of preparing the statement of Defence and to file a Counter Claim against Lim Khai Guan in this matter.

41. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 30 October 2023 by the Board of Directors.

ANALYSIS OF SHAREHOLDINGS AS AT 29 SEPTEMBER 2023

SHARE CAPITAL

Total Number of Issued Shares : 2,628,545,901
Class of Shares : Ordinary Shares
Voting Rights : One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 29 SEPTEMBER 2023

SIZE OF SHAREHOLDINGS	No. of shareholders	Percentage of shares (%)	No. of shares	Percentage of shares (%)
Less Than 100	71	0.80	3,189	0.00
100 to 1,000	643	7.28	382,680	0.01
1,001 to 10,000	2,579	29.22	16,015,381	0.61
10,001 to 100,000	3,684	41.74	157,181,245	5.98
100,001 to Less Than 5% of Issued Shares	1,849	20.95	1,954,963,406	74.37
5% and above of Issued Shares	1	0.01	500,000,000	19.02
TOTAL	**8,827**	**100.00**	**2,628,545,901**	**100.00**

DIRECTORS' SHAREHOLDINGS AS AT 29 SEPTEMBER 2023

No.	Names	Direct		Indirect	
		No. of Shares	Percentage of shares held (%)	No. of Shares	Percentage of shares held (%)
1.	Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	-	-	-	-
2.	Dato' Zhang Li	-	-	-	-
3.	Siva Kumar A/L Kalugasalam	-	-	-	-
4.	Chow Hung Keey	177,600	0.01	-	-
5.	Edwin Silvester Das	-	-	-	-
6.	Zhang Yang	-	-	-	-
7.	Wong Kok Fong	-	-	-	-

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 29 SEPTEMBER 2023

No.	Names	Direct		Indirect	
		No. of Shares	Percentage of shares held (%)	No. of Shares	Percentage of shares held (%)
1.	RHB TRUSTEES BERHAD FOR KENANGA ISLAMIC ABSOLUTE RETURN FUND	500,000,000	19.02	-	-

Analysis Of Shareholdings As At 29 September 2023

LIST OF TOP 30 SHAREHOLDERS/ DEPOSITORS AS AT 29 SEPTEMBER 2023

No.	Name of Shareholders	No. of Shares	Percentage of shares held (%)
1.	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR KENANGA ISLAMIC ABSOLUTE RETURN FUND	500,000,000	19.02
2.	CHUA SIEW CHEN	114,448,600	4.35
3.	LING SHENG CHUNG	94,815,600	3.61
4.	KENANGA NOMINEES (TEMPATAN) SDN BHD TAN POW CHOO @ WONG SENG ENG (EM1-CN)	83,172,946	3.16
5.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCCOUNT FOR BEH BOON KEE (E-SGM)	73,750,000	2.81
6.	NG SOON LEONG	66,100,000	2.51
7.	TAN MEI TENG	39,269,663	1.49
8.	KOH BOON POH	28,089,987	1.07
9.	ALAN CHUA HOCK KWANG	21,100,000	0.80
10.	LIM SOON GUAN	20,600,000	0.78
11.	TAI TEAN SENG	17,089,100	0.65
12.	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SEIK YEE KOK	16,179,000	0.62
13.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG KEAR HUAT (8089889)	14,000,000	0.53
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG KEAR HUAT (7003273)	12,720,000	0.48
15.	TAN KIM TING	12,329,700	0.47
16.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	12,317,700	0.47
17.	HEAH THEARE HAW	12,000,000	0.46
18.	YIN YIT FUN	10,997,800	0.42
19.	CHIA LEE LEE	10,500,000	0.40
20.	TAN HUI KOON	10,000,000	0.38
21.	LAU POH CHYE	9,500,000	0.36
22.	LIN TSUI-YING	9,500,000	0.36
23.	TEH KOK WAI	8,329,900	0.32
24.	LEE THENG HAI	8,000,000	0.30
25.	LIM CHIN JOO	8,000,000	0.30
26.	LIM YUK WAI @ LAM YUK WAI	7,560,000	0.29
27.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIN @ TAN PEK-HAN (MF00027)	7,500,000	0.29
28.	TAN SIEW LIAN	7,500,000	0.29
29.	DING LI PIN	7,001,000	0.27
30.	ANG WEI FANG	7,000,200	0.27
	Total	**1,249,371,196**	**47.53**

ANALYSIS OF WARRANTS B HOLDINGS AS AT 29 SEPTEMBER 2023

Class of Shares : Warrants B
Total Number of Warrants B : 970,110,537

DISTRIBUTION OF WARRANTS B HOLDINGS AS AT 29 SEPTEMBER 2023

SIZE OF WARRANTS HOLDINGS	No. of warrants holders	Percentage of warrants (%)	No. of warrants	Percentage of warrants (%)
Less Than 100	69	4.92	3,199	0.00
100 to 1,000	31	2.21	13,291	0.00
1,001 to 10,000	172	12.27	925,651	0.10
10,001 to 100,000	616	43.94	27,089,364	2.79
100,001 to Less Than 5% of Issued Warrants	512	36.52	694,860,899	71.63
5% and above of Issued Warrants	2	0.14	247,218,133	25.48
TOTAL	**1,402**	**100.00**	**970,110,537**	**100.00**

DIRECTORS' INTERESTS IN WARRANTS B AS AT 29 SEPTEMBER 2023

No.	Names	Direct		Indirect	
		No. of warrants	Percentage of warrants held (%)	No. of warrants	Percentage of warrants held (%)
1.	Tan Sri Syed Mohd Yusof Bin Tun Syed Nasir	-	-	-	-
2.	Dato' Zhang Li	18,454,666	1.90	-	-
3.	Siva Kumar A/L Kalugasalam	-	-	-	-
4.	Chow Hung Keey	-	-	-	-
5.	Edwin Silvester Das	-	-	-	-
6.	Zhang Yang	-	-	18,454,666[(1)]	1.90
7.	Wong Kok Fong	-	-	-	-

Notes:
(1) Deemed interested by virtue of his mother, Dato' Zhang Li's direct warrants holding in the Company.

Analysis Of Warrants B Holdings As At 29 September 2023

LIST OF TOP 30 WARRANTS B HOLDERS/ DEPOSITORS AS AT 29 SEPTEMBER 2023

No.	Name of Warrants Holders	No. of warrants	Percentage of warrants held (%)
1.	CHUA SIEW CHEN	34,154,933	13.83
2.	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SEIK YEE KOK	13,063,200	11.65
3.	TAI SUE YEAN	8,421,000	4.99
4.	LING SHENG CHUNG	40,406,933	4.17
5.	TAI TEAN SENG	28,590,600	2.95
6.	ALAN CHUA HOCK KWANG	27,000,000	2.78
7.	LOW PIT KOON	20,742,000	2.14
8.	KENANGA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZHANG LI	18,454,666	1.90
9.	TEH CHEE TEONG (DATO' SRI)	15,859,866	1.63
10.	TAN WAH KIONG	15,511,100	1.60
11.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	10,786,100	1.11
12.	SANG SAK MIN	10,009,200	1.03
13.	SOM KIT A/L EH SOON	10,009,200	1.03
14.	TAN WAH KIONG	10,000,000	1.03
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG KEAR HUAT (8089889)	9,333,333	0.96
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG KEAR HUAT (7003273)	8,480,000	0.87
17.	HENG KEAR HUAT	8,000,000	0.82
18.	TAN SIEW LIAN	7,334,000	0.76
19.	AFFIN HWANG INVESTMENT BANK BERHAD IVT (YKL) LEE KHEE YIP	7,089,600	0.73
20.	CHANG HUI KEE	6,937,333	0.72
21.	YAP KOW CHAI	6,700,000	0.69
22.	TAN HUI KOON	6,666,666	0.69
23.	TAN KIM TING	6,666,666	0.69
24.	GAN SOOK PENG	6,500,666	0.67
25.	CHAN CHEE KEONG	6,000,000	0.62
26.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KIAM LAM (001)	5,993,466	0.62
27.	TEH KOK WAI	5,666,666	0.58
28.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHANG VOON TECK (7006880)	5,500,000	0.57
29.	LEE THENG HAI	5,333,333	0.55
30.	NGAN TANG FOO	5,333,333	0.55
	Total	**610,543,860**	**62.93**

NOTICE OF ANNUAL GENERAL MEETING

ZEN TECH INTERNATIONAL BERHAD

Registration No. 200401027289 (665797-D)

NOTICE IS HEREBY GIVEN THAT the Eighteenth (18th) Annual General Meeting ("AGM") of Zen Tech International Berhad ("Zen Tech" or "the Company") will be conducted on a virtual basis through live streaming and online remote voting via the remote participation and voting (RPV) facilities at https://zentech-agm.digerati.com.my provided by Digerati Technologies Sdn Bhd in Malaysia (Domain registration number D1A119533) on Thursday, 30 November 2023 at 10:30 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements of the Company for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon.	(Please refer Explanatory Notes 1)
2.	To approve and ratify the additional payment of Directors' fees and other benefits amounting to RM3,000.00 to the Non-Executive Directors of the Company for the period commencing from 1 December 2022 up to the conclusion of the 18th AGM of the Company.	**Ordinary Resolution 1**
3.	To approve the payment of Directors' fees and other benefits payable of up to RM800,000.00 payable to Non-Executive Directors of the Company for the period commencing from the conclusion of the 18th AGM up to the conclusion of the 19th AGM of the Company.	**Ordinary Resolution 2**
4.	To re-elect the following Directors who retire in accordance with Clause 97.1 of the Company's Constitution and who being eligible, have offered themselves for re-election: -	
	(i) Siva Kumar A/L Kalugasalam	**Ordinary Resolution 3**
	(ii) Zhang Yang	**Ordinary Resolution 4**
5.	To re-elect Wong Kok Fong, who retires in accordance with Clause 104 of the Company's Constitution and who being eligible, has offered himself for re-election.	**Ordinary Resolution 5**
6.	To re-appoint Messrs. SBY Partners PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 6**

Notice of Annual General Meeting

AS SPECIAL BUSINESS

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

7. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Ordinary Resolution 7**

   "THAT subject to Sections 75 and 76 of the Companies Act 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons, firms or corporations and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total issued share capital of the Company or such higher percentage as Bursa Malaysia Securities Berhad allowed for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company.

   AND THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 54 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over all new shares, options over or grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities, such new shares when issued, to rank pari passu with existing issued shares in the Company."

8. To transact any other business of which due notice have been given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

TAN TONG LANG
(MAICSA 7045482)
(SSM PC No. 202208000250)
Company Secretary

Kuala Lumpur
30 October 2023

Notice of Annual General Meeting

Notes:

1. *Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting.*
2. *A member, including an authorised nominee and an exempt authorised nominee which holds securities in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), may appoint one or more proxies to attend on the same occasion.*
3. *Where a member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment of two (2) or more proxies shall not be valid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for an omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an attorney duly authorised.*
6. *To be valid, the duly completed Form of Proxy must be deposited with the office of the share registrar of the Company, Aldpro Corporate Services Sdn Bhd, at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting PROVIDED THAT in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her proxy, PROVIDED ALWAYS that the rest of the Form of Proxy, other than the particular of the proxy have been duly completed by the member(s).*
7. *For the purpose of determining a member who shall be entitled to attend the meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 23 November 2023. Only members whose name appears on the Record of Depositors shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his/her stead.*
8. *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of the 18th AGM will be put to vote by way of poll.*

Explanatory Notes:

1. Audited Financial Statements for the Financial Year Ended 30 June 2023

The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act 2016 provide that the audited financial statements are to be laid in the general meeting and does not require a formal approval of the shareholders. Therefore, this Agenda item is not put forward for voting.

2. Ordinary Resolutions 1 and 2: To Approve the Payment of Directors' Fees and Other Benefits Payable

Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the Directors and "any benefits" payable to the Directors of public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The proposed Ordinary Resolutions 1 and 2, is approved, will authorise the payment of Directors' fees and benefits for the period stated in the respective ordinary resolutions until the conclusion of the Annual General Meeting to be held in year 2024.

Directors' benefits include allowances and other claimable benefits which is calculated based on the current Board size and the number of schedule meetings for the period commencing from the conclusion of the 18th AGM up to the conclusion of the 19th AGM of the Company.

In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

3. Ordinary Resolutions 3 - 5: Re-election of Directors who retire in accordance with Clauses 97.1 and 104 of the Company's Constitution

Clause 97.1 of the Company's Constitution provides that an election of Directors shall take place each year at the AGM of the Company where one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Whereby Clause 104 of the Company's Constitution provides that the Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with this Constitution. Any Director so appointed shall hold office only until the next following AGM, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Pursuant to Clause 97.1 of the Company's Constitution, Mr. Siva Kumar A/L Kalugasalam and Mr. Zhang Yang shall retire at the forthcoming AGM of the Company.

Mr. Wong Kok Fong who was appointed as an Independent Non-Executive Director of the Company on 26 June 2023 is required to submit himself for re-election at the 18th AGM of the Company pursuant to Clause 104 of the Company's Constitution.

Notice Of Annual General Meeting

The performance of the Directors who are recommended for re-election has been assessed through the Board's annual evaluation. The Nomination Committee and the Board are satisfied with the performance and effectiveness of Mr. Siva Kumar A/L Kalugasalam, Mr. Zhang Yang and Mr. Wong Kok Fong who are due for retirement as Directors, and being eligible, have offered themselves for re-election at the 18th AGM of the Company.

5. Ordinary Resolution 7: Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 7, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company or such higher percentage as Bursa Malaysia Securities Berhad allowed for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next AGM.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

There was no ordinary share issued pursuant to the general mandate granted to the Directors at the 17th AGM held on 30 November 2022 and which will lapse at the conclusion of the 18th AGM.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 54 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

Section 85(1) of the Companies Act 2016 provides as follows:

"85. Pre-emptive rights to new shares

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

Clause 54 of the Company's Constitution provides as follows:
"54. Subject to any direction to the contrary that may be given by the Company in general meeting any new shares or other convertible securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may in like manner dispose of any such new shares or securities as aforesaid which, by reason of the ratio borne by them to the number of shares or securities held by persons entitled to such offer of new shares or securities cannot, in the opinion of the Directors be conveniently offered in the manner herein provided."

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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Securities: -

1. Details of individual who are standing for election as Directors (excluding Directors for re-election)

   No individual is seeking election as a Director at the 18th AGM of the Company.

2. General mandate for issue of securities in accordance with Rule 6.04 of the ACE Market Listing Requirements of Bursa Securities.

   The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out under Explanatory Note.

ZEN TECH INTERNATIONAL BERHAD

FORM OF PROXY

Number of Shares	
CDS Account No.	

ZEN TECH INTERNATIONAL BERHAD
Registration No. 200401027289 (665797-D)
(Incorporated in Malaysia)

* I/We ………
(full name in block letters)

NRIC/Passport/Co. No. ……………………………………………………of ……………………………………………………………………

…………………………………………………………………………………………………… Tel No. ………………………………………………
(full address)

being a Member/ Members of ZEN TECH INTERNATIONAL BERHAD, hereby appoint (Proxy 1)……………………………………………………

…………………………………………………………………………NRIC/Passport No.………………………………………………………
(full name in block letters)

…………………of………
(full address)

Tel No. ……………………………………………… Email address ………………………………………………………………………………failing

*him/her (Proxy 2) ………………………………………………………………… NRIC/Passport No. ……………………………………………………
(full name in block letters)

of………
(full address)

Email address ………………………………………………………………… or failing whom, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the at the Eighteenth Annual General Meeting ("18th AGM") of ZEN TECH INTERNATIONAL BERHAD ("ZEN TECH" or "the Company") will be conducted on a virtual basis through live streaming and online remote voting via the remote participation and voting (RPV) facilities at https://zentech-agm.digerati.com.my provided by Digerati Technologies Sdn Bhd in Malaysia (Domain registration number D1A119533) on Thursday, 30 November 2023 at 10.30 a.m. or at any adjournment thereof:

*I/We direct *my/our proxy to vote for or against the resolution to be proposed at the 18th AGM of the Company as indicated hereunder:

	Ordinary Resolution	For	Against
1	To approve and ratify the additional payment of Directors' fees and other benefits amounting to RM3,000.00 to the Non-Executive Directors of the Company for the period commencing from 1 December 2022 up to the conclusion of the 18th AGM of the Company.		
2	To approve the payment of Directors' fees and other benefits payable of up to RM800,000.00 to Non-Executive Directors of the Company for the period commencing from the conclusion of the 18th AGM up to the conclusion of the 19th AGM of the Company;		
3	To re-elect Siva Kumar A/L Kalugasalam who retires in accordance with Clause 97.1 of the Company's Constitution and who being eligible, has offered himself for re-election.		
4	To re-elect Zhang Yang who retires in accordance with Clause 97.1 of the Company's Constitution and who being eligible, has offered himself for re-election.		
5	To re-elect Wong Kok Fong, who retires in accordance with Clause 104 of the Company's Constitution and who being eligible, has offered himself for re-election;		
6	To re-appoint Messrs. SBY Partners PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.		
7	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		

Please indicate with an "X" in the space provided on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote / abstain at his/her discretion.

Dated this……………………… day of …………………………… 2023

The proportions of my/our holdings to be represented by my/our proxy(ies) are as follows.

Proxy 1
No. of Shares : ________________ Percentage : ____________%

Proxy 2
No. of Shares : ________________ Percentage : ____________%

____
Signature / Common Seal of shareholder

*strike out whichever is inapplicable

Notes:

1. *Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting.*
2. *A member, including an authorised nominee and an exempt authorised nominee which holds securities in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), may appoint one or more proxies to attend on the same occasion.*
3. *Where a member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment of two (2) or more proxies shall not be valid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for an omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an attorney duly authorised.*
6. *To be valid, the duly completed Form of Proxy must be deposited with the office of the share registrar of the Company, Aldpro Corporate Services Sdn Bhd, at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting PROVIDED THAT in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her proxy, PROVIDED ALWAYS that the rest of the Form of Proxy, other than the particular of the proxy have been duly completed by the member(s).*
7. *For the purpose of determining a member who shall be entitled to attend the meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 23 November 2023. Only members whose name appears on the Record of Depositors shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his/her stead.*
8. *Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities, all resolutions set out in this Notice of the 18th AGM will be put to vote by way of poll.*

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AFFIX
STAMP

The Share Registrar of
ZEN TECH INTERNATIONAL BERHAD
[Registration No. 200401027289 (665797-D)]

c/o Aldpro Corporate Services Sdn Bhd
B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur,
W.P. Kuala Lumpur

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ADMINISTRATIVE GUIDE FOR 18TH ANNUAL GENERAL MEETING ("AGM")

Meeting Day and Date	:	Thursday, 30 November 2023
Time	:	10.30 a.m. or at any adjournment thereof
Online Meeting Platform	:	will be conducted on a virtual basis through live streaming and online remote voting via the remote participation and voting (RPV) facilities at https://zentech-agm.digerati.com.my provided by Digerati Technologies Sdn Bhd in Malaysia (Domain registration number D1A119533)

1. Virtual Meeting

1.1 The 18th AGM of the Company will be conducted entirely virtual through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities.

1.2 Kindly ensure that you are connected to the internet at all times in order to participate and/or vote at our virtual Meeting. Therefore, it is your responsibility to ensure that connectivity for the duration of the Meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants. The Company, the Board of Directors ("the Board") and its management, registrar and other professional advisers (if any) shall not be held responsible or be liable for any disruption in internet line resulting in the participants being unable to participate and/or vote at the Meeting.

2. Entitlement to Participate and Vote

2.1 Only depositors whose names appear on the Record of Depositors as at **23 November 2023** shall be entitled to participate and/or vote at the Meeting or appoint proxy(ies) / corporate representative(s) to participate and/or vote on his/her behalf by returning the duly executed Form(s) of Proxy.

3. Appointment of Proxy

3.1 If you are unable to attend and participate at the Meeting via RPV facilities, you may appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

3.2 The instrument appointing a proxy and the power of attorney or other authority i.e. the corporate representatives / authorised nominees or exempt authorised nominees who wishes to attend and participate at the Meeting via RPV facilities, please ensure the duly executed original Form(s) of Proxy or the original / duly certified Certificate(s) of Appointment of its corporate / authorised representative / power of attorney / letter of authority or other documents proving authority must be deposited to Aldpro Corporate Services Sdn Bhd. at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan or email to admin@aldpro.com.my at least 48 hours before the time appointed for holding the Meeting i.e. not later than **Tuesday, 28 November 2023 at 10.30 a.m**.

4. Submission of Questions

4.1 Members and proxies may submit their questions via the real time submission of typed texts through a text box at https://zentech-agm.digerati.com.my during the live streaming of the 18th AGM. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/relevant adviser during the Meeting.

Administrative Guide for 18th Annual General Meeting ("AGM")

5. Voting Procedure

5.1 Pursuant to Paragraph 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the Meeting will be conducted by poll.

5.2 For the purpose of the Meeting, e-Voting can be carried out using personal smart mobile phones, tablets, personal computers or laptops.

5.3 The polling will commence from the scheduled starting time of the Meeting and close upon the Chairman announces the closing of voting period towards the end of the Meeting after the question-and-answer session.

5.4 The Independent Scrutineer will verify the poll results reports upon closing of the poll session by the Chairman. Thereafter, the Chairman will announce and declare whether the resolutions put to vote were successfully carried or not.

6. Remote Participation and Voting ("RPV")

6.1 Please note that all shareholders including (i) individual shareholders; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees, and proxies shall use the RPV facilities to participate and/or vote remotely at the Meeting [(ii) to (iv) through their authorised representatives].

6.2 If you wish to participate in the Meeting, you will be able to view a live webcast of the Meeting, pose questions and/ or submit your votes in real time whilst the Meeting is in progress.

6.3 Kindly follow the procedures to register for RPV.

REMOTE PARTICIPATION AND E-VOTING (RPV)

Members who wish to participate the 18th AGM remotely using RPV, must follow the following procedures: -

Step	Action	Procedure
A	To register as a user using at the website: https://zentech-agm.digerati.com.my	• Click 'Register' to sign up as new user. • Upload your identity documents. • Complete & submit your registration. • Verify your email at your mailbox to complete the registration. • You will be notified upon successful or rejected registration. • You may pose your question, if any, to the Chairman/ Board using the website. • Within 3 days before the AGM, you will be notified with login credentials to join the Meeting upon approval. *Note: - Please check your spam mailbox if you do not receive emails from us - Registered user and proxy may skip this step. - Identity documents will be deleted after registration.

Administrative Guide for 18th Annual General Meeting ("AGM")

B	To appoint proxy or corporate representative at website (optional)	• Login your registered account at website. • Select "**ZENTECH 18TH AGM**". • Fill up the information to appoint proxy(s). • Within 3 days before the AGM, you and your proxy(s) will be notified upon approval or rejection of RPV.
C	On the day of AGM	• Access to Broadcast and E-Poll Form using the website or through email links If you have any question for the Chairman/Board, you may use the Q&A section to text your question. Submit your voting within a specific period once the Chairman announces that the voting is open. Voting will be closed upon the expiry of the voting period. Broadcast will be terminated upon the announcement of the poll result by the Chairman.

RPV for Authorised Nominee and Exempt Authorised Nominee

Write in to support@digerati.com.my by providing the name of Member, CDS Account Number accompanied with the Proxy Form to submit the request.

Enquiry

If you have any enquiries prior to the 18th AGM, please contact the following during office hours from Mondays to Fridays from 9.00a.m. to 5.30p.m. (except public holiday): -

The Share Registrar

Aldpro Corporate Services Sdn. Bhd.
Address : B-21-1, Level 21, Tower B,
Northpoint Mid Valley City,
No. 1, Medan Syed Putra Utara,
59200 Kuala Lumpur, Wilayah Persekutuan
Email Address : admin@aldpro.com.my
Contact Persons : Mr. Simon Teo / Ms. Jennie Wong / Pn. Martini
Telephone No. : +603 9770 2200

OR

RPV Technical Support

If you have any enquiry in relation to registration, logging in and system related, please contact the Technical Support:

Technical Support : Digerati Technologies Sdn. Bhd.
Tel No. : +6011-6338 8316
Email : support@digerati.com.my

ZEN TECH
INTERNATIONAL
BERHAD

Unit No 53-6 The Boulevard,
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
W : www.ztech.com.my