

## PROFILE OF DIRECTORS

### CHUA JIN KAU

Executive Chairman

Nationality  / Gender  / Age  65

**Mr. Chua Jin Kau** was appointed to the Board on 1 October 2016 as an Executive Director and subsequently re-designated as the Executive Chairman on 7 December 2021. He is also a Director of the subsidiary companies and is primarily responsible for the Group's apparels management and marketing.

He began his career in the fashion industry more than 30 years ago with Big John Jeans in the warehousing and logistics department. He has since assumed various marketing and managerial positions in a number of companies dealing with international brands for women, men and children's wear.

He was with Jordone Corporation Sdn. Bhd. from July 2004 to March 2016. During his time in Jordone Corporation Sdn. Bhd., he served in a number of senior positions, including Executive Director of the company. He was responsible for the overall management and development of the retail and branding activities for several brands.

He has extensive experience in the retailing business, particularly in management, development and branding.

He attended all five (5) Board Meetings held during the financial year ended 30 June 2023.

### LOKE LEE PING

Executive Director / Chief Executive Officer

Nationality  / Gender  / Age  44

**Mr. Loke Lee Ping** was appointed to the Board on 16 October 2015 as an Executive Director and subsequently re-designated as the Executive Director / Chief Executive Officer of the Company on 1 June 2016. He is responsible for the overall business development, management, financial affairs and strategic planning of the Group. He provides directions in the implementation of resolutions, strategies and policies of the Board.

He graduated with a Higher Diploma in Computer Science from Informatics College in 2000 and obtained a Masters of Business Administration from the Nottingham Trent University in 2011.

He began his career in IT software development from 2000 until 2004.

He has extensive experience in the retail industry for more than 10 years as well as the complete business strategy and corporate development.

He attended all five (5) Board Meetings held during the financial year ended 30 June 2023.

## Profile of Directors (Cont'd)

### LOW KOON MIN

Independent Non-Executive Director

Nationality  / Gender  / Age  52

- Chairperson of Audit and Risk Management Committee
- Member of Nomination and Remuneration Committee

**Ms. Low Koon Min (“Ms. Low”)** was appointed to the Board on 20 February 2023, as an Independent Non-Executive Director. She is also the Chairperson of the Audit and Risk Management Committee and a member of the Nomination and Remuneration of the Company.

She is a member of the Chartered Institute of Management Accounts (“CIMA”) and the Malaysian Institute of Accountants (“MIA”).

She started her career as a Finance Manager at Mitsumi Electric Sdn. Bhd., a subsidiary of Mitsumi Electric Co. Ltd. (a public listed company in Japan). In 1998, Ms. Low joined Mattel Southeast Asia Pte. Ltd. and moved to Mattel Southeast Asia (Regional Office) Sdn. Bhd. in 2002 as a Financial Specialist. Mattel is a toy company listed on the Nasdaq Stock Exchange of the United States of America.

In 2011, Ms. Low joined Lee Ong & Partners, a legal firm as General Manager. She also involved in the business of recovery and recycling of both scheduled & non-scheduled waste. Ms. Low served IWB Consultancy Sdn. Bhd., a former Selangor state-owned company to raise women's socio-economy and capability of women in leadership and entrepreneurship.

In 2019, Ms. Low was appointed to the Board of Lotus KFM Bhd as an Independent Non-Executive Director.

Ms. Low attended two (2) Board Meetings held during the financial year ended 30 June 2023.

### LEE KOK HENG

Independent Non-Executive Director

Nationality  / Gender  / Age  61

- Chairman of Nomination and Remuneration Committee
- Member of Audit and Risk Management Committee

**Mr. Lee Kok Heng** was appointed to the Board on 25 November 2015. He is also the Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee of the Company.

He graduated with a Bachelor of Law (Hons) from the University of Malaya in 1987 and was admitted as an Advocate & Solicitor of the High Court of Malaya in 1988. He is currently practicing under his own law firm of Lee Kok Heng & Co. in Kuala Lumpur.

He has vast experience throughout his legal career in areas of general litigation, commercial and debt recovery litigation, contractual disputes, tenancy disputes, land matters, wills, probate and administration of estates, bankruptcy and winding-up proceedings, banking and conveyancing documentations, joint-ventures and commercial agreements, distributorship and trademark licensing agreements and trademark registration.

He attended all five (5) Board Meetings held during the financial year ended 30 June 2023.

## Profile of Directors (Cont'd)

### DATUK WONG SAK KUAN

Non-Independent Non-Executive Director

Nationality  / Gender  / Age  55

- Member of Audit and Risk Management Committee
- Member of Nomination and Remuneration Committee

**Datuk Wong Sak Kuan (“Datuk Wong”)** was appointed to the Board on 21 December 2020. He is a major shareholder of the Company.

He graduated with a Diploma in Civil Engineering from the Federal Institute of Technology (FIT) in 1990.

Upon graduating, he joined his family’s construction business erecting factory buildings and warehouses for a public listed paper mill group of companies. In 1995, he steered the construction company into various residential, commercial and industrial development projects in Selangor and Penang. He has more than 30 years of experience in the construction and development industry.

Apart from the construction activities, he also owns businesses in various industries such as trading, recycling and paper roll rewinding services, transportation and workshop; and Food & Beverage (“F&B”).

Datuk Wong is currently the Group Managing Director of Sing Foong Niap Group of Companies. He is also the controlling shareholder and Managing Director of Lotus Essential Sdn. Bhd.. Datuk Wong also sits on the board of Lotus KFM Berhad as a Non-Independent Non-Executive Director / Vice Chairman, as well as several private limited companies.

He attended all five (5) Board Meetings held during the financial year ended 30 June 2023.

Datuk Wong is the father of Mr. Wong Yu Perng, a Non-Independent Non-Executive Director of the Company.

### DATO’ LEE BAN SENG

Independent Non-Executive Director

Nationality  / Gender  / Age  53

**Dato’ Lee Ban Seng** was appointed to the Board on 1 March 2022.

He graduated with a Master in Business Administration (“MBA”) from the America Liberty University.

He has over 25 years of experience in the industry of construction, F&B and hospitality. Currently, he is the Group Managing Director at JLF Holding Sdn. Bhd., Managing Director of Uptown Concept Sdn. Bhd., and Innoglobal Construction Sdn. Bhd., and Director of Melia Seasons Sdn. Bhd. and Total Cafe Sdn. Bhd.

Besides being an entrepreneur, he is active in NGO activities and holds important positions such as Deputy Chief Financial Officer of The Federation of Hokkien Association of Malaysia, the President of World Quanzhou Youth Friendship Association (Malaysia Chapter), the President of Persatuan Meninggikan Akhlak Chee Ying Khor Kajang Selangor and the Consultant of Persatuan Pengurusan Rumah-Rumah Ibadat Kaum Tiong Hua Daerah Hulu Langat.

He attended all five (5) Board Meetings held during the financial year ended 30 June 2023.

## Profile of Directors (Cont'd)

### WONG YU PERNG

Non-Independent Non-Executive Director

Nationality  / Gender  / Age  30

**Mr. Wong Yu Perng ("Mr. Wong")** was appointed to the Board on 30 September 2022.

He graduated with a Master in International Business Management from the University of Tasmania in 2018.

In the year 2018, he joined Lotus KFM Berhad as a Sales Executive and was promoted to Head of Purchasing Department in 2019. In December 2020, he was promoted to Operations Manager overseeing the flour mill operation in Kuantan. He became the Deputy General Manager in 2022 heading the flour mill in Kuantan and the warehouse in Semenyih.

In year 2018, he formed Millennial Automobile Maintenance Sdn. Bhd. with 2 partners to provide repair and maintenance services to commercial vehicles.

He was roped into the waste materials management business and led the operation division of Expert Resource Management Sdn. Bhd. In year 2022, he is the project leader for the waste recycling business collaboration with KDEB Selangor & PETRONAS.

He attended three (3) Board Meetings held during the financial year ended 30 June 2023.

Mr. Wong is the son of Datuk Wong Sak Kuan, a Non-Independent Non-Executive Director and major shareholder of the Company.

### CHEN, JIANHUA

Independent Non-Executive Director

Nationality  / Gender  / Age  50

**Mr. Chen, JianHua** was appointed to the Board on 30 September 2022.

He graduated with Degree in Business Administration from The Open University of China.

He has 30 years of experience in the industry of pulp & paper products and waste recycling management.

Currently, he is holding the position as General Manager of GuangZhou Howard Trading Co. Ltd., Managing Director of Dong Gong Environmental Technology Co. Ltd., Corporate Partner of Yingde Xiongying Plastic Products Co. Ltd., QingLu Environmental Technology Co. Ltd., Huizhou Zhicheng Environmental Protection Service Co. Ltd. and Gao Mi Hua Xi Recycle Technology Co. Ltd. He is also the Corporate Consultant of GuangZhou Yu Hua Industrial Co. Ltd.

In December 2020, he was also appointed as a Director of Expert Resource Management Sdn. Bhd.

He attended three (3) Board Meetings held during the financial year ended 30 June 2023.

### Notes to the Directors' Profiles:

1. Save as disclosed above, none of the Directors has any family relationship with other Directors and/or major shareholders of the Company.
2. None of the Directors has any conflict of interest with the Company.
3. None of the Directors has been convicted of any offences within the past five (5) years or been imposed any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2023, other than for traffic offences (if any).
4. Save for Datuk Wong Sak Kuan and Ms. Low Koon Min as disclosed above, none of the Directors has any other directorship in public companies and listed issuers

## KEY SENIOR MANAGEMENT'S PROFILE

### LUI BOO HOCK

Chief Financial Officer

Nationality  / Gender  / Age 54

**Mr. Lui Boo Hock** is the Chief Financial Officer ("CFO") of the Company and oversees the finance function.

He joined the Group on 1 June 2005, served as an Accountant of the Company's subsidiary and has covered different managerial roles within the Finance and Accounts department. On 1 December 2016, he was appointed as the Chief Financial Officer.

He has more than 20 years of working experience in the areas of accounting, taxation and finance in the manufacturing, trading and retail industries. He holds an MBA and is a member of CIMA and MIA.

### ONG CHONG THAI

General Manager

Nationality  / Gender  / Age 55

**Mr. Ong Chong Thai** was appointed as the General Manager of the Men's Leather Goods Division on 1 April 2012 to oversee the brand management, operations, distributions and marketing of the Division.

He joined the Group on 16 July 2008 as an Assistant Sale Manager. Prior to joining the Group, he covered different roles in the marketing departments of a number of retailing companies. He completed his studied at Wetlands Secondary School, Penang.

### P'NG LEE KOON

Chief Operating Officer

Nationality  / Gender  / Age 57

**Ms. P'ng Lee Koon** joined the Group on 13 February 2017 and was tasked to set up the Baby & Children division to develop new brands and steer existing brands to expand the market share in the children's fashion industry. She oversees the brand concept and brand building activities for menswear under the same license name to ensure consistency of the brand positioning in a different category.

She has more than 20 years of hands-on experience in fashion merchandising, brand development and brand management. Prior to joining the Group, she was the Chief Operating Officer at Baby Kiko Sdn. Bhd. and its related company. She graduated with a Bachelor of Business Degree from National Chengchi University, Taipei, Taiwan.

### YAP CHUI HUEN

General Manager

Nationality  / Gender  / Age 54

**Ms. Yap Chui Huen** was appointed as a General Manager of the Baby & Children division on 2 May 2017 to oversee the brand management, operations, distribution, and marketing of the division.

Prior to that, she worked as a merchandising manager at Aeon (as known as Jaya Jusco) before she joined Kiko Garment Sdn. Bhd. as a General and Operation Manager. She has more than 15 years of experience in brand management, operation, sale and marketing of baby and children's products.

She graduated with Bachelor Degree in Social Science from the University of Malaya.

## Key Senior Management's Profile (Cont'd)

### LEONG YEW HOU

General Manager

Nationality  / Gender  / Age  50

**Mr. Leong Yew Hou** was appointed as General Manager of the Men's Apparel Division on 1 January 2018 to oversee the brand management, operations, distribution, and marketing of the division. He also leads the warehouse team and is responsible for the warehouse operations and logistics support of the Group's retailing division.

He has more than 20 years of experience in sales and supply chain management in the apparel industry. Prior to joining the Group, he served in similar roles with leading apparel retail companies. He graduated with Bachelor Degree in Economics from the University of Malaya.

### LIN KAH FAI

General Manager

Nationality  / Gender  / Age  42

**Mr. Lin Kah Fai** joined the Group on 5 December 2022 as a General Manager of Finance. He is a member of the Certified Practicing Accountant (CPA), Australia, and MIA. He began his career in a construction material manufacturing company in 2004.

He worked in the corporate recovery and restructuring area from 2005 to 2017, then worked in the palm oil industry from 2017 to 2022, where his last position was Chief Financial Officer.

### Notes to the Key Senior Management's Profiles:

1. None of the key senior management personnel has any directorships in public companies and listed issuers.
2. None of the key senior management personnel has any family relationship with any Director and/or major shareholders of the Company.
3. None of the key senior management personnel has any conflict of interests with the Company.
4. None of the key senior management personnel have been convicted of any offences in the past five (5) years or been imposed with any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2023, other than for traffic offences (if any).

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“the Board”) is pleased to present the Audit and Risk Management Committee Report for the financial year ended 30 June 2023 in compliance with Paragraph 15.15 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Malaysian Code on Corporate Governance (“MCCG”). The Audit Committee and Risk Management Committee have been merged as a single committee known as Audit and Risk Management Committee (“ARMC” or “the Committee”) with effect from 15 July 2022 which aims to improve the efficiency and effectiveness of its members in discharging duties. The primary objective of the ARMC is to assist the Board in fulfilling its fiduciary duties and responsibilities in accordance with its Terms of Reference, providing additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures as well as establishing and maintaining internal controls.

## COMPOSITION AND MEETINGS

During the financial year ended 30 June 2023, the ARMC met five (5) times. The composition of the ARMC and the attendance record of its members are as follows:-

Members	Designation	Directorship	Total Meetings Attended
<b>Low Koon Min</b> <i>(Appointed as Chair of ARMC on 20 February 2023)</i>	Chairperson	Independent Non-Executive Director	2/2
<b>Lee Kok Heng</b>	Member	Independent Non-Executive Director	5/5
<b>Datuk Wong Sak Kuan</b>	Member	Non-Independent Non-Executive Director	5/5
<b>Tan Yew Kim</b> <i>(Retired on 6 December 2022)</i>	Chairman	Independent Non-Executive Director	3/3

The Chairperson of the ARMC, Ms. Low Koon Min, is a member of the Chartered Institute of Management Accounts and Malaysian Institute of Accountants. The Company has complied with Paragraph 15.09 of the MMLR of Bursa Securities, which requires all members of the Committee to be Non-Executive Directors with a majority of them being Independent Non-Executive Directors.

The ARMC’s primary role is to assist the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the risk management framework and system of internal controls as well as compliance matters.

The ARMC meets quarterly and as and when required. The dates of the quarterly meetings are preset before the beginning of the financial year. The notice and agenda together with the papers and reports relevant to the items on the agenda are distributed to members prior to each meeting to enable members to prepare for the meeting. Management, Chief Executive Officer (“CEO”), Chief Financial Officer, the External Auditors and Internal Auditors are invited to the meetings held during the financial year to brief the ARMC on pertinent issues of the Company and its subsidiaries.

The Nomination and Remuneration Committee (“NRC”) undertook an annual assessment of the performance of ARMC and its members. The Board is satisfied that the ARMC and its members discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the ARMC, supporting the Board in ensuring the Group upholds appropriate Corporate Governance standards.

## TERMS OF REFERENCE

The Terms of Reference of the ARMC were last reviewed, updated and approved by the Board on 15 July 2022 which aims to improve the efficiency and effectiveness of ARMC members in discharging their duties and is published on the Company’s corporate website at [www.mesbbhd.com](http://www.mesbbhd.com).

## Audit And Risk Management Committee Report (Cont'd)

### INTERNAL AUDIT ("IA") FUNCTION

During the year under review, the Group has appointed Smart Business Consulting ("Smart Business"), an independent professional internal audit firm, to carry out the IA function. The IA function is headed by Mr. Lee Fook Sun, who is a Professional Member of the Institute of Internal Auditors Malaysia ("IIA"). He has extensive experience and exposure in the field of Internal Audit. He was assisted by a team of internal auditors for all the assignments during the year under review. Smart Business engagement team personnel have affirmed to the ARMC that they are free from any relationships or conflicts of interest that could compromise their objectivity and independence.

The internal audit activities were reported directly to the ARMC in accordance with the approved annual IA Plan. The approved annual IA Plan is designed to cover entities across all levels of operations within the Group.

The IA firm appointed by the Group is independent of activities related to business operations. It performs its duties in accordance with standards set by relevant professional bodies, namely the IIA.

The Internal Auditors provide an independent assessment of the effectiveness and efficiency of internal controls using a global audit methodology and tool. This supports the corporate governance framework and an efficient and effective risk management framework providing assurance to the ARMC.

The total costs incurred for the IA function during the financial year ended 30 June 2023 were approximately RM28,800.

During the financial year under review, the Internal Auditors carried out the following activities in the discharge of their responsibilities:-

- (i) Develop the scope of work as outlined in the Strategic Audit Plan of Internal Audit;
- (ii) Perform internal audit according to the approved audit plan;
- (iii) Review the internal control systems of various business operating units;
- (iv) Recommend improvements to the existing internal control systems; and
- (v) Follow up on the implementation and disposition of audit findings and recommendations.

The audit findings and recommendations for improvement, as well as the status of implementation status of management's action plans were presented at the ARMC meetings.

The ARMC has full and direct access to the outsourced Internal Auditors. It reviews the internal audit plan and reports on audits performed, and monitors their performance. The ARMC also periodically reviews the adequacy of the scope, functions, competency, and resources of outsourced internal audit functions.

The ARMC and the Board are satisfied with the performance of the outsourced Internal Auditors and have decided to continue outsourcing the IA function in order to maintain greater independence and continuity.

### RISK MANAGEMENT & INTERNAL CONTROL

The Board is fully aware of its overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Group's assets. The internal control system is designed to identify the risks to which the Group is exposed and mitigate the impacts thereof to meet the particular needs of the Group. The system will not provide absolute assurance against any material misstatement or loss.

As an effort to enhance the system of internal control, the Board and the ARMC together with the assistance of an independent professional Internal Audit firm undertake to review the existing risk management process in place within various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the ARMC and the Board to strengthen and improve current management and operating style in pursuit of best practices.



## Audit And Risk Management Committee Report (Cont'd)

### RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

During the financial year under review, prior to the merger of Audit Committee and Risk Management Committee as a single committee, the Risk Management Committee ("RMC") had met once. The composition and the attendance record of the RMC members were as follows:-

Members	Designation	Directorship	Total Meetings Attended
<b>Lee Kok Heng</b>	Chairman	Independent Non-Executive Director	1/1
<b>Tan Yew Kim</b> (Retired on 6 December 2022)	Member	Independent Non-Executive Director	1/1
<b>Loke Lee Ping</b>	Member	Executive Director / Chief Executive Officer	1/1
<b>Chua Jin Kau</b>	Member	Executive Chairman	1/1

On 15 July 2022, the Audit Committee and RMC have been merged as ARMC and take the place of RMC in order to improve the efficiency and effectiveness of its members in discharging duties. Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control set out on pages 57 to 59 of this Annual Report.

### SUMMARY OF ACTIVITIES

The summary of work undertaken by the Committee for the financial year ended 30 June 2023, amongst others, included the following:-

#### Financial Reporting

- a) Reviewed the unaudited quarterly results together with the subsidiaries' internal quarterly reports prior to recommending to the Board for approval and release to Bursa Securities. The review covered the discussion on the Group's overall performance and its retailing business performance for the quarter and material changes in the quarterly results as compared with the immediate preceding quarter and ensured that the consolidated unaudited quarterly interim financial reports present a true and fair view of the Group's financial position and performance and in compliance with the Malaysian Financial Reporting Standards ("MFRS") and disclosures provided in the MMLR.
- b) Reviewed the annual financial statements with the External Auditors and Management prior to recommending to the Board for approval. These reviews focused on changes in accounting policies and practices, major judgemental and risk areas, significant adjustments resulting from the audit, unusual events, the going concern assumption, compliance with accounting standards, compliance with the MMLR and other requirements.
- c) Kept apprised of the changes in accounting policies and guidelines through regular updates by the External Auditors.
- d) Reviewed Management's analyses of significant issues in financial reporting and judgments made in preparing the financial statements.

## Audit And Risk Management Committee Report (Cont'd)

### SUMMARY OF ACTIVITIES (CONT'D)

The summary of work undertaken by the Committee for the financial year ended 30 June 2023, amongst others, included the following (Cont'd):-

#### External Audit

- a) Reviewed the External Auditors' annual audit plan, the scope of works of the Group, the Group's audit fees and terms of engagement with the External Auditors prior to recommending to the Board for approval.
- b) Reviewed, with both the External Auditors and Management, the audit approach and methodology applied, in particular to those Key Audit Matters included in the auditors' report of audited financial statements for the financial year ended 30 June 2023.
- c) Reviewed and discussed the audit status and key audit areas arising from the audit of the financial statements for the financial year ended 30 June 2023 with the External Auditors and Management.
- d) Reviewed and assessed the External Auditors' independence, performance and engagement to perform non-audit services. Based on the assessment, ARMC was satisfied with the overall performance, suitability, objective and independence of External Auditors in terms of their professionalism, quality of services and sufficiency of resources provided by them to the Group. Accordingly, the ARMC recommended to the Board the re-appointment of Crowe Malaysia PLT as the External Auditors for the financial year ending 30 June 2024 at the forthcoming Annual General Meeting ("AGM").

#### Internal Audit

- a) Reviewed and approved the Internal Audit Plan and its scope of work proposed by the Internal Auditors for the financial year ended 30 June 2023.
- b) Reviewed and deliberated the internal audit reports which detailed the observations, audit findings, audit recommendations and management responses thereto. Ensured that material findings were adequately addressed by Management and reported relevant issues to the Board.
- c) Monitored the outcome of the audits and follow-up audits conducted to ascertain all action plans were adequately implemented to address the findings.
- d) Carried out an evaluation of the performance of the internal audit function.
- e) Assessed the Internal Auditors' performance and determined the internal audit and non-audit fees.

#### Related Party Transactions

Reviewed the related party transactions and recurrent related party transactions during the financial year, to ensure compliance with MMLR, entered in the best interest of the Group, were fair and reasonable and on normal commercial terms and not detrimental to the interest of the Company and its minority shareholders.

#### Other Matters

Reviewed and recommended to the Board for approval, the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2023.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is pleased to present this Corporate Governance Overview Statement ("CG Statement") to provide investors with an overview of the extent of compliance with three (3) key Principles as set out in the Malaysian Code on Corporate Governance ("MCCG") under the stewardship of the Board.

This CG Statement also serves as compliance with Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read together with the Corporate Governance Report ("CG Report") of the Company.

In addition, the CG Report which sets out the application of each Practice set out in the MCCG is available for viewing on the Company's corporate website at [www.mesbhd.com](http://www.mesbhd.com) as well as via an announcement on the website of Bursa Securities.

The Board is committed to maintaining high standards of corporate governance throughout the Company and its subsidiaries ("the Group"). The Board adheres to the principles and guidelines of the MCCG to ensure effective corporate governance is practised and served as a fundamental part of building a sustainable business and discharging its responsibilities to protect and enhance shareholders' interest.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### PART I - BOARD RESPONSIBILITIES

#### 1.1 Board Roles and Responsibilities

The Board aims to protect and enhance the interests of its shareholders while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Board as a whole, leads the Group to meet its objectives, while the Executive Directors are responsible for the implementation of the policies laid down and executive decision-making.

The Board is committed to ensuring that good corporate governance is practised throughout the Group in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders' value and the financial position of the Group.

The Board in discharging its responsibilities has always been vigilant of the fiduciary duties entrusted upon the Board. There are key matters which are reserved for the Board for its deliberation and decision to ensure the direction and control of the Group's business are in its hands, while a capable and experienced Management team headed by the Chief Executive Officer ("CEO") is put in charge to oversee the day-to-day operations of the Group.

To ensure the orderly and effective discharge of the Board's function and responsibilities, the Board has delegated specific responsibilities to the respective committees of the Board all of which operate within their defined terms of reference. The respective Chairman of the Board Committees will report to the Board on key issues deliberated by the Board Committees in order to develop effective communication.

Apart from the responsibility of the Board Committees, the chief officers and other senior management are also delegated with certain authority to enable them to effectively discharge their responsibilities on the day-to-day operations of the Group.

#### 1.2 The Chairman

Mr. Chua Jin Kau is the Executive Chairman of the Board, who is responsible for the leadership of the Board and leads the Board, in particular discussions on all proposals put forward by Management. It is also the Chairman's role to ensure effective communication with the shareholders and to chair the General Meetings.

## Corporate Governance Overview Statement (Cont'd)

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

#### PART I - BOARD RESPONSIBILITIES (CONT'D)

##### 1.3 Roles of Chairman, Chief Executive Office ("CEO") and Non-Executive Directors

There is a clear division of responsibilities between the Chairman and CEO, which are set out in the Board Charter of the Company. The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

Mr. Loke Lee Ping is the Executive Director / CEO who is responsible for the day-to-day management of the business, in line with the strategy and long-term objectives approved by the Board. The CEO may make decisions in all matters affecting the operations, performance and strategy of the Group's businesses, with the exception of those matters reserved for the Board or specifically delegated by the Board to its Committees.

The Non-Executive Directors will deliberate and discuss policies and strategies formulated and proposed by Management with the view of the long-term interest of all stakeholders. They contribute to the formulation of policies and decision making using their expertise and experience. They also provide guidance and promote professionalism to Management. The Independent Non-Executive Directors fulfil the pivotal role in corporate accountability by providing an independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision-making process, thereby the long-term interest of all stakeholders and the community are well protected.

There is also a balance in the Board because of the presence of Independent Non-Executive Directors of the necessary calibre to carry sufficient weight in the Board's decisions. Although all the Directors have equal responsibility for the Company's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and examined, taking into account the long-term interests, not only of the shareholders but also of the customers, employees, suppliers and the communities in which the Group conducts its business.

##### 1.4 Qualified and Competent Company Secretary

The Board is supported by a qualified and competent Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and she is holding a professional certificate as a qualified Company Secretary under the Companies Act 2016. She possesses more than 25 years of experience in corporate secretarial practices.

The Company Secretary attended the necessary training programmes, conferences or seminars organised by the relevant authorities and/or professional bodies to keep herself abreast with the current regulatory changes in the laws and regulatory requirements that are relevant to her profession and to provide the necessary advisory role to the Board.

The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.

During the financial year ended 30 June 2023 ("FYE 2023"), all Board and Board Committees meetings were properly convened, and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of her duties and functions.

## Corporate Governance Overview Statement (Cont'd)

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

#### PART I - BOARD RESPONSIBILITIES (CONT'D)

##### 1.5 Board Process and Access to Information

The Board meets at least four times (4) annually, with additional meetings being convened as and when necessary.

Every Director has unhindered access to the advice and dedicated support services of the Company Secretary as well as to all information within the Group.

The Board collectively, and each Director individually, has the right to seek independent professional advice in furtherance of their duties, at the Company's expense subject to the approval by the Board.

A set of Board papers on the matters to be deliberated is made available to Directors prior to each Board and Board Committee meetings to enable the Directors to obtain further information, where necessary and enable them to deliberate issues raised during Board and Board Committee meetings more effectively. Additionally, Management was also invited to brief and report in meetings of the Board and Board Committees.

Minutes of proceedings and resolutions passed at each Board and Board Committees meetings are kept in the minutes book at the registered office of the Company. In the event of a potential conflict of interest, the Director in such a position will make a declaration to that effect as soon as practicable. The Director concerned will then abstain from any decision-making process in which he has an interest.

##### 2.1 Board Charter

The Board Charter was adopted by the Board to facilitate the effective discharge of its duties and responsibilities. The Board Charter sets out the responsibilities reserved to the Board and the functions delegated to Management, including the role, composition and other key processes of the Board.

The Board Charter was last reviewed, updated and approved on 22 September 2021 and is published on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

##### 3.1 Code of Conduct

The Board has in place clear guidelines on business conduct and ethical behaviour for the Directors and employees in carrying out their duties. The Code of Conduct is published on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com) and has clearly stated the values and inspiring principles behind the achievement of its business objectives are of fundamental importance for the correct operation of its businesses.

##### 3.2 Whistleblowing Policy

The Board has adopted the Whistleblowing Policy ("WP") setting out the appropriate communication and feedback channels to facilitate whistleblowing. The implementation of the WP is in line with the Companies Act 2016 and Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009") ("Acts"), where provisions have been made to protect the officers who make disclosures on breach or non-observance of any requirement or provision of the Acts or on any serious offence involving fraud and dishonesty.

##### 3.3 Anti-Corruption and Bribery Policy

In line with the implementation of a new corporate liability provision under Section 17A of the MACC Act 2009 effective 1 June 2020, the Board had on 26 February 2020 reviewed, approved and adopted the Anti-Corruption and Bribery Policy ("the Policy"). The Policy serves to provide guidance on how to prevent, deal with and combat bribery and corrupt activities and issues that may arise in the course of business. The Policy is applicable to all employees, Directors and any person who performs services for and on behalf of the Group, which includes contractors, sub-contractors, consultants, suppliers, agents, intermediaries and representatives of the Group. The Policy is available on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

## Corporate Governance Overview Statement (Cont'd)

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

#### **PART I - BOARD RESPONSIBILITIES (CONT'D)**

##### **3.4 Directors' Fit and Proper Policy**

In line with Paragraph 15.01A of the MMLR, the Board had on 24 May 2022 adopted the Directors' Fit and Proper Policy which serves as a guide to the NRC and the Board in their review and assessment of the potential candidates for appointment to the Board of the Group as well as the retiring Directors who are seeking re-election at the annual general meeting.

The Directors' Fit and Proper Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary to ensure that they remain consistent with the Board's objectives, current law and practices. The Directors' Fit and Proper Policy is published on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

The Board has also adopted the Nomination and Appointment of New Directors Process and Procedures to formalise the process for the nomination and appointment of a new Director to be undertaken by the NRC and the Board in discharging their responsibilities in terms of the nomination and appointment of new Directors of the Group.

##### **3.5 Sustainability Governance**

The Board believes that sustainable business practices are essential to the creation of long-term value and that running the business in a responsible manner is intrinsically tied to achieving operational excellence.

In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group's corporate strategy.

As fiduciary to the Company's shareholders, the Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The Board also ensures the Company's internal and external stakeholders are well informed on the sustainability strategies, priorities, targets as well as overall performance which the Sustainability Statement has provided a detailed articulation in this Annual Report.

The Board has on 10 September 2021 reviewed, revised, and approved the relevant amendments by incorporating the assessment of the Board's understanding of sustainability issues in the annual performance evaluation that are critical to the Company's performance.

## Corporate Governance Overview Statement (Cont'd)

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

#### PART II - BOARD COMPOSITION

##### 4.1 Composition of Board

The Board currently comprises eight (8) members as set out in the table below:-

Name	Designation
<b>Chua Jin Kau</b>	Executive Chairman
<b>Loke Lee Ping</b>	Executive Director / CEO
<b>Lee Kok Heng</b>	Independent Non-Executive Director
<b>Datuk Wong Sak Kuan</b>	Non-Independent Non-Executive Director
<b>Dato' Lee Ban Seng</b>	Independent Non-Executive Director
<b>Wong Yu Perng</b> (Appointed on 30 September 2022)	Non-Independent Non-Executive Director
<b>Chen, JianHua</b> (Appointed on 30 September 2022)	Independent Non-Executive Director
<b>Low Koon Min</b> (Appointed on 20 February 2023)	Independent Non-Executive Director
<b>Tan Yew Kim</b> (Retired on 6 December 2022)	Independent Non-Executive Director

The current Board composition complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent Directors. The Board also meets the requirements of MCCG to have at least half of the Board comprised of Independent Directors.

The Board has the requisite blend of expertise, skill and attributes to oversee the Group's growing business. The Directors through their vast experience and qualifications in accounting, financial and business management provide effective contribution and support to the Board, and to successfully direct the Group's business activities to its success.

The Board believes that the current composition is appropriate given the collective skills and experiences of the Directors and the Group's current size and nature of business. The Board will continue to monitor and review the Board's size and composition as may be needed. If there is a need to appoint additional Board member, the Company will consider utilising the pool of directors from independent sources and the recommendations from the Directors, major shareholders, etc.

##### 4.2 Tenure of Independent Directors

The Board takes note that the MCCG recommends that the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years unless shareholders' approval is obtained to retain such Director as an Independent Non-Executive Director through a two-tier voting process.

The Company has not adopted a policy that limits the tenure of its Independent Non-Executive Directors to nine (9) years and the Board is of the opinion that the ability of an Independent Non-Executive Director to exercise his/her independence and objective judgment in Board deliberations shall not be a function of his/her length of service as an Independent Director. Notwithstanding that, the assessment of the independence of the Independent Directors was conducted annually via annual evaluation to ensure they are independent of any business or other relationship which could interfere with the interest of the Company.

Mr. Tan Yew Kim who has served the Company for the tenure of more than nine (9) years, retired as Director of the Company at the conclusion of the Twenty-Seventh Annual General Meeting ("27<sup>th</sup> AGM") of the Company.

## Corporate Governance Overview Statement (Cont'd)

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

#### PART II - BOARD COMPOSITION (CONT'D)

##### 4.3 Board Balance and Independence

The Board comprises one (1) Executive Chairman, one (1) Executive Director, four (4) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. The presence of a majority of Independent Non-Executive Directors provides effective checks and balances in the functioning of the Board to safeguard the interests of the Company and all stakeholders.

Independence is important for ensuring objectivity and fairness in Board's decision making.

The Board also recognises the pivotal role of the Independent Non-Executive Directors in corporate accountability as they provide an unbiased and independent view, advice and judgement to issues and decisions and act in the best interest of the Group and its shareholders.

The NRC assesses the independence of the Independent Non-Executive Directors annually and based on the assessment for the financial year ended 30 June 2023, the Board is generally satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors, and their ability to bring independent and objective judgement to board deliberations.

##### 4.4 Board Diversity and Senior Management Team

The Board is supportive of the diversity of the Board and Senior Management team. The Group strictly adheres to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, including the selection of Board members and senior Management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Group.

Currently, the Board has one (1) female Director namely, Ms. Low Koon Min representing 12.5% of the full Board of eight (8) members. The Company has complied with Paragraph 15.02(1)(b) of the MMLR of Bursa Securities which states that the Company must have at least one (1) female Director on Board. However, the Company is not in compliance with Practice 5.9 of the MCCG as the Board does not comprise at least 30% women directors. In the event that a vacancy in the Board arises, the Board, through the NRC, will consider female representation when suitable candidates are identified. However, the appointment of a new Board member will not be guided solely by gender but will also take into account the skillsets, experience and knowledge of the candidate. The Company's prime responsibility in new appointments is always to select the best candidates available. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

In view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board has established and adopted a Gender Diversity Policy on 22 September 2021 which provides a framework for the Company to improve its gender diversity at Board and senior management level. The Gender Diversity Policy is published on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

##### 4.5 Board Committees

The Board Committees are set up to manage specific tasks for which the Board is responsible within clearly-defined terms of reference. This ensures that the members of the Board can spend their time more efficiently while the Board Committees are entrusted with the authority to examine particular issues.



## Corporate Governance Overview Statement (Cont'd)

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

#### PART II - BOARD COMPOSITION (CONT'D)

##### 4.5 Board Committees (Cont'd)

The Board has established two (2) Board Committees and the membership of each committee is set out in the below table:-

Committee Compositions	ARMC	NRC
<b>Chua Jin Kau</b> (Executive Chairman)	N/A	N/A
<b>Loke Lee Ping</b> (Executive Director / CEO)	N/A	N/A
<b>Tan Yew Kim</b> (Independent Non-Executive Director) (Retired on 6 December 2022)	Chairman	Member
<b>Lee Kok Heng</b> (Independent Non-Executive Director)	Member	Chairman
<b>Datuk Wong Sak Kuan</b> (Non-Independent Non-Executive Director)	Member	Member
<b>Dato' Lee Ban Seng</b> (Independent Non-Executive Director)	N/A	N/A
<b>Wong Yu Perng</b> (Non-Independent Non-Executive Director) (Appointed on 30 September 2022)	N/A	N/A
<b>Chen, JianHua</b> (Independent Non-Executive Director) (Appointed on 30 September 2022)	N/A	N/A
<b>Low Koon Min</b> (Independent Non-Executive Director) (Appointed on 20 February 2023)	Chairperson	Member

##### 4.6 NRC

The NRC, which is chaired by the Independent Non-Executive Director, is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment of the Directors. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine a skills matrix to support the strategic direction and needs of the Company.

The NRC has written terms of reference dealing with its authority and duties which include the selection and assessment of directors. The terms of reference of the NRC was last reviewed, updated and approved on 22 September 2021 which incorporated the relevant practices recommended under the MCCG 2021. The terms of reference of the NRC is available on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

## Corporate Governance Overview Statement (Cont'd)

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

#### PART II - BOARD COMPOSITION (CONT'D)

##### 4.6 NRC (Cont'd)

Meetings of the NRC are held as and when required, and at least once a year. During the financial year and up to the date of the Annual Report, key activities undertaken by the NRC are summarised as follows:-

- (1) Assessed the contribution of each individual Director.
- (2) Reviewed the Board structure, composition and the balance between Executive Directors and Independent Non-Executive Directors to ensure that the Board has the appropriate mix of skills and experience including core competencies which Directors should bring to the Board and other qualities to function effectively and efficiently.
- (3) Assessed and evaluated the new appointment of director, taking into account the assessment criteria, inter alia, the candidate's character, integrity, experience, expertise, time, knowledge and effective fit of the candidate for the Board.
- (4) Assessed and confirmed the independence of the Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities.
- (5) Assessed the effectiveness of the Board as a whole, including the Committees of the Board.
- (6) Discussed, reviewed and recommended the re-election of Directors retiring by rotation, at the AGM for shareholders' approval, pursuant to the Constitution of the Company.
- (7) Discussed, reviewed and recommended to the Board the continuation of Independent Non-Executive Directors, who have served for a cumulative term of nine (9) years.
- (8) Reviewed and assessed the effectiveness of the ARMC in carrying out its duties as set out in the terms of reference.
- (9) Reviewed the performance of the Chief Financial Officer ("CFO") of the Company.
- (10) Reviewed and deliberated on the Directors' Fees and Directors' Remuneration.
- (11) Reviewed on the remuneration paid to the top five senior management.

##### 4.7 Board Appointment and Re-appointment Process

The NRC is tasked by the Board to make independent recommendations for appointments to the Board. In evaluating the suitability of candidates, the NRC considers, inter-alia, the character, experience, integrity, commitment, competency, qualification and track record of the proposed new nominee for appointment to the Board. In the case of a nominee for the position of Independent Non-Executive Directors, NRC evaluates the nominee's ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. The Board has in the review of the skills of Directors, including information technology, legal, public relations and experience in the retailing industry as the matrix of skills of Directors that would be prioritised when selecting candidates for appointment to the Board.

In searching for suitable candidates for the appointment of Directors, the NRC may receive suggestions from existing Board members, Management, and major shareholders. The NRC is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms. The NRC is allowed to use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates.

In accordance with the Constitution of the Company, all Directors who are appointed by the Board are subject to re-election by shareholders at the first opportunity after their appointment. The Constitution also provides that at least one third (1/3) of the remaining Directors be subject to re-election by rotation at each AGM and that all Directors shall retire once at least in each three (3) years but shall be eligible for re-election.

The new Director(s) duly appointed by the Board are then recommended for re-election at the AGM.

The Board makes recommendations concerning the re-election, re-appointment and the continuation in office of any Director for shareholders' approval at the AGM.

The NRC has considered the assessment of Mr. Chua Jin Kau, Mr. Loke Lee Ping and Ms. Low Koon Min, the Directors standing for re-election and collectively agreed that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their roles as Directors.

## Corporate Governance Overview Statement (Cont'd)

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

#### PART II - BOARD COMPOSITION (CONT'D)

##### 5.1 Annual Assessment

The Board reviews and evaluates its own performance and the performance of the Board Committees on an annual basis. The Board evaluation comprises a Board Assessment, an Individual Director Self-Assessment and an Assessment of Independence of the Independent Directors.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committees and the Chairman's roles and responsibilities. As for the Individual Director Self-Assessment, the assessment criteria include a contribution to interaction, quality of input, understanding of the role and time commitment.

The results of the assessment would form the basis of the NRC's recommendation to the Board for the re-election of the retiring Directors at the next AGM.

In addition, the NRC reviews and evaluates the performance of the CFO on an annual basis.

The NRC also reviewed the term of office and performance of the ARMC and each of its members. The NRC and the Board were satisfied with the performance and effectiveness of the ARMC.

Based on the above assessments, the NRC was satisfied with the existing Board composition and was of the view that the Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and had performed competently and effectively. All assessments and evaluations carried out by the NRC in the discharge of its functions were properly documented.

##### 5.2 Time Commitment

The Board meets regularly, at least once in every quarter, to review the Group's operations and to approve the quarterly reports and annual financial statements. The additional meeting would be convened as and when there are any urgent issues that warrant the Board's urgent attention. The attendance record of the Directors at Board Meetings during the financial year is set out below:-

Name of Directors	Designation	No. of Meetings Attended
<b>Chua Jin Kau</b>	Executive Chairman	5/5
<b>Loke Lee Ping</b>	Executive Director / CEO	5/5
<b>Datuk Wong Sak Kuan</b>	Non-Independent Non-Executive Director	5/5
<b>Tan Yew Kim</b> (Retired on 6 December 2022)	Independent Non-Executive Director	3/3
<b>Lee Kok Heng</b>	Independent Non-Executive Director	5/5
<b>Dato' Lee Ban Seng</b>	Independent Non-Executive Director	5/5
<b>Wong Yu Perng</b> (Appointed on 30 September 2022)	Non-Independent Non-Executive Director	3/3
<b>Chen, JianHua</b> (Appointed on 30 September 2022)	Independent Non-Executive Director	3/3
<b>Low Koon Min</b> (Appointed on 20 February 2023)	Independent Non-Executive Director	2/2

## Corporate Governance Overview Statement (Cont'd)

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

#### PART II - BOARD COMPOSITION (CONT'D)

##### 5.2 Time Commitment (Cont'd)

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

To fulfil their roles and responsibilities, each Director holds no more than five (5) directorships in listed corporations in accordance with Paragraph 15.06 of the MMLR. All Directors of the Company currently adhere to this requirement. The Directors are also required to notify the Board's Chairman when accepting new directorships in other companies. Such notification is expected to include an indication of the time that will be spent on the new appointment.

##### 5.3 Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Company will continue to identify suitable trainings for the Directors to equip and update themselves with the necessary knowledge in discharging their duty and responsibilities as Directors.

The NRC assessed the training requirement of the Directors annually, and all the Directors are informed and encouraged to attend at least one (1) workshop or seminar for every financial year to enable them to discharge their duties effectively. During the financial year ended 30 June 2023, the Directors have attended the following training programmes:-

Name of Directors	Title of Programmes/Seminars attended
<b>Chua Jin Kau</b>	Briefing on the amendments to the main market listing requirements of Bursa Securities relating to enhanced sustainability reporting framework.
<b>Loke Lee Ping</b>	<ul style="list-style-type: none"> <li>• Advocacy Session for Directors and CEOs of Main Market Listed Issuers</li> <li>• Briefing on the amendments to the main market listing requirements of Bursa Securities relating to enhanced sustainability reporting framework.</li> </ul>
<b>Datuk Wong Sak Kuan</b>	Briefing on the amendments to the main market listing requirements of Bursa Securities relating to enhanced sustainability reporting framework.
<b>Lee Kok Heng</b>	Briefing on the amendments to the main market listing requirements of Bursa Securities relating to enhanced sustainability reporting framework.
<b>Dato' Lee Ban Seng</b>	Briefing on the amendments to the main market listing requirements of Bursa Securities relating to enhanced sustainability reporting framework.
<b>Wong Yu Perng</b>	<ul style="list-style-type: none"> <li>• Briefing on the amendments to the main market listing requirements of Bursa Securities relating to enhanced sustainability reporting framework.</li> <li>• Mandatory Accreditation Programme (MAP)</li> </ul>
<b>Chen, JianHua</b>	<ul style="list-style-type: none"> <li>• Briefing on the amendments to the main market listing requirements of Bursa Securities relating to enhanced sustainability reporting framework.</li> <li>• Mandatory Accreditation Programme (MAP)</li> </ul>
<b>Low Koon Min</b>	Briefing on the amendments to the main market listing requirements of Bursa Securities relating to enhanced sustainability reporting framework.

## Corporate Governance Overview Statement (Cont'd)

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

#### PART II - BOARD COMPOSITION (CONT'D)

##### 5.3 Directors' Training (Cont'd)

In addition, the Directors were briefed by the Company Secretary, Internal Auditors and External Auditors on any updates or changes to the relevant guidelines on the regulatory and statutory requirements at the Board and ARMC meetings to keep them abreast with the latest developments in the industry, regulatory laws, rules as well as guidelines.

#### PART III - REMUNERATION

##### 6.1 Remuneration Policy

The Board has in place a Remuneration Policy and Procedures for Directors and Senior Management ("Remuneration Policy") which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Group. The overall objective of the Remuneration Policy is to align and balance the interests of the Company's Board of Directors, the Senior Management, the Group and its shareholders, and to attract, motivate and retain qualified members of the Board of Directors and Management in order to support the achievement of strategic long-term and short-term goals of the Group as well as to promote value creation for the benefit of the shareholders.

The Remuneration Policy can be obtained from the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

- **Executive Directors and Senior Management**

The NRC reviews and recommends the remuneration package of the Executive Directors and senior management for the Board's deliberation and it is the responsibility of the Board as a whole to approve the total remuneration package of the Executive Directors, giving due consideration the individual performance, responsibility and sustainable development of the Group, and shall take into account the size and complexity of the business.

- **Independent Non-Executive Directors**

Independent Non-Executive Directors' fees consist of annual fees that reflect the expected diverse experience, skill sets and the roles and responsibilities of the Independent Non-Executive Directors concerned. The Independent Non-Executive Directors are also paid a meeting allowance for each meeting they attend.

The NRC is responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and Senior Management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. In arriving at its recommendations, the NRC should consider factors such as the performance, qualification, competence, time commitment and responsibilities of the Directors and Senior Management, having regards to the Group's performance and market benchmarks, and further that the remuneration packages of Directors and Senior Management are sufficiently attractive to attract and to retain persons of high calibre.

The NRC has reviewed the remuneration packages of Directors and Senior Management, which consist of salaries, bonuses and benefit-in-kind, such as company car. Thereafter, the remuneration reports were tabled to the Board for consideration and approval. In addition, the Company will seek shareholders' approval for Directors' Fees and benefits of the Non-Executive Directors for the financial year ended 30 June 2023 endorsed by the Board at the forthcoming AGM.

None of the NRC members or Directors was involved in the deliberations in respect of any remuneration, compensation or any form of benefit to be granted to him.

## Corporate Governance Overview Statement (Cont'd)

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

#### PART III - REMUNERATION (CONT'D)

##### 6.1 Remuneration Policy (Cont'd)

Details of the emoluments received and receivable by the Directors of the Group during the financial year ended 30 June 2023 are as follows:-

##### The Company

Name of Directors	Fees RM'000	Salaries and Other Benefits RM'000	Statutory Contribution Plans RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Other Emoluments RM'000	Total RM'000
<b>Executive Directors</b>								
Loke Lee Ping	16.80	–	–	–	5.20	–	–	22.00
Chua Jin Kau	16.80	–	–	–	5.20	–	–	22.00
<b>Non-Executive Directors</b>								
Lee Kok Heng	31.20	–	–	–	8.80	–	–	40.00
Datuk Wong Sak Kuan	31.20	–	–	–	8.80	–	–	40.00
Dato' Lee Ban Seng	31.20	–	–	–	5.20	–	–	36.40
Wong Yu Perng	23.40	–	–	–	2.80	–	–	26.20
Chen, JianHua	23.40	–	–	–	2.80	–	–	26.20
Low Koon Min	11.17	–	–	–	2.80	–	–	13.97
Tan Yew Kim	–	–	–	–	5.40	–	–	5.40
<b>TOTAL</b>	<b>185.17</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>47.00</b>	<b>–</b>	<b>–</b>	<b>232.17</b>

##### The Group

Name of Directors	Fees RM'000	Salaries and Other Benefits RM'000	Statutory Contribution Plans RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Other Emoluments RM'000	Total RM'000
<b>Executive Directors</b>								
Loke Lee Ping	16.80	313.98	62.92	6.50	5.20	26.00	170.00	601.40
Chua Jin Kau	16.80	60.78	2.64	5.00	5.20	5.00	–	95.42
<b>Non-Executive Directors</b>								
Lee Kok Heng	31.20	–	–	–	8.80	–	–	40.00
Datuk Wong Sak Kuan	31.20	15.20	0.81	–	8.80	–	–	56.01
Dato' Lee Ban Seng	31.20	–	–	–	5.20	–	–	36.40
Wong Yu Perng	23.40	–	–	–	2.80	–	–	26.20
Chen, JianHua	23.40	–	–	–	2.80	–	–	26.20
Low Koon Min	11.17	–	–	–	2.80	–	–	13.97
Tan Yew Kim	–	–	–	–	5.40	–	–	5.40
<b>TOTAL</b>	<b>185.17</b>	<b>389.96</b>	<b>66.37</b>	<b>11.50</b>	<b>47.00</b>	<b>31.00</b>	<b>170.00</b>	<b>901.00</b>

## Corporate Governance Overview Statement (Cont'd)

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

#### PART III - REMUNERATION (CONT'D)

##### 7.1 Remuneration of Senior Management

The remuneration of the Senior Management of the Company is as follows:-

Range of Remuneration*	No. of Senior Management Officer
RM50,000 to RM100,000	–
RM100,001 to RM150,000	2
RM150,001 to RM300,000	3
RM300,001 to RM550,000	1

Due to the confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on a named basis in the bands of RM50,000.00.

The Board is of the view that the disclosure of the Senior Management's remuneration components will not be in the best interest of the Company given that the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000.00 is adequate.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 8.1 ARMC

The ARMC comprises three (3) members, all of whom are Non-Executive Directors with a majority of them being Independent Non-Executive Directors. The ARMC members have requisite accounting, financial and commercial skills and experience to contribute to the Committee's deliberations and the Chairman of the ARMC is a member of the Malaysian Institute of Accountants ("MIA").

In compliance with practice 9.1 of the MCCG, the Chairperson of the ARMC, Ms. Low Koon Min is not the Chairman of the Board and is an Independent Director.

The Board through the ARMC oversees the process and quality of the financial reporting, including reviewing and monitoring the integrity of the financial statements and the appropriateness of the Company's accounting policies to ensure accuracy, adequacy and completeness of the report, as well as in compliance with the relevant accounting standards.

Details of the activities carried out by the ARMC in the financial year ended 30 June 2023 are set out on pages 39 to 40 of this Annual Report.

#### 8.2 External Auditors

The Board has established a transparent relationship with the External Auditors through the ARMC, which has been accorded the authority to communicate directly with the External Auditors. The auditors in turn are able to highlight matters which require the attention of the Board to the ARMC in terms of compliance with the accounting standards and other related regulatory requirements.

The ARMC undertakes an annual assessment of the suitability and independence of the External Auditors. The factors considered by the ARMC in its assessment include the adequacy of professionalism and experience of the staff, the resources of the External Auditors, fees, independence, and the level of non-audit services rendered to the Group.

## Corporate Governance Overview Statement (Cont'd)

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

#### 8.2 External Auditors (Cont'd)

The External Auditors, Crowe Malaysia PLT ("Crowe") were appointed at the AGM of the Company held on 6 December 2022 in place of the retiring External Auditors, KPMG PLT, who have expressed their intention not to seek re-appointment at the AGM of the Company.

The ARMC had on 29 August 2023 conducted an assessment in the suitability and independence of the External Auditors, Crowe Malaysia PLT. Having assessed their performance, the ARMC is satisfied with the competence and independence of the External Auditors and had recommended to the Board, the re-appointment of the External Auditors upon which the shareholders' approval will be sought at the forthcoming AGM of the Company.

#### 8.3 Internal Audit Function

The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm to provide its services to meet the Group's required service level.

Internal Auditor reports directly to the ARMC. Internal Auditors conducts regular review and appraisals of the effectiveness of the governance, risk management and internal control system within the Group. The Internal Auditor will also be required to assist the Group in enhancing its existing risk management framework and adopting a risk-based approach. The assessment of the internal audit is reported periodically to the ARMC. The recommendations arising from the internal audit and its implementations would be monitored.

For the financial year ended 30 June 2023, the Board, with assurance from the CEO, CFO, and other Senior Management, considered the risk management and internal control systems effective and adequate. There were no significant areas of concern that may affect the financial, operational and compliance controls.

Besides, ARMC undertakes an annual assessment of the suitability and performance of the Internal Auditors. The ARMC, in its assessment, has considered several factors, which included adequacy and resources of the Internal Auditors, quality control processes, the professional staff assigned to the audit, independence and objectivity of the Internal Auditors, discussion on audit scope, plan and fees and communication from the Internal Auditors.

Further details of the internal audit functions are set out in the Statement on Risk Management and Internal Control of this Annual Report.

#### 9.1 Risk Management and Internal Control Framework

The Board has delegated to the ARMC with the responsibility to review the risk management and internal control system of the Group for ensuring that risks are identified and monitored. The ARMC has in turn required Management to design and implement a risk management and internal control system to manage the Group's material business risks on an ongoing basis, and Management shall confirm to the Board on the effectiveness of these systems at least annually.

The Board, through the ARMC with the assistance of the Internal Auditors, has conducted annual risk assessment and evaluation. Each head of a division unit of the Group sets its strategic objectives, identifies specific risk and assesses the effectiveness of its risk management actions and internal control measures to help ensure the risks that it faces are addressed by controls which have been or will be implemented.

Risk Management Framework deals with the management and oversight of material business risks and provides the guiding principle for Management in the identification and managing of risks across the Group, and within individual business units of the Group.

Details of the main features of the Company's risk management and internal controls framework are further elaborated in the Statement on Risk Management and Internal Control.



## Corporate Governance Overview Statement (Cont'd)

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

#### 10.1 Communication with the Stakeholders

The Board recognises the importance of being transparent and accountable to the Company's stakeholders and acknowledges that the continuous communication between the Company and its stakeholders would facilitate mutual understanding of each other's objectives and expectations. As such, the Board consistently ensures the supply of clear, comprehensive and timely information to stakeholders via various disclosures and announcements, including annual reports, quarterly and annual financial results, which provide investors with up-to-date financial information of the Group. All announcements made, annual reports and other information about the Company are available on the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com) which shareholders, investors and the public may access.

#### 10.2 Conduct of General Meetings

The AGM is the principal forum for shareholder dialogue, allowing shareholders to review the Group's performance via the Annual Report and question the Board for clarification.

All the members of the Board will be present at the AGM to provide a better opportunity for the shareholders to engage in person with each Board member. The Notice of the Twenty-Seventh AGM ("27<sup>th</sup> AGM") was issued by the Company on 31 October 2022, effectively giving shareholders at least twenty-eight (28) days to review the Annual Report for any questions they might wish to raise in the AGM. The notice of the coming Twenty-Eighth ("28<sup>th</sup>") AGM of the Company will be sent to the shareholders at least twenty-eight (28) days before the date of the AGM this year as well.

The Company had its fully virtual AGM and entirely via remote participation and voting at the online platform last year and all the Directors at that point of time had attended the 27<sup>th</sup> AGM of the Company held on 6 December 2022.

All resolutions set out in the Notice of the 27<sup>th</sup> AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings was announced to Bursa Securities on the same day.

Pursuant to Paragraph 2.19 of the MMLR and Clause 88 of the Constitution of the Company, the Notice of 28<sup>th</sup> AGM Proxy Form and Annual Report 2023 can be downloaded from the Company's website at [www.mesbbhd.com](http://www.mesbbhd.com).

#### 10.3 Effective Communication and Proactive Engagement

At the AGM, Directors were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company. The Chairman of the Board and its Board Committees as well as the CEO are available to respond to shareholders' queries concerning the Company and the Group. The External Auditors will also be invited to attend the AGM and assist the Board in addressing relevant queries made by the shareholders.

From the Company's perspective, the AGM also serves as a forum for the Directors and CEO to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from the shareholders during and at the end of shareholders' meeting and ensures their queries are responded to properly and systematically.

The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

The summary of key matters discussed at the AGM will be made public on the Company's corporate website for the shareholders' information.

## Corporate Governance Overview Statement (Cont'd)

### **STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT**

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCGG, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2023, except for the departures set out in the Corporate Governance Report.

The Company shall continue to strive for high standards of corporate governance throughout the Group, and the highest level of integrity and ethical standards in all of its business dealings.

This Corporate Governance Overview Statement was made in accordance with a resolution of the Board on 27 October 2023.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Practices 10.1 and 10.2 of the Malaysia Code on Corporate Governance 2021 (“MCCG 2021”) requires listed companies to maintain a robust system of internal control to safeguard shareholders’ investments and the assets of the Company and its subsidiaries (referred to as “the Group”). Paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) mandates that Directors of listed companies must include a statement in their Annual Reports on the status of their internal controls. Set out below is the Board’s Statement on Risk Management and Internal Control.

## BOARD RESPONSIBILITY

The Board is committed to ensuring the existence of an appropriate risk management policy and a sound, efficient, and effective system of internal control to safeguard shareholders’ investments and the Group’s assets. The Board ensures the effectiveness of the system through periodic reviews. As there are inherent limitations in any system of internal control, this system is designed to manage, rather than eliminate, risks that may hinder the achievement of the Group’s business objectives. Accordingly, it can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board has taken into consideration the work performed by both internal and external auditors.

The Board, through its Audit and Risk Management Committee (“ARMC”) has established an ongoing process to identify, evaluate, and manage the significant risks faced by the Group. This process includes enhancing risk management and internal controls in response to changes in the business environment and regulatory requirements. The process is reviewed annually by the Board and the ARMC.

Management assists the Board in implementing its policies and procedures on risk and control by identifying and assessing the risks faced by the Group. They also play a role in designing and operating appropriate internal controls to mitigate these identified risks.

The ARMC reviewed the effectiveness of internal controls in relation to the audits conducted by internal auditors during the financial year. Audit issues and the actions taken by management to address the issues raised by the internal auditor were discussed during the ARMC meetings. Minutes of the ARMC meetings, which recorded these deliberations, were presented to the Board.

Internal control and risk-related matters that required the attention of the Board were recommended by the ARMC for the Board’s consideration and approval. Additionally, any matters or decisions falling within the ARMC’s jurisdiction were referred to the Board for acknowledgement.

## RISK MANAGEMENT AND MANAGEMENT RESPONSIBILITY

The Board has established an ongoing process for identifying, evaluating, and managing the significant risks encountered by the Group in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. Risk management is an integral part of business operations, and this process undergoes a review by the Board. Discussions have been conducted throughout the year involving various levels of management to identify and address the risks faced by the Group. These risks were summarised and included in the Group’s risk management report. The Group has an ongoing process for identifying, evaluating, and managing the significant risks faced by the Group throughout the financial year under review and up to the date of approval of this statement for inclusion in the Annual Report. This is to ensure that all risks are adequately addressed at various levels within the Group.

The ARMC, with the assistance of IA, provides an independent assessment of the effectiveness of the Group’s Enterprise Risk Management (“ERM”) policy, taking into consideration the risk management assessment conducted by Management. The ARMC then reports its findings to the Board. The Group’s risk assessment process involves identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. Based on the risk assessment performed, the Group is exposed to several major risks, including strategic, operational, regulatory, financial, market, technological, product, and reputational risks.

The ERM process is based on the following principles:-

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risks in accordance with the Risk Management framework;
- Tailor responses to fit specific business circumstances; and
- Communicate risks and responses to Management.

## Statement On Risk Management And Internal Control (Cont'd)

### RISK MANAGEMENT AND MANAGEMENT RESPONSIBILITY (CONT'D)

All identified risks are displayed on a risk matrix ranging from 1 to 3, based on their risk ranking. This helps management prioritise their efforts and effectively manage the various classes of risks. There is no dedicated ERM department. However, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") collaborate closely with the Group's senior management to consistently enhance the risk management initiatives within the organization. This ensures that the Group can effectively respond to the ever-changing business environment and safeguard and increase shareholder value.

### CONTROL ENVIRONMENT

The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels within the Group. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management on the manner in which the Group controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Group, assessment of financial and operational risks and an effective monitoring mechanism.

The main elements in the system of internal control framework include:-

- An organisation structure in the Group with clear lines of responsibility and delegation of authority to ensure proper accountabilities and segregation of duties;
- Documentation of written policies and procedures for operational areas, such as procurement, inventory management and information technology;
- Review of quarterly financial results by the Board and the ARMC;
- Active participation and involvement by the CEO and the Executive Director in the day-to-day running of the business operations; and
- Review of internal audit reports and findings by the ARMC.

### INTERNAL AUDIT ("IA")

The Board is fully aware of the importance of the internal audit function and has engaged an independent professional firm to provide assurance to the Board and the ARMC. This firm will conduct an independent assessment of the adequacy, efficiency, and effectiveness of the Group's internal control system.

The internal audit adopts a risk-based approach and prepares its audit plan based on the risk profiles identified during the Group's risk assessment. Scheduled internal audits are carried out based on the annual audit plan approved by the ARMC. The internal audit reports are presented during the ARMC meetings accordingly.

During the year under review, the Internal Audit team conducted internal audit reviews to identify weaknesses in internal controls. Significant weaknesses identified during the reviews, along with the Management's responses and improvement measures taken to strengthen internal control, were reported directly to the ARMC and noted by the Board.

The Internal Auditors ("IA") also reports to ARMC on the activities performed and key strategic and control issues observed. The ARMC annually assesses the effectiveness, performance, and independence of the IA. IA continues to adopt a risk-based audit plan to ensure that the programs carried out are prioritised based on the Group's key risks and core or priority areas.

The internal audit function has reviewed the state of internal control on various operations within the Group, based on the information provided by Management and line managers. The internal audit reviews were conducted on a sample basis.

During the year, the following internal audit reviews were performed:

- (a) Operation and management of MESB Resources Sdn. Bhd.; and
- (b) Finance, Human Resources and Warehouse function of Miroza Leather (M) Sdn. Bhd. and Active Fit Sdn. Bhd..

All reports from the internal audit reviews carried out were submitted and presented to the ARMC with the feedback and agreed corrective actions to be undertaken by Management. The progress of these corrective actions was verified by IA and submitted to the ARMC.

The total professional fees paid for the outsourcing of internal audit function for the year ended 30 June 2023 amounting to RM28,800 (excluding disbursement costs).

## Statement On Risk Management And Internal Control (Cont'd)

### INFORMATION AND COMMUNICATION

While Management has full responsibility for ensuring the effectiveness of the internal control that it establishes, the Board has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire about information and clarifications from Management as well as to seek inputs from the ARMC, external and internal auditors, and other experts at the expense of the Group.

### ASSURANCE FROM THE MANAGEMENT

The Board has also received reasonable assurance from the CEO, CFO, and other Heads of Department that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 30 June 2023. The auditors have reported to the Board that they have not identified any issues that would lead them to believe that the statement, in all material aspects, should not be included in the annual report of the Group

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b) is factually inaccurate.

AAPG 3 does not require external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board and Management. The auditors are also not required to consider whether the processes described to address significant problems related to material internal control, as disclosed in the annual report, will actually resolve these problems.

### CONCLUSION

The Board is pleased to report that no major internal control weaknesses were identified during the financial year under review. Furthermore, none of the reported weaknesses have resulted in material losses or contingencies that would require disclosure in the Group's Annual Report. The Board is of the view that the existing internal control system is adequate. Nevertheless, Management continues to take measures to strengthen the control environment.

This Statement on Risk Management and Internal Control was made in accordance with a resolution of the Board on 27 October 2023.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS

The Company did not raise any funds through any corporate exercise during the financial year ended 30 June 2023 ("FYE 2023").

## 2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group for the FYE 2023 are as follows:-

	Company RM'000	Group RM'000
Audit Fees	95	227
Non-Audit Fees		
- Review of Statement on Risk Management and Internal Control	5	5
- Review of component auditors' file and Group audit instruction ("GAI")	50	80
- Opening balance review	25	25

## 3. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS, CHIEF EXECUTIVE WHICH IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS' INTERESTS

On 22 September 2022, the Company entered into the following agreements:-

- (i) a conditional share sale agreement for the proposed disposals ("Disposal SSA") of the entire equity interests in Active Fit Sdn. Bhd. ("Active Fit") and MESB Capital & Development Sdn. Bhd. ("MCD") as well as 45% equity interest in Miroza Leather (M) Sdn. Bhd. ("Miroza") (collectively known as the "Disposal Companies") to Trend Navigator Sdn. Bhd. ("Trend" or "Purchaser") for a total cash consideration of RM46,000,000 ("Proposed Disposals"); and
- (ii) a conditional share purchase agreement for the proposed acquisitions ("Acquisition SSA") of the entire equity interests in N.U. Recycle Sdn. Bhd. ("NURSB"), Formidex Sdn. Bhd. ("Formidex") and Waier Trading Sdn. Bhd. ("Waier") (collectively known as the "Acquiree Companies") from the Vendors (as defined herein) for a total cash consideration of RM51,000,000 ("Proposed Acquisitions").

The Proposed Disposals and Proposed Acquisitions are collectively referred to as the "Proposals".

Pursuant to the Disposal SSA, the Proposed Disposals shall be implemented in two (2) tranches as follows:-

- (i) 80% or 8,536,000 Active Fit Sale Shares together with the entire 2,666,974 MCD Sale Shares and 3,870,000 Miroza Sale Shares ("First Tranche Sale Shares") are expected to be disposed by the first completion date, which is within three (3) months from the date the Disposal SSA becomes unconditional ("First Completion Date"); and
- (ii) the remaining 20% or 2,134,000 Active Fit Sale Shares ("Second Tranche Sale Shares") are expected to be disposed within six (6) months from the First Completion Date ("Second Completion Date"), subject to and conditional upon the release of a subsisting corporate guarantee provided by MESB in favour of Active Fit ("Active Fit Corporate Guarantee").

## Additional Compliance Information (Cont'd)

### 3. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS, CHIEF EXECUTIVE WHICH IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS' INTERESTS (CONT'D)

On 16 June 2023, the Proposed Acquisitions and the disposals of the First Tranche Sale Shares have been completed in accordance with the terms and conditions of the Acquisition SSA and Disposal SSA respectively.

Other than the Proposals and the recurrent related party transactions of a revenue or trading nature as disclosed under related party disclosures set out in Note 38 of the audited financial statements, there were no other material contracts entered into by the Company and/or its subsidiary companies including the Directors', Chief Executive's or major shareholders' interests, which was still subsisting at the end of the previous financial year or which were entered into since the end of the previous financial year.

### 4. UTILISATION OF PROCEEDS FROM THE PROPOSED DISPOSALS

The status of the utilisation of proceeds arising from the Proposed Disposals as at 30 September 2023 is as follows:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Initial Timeframe
Part settlement of the purchase consideration for the Proposed Acquisitions of RM51,000,000 ("Purchase Consideration")	44,700	42,700	Within 24 months
Estimated expenses *	1,300	1,300	Upon completion of the Proposals
<b>Total</b>	<b>46,000</b>	<b>44,000</b>	

\* Being the estimated expenses incidental to the Proposals, such as professional fees, stamp duty, tax, fees to authorities, printing, postage, advertising and other miscellaneous expenses. Any surplus or shortfall for such expenses will be adjusted accordingly against the amount allocated for part settlement of the Purchase Consideration.

### 5. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE

The aggregate value of RRPTs made during the financial year, pursuant to the shareholders' mandate obtained at the 27<sup>th</sup> Annual General Meeting and Extraordinary General Meeting of the Company, both held on 6 December 2022, are disclosed in Note 38 to the audited financial statements for the FYE 2023.

## STATEMENT ON **DIRECTORS' RESPONSIBILITY**

The Directors are responsible for ensuring that the financial statements of the Group and of the Company are drawn up in accordance with the provisions of the Companies Act 2016, applicable approved accounting standards 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 their financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured adoption of applicable approved accounting standards; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company maintain proper accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure that the financial statements have complied with the requisite requirements.

The Directors also have the general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.



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# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	The Group RM'000	The Company RM'000
Profit/(Loss) after taxation for the financial year		
- continuing operations	13,187	15,930
- discontinued operations	(994)	–
	12,193	15,930
Attributable to:-		
Owners of the Company	12,197	15,930
Non-controlling interests	(4)	–
	12,193	15,930

## DIVIDENDS

No dividend was recommended by the directors for the financial year.

## 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.

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM60,457,840 to RM69,908,568 by way of issuance of 31,502,425 new ordinary shares from the exercise of Warrants 2017/2022 at the exercise price of RM0.30 per Warrant as disclosed in Note 19 to the financial statements which amounted to RM9,450,728.

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

- (b) there were no issues of debentures by the Company.

## Directors' Report (Cont'd)

### WARRANTS 2017/2022 ("WARRANTS")

On 2 January 2018, the Company issued 40,950,000 free Warrants to all the entitled shareholders of the Company on the basis of one (1) free Warrant for every two (2) existing ordinary shares held in the Company.

The Warrants were constituted under the Deed Poll dated 13 December 2017 and each Warrant entitles the registered holder the right at any time during the exercise period from 2 January 2020 to 30 December 2022 to subscribe in cash for one (1) new ordinary share of the Company at an exercise price of RM0.30 each.

### OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

### CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and of the Company that 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 of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

## Directors' Report (Cont'd)

### CHANGE OF CIRCUMSTANCES

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

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the classification of asset of disposal group classified as held for sale, acquisition of subsidiaries and disposal of subsidiaries and as disclosed in Notes 18, 34 and 35 to the financial statements respectively.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Loke Lee Ping  
 Chua Jin Kau  
 Chen, JianHua  
 Dato' Lee Ban Seng  
 Datuk Wong Sak Kuan  
 Lee Kok Heng  
 Wong Yu Perng  
 Low Koon Min (Appointed on 20.2.2023)  
 Tan Yew Kim (Resigned on 6.12.2022)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Lee Wai Fun  
 Gui Kim Hoo  
 Siow Sea Nen (Appointed on 16.6.2023)

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	<----- Number of Ordinary Shares ----->			
	At 1.7.2022	Bought	Sold	At 30.6.2023
<b>The Company</b>				
<i>Direct Interest</i>				
Datuk Wong Sak Kuan	37,507,898	900,000	–	38,407,898

By virtue of his interests in shares in the Company, Datuk Wong Sak Kuan is deemed to have interests in shares in its subsidiaries during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interests in shares of the Company or its related corporations during the financial year.

## Directors' Report (Cont'd)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 38(b) to the financial statements.

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

### DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM'000	The Company RM'000
Fees	185	185
Salaries, bonuses and other benefits	638	47
Defined contribution benefits	66	–
	889	232

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was approximately RM11,500 (2022 - RM13,000).

### INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Company were RM7,500,000 and RM9,720 respectively.

There was no indemnity given to or professional indemnity insurance effected for the auditors of the Company.

### SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 5 to the financial statements.

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 41 to the financial statements.

## Directors' Report (Cont'd)

### AUDITORS

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

The details of the auditors' remuneration for the financial year are as follows:-

	<b>The Group RM'000</b>	<b>The Company RM'000</b>
Audit fees	227	95
Non-audit fees	110	80
	<hr/> 337	<hr/> 175

Signed in accordance with a resolution of the directors dated 27 October 2023.

**Loke Lee Ping**

**Chua Jin Kau**

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

Note	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>ASSETS</b>				
NON-CURRENT ASSETS				
Investments in subsidiaries	5	–	72,600	49,210
Plant and equipment	6	4,370	–	–
Investment properties	7	414	–	–
Intangible assets	8	796	–	–
Right-of-use assets	9	983	–	–
Net investment in a lease	10	31	–	–
Goodwill	11	41,437	–	–
Deferred tax assets	12	947	–	–
		48,978	72,600	49,210
CURRENT ASSETS				
Inventories	13	40,119	–	–
Trade receivables	14	21,289	–	–
Other receivables, deposits and prepayments	15	3,364	2	1
Net investment in a lease	10	90	–	–
Current tax assets		2,299	19	46
Short-term investments	16	340	340	328
Fixed deposits with licensed banks	17	41,824	10,062	–
Cash and bank balances		14,324	1,636	4,006
		123,649	12,059	4,381
Asset of disposal group classified as held for sale	18	1,774	1,634	–
		125,423	13,693	4,381
<b>TOTAL ASSETS</b>		174,401	86,293	53,591

The annexed notes form an integral part of these financial statements.

## Statements of Financial Position (Cont'd)

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
<b>EQUITY AND LIABILITIES</b>					
EQUITY					
Share capital	19	69,909	60,457	69,909	60,457
Retained profits/(Accumulated loss)		36,885	29,863	8,856	(7,074)
Equity attributable to owners of the Company		106,794	90,320	78,765	53,383
Non-controlling interest		38,171	—	—	—
<b>TOTAL EQUITY</b>		144,965	90,320	78,765	53,383
NON-CURRENT LIABILITIES					
Hire purchase payables	20	414	—	—	—
Lease liabilities	21	367	137	—	—
Term loans	22	—	682	—	—
		781	819	—	—
CURRENT LIABILITIES					
Trade payables	23	10,361	23,456	—	—
Other payables and accruals	24	9,470	23,155	5,336	208
Amount owing to a director	25	1,780	—	1,780	—
Amount owing to a shareholder	26	412	—	412	—
Hire purchase payables	20	333	—	—	—
Lease liabilities	21	777	218	—	—
Term loans	22	627	835	—	—
Bankers' acceptances	27	4,895	11,958	—	—
		28,655	59,622	7,528	208
<b>TOTAL LIABILITIES</b>		29,436	60,441	7,528	208
<b>TOTAL EQUITY AND LIABILITIES</b>		174,401	150,761	86,293	53,591

The annexed notes form an integral part of these financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	The Group 2023 RM'000	2022 RM'000	The Company 2023 RM'000	2022 RM'000
<b>CONTINUING OPERATIONS</b>					
REVENUE	28	159,187	158,476	–	–
COST OF SALES		(59,752)	(64,369)	–	–
GROSS PROFIT		99,435	94,107	–	–
OTHER INCOME		2,670	2,495	18,109	127
		102,105	96,602	18,109	127
SELLING AND MARKETING EXPENSES		(39,224)	(37,774)	–	–
ADMINISTRATIVE EXPENSES		(43,391)	(34,130)	(2,179)	(770)
OTHER EXPENSES		(995)	(1,163)	–	–
FINANCE COSTS		(409)	(641)	–	–
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	29	–	(23)	–	–
PROFIT/(LOSS) BEFORE TAXATION	30	18,086	22,871	15,930	(643)
INCOME TAX EXPENSE	31	(4,899)	(5,528)	–	–
PROFIT/(LOSS) AFTER TAXATION FROM CONTINUING OPERATIONS		13,187	17,343	15,930	(643)
<b>DISCONTINUED OPERATIONS</b>					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	32	(994)	(10,674)	–	–
PROFIT/(LOSS) AFTER TAXATION		12,193	6,669	15,930	(643)
OTHER COMPREHENSIVE INCOME		–	–	–	–
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		12,193	6,669	15,930	(643)

The annexed notes form an integral part of these financial statements.

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

		The Group		The Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>PROFIT/(LOSS) AFTER TAXATION</b>					
<b>ATTRIBUTABLE TO:-</b>					
Owners of the Company					
- continuing operations		13,191	17,343	15,930	(643)
- discontinued operations		(994)	(10,674)	–	–
Non-controlling interest		12,197	6,669	15,930	(643)
		(4)	–	–	–
		12,193	6,669	15,930	(643)
<b>TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-</b>					
Owners of the Company					
- continuing operations		13,191	17,343	15,930	(643)
- discontinued operations		(994)	(10,674)	–	–
Non-controlling interest		12,197	6,669	15,930	(643)
		(4)	–	–	–
		12,193	6,669	15,930	(643)
<b>EARNINGS/(LOSS) PER SHARE</b>					
<b>(SEN)</b>	33				
Basic:					
- continuing operations		9.93	15.94		
- discontinued operations		(0.75)	(9.81)		
		9.18	6.13		
Diluted:					
- continuing operations		9.93	14.13		
- discontinued operations		(0.75)	(8.70)		
		9.18	5.43		

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Distributable		Attributable	Non-	Total
	Note	Share Capital RM'000	Retained Profits RM'000	to Owners of the Company RM'000	controlling Interest RM'000	Equity RM'000
<b>The Group</b>						
Balance at 1.7.2021		58,645	23,194	81,839	—	81,839
Profit after taxation/ Total comprehensive income for the financial year		—	6,669	6,669	—	6,669
Contributions by owners of the Company:						
- Issue of shares pursuant to exercise of Warrants	19	1,812	—	1,812	—	1,812
Balance at 30.6.2022		60,457	29,863	90,320	—	90,320
Balance at 1.7.2022		60,457	29,863	90,320	—	90,320
Profit after taxation/ Total comprehensive income for the financial year		—	12,197	12,197	(4)	12,193
Contributions by owners of the Company:						
- Issue of shares pursuant to exercise of Warrants	19	9,452	—	9,452	—	9,452
Changes in ownership interests in subsidiaries:						
- Dilution of interests in subsidiaries	35.2	—	(5,175)	(5,175)	38,175	33,000
Balance at 30.6.2023		69,909	36,885	106,794	38,171	144,965

The annexed notes form an integral part of these financial statements.

## Statements of Changes In Equity (Cont'd)

			<b>Distributable (Accumulated Losses)/ Retained Profits RM'000</b>	<b>Total Equity RM'000</b>
	<b>Note</b>	<b>Share Capital RM'000</b>		
<b>The Company</b>				
Balance at 1.7.2021		58,645	(6,431)	52,214
Loss after taxation/Total comprehensive expenses for the financial year		–	(643)	(643)
Contributions by owners of the Company:				
- Issue of shares pursuant to exercise of Warrants	19	1,812	–	1,812
Balance at 30.6.2022/1.7.2022		60,457	(7,074)	53,383
Profit after taxation/Total comprehensive income for the financial year		–	15,930	15,930
Contributions by owners of the Company:				
- Issue of shares pursuant to exercise of Warrants	19	9,452	–	9,452
Balance at 30.6.2023		69,909	8,856	78,765

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/FROM				
OPERATING ACTIVITIES				
Profit/(Loss) before taxation				
- continuing operations	18,086	22,871	15,930	(643)
- discontinued operations	110	(10,663)	—	—
Adjustments for:-				
Amortisation of intangible assets	65	52	—	—
Bad debts written off	*	—	—	—
Depreciation of:				
- plant and equipment	1,024	1,126	—	—
- investment properties	57	64	—	—
- right-of-use assets	300	299	—	—
Impairment losses on trade receivables	—	23	—	—
Interest expense	539	756	—	—
Interest expense on lease liabilities	35	23	—	—
Inventories written down	—	1,199	—	—
Plant and equipment written off	—	27	—	—
Unrealised loss on foreign exchange	487	228	—	—
Gain on disposal plant and equipment	(149)	(694)	(8)	—
Gain on disposal in subsidiaries	(1,421)	—	(18,024)	—
Interest income	(999)	(524)	(69)	(127)
Reversal of impairment loss				
trade receivables	—	(30)	—	—
Reversal of inventories written down	(652)	(222)	—	—
Operating profit/(loss) before working capital changes	17,482	14,535	(2,171)	(770)
(Increase)/Decrease in inventories	(20,866)	27,150	—	—
Decrease/(Increase) in trade and other receivables	7,471	(4,257)	*	9
(Decrease)/Increase in trade and other payables	(7,440)	(1,238)	319	17
Decrease in amount owing by subsidiaries	—	—	—	2,845
CASH (FOR)/FROM OPERATIONS/ BALANCE BROUGHT FORWARD	(3,353)	36,190	(1,852)	2,101
Income tax (paid)/refunded	(7,004)	(4,376)	27	(10)
Interest paid	(574)	(779)	—	—
Interest received	999	524	69	127
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(9,932)	31,559	(1,756)	2,218

\* Amount is less than RM1,000

The annexed notes form an integral part of these financial statements.

## Statements of Cash Flows (Cont'd)

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	34	(39,939)	–	–	(1,000)
Disposal of a subsidiaries, net of cash and cash equivalents disposed of	35.1	(6,347)	–	–	–
Disposal of non-controlling interests	35.2	33,000	–	–	–
Proceeds from disposal plant and equipment		364	800	–	–
Repayment from net investment in a lease	10	4	–	–	–
Purchase of plant and equipment	36(a)	(1,785)	(903)	–	–
Purchase of intangible assets		(66)	(847)	–	–
Placement of fixed deposits with tenure more than 3 months		(206)	–	–	–
<b>NET CASH FOR INVESTING ACTIVITIES</b>		<b>(14,975)</b>	<b>(950)</b>	<b>–</b>	<b>(1,000)</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>					
Proceeds from issuance of ordinary shares		9,452	1,812	9,452	1,812
Proceeds from disposal of plant and equipment		–	–	8	–
Repayment of hire purchase payables	36(b)	(30)	–	–	–
Repayment of lease liabilities	36(b)	(322)	(339)	–	–
Repayment of term loans	36(b)	(890)	(3,322)	–	–
Net placement/(repayment) of bankers' acceptances	36(b)	443	(233)	–	–
Drawdown/(Withdrawal) of pledged fixed deposits		4,329	(1,051)	–	–
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		<b>12,982</b>	<b>(3,133)</b>	<b>9,460</b>	<b>1,812</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(11,925)</b>	<b>27,476</b>	<b>7,704</b>	<b>3,030</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>49,753</b>	<b>22,277</b>	<b>4,334</b>	<b>1,304</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	36(d)	<b>37,828</b>	<b>49,753</b>	<b>12,038</b>	<b>4,334</b>

The annexed notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Unit 521, 5 <sup>th</sup> Floor, Lobby 6, Block A, Damansara Intan No.1, Jalan SS20/27, 47400 Petaling Jaya, Selangor.
Principal place of business	:	Lot 1903A, 1 <sup>st</sup> Floor, Jalan KPB 7, Kawasan Perindustrian Kg. Baru Balakong, 43300 Seri Kembangan, Selangor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

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

## Notes to the Financial Statements (Cont'd)

### 3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standard and/or interpretation (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

##### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

##### **(a) Depreciation of Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its 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 plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.



## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### *Key Sources of Estimation Uncertainty (Cont'd)*

##### **(b) Amortisation of Intangible Assets**

The estimates for the residual values, useful lives and related amortisation charges for the intangible assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its intangible assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation 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 amortisation charges could be revised. The carrying amount of intangible assets as at the reporting date are disclosed in Note 8 to the financial statements.

##### **(c) Impairment of Goodwill**

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date and the key assumptions is disclosed in Note 11 to the financial statements.

##### **(d) Impairment of Plant and Equipment, Investment Properties and Right-of-use Assets**

The Group determines whether an item of its plant and equipment, investment properties and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. The carrying amounts of plant and equipment, investment properties and right-of-use assets as at the reporting date are disclosed in Notes 6, 7 and 9 to the financial statements respectively.

##### **(e) Write-down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 13 to the financial statements.

##### **(f) Impairment of Trade Receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 14 to the financial statements.

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### *Key Sources of Estimation Uncertainty (Cont'd)*

##### **(g) Impairment of Non-Trade Receivables**

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amount of other receivables as at the reporting date is disclosed in Note 15 to the financial statements.

##### **(h) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expenses and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets of the Group as at the reporting date are approximately RM2,299,000 (2022 - RM460,000). The carrying amounts of the current tax assets of the Company as at the reporting date are approximately RM19,000 (2022 - RM46,000).

##### **(i) Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 12 to the financial statements.

##### **(j) Purchase Price Allocation**

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 34 to the financial statements.

##### **(k) Discount Rates used in Leases**

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

##### **(a) Classification between Investment Properties and Owner occupied Properties**

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

##### **(b) Lease Terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

#### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

##### **(a) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.2 BASIS OF CONSOLIDATION (CONT'D)

##### (a) Business Combinations (Cont'd)

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

##### (b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

##### (c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

##### (d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate.

#### 4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised 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 at the date of acquisition is recorded as goodwill.

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.3 GOODWILL (CONT'D)

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

#### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES

##### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

##### (b) 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 period 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.

#### 4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

##### *Debt Instruments*

##### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

##### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

##### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

##### *Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial Liabilities

##### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

##### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

##### (c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

##### (i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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

##### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (e) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

#### 4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

#### 4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Company has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 16 June 2023. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.



## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.7 INVESTMENTS IN ASSOCIATES (CONT'D)

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

#### 4.8 PLANT AND EQUIPMENT

All items of plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation on plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Computers	10% - 50%
Motor vehicles	20%
Office equipment, furniture and fittings	5% - 10%
Plant and machinery	10% - 20%
Renovation	10% - 20%
Warehouse equipment	20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.9 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 50 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

#### 4.10 LEASES

##### (a) As a lessee

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets that do not meet the definition of investment property and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.10 LEASES (CONT'D)

##### (a) As a lessee (Cont'd)

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

##### (b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of 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 an operating lease.

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

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

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

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, Financial Instruments.

#### 4.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale.

#### 4.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.13 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (or non-current assets of the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

#### 4.14 IMPAIRMENT

##### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and trade receivables, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on the financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.14 IMPAIRMENT (Cont'd)

##### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in 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. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

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, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 4.15 EMPLOYEE BENEFITS

##### (a) Short-term Benefits

Wages, salaries, paid annual leave and, bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

##### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### 4.16 INCOME TAXES

##### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.16 INCOME TAXES (Cont'd)

##### (b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill 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 and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

#### 4.17 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 maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### 4.18 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

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

#### 4.19 BORROWING COSTS

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

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.20 FAIR VALUE MEASUREMENTS

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, regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2 : Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions (MFRS 16) and measurement that have some similarities to fair value but not are fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

#### 4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

##### (a) Sale of goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being at the point the customer purchases the goods at the retail outlets. Payment for the transaction is due immediately at the point the customer purchases the goods and takes delivery in outlet.

## Notes to the Financial Statements (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

##### (b) Commission earned

The Group acts in a capacity of an agent rather than as the principal in a transaction, the revenue is recognised upon the sale of goods and is the net amount of commission earned by the Group.

##### (c) Sale of waste recycling materials

Revenue is recognised at a point in time when the goods have been delivered to the customer and upon its acceptance, and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the goods sold.

#### 4.22 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

##### (a) Interest Income

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

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains/losses.

##### (b) Rental Income

Rental income from investment properties is accounted for on a straight-line method over the lease term.

##### (c) Government Grant

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other income in profit or loss.

### 5. INVESTMENTS IN SUBSIDIARIES

	<b>The Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost		
At 1 July	68,210	67,210
Additions during the year	51,000	1,000
Disposal during the year	(46,610)	–
At 30 June	72,600	68,210
Accumulated impairment losses		
At 1 July	(19,000)	(19,000)
Disposal during the year	19,000	–
At 30 June	–	(19,000)
	72,600	49,210



## Notes to the Financial Statements (Cont'd)

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2023 %	2022 %	
Subsidiaries of the Company				
Active Fit Sdn. Bhd.^ ("Active Fit")	Malaysia	20	100	Principally engaged in trading and retailing of casual apparels and accessories.
Formidex Sdn. Bhd. ("Formidex")	Malaysia	100	–	Principally engaged in provision of slitting services and trim waste sales.
MESB Capital & Development Sdn. Bhd.^ ("MCD")	Malaysia	–	100	Principally engaged in investment holding activities.
MESB Resources Sdn. Bhd.^ ("MRSB")	Malaysia	100	100	Principally engaged in the activities of wholesale of metal and non-metal waste and scrap and materials for recycling.
Miroza Leather (M) Sdn. Bhd.^ ("Miroza")	Malaysia	55	100	Principally engaged in the business of trading and retailing of leather product and apparels.
N.U. Recycle Sdn. Bhd. ("NURSB")	Malaysia	100	–	Principally engaged in the sale and purchase of recycling material.
Waier Trading Sdn. Bhd.^ ("Waier")	Malaysia	100	–	Principally engaged in recycling materials.

^ These subsidiaries were audited by other firms of chartered accountants.

(a) During the current financial year, the Company has acquired:-

- (i) 100% equity interests in Formidex;
- (ii) 100% equity interests in NURSB; and
- (iii) 100% equity interests in Waier

The details of the acquisition are disclosed in Note 34 to the financial statements.

The statutory financial year end of Formidex and Waier is 30 April and does not coincide with the Group. The subsidiary has been consolidated based on management account for the 14 days from the date of acquisition. The subsidiary is in the midst of changing its statutory financial year end to conform with the Group.

(b) During the current financial year, the Company has disposed:-

- (i) 80% equity interests in Active Fit;
- (ii) 100% equity interests in MCD; and
- (iii) 45% equity interests in Miroza.

The details of the disposal are disclosed in Note 35 to the financial statements.

## Notes to the Financial Statements (Cont'd)

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) On 16 June 2023, the remaining 20% equity interest in Active Fit has meets the criteria to be classified as held for sale with an carrying amount of RM1,774,126 as disclosed in Note 18 to the financial statements.
- (d) In the previous financial year, the Company subscribed for 1,000,000 ordinary shares in MRSB at RM1.00 per ordinary share for a total cash consideration of RM1,000,000.
- (e) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2023 %	2022 %	2023 RM'000	2022 RM'000
Miroza	45	—	38,171	—

- (f) The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interests that are material to the Group is as follows:-

	<b>Miroza 2023 RM'000</b>
<u>At 30 June</u>	
Non-current assets	4,180
Current assets	100,145
Non-current liabilities	(166)
Current liabilities	(19,334)
Net assets	84,825
<u>Financial Year Ended 30 June</u>	
Revenue	150,744
Profit for the financial year/Total comprehensive income	13,167
Total comprehensive income attributable to non-controlling interests	(4)
Net cash flows for operating activities	(8,200)
Net cash flows from investing activities	259
Net cash flows for financing activities	(5,901)

# Notes to the Financial Statements (Cont'd)

## 6. PLANT AND EQUIPMENT

The Group	At 1.7.2022 RM'000	Additions (Note 36(a)) RM'000	Disposals RM'000	Depreciation Charges RM'000	Acquisition of Subsidiaries (Note 34) RM'000	Disposal of Subsidiaries (Note 35) RM'000	At 30.6.2023 RM'000
<b>2023</b>							
<i>Carrying Amount</i>							
Computers	33	55	-	(32)	22	(10)	68
Motor vehicles	50	226	-	(44)	983	-	1,215
Office equipment, furniture and fittings	2,224	493	-	(378)	45	(1,443)	941
Plant and machinery	319	1,060	-	(63)	261	-	1,577
Renovation	911	271	(215)	(501)	103	-	569
Warehouse equipment	6	-	-	(6)	-	-	-
	3,543	2,105	(215)	(1,024)	1,414	(1,453)	4,370
<b>2022</b>							
<i>Carrying Amount</i>							
Computers	11	37	-	-	-	(15)	33
Motor vehicles	77	-	-	-	-	(27)	50
Office equipment, furniture and fittings	2,421	164	-	-	-	(361)	2,224
Plant and machinery	-	322	-	-	-	(3)	319
Renovation	1,375	380	(106)	(711)	(27)	(9)	911
Warehouse equipment	15	-	-	-	-	-	6
	3,899	903	(106)	(1,126)	(27)	(1,126)	3,543

## Notes to the Financial Statements (Cont'd)

### 6. PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
<b>2023</b>			
<i>Carrying Amount</i>			
Computers	2,933	(2,865)	68
Motor vehicles	3,434	(2,219)	1,215
Office equipment, furniture and fittings	2,982	(2,041)	941
Plant and machinery	4,204	(2,627)	1,577
Renovation	9,637	(9,068)	569
Warehouse equipment	76	(76)	–
	23,266	(18,896)	4,370
<b>2022</b>			
<i>Carrying Amount</i>			
Computers	2,867	(2,834)	33
Motor vehicles	146	(96)	50
Office equipment, furniture and fittings	6,114	(3,890)	2,224
Plant and machinery	322	(3)	319
Renovation	8,876	(7,965)	911
Warehouse equipment	76	(70)	6
	18,401	(14,858)	3,543
<b>The Company</b>			
<b>2023</b>			
<i>Carrying Amount</i>			
Computers	15	(15)	–
<b>2022</b>			
<i>Carrying Amount</i>			
Computers	15	(15)	–
Motor vehicles	8	(8)	–
	23	(23)	–

- (a) Included in the plant and equipment of the Group were equipment and motor vehicles with a total carrying amount of RM1,335,000 (2022 - Nil) held under hire purchase arrangements. These assets had been pledged as security for the hire purchase payables of the Group as disclosed in Note 20 to the financial statements.

## Notes to the Financial Statements (Cont'd)

### 7. INVESTMENT PROPERTIES

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Cost:-		
At 1 July	3,740	3,740
Disposal of subsidiaries (Note 35)	(3,074)	–
At 30 June	666	3,740
Accumulated depreciation:-		
At 1 July	(1,173)	(1,109)
Depreciation during the financial year	(57)	(64)
Disposal of subsidiaries (Note 35)	978	–
At 30 June	(252)	(1,173)
	414	2,567
Represented by:-		
Buildings, at cost	414	1,259
Leasehold land, at cost	–	1,308
	414	2,567

- (a) The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable period of 2 (2022 - 2) years and an option that is exercisable by the customers to extend their leases and subsequent renewals are negotiated with the lessee.

The Group generally does not require a financial guarantee on the lease arrangement. Nevertheless, the Group requires advance rental payment and security deposits from the lessees. These leases do not include residual value guarantees.

The contribution arising from the lease income is not material to the Group. Therefore, the disclosures required by MFRS 16 for a lessor are not presented.

- (b) The investment properties have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 27 to the financial statements.
- (c) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties.

## Notes to the Financial Statements (Cont'd)

### 8. INTANGIBLE ASSETS

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Cost:-		
At 1 July	1,347	500
Additions during the financial year	66	847
At 30 June	1,413	1,347
Accumulated amortisation:-		
At 1 July	(52)	—
Amortisation charge during the financial year	(65)	(52)
At 30 June	(117)	(52)
Accumulated impairment losses:-		
At 1 July/At 30 June	(500)	(500)
	796	795

Included in trademarks are the rights of using trademarks of a brand in Malaysia and Brunei granted by a licensor for a licence fee of RM847,000 and RM66,000 for a period of 15 years and 5 years respectively.

### 9. RIGHT-OF-USE ASSETS

	<b>At</b>	<b>Addition</b>	<b>Acquisition</b>	<b>Depreciation</b>	<b>At</b>
<b>The Group</b>	<b>1.7.2022</b>	<b>(Note 36(a))</b>	<b>of</b>	<b>Charges</b>	<b>30.6.2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>Subsidiaries</b>	<b>RM'000</b>	<b>RM'000</b>
			<b>(Note 34)</b>		
			<b>RM'000</b>		
<b>2023</b>					
<i>Carrying Amount</i>					
Buildings	308	300	675	(300)	983
<b>2022</b>					
<i>Carrying Amount</i>					
Buildings		418	185	(295)	308
Motor vehicles		4	—	(4)	—
		422	185	(299)	308

## Notes to the Financial Statements (Cont'd)

### 9. RIGHT-OF-USE ASSETS (CONT'D)

(a) The Group leases various boutiques and motor vehicles of which the leasing activities are summarised below:-

- |                     |                                                                                                                                         |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| (i) Boutiques       | The Group has leased 5 (2022 - 3) of the boutiques for 1 to 3 (2022 - 1 to 3) years, with an option to renew the lease after that date. |
| (ii) Motor vehicles | During the previous financial year, the Group has leased 2 of the motor vehicles for 3 years.                                           |

### 10. NET INVESTMENT IN A LEASE

	<b>The Group 2023 RM'000</b>
At 1 July	—
Acquisition of subsidiaries (Note 34)	125
Interest income	*
Lease payment	(4)
At 30 June	121

\* Amount is less than RM1,000

The subsidiary leases premise to a related party for a period of two years.

The lease payments to be received are as follows:

	<b>2023 RM'000</b>
Less than one year	90
One to two years	31
	121
Analysed by:	
Current assets	90
Non-current assets	31
	121

## Notes to the Financial Statements (Cont'd)

### 11. GOODWILL

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Cost:-		
At 1 July	–	25,190
Acquisition of subsidiaries (Note 34)	41,437	–
Written off during the financial year	–	(25,190)
At 30 June	41,437	–
Accumulated impairment losses:-		
At 1 July	–	(25,190)
Written off during the financial year	–	25,190
At 30 June	–	–
	41,437	–

- (a) In the previous financial year, goodwill arising from the acquisition of Miroza and Active Fit that have been fully impaired in prior years was written off.
- (b) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Formidex	9,600	–
NURSB	24,960	–
Waier	6,877	–
	41,437	–

- (c) The Group has assessed its recoverable amount which is determined using the value in use approach. Cash flow projections are based on 5 years of financial budgets with terminal growth rate which approved by management. The other key assumptions used in the determination of the recoverable amount are as follows:-

	<b>Average Gross Margins 2023 %</b>	<b>Average Growth Rates 2023 %</b>	<b>Discount Rates 2023 %</b>	<b>Terminal Growth Rates 2023 %</b>
Formidex	69	2.9 - 35.3	9.24	2.14
NURSB	19	2.9 - 26.8	9.24	2.14
Waier	16.7 - 35.5	2.9 - 10.5	9.24	2.14



## Notes to the Financial Statements (Cont'd)

### 11. GOODWILL (CONT'D)

- (c) The Group has assessed its recoverable amount which is determined using the value in use approach. Cash flow projections are based on 5 years of financial budgets with terminal growth rate which approved by management. The other key assumptions used in the determination of the recoverable amount are as follows (Cont'd):-

(i)	Average Gross Margins	Gross margin is based on the average historical gross margin ranged from 24 to 26 months.
(ii)	Average Growth Rates	The first year growth rate is based on the average historical growth rate ranged from 24 to 26 months and adjusted for any others contractual arrangement entered into by the cash-generating unit.  Subsequently, the growth rate increases yearly by 2.9% based on the average inflation rate of past 2 years.
(iii)	Discount Rates	Discount rate is based on the average pre-tax Weighted Average Cost of Capital ("WACC") rate of the recycling business of 9.24%.
(iv)	Terminal Growth Rates	Terminal growth rate is based on the last 5 years' average Malaysia National's Recycling Rate of 2.14%.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating unit and are based on internal and external historical data.

- (d) The directors believe that there is no reasonably possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

### 12. DEFERRED TAX ASSETS

	At 1.7.2022 RM'000	Recognised in Profit Or Loss (Note 31) RM'000	Acquisition of Subsidiaries (Note 34) RM'000	At 30.6.2023 RM'000
<b>The Group</b>				
<b>2023</b>				
<i>Deferred Tax Assets</i>				
Inventories	573	(157)	—	416
Lease liabilities	77	10	—	87
Plant and equipment	85	(47)	—	38
Others	514	32	—	546
	1,249	(162)	—	1,087
<i>Deferred Tax Liabilities</i>				
Plant and equipment	(23)	(31)	(4)	(58)
Right-of-use assets	(74)	(8)	—	(82)
	(97)	(39)	(4)	(140)
	1,152	(201)	(4)	947

## Notes to the Financial Statements (Cont'd)

### 12. DEFERRED TAX ASSETS (CONT'D)

The Group	At 1.7.2021 RM'000	Recognised in Profit Or Loss (Note 31) RM'000	At 30.6.2022 RM'000
<b>2022</b>			
<i>Deferred Tax Assets</i>			
Inventories	285	288	573
Lease liabilities	107	(30)	77
Plant and equipment	—	85	85
Others	98	416	514
	490	759	1,249
<i>Deferred Tax Liabilities</i>			
Plant and equipment	(61)	38	(23)
Right-of-use assets	(100)	26	(74)
	(161)	64	(97)
	329	823	1,152

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Inventories	301	430	—	—
Unused tax losses:				
- expires year of assessment 2033	636	—	636	—
Other temporary differences	20,324	16,058	—	—
	21,261	16,488	636	—

### 13. INVENTORIES

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Finished goods	40,119	33,160
Recognised in profit or loss:-		
Inventories recognised as cost of sales	67,759	73,775
Amount written down to net realisable value	—	1,199
Reversal of inventories previously written down	(652)	(222)

## Notes to the Financial Statements (Cont'd)

### 14. TRADE RECEIVABLES

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Third parties	20,927	34,721
Related parties	362	468
Allowance for impairment losses	–	(59)
	21,289	35,130
Allowance for impairment losses:-		
At 1 July	(59)	(66)
Addition for the financial year	–	(23)
Disposal of subsidiaries	8	–
Reversal during the financial year	–	30
Written off during the financial year	51	–
At 30 June	–	(59)

The Group's normal trade credit terms range from 30 to 120 (2022 - 30 to 90) days.

### 15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables	1,999	420	–	–
Deposits	831	565	1	1
Prepayments	534	126	1	–
	3,364	1,111	2	1

### 16. SHORT-TERM INVESTMENTS

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Money market funds, at fair value	340	328	340	328

The money market funds represent investments in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with one (1) day notice at known amounts of cash and are subject to an insignificant risk of changes in value.

## Notes to the Financial Statements (Cont'd)

### 17. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.18% to 3.60% (2022 - 1.25% to 2.10%) per annum and 3.6% (2022 - Nil) per annum respectively. The fixed deposits have maturity period range from 3 to 6 months (2022 - 1 to 12 months) and 3 month (2022 - Nil) for the Group and the Company respectively.
- (b) Included in fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of approximately RM18,453,000 (2022 - RM22,782,000) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

### 18. ASSET OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 22 September 2022, the Company entered into a conditional share sale agreement for the proposed disposals of its entire equity interests in Active Fit and MCD, as well as 45% equity interest in Miroza to Trend Navigator Sdn. Bhd. for a total cash consideration of RM46.0 million.

On 16 June 2023, the Company announced the completion of the disposals of the First Tranche Sale Shares on disposal of the entire equity interests in MCD, 80% equity interests in Active Fit, and the 45% equity interest in Miroza for a total cash consideration of RM44.0 million. The Company is in the process of disposing of the remaining 20% equity interest in Active Fit for total consideration of RM2.0 million.

	<b>The Group 2023 RM'000</b>
Unquoted shares, at cost	1,634
Share of post acquisition profits	140
	<hr/> 1,774 <hr/>

- (a) The summarised financial information for associate that is classified as held for sale is as follows:-

	<b>The Group 2023 RM'000</b>
<b>Assets</b>	
Plant and equipment	1,453
Inventories	14,798
Trade receivables	7,940
Other receivables, deposits, prepayments	253
Cash and bank balances	6,916
Fixed deposit with licensed bank	10,044
	<hr/> 41,404 <hr/>

## Notes to the Financial Statements (Cont'd)

### 18. ASSET OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

- (a) The summarised financial information for associate that is classified as held for sale is as follows (Cont'd):-

	<b>The Group 2023 RM'000</b>
<b>Liabilities</b>	
Trade balances	(1,365)
Other payables and accruals	(23,521)
Lease liabilities	(6)
Current tax liabilities	(135)
Bankers' acceptances	(7,506)
	(32,533)
Net Asset	8,871
Assets of disposal group classified as held for sale for the remaining 20% interest as at date of disposal	1,774

The carrying amount of the non-current asset is the same as its carrying value before it was reclassified as held for sale.

### 19. SHARE CAPITAL

	<b>2023 Number Of Shares</b>	<b>2022 Number Of Shares</b>	<b>The Group/The Company 2023 RM'000</b>	<b>2022 RM'000</b>
Ordinary Shares				
At 1 July	112,792	106,750	60,457	58,645
New shares issued under the exercise of Warrants	31,502	6,042	9,452	1,812
At 30 June	144,294	112,792	69,909	60,457

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) On 2 January 2018, the Company issued 40,950,000 free Warrants to all the entitled shareholders of the Company after the share split on the basis of one (1) free warrant for every two (2) existing ordinary shares held in the Company.

The Warrants can only be exercised commencing on and including the date from the second anniversary date of the first issue of the Warrants, i.e. 2 January 2020 to 30 December 2022. Each Warrant entitles the registered holder the right at any time during the exercise period from 2 January 2020 to 30 December 2022 to subscribe in cash for one (1) new ordinary share of the Company at an exercise price of RM0.30 each.

During the financial year, the issuance of 31,502,000 (2022 - 6,042,000) new ordinary shares from the exercise of Warrants 2017/2022 at the exercise price of RM0.30 per Warrant of a total cash consideration of approximately RM9,450,728 (2022 - 1,812,600).

As at 30 December 2022, all the Warrant has been lapsed and no longer exercisable.

## Notes to the Financial Statements (Cont'd)

### 20. HIRE PURCHASE PAYABLES

	<b>The Group 2023 RM'000</b>
Minimum hire purchase payments:	
- not later than 1 year	361
- later than 1 year and not later than 5 years	455
	816
Less: Future finance charges	(69)
Present value of hire purchase payables	747
Present value of hire purchase payments:	
- not later than 1 year	333
- later than 2 year and not later than 5 years	414
	747
Analysed by:-	
Current liabilities	333
Non-current liabilities	414
	747
(a) Certain amount of the hire purchase payables of the Group are secured by the Group's equipment and motor vehicles as disclosed in Note 6 to the financial statements.	
(b) The hire purchase payables of the Group at the end of the financial year bore effective interest rates ranged from 3.16% to 6.78% per annum. The interest rates are fixed at the inception of the hire purchase arrangements.	

### 21. LEASE LIABILITIES

	<b>The Group 2023 RM'000</b>	<b>2022 RM'000</b>
At 1 July	355	509
Addition	300	185
Acquisition of subsidiaries (Note 34)	817	-
Disposal of subsidiaries (Note 35.1)	(6)	-
Interest expense recognised in profit or loss	35	23
Repayment of principal	(322)	(339)
Repayment of interest expense	(35)	(23)
At 30 June	1,144	355
Analysed by:-		
Current liabilities	777	218
Non-current liabilities	367	137
	1,144	355

## Notes to the Financial Statements (Cont'd)

### 22. TERM LOANS (SECURED)

	The Group	
	2023 RM'000	2022 RM'000
Current liabilities	627	835
Non-current liabilities	–	682
	627	1,517

- (a) The term loans were secured by:-
- (i) a pledged over the deposits placed with licensed banks of the subsidiaries as disclosed in Note 17 to the financial statements; and
  - (ii) a corporate guarantee by the Company.
- (b) The term loans bore effective interest rate range from 6.95% to 7.95% (2022 - 7.90% to 8.20%) per annum repayable in 60 (2022 - 60) monthly instalments.

### 23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2022 - 30 to 90) days.

Included in trade payables of the Group is an amount due to a company in which a director has significant financial interests of RM316,000 (2022 - RM710,000). The amount is unsecured, interest free and subject to negotiated trade terms.

### 24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other payables	5,281	1,312	4,928	1
Accruals	4,189	21,843	408	207
	9,470	23,155	5,336	208

- (a) Included in other payables of the Group is an amount due to a company in which directors have significant financial interests of RM4,851,000 (2022 - RM75,000). The amount is unsecured, interest free and repayable on demand.
- (b) As at the end of previous financial year, included in accrued expenses of the Group is an amount payable to a licensor of RM18,099,000, which comprise the following:-
- (i) Accruals of RM2,868,000 relating to royalty expenses, common marketing funds and advertising and marketing expenses for a brand.
  - (ii) Accruals made for potential payments by the Group to the licensor of RM15,231,000 relating to claims by the licensor on additional amounts payable for royalty expenses, common marketing funds, advertising and marketing expenses and late payment charges for the brand based on sales made by the Group in the previous financial years.

## Notes to the Financial Statements (Cont'd)

### 25. AMOUNT OWING TO A DIRECTOR

The amount owing to a director represents non-trade balances, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 26. AMOUNT OWING TO A SHAREHOLDER

The amount owing to a shareholder represents non-trade balances, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

### 27. BANKERS' ACCEPTANCES

The bankers' acceptances at the end of the reporting period bore effective interest rates ranging from 4.65% to 7.32% (2022 - 2.43% to 5.05%) per annum and are secured by:-

- (i) a first legal charge over the investment properties of the subsidiaries;
- (ii) a pledge over the deposits placed with licensed banks of the subsidiaries;
- (iii) a corporate guarantee provided by the Company; and
- (iv) a personal guarantee by a former Director of a subsidiary.

### 28. REVENUE

	The Group	
	2023	2022
	RM'000	RM'000
<b>Revenue from Contracts with Customers</b>		
<u>Recognised at a point in time</u>		
Sale of goods	141,249	145,518
Commission income from consignment sales	7,170	2,274
Waste recycling	10,768	10,684
	<hr/>	<hr/>
	159,187	158,476

### 29. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group
	2022
	RM'000
Impairment losses:	
- trade receivables (Note 14)	23



## Notes to the Financial Statements (Cont'd)

### 30. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees	174	154	95	70
- underprovision in previous financial year	3	-	-	-
- non-audit fees	95	8	80	8
Directors' fee	185	138	185	138
Directors' non-fee emoluments:				
- salaries, bonuses and allowances	551	351	47	39
- defined contribution benefits	56	34	-	-
<b>Material Expenses/(Income)</b>				
Amortisation of intangible assets	65	52	-	-
Bad debts written off	*	-	-	-
Depreciation of:				
- plant and equipment	738	858	-	-
- investment properties	14	14	-	-
- right-of-use assets	300	295	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bankers' acceptance	134	428	-	-
- bank commitment	77	-	-	-
- bank overdrafts	3	41	-	-
- debt factoring	81	26	-	-
- term loans	78	159	-	-
- hire purchase	2	-	-	-
Interest expense on lease liabilities	34	20	-	-
Inventories written down	-	1,199	-	-
Lease expenses:				
- short-term leases	1,558	1,310	-	-
- low-value assets	4	4	-	-
Loss on foreign exchange:				
- realised	23	189	-	-
- unrealised	86	228	-	-
Plant and equipment written off	-	27	-	-
Royalty expenses	8,048	6,184	-	-
Staff costs (including other key management personnel):				
- short-term employee benefits	26,653	21,568	351	76
- defined contribution benefits	3,162	2,536	41	4

\* Amount less than RM1,000

## Notes to the Financial Statements (Cont'd)

### 30. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting) (Cont'd):-				
<b>Material Expenses/(Income) (Cont'd)</b>				
COVID-19-related subsidies from government	–	(1,200)	–	–
Fair value gain on short-term investments	(8)	–	(8)	–
Gain on disposal of plant and equipment	(149)	(694)	(8)	–
Gain on disposal of subsidiaries (Note 35)	(1,421)	–	(18,024)	–
Lease income from investments properties	(40)	(1)	–	–
Reversal of inventories written down	(652)	–	–	–
Total interest income on financial assets measured at amortised cost	(812)	(434)	(67)	(124)
Total interest income on financial assets measured at fair value through profit or loss	(2)	(3)	(2)	(3)

### 31. INCOME TAX EXPENSE

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expense:				
- current year	5,245	6,301	–	–
- underprovision in the previous financial year	557	61	–	–
	5,802	6,362	–	–
Deferred tax (Note 12):				
- origination and reversal of temporary differences	316	(678)	–	–
- overprovision in the previous financial year	(115)	(145)	–	–
	201	(823)	–	–
	6,003	5,539	–	–
Represented by:-				
Income tax expense on continuing operations	4,899	5,528	–	–
Income tax expense on discontinued operations (Note 32)	1,104	11	–	–
Total income tax expense	6,003	5,539	–	–

## Notes to the Financial Statements (Cont'd)

### 31. INCOME TAX EXPENSE (CONT'D)

A reconciliation of the income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) after taxation	12,193	6,669	15,930	(643)
Total income tax expense	6,003	5,539	–	–
Results from continuing and discontinued operations before income tax expense	18,196	12,208	15,930	(643)
Tax at the statutory tax rate of 24% (2022 - 24%)	4,367	2,930	3,823	(154)
Tax effects of:-				
Non-taxable income	(428)	(164)	(4,328)	–
Non-deductible expenses	476	322	352	154
Deferred tax assets not recognised during the financial year	1,146	2,535	153	–
Underprovision of current tax in the previous financial year	557	61	–	–
Overprovision of deferred taxation in the previous financial year	(115)	(145)	–	–
	6,003	5,539	–	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022 - 24%) of the estimated assessable profit for the financial year.

### 32. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS

As disclosed in Note 18 to the financial statements, the Company completed disposal of entire equity interests in MCD and is in the process of disposing of the remaining 20% equity interest in Active Fit.

An analysis of the results of the discontinued operations is as follows:-

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	41,017	40,022
Cost of sales	(17,759)	(23,272)
Gross profit	23,258	16,750
Other income	186	535

## Notes to the Financial Statements (Cont'd)

### 32. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS (CONT'D)

An analysis of the results of the discontinued operations is as follows (Cont'd):-

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Selling and marketing expenses	23,444	17,285
Administrative expenses	(10,644)	(10,193)
Other expenses	(12,318)	(17,376)
Finance costs	(286)	(271)
Net reversal of impairment losses on financial assets	(86)	(138)
	—	30
Results from operating activities (Note 32(a))	110	(10,663)
Income tax expense (Note 31)	(1,104)	(11)
Loss after taxation from discontinued operations	(994)	(10,674)
Attributable to:-		
Owners of the Company	(994)	(10,674)

(a) Included in the results from operating activities are the following:-

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Auditors' remuneration:		
- audit fees	53	53
- non-audit fees	15	—
Directors' non-fee emoluments:		
- salaries, bonuses and allowances	87	54
- defined contribution benefits	10	—
<b>Material Expenses/(Income)</b>		
Depreciation of:		
- plant and equipment	286	268
- investment properties	43	50
- right-of-use assets	—	4
Interest expense on financial liabilities that are not at fair value through profit or loss:		
- bankers' acceptance	138	97
- bank commitment	25	—
- bank overdrafts	1	5
Interest expense on lease liabilities	1	3
Lease expenses:		
- short-term leases	144	161
Loss on foreign exchange:		
- unrealised	401	—
Royalty expenses (excluding the amount disclosed below)	2,380	2,186

## Notes to the Financial Statements (Cont'd)

### 32. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS (CONT'D)

(a) Included in the results from operating activities are the follows (Cont'd):-

	The Group	
	2023	2022
	RM'000	RM'000
<b>Material Expenses/(Income) (Cont'd)</b>		
Accruals made for potential payments to a licensor on the following expenses for a brand		
- Royalty expenses	1,561	6,036
- Common marketing funds	88	1,346
- Advertising and promotion expenses	2,237	5,517
- Late payment charges	527	2,332
Staff costs (including other key management personnel):		
- short-term employee benefits	6,158	4,685
- defined contribution benefits	776	574
COVID-19-related subsidies from government	-	(442)
Lease income from investments properties	-	(50)
Reversal of inventories written down	-	(222)
Total interest income on financial assets measured at amortised cost	(185)	(87)

(b) The cash flows attributable to the discontinued operations are the following:-

	The Group	
	2023	2022
	RM'000	RM'000
Net cash from operation activities	62,078	16,861
Net cash for investing activities	(577)	(659)
Net cash from/(for) financing activities	3,959	(1,465)
Net cash from discontinued operations	65,460	14,737

### 33. EARNINGS/(LOSS) PER SHARE

(a) The reconciliation of earnings used in calculating earnings/(loss) per share is as below:-

	2023			2022		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>The Group</b>						
Profit/(Loss) after taxation attributable to owners of the Company	13,187	(994)	12,193	17,343	(10,674)	6,669

## Notes to the Financial Statements (Cont'd)

### 33. EARNINGS/(LOSS) PER SHARE (CONT'D)

(b) The weighted average number of ordinary shares used in calculating earnings/(loss) per share is as below:-

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>'000</b>	<b>'000</b>
Issued ordinary shares at 1 July	112,792	106,750
Effect of new ordinary shares issued via private placement and exercise of Warrants	19,992	2,058
Weighted average number of ordinary shares in issue (Basic)	132,784	108,808
Effect of Warrants on issues	–	13,968
Weighted average number of ordinary shares in issue (Diluted)	132,784	122,776

The comparative figure has been restated to reflect the adjustments arising from bonus Warrant issue undertaken by the Company, which was lapsed on 30 December 2022.

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings/(loss) per share (sen):		
- continuing operations	9.93	15.94
- discontinued operations	(0.75)	(9.81)
	9.18	6.13
Diluted earnings/(loss) per share (sen):		
- continuing operations	9.93	14.13
- discontinued operations	(0.75)	(8.70)
	9.18	5.43

### 34. ACQUISITIONS OF SUBSIDIARIES

On 16 June 2023, the Company acquired entire equity interests in NURSB, Formidex, and Waier. The acquisition of these subsidiaries are to enable the Group to expand its business into waste recycling business.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

## Notes to the Financial Statements (Cont'd)

### 34. ACQUISITIONS OF SUBSIDIARIES (CONT'D)

#### (a) Fair Value of Purchase Consideration

	<b>The Group 2023 RM'000</b>
Cash	44,000
Retention sum	5,100
Defer payment	1,900
<b>Total purchase consideration</b>	<b>51,000</b>

#### (b) Identifiable Assets Acquired and Liabilities Assumed

	<b>The Group 2023 RM'000</b>
Plant and equipment	1,414
Right-of-use assets	675
Net investment in a lease	125
Inventories	239
Trade receivables	528
Other receivables, deposits, and prepayments	3,586
Current tax assets	502
Cash and cash equivalents	4,061
Deferred tax liabilities	(4)
Trade payables	(90)
Other payables and accruals	(179)
Amount owing to related companies	(20)
Hire purchase payables	(457)
Lease liabilities	(817)
<b>Fair value of net identifiable assets acquired</b>	<b>9,563</b>

The acquisition has been accounted for as a business combination in accordance with MFRS 3 Business Combinations. As permitted by MFRS 3, the Group accounted for the assets acquired and liabilities assumed based on provisional assessment of their fair value while the Group procuring an independent valuation of the acquired assets and liabilities. The acquisition had resulted a goodwill of approximately RM41.4 million as disclosed in Note 11 to the financial statements.

The purchase price allocation had not been completed by the 2023 financial statements were approved for issue by the Board of Directors. The Group shall retrospectively adjust the provisional amounts to reflect the new information obtained about facts and circumstances that existed as of the acquisition date which would have affected the measurement of the amounts recognised as of the acquisition date.

The Group expects to complete the purchase price allocation within 12 months from the acquisition date, June 2024.

## Notes to the Financial Statements (Cont'd)

### 34. ACQUISITIONS OF SUBSIDIARIES (CONT'D)

#### (c) Cash Flows Arising from Acquisition

	<b>The Group 2023 RM'000</b>
Purchase consideration settled in cash and cash equivalents (item (a) above)	44,000
Less: Cash and cash equivalents of subsidiaries acquired (item (b) above)	(4,061)
Net cash outflow from the acquisition of subsidiaries	39,939

#### (d) Goodwill Arising from Acquisition

	<b>The Group 2023 RM'000</b>
Total consideration transferred (item (a) above)	51,000
Less: Fair value of identifiable net assets acquired (item (b) above)	(9,563)
Goodwill from the acquisition of subsidiaries (Note 11)	41,437

The goodwill is attributable to the workforce and the high profitability of the acquired business as well as the synergies expected to be achieved from integrating the subsidiaries into the Group's existing waste recycling. The goodwill is not deductible for tax purposes.

#### (e) Impact of Acquisition on the Group's Results

	<b>The Group 2023 RM'000</b>
Revenue	1,032
Profit after taxation	107

If the acquisition had taken place at the beginning of the current financial year, the Group's revenue and profit after taxation from continuing operations would have been approximately RM186,391,000 and RM16,238,000 respectively.

There were no acquisitions of new subsidiaries in the previous financial year.



## Notes to the Financial Statements (Cont'd)

### 35. DISPOSAL OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

#### 35.1 DISPOSAL OF SUBSIDIARIES

On 16 June 2023, the Company disposed of its entire equity interests in MCD and 80% equity interest in Active Fit for a total consideration of RM11,000,000.

The financial effects of the disposal at the date of disposal are summarised below:-

	<b>The Group 2023 RM'000</b>
Plant and equipment	1,453
Investment properties	2,096
Inventories	14,798
Trade receivables	7,940
Other receivables, deposits and prepayments	266
Fixed deposits with licensed banks	10,044
Cash and bank balances	7,303
Trade payables	(1,365)
Other payables and accruals	(23,535)
Lease liabilities	(6)
Current tax liabilities	(135)
Bankers' acceptances	(7,506)
Carrying amount of net assets disposed of	11,353
Fair value of equity interests retained as an associate held for sales (Note 18)	(1,774)
Gain on disposal of subsidiaries (Note 30)	1,421
Consideration received, satisfied in cash	11,000
Less: Cash and bank balances of subsidiaries disposed of	(17,347)
Net cash outflow from the disposal of subsidiaries	(6,347)

There were no disposals of subsidiaries in the previous financial year.

#### 35.2 DISPOSAL OF NON-CONTROLLING INTERESTS

On 16 June 2023, the Company disposed its 45% equity interests in Miroza for RM33,000,000 in cash, decreasing its ownership from 100% to 55%. The carrying amount of Miroza's net assets in the Group's financial statements on that date was RM76,196,316. The Group recognised a increase in non-controlling interests of RM38,174,992 and a decrease in retained profits of RM5,174,992.

The following summarises the effect of changes in the equity interests in Miroza that is attributable to the owners of the Company:-

	<b>The Group 2023 RM'000</b>
Equity interest at 1 July 2022	71,658
Effect of decrease in the Company's ownership interest	(38,175)
Share of profits for the years	13,171
Equity interest at 30 June 2023	46,654

There were no disposals to non-controlling interests in the previous financial year.

## Notes to the Financial Statements (Cont'd)

### 36. CASH FLOW INFORMATION

(a) The cash disbursed for the addition of plant and equipment is as follows:-

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Plant and equipment</b>		
Cost of plant and equipment purchased (Note 6)	2,105	903
Less: Acquired through hire purchase arrangements	(320)	–
	<b>1,785</b>	<b>903</b>
<b>Right-of-use assets</b>		
Cost of right-of-use assets acquired (Note 9)	300	185
Less: Additions of new lease liabilities (Note 36(b))	(300)	(185)
	<b>–</b>	<b>–</b>

(b) The reconciliations of liabilities arising from financing activities are as follows:-

<b>The Group</b>	<b>Bankers' Acceptances RM'000</b>	<b>Hire Purchases RM'000</b>	<b>Term Loans RM'000</b>	<b>Lease Liabilities RM'000</b>	<b>Total RM'000</b>
<b>2023</b>					
At 1 July	11,958	–	1,517	355	13,830
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	16,713	320	–	–	17,033
Repayment of principal	(16,270)	(30)	(890)	(322)	(17,512)
Repayment of interests	(272)	(2)	(78)	(35)	(387)
	<b>171</b>	<b>288</b>	<b>(968)</b>	<b>(357)</b>	<b>(866)</b>
<u>Other Changes</u>					
Acquisition of new leases	–	–	–	300	300
Acquisition of subsidiaries	–	457	–	817	1,274
Interest expense recognised in profit or loss	272	2	78	35	387
Disposal of subsidiaries	(7,506)	–	–	(6)	(7,512)
	<b>(7,234)</b>	<b>459</b>	<b>78</b>	<b>1,146</b>	<b>(5,551)</b>
At 30 June	<b>4,895</b>	<b>747</b>	<b>627</b>	<b>1,144</b>	<b>7,413</b>

## Notes to the Financial Statements (Cont'd)

### 36. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Bankers' Acceptances RM'000	Term Loans RM'000	Lease Liabilities RM'000	Total RM'000
2022				
At 1 July	12,191	4,839	509	17,539
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	34,865	–	–	34,865
Repayment of principal	(35,098)	(3,322)	(339)	(38,759)
Repayment of interests	(525)	(159)	(23)	(707)
	(758)	(3,481)	(362)	(4,601)
<u>Non-cash Changes</u>				
Acquisition of new leases	–	–	185	185
Interest expense recognised in profit or loss	525	159	23	707
	525	159	208	892
At 30 June	11,958	1,517	355	13,830

(c) The total cash outflow for leases as a lease is as follow:-

	The Group 2023 RM'000	2022 RM'000
Payment of short-term leases	1,702	1,471
Payment of low-value assets	4	4
Interest paid on lease liabilities	35	23
Payment of lease liabilities	322	339
	2,063	1,837

## Notes to the Financial Statements (Cont'd)

### 36. CASH FLOW INFORMATION (CONT'D)

(d) The cash and cash equivalents comprise the following:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term investments	340	328	340	328
Fixed deposits with licensed banks	41,824	47,896	10,062	–
Cash and bank balances	14,324	24,311	1,636	4,006
	56,488	72,535	12,038	4,334
Less: Fixed deposit pledged to a licensed bank	(18,453)	(22,782)	–	–
Less: Fixed deposits with tenure of more than 3 months	(207)	–	–	–
	37,828	49,753	12,038	4,334

### 37. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Continuing operations</b>				
(a) Directors of the Company				
Short-term employee benefits:				
- fees	185	138	185	138
- salaries, bonuses and other benefits	551	351	47	39
	736	489	232	177
Defined contributions benefits	56	34	–	–
	792	523	232	177
<b>Discontinued operations</b>				
(a) Directors of the Company				
Short-term employee benefits:				
-salaries, bonuses and other benefits	87	54	–	–
Defined contributions benefits	10	–	–	–
	97	54	–	–
(b) Directors of a subsidiary				
Short-term employee benefits:				
- salaries, bonuses and other benefits	14	–	–	–

## Notes to the Financial Statements (Cont'd)

### 37. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was approximately RM11,500 (2022 - RM13,000).

### 38. RELATED PARTY DISCLOSURES

#### (a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

#### (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Advertisement expenses charged to an associate	(8)	—	—	—
Commission income from consignment sales through an associate	(6)	—	—	—
Rental income from an associate	(1)	—	—	—
Commission paid to a related party	146	177	—	—
Payment on behalf made by a related party	498	402	—	—
Purchase of goods from related parties	3,374	3,639	—	—
Rental of factory, office and lorry charged by related parties	548	347	—	—
Sales of goods to related parties	(856)	(715)	—	—
Transportation services charged by a related party	94	8	—	—

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

### 39. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the group's executive directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective.

## Notes to the Financial Statements (Cont'd)

### 39. OPERATING SEGMENTS (CONT'D)

The Group is organised into 3 main reportable segments as follows:-

- Retailing - involved in the trading and retailing of leather products, apparel and accessories.
  - Investment holding - involved in investment holding.
  - Waste recycling - involved in waste recycling business.
- (a) The group's executive directors assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

- (b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

## Notes to the Financial Statements (Cont'd)

### 39. OPERATING SEGMENTS (CONT'D)

#### 39.1 BUSINESS SEGMENTS

	Retailing RM'000	Investment holding RM'000	Waste recycling RM'000	Consolidation adjustments RM'000	The Group RM'000
<b>2023</b>					
<b>Revenue</b>					
External revenue	191,680	81	10,785	(2,342)	200,204
Total Revenue	191,680	81	10,785	(2,342)	200,204
<b>Results</b>					
Segment profit	18,452	15,937	795	(16,493)	18,691
Finance costs	(491)	–	(4)	–	(495)
Profit before taxation	17,961	15,937	791	(16,493)	18,196
<u>Other information:</u>					
Amortisation of intangible assets	65	–	–	–	65
Depreciation of:					
- plant and equipment	945	–	79	–	1,024
- investment properties	14	43	–	–	57
- right-of-use assets	281	–	19	–	300
Interest expense	537	–	2	–	539
Interest expense on lease liabilities	33	–	2	–	35
Unrealised loss on foreign exchange	487	–	–	–	487
Fair value gain on short-term investments	(8)	–	–	–	(8)
Gain on disposal of plant and equipment	(8)	(141)	–	–	(149)
Gain on disposal of subsidiaries	–	(18,024)	–	16,603	(1,421)
Interest income:					
- fixed deposits with licensed bank	(929)	(67)	(1)	–	(997)
- short term investments	–	(2)	–	–	(2)
Reversal of inventories written down	(652)	–	–	–	(652)
<b>Assets</b>					
Segment assets	101,565	86,274	14,356	(31,040)	171,155
Unallocated assets:					
- deferred tax assets	1,005	–	–	(58)	947
- current tax assets	1,755	19	525	–	2,299
Consolidated total assets	104,325	86,293	14,881	(31,098)	174,401

## Notes to the Financial Statements (Cont'd)

### 39. OPERATING SEGMENTS (CONT'D)

#### 39.1 BUSINESS SEGMENTS (CONT'D)

	Retailing RM'000	Investment holding RM'000	Waste recycling RM'000	Consolidation adjustments RM'000	The Group RM'000
<b>2023</b>					
<b>Assets (Cont'd)</b>					
<u>Additions to non-current assets other than financial instruments and deferred tax assets:-</u>					
Plant and equipment	1,025	–	1,080	–	2,105
Intangible assets	66	–	–	–	66
Right-of-use assets	300	–	–	–	300
<b>Liabilities</b>					
Segment liabilities	19,501	7,528	2,424	(17)	29,436
Unallocated liabilities: - deferred tax liabilities	–	–	58	(58)	–
Consolidated total liabilities	19,501	7,528	2,482	(75)	29,436



## Notes to the Financial Statements (Cont'd)

### 39. OPERATING SEGMENTS (CONT'D)

#### 39.1 BUSINESS SEGMENTS (CONT'D)

	Retailing RM'000	Investment holding RM'000	Waste recycling RM'000	Consolidation adjustments RM'000	The Group RM'000
<b>2022</b>					
<b>Revenue</b>					
External revenue	189,045	50	10,684	(1,281)	198,498
Total Revenue	189,045	50	10,684	(1,281)	198,498
<b>Results</b>					
Segment profit	12,484	(673)	1,406	(230)	12,987
Finance costs	(900)	—	—	121	(779)
Profit/(Loss) before taxation	11,584	(673)	1,406	(109)	12,208
<u>Other information</u>					
Amortisation of intangible asset	52	—	—	—	52
Depreciation of:					
- plant and equipment	1,123	—	3	—	1,126
- investment properties	14	50	—	—	64
- right-of-use assets	299	—	—	—	299
Impairment loss on trade receivables	23	—	—	—	23
Interest expense	877	—	—	(121)	756
Interest expense on lease liabilities	23	—	—	—	23
Inventories written down	1,199	—	—	—	1,199
Plant and equipment written off	27	—	—	—	27
Unrealised loss on foreign exchange	228	—	—	—	228
Gain on disposal of plant and equipment	(694)	—	—	—	(694)
Interest income:					
- fixed deposits with licensed bank	(518)	(124)	—	121	(521)
- short-term investments	—	(3)	—	—	(3)
Reversal of impairment loss on trade receivables	(30)	—	—	—	(30)
Reversal of inventories written down	(222)	—	—	—	(222)

## Notes to the Financial Statements (Cont'd)

### 39. OPERATING SEGMENTS (CONT'D)

#### 39.1 BUSINESS SEGMENTS (CONT'D)

	Retailing RM'000	Investment holding RM'000	Waste recycling RM'000	Consolidation adjustments RM'000	The Group RM'000
<b>2022</b>					
<b>Results (Cont'd)</b>					
Segment assets	139,431	56,050	3,277	(49,609)	149,149
Unallocated assets:					
- deferred tax assets	1,175	—	(23)	—	1,152
- current tax assets	583	56	(179)	—	460
Consolidated total assets	141,189	56,106	3,075	(49,609)	150,761
<u>Additions to non-current assets other than financial instruments:-</u>					
Plant and equipment	581	—	322	—	903
Intangible asset	847	—	—	—	847
Right-of-use assets	185	—	—	—	185
<b>Liabilities</b>					
Segment liabilities	230	59,678	823	(290)	60,441

#### 39.2 GEOGRAPHICAL INFORMATION

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segments is not presented.

#### 39.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

### 40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily Brunei Dollar ("BND") and United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

##### *Foreign Currency Exposure*

The Group	Brunei Dollar RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>2023</b>				
<u>Financial Assets</u>				
Trade receivables	108	–	21,181	21,289
Other receivables	–	–	1,999	1,999
Net investment in a lease	–	–	121	121
Short-term investments	–	–	340	340
Fixed deposits with licensed banks	–	–	41,824	41,824
Cash and bank balances	–	–	14,324	14,324
	108	–	79,789	79,897
<u>Financial Liabilities</u>				
Trade payables	–	1,569	8,792	10,361
Other payables and accruals	–	–	9,470	9,470
Amount owing to a director	–	–	1,780	1,780
Amount owing to a shareholder	–	–	412	412
Hire purchase payables	–	–	747	747
Term loans	–	–	627	627
Bankers' acceptances	–	–	4,895	4,895
	–	1,569	26,723	28,292
Net financial assets/(liabilities)	108	(1,569)	53,066	51,605
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	(53,066)	(53,066)
Currency Exposure	108	(1,569)	–	(1,461)

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

The Group	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>2022</b>			
<u>Financial Assets</u>			
Trade receivables	3,294	31,836	35,130
Other receivables	–	420	420
Short-term investments	–	328	328
Fixed deposits with licensed banks	–	47,896	47,896
Cash and bank balances	–	24,311	24,311
	3,294	104,791	108,085
<u>Financial Liabilities</u>			
Trade payables	–	23,456	23,456
Other payables and accruals	–	23,155	23,155
Term loans	–	1,517	1,517
Bankers' acceptances	–	11,958	11,958
	–	60,086	60,086
Net financial assets	3,294	44,705	47,999
Less: Net financial assets denominated in the respective entities' functional currencies	–	(44,705)	(44,705)
Currency Exposure	3,294	–	3,294

#### **Foreign Currency Risk Sensitivity Analysis**

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2023 RM'000	2022 RM'000
<b>Effects on Profit After Taxation</b>		
BND/RM - strengthened by 10%	8	–
- weakened by 10%	(8)	–
USD/RM - strengthened by 10%	(119)	250
- weakened by 10%	119	(250)

There is no impact on the Group's equity. There is no impact on the Company's profit after taxation and equity.

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 22 and 27 to the financial statements.

##### **Interest Rate Risk Sensitivity Analysis**

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Effects on Profit After Taxation</b>		
Increase of 100 basis points	(42)	(102)
Decrease of 100 basis points	42	102

The Company does not have any floating rate borrowings and hence, no sensitivity analysis is presented.

##### (iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

##### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. 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 quoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

###### (i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

###### (ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

###### (iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:-

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due.

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

###### Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

###### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivables (including related parties) has been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 12 months (2022 - 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts as the Group has not identified any forward-looking assumptions which correlate to the historical loss rates.

On top of that, the Group assesses whether any of the trade receivables are credit impaired. The gross carrying amount of credit impaired trade receivables is written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

###### *Allowance for Impairment Losses*

	<b>Gross Amount RM'000</b>	<b>Collective Impairment RM'000</b>	<b>Carrying Amount RM'000</b>
<b>The Group</b>			
<b>2023</b>			
Current (not past due)	19,966	–	19,966
1 to 30 days past due	1,170	–	1,170
31 to 60 days past due	133	–	133
61 to 90 days past due	20	–	20
Trade receivables	21,289	–	21,289

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

###### Trade Receivables (Cont'd)

###### *Allowance for Impairment Losses (Cont'd)*

<b>The Group (Cont'd)</b>	<b>Gross Amount RM'000</b>	<b>Collective Impairment RM'000</b>	<b>Carrying Amount RM'000</b>
<b>2022</b>			
Current (not past due)	34,435	–	34,435
1 to 30 days past due	407	–	407
31 to 60 days past due	79	–	79
61 to 90 days past due	145	(10)	135
Over 90 days past due	123	(49)	74
Trade receivables	35,189	(59)	35,130

The movements in the loss allowances in respect of trade receivables are disclosed in Note 14 to the financial statements.

###### Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

###### *Allowance for Impairment Losses*

No expected credit loss is recognised on other receivables as it is negligible.

###### Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.



## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

###### Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

##### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

###### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period 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 period):-

The Group	Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
<b>2023</b>					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Trade payables	–	10,361	10,361	10,361	–
Other payables and accruals	–	9,470	9,470	9,470	–
Amount owing to a director	–	1,780	1,780	1,780	–
Amount owing to a shareholder	–	412	412	412	–
Hire purchase payables	3.16 - 6.78	747	781	326	455
Term loans	6.95 - 7.95	627	649	649	–
Bankers' acceptances	4.65 - 7.32	4,895	4,895	4,895	–
		28,292	28,348	27,893	455
<u>Other Liability</u>					
Lease liabilities	6.70 - 8.00	1,144	1,237	862	375
		29,436	29,585	28,755	830

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period 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 period) (Cont'd):-

The Group	Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
<b>2022</b>					
<u>Non-derivative</u>					
<u>Financial Liabilities</u>					
Trade payables	–	23,456	23,456	23,456	–
Other payables and accruals	–	23,155	23,155	23,155	–
Term loans	7.90 - 8.20	1,517	1,618	910	708
Bankers' acceptances	2.43 - 5.05	11,958	11,958	11,958	–
		60,086	60,187	59,479	708
<u>Other Liability</u>					
Lease liabilities	2.62 - 6.90	355	379	234	145
		60,441	60,566	59,713	853

The Company	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
<b>2023</b>			
<u>Non-derivative</u>			
<u>Financial Liabilities</u>			
Other payables and accruals	5,336	5,336	5,336
Amount owing to a director	1,780	1,780	1,780
Amount owing to a shareholder	412	412	412
Financial guarantee contract in relation to corporate guarantee given to a subsidiary	–	5,522	5,522
	7,528	13,050	13,050

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period 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 period) (Cont'd):-

The Company	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
<b>2022</b>			
<u>Non-derivative Financial Liabilities</u>			
Other payables and accruals	208	208	208
Financial guarantee contract in relation to corporate guarantee given to a subsidiary	–	13,475	13,475
	208	13,683	13,683

The contractual undiscounted cash flows represent the outstanding credit facilities of a subsidiary at the end of the reporting period. The financial guarantee has not been recognised in the financial statements since its fair value on initial recognition was not material.

#### 40.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

There were no changes in the Group's approach to capital management during the financial year.

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments	340	328	340	328
<u>Amortised Cost</u>				
Trade receivables	21,289	35,130	–	–
Other receivables	1,999	420	–	–
Net investment in a lease	121	–	–	–
Fixed deposits with licensed banks	41,824	47,896	10,062	–
Cash and bank balances	14,324	24,311	1,636	4,006
	79,557	107,757	11,698	4,006
<b>Financial liability</b>				
<u>Amortised Cost</u>				
Trade payables	10,361	23,456	–	–
Other payables and accruals	9,470	23,155	5,336	208
Amount owing to a director	1,780	–	1,780	–
Amount owing to a shareholder	412	–	412	–
Hire purchase payables	747	–	–	–
Term loans	627	1,517	–	–
Bankers' acceptances	4,895	11,958	–	–
	28,292	60,086	7,528	208

#### 40.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	10	10	3	3
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	812	67	411	124
<b>Financial Liability</b>				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(375)	–	(654)	–

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
<b>2023</b>								
<u>Financial Asset</u>								
Short-term investments:								
- money market fund	-	340	-	-	-	-	340	340
<u>Financial Liability</u>								
Term loans								
- floating rate	-	-	-	-	627	-	627	627
<b>2022</b>								
<u>Financial Asset</u>								
Short-term investments:								
- money market fund	-	328	-	-	-	-	328	328
<u>Financial Liability</u>								
Term loans:								
- floating rate	-	-	-	-	1,517	-	1,517	1,517

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2023</b>								
Financial Asset								
Short-term investment:								
- money market fund	-	340	-	-	-	-	340	340
<b>2022</b>								
Financial Asset								
Short-term investment:								
- money market fund	-	328	-	-	-	-	328	328

## Notes to the Financial Statements (Cont'd)

### 40. FINANCIAL INSTRUMENTS (CONT'D)

#### 40.5 FAIR VALUE INFORMATION (CONT'D)

##### (a) Fair Value of Financial Instruments Carried at Fair Value

The fair value of money market funds is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into at the close of business at the end of the reporting period.

There were no transfer between level 1 and level 2 during the financial year.

##### (b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

### 41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 22 September 2022, the Company entered into the following agreements:

- (i) a conditional share sale agreement for the proposed disposals of its entire equity interests in Active Fit and MCD, as well as 45% equity interest in Miroza to Trend Navigator Sdn. Bhd. (a company owned by a former Director of Active Fit) for a total cash consideration of RM46.0 million.

On 16 June 2023, all the first tranche conditions precedent has been fulfilled and the following subsidiaries have been disposed:-

- (a) 8,536,000 ordinary shares representing 80% equity interest in Active Fit for a total consideration of RM8.0 million.
- (b) 2,666,974 ordinary shares representing 100% equity interest in MCD for a total consideration of RM3.0 million.
- (c) 3,870,000 ordinary shares representing 45% equity interest in Miroza for a total consideration of RM33.0 million.

- (ii) a conditional share purchase agreement for the proposed acquisitions of the entire equity interests in NURSB, Formidex and Waier from Lotus Essential Sdn. Bhd. (a company owned by Datuk Wong Sak Kuan), Datuk Wong Sak Kuan (Director of the Company and a subsidiary) and Lee Wai Fun (Director of a subsidiary) for a total cash consideration of RM51.0 million, satisfied via a combination of the proceeds from the aforementioned proposed disposals as well as internally generated funds and/or bank borrowings.

On 16 June 2023, all the conditions precedent has been fulfilled and the following subsidiaries has been acquired for:-

- (a) 190,002 ordinary shares representing 100% equity interest in Formidex for a total consideration of RM11.2 million.
- (b) 1,099,104 ordinary shares representing 100% equity interest in NURSB for a total consideration of RM30.0 million.
- (c) 100,000 ordinary shares representing 100% equity interest in Waier for a total consideration of RM9.8 million.

## Notes to the Financial Statements (Cont'd)

### 42. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

<b>The Group</b>	<b>As Previously Reported RM'000</b>	<b>As Restated RM'000</b>
Statements of Financial Position (Extract):-		
CURRENT ASSETS		
Trade and other receivables	36,115	—
Prepayment	126	—
Trade receivables	—	35,130
Other receivables, deposits and prepayments	—	1,111
Cash and cash equivalents	72,535	—
Short-term investments	—	328
Fixed deposits with licensed banks	—	47,896
Cash and bank balances	—	24,311
NON-CURRENT LIABILITIES		
Loans and borrowings	682	—
Term loans	—	682
CURRENT LIABILITIES		
Trade and other payables	46,611	—
Trade payables	—	23,456
Other payables and accruals	—	23,155
Loans and borrowings	12,793	—
Term loans	—	835
Bankers' acceptances	—	11,958
Statements of Cash Flows (Extract):-		
Net cash from operating activities	31,035	31,559
Net cash for investing activities	(1,477)	(950)
Net cash for financing activities	(2,082)	(3,133)

<b>The Company</b>	<b>As Previously Reported RM'000</b>	<b>As Restated RM'000</b>
Statements of Financial Position (Extract):-		
CURRENT ASSETS		
Cash and cash equivalents	4,334	—
Short-term investments	—	328
Cash and bank balances	—	4,006
Statements of Cash Flows (Extract):-		
Net cash (for)/from operating activities	(754)	2,218
Net cash from/(for) investing activities	1,972	(1,000)



# STATEMENT BY DIRECTORS

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

We, Loke Lee Ping and Chua Jin Kau, being two of the directors of MESB Berhad, state that, in the opinion of the directors, the financial statements set out on pages 69 to 142 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 of 30 June 2023 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 27 October 2023.

**Loke Lee Ping**

**Chua Jin Kau**

# STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Loke Lee Ping, being the director primarily responsible for the financial management of MESB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 69 to 142 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Loke Lee Ping, NRIC Number: 790214-14-5571  
at Kuala Lumpur  
in the Federal Territory  
on this 27 October 2023

**Loke Lee Ping**

Before me

**Shaiful Hilmi Bin Halim**  
No. W804  
Commissioner for Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF MESB BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of MESB Berhad, which comprise the statements of financial position of the Group and of the Company as at 30 June 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 142.

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

#### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

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

#### Other matter

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors whose report dated 7 October 2022, expressed an unmodified opinion on those statements.

#### 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.

## Independent Auditors' Report (Cont'd)

### Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
<p><u>Acquisitions of subsidiaries</u></p> <p>In June 2023, the Group completed the acquisition of N.U. Recycle Sdn. Bhd., Formidex Sdn. Bhd., and Waier Trading Sdn. Bhd.</p> <p>The acquisition has been accounted for as a business combination in accordance with MFRS 3 Business Combinations. As permitted by MFRS 3, the Group accounted for the assets acquired and liabilities assumed based on provisional assessment of their fair value while the Group is procuring an independent valuation of the Purchase Price Allocation ("PPA"). This acquisition has recorded a provision of goodwill of approximately RM41.4 million as disclosed in Note 11 to the financial statements.</p> <p>We have identified this is an important area of audit given this requires a significant judgement and estimation.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Reviewed the share sale agreement and any other relevant supporting documents.</li> <li>Reviewed the compliance with MFRS 3 - Business Combinations.</li> <li>Reviewed the appropriateness of the disclosures pertaining to the acquisition provided in the notes to the financial statements.</li> </ul>
<p><u>Impairment of goodwill</u></p> <p>The Group carries significant goodwill as disclosed in Note 11 to the financial statements. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually.</p> <p>The impairment test involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances.</li> <li>Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method.</li> <li>Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc.</li> <li>Performing stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.</li> </ul>
<p><u>Valuation of inventories</u></p> <p>The carrying amount of inventories held by the Group is approximately RM40.1 million as disclosed in Note 13 to the financial statements.</p> <p>We focused on this area as the assessment of net realisable value is an area of significant judgement particularly in relation to the estimation of allowances for obsolete and slow-moving inventories.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the Group's process for measuring the amount of inventories write down.</li> <li>Reviewed the ageing analysis of inventories and tested its reliability.</li> <li>Reviewed the net realisable value of inventories.</li> <li>Evaluated the reasonableness and adequacy of the allowance for obsolete and slow-moving inventories recognised for identified exposures.</li> </ul>

## Independent Auditors' Report (Cont'd)

### 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 the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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.

## Independent Auditors' Report (Cont'd)

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

### OTHER MATTERS

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

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur

27 October 2023

**Ho Yen Ling**  
03378/06/2024 J  
Chartered Accountant

# LIST OF PROPERTY

AS AT 30 JUNE 2023

Location	Description/ Existing use	Tenure	Approximate Land/ Built- up area (square feet)	Age of Properties/ Buildings (Years)	Net Book Value As At 30/06/2023 (RM'000)	Date of revaluation
Prangin Mall Komtar 33-1-48 Jalan Dr Lim Chwee Leong Prangin Mall Komtar, 10100 Pulau Pinang	Shop lot Office	Leasehold expiring on 09/06/2096	452	24	414	22 June 2022

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 SEPTEMBER 2023

Total Number of Issued Shares	:	144,294,425 Ordinary Shares
Class of Equity Securities	:	Ordinary Shares ("shares")
Voting Rights	:	One (1) vote per Ordinary Share

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
Less than 100	47	2.11	1,287	0.00
100 to 1,000	114	5.13	54,633	0.04
1,001 – 10,000	1,068	48.02	5,273,300	3.65
10,001 – 100,000	834	37.50	29,630,801	20.54
100,001 – less than 5% of issued shares	158	7.11	68,502,300	47.47
5% and above of issued shares	3	0.13	40,832,104	28.30
<b>Total</b>	<b>2,224</b>	<b>100.00</b>	<b>144,294,425</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING AS AT 29 SEPTEMBER 2023

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest No. of Shareholders	%	Indirect Interest No. of Shares held	%
Datuk Wong Sak Kuan	38,407,898	26.62	–	–
Yau Ming Teck	11,324,206	7.85	–	–

## DIRECTORS' SHAREHOLDINGS AS AT 29 SEPTEMBER 2023

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest No. of Shareholders	%	Indirect Interest No. of Shares held	%
Chua Jin Kau	–	–	–	–
Loke Lee Ping	–	–	–	–
Datuk Wong Sak Kuan	38,407,898	26.62	–	–
Lee Kok Heng	–	–	–	–
Dato' Lee Ban Seng	–	–	–	–
Wong Yu Peng	–	–	–	–
Chen, JianHua	–	–	–	–
Low Koon Min	–	–	–	–

## Analysis of Shareholdings (Cont'd)

### TOP THIRTY (30) SECURITIES ACCOUNTS HOLDERS AS AT 29 SEPTEMBER 2023 (Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares	%
1.	Wong Sak Kuan	19,507,898	13.52
2.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Yau Ming Teck</i>	11,324,206	7.85
3.	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Sak Kuan</i>	10,000,000	6.93
4.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Sak Kuan (7000571)</i>	6,000,000	4.16
5.	Lee Wai Fun	3,947,101	2.74
6.	Wong Sak Kuan	2,900,000	2.01
7.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Kuan Teck</i>	2,866,600	1.99
8.	Toh Yan Tai	2,193,100	1.52
9.	Tan Kuan Teck	2,158,000	1.50
10.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Wai Fun (7001743)</i>	1,864,700	1.29
11.	Lee Kao Choon	1,490,000	1.03
12.	Chong Fong Tai	1,270,000	0.88
13.	Lee Teck Keng	1,257,000	0.87
14.	Ang Kian You	1,216,900	0.84
15.	Aw Kheng Tong	1,200,000	0.83
16.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Gim Leong</i>	1,134,175	0.79
17.	Hwang Yung Aun & Sons Sdn. Bhd.	1,050,000	0.73
18.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Chung Ching (E-PTS)</i>	1,010,000	0.70
19.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chin Tien Heng (MY4602)</i>	1,005,000	0.70
20.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chong Sin Hao</i>	1,000,000	0.69
21.	Loo Leong Aun	1,000,000	0.69
22.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Shih Mien (MY4572)</i>	917,500	0.64
23.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ng Geok Wah (B BRKLANG-CL)</i>	868,900	0.60
24.	Tan Phan Lieh	800,000	0.55



## Analysis of Shareholdings (Cont'd)

### TOP THIRTY (30) SECURITIES ACCOUNTS HOLDERS AS AT 29 SEPTEMBER 2023 (CONT'D)

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares	%
25.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Choo Chua</i>	740,000	0.51
26.	Lee Chee Beng	657,749	0.46
27.	MV Consolidated Sdn. Bhd.	600,000	0.42
28.	Aw Yong Yu Heng	591,500	0.41
29.	Malayan Electro-Chemical Industry Co., Sdn. Bhd.	574,500	0.40
30.	Chai Jin Wei	521,200	0.36
		<b>81,666,029</b>	<b>56.60</b>

# NOTICE OF THE TWENTY-EIGHTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Eighth Annual General Meeting ("28<sup>th</sup> AGM" or "Meeting") of MESB Berhad ("MESB" or "the Company") will be held on a fully virtual basis and entirely via remote participation and electronic voting through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via the online platform at <https://www.dvote.my> (Domain registration number with MYNIC: D6A434007) on Wednesday, 6 December 2023 at 3:00 p.m., to transact the following businesses:-

## A G E N D A

### As Ordinary Business:

- |    |                                                                                                                                                                                                                                                    |                                               |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon.                                                                                             | <b>PLEASE REFER TO<br/>EXPLANATORY NOTE 1</b> |
| 2. | To approve the payment of Directors' fees for the financial year ended 30 June 2023.                                                                                                                                                               | <b>ORDINARY RESOLUTION 1</b>                  |
| 3. | To approve the payment of Directors' fees for the financial year ending 30 June 2024, to be paid quarterly in arrears.                                                                                                                             | <b>ORDINARY RESOLUTION 2</b>                  |
| 4. | To approve the payment of Directors' benefits (other than Directors' fees) of up to RM65,000 for the period commencing from the date immediately after this 28 <sup>th</sup> AGM until the date of the next Annual General Meeting of the Company. | <b>ORDINARY RESOLUTION 3</b>                  |
| 5. | To re-elect the following Directors who retire pursuant to Clause 97 of the Constitution of the Company:-                                                                                                                                          |                                               |
|    | (i) Mr. Chua Jin Kau                                                                                                                                                                                                                               | <b>ORDINARY RESOLUTION 4</b>                  |
|    | (ii) Mr. Loke Lee Ping                                                                                                                                                                                                                             | <b>ORDINARY RESOLUTION 5</b>                  |
| 6. | To re-elect Ms. Low Koon Min as Director who retires by rotation pursuant to Clause 104 of the Constitution of the Company.                                                                                                                        | <b>ORDINARY RESOLUTION 6</b>                  |
| 7. | To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.                                                       | <b>ORDINARY RESOLUTION 7</b>                  |

## Notice of the Twenty-Eighth Annual General Meeting (Cont'd)

### As Special Business:

To consider and if thought fit, pass with or without any modifications, the following resolutions:-

8. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("ACT")** **ORDINARY RESOLUTION 8**

"THAT subject always to the Constitution of the Company, the Act, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company ("Shares") to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("Mandate") AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.

THAT pursuant to Section 85 of the Act read together with the Constitution of the Company, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND THAT the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

AND FURTHER THAT the new Shares to be issued pursuant to the Mandate, shall upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares."

## Notice of the Twenty-Eighth Annual General Meeting (Cont'd)

### 9. **PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** **ORDINARY RESOLUTION 9**

"THAT, authority be and is hereby given in line with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities, for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Sections 2.8(i) and 2.8(ii) of the Circular to Shareholders dated 31 October 2023 which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company;

AND THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Shareholders' Mandate in the best interest of the Company."

10. To transact any other business of which due notice shall have been given.

By order of the Board

**KHOO MING SIANG (MAICSA 7034037) (SSM PC NO.: 202208000150)**  
Company Secretary

Petaling Jaya, Selangor Darul Ehsan  
31 October 2023

## Notice of the Twenty-Eighth Annual General Meeting (Cont'd)

### Notes:

- (i) The 28<sup>th</sup> AGM will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via the online meeting platform provided by Dvote Services Sdn. Bhd. at <https://www.dvote.my>. Please refer to the Administrative Notes for the 28<sup>th</sup> AGM on the procedures to register, participate and vote remotely via <https://www.dvote.my>.
- (ii) According to the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
- (iii) Members may submit questions relating to resolutions to be tabled at the Meeting to the Board via email to [mesb@mesbbhd.com](mailto:mesb@mesbbhd.com) no later than 3:00 p.m. on Monday, 4 December 2023. Alternatively, members may transmit questions to the Board via <https://www.dvote.my> platform during the live streaming of the Meeting.
- (iv) A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his stead. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.
- (v) A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- (vi) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (vii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (viii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (ix) The instrument appointing a proxy may be made via hardcopy or by electronic means through the following manner and must be deposited not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the appointment proposes to vote:-
  - a) In Hardcopy Form  

In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the office of the Poll Administrator, Dvote Services Sdn. Bhd. at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
  - b) By Electronic Means  

The Proxy Form can be electronically lodged by email to [dvoteservice@gmail.com](mailto:dvoteservice@gmail.com). Kindly refer to the Administrative Notes on the procedures for the electronic lodgement of the Proxy Form.
- (x) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 62 of the Constitution of the Company to issue a General Meeting Record of Depositors as at 29 November 2023. Only members whose names appear in the General Meeting Record of Depositors as at 29 November 2023 shall be entitled to attend the Meeting and to speak and vote thereat.

## Notice of the Twenty-Eighth Annual General Meeting (Cont'd)

### Notes: (Cont'd)

- (xi) All the resolutions set out in the Notice of Meeting will be put to vote by poll.
- (xii) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 28<sup>th</sup> AGM at short notice. Please visit the websites of Bursa Securities and the Company at <https://mesbbhd.com/> for latest updates on the status of the Meeting.

### EXPLANATORY NOTES TO ORDINARY/SPECIAL BUSINESS

#### 1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2023

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require formal approval of members for the Audited Financial Statements. Hence, Agenda No. 1 will not be put forward for voting.

#### 2. Items 2, 3 and 4 of the Agenda – Directors' fees and benefits

Pursuant to Section 230(1) of the Act, the directors' fees and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. In this respect, the Board of Directors is recommending to the shareholders to approve the fees payable to the Directors by the Company of RM185,170 and by the Group amounting to RM185,170 for the financial year ended 30 June 2023.

The proposed fees payable to the Directors by the Company and the Group of up to RM250,000 and RM250,000 respectively for the financial year ending 30 June 2024 are calculated based upon their memberships in the Board and Board Committees, and assuming that all Directors will hold office until the next AGM and possible new additions to the Board in the financial year ending 30 June 2024. This resolution is to facilitate payment of Directors' fees on current year basis.

The estimated Directors' benefits are calculated based on the current Board size and the number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' benefits for the period from the date immediately after this 28<sup>th</sup> AGM until the date of the next AGM of the Company to be held in the year 2024. In the event the proposed amount is insufficient due to more meetings or an enlarged Board size, approval will be sought at the next AGM for such shortfall.

#### 3. Items 5 and 6 of the Agenda – Re-election of Directors

Clause 97 of the Constitution of the Company provides that one-third (1/3) of the Directors of the Company for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Clause 104 of the Constitution of the Company 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. 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 number of Directors to retire by rotation at such meeting.

Following thereto, Mr. Chua Jin Kau and Mr. Loke Lee Ping will retire pursuant to Clause 97 of the Constitution of the Company whereas Ms. Low Koon Min will retire pursuant to Clause 104 of the Constitution of the Company (collectively referred to as "the Retiring Directors"). The Retiring Directors being eligible, have offered themselves for re-election at the 28<sup>th</sup> AGM.

The Board had through the Nomination and Remuneration Committee, assessed the performance and contribution of each of the retiring Directors including their personality, experience, integrity, competence, time commitment, and fit and properness to effectively discharge their roles as Directors. Based on the assessment conducted, the Board is satisfied that the aforesaid Directors have devoted sufficient time to carry out their responsibilities throughout their tenure. They also possess relevant qualification, knowledge and experience which complement the Board's competencies.

## Notice of the Twenty-Eighth Annual General Meeting (Cont'd)

### EXPLANATORY NOTES TO ORDINARY/SPECIAL BUSINESS (CONT'D)

#### 3. Items 5 and 6 of the Agenda – Re-election of Directors (Cont'd)

The Retiring Directors had abstained from all deliberations and decisions on their respective eligibility to stand for re-election at the Board meeting.

The details and profile of the Retiring Directors are provided in the Profile of Directors on pages 31 to 32 of the Company's Annual Report 2023.

#### 4. Item 8 of the Agenda – General Authority for the Directors to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act

The Ordinary Resolution 8 proposed under item 8 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

The Company had at its Twenty-Seventh AGM held on 6 December 2022 ("27<sup>th</sup> AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes, as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("General Mandate"). This General Mandate will expire at the conclusion of the 28<sup>th</sup> AGM.

Pursuant to Section 85 of the Act and the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 8, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 27<sup>th</sup> AGM which will lapse at the conclusion of the 28<sup>th</sup> AGM.

#### 5. Item 9 of the Agenda – Proposed Shareholders' Mandate

The Ordinary Resolution 9 proposed under item 9 of the Agenda, if passed, will give the mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue and/or trading nature pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Please refer to the Circular to Shareholders dated 31 October 2023 for further information.

# ADMINISTRATIVE NOTES

## ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL TWENTY-EIGHTH ANNUAL GENERAL MEETING (“28<sup>TH</sup> AGM” OR “MEETING”) OF MESB BERHAD (“MESB” OR “THE COMPANY”)

Meeting Day, Date	:	Wednesday, 6 December 2023
Time	:	3.00 p.m.
Online Meeting Platform	:	<a href="https://www.dvote.my">https://www.dvote.my</a> (Domain registration number with MYNIC: D6A434007)
Depository of Proxy Form	:	The Poll Administrator's Office c/o Dvote Services Sdn. Bhd.  Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia  Email : <a href="mailto:dvoteservice@gmail.com">dvoteservice@gmail.com</a>

## REMOTE PARTICIPATION AND ELECTRONIC VOTING (“RPEV”) FACILITIES

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 28<sup>th</sup> AGM using the RPEV facilities provided by Dvote Services Sdn. Bhd. (“Dvote”) via its Dvote Online Portal at <https://www.dvote.my>.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this 28<sup>th</sup> AGM via RPEV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPEV facilities at Dvote Online Portal at <https://www.dvote.my>.

As the 28<sup>th</sup> AGM will be held on a fully virtual basis, shareholders who are unable to participate in this 28<sup>th</sup> AGM via RPEV facilities may also appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

## ENTITLEMENT TO PARTICIPATE AND VOTE AT THE 28<sup>TH</sup> AGM

In respect of deposited securities, only members whose names appear in the Record of Depositors on **29 November 2023** (28<sup>th</sup> AGM Record of Depositors) shall be eligible to participate in the 28<sup>th</sup> AGM or to appoint proxy(ies) to participate and/or vote on his/her behalf.

## PROXY FORM(S)

Shareholders who are unable to participate in our 28<sup>th</sup> AGM are encouraged to appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form.

Please take note that you must complete the Proxy Form for the 28<sup>th</sup> AGM should you wish to appoint a proxy(ies).

Please deposit your Proxy Form at the Poll Administrator's office, Dvote Services Sdn. Bhd. at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia or email to [dvoteservice@gmail.com](mailto:dvoteservice@gmail.com) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.



## Administrative Notes (Cont'd)

### VOTING PROCEDURES

The voting at the 28<sup>th</sup> AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Company has appointed Dvote as Poll Administrator to conduct the poll by way of electronic voting or online remote voting ("e-voting").

Kindly refer to item (2) below on the Procedures for RPEV facilities for guidance on how to vote remotely from Dvote Online Portal at <https://www.dvote.my>.

During the 28<sup>th</sup> AGM, the Chairman of the Meeting will invite the Poll Administrator to brief on the e-voting housekeeping rules. The voting session will commence as soon as the Chairman of the Meeting calls for the poll to be opened and until such time when the Chairman of the Meeting announces the closure of the poll.

For the purposes of the 28<sup>th</sup> AGM, e-voting will be carried out via personal smart mobile phones, tablets or personal computers/laptops.

Upon the conclusion of the poll session, the Scrutineers will verify the poll results followed by the declaration by the Chairman of the Meeting whether the resolutions put to vote were successfully carried or not.

Kindly follow the steps below on how to register, and request for login ID and password:-

#### 1. REMOTE PARTICIPATION AND E-VOTING FACILITIES

Members to participate at the 28<sup>th</sup> AGM using RPEV facilities provided by Dvote via its Dvote Online Portal at <https://www.dvote.my>. Please refer to the Procedures for RPEV facilities.

#### 2. PROCEDURES FOR RPEV FACILITIES

Member(s)/proxy(ies)/corporate representative(s)/attorney(s) who wish to participate in the 28<sup>th</sup> AGM remotely using the RPEV facilities are to follow the requirements and procedures as summarised below:-

BEFORE MEETING DAY		
A. USER REGISTRATION		
	Procedure	Action
(a)	Sign-up as a user with <b>Dvote Online</b>	<p><i>Note: If you are already a user with Dvote Online, you are not required to sign-up again. You may proceed to sign-in using your email address and password.</i></p> <ul style="list-style-type: none"> <li>Access the website at <a href="https://www.dvote.my">https://www.dvote.my</a>.</li> <li>Click on [<b>Sign up</b>] to register as a new user with Dvote Online.</li> <li>Complete registration and upload softcopy of Malaysia identification card (front and back) or passport (foreigner(s)).</li> </ul> <p>You will be notified via email once your user registration is accepted/rejected by Dvote Online.</p>

## Administrative Notes (Cont'd)

### VOTING PROCEDURES (CONT'D)

#### 2. PROCEDURES FOR RPEV FACILITIES (CONT'D)

Member(s)/proxy(ies)/corporate representative(s)/attorney(s) who wish to participate in the 28<sup>th</sup> AGM remotely using the RPEV facilities are to follow the requirements and procedures as summarised below: (Cont'd)

BEFORE MEETING DAY (CONT'D)		
A. USER REGISTRATION (CONT'D)		
	Procedure	Action
(b)	Register Meeting with <b>Dvote Online</b>	<ul style="list-style-type: none"><li>Registration for Remote Participation will remain open from 1 December 2023 until the commencement of the polling during the 28<sup>th</sup> AGM.</li><li>Login to <a href="https://www.dvote.my">https://www.dvote.my</a> with your user ID (i.e. email address) and password.</li><li>Select event: “<b>MESB Berhad – Twenty-Eighth Annual General Meeting</b>” and click [<b>Register</b>].</li><li>You will receive an email notifying you of your registration for the remote participation and verification.</li><li>Once your registration has been verified against the Record of Depositors as at 29 November 2023, you will be notified via email whether your request for remote participation is approved/rejected.</li><li>If approved, you will receive an invitation email together with the meeting link to “<b>Join Meeting</b>”.</li></ul>

ON THE DAY OF 28 <sup>TH</sup> AGM		
	Procedure	Action
(a)	Join the Live Stream Meeting	<ul style="list-style-type: none"><li>Click on “<b>Join Meeting</b>” link in the invitation email and you will be directed to the live streaming room.</li><li>You are advised to log in early, at least 20 minutes, before the Meeting time.</li></ul>
(b)	Post Questions during Live Streaming	<ul style="list-style-type: none"><li>If you have any question(s) for the Board of Directors, you may use the “<b>Question</b>” box to transmit your question(s)</li></ul>
(c)	Online Voting during Live Streaming	<ul style="list-style-type: none"><li>Click on [<b>Vote</b>], to cast your votes for each resolution(s).</li><li>Review your cast votes, confirm and submit your votes.</li></ul>
(d)	End of remote participation	<ul style="list-style-type: none"><li>Upon the announcement by the Chairman on the closure of the 28<sup>th</sup> AGM, the live streaming room will end.</li></ul>

Notes to users of the RPEV facilities:

- The quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection at the location of the user and the device of the user.
- Users are advised to afford ample time to complete the log in process in advance of the meeting.
- In the event you encounter any issues with logging-in, connection to live streamed meeting or online voting on the meeting day, kindly call +603-2276 6138 and email to [dvoteservice@gmail.com](mailto:dvoteservice@gmail.com) for assistance.
- Member(s)/proxy(ies)/corporate representative(s)/attorney(s) are encouraged to register as a user with Dvote Online before the meeting day. The user registration is open from 1 December 2023.

## Administrative Notes (Cont'd)

### VOTING PROCEDURES (CONT'D)

#### 3. APPOINTMENT OF PROXY(IES)/CORPORATE REPRESENTATIVE(S)/ATTORNEY(S)

A member who has appointed a proxy(ies)/authorised representative(s)/attorney(s) to participate in the 28<sup>th</sup> AGM via RPEV facilities must request his/her proxy(ies)/authorised representative(s)/attorney(s) to register himself/herself for RPEV facilities via Dvote Online website at <https://www.dvote.my>.

### NO DOOR GIFTS OR FOOD VOUCHERS

There will be no distribution of door gifts and food vouchers during the 28<sup>th</sup> AGM as the meeting is conducted on a fully virtual basis.

### NO RECORDING OR PHOTOGRAPHY

By participating in the 28<sup>th</sup> AGM, you agree that no part of the 28<sup>th</sup> AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

### ENQUIRY

If you have any enquiry(ies) relating to the 28<sup>th</sup> AGM, Administrative Notes for the fully virtual 28<sup>th</sup> AGM, RPEV facilities or encounter issues with the log in, steps to connect to live streaming and online voting, you may send them in advance or contact the following during office hours from Monday to Friday (except for public holiday):-

#### For Agenda of the 28<sup>th</sup> AGM related:

Email : [mesb@mesbbhd.com](mailto:mesb@mesbbhd.com)

#### For Pre-Registration via RPEV facilities:

DVOTE SERVICES SDN. BHD.  
Lot 9-7, Menara Sentral Vista  
No. 150, Jalan Sultan Abdul Samad  
Brickfield, 50470 Kuala Lumpur

Name : Ms. Sangetha / Mr. Hugo Wong  
Telephone No. : +603-2276 6138  
Email : [dvoteservice@gmail.com](mailto:dvoteservice@gmail.com)

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Registration No. 199501008356 (337554-D)  
[Incorporated in Malaysia]

## PROXY FORM

No. of shares held	
CDS Account No.	

I/We\*, \_\_\_\_\_ NRIC No./Passport No./Registration No.\* \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

with email address \_\_\_\_\_ mobile phone no. \_\_\_\_\_

being a member/members\* of **MESB BERHAD** ("the Company") hereby appoint(s):-

Full Name (in capital letters)	NRIC/Passport No.	Proportion of Shareholdings		
		No of Shares	(%)	
Full Address (in capital letters)				
CONTACT NO.:				
EMAIL ADDRESS:				

and

Full Name (in capital letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No of Shares	(%)
Full Address (in capital letters)			
CONTACT NO.:			
EMAIL ADDRESS:			

or failing him/her\*, the Chairman of the Meeting as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Twenty-Eighth Annual General Meeting ("28<sup>th</sup> AGM" or "Meeting") of the Company to be held on a fully virtual basis and entirely via remote participation and electronic voting through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via the online platform at <https://www.dvote.my> (Domain registration number with MYNIC: D6A434007) on Wednesday, 6 December 2023 at 3:00 p.m..

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees for the financial year ended 30 June 2023.		
2.	To approve the payment of Directors' fees for the financial year ending 30 June 2024, to be paid quarterly in arrears.		
3.	To approve the payment of Directors' benefits (other than Directors' fees) of up to RM65,000 for the period commencing from the date immediately after this 28 <sup>th</sup> AGM until the date of the next Annual General Meeting of the Company.		
4.	To re-elect Mr. Chua Jin Kau as Director of the Company.		
5.	To re-elect Mr. Loke Lee Ping as Director of the Company.		
6.	To re-elect Ms. Low Koon Min as Director of the Company.		
7.	To re-appoint Crowe Malaysia PLT as Auditors of the Company.		
8.	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
9.	To approve the Proposed Shareholders' Mandate.		

\* delete whichever not applicable.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

.....  
Signature(s)/ Seal of Shareholder(s)

### NOTES:

- The 28<sup>th</sup> AGM will be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Electronic Voting facilities via the online meeting platform provided by Dvote Services Sdn. Bhd. at <https://www.dvote.my>. Please refer to the Administrative Notes for the 28<sup>th</sup> AGM on the procedures to register, participate and vote remotely via <https://www.dvote.my>.
- According to the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
- Members may submit questions relating to resolutions to be tabled at the Meeting to the Board via email to [mesb@mesbberhad.com](mailto:mesb@mesbberhad.com) no later than 3:00 p.m. on Monday, 4 December 2023. Alternatively, members may transmit questions to the Board via <https://www.dvote.my> platform during the live streaming of the Meeting.



- (iv) A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting in his stead. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.
- (v) A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.
- (vi) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- (vii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- (viii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (ix) The instrument appointing a proxy may be made via hardcopy or by electronic means through the following manner and must be deposited not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the appointment proposes to vote:-
  - a) In Hardcopy Form  
In the case of an appointment made in hard copy form, the Proxy Form must be deposited at the office of the Poll Administrator, Dvote Services Sdn. Bhd. at Lot 9-7, Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia.
  - b) By Electronic Means  
The Proxy Form can be electronically lodged by email to [dvoteservice@gmail.com](mailto:dvoteservice@gmail.com). Kindly refer to the Administrative Notes on the procedures for the electronic lodgement of the Proxy Form.
- (x) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 62 of the Constitution of the Company to issue a General Meeting Record of Depositors as at 29 November 2023. Only members whose names appear in the General Meeting Record of Depositors as at 29 November 2023 shall be entitled to attend the Meeting and to speak and vote thereat.
- (xi) All the resolutions set out in the Notice of Meeting will be put to vote by poll.
- (xii) Given the constantly evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 28<sup>th</sup> AGM at short notice. Please visit the websites of Bursa Securities and the Company's website at <https://mesbbhd.com/> for the latest updates on the status of the Meeting.

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AFFIX  
STAMP

The Poll Administrator of  
**MESB BERHAD**  
**c/o DVOTE SERVICES SDN. BHD.**  
Lot 9-7, Menara Sentral Vista,  
No. 150, Jalan Sultan Abdul Samad, Brickfields,  
50470 Kuala Lumpur,  
Wilayah Persekutuan,  
Malaysia

2nd Fold Here

Fold This Flap For Sealing



LADIES' LEATHERWARE



GENTS' APPAREL & LEATHERWARE



GENTS' APPAREL



LADIES' LEATHERWARE



GENTS' LEATHERWARE



LADIES' LEATHERWARE



GENTS' APPAREL



BABIES & KIDS' WEAR



GENTS' APPAREL & LEATHERWARE



GENTS' & LADIES LEATHERWARE



LADIES' LEATHERWARE



BOUTIQUE

***Be a Part of the Solution***

